

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION, if you are in any doubt about the contents of this Document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This Document comprises (i) a circular prepared for the purposes of the Annual General Meeting convened pursuant to the notice of Annual General Meeting set out at the end of this Document; and (ii) a prospectus relating to Citius Resources plc (the "**Company**") which has been approved by the Financial Conduct Authority (the "**FCA**"), as competent authority under Regulation (EU) 2017/1129 and as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019. The FCA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019. Such approval should not be considered as an endorsement of the quality of the securities that are, or the Company which is, the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The current entire issued share capital of the Company ("**Existing Shares**") is admitted to the Official List maintained by the FCA (the "**Official List**") (to the Equity Shares (transition) category) under the listing rules published by the FCA under section 73A of FSMA as amended from time to time ("**Listing Rules**") and to the London Stock Exchange plc (the "**London Stock Exchange**"). As the proposed acquisition (the "**Proposed Acquisition**") of Harena Resources Ltd ("**Harena**") is being undertaken by the Company, which on publication of this Document will be classified as a company in the Equity Shares (shell company) category under the Listing Rules, upon completion of the Proposed Acquisition the listing on the Official List of all Existing Shares will be cancelled, and application will be made for the immediate admission of the enlarged share capital of the Company (the "**Enlarged Share Capital**") to trading on the London Stock Exchange's Official List Main Market for listed securities in the Equity Shares (transition) category (together, "**Admission**"). It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence at 8.00 a.m. on 21 March 2025.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES AS SET OUT IN THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 11 OF THIS DOCUMENT.

The Directors and the Proposed Directors, whose names appear on page 29 of this Document, and the Company, accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors, the Proposed Directors, and the Company the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

CITIUS RESOURCES PLC

(Incorporated in England and Wales with company number 12557958)

Proposed Acquisition of Harena Resources Ltd

Issue of 14,066,667 Ordinary Shares pursuant to the Placing

Issue of 6,666,667 Ordinary Shares pursuant to the Subscription

Issue of 333,333,333 Consideration Shares

Issue of 16,567,685 Fee Shares

Admission of the Enlarged Share Capital to the Official List to the Equity Shares (transition) category and to trading on the London Stock Exchange's Main Market

Approval for Waiver under Rule 9 of the City Code on Takeovers and Mergers

and

Issue of up to 133,333,332 Performance Shares

Issue of up to 93,361,185 Ordinary Shares pursuant to the Warrants

Issue of up to 31,200,000 Ordinary Shares pursuant to the Options

Which may be exercised into Ordinary Shares of the Company

To be re-named as Harena Resources Plc

and

Notice of Annual General Meeting

Financial Adviser and Broker

TAVIRA FINANCIAL LIMITED

Issued share capital immediately following Admission

413,884,352 Ordinary Shares of 0.5 pence each

Tavira Financial Limited (“**Tavira**” or the “**Broker**”) has been appointed by the Company as its financial adviser and broker in connection with the Placing, Subscription and Admission. Tavira, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no one else in relation to the Placing, Subscription and Admission. Tavira will not regard any other person (whether or not a recipient of this Document) as its client in relation to the Placing, Subscription and Admission and will not be responsible to anyone (other than the Company in respect to Admission) for protections afforded to the clients of Tavira or for providing any advice in relation to Admission or the Placing, Subscription the contents of this Document or any transaction or arrangement referred to herein. No liability whatsoever is accepted by Tavira for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which it is not responsible. However, nothing in this paragraph excludes or limits any responsibility which Tavira may have under the Financial Services and Market Act 2000 or the regulatory regime established thereunder, or which, by law or regulation cannot otherwise be limited or excluded.

This Document does not constitute an offer to sell, or the solicitation of an offer or invitation to buy or subscribe for, Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

OVERSEAS SHAREHOLDERS

This admission document is not a ‘prospectus’, ‘product disclosure statement’ or other ‘disclosure document’ for the purposes of the Corporations Act 2001 (Cth) (“**Australian Corporations Act**”) and is not required to be lodged with the Australian Securities and Investments Commission (“**ASIC**”) or the Australian Securities Exchange (“**ASX**”). Accordingly, a person may not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Shares, or distribute this admission document where such offer, issue or distribution is received by a person in the Commonwealth of Australia, its territories or possessions, except if:

(a) the amount payable by the transferee in relation to the Shares is A\$500,000 or more or if the offer or invitation to the transferee is otherwise an offer or invitation that does not require disclosure to investors in accordance with part 6D.2 or part 7.9 of the Corporations Act; or

(b) the offer or invitation does not constitute an offer to a ‘retail client’ under Chapter 7 of the Corporations Act.

The Company will issue and lodge with ASIC an Australian prospectus which will contain an offer for retail investors in Australia.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or under the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Canada or Japan. Subject to certain exceptions, the Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, and this Document may not be distributed by any means including electronic transmission within, into, in or from the United States or to or for the account or benefit of persons in the United States, South Africa, the Republic of Ireland, Canada, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. This Document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no public offer in the United States, although the Company may sell the Shares in a private placement transaction in the United States pursuant to an exemption from registration.

The distribution of this Document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possessions this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

None of the Shares have been approved or disapproved by the United States Securities and Exchange Commission (“**SEC**”), any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon or endorsed the merit of the offer of the Shares or the accuracy or the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

Application has been made for the Shares to be admitted to the Official List to the Equity Shares (transition) category.

It should be noted that the FCA will not have authority to (and will not) monitor the Company’s compliance with any of the Listing Rules that the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false or deceptive.

This Document is dated 26 February 2025

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PART I

SUMMARY

This summary has been drawn up as a short document written in a concise manner and of a maximum length of seven sides of A4-sized paper when printed. In accordance with Article 7 of the Prospectus Regulation this summary is made up of the following four sections: (A) an introduction, containing warnings; (B) key information on the issuer; (C) key information on the securities; and (D) key information on the offer of securities to the public and/or the admission to trading on a regulated market.

SECTION A – INTRODUCTION AND WARNINGS

Introduction

The legal and commercial name of the issuer is Citius Resources plc (the “**Company**”) with the registered address at 167-169 Great Portland Street, Fifth Floor, London, W1W 5PF and telephone number +44 01624 681250. The Company’s international securities identification number (ISIN) is GB00BMGRFP88 and its legal entity identifier (LEI) is 213800TNHZ0A4JIZK687.

This Document has been approved on 26 February 2025 by the Financial Conduct Authority (the “**FCA**”), as competent authority under Regulation (EU) 2017/1129 and as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019. The FCA’s contact details are 12 Endeavour Square, London, E20 1JN, telephone 0800 111 6768.

Warnings

This summary should be read as an introduction to this Document. Any decision to invest in the Shares should be based on consideration of this Document as a whole by the investor. The Investor could lose all or part of the invested capital.

Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Document, or where it does not provide, when read together with the other parts of the Document, key information in order to aid investors when considering whether to invest in such securities.

SECTION B – KEY INFORMATION ON THE ISSUER

Who is the Issuer of the Securities?

Issuer: The Company was incorporated as a company with limited liability on 15 April 2020 under the laws of England and Wales under the Companies Act with an indefinite life and with company number 12557958 and LEI 213800TNHZ0A4JIZK687.

Principal Activities

The Company was formed as an investment company to undertake an acquisition of a target company or project in the natural resources sector. The Company is authorised to issue one class of shares (“**Shares**”) and had the Shares admitted by the FCA under the prior Listing Rules applicable to the Company to a standard listing and to trading on the London Stock Exchange’s Main Market for listed securities on 25 August 2021 (the “**Initial IPO**”). The Company raised a total of £1,120,000 (before expenses) since incorporation and in conjunction with the Initial IPO.

On 27 October 2023 the Company announced that it had entered into a heads of agreement with Harena Resources Pty Ltd (“**Harena**”) to complete a reverse takeover of the Company (“**Proposed Acquisition**”). Harena is incorporated in Australia and holds a 75% interest in the Ampasindava ionic clay rare earths project in Northern Madagascar (the “**Project**”) which comprises one mining permit (PR6698) that is currently in the process of being converted to a permit extraction which grants the right to mining exploitation for a 40 year term.

The consideration payable by the Company for Harena is up to £14,000,000 to be satisfied by the issue of 333,333,333 Consideration Shares with a value of £10,000,000 to the Harena Shareholders and Noteholders at the issue price of £0.03. In addition, the Company may issue up to 133,333,332 of Performance Shares with a value of £4,000,000 to the Harena Shareholders only subject to the satisfaction of the conditions to issue of such Performance Shares being (i) 50% of such shares to be issued on the conversion of PR6698 to a permit extraction licence; and (ii) 50% of such share to be issued on increasing the holding of the Project from 75% to 90%.

Conditional on completion of the Proposed Acquisition and Admission, the Company will undertake the Placing of 14,066,667 Shares at a price of £0.03 per Share (the “**Placing**” and “**Placing Price**”), and the issue of 6,666,667 Shares pursuant to subscriptions received by the Company at the Placing Price (the “**Subscription**” and “**Subscription Shares**”).

The Company has also reached agreement with various providers of services to be issued shares conditional on Admission in lieu of cash costs resulting in the issue of 16,567,685 Shares (“**Fee Shares**”) at the Placing Price. The issue of the Fee Shares at Admission will allow the Enlarged Group to retain approximately £497,000 of its cash reserves for redeployment in further advancing the Project.

In addition, the Company has created the Company Loan Notes pursuant to which it has received investment from loan note holders of A\$1.50m (approximately £775,000) for project & transaction costs, and general working capital.

Enlarged Group Strategy

On completion of the Proposed Acquisition, the objective of the Enlarged Group is to complete the feasibility study (“**FS**”) and environmental impact and social assessment (“**EISA**”) which are conditions for the granting of a new permit extraction licence following the expiry of the exploration permit. The permit extraction licence is the final licence to be granted prior to commencing mining activities, therefore, the Company is required to demonstrate its economic and environmental credentials through the FS and EISA to the Mining Cadastre Office (“**BCMM**”).

The FS will examine the economic feasibility of the Project and will be based on the geological data obtained from the previous owners who have undertaken significant exploration and resource evaluation work. In November 2023 Harena reported a JORC Mineral Resource of 226Mt (Measured & Indicated) with contained total rare earths (“**TREO**”) of 195,500 tonnes and contained magnet rare earths (“**MREO**”) of 42,100 tonnes.

The EISA will study the environmental and social aspects of the Project which entails studies on the method of developing the mine and its impact on the local environment and local people.

This Project is amongst a small number of ionic clay rare earths projects globally and they are characterised as being geologically favourable due to the nature of the mineralogy which entail lower operating costs and lower capital expenditure. Ionic clay deposits employ a different processing route in comparison to hard rock rare earth mines in operation that require conventional drill and blast operations from an open pit

or underground, waste dumps and tailings facilities which entail high capital expenditures and operating costs. Ionic clay projects are mined from the surface with minimal stripping of waste thus allowing easier backfilling and reclamation of the surface.

The critical path towards development of the Project is to complete the FS and EISA to demonstrate that commercial mining and processing of mixed rare earth concentrate and carbonate product is feasible, environmentally compliant and economically robust. Significant parts of the FS have already been completed and the remaining studies include the development of the mining sequence and mining schedule, evaluation of construction and logistics, demonstration heap design, community engagement and other infrastructure upgrades. It is anticipated that the completed FS will be submitted to BCMM within 12 months of Admission.

In the longer term, the Enlarged Group will be required to continue the development of the Project, which will require local infrastructure permitting, and project finance to build and commission the mine. The Directors believe that the Project can become an important source of rare earth metals globally, offer an alternative supply source of rare earths outside of China and be capable of being developed with highly favourable environmental credentials. Many of the leading global economies are increasingly seeking to secure the supply of rare earths due to the importance of rare earth metals in new technological applications and the relative scarcity of supply outside China. The US and EU are now prioritising the sourcing and secure supply of rare earths and investing heavily to secure their supply chain of these metals.

Major Shareholders

The Directors are aware of the following persons, who, as at the date of this Document and at Admission will have a notifiable, direct or indirect, interest in the Company's capital or Voting Rights of five per cent. (5%) or more:

Shareholder	At LPD	% at LPD	Holding on Re-admission	% on Re-admission
Cameron Pearce	6,000,000	13.9%	7,800,000	1.9%
Azalea Family Holding Pty Ltd*	3,000,000	6.9%	3,000,000	0.7%
Optiva Securities Limited	2,666,667	6.2%	2,666,667	0.6%
West End Ventures Pty Ltd	1,666,667	3.9%	1,666,667	0.4%
Shard Capital Partners LLP	2,800,000	6.5%	2,800,000	0.7%
Sebastian Jurd**	Nil	Nil	40,884,130	9.9%
Allan Mulligan ***	Nil	Nil	36,321,398	8.8%

* Winton Willesee is a Connected Person to Azalea Family Holding Pty Ltd, the legal holder of the Shares. Azalea Family Holding Pty Ltd. Is a corporate trustee for a trust, The Britt and Winton Willesee Family Trust, which trust is the beneficial holder of the Shares.

** Sebastian Jurd holds an aggregate of 40,884,130 ordinary shares on Re-admission. The holdings are aggregated as follows; Bowden Minerals Pty Ltd (28,049,881), SABA Nominees Pty Ltd (9,137,986), Ruy Lopez Pty Ltd (2,19,255) and the GBA Foundation (1,677,008)

*** Allan Mulligan holds an aggregate of 36,321,398 ordinary shares on Re-admission. The holdings consist of shares held directly by Allan Mulligan (15,586,591), Indigo Buffalo Pty Ltd (18,000,974) and the receipt of 2,733,833 Fee Shares in lieu of accrued and future director fees.

Each of the persons/entities that will be new Shareholders at Re-admission are members of the Concert Party. On Re-admission, such Shareholders will not have special Voting Rights in relation to the Shares and the Shares owned by them will rank pari passu in all respects with other Shares. Prior to Re-Admission Harena holds no Shares.

Rule 9 Waiver

Under Rule 9 of the City Code on Takeovers and Mergers, any person who acquires an interest (as such term is defined in the Takeover Code) in shares which, taken together with the shares in which it and persons acting in concert with it are interested, carry 30% or more of the voting rights in a company which is subject to the Takeover Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Such an offer would have to be made in cash at a price not less than the highest price paid by it, or by any member of the group of persons acting in concert with it, for any interest in shares in the Company during the 12 months prior to the announcement of the offer. Upon completion of the Proposed Acquisition resulting in the issue of Consideration Shares and Fee Shares to members of the Concert Party on Re-admission and the Placing and Subscription, the Concert Party will hold more than 30% of the Company's voting share capital.

Upon the exercise of the Performance Shares, Warrants and Options by members of the Concert Party, the Concert Party will hold more than 50% of the Company's voting share capital.

The Panel has agreed to waive the obligation on the Concert Party to make a general offer that would otherwise arise as a result of the interests in the Ordinary Shares following the issue of the Consideration Shares and Fee Shares by the Concert Party and the exercise of Performance Shares, Warrants and Options by the Concert Party provided the approval, on a poll of the Independent Shareholders, is obtained at the Annual General Meeting. Accordingly, the Waiver Resolution is being proposed at the Annual General Meeting and will be taken on a poll. Therefore, the directors who are independent of the Concert Party ("**Independent Directors**") are seeking Independent Shareholders approval, via a resolution to be put before the meeting at the Annual General Meeting ("**Waiver Resolution**"), for a waiver to be granted from the Rule 9 obligations that would otherwise apply to the Concert Party in these circumstances ("**Rule 9 Waiver**").

Directors and Proposed Directors: Cameron Pearce, Winton Willesee (who is to retire at Admission), Daniel Rootes (who is to retire at Admission) and the following proposed directors, who will be appointed at Admission, Joseph Belladonna, Allan Mulligan, Timothy Morrison and Sam Quinn.

Statutory Auditors: The Company's auditors are Crowe U.K. LLP whose address is 55 Ludgate Hill, London EC4M 7JW which is regulated by the FCA with registration number 400456.

WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

Company

The tables below set out a summary of the audited key financial information of the Company for the three years ended 30 April 2022, 30 April 2023 and 30 April 2024 as extracted from the audited historical financial information of the Company and the Unaudited Interim Results for the period ended 31 October 2024.

Summary Statement of Financial Position

	Audited Year to 30 April 2022 £	Audited Year to 30 April 2023 £	Audited Year to 30 April 2024 £	Unaudited Interim period as at 31 October 2024 £	Unaudited Interim period as at 31 October 2023 £
Total assets	777,178	412,100	42,491	46,726	72,867
Total liabilities	40,015	119,223	141,636	219,055	120,728
Total equity	737,163	292,877	(99,145)	(172,329)	(47,861)

Summary Statement of Comprehensive Income

	Audited Year ended 30 April 2022 £	Audited Year ended 30 April 2023 £	Audited Year ended 30 April 2024 £	Unaudited 6 months ended 31 October 2024 £	Unaudited 6 months ended 31 October 2023 £
Revenue	–	–	–	–	–
Operating loss	(259,694)	(444,287)	(392,022)	(73,184)	(340,378)
Loss for the period and total comprehensive loss for the period	(259,694)	(444,287)	(392,022)	(73,184)	(340,378)
Loss per Ordinary Share	(0.69)	(1.03)	(0.91)	(0.17)	(0.79)

Summary Statement of Cash Flows

	Audited Year ended 30 April 2022 £	Audited Year ended 30 April 2023 £	Audited Year ended 30 April 2024 £	Unaudited 6 months ended 31 October 2024 £	Unaudited 6 months ended 31 October 2023 £
Net cash flows from operating activities	(234,332)	(353,003)	(120,787)	(68)	(93,461)
Net cash flows from financing activities	623,547	(249,341)	–	–	–
Net cash flows from investing activities	–	–	–	–	–

Harena

The tables below set out a summary of the audited financial information of Harena for the period from incorporation to 30 June 2023, 30 June 2024 and unaudited 6 months to 31 December 2023. Harena was incorporated in April 2022.

	Audited As at 30 June 2023 A\$	Audited As at 30 June 2024 A\$	Unaudited As at 31 December 2023 A\$	Unaudited As at 31 December 2022 A\$
Total assets	4,984,059	3,776,944	4,151,677	281,336
Total liabilities	(4,697,344)	(6,869,617)	(5,167,639)	–
Total equity	286,715	(3,092,673)	(1,015,962)	281,336

Summary Statement of Comprehensive Income

	Audited Year ended 30 June 2023 A\$	Audited Year ended 30 June 2024 A\$	Unaudited As at 31 December 2023 A\$	Unaudited As at 31 December 2022 A\$
Revenue	4,989	4,230	3,583	177
Operating loss	(1,325,567)	(3,724,388)	(1,302,677)	(179,914)
Loss for the year/period	(1,325,567)	(3,724,388)	(1,302,677)	(179,914)

Summary Statement of Cash Flows

	Audited Year ended 30 June 2023 A\$	Audited Year ended 30 June 2024 A\$	Unaudited As at 31 December 2023 A\$	Unaudited As at 31 December 2022 A\$
Net cash used in operating activities	(482,791)	(1,430,710)	(534,780)	(180,383)
Net cash used in investing activities	(2,575,133)	(381,552)	(272,622)	(124,100)
Net cash from financing activities	4,626,183	330,158	(286,844)	461,250

Pro forma financial information

The unaudited pro forma financial information of the Company has been prepared to illustrate the effects of: 1) the issue of the part of the Consideration Shares to effect the Proposed Acquisition of Harena and the resulting group consolidation adjustments, 2) the issue of the Placing Shares and Subscription Shares, 3) the Company Loan Notes and 4) the payment of the transaction costs (together, the "Adjustments"), had the Adjustments occurred on 30 April 2024 with regards to the unaudited pro forma Statement of Financial Position and on 1 May 2023 with regards to the unaudited pro forma Statement of Comprehensive Income.

Unaudited pro forma Statement of Financial Position

	Company As at 31 October 2024 (Note 1) £	Harena As at 30 June 2024 (Note 2) £	Adjustment Proposed Acquisition adjustments (Note 3) £	Adjustment Harena Convertible Notes redemption (Note 4) £	Adjustment Issue of the Placing Shares & Loan Note (Note 5) £	Adjustment Settlement of transaction costs (Note 6) £	Unaudited pro forma balances as at 31 October 2024 £
Total assets	46,726	1,987,865	–	–	1,878,530	(200,000)	3,713,121
Equity	(172,329)	(1,627,723)	–	2,631,579	1,103,530	(200,000)	1,735,057
Total liabilities	219,055	3,615,588	–	(2,631,579)	775,000	–	1,978,064

Unaudited pro forma Statement of Comprehensive Income

	Company Year ended 30 April 2024	Harena Year ended 30 June 2024	Adjustment Proposed Acquisition adjustments redemption (Note 3)	Adjustment Harena Convertible Loan Notes (Note 4)	Adjustment Issue of the Placing Shares & Loan Note (Note 5)	Adjustment Settlement of transaction costs (Note 6)	Unaudited pro forma results for the period
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	
	£	£	£	£	£	£	£
Revenue	–	2,206	–	–	–	–	2,206
Operating loss	(392,022)	(1,942,316)	(1,322,329)	(2,631,579)	(155,000)	(20,900)	(6,464,146)
Loss for the period	(392,022)	(1,942,316)	(1,322,329)	(2,631,579)	(155,000)	(20,900)	(6,464,146)

Notes:

1. Represents the audited financial information of the Company as at 30 April 2024 with respect to the pro forma Statement of Comprehensive Income and the unaudited financial information of the Company for the interim period ended 31 October 2024 with respect to the pro forma Statement of Financial Position.
2. Represents the audited financial information of Harena as at 30 June 2024, translated at the rate of £1 to A\$1.90 with respect to the pro forma Statement of Financial Position and the audited financial information as at 30 June 2024 with respect to the pro forma Statement of Comprehensive Income translated at the rate of £1 to A\$1.92.
3. Represents the consolidated accounting adjustments to effect the Reverse Takeover of the Company by Harena.
4. The Harena Convertible Loan Notes are to be repaid via the issue of Citius Shares to the Harena Convertible Loan Noteholders as part of the Proposed Acquisition, as such it is no longer a liability and is recognised in equity as Consideration Shares.
5. Represents the issue of the Placing Shares, the Subscription Shares, the Fee Shares and establishment of the Company Loan Notes and finance costs.
6. Represents the settlement of the transaction costs.

AUDIT QUALIFICATION

Company

In the audited financial statements for the year ended 30 April 2024, the Company's auditor reported a qualified opinion on the basis they were unable to obtain sufficient appropriate audit evidence to support the going concern assumption for the company and noted "the Company has to date not completed the proposed RTO of Ampasindava Rare Earths Project in Madagascar. If the proposed RTO completes, further working capital will be required in order to fund the operations of the enlarged group for at least 12 months and to bring the acquired mining project into production. At the date of approval of these financial statements a prospectus setting out details of the proposed RTO transaction and details of the proposed funding therefor had not been completed. If the proposed RTO does not complete the Directors would require further working capital in order to fund the Company's operating costs as it continues to seek a suitable acquisition, or take other action which could include winding up the Company. At the date of approval of these financial statements the availability of additional capital is not guaranteed.

In the audited financial statements for the year ended 30 April 2023, the Company's auditor included in their audit report an emphasis of matter (material uncertainty related to going concern) on the basis that the Company requires further working capital to operate for the next 12 months.

Harena

In the audited financial statements for the year ended 30 June 2024, the Company's auditor reported an emphasis of matter (material uncertainty related to going concern) on the basis that Harena is dependent upon its ability to obtain funding or financing necessary, from either shareholders or new investors, so as to continue operations.

In the audited financial statements for the year ended 30 June 2023, Harena's auditor included in their audit report an emphasis of matter (material uncertainty related to going concern) on the basis that Harena is dependent upon its ability to obtain funding or financing necessary, from either shareholders or new investors, so as to continue operations.

What are the key risks that are specific to the Issuer?

1. Licence Conversion of PR6698 has not been completed: The Enlarged Group's subsidiary Reenova Rare Earths Malagasy ("RREM") held PR 6698, the exploration permit for the Project. Under the provisions of previous Madagascar Mining Code of 2005, Harena has lodged an application for exploration permit PR 6698 ("PR") to be converted to a permit extraction ("PE"). PR6698 expired on 6 November 2021, however, as holder of PR 6698 it was entitled to submit an application for the conversion to a PE ("PE Application"). The PE Application was lodged on 18 September 2020. Part of the conversion process will require the Enlarged Group to finalise a feasibility study ("FS") and an approved environmental impact and social assessment ("EISA"). The FS and EISA following Admission will be funded by the Net Proceeds. The Company and Harena know of no reason why the PE Application will not be granted. However, there can be no guarantee that the PE licence will be granted or will be granted without material conditions attached which may result in the viability of the Project being negatively impacted. If the PE is not granted to the Enlarged Group this would result in the impairment of the Project value and would require the Enlarged Group to seek an alternative project and further capital to be raised which may be highly dilutive to its shareholders or ultimately to being no longer able to act as a going concern. The acquisition of an alternative project could constitute a reverse takeover of the Company pursuant to the Listing Rules and would therefore require the Company to produce an FCA approved prospectus and meet the relevant eligibility criteria for re-admission of the Company's shares to the Official List, including the requirement that the Company will have a minimum market capitalisation of £30,000,000 on such re-admission.
2. Litigation Risk relating to RREM, the holder of the PE Application: RREM was the holder of PR6698 in Madagascar and it has submitted the PE Application for the PE licence. RREM has operated and undertaken exploration activities for some time and has a trading history in Madagascar and such operations require the involvement of a number of third parties. Harena, as the majority owner of RREM, has engaged with previous staff, suppliers, contractors, and creditors of RREM which Harena has identified and which have carried over following Harena's acquisition of the Project. All except one wage claim and other claims, except one, have been satisfied. The sums involved are less than US\$65,000 will not have any significant effect of the Enlarged Group's financial position or profitability.
3. The Project has a minority shareholder: The direct parent company of RREM is Reenova Holding Mauritius Limited, a company registered in Mauritius ("RHML"). Tantalus Rare Earths AG ("Tantalus") is the registered legal owner of 25% of the issued share capital of RHML in the register of members of RHML. Tantalus has been struck-off the register of companies in Germany on 23 February 2021 and the effect of this action on its holding in RHML is not currently known. Harena has requested further information and the Enlarged Group following Admission will need to obtain advice in Germany and Mauritius as to the status of Tantalus' holding in RHML. The Company may be negatively impacted if the Project minority shareholder is transferred to another person as a transferee may claim a 25% interest without an obligation to pay for costs which would dilute the potential returns to the Company, albeit as far as the Enlarged Group is aware this is not possible following the strike off from the register of companies in Germany.

4. Regulatory risks of operating in Madagascar: The Government of Madagascar has promulgated a new Mining Code in 2023. The PE Application for conversion of Permit Exploration (PR) to Permit Extraction (PE) of Licence 6698 was made in September 2020. The Mining Code 2023 establishes the base fiscal terms of establishing a mining operation. The Enlarged Group will need to comply with these changes and any future changes to regulations in Madagascar. Any further changes to the Mining Code may negatively impact the economic feasibility of the Project and ability of the Enlarged Group to raise further capital to fully develop the Project.
5. Environmental regulation: Environmental and safety legislation may change in a manner that may require stricter or additional standards than those now in effect. However, the Enlarged Group will adopt a strategy that mitigates the use of metallurgical processes that contain material that is capable of damaging the environment and is seeking to use the Zero Impact Mining Cycle (a mining and processing cycle that entails full rehabilitation of the mining voids within a few months of the initial mining of mineralised ore material). There may, however, be unforeseen environmental liabilities resulting from exploration or mining activities, which may be costly to remedy. If the Enlarged Group is unable to fully remedy an environmental problem, it may be required to stop or suspend operations. The Enlarged Group has not purchased insurance for environmental risks as it is not generally available at a price which the Enlarged Group regards as reasonable. The potential exposure may be significant and could have a material adverse effect on the Enlarged Group.
6. Community and Social Support: The Company aims to proactively engage with the local community to ensure that they are aware at each relevant stage of the environmental and social impact of developing the mine. The Company is pursuing a mine development plan that is highly considerate of environmental and social considerations. Following Admission, the Company will complete an EISA which is required to be approved by the National Office for the Environment (ONE) of Madagascar. The Company will submit the EISA to comply with the PE Application. The Company is aware of organisations that purport to represent the "local community" that have published articles which are negative, inaccurate and misleading relating to the Project. The PE will be issued by ONE and will allow the Company to undertake mining on site. However, if the local community object to the development of the mine it could cause delays which may cause unforeseen cost overruns which may require the Company to raise further funds following the Working Capital Period.
7. Single Asset of the Company: The Project is the sole asset of the Enlarged Group at the time of Admission, therefore, it is dependent on the success of the Project for the long-term viability of the Enlarged Group. If the Project's FS failed to demonstrate the economic or technical viability of the Project and/or the EISA results were unfavourable, then the Enlarged Group would be required to determine whether or not to continue investing resources in the Project. If the Enlarged Group were required to seek an alternative project and further capital to support an alternative project this may be highly dilutive to its shareholders.
8. Further financing will be required to fully develop the Project: The Enlarged Group will not generate revenue until the Project becomes a fully commissioned mine which is likely to be several years from the date of this Document. The Enlarged Group will utilise the Net Proceeds generated from the Fundraising to fund the FS and EISA to comply with the requirements in respect of the grant of the PE. The Enlarged Group will need to raise further capital following the Working Capital Period for general working capital, to repay the Company Loan Notes and to continue developing the Project. Any additional equity financing may be dilutive to Shareholders. If the Company is unable to obtain additional financing it could result in a breach of its repayment obligations under the Company Loan Notes or a delay of future activities at the licence areas.
9. Infrastructure: The successful development of the Project depends on adequate infrastructure. The region of Madagascar in which the Project is located is remote and may require additional infrastructure before the Project can be fully developed. The Enlarged Group cannot guarantee the adequate levels of infrastructure to development of Project to become a mine and typically infrastructure require substantial capital expenditure. These components will be studied during the DFS and may have a negative impact on the economic feasibility results of the Project.

SECTION C – KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The securities subject to Re-admission are a total of 413,884,352 Shares of 0.5 pence each in the capital of the Company, including the new shares issued pursuant to the Consideration Shares, Fee Shares, Placing Shares and Subscription Shares at the Placing Price of £0.03 all of which are fully paid. The Shares are denominated in UK Pounds Sterling and the Placing Price is payable in UK Pounds Sterling. The Shares are registered with ISIN number GB00BMGRFP88.

Each of the Consideration Shares, Fee Shares, Placing Shares and Subscription Shares are issued as ordinary shares and shall on Admission rank *pari passu* for Voting Rights, dividends and distributions and return of capital on winding up (whether this be a solvent or insolvent winding up) with the Existing Shares. Each Share confers the right to receive notice of and attend all meetings of Shareholders. Each holder of Shares present at a general meeting in person or by proxy or by its authorised corporate representative has one vote, and, on a poll, one vote for every Share of which he is a holder. In the case of joint holders of Shares, if two or more persons hold Shares jointly each of them may be present in person or by proxy at a meeting of members and may speak as a member, if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners, and if two or more of the joint owners are present in person or by proxy they must vote as one. No pre-emption rights exist in respect of future share issues carried out by the Company wholly or partly other than for cash. Subject to the Companies Act, on a winding up of the Company the assets of the Company available for distribution shall be distributed, provided there are sufficient assets available, to the holders of Shares *pro rata* to the number of such fully paid up Shares held (by each holder as the case may be) relative to the total number of issued and fully paid up Shares.

Where will the securities be traded?

Application will be made for the Enlarged Share Capital to be re-admitted under the Listing Rules to the Equity Shares (transition) category of the Official List and to trading on the London Stock Exchange's Main Market for listed securities ("**Admission**" or "**Re-admission**"). It is expected that Admission will become effective and that dealings in Shares will commence at 8.00 a.m. on 21 March 2025.

What are the key risks that are specific to the securities?

- (a) The issue of the Consideration Shares, Fee Shares, Placing Shares and Subscription Share will dilute existing shareholders of the Company. Following Admission, the current shareholders of the Company will represent 10% of the Enlarged Share Capital. Following Admission, the Enlarged Share Capital may be diluted by the issue of Warrants, Options and Performance Shares. If the Warrants only are exercised the Enlarged Share Capital will represent 82% of the diluted share capital. If the Options only exercised the Enlarged Share Capital will represent 93% of the diluted share capital. If the Performance Shares only are exercised the Enlarged Share Capital will represent 76% of the diluted share capital. If the Warrants, Options and Performance Shares are exercised together in full the Enlarged Share Capital would represent 62% of the Fully Diluted Share Capital and the current shareholders would represent 6.4% of the Fully Diluted Share Capital.
- (b) Upon Re-admission, the Directors expect that 37.6% of the Company's Enlarged Share Capital will be held by members of the Concert Party (being some of the shareholders of Harena receiving Consideration Shares). The members of the Concert Party will enter into orderly marketing or lock-in and orderly marketing agreements which set out controls by the Broker and the Company over sales by

members of the Concert Party for a minimum of 6-months. Upon Re-admission the Directors expect that approximately 15% of the Company's Ordinary Shares will be in public hands. Investments in the Ordinary Shares may accordingly be relatively illiquid, compared to other companies whose "free float" percentage is greater than the Company's and/or where there is no restriction on trading. This means that trading in the Company's Ordinary Shares may be infrequent and the Company's shares may be subject to volatile share price movements. Investors should not expect that they will necessarily be able to realise their investment in the Company's Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Company's Ordinary Shares may not be suitable for short-term investment.

As far as the Company is aware, except for the shareholdings of the Proposed Directors, the other members of the Concert Party are members of the Concert Party only due to being issued with Consideration Shares and there are no other material connections, including voting and/or relationship agreements between any of the members of the Concert Party.

- (c) Investors may not be able to realise returns on their investment in Shares within a period that they would consider to be reasonable as an investment in Shares may be relatively illiquid due to the limited number of Shareholders which may contribute to infrequent trading and volatile Share price movements. In particular, dividend payments on the Shares are not guaranteed and the Company does not intend to pay dividends in the short term.
- (d) Notwithstanding the Company's intention to be re-admitted to trading on the London Stock Exchange, a market for the Shares may not develop, which would affect adversely the liquidity and price of the Shares.

SECTION D – KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in this security?

General Terms and Conditions

The Placing Shares will be distributed pursuant to the Placing arranged by Tavira as agent for the Company and the Placing and the issue of the Subscription, Consideration and Fee Shares conditional on the Proposed Acquisition and Admission occurring and becoming effective by 8.00 a.m. London time on, or prior to, 21 March 2025 (or such later date as may be agreed by Tavira and the Company) but in any event no later than 30 April 2025 (the "Long Stop Date") and the Placing not having been terminated by Tavira in accordance with the terms of the Placing Agreement.

Expected Timetable

<i>Publication of this Document</i>	<i>26 February 2025</i>
<i>Annual General Meeting</i>	<i>10.00 a.m. on 20 March 2025</i>
<i>Admission and commencement of unconditional dealings in Shares</i>	<i>8.00 a.m. on 21 March 2025</i>
<i>Crediting of Ordinary Shares to CREST Accounts</i>	<i>21 March 2025</i>
<i>Share Certificates dispatched</i>	<i>Week commencing 31 March 2025</i>

Details of Admission to Trading

Application will be made for the entire issued share capital of the Company, including the Existing Shares, the Placing Shares, Subscription Shares, Consideration Shares and Fee Shares to be admitted to listing under the Equity Shares (transition) category of the Official List and to trading on the London Stock Exchange's Main Market. The securities subject to Re-admission are a total of 413,884,352 Shares, being the 43,250,000 Existing Shares, 11,333,333 Placing Shares, 6,666,667 Subscription Shares, 333,333,333 Consideration Shares and 15,567,685 Fee Shares.

Immediate dilution pursuant to the Placing, Subscription and issue of the Consideration Shares and Fee Shares

The Existing Shareholders will be hold approximately 10% of the Enlarged Share Capital of the Company on Admission as a result of the dilution from the New Ordinary Shares.

	Holding	% of Enlarged Share Capital
Existing Shares	43,250,000	10
Placing Shares	14,066,667	3
Subscription Shares	6,666,667	2
Fee Shares	16,567,685	4
Consideration Shares	333,333,333	81
Total New Ordinary Shares issued on Admission	370,634,352	90
Enlarged Share Capital	413,884,352	100

Pursuant to the Acquisition, up to 133,333,332 Performance Shares may be issued to the Harena Shareholders, subject to satisfaction of the conditions to issue which if exercised would result in the Enlarged Share Capital being diluted by 32%.

Transaction Costs

The total expenses incurred (or to be incurred) by the Company in connection with the Transaction are approximately £200,000. No expenses will be charged to the Placees or Subscribers.

Warrants, Options and Performance Shares

The Company will issue the following Warrants, Options and Performance Shares on Admission which may dilute the shareholders following Admission as follows. The Fully Diluted Share Capital of the Company is 671,778,873 if the total amount of Warrants, Options and Performance Shares are exercised.

	Maximum Ordinary Shares that may be issued under each Warrant Instrument	Dilution to the Enlarged Share % Capital on Admission	% Fully Diluted Share Capital
Pre-IPO Warrants	14,500,000	3.4	2.2
IPO Warrants	4,500,000	1.1	0.7
Broker Warrants	703,333	0.2	0.1
Subscription Warrants	333,333	0.1	0.0
Harena CLN Warrants	57,041,098	12.1	8.5
Loan Note Warrants	15,000,000	3.5	2.2
Loan Note Arranger Warrants	1,283,421	0.3	0.2
Total Warrants	93,361,185	18.4	14.0
Existing Options	3,800,000	0.9	0.6
New Options	27,400,000	6.2	4.1
Total Options	31,200,000	7.0	4.7
Performance Shares	133,333,332	24.4	20.0
Aggregate of Warrants, Options and Performance Shares	257,757,855	38.4	38.6
Fully Diluted Share Capital	671,778,870	61.6	100

Why is this Prospectus being produced?

The Prospectus is being issued to allow the Company to complete the Transaction (including the issue of the Consideration Shares and, if required, Performance Shares) and comply with its obligations in relation to Listing Rules for Reverse Takeovers and to enable the Company to submit an application for the immediate admission of the Enlarged Share Capital of the Company to trading on the Equity Shares (transition) category of the Official List and the main market of the London Stock Exchange. Also, the Company is issuing the Prospectus with regard to the issue of Ordinary Shares pursuant to the exercise of the Warrants and Options in issue at the time of Admission.

Net Proceeds

Conditional only on completion of the Proposed Acquisition, the Fundraising, issue of the Company Loan Notes and Admission, the Company has raised gross proceeds of £1,397,000 through the Placing, Subscription and the subscription for the full amount of the Company Loan Notes and the total expenses incurred (or to be incurred) by the Company in connection with Transaction are approximately £200,000 (such that the net proceeds will be approximately £1,197,000 ("**Net Proceeds**"). In addition, the Company issued approximately £497,000 through Fee Shares in lieu of costs accrued and to be borne during the next 18 months. The Directors will be paid from the issue of Fee Shares rather than cash from Admission.

It is anticipated by the management of the Company that the Net Proceeds together with the existing cash resources at LPD of £33,900 will be used as follows:

	£
FS and EISA	660,000
Administration & Compliance	530,000
General working capital	504,000
Net Proceeds and Fee Shares	1,694,000

The Placing is not underwritten but each Placee has provided a firm commitment to subscribe for the Placing Shares. Each Subscriber has provided an irrevocable subscription, conditional on Admission only for the Subscription Shares. The subscription for the Company Loan Notes is conditional on Admission.

The most material conflicts of interest pertaining to the Fundraising and Admission

There is no material conflict of interest pertaining to the Fundraising or Admission.

RISK FACTORS

The risks noted below do not necessarily comprise all those faced by the Enlarged Group. The Directors have presented the risks which they currently consider are material to the Enlarged Group, although additional risks may exist, however the risks presented are those material risks which the Directors are currently aware of. There may be special risks if an investor holds Shares in certain jurisdictions. There may be special risks if an investor holds Shares in certain jurisdictions. At this time, the Company does not intend to make accommodations regarding its financial information to assist any holders with their tax obligations

An investment in Shares is speculative and may not be suitable for all recipients of this Document. Potential UK investors are accordingly advised to consult a person authorised under the FSMA who specialises in advising in investments of this kind before making any investment decisions. Non-UK investors are advised to consult another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of their personal circumstances and the financial resources available to them.

AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK

Following completion of the Admission, the Company will be focussed on exploration and development of the Ampasindava ionic clay rare earths project in Northern Madagascar.

Prospective investors should note that the risks relating to the Company and the Enlarged Group, its industry and the Shares summarised in the section of this Document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Enlarged Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Document headed "Summary" but also, among other things, the risks and uncertainties described below.

The exploration for and development of natural resources are speculative activities that involve a high degree of financial risk. Prospective investors should carefully consider all the information in this Document including the risks described below. The risks and uncertainties described below are the material risk factors facing the Enlarged Group which are currently known to the Directors. These risks and uncertainties are not the only ones facing the Enlarged Group and additional risks and uncertainties not presently known or currently deemed immaterial may also have a material adverse effect on the Enlarged Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Enlarged Group's business, financial condition, operational performance and share price could be materially and adversely affected to the detriment of the Company and the Shareholders. Investment in the Company is suitable for persons who can bear the economic risk of a substantial or total loss of their investment. The risks are not presented in any order of priority and no inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect.

SPECIFIC RISKS RELATING TO THE PROJECT

1. Licence Conversion of PR6698 has not been completed

The Enlarged Group's subsidiary Reenova Rare Earths Malagasy ("**RREM**") held PR 6698, the exploration permit for the Project. Under the provisions of previous Madagascar Mining Code of 2005, Harena has lodged an application for exploration permit PR 6698 ("**PR**") to be converted to a permit extraction ("**PE**"). PR6698 expired on 6 November 2021 on the basis that it has been renewed twice by previous holders being the maximum permitted and no further renewal was permitted, however, as holder of PR 6698 it was entitled to submit an application for the conversion to a PE ("**PE Application**"). The PE Application was lodged on 18 September 2020. On submission of the PE Application, PR 6698 was endorsed that it is under conversion process (Transformation) prior to its expiry. Part of the conversion process will require the Enlarged Group to finalise a feasibility study ("**FS**") and an approved environmental impact and social assessment ("**EISA**") in order to satisfy the authorities of the technical, environmental and social viability of the Project. The FS and EISA

following Admission will be funded by the Net Proceeds. The works to be undertaken to complete the FS and EISA do not require any significant activity on the licence area, other than social data collection, as the Enlarged Group are in possession of all the geological data necessary and completed a revised JORC Resource in November 2023 as a basis for the FS. Therefore, the work to prepare the FS and EISA can continue notwithstanding the expiry of PR6698 as part of the PE Application. The Company and Harena know of no reason why the PE Application will not be granted except for the submission of the FS and EISA studies following Admission and under the laws of Madagascar, the Governmental authorities have limited rights to reject the PE Application. However, there can be no guarantee that the PE licence will be granted or will be granted without material conditions attached which may result in the viability of the Project being negatively impacted. If the PE is not granted to the Enlarged Group this would result in the impairment of the Project value with little scope to recover any value for shareholders and would require the Enlarged Group to seek an alternative project and further capital to be raised which may be highly dilutive to its shareholders or ultimately to being no longer able to act as a going concern. In addition, the acquisition of an alternative project in such circumstances could constitute a reverse takeover of the Company pursuant to the Listing Rules and would therefore require the Company to produce an FCA approved prospectus and meet the relevant eligibility criteria for re-admission of the Company's shares to the Official List, including the requirement that the Company will have a minimum market capitalisation of £30,000,000 on such re-admission.

2. Litigation Risk relating to RREM

The Project is held through a chain of corporate entities. RREM was the holder of PR6698 in Madagascar and has submitted the PE Application for the PE licence. RREM has operated and undertaken exploration activities for some time and has a trading history in Madagascar and such operations require the involvement of a number of third parties, including suppliers and contractors. Harena, as the majority owner of RREM, has engaged with previous staff, suppliers, contractors, and creditors of RREM which Harena has identified and which have carried over following Harena's acquisition of the Project. All such, and wage and other claims have been satisfied other than one residual wage claim and one creditor claim both of which Harena anticipates will be resolved during the first quarter of 2025. If these negotiations do not settle the outstanding claims, it is possible a claim could be made against RREM. The sums involved are less than US\$65,000 will not have any significant effect of the Enlarged Group's financial position or profitability.

3. The Project has a minority shareholder holding 25%

The direct parent company of RREM is Reenova Holding Mauritius Limited, a company registered in Mauritius ("**RHML**"). Tantalus Rare Earths AG ("**Tantalus**") is the registered legal owner of 25% of the issued share capital of RHML in the register of members of RHML. Tantalus has been struck-off the register of companies in Germany on 23 February 2021, therefore, the effect of this action on its holding in RHML is not currently known. Harena has requested further information and the Enlarged Group following Admission will need to obtain advice in Germany and Mauritius as to the status of Tantalus' holding in RHML. There is no shareholders' agreement in respect of this minority holding and the relationship with Tantalus is solely governed by the constitutional documents of RHML, which do not grant any unusual minority rights or protections for Tantalus. However, there is no control by RHML or Harena over the transfer or encumbrance by Tantalus of its minority interest in RHML. The Company may be negatively impacted if the project minority shareholder is transferred to another person as a transferee may claim a 25% interest without an obligation to pay for costs which would dilute the potential returns to the Company, albeit as far as the Enlarged Group is aware this is not possible following the strike off from the register of companies in Germany. The Enlarged Group does not anticipate that Tantalus will contribute in any way to the Project in the future given it is no longer a going concern and has been struck off. The Company is following a commercial process to acquire the remaining 25% holding but there is no guarantee that this process will be successful.

4. Regulatory risks of operating in Madagascar

The Government of Madagascar, through the Madagascar Mining Cadastre Office ("**BCMM**") has promulgated a new Mining Code in 2023 ("**Mining Code**") which is now the basis for issuing mining permits in Madagascar. During the period the Mining Code 2023 was being updated from November 2019 the BCMM has not issued new permits. The PE Application for conversion of Permit Exploration ("**PR**") to Permit Extraction ("**PE**") of Licence 6698 was made in September 2020 by RREM (a subsidiary of the Enlarged Group). The Mining Code 2023 establishes the base fiscal terms of establishing a mining operation, including the introduction of new royalties or taxes and social benefit

levies on companies operating in the mining industry. The Enlarged Group will need to comply with these changes and any future changes to regulations in Madagascar which may be less generous. Any further changes to the Mining Code may negatively impact the economic feasibility of the Project and ability of the Enlarged Group to raise further capital to fully develop the Project.

5. Environmental regulation

Environmental and safety legislation (e.g. in relation to reclamation, disposal of waste products, protection of wildlife and otherwise relating to environmental protection) may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. However, the Enlarged Group will adopt a strategy that mitigates the use of metallurgical processes that contain material that is capable of damaging the environment and is seeking to adopt the latest processing technologies that have proven environmental credentials including use of the Zero Impact Mining Cycle. This is the adoption of a mining and processing cycle that entails full rehabilitation of the mining voids within a few months of the initial mining of mineralised ore material. The processed material, after washing and now deficient of valuable minerals, is returned to the cavities from which it was mined and the area is rehabilitated. Unlike other mining operations, no residual tailings storage facility is required. There may, however, be unforeseen environmental liabilities resulting from exploration or mining activities, which may be costly to remedy. If the Enlarged Group is unable to fully remedy an environmental problem, it may be required to stop or suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Enlarged Group. The Enlarged Group has not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) as it is not generally available at a price which the Enlarged Group regards as reasonable. The potential exposure may be significant and could have a material adverse effect on the Enlarged Group.

6. Community and Social Support

The Company aims to proactively engage with the local community to ensure that they are aware at each relevant stage of the environmental and social impact of developing the mine. The Company is pursuing a mine development plan that is highly considerate of environmental and social considerations and thus far neither the Company nor Harena has received any negative communication from the local community. Following Admission, the Company will complete an EISA which is required to be approved by the National Office for the Environment (ONE) of Madagascar. The Company will submit the EISA to comply with the PE Application which will examine in detail the environmental and social factors of developing the mine prior to a formal decision to mine. The Company is aware of organisations that purport to represent the “local community” that have published articles which are negative, inaccurate and misleading relating to the Project. These organisations are specifically referring to incorrect information regarding the previous planned use of in-situ leaching and relate to possible widespread damage of the environment and contamination of ground water utilised by the local population. The Company acknowledges that the issues raised in these articles may be valid in respect of the previous mining plan for in-situ leaching but such processes will not be utilised by the Company. The Company’s focus on Zero Impact Mining Cycle will remove many of the issues raised by or on behalf of the local community. Harena has engaged with best practice environmental specialists and will adopt the standard ionic clay rare earth mining and rehabilitation model being used by other developers of such deposits outside China in order to undertake the Zero Impact Mining Cycle and will continue to engage specialists where required. The Company will follow due process as part of preparing the EISA and obtaining the PE and will continue to actively engage with the local community to correct any misunderstandings and provide information on all aspects of the mining processes proposed for the mine, including holding communication workshops. The PE will be issued by ONE and will allow the Company to undertake mining on site. However, if the local community object to the development of the mine it could cause delays (for example, accessing the site or requiring changes to the design) and any such delays may cause unforeseen cost overruns to the Project which may require the Company to raise further funds as part of any further capital raising following the Working Capital Period.

7. Single Asset of the Enlarged Group

The Project is the sole asset of the Enlarged Group at the time of Admission, therefore, it is dependent on the success of the Project for the long term viability of the Enlarged Group. If the

Project's FS failed to demonstrate the economic or technical viability of the Project and/or the EISA results were unfavourable, then the Enlarged Group would be required to determine whether or not to continue investing resources in the Project. If the FS and EISA results did not demonstrate economic or technical viability the Enlarged Group would be required to seek an alternative project as it is highly unlikely that further capital could be raised towards the Project that does not merit continued investment. If the Enlarged Group were required to seek an alternative project and further capital to support an alternative project this may be highly dilutive to its shareholders.

8. Further financing will be required to fully develop the Project

The Enlarged Group will not generate revenue until the Project becomes a fully commissioned mine capable of producing and selling rare earths concentrate which is likely to be several years from the date of this document. The Enlarged Group will utilise the Net Proceeds generated from the Fundraising and the proceeds of the Company Loan Notes to fund the FS and EISA in order to work comply with the requirements in respect of the grant of the PE during the Working Capital Period.

The Enlarged Group will need to raise further capital following the Working Capital Period for general working capital, to repay the Company Loan Notes and continue developing the Project which entails project financing phase and ultimately to build and commission the mine. The results from the FS will determine the scale of the proposed mine and the amount of capital required to build the mine. The project financing phase which is outside the Working Capital Period will determine the mix of equity and debt required, however, the Enlarged Group will likely be required to raise further capital from shareholders prior to obtaining project financing to build the mine. In addition, the Company will be required to repay the Company Loan Notes outside the Working Capital Period and so will require either additional equity or debt financing to cover this cost. Failure to repay the Company Loan Notes could lead to a breach of the terms of the Loan Notes Trust Deed and entitle the holders to enforce against the Company which could lead to a loss in value for the Shareholders.

Future mineral prices, revenues, taxes, capital expenditures and operating expenses and geological success will all be factors which will have an impact on the amount of additional capital required. Additionally, if the Enlarged Group acquires further exploration assets or is granted additional permits and/or exploration licences, this may increase its financial commitments in respect of the Enlarged Group's exploration activities.

Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as and when needed, it could result in a delay or indefinite postponement of future exploration and development activities at the Enlarged Group's licence areas.

9. Infrastructure

The successful development of the Project depends on adequate infrastructure including power, water and continued ability to access the Project. The region of Madagascar in which the Project is located is sparsely populated and some parts of the properties may require additional infrastructure before the Project can be fully developed. Reliable roads, bridges, power sources and water supplies are important determinants which affect capital and operating costs and the Enlarged Group's ability to maintain expected levels of progress with its exploration activities. The Enlarged Group cannot guarantee the adequate levels of infrastructure to permit the full development of Project to become a mine and typically key infrastructure items may require substantial capital expenditure. These components will be studied during the DFS and may have a negative impact on the economic feasibility results of the Project.

RISKS RELATING TO MINERAL, COMMODITIES AND EXPLORATION

Rare Earth prices

The price of rare earth elements has historically been subject to fluctuations and risks due to various factors. One significant downside risk is the fluctuation of demand and supply dynamics. If the demand for high-tech products and applications that rely on rare earth elements decreases, it can lead to an oversupply and subsequently lower prices. Additionally, advancements in technology and alternative material development may reduce the reliance on rare earth minerals, further impacting their value. Extended periods of price downsides can render the operation uneconomic and have a material adverse effect on the Enlarged Group.

Exploration and development risks

Although mineralisation has been discovered and a Resource has been defined, it may take several years of development until production is possible during which time the economic feasibility of production may change. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in the price of heavy minerals, fluctuations in exchange rates, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to permits, licences, royalties, allowable production, importing and exporting of minerals and environmental regulations. In addition, the grade of mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material.

The Enlarged Group will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to develop mineral processes to extract the product from the resource and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that the minerals discovered are of sufficient quantities and/or quality to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of the resource mined, fluctuations in mineral markets, importing and exporting of minerals and environmental protection. As a result of these uncertainties, there can be no assurance that mineral exploration and development of the Enlarged Group's properties will result in profitable commercial operations.

Operating risks

The activities of the Enlarged Group will be subject to usual hazards and risks normally associated with developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses. Should any of these risks and hazards affect the Enlarged Group's exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to produce mineral resources from the Enlarged Group's properties, require the Company to write-down the carrying value of one or more mineral projects, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability; any and all of which may have a material adverse effect on the Company. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability, result in increasing costs or the loss of assets and a decline in the value of the Company's securities.

Estimates of Mineral Reserves and Resources

Even though a mineral resource has been determined at the Project, estimates in respect of that resource are expressions of judgement based on knowledge, experience and industry practice by that independent expert. Estimates which were valid when originally made may change appreciably when further information becomes available. Such resource estimates are by nature imprecise, depending on interpretations which may, with further exploration, prove to be inaccurate. Moreover, should the Enlarged Group encounter ore bodies or formations which differ from those suggested by past sampling and analysis, resource estimates may have to be adjusted and any production plans altered accordingly which may adversely impact the Enlarged Group's plans.

Commodity and currency risk

As the Company's potential earnings will be largely derived from the sale of rare earths, the Enlarged Group's future revenues and cash flows will be impacted by changes in the prices and available market of this commodity. Any substantial decline in the price of rare earths or in processing, transport, or distribution costs may have a material adverse effect on the Company.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major mineral producing centres as well as macroeconomic conditions such as inflation and interest rates.

Furthermore, the international prices of most commodities are denominated in United States dollars while the Company cost base will be in Pounds Sterling and Malagasy Ariary. Consequently, changes in the Pound Sterling and Malagasy Ariary exchange rates will impact on the earnings of the Company. The exchange rates are affected by numerous factors beyond the control of the Enlarged Group, including international markets, interest rates, inflation and the general economic outlook.

Competition

The mining industry is competitive in all of its phases. The Enlarged Group faces strong competition from other companies in connection with the acquisition of mineral properties producing, or capable of producing, as well as for the recruitment and retention of qualified employees. Larger companies, in particular, may have access to greater financial resources, operational experience and technical capabilities than the Enlarged Group which may give them a competitive advantage.

Utilities

The Enlarged Group's ability to develop the Project will be reliant on the availability of adequate utilities such as power and water. There can be no guarantee that such utilities can be provided at an economically viable level.

RISKS RELATING TO MADAGASCAR

Government regulation and political risk

The Enlarged Group's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Enlarged Group believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Enlarged Group or its properties, which could have a material adverse impact on the Enlarged Group's current operations or planned exploration and development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Enlarged Group cannot assure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Enlarged Group from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

The Project is located in Madagascar. The Enlarged Group's activities may be affected in varying degrees by political stability and governmental regulations. Any changes in regulations or shifts in political attitudes in these countries or any other countries in which the Enlarged Group may operate are beyond the control of the Enlarged Group and may adversely affect its operations.

Legal systems

The Project operations will be governed by the laws of Madagascar and the PE Application will be considered in accordance with the laws of Madagascar. If the PE is granted it may be subject to conditions. Failure to comply with these conditions may result in forfeiture of the future mining permits.

Furthermore, any additional future mining permits applied for and held by the Enlarged Group may be subject to periodic renewal. The PR 6698 has expired and cannot be extended and the PE Application has been submitted for conversion. Whilst there is no reason to believe that such conversion and any renewals will not be granted, the Company cannot guarantee that this will occur. New conditions may also be imposed on future mining permits held by the Enlarged Group under the renewal process which may adversely affect the Company.

Madagascar may have a less developed legal system than more established economies which could result in risks such as (i) effective legal redress in the courts, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of

discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; (v) relative inexperience of the judiciary and courts in such matters and (vi) political interference or corruption in the administration of justice. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Enlarged Group's research permits and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

RISKS RELATING TO THE ORDINARY SHARES

Dilution of Shareholders' interests on Admission

Under the terms of the Transaction, the Company is obliged to issue the Consideration Shares, Fee Shares, Placing Shares, and Subscription Shares, which will result in the issue of an aggregate of 370,634,352 New Ordinary Shares being issued on Admission which will dilute existing Shareholders. The Enlarged Share Capital of the Company on Re-admission will be 413,884,352 ordinary shares.

The Existing Share Capital will represent 10% of the Enlarged Share Capital, the Placing Shares will represent 3% of the Enlarged Share Capital, the Subscription Shares will represent 2% of the Enlarged Share Capital, the Consideration Shares will represent 81% of the Enlarged Share Capital and the Fee Shares will represent 4% of the Enlarged Share Capital.

On Admission, the Company will have granted Warrants over 93,361,185 Shares, Options over 31,200,000 Shares and subject to satisfaction of certain conditions, issue up to 133,333,332 Performance Shares. The resulting admission of the Warrants, Options and Performance Shares would result in an additional issue of 257,894,518 New Ordinary Shares and as a result the Company would have a Fully Diluted Share Capital of 671,778,870 Ordinary Shares. If all the Warrants, Options and Performance Shares were exercised they would represent 38.4% of the Fully Diluted Share Capital.

Following completion of the Proposed Acquisition, the Company may need to raise additional funds to meet any additional expenditure obligations of the Enlarged Group in relation to the licence the subject of the PE Application, which obligations may fall due after the Working Capital Period or to fund any additional acquisitions or investments by the Enlarged Group in the future.

Furthermore, the Company may need to raise additional funds in the future to finance the development of the Project beyond the Working Capital Period, as well as future investments and/or acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the Shareholders may be reduced, Shareholders may experience subsequent dilution and/or such securities may, subject to Shareholder approval, have preferred rights, options and pre-emption rights senior to the Shares. The Directors intend that the Company should be able to issue new Shares as consideration for possible acquisitions and investments including raising additional working capital as required. Insofar as such new Shares are not offered first to existing Shareholders, then their interests in the Company will be diluted.

The Concert Party will hold 37.6% of the Enlarged Share Capital on Re-admission

Upon Re-admission, the Directors expect that 37.6% of the Company's Enlarged Share Capital will be held by members of the Concert Party (following the issue of Consideration Shares and Fee Shares) to members of the Concert Party. The members of the Concert Party will enter into orderly marketing or lock-in and orderly marketing agreements which set out controls by the Broker and the Company over sales by members of the Concert Party for a minimum of 6-months. Upon Re-admission the Directors expect that 15% of the Company's Ordinary Shares will be in public hands. Investments in the Ordinary Shares may accordingly be relatively illiquid, compared to other companies whose "free float" percentage is greater than the Company's and/or where there is no restriction on trading. This means that trading in the Company's Ordinary Shares may be infrequent and the Company's shares may be subject to volatile share price movements. Investors should not expect that they will necessarily be able to realise their investment in the Company's Ordinary Shares

within a period that they would regard as reasonable. Accordingly, the Company's Ordinary Shares may not be suitable for short-term investment.

The pre-emption rights contained in the Act may be disapplied for Shareholders in certain circumstances and the Company may issue securities or incur substantial debt to raise capital or complete a further acquisition, which may dilute the interests of Shareholders or affect the Company's results of operations (due to increased interest expense) and liquidity

The Company may in the future issue a substantial number of additional Shares or incur substantial indebtedness to raise capital or complete further acquisitions.

Any issuance of Shares may:

- significantly dilute the value of the Shares held by existing Shareholders;
- cause a Change of Control if a substantial number of Shares are issued, which may, among other things, result in the resignation or removal of one or more of the Directors and result in the Company's then existing Shareholders becoming the minority;
- subordinate the rights of holders of Shares if preferred shares are issued with rights senior to those of Shares; or
- adversely affect the market prices of the Company's Shares.

If Shares are issued as consideration for further acquisitions, the issuance of such Shares could materially dilute the value of the Shares held by existing Shareholders. Where a target company has an existing large shareholder, an issue of Shares as consideration may result in such shareholder subsequently holding a significant or majority stake in the Company, which may, in turn, enable it to exert significant influence over the Company (to a greater or lesser extent depending on the size of its holding) and could lead to a Change of Control.

The occurrence of any or a combination of these factors could decrease an investor's ownership interests in the Company or have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

Shareholders will not have the opportunity to vote to approve any further acquisition

Unless such approval is required by law or other regulatory process, Shareholders will not have the opportunity to vote on any further acquisition even if Shares are being issued as consideration for such acquisition.

Dividend payments on the Shares are not guaranteed

To the extent the Company intends to pay dividends on the Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law, but expects to be principally reliant upon dividends received on shares held by it in any operating subsidiaries in order to do so. Payments of such dividends will be dependent on the availability of any dividends or other distributions from such subsidiaries. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

There is currently no market in the Shares, notwithstanding that the Company is admitted to trading on the London Stock Exchange. An active market for the Shares may not develop, which would adversely affect the liquidity and price of the Shares

As at the date of this Document, there is no market for the Shares. The price of the Shares can also vary due to a number of factors, including but not limited to, prevailing economic conditions and forecasts, the Company's general business condition and the release of its financial reports. Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange, there is no assurance that it will always do so. In addition, an active trading market for the Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Shares unless a market can be established and maintained, and if the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Shares may decline.

Investors may not be able to realise returns on their investment in Shares within a period that they would consider to be reasonable

Investments in Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor may contribute both to infrequent trading in the Shares on the London Stock Exchange and to volatile Share price movements. Investors should not expect that they will necessarily be able to realise their investment in Shares within a period that they would regard as reasonable. Accordingly, the Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Shares. Even if an active trading market develops, the market price for the Shares may fall below the issue price.

Shareholders may be diluted if Warrants are exercised and/or the Performance Shares issued

In the event that any of the Warrants are exercised and the share price per Share is higher than the subscription price for the Warrants, the interests of the Shareholders will be diluted. None of the Warrants are subject to any conditions to exercise. Assuming no change to the Enlarged Share Capital, the maximum total dilution which would result from the exercise of all Warrants is 18.4%. The requirement to issue each tranche of the Performance Shares to the Harena Shareholders is subject to conditions relating to (i) the conversion of the exploration permit to a permit extraction and (ii) the increase of the Company's shareholding in Reenova Holding Mauritius Limited from 70% to 90%. Assuming no change to the Enlarged Share Capital, the maximum total dilution which would result from the issue of the Performance Shares is 24.4%

RISKS RELATING TO THE COMPANY'S RELATIONSHIP WITH THE DIRECTORS AND CONFLICTS OF INTEREST

Dependence on key personnel

The Enlarged Group has a small management team and the loss of a key individual could have an adverse effect on the future of the Enlarged Group's business. The retention of their services cannot be guaranteed. Accordingly, the loss of any such key individual may have a material adverse effect on the Enlarged Group's ability to develop the Project.

In addition, there is a risk that the Enlarged Group will not be able to recruit senior management with sufficient expertise or experience to maximise the development of the Project, or that recruiting and retaining those senior managers is more costly or takes longer than expected. The failure to attract and retain those individuals may adversely affect the Enlarged Group's ability to develop the Project.

The Directors may in the future enter into related party transactions with the Company, which may give rise to conflicts of interest between the Company on the one hand and the Directors on the other hand

The Directors and one or more of their affiliates may in the future enter into agreements other than related to their engagement or employment with the Company, although at present none are under contemplation. For example, relating to identifying acquisitions and/or operating or providing services to the Company, any member of the Enlarged Group or any subsidiary that may be established or acquired by the Company. While the Company will not enter into any related party transaction without the approval of a majority of the non-conflicted Directors, it is possible that the entering into of such an agreement would give rise to a conflict between the interest of the Company and that of the relevant Director and may lead to the Company not achieving the contractual terms that it might otherwise have been able to achieve with an unrelated party.

RISKS RELATING TO TAXATION

Taxation of returns from assets located outside of the UK may reduce any net return to Shareholders

To the extent that the assets, company or business which the Company acquires is or are established outside the UK, it is possible that any return the Company receives from it may be reduced by irrecoverable foreign withholding or other local taxes and this may reduce any net return derived by Shareholders from an investment in the Company.

Changes in tax law may reduce any net returns for Shareholders

The tax treatment of Shareholders of Shares issued by the Company, any special purpose vehicle that the Company may establish and any company which the Company may acquire are all subject

to changes in tax laws or practices in the UK or any other relevant jurisdiction. Any change may reduce any net return derived by Shareholders from an investment in the Company.

There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner. It is intended that the Company will act as the holding company to a trading group including any company or assets acquired in any acquisition, to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The Company has made certain assumptions regarding taxation. However, if these assumptions are not borne out in practice, taxes may be imposed with respect to any of the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium-term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

CONSEQUENCES OF A LISTING IN THE EQUITY SHARES (TRANSITION) CATEGORY

Application will be made for the Enlarged Issued Share Capital to be admitted to the Equity Shares (transition) category of the Official List pursuant to Chapter 22 of the Listing Rules, which sets out the requirements for companies listed on the Equity Shares (transition) category, and for such Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. The Listing Principles 1 and 2 set out in Chapter 2 of the Listing Rules also apply to the Company.

However, while the Company has a listing in the Equity Shares (transition) category, it is not required to comply with the provisions of, among other things:

- Chapter 4 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint a sponsor in connection with the Admission. Companies listed on the Equity Shares (transition) category will not be required to appoint a sponsor unless they wish to transfer their listing to a category which requires the appointment of a sponsor including the Equity Shares (commercial companies) category;
- Chapter 6 of the Listing Rules relating to the continuing obligations for companies admitted to the Equity Shares (commercial companies) category, which therefore does not apply to the Company;
- Chapter 7 of the Listing Rules relating to significant transactions;
- Chapter 8 of the Listing Rules regarding related party transactions;
- Chapter 9 of the Listing Rules regarding further issues of shares and dealing in own securities by companies admitted to the Equity Shares (commercial companies) category. However, any dealings in the Company's securities are subject to other general restrictions, including those set out in the Market Abuse Regulation;
- Chapter 10 of the Listing Rules regarding the form and content of circulars to be sent to shareholders of companies admitted to the Equity Shares (commercial companies) category; and
- the UK Corporate Governance Code.

Companies with a listing in the Equity Shares (transition) category are not eligible for inclusion in the UK series of FTSE indices.

There are, however, a number of continuing obligations set out in Chapter 22 of the Listing Rules that are applicable to the Company. These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the document viewing facility and related notification to a Regulatory Information Service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the making of Regulatory Information Service notifications in relation to a range of debt and equity capital issues; and
- at least 10 per cent. of the Ordinary Shares being held in public hands.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company is required to comply with the Market Abuse Regulation and the Disclosure and Transparency Rules.

It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false or deceptive.

IMPORTANT INFORMATION

In deciding whether or not to invest in Shares prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Directors. Without prejudice to the Company's obligations under the FSMA, Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, neither the delivery of this Document nor any subscription made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors, or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed "Summary" should be read as an introduction to this Document. Any decision to invest in the Shares should be based on consideration of this Document as a whole by the investor. In particular, investors must read the section headed Section D (Risks) of the Summary together with the risks set out in the section headed "Risk Factors" beginning on page 11 of this Document.

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This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this Document are required by the Company and the Directors to inform themselves about, and to observe any restrictions as to the offer or sale of Shares and the distribution of, this Document under the laws and regulations of any territory in connection with any applications for Shares including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Shares in any jurisdiction where action for that purpose is required nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action

for that purpose is required. Neither the Company nor the Directors accept any responsibility for any violation of any of these restrictions by any person.

This admission document is not a 'prospectus', 'product disclosure statement' or other 'disclosure document' for the purposes of the Australian Corporations Act and is not required to be lodged with ASIC or the ASX. Accordingly, a person may not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Shares, or distribute this admission document where such offer, issue or distribution is received by a person in the Commonwealth of Australia, its territories or possessions, except if:

(a) the amount payable by the transferee in relation to the Shares is A\$500,000 or more or if the offer or invitation to the transferee is otherwise an offer or invitation that does not require disclosure to investors in accordance with part 6D.2 or part 7.9 of the Corporations Act; or

(b) the offer or invitation does not constitute an offer 'to a 'retail 'client' under Chapter 7 of the Australian Corporations Act. The Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of South Africa, the Republic of Ireland, Canada or Japan. Subject to certain exceptions, the Shares may not be, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, South Africa, the Republic of Ireland, Canada or Japan or to any national, resident or citizen of South Africa, the Republic of Ireland, Canada or Japan.

The Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.

Investors may be required to bear the financial risk of an investment in the Shares for an indefinite period. Prospective investors are also notified that the Company may be classified as a passive foreign investment company for United States federal income tax purposes. If the Company is so classified, the Company may, but is not obliged to, provide to U.S. holders of Shares the information that would be necessary in order for such persons to make a qualified electing fund election with respect to the Shares for any year in which the Company is a passive foreign investment company.

DATA PROTECTION

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom

the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions

INVESTMENT CONSIDERATIONS

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company, this Document and the terms of the Admission, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Shares or distributions by the Company, either on a liquidation and distribution or otherwise. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, Investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objective will be achieved.

It should be remembered that the price of the Shares and any income from such Shares, can go down as well as up.

This Document should be read in its entirety before making any investment in the Shares. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum of Incorporation of the Company and the Articles, which investors should review.

FORWARD-LOOKING STATEMENTS

This Document includes statements that are, or may be deemed to be, "forward-looking statements", including those contained in Part I of this Document. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should", "could" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Shares and dividends; and (ii) future deal flow and implementation of active management strategies, including with regard to the Enlarged Group or any further acquisition. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performances. The Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors should carefully review the "Risk Factors" section of this Document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 10 of Part XV of this Document.

There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Document will, in fact, occur. These forward-looking statements are correct only as at the date of this Document. The Company will not undertake any obligation to release publicly any revisions to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Document except as required by law or by regulatory authority, including the Listing Rules, Prospectus Rules, DTR and Market Abuse Regulations.

THIRD PARTY DATA

Where information contained in this Document has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Document, the source of such information has been identified. The Company takes responsibility for compiling and extracting, but has not independently verified, market data provided by third parties.

Where information contained in this Document relates to mineral resources and where applicable reserves and exploration results/prospects as well as other information of a scientific or technical nature, and it is outside of the CPR, such information is not inconsistent with the information contained in the CPR.

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Document to “£”, “Pound Sterling” or “Pounds” are to the lawful currency of the U.K., and to “\$” or “US Dollars” are to the lawful currency of the United States, and to “A\$” or “Australian Dollars” are the lawful currency of Australia.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

As required by the Act and Article 4 of the European Union IAS Regulation, the financial statements of the Company for the financial year ending 30 April 2021 were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 160/2002 as it applies in the European Union (“**EU IFRS**”).

For the financial year ending 30 April 2022, the financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards (“**UK IFRS**”).

NO INCORPORATION OF WEBSITE

The contents of any website of the Company or any other person do not form part of this Document.

DEFINITIONS

A list of defined terms used in this Document is set out in “Definitions” beginning at page 323.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	26 February 2025
Annual General Meeting	20 March 2025
Admission and commencement of dealings in the Enlarged Share Capital	21 March 2025
Crediting of New Ordinary Shares to CREST Accounts	21 March 2025
Share certificates dispatched for the Placing, Subscription, Consideration Shares and Fee Shares	Week commencing 31 March 2025

All references to time in this Document are to London time unless otherwise stated

STATISTICS

Total number of Existing Shares in issue as at the date of this Document	43,250,000
Number of Placing Shares to be issued on Admission	14,066,667
Number of Subscription Shares to be issued on Admission	6,666,667
Number of Consideration Shares to be issued on Admission	333,333,333
Number of Fee Shares to be issued on Admission	16,567,685
Total number of New Ordinary Shares to be issued on Admission	370,634,352
The Enlarged Share Capital in issue on Admission	413,884,352
% of the Existing Shares in the Enlarged Share Capital	10%
% of New Ordinary Shares on Admission in the Enlarged Share Capital	90%
Maximum number of New Ordinary Shares issued pursuant to the Performance Shares	133,333,332
Number of New Ordinary Shares issued pursuant to the Performance Shares in Tranche 1	66,666,666
Number of New Ordinary Shares issued pursuant to the Performance Shares in Tranche 2	66,666,666
Maximum number of New Ordinary Shares to be issued pursuant to the Warrants	93,361,185
Maximum number of New Ordinary Shares to be issued pursuant to the Options	31,200,000
Total Number of New Ordinary Shares to be issued pursuant to the Performance Shares, Warrants and Options	257,894,518
Fully Diluted Share Capital	671,778,870
% dilution from the issue Performance Shares to the Enlarged Share Capital	32%
% dilution from the issue of Warrants to the Enlarged Share Capital	23%
% dilution from the issue Options to the Enlarged Share Capital	8%
% dilution from the issue of Performance Shares, Warrants and Options to the Enlarged Share Capital	62%
Gross Proceeds from the Placing, Subscription and issue of the Company Loan Notes	£1,397,000
Estimated costs in relation to the Transaction to be paid	£200,000
Net Proceeds from the Placing, Subscription and issue of the Company Loan Notes	£1,197,000
Value of Fee Shares	£497,030
Issue Price for the Placing, Subscription, Consideration and Fee Shares	£0.03
Approximate market capitalisation on Admission	£12.4m

DEALING CODES

ISIN	GB00BMGRFP88
SEDOL	BMGRFP8
LEI	213800TNHZ0A4JIZK687
TIDM	CRES
TIDM following Admission	HREE

DIRECTORS, SECRETARY AND ADVISERS

Directors on Admission	Joseph Belladonna (Proposed Managing Director from Admission) Allan Mulligan (Proposed Executive Director from Admission) Timothy Morrison (Proposed Non-Executive Chairman from Admission) Cameron William Leslie Pearce (Independent Non-Executive Director) Sam Delevan Quinn (Independent Proposed Non-Executive Director from Admission) Winton Willesee (Independent Non-Executive Chairman to retire on Admission) Daniel Rootes (Independent Non-Executive Director to retire on Admission)
Manager with responsibility for Finance	Jay Stephenson
Registered Office and principal place of business	167-169 Great Portland Street Fifth Floor London W1W 5PF
Company website	www.citiusresources.co.uk and following Admission www.harenaresources.com.au
Company Secretary, Administration and Financial Functions	FIM Capital Limited 55 Athol Street Douglas Isle of Man IM1 1LA
Auditors to Citius and reporting accountants	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Auditors to Harena	Moore Australia Level 15, Exchange Tower 2 The Esplanade Perth WA 6000
Financial Adviser and Broker	Tavira Financial Limited 13th Floor 88 Wood Street London EC2V 7DA
Competent Person	SGS Canada 185 Concession St KOL 2HO Lakefield Ontario Canada
Solicitors as to English law	Mildwaters Consulting LLP Chestnut Field House Chestnut Field Rugby CV21 2PD
Solicitors as to Australian law	Steinepreis Pagnin Level 4, The Read Buildings 16 Milligan Street

Registrar

Perth WA 6000
Share Registrars Limited
27/28 Eastcastle Street
London
W1W 8DH

Principal bankers

Barclays Banks Plc
PO Box 9
Barclays House, Victoria Street
Douglas
Isle of Man
IM99 1AJ

PART I

INFORMATION ON THE PROPOSED ACQUISITION AND THE ENLARGED GROUP

1. INTRODUCTION

- 1.1 The Company was incorporated as a private company with limited liability under the laws of England and Wales under the Companies Act on 15 April 2020 with number 12557958. On 3 August 2020 the Company was re-registered as a public limited company to become Citius Resources Plc. The principal legislation under which the Company was created and operates is the Companies Act 2006 and the regulations made thereunder. The Company's registered office is located at 167-169 Great Portland Street, Fifth Floor, London, W1W 5PF. The Company's financial year ends on 30 April.

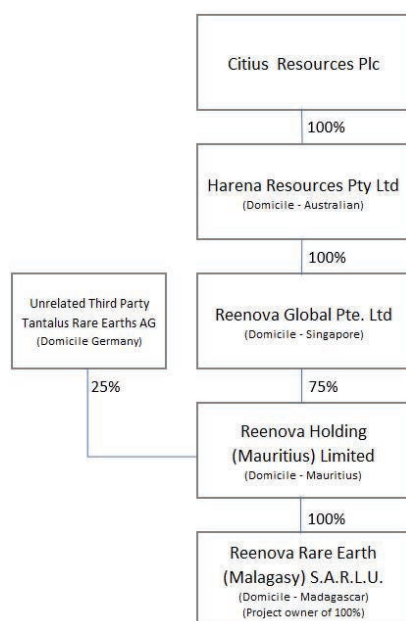
2. PROPOSED ACQUISITION OF HARENA

- 2.1 The Company is proposing to acquire the entire issued share capital of Harena for consideration of up to £14 million pursuant to the terms of the Shareholder Offer Document and the Noteholder Offer Documents (the "**Proposed Acquisition**") payable as follows:
- 2.1.1 £10 million payable on completion through the issue of 333,333,333 Consideration Shares ("**Consideration Shares**") in the Company at £0.03 per share ("**Issue Price**") with 162,210,031 Consideration Shares being issued to the holders of the share capital of Harena ("**Harena Shareholders**") and 171,123,302 Consideration Shares being issued to the holders of the convertible loan notes issued by Harena ("**Harena Convertible Loan Notes**" and "**Noteholders**"); and
- 2.1.2 £4 million payable through the issue of 133,333,332 performance shares ("**Performance Shares**") with the issue of the Performance Shares to be made to the Harena Shareholders only on satisfaction of the following conditions:
- 2.1.2.1 Tranche 1 – 66,666,666 Performance Shares will vest and be issued on the successful conversion of exploration permit PR6698 (or a proportion thereof) to a permit extraction for the Ampasindava Project or documented approval from the Madagascan authorities that allows development activities to commence at the Ampasindava Project; and,
- 2.1.2.2 Tranche 2 – 66,666,666 Performance Shares will vest and be issued on the attainment of a minimum of 90% equity ownership of the Ampasindava Project by the Enlarged Group. For clarity, this will vest if the Enlarged Group, directly or indirectly, controls a minimum of 90% of the issued capital of Reenova Holding Mauritius Limited which is a subsidiary of Harena.
- 2.2 Harena is the holder of a 75 per cent. of the Ampasindava ionic clay rare earths project in Madagascar ("**Project**"). The Proposed Acquisition is, *inter alia*, conditional on the passing of certain resolutions at the Annual General Meeting and the Fundraising and Admission.
- 2.3 Further details of the Shareholder Offer Document, which offer has been accepted by each Harena Shareholder are set out in paragraph 21.15 of Part XV of this Document. Further details of the Noteholder Offer Documents, which offer has been accepted by each Noteholder of the Harena Convertible Loan Notes are set out in paragraphs 21.18 and 21.21 of Part XV of this Document.
- 2.4 The Proposed Acquisition is in line with the Company's strategy of identifying an Proposed Acquisition target in the natural resources sector. The Proposed Acquisition, if completed, will constitute a Reverse Takeover under the Listing Rules because of the fact that it will give rise to a fundamental change to the business and voting control of the Company resulting in the Company becoming an operating company. The Company indicated in its original Prospectus issued in 18 August 2021, that it would seek Shareholder approval for a Reverse Takeover. Accordingly, a the Annual General Meeting of the Company is being convened at which resolutions will be proposed, *inter alia*, to approve the Proposed Acquisition, the issue and allotment of the Consideration Shares and Performance Shares, the Placing Shares, Subscription Shares and the Fee Shares. The Resolutions are set out in full in the notice of Annual General Meeting at the end of this Document and are summarised in paragraph 10 of Part II.

3. THE ENLARGED GROUP

The structure of the Enlarged Group is set out below:

3.1 Corporate Diagram of the Enlarged Group



Tantalus Rare Earths AG, a company incorporated in Munich, Germany (“**Tantulus**”) is the owner of the remaining 25% of Reenova Holdings (Mauritius) Limited (“**RHML**”). Tantalus does not hold any contractual or special rights associated with the shareholding. Harena has become aware that Tantalus has been struck-off the register of companies in Germany on 23 February 2021. The effect of this action on its holding in RHML is not currently known. Harena has requested further information and the Enlarged Group following Admission will need to obtain advice in Germany and Mauritius as to the status of Tantalus’ holding in RHML. The Enlarged Group does not expect Tantalus to contribute any resource to the Project and as far as the Directors are aware Tantalus is no longer a going concern. The Company is following a commercial process to acquire the remaining 25% holding but there is no guarantee that this process will be successful. The Project is held through a chain of corporate entities as set out above.

Reenova Rare Earth (Malagasy) S.A.R.L. U (“**RREM**”) was the registered owner of the Mining Licence PR6698 in Madagascar. Under the provisions of previous Madagascar Mining Code of 2005, an application for the exploration permit PR6698 (“**PR**”) to be converted to a permit extraction (“**PE**”) was lodged on 18 September 2020. PR6698 expired on 6 November 2021 on the basis that it has been renewed twice by previous holders and no further renewal is permitted, however, prior to expiry as holder of PR6698 RREM was entitled to submit an application for conversion to a PE (“**PE Application**”). The licence PR6698 was endorsed that it is under conversion process (Transformation) prior to its expiry. Part of the conversion process will require the Company to finalise a Feasibility Study (“**FS**”) and an approved environmental impact and social assessment (“**EISA**”) in order to satisfy the authorities of the technical, environmental and social viability of the Project. Following the grant of the PE, the Enlarged Group will have the right to commence mining at the Project.

The FS will examine the economic feasibility of the Project and will be based on the geological data obtained from the previous owners whom have undertaken significant exploration and resource evaluation work. In November 2023 Harena reported a JORC Mineral Resource of 226Mt (Measured & Indicated) with contained total rare earths (“**TREO**”) of 195,500 tonnes and contained mixed rare earths (“**MREO**”) of 42,100 tonnes. Section 5.2 of this Part I sets out the parts of the FS that have already been finalised.

The EISA will study the environmental and social aspects of the Project. The prior owners of the Project had undertaken and submitted an environmental study in respect of the Project, however, this reflected the “In-Situ leaching” process for recovery which the Enlarged Group

has rejected as a viable option, so the EISA is being updated to reflect the zero impact mining cycle (as described in Section 6 of this Part I). Other required sections of the EISA have been completed.

The works to be undertaken to complete the FS and EISA do not require any significant activity on the licence area, other than social data collection, as the Enlarged Group are in possession of all the geological data necessary and completed a revised JORC Resource in November 2023 as a basis for the FS. Therefore, the work to prepare the FS and EISA can continue notwithstanding the expiry of PR6698 as part of the PE Application. In addition, the social work at the Project site is being maintained and will continue to be a focus for the Enlarged Group.

The critical path towards development of the Project is to complete the FS and EISA to demonstrate that commercial mining and processing of mixed rare earth concentrate and carbonate product is feasible, environmentally compliant and economically robust. These works will include the completion of a revised environmental impact study, development of the mining sequence and mining schedule, evaluation of construction and logistics, demonstration heap design, community engagement and other infrastructure upgrades. The FS and EISA shall not require any activity on the licence area.

RREM (the local subsidiary in Madagascar) has operated and undertaken exploration activities in country for a long period of time given the long history of the Project. Harena acquired the Project by the acquisition of Reenova Global Pte. Ltd (Singapore), the majority shareholder of RREM. Harena, following acquisition of the its Project, has engaged with all the stakeholders of RREM (including staff, contractors and suppliers of services) with a view to resolving any legacy contractual positions.

4. REASONS FOR THE PROPOSED ACQUISITION

- 4.1 The Directors of the Company have been seeking to identify acquisition opportunities within the natural resources sector that has the potential to build material value for its shareholders.
- 4.2 The Directors believe that the Project can become an important source of rare earth metals globally, offer an alternative supply source of rare earths outside of China and be capable of being developed with highly favourable environmental credentials. The rare earths market dynamics are quickly changing due to geo-political factors and the need to have secure supply of rare earths for strategic and industrial applications. The Project has a material mineral resource and can be developed relatively quickly subject to permitting and financing. The management team on Admission, has extensive experience of developing mining projects into production and navigating permitting and financing requirements of mining projects generally.
- 4.3 The Directors believe that these are the key features that make this is an attractive project:
 - 4.3.1 the Harena management team have an existing track record of developing and financing mining projects globally and in particular Africa;
 - 4.3.2 considering the value of the consideration paid for Harena and the Project, the Proposed Acquisition provides compelling value on the basis of the advanced nature of the Project and the amount of previous exploration data obtained and its relative value of savings material capital costs associated with exploration and drilling generally;
 - 4.3.3 the Project has a material Mineral Resource estimate and this was updated in November 2023, therefore, the geology and scope of mining is sufficiently well understood. Therefore, the FS and EISA may unlock material shareholder value if the Project can be developed into a globally significant rare earths mine;
 - 4.3.4 the Harena team will be applying modern and environmentally friendly mining and processing technologies that will likely be viewed favourably by local inhabitants that live in the region of the Project and the government of Madagascar particularly in the context of the previous development plans by Tantalus that proposed to use in situ leaching to process the ore;
 - 4.3.5 the Project has a strategic global significance as it is one of only a small number of ionic clay rare earths projects outside China;
 - 4.3.6 ionic clay projects are noted for their favourable geology and metallurgy which provide highly attractive economic and environmental characteristics in comparison to hard rock deposits;

4.3.7 rare earths metals has a favourable outlook based on the requirement of leading global economies to secure supply of such critical metals without depending on supply from China, the current leading supplier of rare earths; and

4.3.8 more generally, the move to decarbonise the global economy requires the development of a much larger market for rare earth metals.

5. STRATEGY

5.1 The Company has outlined a work programme to complete the FS and EISA that are pre-conditions of the granting of the PE as these studies will be the basis to assess the economic and environmental feasibility of building a mine at the Project. The priority of the Company is to submit the FS and EISA with the Madagascan National Office for the Environment (“**ONE**”) and BCMM in order that the Company may be granted the PE licence. The works to be undertaken to complete the FS and EISA do not require any significant activity on the licence area, other than social data collection, as the Enlarged Group are in possession of all the geological data necessary and completed a revised JORC Resource in November 2023 as a basis for the FS. Therefore, the work to prepare the FS and EISA can continue notwithstanding the expiry of PR6698 as part of the PE Application.

In conjunction with making progress on the economic and environmental studies noted above, the Company has also begun negotiations with potential off-takers of the REE products. In particular, on 7 May 2024, Harena entered into a non-binding indicative term sheet (“**Term Sheet**”) with United Rare Earths Inc (“**Buyer**”), a company incorporated in the United States of America, relating to indicative terms and conditions of an offtake agreement in respect of mixed rare earth carbonate (“**MREO**”) from the Project. The Term Sheet provides for the Buyer to have offtake rights to 50% of the MREO produced from the Project, on a free on board basis. The Company may, but will not be obliged to, sell the remaining 50% of the MREO to the Buyer on terms to be agreed. The indicative pricing will be based on observable market indicators for commodity prices or otherwise as provided in the final agreement with such pricing formula to be re-negotiated annually for the first 3-years of the term and then every 2-years thereafter. The Term Sheet provides for the Company and the Buyer to use their best endeavors to negotiate and agree an offtake contract agreement consistent with the Term Sheet and otherwise containing terms considered standard for offtake agreements of this type.

5.2 Work Programme

The critical path toward development of the Project is to complete the FS and EISA utilising the proposed development route that will satisfy ONE and the BCMM that will then allow the granting of the PE.

A significant amount of exploration work has been undertaken by the previous owners including:

- 20,087m of diamond drilling; and
- 4,470 manually dug vertical pits

The geological data provided the basis for the updated Mineral Resource (reported to a JORC Resource standard) in November 2023. Also, several phases of metallurgical testwork undertaken has defined a suitable and preferred methodology of processing the ore to recover the rare earth minerals. Quality assessments have been signed off by the Competent Persons as reported in Part V of this Document.

Feasibility Study

The following studies for the FS have already been completed and are compliant with the Mining Code 2023 of Madagascar.

- Introduction and Terms of Reference
- Property Description, History, Location and Tenure
- Accessibility, Climate and Local Infrastructure
- Geological Setting and Mineralisation
- Exploration and Drilling

- Sample Prep, QA/QC and Analyses
- Mineral Processing and Testwork
- Mineral Resource Estimates

The following studies remain outstanding for the completion of the FS and will be undertaken following Admission:

- Mining Method and Mining Reserve
- Process Plant Design and Operation
- Project Infrastructure and Logistics
- Capital and Operating Costs
- Marketing and Pricing Survey
- Economic Modelling
- Risk and Opportunities
- Development Plans
- Social Operating Plan
- Submission of FS to BCMM

The Enlarged Group expects to complete the FS within 12 months of Admission. The mining study, logistics and infrastructure design will be undertaken by independent consultants in Johannesburg, South Africa in conjunction with a Madagascan Consultancy expert in logistics and local costs. Harena has discussed the scope of works with prospective consultants and appointments will be finalised shortly following Admission. The process plant design and operation study will be completed by a leaching specialist consultancy in Johannesburg and that will include the design and specifications for the pilot plant. Harena has discussed the scope of studies and an appointment will be finalised shortly following Admission.

5.3 **EISA Work Programme**

The prior owners of the Project undertook an environmental and social assessment which will be updated with the following studies following Re-admission:

- Social Survey at site
- Social Survey at surrounding villages
- Regional information workshops
- Local government information workshops
- Review of Existing EISA and Data Compilation
- Socio-economic baseline assessment study
- Merge FS Development Plans
- Environmental management plan
- Social Benefit Management Plan
- Submission of EISA to ONE

The EISA will reflect the change of processing route from “In-Situ leaching” to the zero impact mining cycle which is detailed in Part 6 of this Document. The EISA will be revised and compiled by a Madagascan Environment Consultancy and Harena has already commenced discussions with the consultancy to commence with the works following Admission.

It estimated costs of the studies which form part of the FS and the EISA and additional initial works to be undertaken following Admission are as follows:

FS and EISA Budget	£
EISA	100,000
FS	245,000
FS Corporate Technical Services	120,000
Madagascar Site Staff	15,000
Community and Government Engagement	20,000
Madagascar G&A	100,000
Contingency/Other	60,000
Total	660,000

The Company will progress with the work programme immediately following Admission so that it may submit the FS and updated EISA required to progress the conversion of PR6698 to a PE licence. The FS and EISA work programmes are expected to take approximately 12 months from Admission and funded during the Working Capital Period.

6. RATIONALE FOR THE DEVELOPMENT OF THE PROJECT

Harena acquired the Project on the basis that it was a strategically valuable rare earths project that was capable of being developed by utilising modern processing technologies widely employed in similar rare earths projects hosted in ionic clays. The rare earths market has developed significantly in recent years particularly since the inception of the Project and rare earths are now the subject of a geo-political agenda to secure rare earths supply chains to supply strategic industries in the advanced economies for technological applications. Ultimately, a robust rare earths project is highly attractive to a range of industries and governments that wish to secure these commodities.

Harena acquired the Project with the intention of converting PR6698 to a PE licence and provide a fundamental overhaul to the development route of the Project in comparison to the previous owners who planned to deploy in-situ leach processing as the basis of developing the Project. The Enlarged Group will be deploying a zero impact mining cycle process that is now widely used for ionic clay deposits globally. Set out below is a description of each mining cycle process demonstrating the environmental and other benefits that the Enlarged Group believe will accrue to the Project.

In Situ Leaching

- The in situ leaching process of extracting REE concentrate has proven in China to be highly contaminating of the soils and waters to the areas mined. The in situ leaching process entails using a saline and stronger (up to pH3) solution that is irrigated into the ground where the mineral bearing clays are situated.
- A series of trenches and channels are dug in parallel strips allowing the lixiviant to drain through the clays and be caught in the trenches, from where they are drained into sumps and the minerals in solution are then precipitated and recovered.
- The ground is washed with clean water and an attempt to remove the contaminant salts is made.
- The process whilst low cost, is not effective and often, long term damage and contamination to the water table and the surrounding nutrients in the soils and clays results.

Harena Zero Impact Mining

- Harena has engaged with best practice environmental specialists and has adopted the standard ionic clay rare earth mining and rehabilitation model being used by other developers of such deposits outside China.
- Ionic clay rare earth deposits are amenable to a simple, low cost, non-toxic soil leaching processes.
- The Enlarged Group is planning to use the dedicated dynamic heap leach process methodology which utilises a heap leach farm which is environmentally self-contained.
- The Enlarged Group will not employ in-situ leaching in any manner.

The detailed process is noted below:

- There will be no tailings dam, no waste dumps, no long-term ore or waste storage, no milling and no crushing.
- Power demand will be modest.

In Situ Leaching

- In China, where this process is used extensively, significant damage to fauna, flora and habitation is experienced and the process also often results in sub-optimal recoveries of REE.

Harena Zero Impact Mining

- The full mining, processing and rehabilitation cycle is expected to be approximately 2 – 3 months and the moving mining footprint will be similar to the area disturbed by 4 months of mining which will be about 10 hectares.
- This area will progressively rehabilitate naturally or causally providing a zero-impact mining operation.

Zero Impact Mining Process

The aim is for the rare earths to be extracted from several modest sized satellite mining pits across the planned mining reserve area which is hosted in a 8-metre-thick layer of oxidised, syenitic regolith overlying bedrock.

The proposed mining and processing sequence involves:

- (i) Removal and temporary storage of a 1m thick surface layer of topsoil that will be replaced following complete backfill of the mining pit.
- (ii) Removal of an average 5-6 metre layer of ionic-adsorption REE clay ore using truck and shovel and hauling this material to the Process Plant.
- (iii) Agglomerating the ionic-adsorption REE clay to increase its permeability before placing it in 3m high strips on top of an impermeable lining.
- (iv) Desorbing the ionically adsorbed REE first using natural sea water and then washing with an ammonium sulphate lixiviant at pH 4 that is percolated through the clay-ore heap onto the HDPE liner which directs it to a process liquor pond.
- (v) Concentrating the REE within the ammonium sulphate lixiviant via an ion exchange process in a membrane circuit. This step will consequently produce large volumes of clean and neutral water that will be available for use as process water, dust control where necessary and irrigation of crops.
- (vi) Returning the “spent-ore” to the mining pit once the REE has been desorbed from the clay and residual ammonium sulphate has been washed out with clean water.
- (vii) Returning the overburden to the mining pit which in combination with the returned “spent-ore” will completely fill the mining void.
- (viii) Replacing the stored topsoil and returning the mined land to either natural re-growth or productive agricultural land via a measured process of fertilisation.
- (ix) Full rehabilitation of the previous mined out pits on a progressive basis.
- (x) Precipitating the REE as a REE carbonate from the concentrated REE leachate.
- (xi) Filtering, drying and bagging the REE carbonate product for export in shipping containers.

There will be no tailings dam, no waste dumps, no long-term ore or waste storage, no milling and no crushing. Power demand will be modest. The full mining, processing and rehabilitation cycle is expected to be between 2 and 3 months and the moving mining footprint will be similar to the area disturbed by 4 months of mining which will be about 10 hectares. This area will progressively rehabilitate naturally or causally providing a zero-impact mining operation.

7. ENVIRONMENTAL AND SOCIAL CONSIDERATIONS

As part of the on-going development of the Project, RREM has engaged with the National Office for the Environment (ONE) of Madagascar in respect of the renewed EISA for the Project.

RREM has not received any notice of breach or demands in respect of historical environmental compliance and continues to comply with all relevant ONE requirements. The Project has been in a dormant state for several years. The Harena has met with the Director General of ONE and has committed to a revised and renewed environmental and social program for the Project and the Company will work with ONE to prepare and adopt the new EISA for the Project.

Environmental and social considerations undertaken in respect of the Project

- no sensitive area has been established within the exploration license. However, the northeastern part of that exploration license, and an area of approximately 100 km², is located in a priority area for the establishment of protected areas.
- The principal camp is located in the Ankatafa village, supplied with electricity from a generator and potable water. Noise reduction of the generator is achieved through a fitted soundproofing cover.
- Public meetings have been held with local stakeholders, the presence of each person was reported to Office for National Environment (ONE).
- A renewed social programme has been commenced in respect of the Project with social engagement workshops held in the town of Ambanja during September and December of 2023. In addition, Harena has commenced with the recruitment of several teacher assistants to locate to the remote site villages and provide basic education to local stakeholders and their children.
- Labour will be recruited from surrounding villages and hamlets as much as possible. In case of need, labour will be sought from the more remote villages and hamlets closer to Ambanja and sometimes more distant locations.
- The Enlarged Group will commit to best practice social and environmental practice and will employ specialist environmental and social practitioners to manage this important element of development.
- The Enlarged Group will ensure that it maintains a “local first, national second, international third” philosophy in regard to recruitment and contracting procurement.
- The Project will preferentially train and employ local people with the appropriate skills and qualifications over the life of the project and expects that almost all the on-site workforce will be Madagascan. This decision, in combination with a decision not to construct a large, permanent onsite camp or to operate a fly in fly out (fiffo) workforce, means that the workforce will be resident in the community. It also means that expatriate visitors and technical specialists will be residing in hotels and guest houses and using local restaurants when they visit to further increase local economic activity. Adult skills training and a focus on education support will develop local capacity and facilitate employment of local people including women into technical and managerial roles with the project.

In summary, whilst there will always be environmental and social hurdles to developing mines regardless of location, the Enlarged Group will adopt a strategy that mitigates the use of metallurgical processes that contain material that is capable of damaging the environment and is seeking to adopt the latest processing technologies that have proven environmental credentials. The Project is valuable in the context of the global rare earths market and should be valuable to the Madagascan economy upon its full development. The Enlarged Group is motivated to develop the Project according to high environmental global standards.

8. MINING CODE 2023 IN MADAGASCAR

In June 2023, the new Mining Code 2023 was approved and published with notable changes including:

- A royalty increases from 2% to 5% of export revenue
- Establishing a social & community mining investment fund based on a 3% contribution of a project’s capex
- Reduction in permitting areas by 50% upon application (not applicable to this Project)
- Reduction in permit duration to 25 years + 15 year renewal.

The Government has stated that policy reasons and objectives of the Mining Code 2023 are:

- the promotion of mining;
- the professionalization of artisanal miners;
- the valuing and labelling of gold and precious stones and fine stones, by setting up structures dedicated to them, including the Gold Central;

- the establishment of a mining laboratory meeting international standards; and
- the increase in the contribution of the mining sector to the national GDP.

The Government intends to give itself the necessary legal mechanisms to enable it to carry out actions aimed at achieving the defined objectives. Thus, the updating of the Mining Code is stated to be a balanced response to the multiple issues and new challenges of the sector.

The main changes introduced in the Mining Code 2023 include the following:

- Strengthening the role of the State and Decentralized Territorial Communities in the governance of the sector;
- Taking into consideration Strategic Mining Substances;
- Securing mining rights and investments;
- Bringing mining projects into harmony with local communities;
- The redefinition of the mining permit regime and the quarry regime;
- The reorganization and formalization of the gold sector across the chain responsible sourcing of gold;
- The reorganization of the precious stones and fine stones sector;
- The establishment of a fair mining tax regime;
- The professionalization of artisanal mining by nationals;
- The financial valuation of operations relating to mining rights confers;
- The reformulation of the link between mining law and environmental and social standards;
- Encouraging the development of mining research, the basis for the future development of large-scale mining activities;
- The fight against negative speculation in mining;
- Management through the Artisanal Mining Authorization;
- Promotion of local content;
- The establishment of a Mining Fund for Social and Community Investment;
- Bringing sanctions in matters of mining infractions into line with the challenges represented by resources;
- Restructuring of the institutional framework.
- The Mining Code 2023, while taking into account local reality, introduces new provisions intended to bring Malagasy legislation in line with the best international practices.

9. LICENSING

Reenova Rare Earth (Malagasy) S.A.R.L.U ("**RREM**"), a Malagasy company was the sole holder of exploration licence PR6698. Under the provisions of previous Madagascar Mining Code of 2005, RREM lodged an application for the exploration permit PR6698 ("**PR**") to be converted to a permit extraction ("**PE**"). PR6698 expired on 6 November 2023 on the basis that it has been renewed twice by previous holders and no further renewal was permitted, however, as holder of PR6698 RREM was entitled to submit an application for conversion to a PE ("**PE Application**"). The PE Application was lodged on 18 September 2020. The Mining Code provides that, as long as an area is covered by a PR, no mining permit or exclusive perimeter reservation authorization may be granted there; except for the PE applied for by the holder of the PR Application. The licence PR6698 has been endorsed that it is under conversion process (Transformation).

Part of the conversion process will require the Company to finalise the FS and the approved EISA in order to satisfy the authorities of the technical, environmental and social viability of the Project. While it is not uncommon for there to be delays in Madagascar in granting a PE, the Company and Harena know of no reason why the PE Application will not be granted and does not expect the delay will have a material impact on the development plans and operations at the Project. In particular, the Enlarged Group will be able to carry out the FS and EISA. PE licences provide the tenure holder with the right

to mineral extraction and concomitant exploration for an initial term of 40 years, with provisions for term renewal. As noted above, the permit conversion procedure remains in process and Harena has paid the BCMM approximately \$90,000 in August 2023 to maintain the conversion process and will be required to pay a similar amount in 2024 to maintain the conversion process.

Harena acquired the Project by the acquisition of the ultimate parent company of RREM, being Reenova Global Pte Ltd, (Singapore) (“RG”) to ultimately hold a 75% interest in the Project, with Tantalus Rare Earths AG, a company incorporated in Munich, Germany holding a 25% interest in RG as described in section 3 of this Part 1.

Licence Type	Name	Licence area	Granted	Holder	Interest	Expiry
Exploration Licence	PR 6698	237.5km ²	2018	RREM	100% *	Expired and now subject to conversion to a permit extraction licence (see above)

10. COMMODITY BACKGROUND

The rare earth elements (“**REE**”), sometimes referred to as the rare earth metals, are a family of 17 chemically similar metallic elements comprising 15 elements in the lanthanides group, plus scandium and yttrium. The lanthanides are elements with atomic numbers 57 to 71 and comprise lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), promethium (Pm), samarium (Sm), europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium I, ytterbium (Yb) and lutetium (Lu). Scandium (Sc) and yttrium (Y) are considered REE as they have similar chemical properties to the lanthanides.

The rare earth elements are commonly divided into light rare earth elements (“**LREE**”) and heavy rare earth elements (“**HREE**”) on the basis in their atomic numbers. However, the formal definition of what constitutes LREE or HREE is not consistent. In the context of this report, and consistent with the majority of published definitions, LREE include rare earth elements with atomic numbers between 57 and 62 (i.e. La, Ce, Pr, Nd, Pm and Sm). HREE include rare earth elements with an atomic number of 63 or greater (i.e. Eu, Gd, Tb, Dy, Ho, Er, Th, Yb and Lu) plus Y.

Rare earth elements do not occur naturally as metallic elements, they occur in a range of minerals that include carbonates, halides, oxides and phosphates. A total of approximately 200 REE minerals have been identified.

While each REE is used in different applications, four elements – neodymium, dysprosium, praseodymium, and terbium – are of particular importance to the clean energy sector (EIA, 2021). Since the mid-1990s, China had emerged as a major producer. Its share of global production rose to over 95% in 2010, since then its share has fallen to just over 60% in 2019, as the United States, Myanmar and Australia started to boost production (USGS, 2021). However, separation and refining operations are still heavily concentrated in China, with almost 90% market share in 2019. There are currently four plants operating outside China. These plants, however, process only light REEs and the processing of heavy REEs is entirely dominated by China (EIA, 2021).

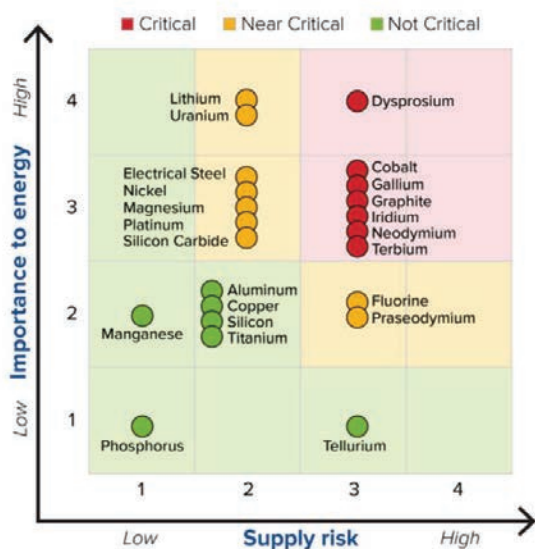
China’s attempt to limit REE exports in 2010 triggered many countries to consider options to reduce material intensity, find substitutes and diversify sources of production. Some 20 projects are under development in Australia, Canada and the United States, of which 5 projects plan to start operations in the early 2020s. Several processing plants are also under development, most notably in the United States (EIA, 2021).

In the 2023 Critical Materials Report from the U.S. Department of Energy, it was reported that three of the 17 rare earth elements were found to be critical in terms of supply risk in the short term (2020 to 2025), with four rare earth elements identified as critical into the medium term (2025 – 2035) (Figure 4-8).

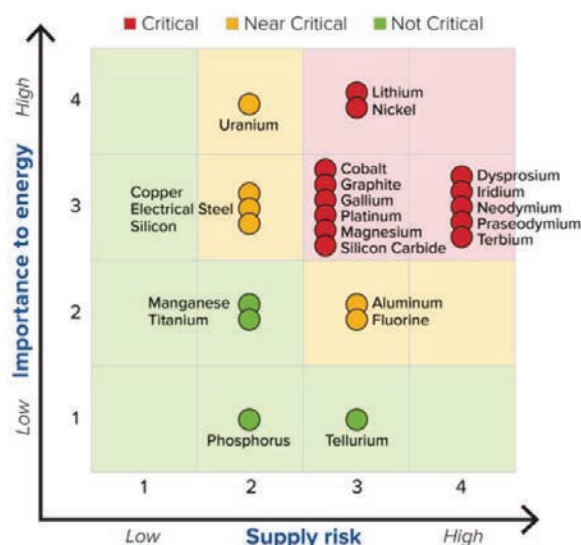
These elements are termed “critical” because of their scarcity. This, combined with anticipated growth in demand, makes these higher valued elements the ones expected to experience the best price performance over the next decade. As shown in the criticality matrix below, those elements deemed critical over the next decade are: dysprosium, neodymium, praseodymium, and terbium.

These four rare earth elements are used in magnets for wind turbines and electric vehicles or phosphors in energy-efficient lighting.

SHORT TERM 2020-2025



MEDIUM TERM 2025-2035



SOURCE: US DEPARTMENT OF ENERGY

The Project displays a pervasive and well-balanced rare earth distribution that is prevalent throughout the deposit. The deposit includes appreciable amounts of the critical rare earths dysprosium, neodymium, praseodymium, and terbium as defined by the U.S. Department of Energy.

The individual REE are generally sold in the form of Mixed Rare Earth Oxides concentrate or carbonates, the combined sales price of the REE contained in product is at times referred to as the “Basket Price”. The various elements contained in concentrate are priced according to market supply and demand factors for the individual elements at the time of sale. REE are generally sold via negotiated contracts that may contain either fixed prices for the individual elements or prices via reference to publicly available reference price indexes that are obtained from third party commodity price reporting services.

11. LOCATION AND ACCESS TO THE PROJECT

The Project is located in the eastern part of the Ampasindava Peninsula, Antsiranana Province on the northwest coast of Madagascar, approximately 500 km north of Madagascar’s capital city Antananarivo (Figure 1). The nearest major town and administrative centre of the region is called Ambanja and is located some 40 km to the northeast of the Project area.

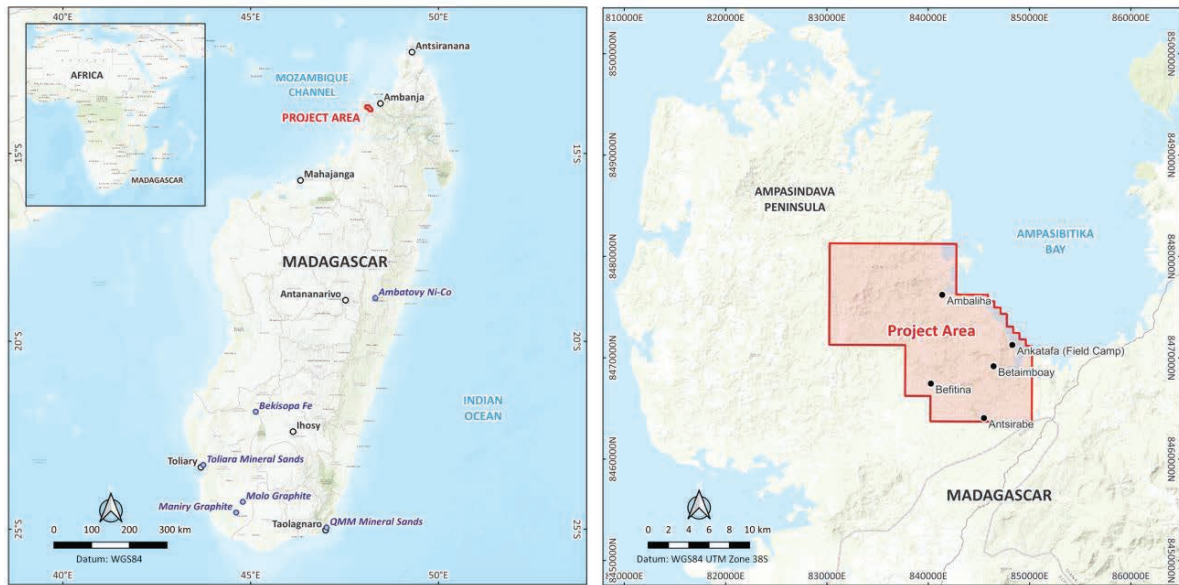
The Property is centered at approximately 13.8421°S latitude, 48.1459°E. Alternatively the coordinates in WGS84 UTM Zone 38S are 191,500 m E; 8,467,900 m N, and coordinates in the local Laborde coordinate system are 584,898 (X), 1,358,752 (Y).

The nearest international airport to the Project area is Fascene, located on the island of Nosy Be (Figure 1). Airlines that currently operate include Air Madagascar, Air Austral and Air Italy with destinations including Antananarivo, La Reunion, Mauritius, Johannesburg, Milan and Rome.

Access from Nosy Be to the Project area is by boat and Harena has its own craft for this purpose. The travel time from the port of Madirokely in the southwest of Nosy Be to the Project area is approximately 50 minutes, corresponding to a distance of approximately 40 kilometres.

Road access to the Project area requires the use of a 4x4 vehicle along a purpose-built track that connects to the main Route Nationale 6 (N6) highway approximately 30 km southwest of Ambanja. The main highway intersects the Project area in two locations (Figure 1). Vehicular access around the Project area is limited to a few dirt tracks. These are passable using 4x4 vehicles only and restricted to dry conditions. Most access around the Project area is on foot.

Figure 1: Location of the Project Area



Source: CPR page 10

12. PHYSIOGRAPHY

The majority of the Project area is relatively rugged with elevations ranging from sea-level to 713 m with the highest elevations found in the northwest of the Project area. The rugged terrain can make access to certain parts of the Project area problematic, particularly in the rainy season. The most characteristic physiographical feature in the project area is a 6 km wide, circular caldera which corresponds to the southeast part of the Ambohimirahavavy igneous complex (Figure 2 – Gilbertson 2013).

The majority of the Project area is covered by secondary vegetation including bamboo, traveller's palms and other species. The original primary forest is restricted to a few mountain tops and a small area in the extreme northwest. Original primary forest covers less than 20 km² of the 237.5 km² Project area. No sampling was done in the primary forest areas and therefore this area is not included in the mineral resource statement. Malagasy environmental legislation protecting these areas does not restrict exploration activities in the vast majority of the Project area, but it was decided by previous operators to leave them undisturbed. Shallow tidal areas in bays in the coastal areas are covered by mangroves.

Figure 2. Aerial view of Ampasindava caldera



Source: CPR page 12

13. HISTORY OF THE PROJECT

The Project area has been the focus of extensive exploration as summarised below:

2003	Exploration licence (PR 6698) originally acquired by Calibra Resources and Engineers
2008	In January 2008 Zebu Metals acquired the Project from Calibra Resources and Engineers; Stream and beach sediment sampling (5), one trench excavated that confirmed significant REE mineralisation (up to 0.2% TREO), mini bulk samples (2) of granitic intrusive for geochemical analysis, airborne magnetic and radiometric surveys
2009	Geological interpretation of the magnetic and radiometric surveys; In October 2009 Tantalus Rare Earths AG acquired Zebu Metals and the Project
2010	Mineralogical test work focused on regolith-hosted ionic adsorption-type REE mineralisation
2010-2011	Diamond Drilling – 277 holes (NW, NTW, and BTW) completed to test for the presence of bedrock-hosted REE mineralisation
2012	Initiation of metallurgical test work regolith-hosted ionic adsorption-type REE mineralisation
2011-2013	Pitting – 4,474 manually excavated pits dug to assess regolith-hosted REE mineralisation
2013	Initial Mineral Resource Estimate completed by SRK
2013-2014	Advanced metallurgical test work to assess the amenability of the deposit to leach processing methods
2014	Updated Mineral Resource Estimate and N143-101 report completed by SGS
2020	Application for Permit conversion from PR to PE – awaiting finalisation of Malagasy Mining Code 2023 and new Feasibility Study and Environmental Report
2023	Acquired by Harena Resources Updating of NI43-101 Resource Conversion of Resource to JORC 2012 finalised in November

14. GEOLOGY

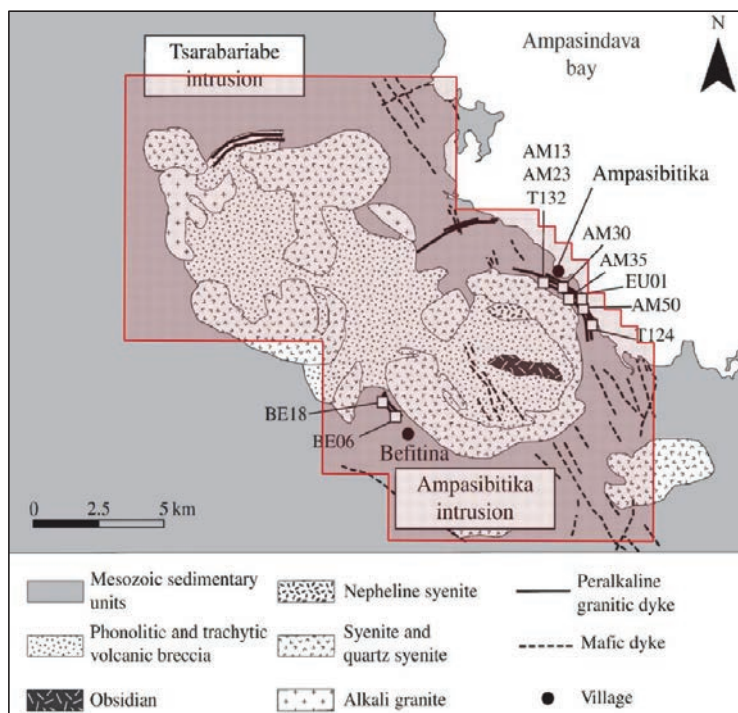
The Project was first recognized for hosting mineralized dykes hosting high-grade REE in fresh rock. REE hosted within the regolith (or soil profile) was recognized in 2012; and it has become clear that this “ionic clay” style of mineralization has the most significant economic potential.

The ionic clays are most important mineralization type for the Project due to the relatively simple process required to put the REE into solution and the fact that neither thorium nor uranium is concentrated through this process; this is in stark contrast to most REE deposits being developed or promoted in the western world. Additionally, the geological setting of the Project is analogous to the source of most of the Heavy REE (HREE) currently produced in China.

The REE-enriched source rocks of the Ambohimirahavavy igneous complex were emplaced as a result of intra-continental extension that induced rifting and related volcanism. The main source rocks are alkaline and peralkaline granitic dykes and sills (locally and historically termed fasibitikitite), but also includes the more fractionated parts of the complex. Major southeast-northwest structures appear to have imposed a fundamental control on the location of the complex.

Subordinate structures may have influenced the location of the mineralised dykes and sills and acted as preferential pathways for post-intrusive hydrothermal fluids. The mineralised source rocks were subject to intense weathering due to the sub-tropical climate (average temperatures of higher than 25°C and rainfall exceeding 2000 mm per year) that resulted in the development of widespread and typically thick regolith.

FIGURE 3: Map showing the geological setting for the Ampasindava project area (after Estrade et al, 2013). Project area in Red



Source: CPR Page 22

Further information on the geology of the Project is detailed on pages 100 to 109 of this Document.

15. METALLURGICAL TEST WORK

Recent metallurgical test work conducted by Outotec, the University of Toronto and SGS Lakefield has emphasized the amenability of the regolith mineralisation to direct leaching. Some seven series of scoping-level tests investigating the extraction of rare earth metals from weathered crust elution-deposited mineralization (REE Clay) samples were performed.

Rare earth metals can be extracted from REE clay by ion desorption using an ammonium sulphate or sodium chloride solution as eluant. Main extractions were around 88% Nd, 73% Dy, 67% Y, 86% La. It was also confirmed that most of the gangue material as well as Th and U remain in the solids and do not follow the REE. Optimum eluant and optimum test conditions were determined in the SGS Lakefield Optimum Eluant Tests. A solution of 1 mol/L ammonium sulphate at pH 4.0 produced the maximum REE extractions and achieved low gangue material extractions. When using sodium chloride, a concentration of 1 mol/L and an adjusted pH of 4.0 were determined as optimum conditions for high REE extractions and low Th and U extractions.

Different eluant:ore ratio were tested in an extraction isotherm style series of tests. The data showed that despite low eluant:ore ratios, high REE extractions can be obtained. The data shows that a simple counter current desorption process should be capable of producing high grade REE liquors while at the same time producing low residue levels (i.e. high extraction).

Heap leaching was simulated in a series of small column leach tests. Two columns were operated for 218 hours; Column 1 was run using a solution of 1M ammonium sulphate at pH 4 as eluant while Column 2 ran with a solution of 1M ammonium sulphate at pH 4. The irrigation rates were 14.1 and 12.8 L/h/m² for Column 1 and 2, respectively. Maximum REE extractions were accomplished in Column 1 using ammonium sulphate (88% Nd, 73% Dy, 67% Y, 86% La). Column 2 (sodium chloride) led to lower extractions of 78% Nd, 68% Dy, 63% Y and 82% La. Not only were the extractions lower in Column 2 they also took more time to achieve those extractions. Gangue extractions as well as Th and U extractions remained low in Column 1 and Column 2.

The metallurgical performance of the regolith represents one of the primary risks of this project given the relatively low overall grade of the material. To date metallurgical tests have been undertaken on material that more often than not has higher grades than the average grade of the deposit, and on

relatively small samples. Future testwork should be undertaken on a broader selection of sample types (variability study) and on larger scale tests.

Due to the rare earth grade of the material, heap leaching is the most practical approach to valuable metal recovery.

16. IONIC CLAY AND HARD ROCK DEPOSITS

Ionic clay and hard rock rare earths deposits are two types of sources for rare earth elements, but they differ in their geological characteristics and extraction processes.

Ionic clay rare earths projects are geologically more favourable due to several factors which enable these deposits to be exploited with lower operating costs, lower capital expenditure and generally enjoying higher basket prices yielding a premium revenue per tonne of Mixed Rare Earth Concentrate (“MREC”).

The presence of Ionic Adsorption clays binding the rare earth minerals as opposed to Absorption binding characteristics generally allows the minerals to be liberated using salt water and mild ammonium sulphate solutions in heap leaching as opposed to first grinding and milling, then acid leaching of hard rock deposits.

Furthermore, these Ionic Adsorption deposits generally have a higher ratio of valuable “Magnet” rare earth minerals such as Neodymium (Nd), Praseodymium (Pr), Dysprosium (Dy) and Terbium (Tb) and lower ratios of low value materials such as Cerium (Ce) and Lanthanum (La). They also retain less radionuclides such as Uranium and Thorium.

Hard rock rare earths projects require conventional mining processes including drill and blasting from open cut or underground, waste dumps and tailings facilities. These operations require more capital expenditure and are less environmentally friendly due to the nature of mining operations to extract the metals.

17. JORC MINERAL RESOURCE – NOVEMBER 2023

The Mineral Resource Estimate (“MRE”) for the Ampasindava Project deposit incorporates all data collected on the Project property between 2011 and 2014. No exploration has been undertaken on the property since 2014.

The database used to define the Ampasindava Project MRE comprised:

- 4771 collars (4412 test pits and 359 drill holes), with a total of 37,212 assays.
- A total of 277 holes has been drilled, equating to 20,084.6 m of NW (7.62 cm diameter), NTW (5.61 cm diameter) and BTW (4.17 cm diameter) core. Drillhole lengths ranged from 42.2 m to 130.0 m and the average drillhole length was 72.5 m.
- All samples were analysed for 19 elements, including 15 REEs, together with niobium, tantalum, thorium and uranium.

SGS Geological Services was commissioned by the Company to review and restate the MRE in accordance with the guidelines of the JORC 2012 Code and above a cut-off grade of 500ppm TREO.

The restated Ampasindava Project MRE (November 2023) is presented in Table 1 below and on page 2 of the CPR

Classification	Tonnage (Mt)	Volume (Mm ³)	Area (Mm ²)	Density (t/m ³)	Thickness (m)			TREO (ppm)	MREO (ppm)	MREO / TREO ratio	Contained TREO (t)	Contained MREO (t)
					Total	PED	SAP					
Measured	42.5	38.1	7.0	1.11	5.46	2.85	2.60	958	221	23%	40,700	9,400
Indicated	184.0	167.1	25.0	1.10	6.70	2.65	4.04	842	178	21%	154,800	32,700
Measured + Indicated	226.5	205.3	31.9	1.10	6.43	2.70	3.73	863	186	22%	195,500	42,100
Inferred	472.0	429.1	78.9	1.10	5.44	2.71	2.73	870	189	22%	410,500	89,000
Total	698.5	634.3	110.8	1.10	5.72	2.71	3.02	868	188	22%	606,000	131,100

1. The Mineral Resource Estimate (MRE) has an effective date of the 1st November, 2023. The Competent Person for the MRE is Mr. Yann Camus, P.Eng., an employee of SGS.
2. The classification of the current Mineral Resource Estimate is consistent with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

3. All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.
4. All Resources are presented undiluted and in situ, constrained within a 3D model, and are considered to have reasonable prospects for eventual economic extraction.
5. Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
6. Bulk density values were determined based on physical test work from each part of the deposit.
7. The base cut-off grade of 500ppm TREO considers a mining cost of US\$1.40/t mined, a processing cost of \$8.00/t mined and G&A cost of US\$0.75/t mined.
8. TREO = Y₂O₃+Eu₂O₃+Gd₂O₃+Tb₂O₃+Dy₂O₃+Ho₂O₃+Er₂O₃+Tm₂O₃+Yb₂O₃+Lu₂O₃+La₂O₃+Ce₂O₃+Pr₂O₃+Nd₂O₃+Sm₂O₃
9. MREO = Pr₂O₃+Nd₂O₃+Tb₂O₃+Dy₂O₃
10. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

18. REVIEW OF MADAGASCAR

Country Overview

Madagascar is the world's fifth largest island, situated in the Indian Ocean off the coast of southern Africa. Despite considerable natural resources, however, its population of about 28 million (2020) has one of the world's highest poverty rates.

Weak economic growth combined with rapid population growth has resulted in Madagascar having one of the highest poverty rates in the world, reaching 75% in 2022 using the national poverty line. Although economic growth decelerated from 5.7% in 2021 to 3.8% in 2022, largely due to the spillover effects of the war in Ukraine and climate shocks, it gradually recovered. Growth is expected to continue its recovery path, stabilizing at 4% in 2023, before accelerating to around 4.7% in 2024-25. Inflationary pressures have intensified, with headline inflation increasing from 6.9% in June 2022 to 11.3% in June 2023. Inflation is expected to remain at 10.5% in 2023, before moderating to around 8.5 % in 2024-25.

The current account deficit widened from 5% of GDP in 2021 to 5.6% in 2022. However, a decline in global oil prices is projected to contribute to a further narrowing of the current account deficit to 4.5% of GDP in 2023-25, as the decline in imports outpaces the slowdown in exports. The rebound in exports may face challenges, however, as restrictive import policies—such as the lowering of permissible nicotine levels in imported food products—from Madagascar's main vanilla trading partners are likely to hinder progress.

The overall fiscal deficit widened from 2.8% of GDP in 2021 to 6.4% in 2022, and total public debt rose to 56.9% of GDP in 2022. This deterioration in the fiscal balance is largely the result of deferred payments of oil duties by oil distributors. The settlement of these cross-liabilities is projected to narrow the budget deficit to 3.8% of GDP in 2023, as tax revenues rise to 12.8% of GDP from 9.6% in 2022. Moreover, the projected gradual increase in capital expenditure from 5.1% of GDP in 2021 to 8.7% in 2025 reflects improved budget execution and the implementation of the government's priority projects.

Company Law and Applicable Law covering Exploration and Mining Operations

Malagasy mining law provides strong protection to mining permits. The cancellation of permits resides particularly on the non-payment of mining administration fees or royalties, or failure to develop a mine. Even in such a case of non-payment of administration fees, or failure to develop a mine, cancellation is not automatic, but subject to due process and an extensive cure period.

Moreover, in order to attract foreign investors, Madagascar has adopted a strong legal arsenal promoting and protecting investment. Through the mechanisms put in place for this purpose, the Malagasy legal environment offers a certain number of guarantees. With regard to mining tenure, Madagascar has a robust legal framework, which was recently modernised is made through a process including discussions with the operators of the mining sector.

The guarantees are set out in the Mining Code, the Investment Code and, above all, the Investment Promotion Agreements (IPAs) signed with Switzerland, Germany, China, the Belgium-Luxembourg Economic Union, France, and Mauritius.

Reenova Holdings (Mauritius) Ltd., the sole shareholder of Reenova Rare Earth (Malagasy) Sarl.u, is a Mauritian company. Therefore, it is protected by the IPA between Madagascar and Mauritius.

Among the commitments of the Malagasy State enshrined in its national legal framework and in the IPA, the most important in the context of mining projects are that of fair and equitable treatment and that against expropriation. These are aligned with international standards of due process and protection. Malagasy administration must comply with them when it examines the granting, the renewal, the transformation, or the withdrawal of a mining permit.

Mining and Regulatory environment

All deposits of mineral substances located on the surface, in the subsoil, waters and seabed of the Malagasy Territory are the property of the State. The right to conduct exploration and exploitation is obtained through a standard permit including an exploration permit and an exploitation permit. It should be noted that a mining permit covers a perimeter composed of one or more squares, an area of just over 625 metres squared.

An exploration permit (Permis de Recherche (“**PR**”)) is granted to individuals and legal entities under Malagasy law. It confers to its holder the exclusive right to carry out exploration on a limited area of 5,000km². It is valid for 5 years, renewable twice for a period of 3 years each time it is renewed.

An exploitation permit (Permis d’Exploitation (“**PE**”)) confers to its holder the exclusive right to exploit the substance or substances covered by the permit, as well as to pursue prospecting and mining research on an area that cannot exceed 500 km². The PE is valid for a period of 25 years, renewable for a period of 15 years each time.

Standard permits are granted by the Minister in charge of Mines who may delegate his or her authority.

Before starting any exploration or exploitation activities, the operator must have the approval of the competent authority in conformity with the regulations of the environmental sector, the prior agreement of the landowner, and the commitments contained in the environmental commitment plan. The applicant must submit this to the department in charge of the environment within the Ministry of Mines and inform the authorities of the Decentralized Territorial Collectivities (autonomous local authorities).

Fiscal provisions

At this stage, fiscal provisions cannot be forecast for the Project as the definitive economic indicators resulting from a feasibility study have not been determined.

The new law lists the various levies from which the State derives its mining revenue. They include royalties, the rate of which 5 per cent. This perception includes both the royalty owed to the State and the rebate for local communities. In cases where the extracted substances are processed locally, a 30 percent reduction is granted.

A State’s share of mining production will be negotiated according to potential input requirements from the State, however this number will be capped at 20%. The Company is unable to accurately assess how the fiscal negotiations will be finalised but notes that these provisions are in-line with many other African jurisdictions.

19. RULE 9 WAIVER

Under Rule 9 of the Takeover Code, any person who acquires an interest (as such term is defined in the Takeover Code) in shares which, taken together with the shares in which he and persons acting in concert with him are interested, carry 30% or more of the voting rights in a company which is subject to the Takeover Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with them, is interested in shares which in aggregate carry not less than 30% of the voting rights but does not hold shares carrying more than 50% of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired by any such person. These limits apply to the entire concert party as well as the total beneficial holdings of individual members. Such an offer would have to be made in cash at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the Company during the 12 months prior to the announcement of the offer.

Shareholders should also be aware that under the Takeover Code, if a person (or group of persons acting in concert) holds shares carrying more than 50% of the Company’s voting rights, that person

(or any person(s) acting in concert with him) may acquire further shares without incurring any obligation under Rule 9 to make a mandatory offer.

Upon completion of the Proposed Acquisition resulting in the issue of Consideration Share and Fee Shares to members of the Concert Party, the Placing, the Subscription, and the exercise of the issue of Performance Shares, Warrants and Options by members of the Concert Party, the Concert Party will hold more than 50% of the Company's voting share capital, and, for as long as it continues to be treated as acting in concert, any further increase in that aggregate interest in shares by the Concert Party will not be subject to the provisions of Rule 9 of the Takeover Code, although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

Details relating to the Concert Party are in Part V of this Document.

The Panel has agreed to waive the obligation on the Concert Party to make a general offer that would otherwise arise as a result of the interests in the Ordinary Shares following the issue of Consideration Shares and Fee Shares by the Concert Party on Re-admission and the exercise of Performance Shares, Warrants and Options resulting in the acquisition of ordinary shares in the Company to any member of the Concert Party, provided the approval, on a poll of the Independent Shareholders, is obtained at the Annual General Meeting. Accordingly, the Waiver Resolutions is being proposed at the Annual General Meeting and will be taken on a poll. Therefore, the directors who are independent of the Concert Party ("**Independent Directors**") are seeking Independent Shareholders approval, via a resolution to be put before the meeting at the Annual General Meeting ("**Waiver Resolution**"), for a waiver to be granted from the Rule 9 obligations that would otherwise apply to the Concert Party in these circumstances ("**Rule 9 Waiver**").

For the avoidance of doubt, the Rule 9 Waiver applies only in respect of the issue of Consideration Shares and Fee Shares to members of the Concert Party resulting in the Concert Party holding 37.6% of the Enlarged Share Capital on Re-admission and the exercise of Performance Shares, Warrants and Options by members of the Concert Party resulting in the acquisition of new ordinary shares by the Concert Party, resulting in the maximum control of 54% but not in respect of other any other increases in its interests in Ordinary Shares. In the event that the Waiver Resolution is approved by Independent Shareholders, no member of the Concert Party will be restricted from making an offer for the Company.

20. GENERAL MEETING RECOMMENDATION

The Independent Directors consider that all the Resolutions, including the Waiver Resolution, are fair and reasonable and in the best interests of the Independent Shareholders and the Company, as a whole. The Resolutions relate to the approval of the Proposed Acquisition, the approval of the issue of the Consideration Shares, Fee Shares, Placing and Subscription Shares together with the approval (on a poll) by the Independent Shareholders of the Waiver Resolution.

The Board has received advice from Tavira in relation to the Transaction and the conditional issue of the Performance Shares, Warrants and Options including the Waiver Resolution. The Independent Directors, having been so advised by Tavira, considers the terms of the Proposed Acquisition and the Rule 9 Waiver to be fair and reasonable as far as the Shareholders are concerned and in the best interests of the Shareholders as a whole.

Accordingly, the Independent Directors unanimously recommend Shareholders to vote in favour of the Transaction and the Waiver Resolution (to be proposed on a poll) at the Annual General Meeting.

21. FURTHER INFORMATION

The attention of prospective investors is also drawn to the remaining sections of this Document, which contain further information on the Company and the Enlarged Group.

PART II

THE COMPANY

1. ISSUED SHARE CAPITAL

- 1.1 The Company has on the date of this Document an issued share capital of 43,250,000 Shares of a single class each of 0.5 pence per share. Following completion of the Proposed Acquisition, issue of the Consideration Shares, Placing Shares, Subscription Shares and Fee Shares, the Company will have 413,884,352 issued Shares.
- 1.2 During the period covered by the historical financial information and up to the date of this Document, the Company has issued and allotted Shares, as follows:

Date of Issue	Description	No. of Shares	Total No. of Shares
15 April 2020	Incorporation	1 share of £1	1
16 April 2020	Sub-division	1 share of £1 divided into 200 shares of 0.5 pence	200
19 June 2020	Share Issue	18,333,134	18,333,334
26 May 2021	Share Issue	8,666,665	26,999,999
25 August 2021	Share Issue	16,250,001	43,250,000

2. DETAILS OF DIRECTORS

- 2.1 As at the date of this Document, the Company has the following three Directors:
1. Cameron Pearce
 2. Winton Willesee. (Mr. Willesee will resign as a Director at Admission)
 3. Daniel Rootes. (Mr. Rootes will resign as a Director at Admission)
- 2.2 With effect from Re-admission, the Company will appoint 4 additional directors (“**Proposed Directors**”) and Winton Willesee and Daniel Rootes will resign with effect from Admission to give a Board of five Directors. The Proposed Directors are:
1. Joseph Belladonna – appointed with effect from Admission
 2. Allan Mulligan – appointed with effect from Admission
 3. Timothy Morrison – appointed with effect from Admission
 4. Sam Quinn – appointed with effect from Admission

3. DIRECTORS TERMS OF EMPLOYMENT

Summaries of the terms of the service agreements for each of the Directors and Proposed Directors following Admission are set out at paragraph 12 of Part XV of this Document.

4. PROPOSED ISSUE OF WARRANTS

As at the date of this Document, the Pre-IPO Warrants and IPO Warrants are in issue. On Re-admission the Company will issue the following warrants:

Name	Amount	Exercise Price	Expiry
Pre-IPO Warrants	14,500,000	3 pence	3 years from Re-admission
IPO Warrants	4,500,000	4 pence	3 years from Re-admission
Broker Warrants	703,333	3 pence	3 years from Re-admission
Subscription Warrants	333,333	3 pence	3 years from Re-admission
Harena CLN Warrants	57,041,098	7 pence	3 years from Re-admission
Loan Note Warrants	15,000,000	4 pence	3 years from Re-admission
Loan Note Arranger Warrants	1,283,421	3 pence	3 years from Re-admission
Total Warrants	93,361,185		

5. PROPOSED GRANT OF NEW SHARE OPTIONS

In addition to the Existing Options granted by the Company on the initial Admission, the Company also intends, subject to the passing of the Resolutions, to adopt an enterprise management incentive (EMI) and share option plan and unapproved share option plan (the “**Share Option Scheme**”) under which it may award new Shares to incentivise current and future members of the senior management team, being Directors, Proposed Directors, key management, eligible employees and consultants, and pursuant to which the remuneration committee or the Board may grant share options. New Shares under this plan will not exceed 10 per cent. of the Company’s issued Shares from time to time without the prior approval of the Shareholders. On adoption of the Share Option Scheme and Re-Admission, the following New Options will be granted:

Name	Existing Options	New Options	Exercise Price (pence) for New Options	Vesting Conditions (from Re-admission)	Expiry of New Options
Cameron Pearce	950,000	2,000,000	Placing Price	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant
Lionshead Consultants Limited *	950,000	2,000,000	Placing Price	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant
Allan Mulligan	Nil	8,000,000	Placing Price	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant
Timothy Morrison	Nil	5,000,000	Placing Price	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant
Joseph Belladonna	Nil	8,000,000	Placing Price	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant
Jay Stephenson	Nil	2,500,000	Placing Price	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant

* Sam Quinn is a Connected Person to Lionshead Consultants Limited

6. MATERIAL CONTRACTS

Summaries of material contracts are set out at paragraph 21 of Part XV of this Document. This includes the Lock-in Agreement entered into by the Harena Shareholders with respect to their Consideration Shares.

7. FEE SHARES

The Company has also reached agreement with the following persons and entities to accept the issue of Shares (“**Fee Shares**”) conditional on Admission at the Placing Price in lieu of fees accrued and owing by the Enlarged Group:

	Notes	£	Fee Shares Issued
Joseph Belladonna	Accrued Fees and 12 months following Admission	136,870.00	4,452,351
Allan Mulligan	Accrued Fees and 12 months following Admission	82,014.99	2,733,833
Timothy Morrison	Accrued Fees and 12 months following Admission	31,251.99	1,041,733
Cameron Pearce	Accrued Fees and 12 months following Admission	54,000.00	1,800,000
Phillipa Leggat	Accrued Fees and 12 months following Admission	14,503.98	483,466
Jay Stephenson	Accrued Fees and 12 months following Admission	18,388.98	612,966
RAB Capital	Accrued debt by the Company	110,000.00	3,666,667
Lionhead Consultants	Accrued debt by the Company	50,000.00	1,666,666
Total		£497,030.56	16,567,685

The issue of the Fee Shares at Admission will allow the Enlarged Group to preserve approximately £497,030 of its cash reserves and strengthen its working capital position.

8. THE FUNDRAISING, COMPANY LOAN NOTES, FEE SHARES AND USE OF PROCEEDS

The Net Proceeds of the Fundraising, being £1,197,000, being the gross proceeds of £1,397,000 resulting from £622,000 raised through the Placing Subscription and £775,000 (A\$1.5m) through the issue of the Company Loan Notes less Transaction Costs of £200,000, together with the existing cash resources of £33,900 will be used to complete the FA and EISA which are critical for the development of the Project to a decision to mine. The Company will be issuing £497,030 of Fee Shares that will fund directors salaries during the Working Capital Period. The Total of Net Proceeds and Fee Shares will be £1,694,000.

None of the Costs will be charged to the Placees, Subscribers or to any Shareholders.

Details of the Fundraising are set out in Part IV of this Document. The only conditions to completion of the Placing and Subscription is completion of the Proposed Acquisition and Admission. All funds in relation to the Placing have been raised by the Company and are either being held by Tavira pending Admission or will be received in conjunction with Admission. All funds in relation to the Subscription have been raised by the Company and are either being held by the Company pending Admission or will be received in conjunction with Admission.

The maximum funding requirement of the Enlarged Group over the next 12 to 18 months, excluding any funding which may be required for potential corporate acquisitions, will be available from the Net Proceeds, Fee Shares and the existing cash resources. A summary of the Enlarged Group’s budget is set out below:

Use of funds	£
FS and EISA	660,000
Administration & Compliance	530,000
General working capital	504,000
	1,694,000

Upon Re-admission, the Enlarged Group will have sufficient working capital available for the Working Capital Period.

9. THE TAKEOVER CODE

Please refer to Part V of this Document relating to the Takeover Code and the Concert Party.

10. ANNUAL GENERAL MEETING

At the end of this Document you will find a notice convening the Annual General Meeting of the Company, which is to be held at 10.00 a.m. on 20 March 2025 at 55 Athol Street, Douglas, Isle of Man, IM1 1LA. A summary of the action you should take is set out in paragraph 11 of this Part II and in the Form of Proxy that accompanies this Document. The Resolutions include approving the terms of the Proposed Acquisition and the Independent Shareholders approving the Waiver Resolution.

The Resolutions are summarised below. Full details of the Resolutions is set out in the notice convening the Annual General Meeting.

Ordinary Resolutions

To consider and, if thought fit, pass the following resolutions as ordinary resolutions of which resolution 11 shall be proposed for voting on a poll and may only be voted on by Independent Shareholders:

1. To receive the Company's annual accounts for the financial year ended 30 April 2024.
2. To re-elect Cameron Pearce as a Director of the Company.
3. To appoint Joseph Belladonna as a Director of the Company.
4. To appoint Allan Mulligan as a Director of the Company.
5. To appoint Timothy Morrison as a Director of the Company.
6. To appoint Sam Quinn as a Director of the Company.
7. To re-appoint Crowe U.K. LLP as the Company's auditors and to authorise the Directors, or the Audit and Risk Committee, to determine the remuneration of the auditors.
8. To approve the Proposed Acquisition on the terms and conditions as set out in the Offer Documents; including the issue of the Consideration Shares to the Harena Shareholders and Noteholders and the Performance Shares to the Harena Shareholders.
9. Subject to the passing of Resolution 8, to approve the adoption by the Company of the Share Option Scheme.
10. Subject to the passing of Resolution 8, that approval of the waiver granted by the Panel on Takeovers and Mergers, on the terms described in Part V of this Document, of the obligation that would otherwise arise on any member of the Concert Party under Rule 9 of the City Code on Takeovers and Mergers to make a general offer to the shareholders of the Company, as a result of the issue of Consideration Shares and Fee Shares on Re-admission and the exercise of Performance Shares, Warrants and Options, held by the Concert Party.
11. Subject to the passing of Resolutions 8 and 10, the Directors be generally and unconditionally authorised to issue and allot equity securities and to grant rights to subscribe for or convert any security into shares of the Company, including the Placing Shares, Subscription Shares and Fee Shares.
12. Subject to the passing of Resolution 8, to approve the change of name of the Company to Harena Resources Plc.

Special Resolution

13. Subject to Resolutions 8 and 10 being duly passed, the Directors of the Company be given the authority to allot equity securities for cash pursuant to the authority conferred upon them by Resolution 11 above as if section 561(1) of the Act did not apply to any such allotment.

11. ACTIONS TO BE TAKEN IN RESPECT OF THE ANNUAL GENERAL MEETING

Shareholders will find enclosed a form of proxy for use at the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed therein so as to be received as soon as possible by the Share Registrar but, in any event, so that it is received no later than 10.00 a.m. on 18 March 2025. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the meeting, if you so wish.

12. RE-ADMISSION TO TRADING ON THE OFFICIAL LIST

The Prospectus is being issued to allow the Company to complete the Transaction (including the issue of the Consideration Shares, Fee Shares and, if required, Performance Shares) and comply with its obligations in relation to Listing Rules for Reverse Takeovers and to enable the Company to submit an application for the immediate admission of the Enlarged Share Capital of the Company to trading on the Equity Shares (transition) category of the Official List and the main market of the London Stock Exchange. Also, the Company is issuing the Prospectus with regard to the issue of Ordinary Shares pursuant to the exercise of the Performance Shares, Warrants and Options in issue at the time of Admission. The Directors will apply for the entire share capital of the Company and all issued Shares to be admitted to the Official List, under the Equity Shares (transition) category, and to trading on the London Stock Exchange's main market for listed securities. Dealings in the Shares in issue immediately after Admission are expected to commence at 8.00 a.m. on 21 March 2025. Copies of documents the Company is required to make available for inspection will be available to the public, free of charge, from the Company's registered office for a period of 14 days from the date of dealings. This Document will be available for inspection during normal office hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company from the date of this Document for a period of 12 months and will also be published in electronic form and be available and free to download from the date of publication from the Company's website at www.citiusresources.co.uk.

Such documents will also be made available on the Company's website at www.citiusresources.co.uk from the date of publication of this Document.

13. DIVIDEND POLICY

The objective of the Directors is the achievement of substantial capital growth. The Company will not be in a position to declare a dividend until the Project has been developed into a commercial mine and demonstrates sustained cash flow and levels of profitability so that the Directors may consider a dividend.

PART III

DIRECTORS, KEY MANAGEMENT AND CORPORATE GOVERNANCE

Details of the Directors and Key Management and their backgrounds are as follows:

1. DIRECTORS IMMEDIATELY ON AND FOLLOWING RE-ADMISSION

Timothy Morrison (Non-Executive Chairman), aged 53 (date of birth 25 August 1971)

Timothy has more than 20 years' experience in capital markets working across private venture fund management and public listed markets. Timothy has been involved in listing a number of businesses on the Australian Stock Exchange. Most recently Timothy was the founding shareholder and Director of Galena Resources Limited (ASX: G1A) taking the company from listing through to construction phase.

Joseph Belladonna (Managing Director), aged 51 (date of birth 4 March 1973)

Joseph Belladonna is a respected and highly experienced chief financial officer and mining professional, with more than 20 years of experience in the financial and commercial management field of listed mining companies. Mr Belladonna is a Certified Practising Accountant and holds a Bachelor of Business (Accounting and Information Systems).

Mr Belladonna was the chief financial officer and company secretary of ASX listed company, Western Areas Ltd, prior to its takeover by the Independence Group in June 2022 for approximately A\$1.2 bn. He joined Western Areas Ltd as financial controller and subsequently promoted to company secretary and chief financial officer. During his 16 year tenure at Western Areas, Mr Belladonna built a high performing accounting and finance function and established the internal control, risk management and reporting environment of the group as it discovered, developed, and commissioned multiple nickel sulphide mines and processing plants. Mr Belladonna was responsible for capital raisings and convertible bond offerings within the group. Joe has in depth knowledge and developed relationships with both local and international offtake customers, participating and leading commercial negotiations with metal buyers and smelter operators.

More recently, he was as chief financial officer at ASX listed Leo Lithium (ASX:LLL), until November 2022.

Allan Mulligan (Executive Director), aged 65 (date of birth 21 December 1959)

Mr Mulligan is a mining engineer with over 35 years' management and production experience in mining operations, mine start-up and construction that culminated in management roles in large scale platinum and gold mines.

Mr Mulligan has specialised in technical assessment and production economics, feasibility studies, project design and costing of underground mines and prospects. He has worked extensively in exploration, mine development and operations across Africa and Australia.

Mr Mulligan's experience includes 14 years with Lonmin Plc (London Stock Exchange) in a variety of senior and technical mine management roles. Mr Mulligan has served as Founder and Managing Director of ASX listed Walkabout Resources Ltd (ASX: WKT) and was a Non-Executive Director of AIM listed Future-Metals Limited.

Cameron William Leslie Pearce (Non-Executive Director), aged 53 (date of birth 13 February 1972)

Mr Pearce was a founder of the Company and has extensive professional experience in both the Australian and United Kingdom finance industries. He is a chartered accountant by training having begun his career at KPMG in Australia. He moved into investment banking in the United Kingdom, eventually establishing Pangaea Energy, an energy focussed corporate finance company. In recent times he has provided corporate, strategic, financial and advisory assistance to private and public companies in both Australia and the United Kingdom. Mr Pearce is a member of the Australian Institute of Chartered Accountants and has been in commerce over twenty years holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe, Asia, Africa and Central America. He is currently Executive Chairman of Blencowe Resources plc. Mr Pearce has considerable corporate and international expertise and over the past decade has focussed on mining and exploration activities. Mr. Pearce was appointed as a director on 16 April 2020. He is the executive chairman of Blencowe Resources plc, a graphite development company in Uganda listed on the LSE.

Sam Delevan Quinn (Proposed Non-Executive Director), aged 47 (date of birth 18 June 1977)

Mr Quinn qualified as a corporate lawyer and has over fifteen years of experience advising clients and acting as director in the natural resources sector. Mr Quinn is a principal of Silvertree Partners, a London-based specialist corporate services provider to the natural resources industry. In addition, Mr Quinn holds several non-executive directorships and company secretarial roles for both listed and unlisted natural resources companies. During time spent in these roles, Mr Quinn has gained significant experience in the administration, operation, financing and development of natural resource companies.

Previously, Mr Quinn worked as the Director of Corporate Finance and Legal Counsel for the Dragon Group, a London based natural resources venture capital firm and as a corporate lawyer for Jackson McDonald Barristers & Solicitors in Perth, Western Australia and for Nabarro LLP in London

Mr. Quinn is intended to be appointed as a director upon Admission.

DIRECTORS ON THE DATE OF THIS DOCUMENT TO RETIRE WITH EFFECT FROM ADMISSION

Winton Willesee (Independent Non-Executive Chairman), aged 54 (date of birth 6 May 1970)

Winton Willesee is an experienced company director and company secretary with particular experience with publicly listed companies.

He is currently a director of ASX listed companies Nanollose Limited, a company developing a unique and patented eco-friendly fibre for the clothing industry and other uses and One Click Group Limited, a company with a financial technology platform to provide customers with facilities for online self-directed financial and life administration services. He is also a director of AIM listed natural resources company Metals One plc.

He has a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is also a Fellow of the Financial Services Institute of Australasia, a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators, a Graduate member of the Australian Institute of Company Directors, and a Member of CPA Australia

Daniel Rootes (Independent Non-Executive Director), aged 35 (date of birth 2 March 1989)

Daniel is an experienced funds management executive. He has spent the last 2 years working with institutional investors & family offices across Asia advising on emerging companies in all sectors with Perth based boutique firm JP Equity. Daniel is now responsible for the investment of in excess of AUD25,000,000 of funds under management and invests money on a regular basis in different asset classes, although predominately in the resources sector.

2. CORPORATE GOVERNANCE

2.1 UK Corporate Governance Code

The Company voluntarily observes the requirements of the UK Corporate Governance Code, save as set out below. As at the date of this Document the Company is, and at the date of Admission will be, in compliance with the UK Corporate Governance Code with the exception of the following:

- Given the composition of the Board, certain provisions of the UK Corporate Governance Code (in particular the provisions relating to the division of responsibilities between the Chairman and chief executive and executive compensation), are considered by the Board to be inapplicable to the Company. In addition, the Company does not comply with the requirements of the UK Corporate Governance Code in relation to the requirement to have a senior independent director and the Board's committees will not, at the outset, have three independent non-executive directors.
- The UK Corporate Governance Code also recommends the submission of all Directors for re-election at annual intervals. Each Director has agreed to submit himself for re-election at the first Annual General Meeting of the Company when the Proposed Acquisition will also be proposed.

2.2 Voluntary compliance with Listing Principles

Application will be made for the Enlarged Issued Share Capital to be admitted to the Equity Shares (transition) category of the Official List pursuant to Chapter 22 of the Listing Rules, which sets out the requirements for companies listed on the Equity Shares (transition) category, and for such Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. The Listing Principles 1 and 2 set out in Chapter 2 of the Listing Rules also apply to the Company.

The Company will comply with the Listing Principles 1 and 2 set out in Chapter 2 of the Listing Rules which apply to all companies with their securities admitted to the Official List. In addition, the Company will also comply with the Listing Principles 3 – 6 notwithstanding that they are not an obligation. Therefore, the Company shall:

- Principle 1: take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations;
- Principle 2: deal with the FCA in an open and cooperative manner;
- Principle 3: take reasonable steps to enable its directors to understand their responsibilities and obligations as directors;
- Principle 4: act with integrity towards its holders and potential holders of its securities;
- Principle 5: ensure that it treats all holders of the same class of shares that are in the same position equally in respect of the rights attaching to those shares; and
- Principle 6: communicate information to its shareholders and potential shareholders in such a way as to avoid the creation or continuation of a false market in those shares.

3. BOARD COMMITTEES

The Board is committed to the principles underpinning good corporate governance, applied in a manner which is most suited to the Company, and to best addressing the Directors' accountability to security holders and other stakeholders. The Company publishes its Corporate Governance Statement on its website at www.citiusresources.co.uk

Audit and Risk Committee

The Audit and Risk Committee will comprise of Cameron Pearce (Chair), Sam Quinn and Timothy Morrison and meet at least twice a year and is responsible for ensuring that the Enlarged Group's financial performance is properly monitored, controlled and reported. The Audit and Risk Committee is responsible for the scope and effectiveness of the external audit and compliance by the Enlarged Group with statutory and other regulatory requirements.

The Enlarged Group will consider establishing an internal audit function in the future (once the Enlarged Group's size and nature of transactions becomes more complex).

With respect to the Enlarged Group's external auditors, the Audit and Risk Committee intends to:

- monitor in discussion with the auditors the integrity of the financial statements of the Enlarged Group, any formal announcements relating to the Enlarged Group's financial performance and review significant financial reporting judgments contained in them;
- review the Enlarged Group's internal financial controls and review the Enlarged Group's internal control and risk management systems;
- make recommendations to the Board for it to put to the shareholders for their approval in the general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant external guidance regarding the provision of non-audit services by the external audit firm; and

- report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The Audit and Risk Committee will be provided with details of any proposed related party transactions in order to:

- consider and approve the terms and conditions of such transactions or to avoid breaches of the Listing Rules; and
- determine whether the relevant percentage under the Listing Rules is breached (either in isolation or cumulatively) and therefore what action needs to be taken.

The Audit and Risk Committee will also review arrangements by which the staff of the Enlarged Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action. Where necessary, the Audit and Risk Committee will obtain specialist external advice from appropriate advisers.

Remuneration Committee

The Remuneration Committee will comprise Timothy Morrison (Chair), Cameron Pearce and Sam Quinn and will meet at least annually and shall:

- have responsibility for setting the remuneration policy for all executive directors and the Company's chairman, including pension rights and any compensation payments. No director or senior manager shall be involved in any decisions as to their own remuneration;
- recommend and monitor the level and structure of remuneration for senior management;
- in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements;
- when setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company or Enlarged Group, especially when determining annual salary increases;
- review the on-going appropriateness and relevance of the remuneration policy;
- within the terms of the agreed policy and in consultation with the chairman and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the Company chairman and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;
- be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used;
- determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- oversee any major changes in employee benefits structures throughout the Company or group; and
- agree the policy for authorising claims for expenses from the Directors.

Nomination Committee

The Nominations Committee will comprise Sam Quinn (Chair), Cameron Pearce, Timothy Morrison and Allan Mulligan and will meet at least annually and shall:

- regularly review the structure, size and composition (including the skills, knowledge, experience, diversity and personal attributes) required of the Board and its committees compared to its current position and future requirements and make recommendations to the Board with regard to any changes;
- give full consideration to (and ensure plans are in place for) succession planning for directors and other senior executives, overseeing the development of a diverse pipeline for succession and (in relation to the Board and its committees) taking into account what skills, expertise and knowledge are needed;
- lead the process for appointments to the Board to fill vacancies as and when they arise, ensuring that appointments to the Board are subject to a formal, rigorous and transparent procedure;
- before making an appointment, evaluate the balance of skills, knowledge, independence, experience and diversity of the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment; and
- prior to the appointment of a director, other significant time commitments should be disclosed and any additional future significant commitments should not be undertaken without prior approval of the Board.

4. GROUP POLICIES

Anti-bribery and Anti-corruption Policy

It is the Company's policy, as set out in the Anti-bribery and Anti-corruption Policy, to conduct all of its business in an honest and ethical manner and to take a zero-tolerance approach to bribery and corruption. The Company is committed:

- (a) to acting professionally, fairly and with integrity in all of its business dealings and relationships wherever it operates; and
- (b) to implementing and enforcing effective systems to counter bribery and corruption, including the adoption of this Policy.

The purpose of the Policy is to set out the Company's responsibilities, and the responsibilities of those working for the Enlarged Group, in observing and upholding its position on anti-bribery and anti-corruption and to provide information and guidance to those working for the Enlarged Group on how to recognise and deal with bribery and corruption issues.

Share Dealing Policy

The Company has adopted a share dealing policy regulating dealing in securities of the Company by the Board and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on the Official list and the LSE and subject to MAR. The Company will take all reasonable steps to ensure compliance by the Board and any relevant employees with the terms of that share dealing policy. The Directors consider that this share dealing policy is appropriate for a company whose shares are admitted to trading on the official list and the LSE.

PART IV

THE PLACING AND SUBSCRIPTION

1. THE PLACING, SUBSCRIPTION AND ADMISSION

Placees have agreed to subscribe for the Placing Shares at a Placing Price of £0.03 per Placing Share. The Placing comprises 14,066,667 Placing Shares representing approximately 3 per cent., of the Company's Enlarged Share Capital.

Subscribers have agreed to subscribe for the Subscription Shares at a Placing Price of £0.03 per Subscription Share. The Subscription comprises 6,666,667 Subscription Shares representing approximately 2 per cent., of the Company's Enlarged Share Capital.

The Placing and Subscription will raise approximately £622,000 (before expenses). The Placing Shares and Subscription Shares will, in aggregate, represent approximately 5 per cent. of the Company's Enlarged Share Capital following completion of the Proposed Acquisition on Admission.

The subscription by the Placees of the Placing Shares under the Placing and the Subscription by the Subscribers of the Subscription Shares is irrevocable but conditional on Admission. Admission is subject to certain conditions as set out in the Placing Agreement including, amongst other things, fulfilment of the following conditions:

- (a) the Placing Agreement having become unconditional in all respects save for completion of the Placing;
- (b) the Company having complied with its obligations under the Placing Agreement in all material respects to the extent that such obligations are required to be performed prior to Admission; and
- (c) Admission having become effective at or before 8.00 a.m. on 21 March 2025.

Neither the Placees nor the Subscribers have any statutory right of withdrawal. If any of the conditions to the Placing are not satisfied, the Proposed Acquisition and Fundraising will not take place and any Fundraising monies will be returned to the relevant Placee/Subscriber.

The Directors believe that raising funds by way of a placing and subscription (as opposed to a rights issue or open offer) will provide the certainty required for the Company's funding requirements and is more cost effective than a rights issue or open offer.

The Placing Shares and Subscription Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing issued Shares, including the right to receive all dividends or other distributions declared, made or paid after the date of their issue and in respect of Voting Rights. The subscribers for the Subscription Shares will be granted Warrants pursuant to the terms of the Subscription Warrant.

A summary of the material terms of the Placing Agreement is set out in paragraph 21.1 of Part XV of this Document.

Application will be made for the entire issued share capital of the Company, including the Existing Shares, the Placing Shares, Subscription Shares, Fee Shares and the Consideration Shares to be admitted to the Equity Shares (transition) category of the Official List and to trading on the London Stock Exchange's Main Market. It is expected that Re-admission will become effective and dealings in the Placing Shares, Subscription Shares, Fee Shares and Consideration Shares will commence at 8.00 a.m. on 21 March 2025.

The Company, the Directors, and the Proposed Directors have ensured that the Company shall have sufficient Shares in public hands, as defined in the Listing Rules. 63,316,665 of the Shares in issue on Re-admission fall within the Listing Rule 14 definition of shares in public hands. As such the Board have ensured that a minimum of 15% of the Enlarged Share Capital on Re-admission have been allocated to investors whose individual and unconnected shareholdings will each equate to less than 10 per cent. the Enlarged Issued Share Capital, and who do not fall within any of the other excluded categories of investors in Listing Rule 5.5.2.

2. PAYMENT FOR THE SHARES

Each Placee must pay the Placing Price for the Placing Shares issued to the Placee in the manner directed by the Company. Each Subscriber must pay for the Subscription Shares in the manner set out in the Subscription Letters.

If any investor fails to pay as so directed by the Company, the relevant investor's application for Placing and/or Subscription Shares may be rejected.

If Admission does not occur, the Fundraising monies will be returned without interest at the risk of the applicant/subscriber.

3. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and investors who wish to receive and retain certificates for their securities will be able to do so. Except as otherwise described herein, the Placees and Subscribers may elect to receive Shares in uncertificated form if such Shareholder is a member (as defined in the CREST Regulations) in relation to CREST.

4. OVERSEAS SHAREHOLDERS

This Document is not a 'prospectus', 'product disclosure statement' or other 'disclosure document' for the purposes of the Australian Corporations Act and is not required to be lodged with ASIC or the ASX. Accordingly, a person may not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Shares, or distribute this admission document where such offer, issue or distribution is received by a person in the Commonwealth of Australia, its territories or possessions, except if:

- (a) the amount payable by the transferee in relation to the Shares is A\$500,000 or more or if the offer or invitation to the transferee is otherwise an offer or invitation that does not require disclosure to investors in accordance with part 6D.2 or part 7.9 of the Corporations Act; or
- (b) the offer or invitation does not constitute an offer to a 'retail client' under Chapter 7 of the Australian Corporations Act.

The Company will issue and lodge with ASIC an Australian prospectus which will contain an offer for retail investors in Australia.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Canada or Japan. Subject to certain exceptions, the Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, and this Document may not be distributed by any means including electronic transmission within, into, in or from the United States or to or for the account or benefit of persons in the United States, South Africa, the Republic of Ireland, Canada, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. This Document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no public offer in the United States, although the Company may sell the Shares in a private placement transaction in the United States pursuant to an exemption from registration.

The distribution of this Document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possessions this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

None of the Shares have been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon or

endorsed the merit of the offer of the Shares or the accuracy or the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

5. TRANSFERABILITY

The Company's Shares are freely transferable, free from all liens and tradable and there are no restrictions on transfer.

6. DEALING ARRANGEMENTS

Application has been made to the for the Enlarged Share Capital to be listed on the Equity Shares (transition) category of the Official List and the London Stock Exchange's Main Market.

It is expected that Admission will take place and unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. on 21 March 2025. This date and time may change. It is intended that settlement of Shares allocated to Placees or Subscribers will take place by means of crediting relevant CREST stock accounts on Admission. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned. When readmitted to trading, the Shares will be registered with ISIN GB00BMGRFP88 and SEDOL number BMGRFP8.

PART V

TAKEOVER DISCLOSURES AND RULE 9 WAIVER

1. TERMS OF THE PROPOSED ACQUISITION

The Company has agreed to acquire 100% of the issued share capital of Harena. Harena is a holding company registered in Australia, that ultimately owns 75% of the Ampasindava ionic clay rare earths project in Madagascar, through its subsidiary Reenova Rare Earth (Malagasy) Sarl (“RREM”), a Malagasy company.

Consideration	Terms of the Proposed Acquisition	Issue Price	Gross Consideration
On Re-admission	The issue of 333,333,333 Consideration Share at an issue price of 3 pence each for gross consideration of £10,000,0000 for the entire share capital of Harena.	3 pence	£10,000,0000
Following Re-admission	<p>The issue of up to 133,333,332 Performance Shares at an issue price of 3 pence each to the shareholders of Harena resulting in gross consideration of £4,000,000.</p> <p>The Performance Shares are subject to two tranches of 66,666,666 each based on the following performance conditions:</p> <ol style="list-style-type: none"> 1. The successful conversion of exploration permit PR6698 (or a proportion thereof) to a permit extraction for the Project; and 2. The Company increases control of the Project to a minimum of 90% by increasing its holding of shares in the issued capital of Reenova Holding Mauritius Limited which is a subsidiary of Harena, from its current 75% holding. 	3 pence	Up to £4,000,000

2. THE SECURITIES TO BE ISSUED ON RE-ADMISSION

The Company has an Existing Share Capital of 43,250,000 Ordinary Shares of 0.5 pence par value in issue.

Following Re-admission the following securities shall be in issue:

New Ordinary Shares to be issued on Re-admission	Amount	Notes
Placing Shares and Subscription Shares	20,733,333 at an issue price of 3p	To be offered to new investors in the Company
Consideration Shares	333,333,333 at the issue price of 3p	Harena Shareholders and Noteholders as consideration of £10m
Fee Shares	16,567,685 at the issue price of 3p	Directors and service providers of the Company and Harena
Enlarged Share Capital on Re-admission	413,884,352	

The Company has the following securities in issue on Re-admission:

Security	Amount	Notes
Performance Shares	133,333,332	to shareholders of Harena in two tranches of 66,666,666 subject to certain performance conditions, at an exercise price of 3p
Broker Warrants	703,333	Exercisable at 3p
Subscription Warrants	333,333	Exercisable at 3p
Harena CLN Warrants	57,041,098	Exercisable at 7p
Loan Notes Warrants	15,000,000	Exercisable at 4p
Loan Note Arranger Warrants	1,283,421	Exercisable at 3p
Existing Options	3,800,000	Exercisable at 4p
New Options	27,400,000	Exercisable at 3p
Aggregate of Performance Shares, Warrants and Options	257,894,522	
Fully Diluted Share Capital	671,778,874	

3. WAIVER RESOLUTIONS

Under Rule 9 of the Takeover Code, any person who acquires an interest (as such term is defined in the Takeover Code) in shares which, taken together with the shares in which he and persons acting in concert with him are interested, carry 30% or more of the voting rights in a company which is subject to the Takeover Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with them, is interested in shares which in aggregate carry not less than 30% of the voting rights but does not hold shares carrying more than 50% of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired by any such person. These limits apply to the entire concert party as well as the total beneficial holdings of individual members. Such an offer would have to be made in cash at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the Company during the 12 months prior to the announcement of the offer.

Shareholders should also be aware that under the Takeover Code, if a person (or group of persons acting in concert) holds shares carrying more than 50% of the Company's voting rights, that person (or any person(s) acting in concert with him) may acquire further shares without incurring any obligation under Rule 9 to make a mandatory offer.

Upon completion of the Proposed Acquisition resulting in the issue of Consideration Shares, and Fee Shares to members of the Concert Party, issue of the Placing and Subscription Shares on Re-admission and the exercise of the Performance Shares, Warrants and Options by members of the Concert Party following Re-admission the Concert Party will hold more than 50% of the Company's voting share capital, and, for as long as it continues to be treated as acting in concert, any further increase in that aggregate interest in shares by the Concert Party will not be subject to the provisions of Rule 9 of the Takeover Code, although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

The Panel has agreed to waive the obligation on the Concert Party to make a general offer that would otherwise arise as a result of the acquisition of interests in the Ordinary Shares following the issue of the Consideration Shares and Fee Shares by members of the Concert Party on Re-admission, and the issue of Performance Shares, Warrants and Options to any member of the Concert Party provided the approval, on a poll of the Independent Shareholders, is obtained at the Annual General Meeting. Accordingly, the Waiver Resolution is being proposed at the Annual General Meeting and will be taken on a poll. Therefore, the directors who are independent of the Concert Party ("Independent Directors") are seeking Independent Shareholders approval, via a resolution to be put before the meeting at the Annual

General Meeting (“Waiver Resolution”), for a waiver to be granted from the Rule 9 obligations that would otherwise apply to the Concert Party in these circumstances (“Rule 9 Waiver”).

For the avoidance of doubt, the Rule 9 Waiver applies only in respect of the interest in Ordinary Shares by the Concert Party, resulting in the maximum control of 54% following the issue of the Consideration Shares, certain Fee Shares, Performance Shares, Warrants and Options, and not in respect of any other increases in its interests in Ordinary Shares. In the event that the Waiver Resolutions are approved by Independent Shareholders, no member of the Concert Party will be restricted from making an offer for the Company.

In considering the Waiver Resolution the existing Shareholders should have regard to the following:

- i) on the issue of the Consideration Shares, certain Fee Shares, Performance Shares, Warrants and Options the Concert Party may hold a significant proportion of the Enlarged Share Capital. The interests of the Concert Party may conflict with the interests of the Independent Shareholders and/or the Company and in such circumstances, matters may not be resolved in a manner which Independent Shareholders consider to be in their best interests or in the interests of the Company;
- ii) the anticipated significant size of the Concert Party’s interest following completion of the Proposed Acquisition and issue of the Consideration Shares, certain Fee Shares, Performance Shares, Warrants and Options, may have an impact on the Company’s future ability to attract new equity investors, which could in turn have an effect on the Company’s ability to grow; and
- iii) in the event that Shareholders do not vote in favour of the Waiver Resolution, the Fundraising will not complete and the Proposed Acquisition, which is conditional on the completion of the Fundraising, will not proceed which will impact the future business of the Company.

4. RULE 9 AND CONCERT PARTY

The Takeover Code, which is issued and administered by the Panel, applies to Citius Resources Plc. The Company is a public limited liability company. The registered office of the Company is Fifth Floor, 167-169 Great Portland Street, London W1W 5PF and will continue to be, in England.

The Company and its shareholders are afforded certain protections under the Takeover Code.

The Takeover Code makes provision where a person and any person acting in concert pursuant to an agreement or understanding (whether formal or informal) co-operate, to obtain or consolidate control of that company. Control means an interest, or aggregate interest, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Takeover Code), irrespective of whether the interest or interests give de facto control.

Persons “acting in concert” under the Takeover Code is defined at the end of this Part V. For the purposes of the Proposed Acquisition, certain recipients of the Consideration Shares, Performance Shares, Warrants and Options are deemed to be acting in concert and therefore form the “Concert Party” as set out in paragraph 4 below.

Following Re-admission, the members of the Concert Party will be interested in 155,798,420 Ordinary Shares, representing 38% of the voting rights of the Company.

5. THE CONCERT PARTY

Table 4.1 summarises the holdings of the Concert Party following the issue of Consideration Shares and Fee Share to members of the Concert Party resulting in the Concert Party holding 37.6% of the voting shares of the Company on Re-admission.

Also, Table 4.1 refers to the total amount of Performance Shares, Warrants and Options that if exercised by each member of the Concert Party only would result in the Concert Party holding a maximum of 54% of the voting rights of the Company.

Concert Party Member	Entity Holding Shares	Holding at LPD	Holding at LPD	% Holding at LPD	Consideration	Shares	Fee	Shareholding on Re-admission	% holding on Re-admission	Harena CLN Warrants	Loan Note Arranger Warrants	Loan Note Warrants	New Options	Performance Shares		Total Holding	% Maximum Control (note 1)
														Tranche 1	Tranche 2		
Allan Mulligan		0	0	0	33,587,565	2,733,833	36,321,398	8.8%	342,246	8,000,000	13,382,166	13,382,166	8,000,000	13,382,166	71,427,976	12.7%	
Trevor Bruce Benson		0	0	0	13,155,032		13,155,032	3.2%			5,406,583	5,406,583		5,406,583	23,968,198	4.3%	
Stephen Francis Lynn		0	0	0	18,722,380		18,722,380	4.5%	342,246		7,272,727	7,272,727		7,272,727	33,610,080	6.0%	
Thomas Andrew Calvert Murrell		0	0	0	2,546,135		2,546,135	0.6%			1,046,435	1,046,435		1,046,435	4,639,005	0.8%	
Edward Nealon	Almaritta Pty Ltd	0	0	0	14,217,019		14,217,019	3.4%	1,140,822		4,436,450	4,436,450		4,436,450	24,230,741	4.3%	
David Ledger	Arlington Capital Pty Ltd	0	0	0	2,546,135		2,546,135	0.6%			1,046,435	1,046,435		1,046,435	4,639,005	0.8%	
Gavin Rezos	Vivien Enterprises Pty Ltd	0	0	0	12,064,510		12,064,510	2.9%	2,281,644		2,145,192	2,145,192		2,145,192	18,636,538	3.3%	
Joseph Belladonna		0	0	0	4,137,470	4,562,351	8,699,821	2.1%			1,700,457	1,700,457	8,000,000	1,700,457	20,100,735	3.6%	
Timothy Morrison		0	0	0	2,721,401	1,041,733	3,763,134	0.9%	228,164		837,148	837,148	5,000,000	837,148	10,665,594	1.9%	
Phillippa Leggat	Legate Consulting Pty Ltd	0	0	0	1,082,107	483,466	1,565,573	0.4%			444,735	444,735		444,735	2,455,043	0.4%	
Jay Stephenson	Vin Ethos Pty Ltd	0	0	0	700,187	612,966	1,313,153	0.3%			287,769	287,769	2,400,000	287,769	4,288,691	0.8%	
Sebastian Jurd (note 2)	Bowden Minerals Pty Ltd	0	0	0	28,049,881		28,049,881	6.8%			11,528,214	11,528,214		11,528,214	51,106,309	9.1%	
Sebastian Jurd	Saba Nominees Pty Ltd	0	0	0	9,137,986		9,137,986	2.2%	3,045,995	15,000,000					27,183,981	4.8%	
Sebastian Jurd	Ruy Lopez Pty Ltd	0	0	0	2,019,255		2,019,255	0.5%	673,085						2,692,340	0.5%	
Sebastian Jurd	GBA Capital Foundation Pty Ltd	0	0	0	1,677,008		1,677,008	0.4%	559,003						2,236,011	0.4%	
		0	0	0									1,283,421		1,283,421	0.2%	
Total		-	-	-	146,364,072	9,434,349	155,798,420	37.6%	8,613,203	23,400,000	49,534,311	15,000,000	23,400,000	49,534,311	303,163,666	54.0%	

(note 1) % Maximum control where only concert party members exercise their total amount of i) Harena CLN Warrants ii) Loan Note Warrants iii) Loan Note Arranger Warrants iv) New Options and v) Performance Shares (both tranche 1 and 2) based on the Enlarged Share Capital on Re-admission.

(note 2) Sebastian Jurd will hold and aggregate of 9.9% of the Enlarged Share Capital on Re-admission and may obtain maximum control of 15.1% assuming the exercise per note 1.

6. BACKGROUND ON THE CONCERT PARTY

For the purposes of the Takeover Code, members of the Concert Party are treated as acting in concert, as defined by the Takeover Code, with regard to their interests in the share capital of the company. The Concert Party as agreed with the Takeover Panel is comprised of the following:

Allan Mulligan	Director of Harena and co-founder of Harena who arranged the initial seed funding for Harena through his business associates. Following Re-admission Allan Mulligan will be an Executive Director.
Trevor Bruce Benson	Co-founder of Harena who arranged the initial seed funding for Harena through his business associates.
Stephen Francis Lynn	Co-founder of Harena who arranged the initial seed funding for Harena through his business associates
Thomas Andrew Calvert Murrell	Business associate of the founders and investor in the seed round of Harena
Almaretta Pty Ltd	A company controlled by Edward Nealon, a business associate of the founders and investor in the seed round of Harena
Arlington Capital Pty Ltd	A company controlled by David Ledger, a business associate of the founders and investor in the seed round of Harena
Vivien Enterprises Pte Ltd	A company controlled by Joanne Rezos, a related party of Gavin Rezos, a business associate of the founders and investor in the seed round of Harena and consultant to the company
Joseph Belladonna	Director of Harena and the Managing Director following Re-admission
Timothy Morrison	Director of Harena and Non-Executive Chairman following Re-admission
Legate Consulting Pty Ltd	A company controlled by Philippa Leggat, a Director of Harena.
Vin Ethos Pty Ltd	A company controlled by Jay Stephenson, CFO of Harena and following Re-admission will act as the finance director (with no board seat)
Bowden Minerals Ltd	A company controlled by Sebastian Jurd, a shareholder of the Company and arranger of the Harena CLN and Loan Deed to Harena through GBA Capital, a broking business that he controls.

7. THE LOAN NOTES TRUST DEED

On 24 February 2025 the Company entered into the A\$1,500,00 Loan Notes Trust Deed, conditional on Admission, pursuant to which at Admission, the Company will issue the Company Loan Notes as summarised in paragraph 21.17 of Part XV of this Document. The Company Loan Notes are guaranteed by Harena.

The Company Loan Notes will initially be subscribed for by Saba Nominees Pty Ltd a company that is controlled by Sebastian Jurd, a member of the Concert Party.

Term	2 Years
Interest	18%
Repayment Terms	2 Years
Other	Loan Note holder to receive warrants over 15,000,000 Ordinary Shares exercisable at 4p

8. INFORMATION ON HARENA

Registered Office	1510 Mills Road, Glen Forrest Western Australia 6071.
Date of Incorporation	21 April 2022
Place of Incorporation	Australia
Registered Number	Australian Company Number 658 908 055

The Company has the following Subsidiaries:

Subsidiary	Interest	Domicile
Reenova Global Pte. Ltd	100%	Singapore
Reenova Holding (Mauritius) Ltd	75%	Mauritius
Reenova Rare Earths (Malygasy) SARLU	100%	Madagascar

The directors of Harena since incorporation are set out below.

Director	Appointed	Resigned
Allan Milligan	21 April 2022	–
Stephen Lynn	18 October 2022	–
Philippa Leggat	5 December 2022	–
Timothy Morrison	22 December 2022	–
Joseph Belladonna	4 August 2023	–

The significant shareholders of Harena are:

Shareholder	Holding at LPD	% Holding at LPD
Allan Mulligan	25,576,666	20.1
Bowden Minerals Pty Ltd	22,033,300	17.2
Steven Lynn	13,900,000	10.9
Mark Greenwood	8,895,333	6.9
Pure Ice Ltd	8,563,000	6.7
Almaretta Pty Ltd	8,479,167	6.6
Trevor Benson	5,333,333	4.1

Neither the Company, nor any director of the Company, holds any interest in the shares of Harena.

9. MANAGEMENT, EMPLOYEES AND CONTINUATION OF THE BUSINESS

The members of the Concert Party have confirmed that its intention regarding the future of the business, the location of the Company's place of business and the continued employment of its employees and management will not be altered as a result of the completion of the Proposed Acquisition, except for the appointment of the members of the Concert Party as Re-admission Directors as detailed below.

There is currently no research and development function within the Company and there is no intention for this to change. Except for the Proposed Acquisition, there are no plans to introduce any significant change in the business or in the terms of employment of the employees of the Company (including their pension scheme contributions, where relevant), nor are there plans for any redeployment of the fixed assets of the Company or any plans to change the Company's existing trading facilities on the LSE, because of the Proposed Acquisition. Following Re-admission, the Company and the Concert Party intend to maintain the Company's admission to the Equity Shares (transition) category of the Official List and to trading on the Main Market of the LSE.

The Independent Directors believe and have considered the above as part of their recommendation to the independent Shareholders to vote in favour of the Proposed Acquisition, Placing, Subscription and Waiver Resolutions.

On completion of the Proposed Acquisition and at Re-admission, the Directors of the Company shall be:

Timothy Morrison	Non-Executive Chairman
Allan Mulligan	Executive Director
Joseph Belladonna	Executive Director
Cameron Pearce	Non-Executive Director *
Sam Quinn	Non-Executive Director
Winton Willesse	Independent Non Executive Chairman (to retire on Re-admission)
Daniel Rootes	Independent Non Executive Director (to retire on Re-admission)

* Mr Pearce is a current Director of the Company

A summary of the directors' service contracts and appointment letters are set out below in paragraph 12 of Part XV of this Document.

10. DIRECTOR HOLDINGS

The interests of each of the current and Proposed Directors (all of which are beneficial unless otherwise stated) in the issued ordinary share capital of the Company as at the date of this Document and as at Re-admission or which are interests of a person connected with a Proposed Director (within the meaning of section 252 of the Companies Act) and the existence of which is known or could, with reasonable diligence, be ascertained by a Proposed Director and as they are expected to be immediately following Re-Admission are as follows:

Director and Proposed Director	Holding at LPD	Holding on Re-admission	% Holding on Re-Admission
Timothy Morrison	Nil	3,763,134	0.9
Cameron Pearce	6,000,000	7,800,000	1.9
Allan Mulligan	Nil	36,321,398	8.8
Joseph Belladonna	Nil	8,699,821	2.1
Sam Quinn (through Lionshead Consultants Limited)	1,250,000	2,916,666	0.7

11. MIDDLE MARKET QUOTATIONS

Set out below are the closing middle-market quotations for the Ordinary Shares for the first dealing of each of the six months immediately preceding the date of this Document as at 25 February 2025 (being the “LPD”).

Date	Price
3 February 2025	3 pence
1 January 2025	3 pence
1 December 2024	3 pence
1 November 2024	3 pence
1 October 2024	3 pence
2 September 2024	3 pence

The Ordinary Shares of the Company were suspended from trading on the Official List and the LSE on 9 June 2022 at a price of 3 pence.

12. DISCLOSURE OF INTERESTS AND DEALING

As at the close of business on the Latest Practicable Date:

- i) no member of the Concert Party has any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities, nor has any member of the Concert Party dealt in any relevant Company securities during the disclosure period;
- ii) none of the directors of corporate entities of the Concert Party or other individuals (including any of such persons respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;
- iii) no other person acting in concert with any member of the Concert Party had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Company securities, nor had any such person dealt in any relevant Company securities during the disclosure period;
- iv) no agreement, arrangement or understanding (including any compensation arrangement) exists between any member of the Concert Party and/or any of the Directors or recent directors, Shareholders or recent Shareholders, or any person interested or recently interested in shares of the Company, having any connection with, or dependence upon the outcome of the Proposed Acquisition;
- v) there is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Ordinary Shares to be acquired by any member of the Concert Party pursuant to the completion of the Proposed Acquisition will be transferred to any other person;
- vi) no member of the Concert Party nor any person acting in concert with such member has borrowed or lent any relevant Company securities, save for any borrowed shares which have either been on-lent or sold;
- vii) As at the disclosure date there are no relationships (personal, financial or commercial), arrangements or understandings between any member of the Concert Party and Tavira Financial Limited or any person who is, or is presumed to be, acting in concert with Tavira Financial Limited;
- viii) Harena does not have any interest in or right to subscribe for, or had any short position in relation to, any relevant Company securities;
- ix) None of the Harena directors have dealt in any relevant securities of the Company in the 12 months ended on the Latest Practicable Date;
- x) Neither Harena nor any person acting in concert with it, has acquired any interest in relevant securities in the Company in the 12 months ended on the Latest Practicable Date. There are therefore no disqualifying transactions under paragraph 3 of Appendix 1 to the Takeover Code;

- xi) The Company does not have any interest in or right to subscribe for, or had any short position in relation to, any relevant Harena securities and none of the Company directors have dealt in any relevant securities of Harena in the 12 months ended on the Latest Practicable Date; and
- xii) Neither the Company nor any person acting in concert with it, has acquired any interest in relevant securities in Harena in the 12 months ended on the Latest Practicable Date. There are therefore no disqualifying transactions under paragraph 3 of Appendix 1 to the Takeover.

13. RESPONSIBILITY FOR THE PURPOSES OF THE TAKEOVER CODE

Each member of the Concert Party accepts responsibility for the information contained in this Part V of this Document (and any expression of opinion) relating to the Concert Party, himself and the members of his close family and related trusts and companies controlled by any of them. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Document for which they take responsibility is in accordance with the facts and contains no omissions likely to affect import.

The Company, Directors and the Proposed Directors whose names and functions appear on page 29 of this Document accept responsibility for the information contained in this Document (including any expressions of opinion). To the best of the knowledge and belief of the Directors and the Proposed Directors (who have each taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

14. NOTICE OF ANNUAL GENERAL MEETING

The Company has called the Annual General Meeting, *inter alia*, to put to the Shareholders the Waiver Resolution required to approve the Rule 9 Waiver, to complete the Proposed Acquisition and issue of Consideration Shares, Fee Shares, the Placing and Subscription and other resolutions.

If the Resolutions are not approved by Shareholders at the Annual General Meeting, the Proposed Acquisition and Placing and Subscription will not proceed. As such, the anticipated Net Proceeds of the Fundraising would not become available to the Company.

The Notice of Annual General Meeting containing the Waiver Resolution is set out at the end of this Document. Your attention is also drawn to the information in the notes to the Notice of Annual General Meeting, which give further information in respect of the Annual General Meeting.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection

- A copy of this Prospectus
- A copy of the CPR
- A copy of the form of proxy;
- A copy of the documents relating to the Proposed Acquisition:
- the constitutional documents of each corporate member of the Concert Party;
- the existing Articles of the Company and Harena;
- the audited accounts of the Company for the years ended 30 April 2024, 2023 and 2022 and the unaudited accounts for the Company for the interim period ended 31 October 2024;
- the audited accounts of Harena for the years ended 30 June 2024 and 2023;
- the unaudited pro forma statement of net assets of the enlarged Company referred to in Part I of this document
- material contracts of the Company and Harena; and
- the written consent of Tavira Financial Limited.

A list of documents available for inspection is as set out in paragraph 24.13 of Part XV of this Document.

The documents will be available at (i) the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) until the conclusion of the Annual General Meeting, (ii) at the place of the meeting for at least 15 minutes prior to the Annual General Meeting until its conclusion, and (iii) for inspection on www.citiusresources.co.uk.

16. FINANCIAL INFORMATION ON THE COMPANY AND HARENA

Financial information for the company is incorporated by reference as set out in Part XVII of this Document and summarised in Part XVII of this document. The Financial information can also be found on www.citiusresources.co.uk.

Financial information for Harena is set out in Part X of this Document and will be available for inspection.

17. SIGNIFICANT CHANGES

There are no Significant changes in the financial or trading position of the Company since the six months ending 31 October 2024, the date of the most recent unaudited results for the Company.

18. MATERIAL CONTRACTS

Material contracts for the Company and Harena are summarised in paragraph 21 of Part XV of this Document

19. DIRECTOR SERVICE AGREEMENTS

The Directors Service Contracts for the Company are summarised in paragraph 12 of Part XV of this Document.

20. RATINGS AND OUTLOOK

As at the date of this document, the Company does not have any public current credit rating or outlook from a ratings agency.

21. ADMISSION, SETTLEMENT, DEALINGS AND TOTAL VOTING RIGHTS

The New Ordinary Shares will, when issued, be credited as fully paid up and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of the Ordinary Shares after the date of issue of the New Ordinary Shares, and will on issue be free of all claims, liens, charges, encumbrances and equities.

Application will be made for the admission of the New Ordinary Shares to trading on the Equity Shares (transition) category of the Official List and the Main Market of London Stock Exchange. Admission of the New Ordinary Shares is expected to occur at 8.00 a.m. on 21 March 2025 (or such later times(s) and/or date(s) as Tavira and the Company may agree).

Following Admission, the total number of Ordinary Shares in the capital of the Company in issue is expected to be 413,884,352 with each Ordinary Share carrying the right to one vote. There are no Ordinary Shares held in treasury and therefore the total number of voting rights in the Company is expected to be 413,884,352. The above figure may be used by Shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

22. PERSONS ACTING IN CONCERT WITH THE COMPANY

In addition to the Directors (together with their close relatives and related trusts) and members of the Group, the persons acting in concert with the Company for the purposes of the Proposals and which are required to be disclosed are:

Name	Type of Company	Relationship with the Company
Tavira Financial Limited	Financial Services	Rule 3 adviser, financial adviser and broker to the Company

23. INDEPENDENT ADVICE IN RESPECT OF THE WAIVER

The Takeover Code requires the Directors to obtain competent independent advice regarding the merits of the Proposals. Tavira has provided formal advice to the Directors regarding the Proposals and in providing such advice, Tavira has taken into account the Directors' commercial assessments. Tavira confirms that it, and any person who is or is presumed to be acting in concert with it, is independent of the Concert Party and has no personal, financial or commercial relationship, or arrangements or understandings with the Concert Party. Tavira has given and has not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they are included.

24. RECOMMENDATION

The recommendation is set out on page 28 of this Document (section 20 of Part I of this Document).

The Definitions set out in this Part V include relevant definitions set out in Part XVII. In addition, the following definitions apply to this Part V.

- (a) references to persons **“acting in concert”** comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert with each other. Without prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:
- (i) a company (“X”) and any company which controls, is controlled by or is under the same control as X, all with each other;
 - (ii) a company (Y) and any other company (“Z”) where one of the companies is interested, directly or indirectly, in 30% or more of the equity share capital in the other, together with any company which would be presumed to be acting in concert with either Y or Z under presumption (1), all with each other; a company (“Y”) and any other company (“Z”) where one of the companies is interested, directly
 - (iii) a company’s pension schemes, and the pension schemes of any company with which the company is presumed to be acting in concert under presumption (1) or (2), with the company;
 - (iv) the directors of a company (together with their close relatives and the related trusts of any of them with the company);
 - (v) an investment manager of or investment adviser to: (a) an offeror; (b) an investor in a new company (or other vehicle) formed for the purpose of making an offer; or (c) the offeree company, with the offeror or offeree company (as appropriate), together with any person controlling, controlled by or under the same control as that investment manager or investment adviser;
 - (vi) a connected adviser with its client and, if its client is acting in concert with an offeror or the offeree company, with that offeror or offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader);
 - (vii) the directors of a company which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent. (See also Note 5 of part C3 of the Takeover Code);
 - (viii) a person, the person’s close relatives, and the related trusts of any of them, all with each other;
 - (ix) the close relatives of a founder of a company to which the Code applies, their close relatives, and the related trusts of any of them, all with each other; and
 - (x) shareholders in a private company or members of a partnership who sell their shares or interests in consideration for the issue of new shares in a company to which the Code applies, or who, in connection with an initial public offering or otherwise, become shareholders in a company to which the Code applies.

For the purposes of presumptions (i) and/or (ii):

- i) a reference to a company includes any other undertaking (including a partnership or a trust) or any legal or natural person;
- ii) under presumption (i), interests of either 30% or more in a company’s shares carrying voting rights or the majority of a company’s equity share capital do not dilute through a chain of ownership;
- iii) under presumption (ii), interests of 30% or more in a company’s equity share capital dilute through a chain of ownership;

- iv) the reference in presumption (ii) to a company being “indirectly” interested in the equity share capital in another company refers only to the economic rights attached to such shares and not to any voting rights carried by such shares; and
 - v) except for the purposes of establishing whether a person is acting in concert with a new company (or other vehicle) formed for the purpose of making an offer (see paragraph (a) of Note 7 of Part C3 of the Takeover Code), if an investor invests in a fund or company and that fund or company in turn invests in another fund or company, the investor’s indirect interests in the latter fund or company will (in addition to the investor’s direct interests) only be taken into account in determining whether the investor and that fund or company are presumed to be acting in concert under presumption (ii) if each link in the chain of interests represents 30% or more of the relevant fund’s limited partnership interests or the relevant company’s equity share capital.
- (b) an “**arrangement**” includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
 - (c) a “**connected adviser**” has the meaning attributed to it in the Takeover Code;
 - (d) a “**connected person**” has the meaning attributed to it in the UK Companies Act 2006;
 - (e) “control” means an interest, or aggregate interests, of shares in the capital of a company carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the interest or aggregate interests give de facto control;
 - (f) “**dealing or dealt**” includes:
 - acquiring or disposing of relevant securities, the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights allocated to relevant securities, or of general control of relevant securities;
 - taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option in respect of any relevant securities;
 - subscribing or agreeing to subscribe for relevant securities (whether in respect of new or existing securities);
 - exercising or converting any relevant securities carrying conversion or subscription rights;
 - acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying of, a derivative referenced directly or indirectly, to relevant securities;
 - entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities;
 - redeeming or purchasing of, or taking or exercising an option over, any of its own relevant securities by the offeree company or an offeror; and
 - any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
 - (g) “**derivative**” includes any financial product whose value in whole or in part is determined, directly or indirectly, by reference to the price of an underlying security;
 - (h) “**disclosure date**” means the Latest Practicable Date;
 - (i) “**disclosure period**” means the 12 month period prior to the publication of this Prospectus;
 - (j) an “**exempt fund manager**” means a person who manages investment accounts on a discretionary basis and is recognised by the Panel as an exempt fund manager for the purposes of the Takeover Code;
 - (k) an “**exempt principal trader**” means a person who is recognised by the Panel as an exempt principal trade for the purposes of the Takeover Code;

- (l) being “**interested**” in relevant securities includes where a person:
owns relevant securities; or
has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them; or
by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or to call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
- (m) “**relevant Company securities**” means the Existing Shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (n) “**relevant Concert Party securities**” means shares or units in any member of the Concert Party (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (included traded options) in respect thereof;
- (o) “**relevant securities**” means relevant Concert Party securities or relevant Company securities; and
- (p) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require any other person to purchase or take delivery.

PART VI
COMPETENT PERSON'S REPORT



INDEPENDENT SPECIALIST REPORT

ON THE

**AMPASINDAVA RARE EARTHS PROJECT,
ANTSIRANANA PROVINCE, MADAGASGAR**

WGS84 UTM Zone 38S 191,500 m E; 8,467,900 m N
LATITUDE 13.8421°S, LONGITUDE 48.1459°E

Prepared for:

Harena Resources Pty Ltd
Mount Claremont, Perth, Western Australia 6010, Australia

Technical Assessment Date: August 30th, 2024
MRE Effective Date: November 1st, 2023

**Independent Specialist /
Competent Person**

Yann Camus, P.Eng.
Joseph Keane, P.E.

Company

SGS Geological Services ("SGS")
SGS Bateman Engineering Services ("SGS")

SGS Project # 19993-01

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1 EXECUTIVE SUMMARY

SGS Geological Services (“SGS”) was contracted by Harena Resources Pty Ltd (“Harena Resources” or the “Company”) to complete a Technical Assessment of the Ampasindava Rare Earth project (the “Project” or the “Property”) and to prepare an Independent Specialist Report (“ISR” or the “Report”). SGS was also commissioned by Harena Resources to review and restate the MRE in accordance with the guidelines of the JORC 2012 Code in 2023. The ISR is to be included in a prospectus issued by the Company and dated on or about October 2024.

The purpose of this ISR is to provide an independent Technical Assessment of the geology, Mineral Resource estimates (“MRE”), mineral processing, and technical risks associated with the Harena Resources exploration assets, to provide a series of recommendations to advance the Project, and to assess the suitability of the proposed exploration and development programs.

License grant PR 6698 is situated approximately 40 km south-west of Ambanja and covers an area of 237.5 km² in the Antsiranana province of northern Madagascar. The current 100% beneficial owner of exploration licence PR 6698, currently under conversion to an exploitation licence, is Reenova Rare Earth (Malagasy) Sarl.u (“RREM”), a Malagasy company. Harena Resources Pty Ltd have acquired the parent company of RREM to hold a 75% interest in the Property. Access to the Property is by road from Ambanja or by boat from Nosy Be or the mainland port of Ankify.

The Property was first recognised for hosting mineralised dykes hosting high-grade Rare Earth Elements (REE) in fresh rock. REE hosted within the regolith (or soil profile) was recognised in 2012; and it has become clear that this “ionic clay” style of mineralization has the most significant economic potential. The ionic clays are the most important mineralization type for the Project due to the relatively simple process required to put the REE into solution and the fact that neither thorium nor uranium is concentrated through this process; this is in stark contrast to most REE deposits being developed or promoted in the western world. Additionally, the geological setting of the Project is analogous to the source of most of the Heavy REE (HREE) currently produced in China.

A massive amount of data has been collected by excavating shafts by hand and sampled along the depth. A total of 4,474 test pits have been completed with an average depth of 5.8m with a maximum depth of 10m. The sampling methodology was validated in the field by SGS Geostat and this has produced reliable data that has been integrated into the following resource estimation. The limitations of this method include safety considerations (including a 10m depth limit) and the impossibility of collecting data below the water table. A total of 4,412 pits were retained for the resource estimation along with 359 drill holes.

The updated resource estimation was constructed solely from the laterite and saprolite layers within the Property. REE grades were interpolated separately by ordinary kriging and blocks were cut-off based on their conceptual amenability to heap leaching. The base case resource with tonnage and grade is presented in Table 1-1.

Table 1-1 Mineral Resource Estimate for Ampasindava Deposit at Cut-Off of 500 ppm TREO

Classification	Tonnage (Mt)	Volume (Mm ³)	Area (Mm ²)	Density (t/m ³)	Thickness (m)			TREO (ppm)	MREO (ppm)	MREO / TREO ratio	Contained TREO (t)	Contained MREO (t)
					Total	PED	SAP					
Measured	42.5	38.1	7.0	1.11	5.46	2.85	2.60	958	221	23%	40,700	9,400
Indicated	184.0	167.1	25.0	1.10	6.70	2.65	4.04	842	178	21%	154,800	32,700
Measured + Indicated	226.5	205.3	31.9	1.10	6.43	2.70	3.73	863	186	22%	195,500	42,100
Inferred	472.0	429.1	78.9	1.10	5.44	2.71	2.73	870	189	22%	410,500	89,000
Total	698.5	634.3	110.8	1.10	5.72	2.71	3.02	868	188	22%	606,000	131,100

1. The Mineral Resource Estimate (MRE) has an effective date of the 1st November, 2023. The Competent Person for the MRE is Mr. Yann Camus, P.Eng., an employee of SGS.
2. The classification of the current Mineral Resource Estimate is consistent with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).
3. All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.
4. All Resources are presented undiluted and in situ, constrained within a 3D model, and are considered to have reasonable prospects for eventual economic extraction.
5. Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
6. Bulk density values were determined based on physical test work from each part of the deposit.
7. The base cut-off grade of 500ppm TREO considers a mining cost of US\$1.40/t mined, a processing cost of \$8.00/t mined and G&A cost of US\$0.75/t mined.
8. $TREO = Y_2O_3 + Eu_2O_3 + Gd_2O_3 + Tb_2O_3 + Dy_2O_3 + Ho_2O_3 + Er_2O_3 + Tm_2O_3 + Yb_2O_3 + Lu_2O_3 + La_2O_3 + Ce_2O_3 + Pr_2O_3 + Nd_2O_3 + Sm_2O_3$
9. $MREO = Pr_2O_3 + Nd_2O_3 + Tb_2O_3 + Dy_2O_3$
10. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

In the 2023 Critical Materials Report from the U.S. Department of Energy, it was reported that three of the 17 rare earth elements were found to be critical in terms of supply risk in the short term (2020 to 2025), with four rare earth elements identified as critical into the medium term (2025 – 2035) (Figure 4-7). These elements are termed “critical” because of their scarcity. This, combined with anticipated growth in demand, makes these higher valued elements the ones expected to experience the best price performance over the next decade. Those elements deemed critical over the next decade are: dysprosium, neodymium, praseodymium, and terbium. These four rare earth elements (MREO) are used in magnets for wind turbines and electric vehicles, as phosphors in energy-efficient lighting, and also in high-tech strategic applications.

The Ampasindava Ionic clay project displays a pervasive and well-balanced rare earth distribution that is prevalent throughout the deposit. The deposit includes appreciable amounts of the critical magnet rare earths dysprosium, neodymium, praseodymium, and terbium as defined by the U.S. Department of Energy.

The Ampasindava Project is one of relatively few projects of ionic clay hosted REE deposits outside of China. This sets it apart from most of the developers vying to be a stable source of these metals (particularly the HREE) for the western world.

Work to date on the Project has focused on outlining resources; this goal has largely been completed with a significant mineral inventory that can be incorporated in economic studies, and on metallurgical test work to establish the amenability of the deposit to leach processing methodologies. Risks and recommendations are presented in Section 6 of this report. Many studies should be conducted in parallel at this stage to mitigate the various risks known for this Project. These studies should culminate in a Feasibility Study which will provide further detail on the economic potential for this Project.

2 INTRODUCTION

2.1 Background

SGS Geological Services (“SGS”) was contracted by Harena Resources Pty Ltd (“Harena Resources” or the “Company”) to complete a Technical Assessment of the Ampasindava Rare Earth project (the “Project” or the “Property”) and to prepare an Independent Specialist Report (“ISR” or the “Report”). SGS was also commissioned by Harena Resources to review and restate the MRE in accordance with the guidelines of the JORC 2012 Code in 2023. The ISR is to be included in a prospectus issued by the Company and dated on or about October 2024.

The funds raised will be primarily used for the advancement of economic, social and environmental studies and planning for trial mining and processing of rare earth elements on the Ampasindava project. This ISR details the principal project area surrounding the Ampasindava Rare Earths deposit in Antsiranana Province, Madagascar.

2.2 Scope

The purpose of this ISR is to provide an independent Technical Assessment of the geology, Mineral Resource estimates (“MRE”), mineral processing, and technical risks associated with the Harena Resources exploration assets, to provide a series of recommendations to advance the Project, and to assess the suitability of the proposed exploration and development programs.

This report presents the following key technical information on the date of this Report:

- An overview of the geological setting of the mineral assets and the associated mineralisation;
- Outline of the historical and recent exploration work undertaken;
- Exploration results reported in accordance with the terms and definitions of the JORC Code (2012);
- Mineral Resources reported in accordance with the terms and definitions of the JORC Code (2012);
- Mineral processing and metallurgical test work reported in accordance with the terms and definitions of the VALMIN Code (2015);
- Independent Specialist opinion on the reasonableness of the stated Mineral Resource estimates in light of potential project opportunities and constraints;
- Independent Specialist opinion on the reasonableness of the stated mineral processing test work in light of potential project opportunities and constraints;
- Independent Specialist opinion on the key risks and opportunities related to the exploration and development potential of the project;
- Independent Specialist opinion on the appropriateness of the proposed work programs.

Should SGS determine that an assumption included in the Technical Assessment is unreasonable then this will be reflected in the Report.

2.3 Reporting Standard

This Report has been prepared as a public document to the standard of, and is considered by SGS to be, a Technical Assessment in the format of an Independent Specialist's Report in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code (“VALMIN”) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (“JORC”).

As defined in the VALMIN Code (2015), Mineral Assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure, and other rights held or acquired in connection with the exploration, development of and production from those tenures. This may include the

plant, equipment, and infrastructure owned or acquired for the development, extraction, and processing of minerals in connection with that tenure.

A first draft of this report was supplied to Harena Resources to check for material errors, factual accuracy, and omissions before the final report was issued. SGS's Report does not comment on the 'fairness and reasonableness' of any transactions between Harena Resources and any other parties.

2.4 Data Sources

SGS has based its review of the projects on the information made available to the authors by Harena Resources, along with technical reports prepared by consultants, government agencies, previous tenements holders, and other relevant published and unpublished data. SGS has also relied upon discussions with Harena Resource's management for the information contained within this technical report. This Report has been based upon information available up to and including the stated Effective Date.

Much of the information summarised in this Report has been sourced from the previous NI 43-101 Technical Report completed by SGS (Desharnais et al. 2016).

SGS has endeavored, by making all reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this Report is based. Unless otherwise stated, information and data contained in this technical report or used in its preparation have been provided by Harena Resources in the form of documentation.

Descriptions of the mineral tenure, tenure agreements, encumbrances, and environmental liabilities were provided to SGS by Harena Resources or its technical consultants. Harena Resources has warranted to SGS that the information provided for the preparation of this Report correctly represents all material information relevant to the Project. Full details on the tenements are set out in the Solicitor's Report on Tenements in the Prospectus.

2.5 Site Visit

SGS did not consider that a current site visit was warranted as it was considered that a site visit would not reveal information or data material to the outcome of this Report as there has not been material exploration drilling or on-ground development completed on the Project subsequent to the 2013 site visit completed by Guy Desharnais for SGS and the 2014 NI 43-101 Technical Report completed by SGS. The Independent Specialists are satisfied that there is sufficient current information available to allow an informed evaluation to be made without an inspection.

2.6 Tenement Status Verification

Verification of information concerning Property status and ownership, which are presented in Section 4.5 below, has been provided to SGS by Allan Mulligan of Harena Resources in the form of a legal opinion obtained on February 2nd 2023 from Madagascar Conseil International. SGS only reviewed the land tenure in a preliminary fashion and has not independently verified the legal status or ownership of the Property or any underlying agreements or obligations attached to ownership of the Property. However, SGS has no reason to doubt that the title situation is other than what is presented in this technical report. SGS is not qualified to express any legal opinion with respect to Property titles or current ownership.

Details of the legal ownership of the mineral assets are dealt with in the Solicitor's Report in the Prospectus.

2.7 Effective Dates

The Technical Assessment Date of this Report is August 30th, 2024.
 The Effective Date of the current MRE, as detailed in this Report, is November 1st, 2023.

2.8 Project Team

This Report has been prepared by a team of consultant’s from SGS’s offices in Canada and the United States of America. Details of the qualifications and experience of the consultants who have carried out the work in the Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions are set out in Table 2-1.

Table 2-1 Independent Specialist Qualifications and Experience

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Yann Camus	Senior Engineer/ SGS	Mineral Resources and Geology	23 years in Mineral Resource estimation, open pit and underground production and reconciliation, and project evaluation	None	P.Eng. registered with the Ordre des Ingenieurs du Quebec—OIQ
Joseph Keane	Principal Process Engineer/ SGS	Metallurgical Testing and Processing	61 years –41years in consulting specialising in engineering design, metallurgical laboratory management, and technical reviews; 20 years in operations	None	P.E. Society for Mining, Metallurgy, and Exploration, Inc. (SME license No. 1682600) Registered Professional Metallurgical Engineer in Arizona (License No. 12979) Registered Professional Metallurgical Engineer in Nevada (License No. 5462)

2.9 Independence

The Independent Specialists have no material present or contingent interest in the mineral assets reviewed. Neither SGS nor the authors of this Report have or had previously any material interest in Harena Resources or the mineral properties in which Harena Resources has an interest.

For clarity, two of the authors of this Report have previously reviewed these mineral assets and completed Technical Assessments to estimate Mineral Resources and hence have a good understanding of the Project geology and Mineral Resources. SGS has previously completed metallurgical testing on the Project in the period from 2013 to 2014 to evaluate appropriate mineral processing systems for the Project.

This Report was commissioned by Harena Resources on a fee-for-service basis according to SGS' schedule of rates depending on the consultant's skills and experience. SGS' fee is not contingent on the outcome of the initial public offer to be conducted by Harena Resources.

2.10 Disclaimer and Indemnities

SGS’s opinion contained herein is based on information provided to SGS by Harena Resources throughout the course of SGS’s investigations as described in this Report, which in turn reflect various technical and

economic conditions at the time of writing. Such technical information as provided by Harena Resources was taken in good faith by SGS. SGS has recently recalculated the Mineral Resources (October 2023) and has independently assessed the reasonableness of the estimates.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages, and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SGS does not consider them to be material.

As far as SGS has been able to ascertain, the information provided by Harena Resources was complete and not incorrect, misleading, or irrelevant in any material aspect.

Harena Resources has confirmed to SGS in writing that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Harena Resources was complete, accurate, and true and not incorrect, misleading, or irrelevant in any material aspect. SGS has no reason to believe that any material facts have been withheld.

As recommended in by the VALMIN Code (2015), Harena Resources has provided SGS with an indemnity under which SGS is to be compensated for any liability and/or any additional work or expenditure, which:

- results from SGS's reliance on information provided by Harena Resources and/or independent consultants that are materially inaccurate or incomplete; or
- relates to any consequential extension of workload through queries, questions or public hearings arising from this Report.

The opinions expressed in this Report are appropriate as of the Effective Date. The Report is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results.

2.11 Consent

SGS consents to this ISR being included in a prospectus issued by the Company and distributed, in full, in the form and context in which it is provided.

SGS provides this consent on the understanding that the Technical Assessment expressed in the individual sections of this ISR will be considered with, and not independently of, the information set out in full in this report.

2.12 Units and Abbreviations

All units of measurement used in this technical report are in metric. All currency is in US dollars (US\$), unless otherwise noted.

Table 2-2 List of Abbreviations

t or Tonnes	Metric tonnes	Sc	Scandium
Mt	Million tonnes	Y	Yttrium
tpd	Tonnes per day	La	Lanthanum
kg	Kilograms	Ce	Cerium
g	Grams	Pr	Praseodymium
NSR	Net Smelter Return	Nd	Neodymium
M	Metres	Pm	Promethium
cm	centimetre	Sm	Samarium
mm	millimetre	Eu	Europium
Km	Kilometre	Gd	Gadolinium
L	Litre	Tb	Terbium
mL	Millilitre	Dy	Dysprosium
ppm	Parts per million	Ho	Holmium
N	North	Er	Erbium
E	East	Tm	Thallium
S	South	Yb	Ytterbium
W	West	Lu	Lutetium
ha	Hectare	Hf	Hafnium
m ³	Cubic metres	Ta	Tantalum
CAD\$	Canadian Dollars	W	Tungsten
MGA	Malagasy Ariary	Th	Thorium
QA	Quality Analysis	U	Uranium
QC	Quality Control	Zr	Zirconium
%	Percent	Nb	Niobium
°	Degrees	Ti	Titanium
°C	Degrees Celsius	In	Indium
CoG	Cut-Off Grade	Be	Beryllium
TREE	Trace Rare Earth Elements	TREO	Trace Rare Earth Oxides
HREO	Heavy Rare Earth Oxides	CREO	Critical Rare Earth Oxides
LREE	Light Rare Earth Elements	HREE	Heavy Rare Earth Element

3 HARENA RESOURCES PTY LTD

Harena Resources is an Australia-based, exploration and development company, focused on the development of critical rare earth element mineral projects. The Company was originally incorporated as Harena Resources Pty Ltd in Australia on 21 April 2022 under the Australian Corporations Act (2001). At the time of writing, the Company's key asset is a 75% ownership of the development-stage Ionic Clay rare earth element ("REE") Ampasindava deposit located in Antsiranana Province, Madagascar.

The Company is headquartered in Perth, Australia, and the shares of the Company are currently privately held. The Company is subject to an offer from London listed exploration Company Citius Resources PLC (LSE:CRES) with its primary rare earth element mineral asset in Madagascar considered to be prospective for future development.

3.1 Business Strategy

After being acquired by CREC, the Company intends to increase shareholder value by utilizing the proceeds generated from a fundraising to continue with the development of the Ionic Clay REE Ampasindava deposit in Madagascar. Initial development activities will consist of the commencement of an accelerated Feasibility Study ("FS"), a new Environmental and Social Impact Assessment ("ESIA") Plan, validation of metallurgical test work with new samples, and the engineering design and planning for a Demonstration Plant.

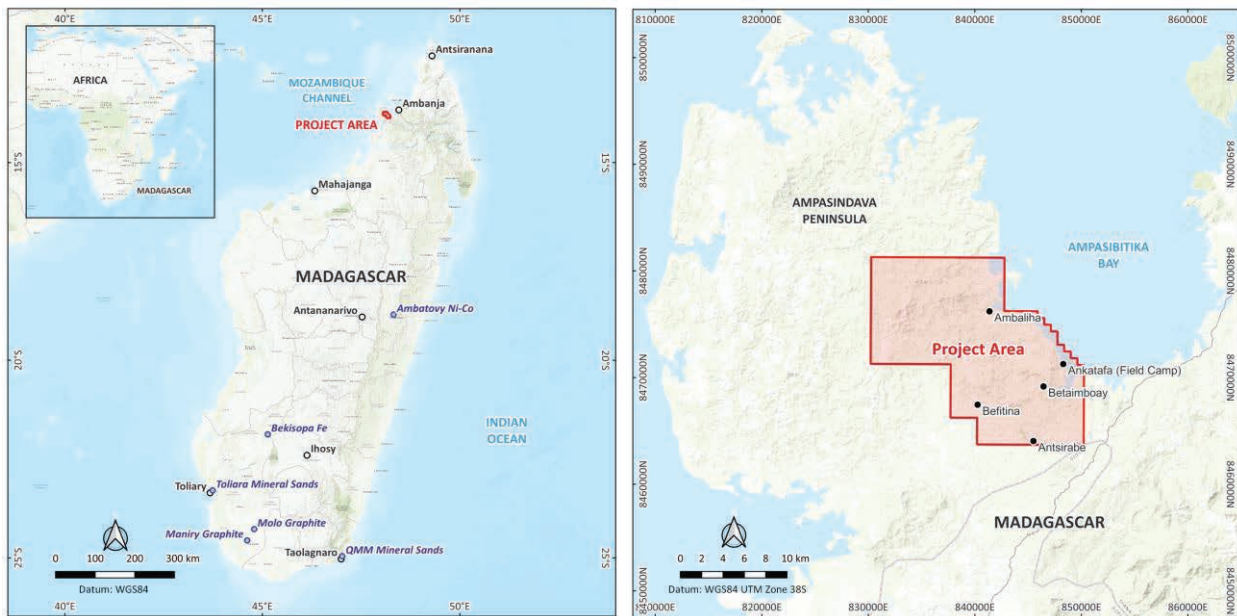
4 PROJECT SETTING

4.1 Location and Access

The Ampasindava project is located in the eastern part of the Ampasindava Peninsula, Antsiranana Province on the northwest coast of Madagascar, approximately 500 km north of Madagascar’s capital city Antananarivo (Figure 4-1). The nearest major town and administrative centre of the region is called Ambanja and is located some 40 km to the northeast of the project area.

The Property is centered at approximately 13.8421°S latitude, 48.1459°E. Alternatively the coordinates in WGS84 UTM Zone 38S are 191,500 m E; 8,467,900 m N, and coordinates in the local Laborde coordinate system are 584,898 (X), 1,358,752 (Y).

Figure 4-1 Project Location Map

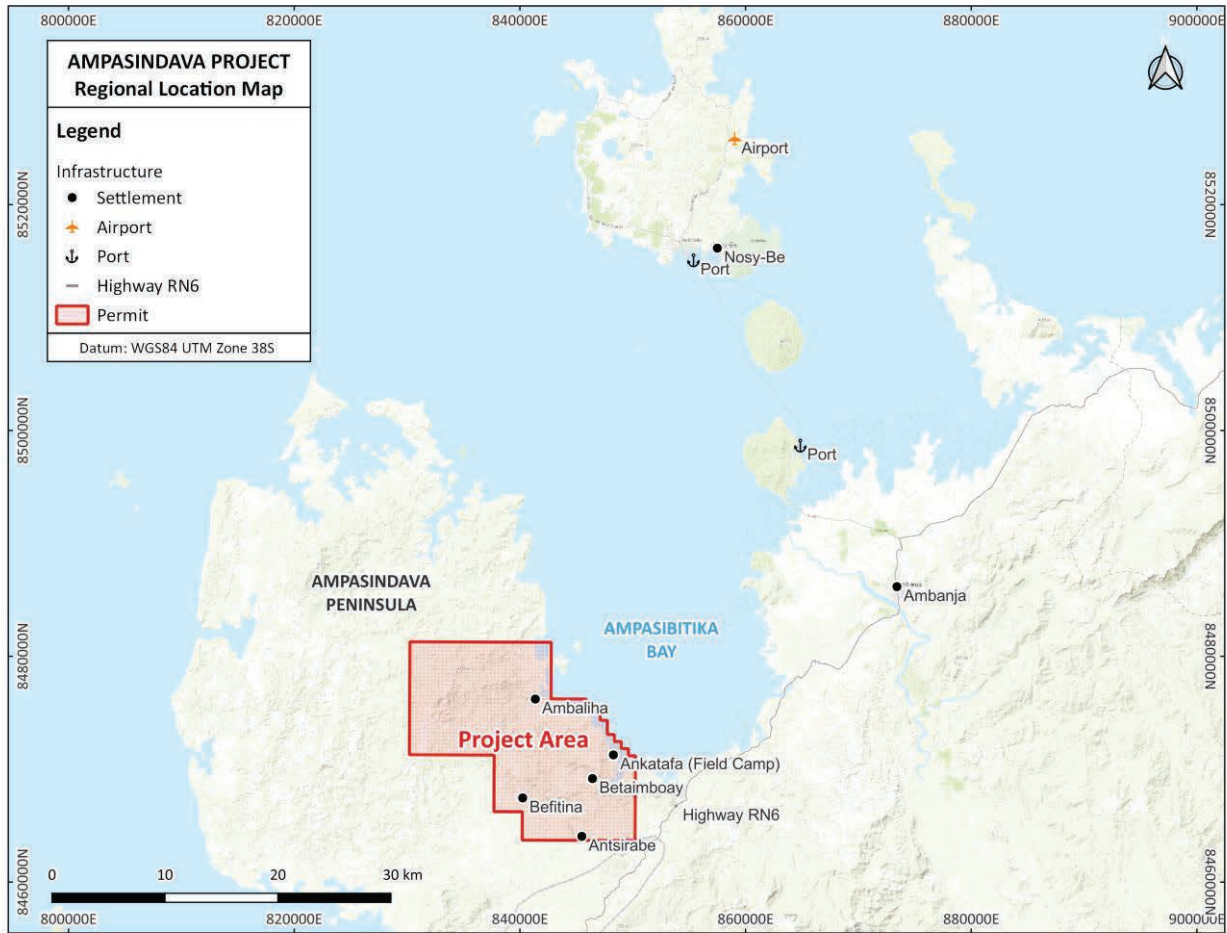


The nearest international airport to the project area is Fascene, located on the island of Nosy Be (Figure 4-2). Airlines that currently operate include Air Madagascar, Air Austral and Air Italy with destinations including Antananarivo, La Reunion, Mauritius, Johannesburg, Milan and Rome.

Access from Nosy Be to the project area is by boat and Harena Resources has its own craft for this purpose. The travel time from the port of Madirokely in the southwest of Nosy Be to the project area is approximately 50 minutes, corresponding to a distance of approximately 40 kilometres.

Road access to the project area requires the use of a 4x4 vehicle along a purpose-built track that connects to the main Route Nationale 6 (N6) highway approximately 30 km southwest of Ambanja. The main highway passes within 2 km of the southeast corner of the project area (Figure 4-2). Vehicular access around the project area is limited to a few dirt tracks. These are passable using 4x4 vehicles only and restricted to dry conditions. Most access around the project area is on foot.

Figure 4-2 Regional Project Location Map



4.2 Climate and Physiography

The climate in Madagascar can be broadly divided into two distinct seasons: a dry season and a wet season. The dry season typically occurs between April and October and the wet season from November to March. The rainy season is generally very wet and accompanied by high temperatures on account of the eastern trade winds and cyclonic influence. Typically, the weather is warm all year round due to the country’s position astride the Tropic of Capricorn. However western coastal areas can become very hot during the summer dry season. Annual rainfalls are more than 3000 mm in the eastern coastal plains, around 1500 mm in the central plateau and less than 500 mm in the western coastal plains.

The Ampasindava project area is associated with an average annual temperature of greater than 25°C and rainfall exceeding 2000 mm per year, conditions that are conducive to the weathering of the bedrock and the formation of regolith.

The majority of the project area is relatively rugged with elevations ranging from sea-level to 713 m with the highest elevations found in the northwest of the project area. The rugged terrain can make access to certain parts of the project area problematic, particularly in the rainy season. The most characteristic physiographical feature in the project area is a 6 km wide, circular caldera which corresponds to the southeast part of the Ambohimirahavavy igneous complex (Figure 4-3) (Gilbertson 2013).

Figure 4-3 Photograph of the Ambohimirahavavy Igneous Complex Caldera (Gilbertson, 2013)



The majority of the project area is covered by secondary vegetation including bamboo, traveller's palms and other species. The original primary forest is restricted to a few mountain tops and a small area in the extreme northwest. Original primary forest covers less than 20 km² of the 237.5 km² project area. Please note that no sampling was done in the primary forest areas and therefore this area is not included in the mineral resource statement. Malagasy environmental legislation protecting these areas does not restrict exploration activities in the vast majority of the project area, but it was decided by previous operators to leave them undisturbed. Shallow tidal areas in bays in the coastal areas are covered by mangroves.

Slash and burn agriculture is very common throughout much of the permit area, increasingly evident as areas of barren ground (Figure 4-4).

Figure 4-4 Photographs of a General View of the Eastern Part of the Ampasindava Project Taken in December 2013.



Note: Top image shows a sector burned to prepare for planting rice with a bamboo stand in the bottom of the valley. Bottom image is taken from the eastern limit of the caldera showing a patchwork of vegetation from the rotating agriculture usage.

4.3 Local Resources and Infrastructure

Ambanja represents the logistical centre of the region with infrastructure that includes a hospital, banks, restaurants, hotels and courier services, and so forth. There is only very limited infrastructure within the project area. Four semi-permanent field camps, including the Ankatafa Camp (Figure 4-2), were previously constructed in strategic locations to support exploration activities.

Mobile telephone networks are available in parts of the project area and at the Ankatafa camp, but signal reception is sporadic and weak. Internet access is only possible through the mobile network.

4.4 Mining Industry in Madagascar

Madagascar has good potential to discover and develop new deposits for a range of commodities, although its mining industry remains relatively underdeveloped. The country currently has mines producing nickel, chromium, cobalt and ilmenite ores and has other large deposits containing gold, nickel-cobalt, heavy mineral sands (titanium), bauxite, copper, lead, manganese, platinum, zinc, zirconium, coal and petroleum products. It is noted for its production of good quality chemical and metallurgical grade chromite, high-grade crystalline flake graphite and mica, and has an abundance of semiprecious stone deposits.

In 2016, Madagascar played a significant role in the world's production of cobalt, ilmenite, mica, and nickel. The country's share of world production of mica amounted to about 6%; mined and refined cobalt; 3% each; and ilmenite and mined nickel, 2% each (USGS, 2021). Production from the Ambatovy nickel-cobalt project, run by the mining company Ambatovy (Sumitomo Corporation) ranks among the largest in the world (EITI, 2023). Other notable projects include the large ilmenite and mineral sands mine run by QIT Madagascar Minerals (Rio Tinto) at Fort Dauphin, and the Molo Graphite mine in the province of Toliara run by NextSource Materials.

In 2018, Madagascar's mining sector accounted for 4.6% of GDP, 4.4% of total government revenues, and 28% of total exports. The country is also considered to be a new frontier for oil and gas prospecting, but oil exploration remains limited (EITI, 2023).

In line with its overall policy defined in 1998 in the Document Cadre de Politique Economique (DCPE), the five-year Mining Sector Reform Project (MSRP), led in part by the World Bank Group, assisted the Government in setting up a legal and regulatory framework conducive to private investment in the area of mineral resources with the aim of attracting large-scale mining projects. Another key objective was to shift the role of the State from operator to regulator and promoter of sustainable minerals development. Many of the World's economic development agencies such as USAID, International Monetary Fund and World Bank Group committed significant investments and resources to improve the sector.

Reforms, supported by the MSRP, include:

1. a new Mining Code and its regulations, which have established an adequate legal and regulatory framework to attract private investment into mining, including environmental regulations for mining, published jointly by the Ministry of Environment and the Ministry of Energy and Mines;
2. a special law for large-scale mining investments, defining an attractive special investment regime for mining in Madagascar, and providing for a fair share of revenues between the central and provincial Governments and the private sector; and
3. improved governance through the establishment of the Mining Cadastre, a non-discretionary and transparent system to grant, manage and cancel mining permits.

The most recent reforms to the Madagascar Mining Code were ratified in 2005. Subsequent reform of this legislation began in 2019 and at time of writing in 2023 the revised draft Mining Code legislation had been signed by Madagascar's President Andry Rajoelina and awaits ratification by the Senate. This Mining Code

update has resulted from the Malagasy Council of Ministers approving the Ministry of Mines and Strategic Resources to resume processing applications for all mining permits on March 30, 2023. Key changes to the Mining Code include the Mining Royalty increased from 2% to 5% and the introduction of a 3% Social and Community Mining Investment fund, based on each project's capital cost.

Recent Validation by the global Extractive Industries Transparency Initiative (EITI) of Madagascar's extractive sector relative to the 2016 EITI Standard, a global standard for the good governance of oil, gas and mineral resources, found the country to have made 'Meaningful Progress' in June 2020. The country's next Validation, relation to the EITI Standard, was expected to commence in April 2023 (EITI, 2023).

In summary there are some significant projects at advanced or development stages in Madagascar and there appears to be willingness from foreign companies to invest in large projects. This has no doubt been helped by the recent reforms of the Malagasy Mining Code.

However, the main factors contributing to the underdevelopment in the mining sector include the need for major infrastructure upgrades, its poor electrical power distribution systems, under-funded health and education facilities, difficulties in reforming the economy and dealing with chronic malnutrition, deforestation, land erosion and population growth.

4.5 Ownership, Land Access, and Tenure

The Cadastral Mining Office of Madagascar, BCMM, Ministry of Mines and Strategic Resources, grants subsoil use rights and manages mining licenses. New licenses are normally issued on a first come first served basis. However, the issuance of new licenses in the mining sector has been suspended by the government for several years (EITI, 2023).

The Ampasindava Project comprises one exploration licence (permit PR 6698) made up of 608 contiguous 625 m by 625 m unit blocks that encompass a total area of 237.5 km² (Figure 4-5). The permit is currently granted as a "Permis de Recherche" (research permit), exploration licence, or PR, which grants the exclusive right for prospecting and research.

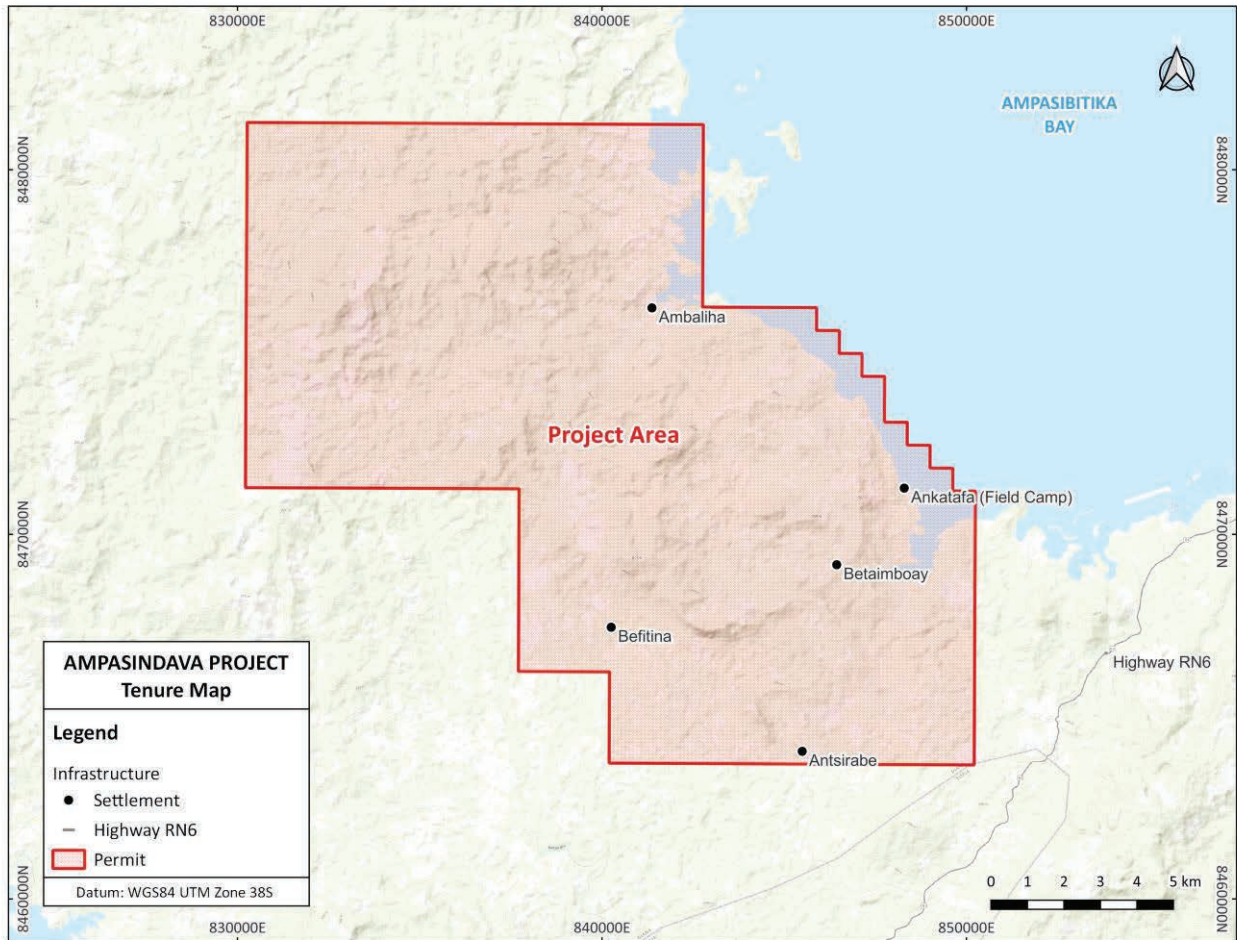
The permit was originally granted in 2003, under the regime of the 1999 Mining Code for a period of 10 years with the provision for two additional 5-year term extensions. An amended Mining Code came into force in 2005 with the resultant change being that term renewals of PR 6698 would be for 3-year terms, with renewal terms initiating upon the mining registrar signing date. The first permit renewal application was in 2012 (signed in 2014) and the second in 2016 (signed in 2018) (MCI, 2023).

In keeping with article 33 of the 2005 Mining Code, the exploration licence (PR 6698) cannot be renewed for a third time; however, it can be converted to an exploitation licence (PE). Exploitation licences provide the tenure holder with the right to mineral extraction and concomitant exploration for an initial term of 40 years, with provisions for term renewal. A valid application for a permit conversion of PR 6698 to an exploitation license was filed on September 18, 2020 (MCI, 2023). At the Effective Date of this Report the permit conversion procedure remains in process.

The permit was originally held by Calibra Resources and Engineers Madagascar SARL and was subsequently acquired by Zebu Metals Limited in January 2008. Tantalus Rare Earth AG acquired Zebu Metals and the Project in October 2009. The Project was previously known as the Tantalus Rare Earth Ionic Clay project.

The current 100% beneficial owner of exploration licence PR 6698, currently under conversion to an exploitation licence, is Reenova Rare Earth (Malagasy) Sarl.u ("RREM"), a Malagasy company. Harena Resources Pty Ltd have acquired the parent company of RREM to hold a 75% interest in the Property.

Figure 4-5 Claim Map for the Exploration Licence PR6698 (Ampasindava Project)



4.5.1 Other Land Uses

Harena Resources is required to continue engaging with the local communities (many small communes) and local landowners to gain access to exploration targets and for the development of project infrastructure. The Company is obligated by law to get permission from landowners prior to doing any exploration work. Previous operators have engaged in discussions with local and national governments to establish the framework for continued work on these lands and Herena Resources is advised to continue with this engagement process.

4.5.2 Royalties

There are no known royalties on the project.

4.6 Project History

An overview of the Ampasindava Project exploration history is listed in Table 4-1.

Table 4-1 Ampasindava Project Exploration History

Ampasindava Project Exploration History	
2003	Exploration licence (PR 6698) originally acquired by Calibra Resources and Engineers
2008	In January 2008 Zebu Metals acquired the Project from Calibra Resources and Engineers; Stream and beach sediment sampling (5), one trench excavated that confirmed significant REE mineralisation (up to 0.2% TREO), mini bulk samples (2) of granitic intrusive for geochemical analysis, airborne magnetic and radiometric surveys
2009	Geological interpretation of the magnetic and radiometric surveys; In October 2009 Tantalus Rare Earths AG acquired Zebu Metals and the Project
2010	Mineralogical test work focused on regolith-hosted ionic adsorption-type REE mineralisation
2010-2011	Diamond Drilling – 277 holes (NW, NTW, and BTW) completed to test for the presence of bedrock-hosted REE mineralisation
2012	Initiation of metallurgical test work regolith-hosted ionic adsorption-type REE mineralisation
2011-2013	Pitting – 4,474 manually excavated pits dug to assess regolith- hosted REE mineralisation
2013	Initial Mineral Resource Estimate completed by SRK
2013-2014	Advanced metallurgical test work to assess the amenability of the deposit to leach processing methods
2014	Updated Mineral Resource Estimate completed by SGS

4.7 Regional Geological Setting

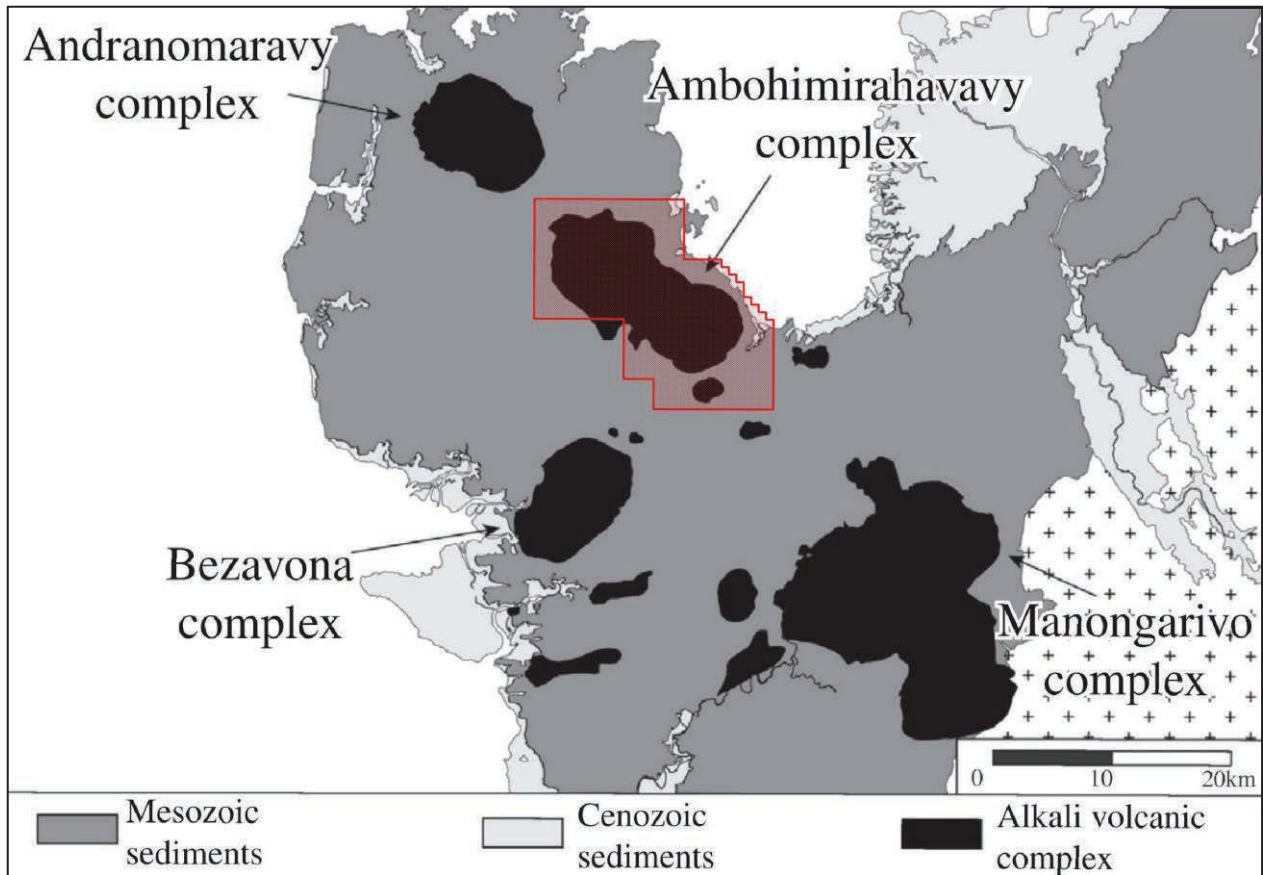
Northern Madagascar is dominated by Mesozoic sediments that were deposited in a predominantly marine environment and include mudstone, siltstone, limestone, sandstone and marl.

In the late Cenozoic, the central and northern parts of Madagascar were subject to uplift and rifting that resulted in the development of horst and graben structures. This extensional regime was also accompanied by intra-continental volcanism and the emplacement of numerous igneous complexes, including several that occurred along a roughly linear southeast-northwest trending zone between the Nosy Be archipelago and Antongil Bay. The chronology of the emplacement of the igneous complexes is poorly constrained, but thought to have occurred between the Eocene and Late Miocene (Ganzeev and Grechishchev, 2003 and Melluso, et al., 2007).

The igneous rocks are very diverse and range in composition from mafic-ultramafic (olivine melilitite, olivine nephelinite, basanite, tephrite, alkali basalt and hawaiite) to intermediate (tephritic phonolite and phonolite) to acidic (quartz trachyte and rhyolite).

In the region of interest the igneous rocks form part of what is called the Ampasindava alkali-bearing province that predominantly occupies the Ampasindava peninsula (Figure 4-6). The Ampasindava igneous rocks occur as massifs and include alkali syenite, foid syenite, alkali granite, gabbro, alkali trachyte, phololite, rhyolite and volcanic breccia. One of these massifs is called the Ambohimirahavavy igneous complex and occurs almost entirely within the Ampasindava project area.

Figure 4-6 Simplified Geological Setting of the Ampasindava Peninsula (after Estrade et al, 2013), Project area in Red.



4.7.1 Deposit Model

4.7.1.1 Deposit Summary

The Ampasindava project area is underlain by the Ambohimirahavavy igneous complex that encompasses an area of approximately 150 km². Significantly, it includes alkaline and peralkaline rocks that are mineralised with REE and other rare metals (including tantalum, niobium and zirconium).

The presence of a favourable sub-tropical climate has resulted in the development of widespread regolith. Based upon the available drilling and test pitting data, the thickness of the regolith averages approximately 13.5 m, but has attained thicknesses of greater than 40 m. The regolith profile is well- developed and comprises recognised subdivisions that include soil, ferruginous, mottled and pallid zones, saprolite and saprock. The distribution of REE mineralisation within the regolith profile is erratic, but generally increases with depth. Preliminary mineralogical and metallurgical testwork has confirmed the presence of REEs that are ionically-adsorbed onto clay minerals. The testwork has also proven that the REEs can be recovered using comparatively inert solutions that include sodium chloride and ammonium sulphate.

4.7.1.2 Geological Characteristics

The REE-enriched source rocks of the Ambohimirahavavy igneous complex were emplaced as a result of intra-continental extension that induced rifting and related volcanism. The main source rocks are alkaline and peralkaline granitic dykes and sills (locally and historically termed fasibitkite), but also includes the more

fractionated parts of the complex. Major southeast-northwest structures appear to have imposed a fundamental control on the location of the complex.

Subordinate structures may have influenced the location of the mineralised dykes and sills and acted as preferential pathways for post-intrusive hydrothermal fluids. The mineralised source rocks were subject to intense weathering due to the sub-tropical climate (average temperatures of higher than 25°C and rainfall exceeding 2000 mm per year) that resulted in the development of widespread and typically thick regolith.

4.7.1.3 Mineralisation Characteristics

Geometrically the regolith profile in the Ampasindava project area ranges in thickness from 0 m to more than 40 m. Based upon the available drilling and test pitting data, the average thickness is approximately 13.5 m. The profile is well-developed and includes recognised subdivisions. The two primary subdivisions are the pedolith and the saprolite. Secondary subdivisions of the pedolith (from the surface downwards) include soil, a ferruginous zone, a mottled zone and a pallid zone. Secondary subdivisions of the saprolite include saprolite and saprock.

The entire regolith profile contains REE mineralisation, but its distribution is typically quite erratic. Despite this, general trends are present with REE content typically increasing with depth and then decreases approaching the un-weathered bedrock. This trend also corresponds to the enrichment of HREEs relative to LREEs with depth. The two fundamental controls on the formation of ion adsorption REE mineralisation are the availability of an REE-enriched source rock and in-situ sub-tropical weathering conditions that enable the liberation and mobilisation of the REEs and their preferential adsorption onto the surfaces of clay minerals. Both of these essential components are present in the Ampasindava project area.

4.8 Commodity Background and Markets

4.8.1 Critical Rare Earth Elements

The rare earth elements (REE), sometimes referred to as the rare earth metals, are a family of 17 chemically similar metallic elements comprising 15 elements in the lanthanides group, plus scandium and yttrium. The lanthanides are elements with atomic numbers 57 to 71 and comprise lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), promethium (Pm), samarium (Sm), europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb) and lutetium (Lu). Scandium (Sc) and yttrium (Y) are considered REE as they have similar chemical properties to the lanthanides.

The rare earth elements are commonly divided into light rare earth elements (LREE) and heavy rare earth elements (HREE) on the basis in their atomic numbers. However, the formal definition of what constitutes LREE or HREE is not consistent. In the context of this report, and consistent with the majority of published definitions, LREE include rare earth elements with atomic numbers between 57 and 62 (i.e. La, Ce, Pr, Nd, Pm and Sm). HREE include rare earth elements with an atomic number of 63 or greater (i.e. Eu, Gd, Tb, Dy, Ho, Er, Th, Yb and Lu) plus Y.

Rare earth elements do not occur naturally as metallic elements, they occur in a range of minerals that include carbonates, halides, oxides and phosphates. A total of approximately 200 REE minerals have been identified.

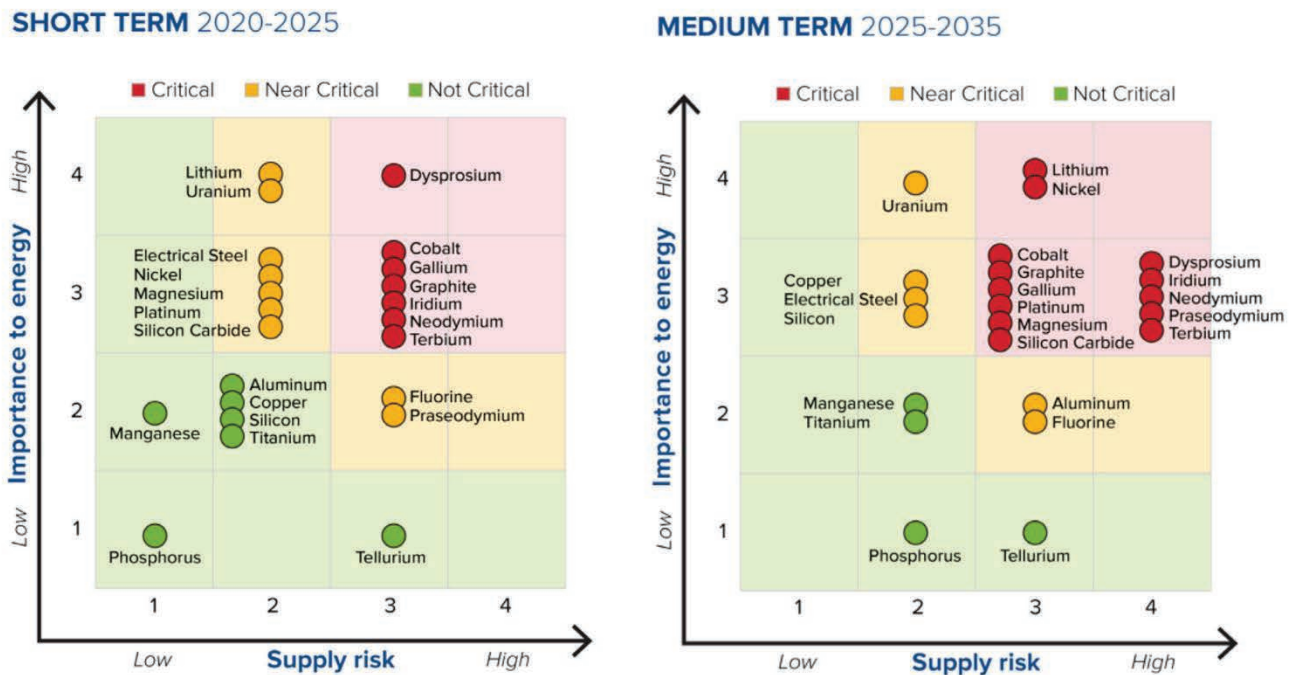
While each REE is used in different applications, four elements – neodymium, dysprosium, praseodymium, and terbium – are of particular importance to the clean energy sector (EIA, 2021). Since the mid-1990s, China had emerged as a major producer. Its share of global production rose to over 95% in 2010, since then its share has fallen to just over 60% in 2019, as the United States, Myanmar and Australia started to boost production (USGS, 2021). However, separation and refining operations are still heavily concentrated in China, with almost 90% market share in 2019. There are currently four plants operating outside China.

These plants, however, process only light REEs and the processing of heavy REEs is entirely dominated by China (EIA, 2021).

China’s attempt to limit REE exports in 2010 triggered many countries to consider options to reduce material intensity, find substitutes and diversify sources of production. Some 20 projects are under development in Australia, Canada and the United States, of which 5 projects plan to start operations in the early 2020s. Several processing plants are also under development, most notably in the United States (EIA, 2021).

In the 2023 Critical Materials Report from the U.S. Department of Energy, it was reported that three of the 17 rare earth elements were found to be critical in terms of supply risk in the short term (2020 to 2025), with four rare earth elements identified as critical into the medium term (2025 – 2035) (Figure 4-7). These elements are termed “critical” because of their scarcity. This, combined with anticipated growth in demand, makes these higher valued elements the ones expected to experience the best price performance over the next decade. As shown in the criticality matrix below, those elements deemed critical over the next decade are: dysprosium, neodymium, praseodymium, and terbium. These four rare earth elements are used in magnets for wind turbines and electric vehicles or phosphors in energy-efficient lighting.

Figure 4-7 2023 Short- and Medium-Term Mineral Criticality Matrices (US Department of Energy, 2023)



The Ampasindava Ionic clay project displays a pervasive and well-balanced rare earth distribution that is prevalent throughout the deposit. The deposit includes appreciable amounts of the critical rare earths dysprosium, neodymium, praseodymium, and terbium as defined by the U.S. Department of Energy.

The Ampasindava Project is one of relatively few projects of ionic clay hosted REE deposits outside of China. This sets it apart from most of the developers vying to be a stable source of these metals (particularly the HREE) for the western world.

5 AMPASINDAVA PROJECT

5.1 Overview

The Ampasindava Project was first recognised for hosting mineralised dykes hosting high-grade Rare Earth Elements (REE) in fresh rock. REE hosted within the regolith (or soil profile) was recognised in 2012; and it has become clear that this “ionic clay” style of mineralization has the most significant economic potential. The ionic clays are most important mineralization type for the Project due to the relatively simple process required to put the REE into solution and the fact that neither thorium nor uranium is concentrated through this process; this is in stark contrast to most REE deposits being developed or promoted in the western world. Additionally, the geological setting of the Ampasindava Project is analogous to the source of most of the Heavy REE (HREE) currently produced in China.

5.2 Project Geological Setting

5.2.1 Lithology

The Project area is underlain by Jurassic sediments into which the Ambohimirahavavy igneous complex has intruded. The Jurassic Isalo Group sediments are dominated by mudstones and siltstones that are interbedded with sandstones, marls and minor limestone. They comprise an estimated thickness of approximately 2500 m and dip westwards between 5° and 30° (Ganzeev and Grechishchev, 2003). Aside from localised skarn development adjacent to some of the intrusive rocks, the sediments are unmetamorphosed.

The crudely oval Tertiary Ambohimirahavavy igneous complex is approximately 20 km in length, up to 8 km in width, elongated in a southeast-northwest orientation and encompasses an area of approximately 150 km². The complex consists of two arcuate intrusions comprising predominantly syenites known as the Ampasibitika intrusion in the southeast and the Tsarabariabe intrusion in the northwest. These intrusions are characterised by central depressions that are interpreted to be calderas and include volcanic rocks of predominantly trachyte composition. Several smaller intrusions (several hundreds of metres across) of alkali granite and alkali quartz syenite occur within the complex.

Based upon an interpretation of available geophysical data (airborne magnetic survey and radiometric survey), the Ampasibitika intrusion is near-circular with a diameter of 7.2 km (Earthmaps Consulting, 2009). Magnetic data shows that it has a well-defined outer rim of magnetic syenite and an inner, almost circular, core of non-magnetic granite/rhyolite and syenite. The magnetic syenite is more resistant to weathering and forms high terrain, while the non-magnetic granite and syenite are more susceptible to weathering and form low terrain in the centre of the intrusion. The exception is a small central rhyolite pipe which forms a cone of high terrain in the centre of the intrusion. However the rhyolite cannot be distinguished from the non-magnetic granite and syenite in the magnetic or radiometric survey data.

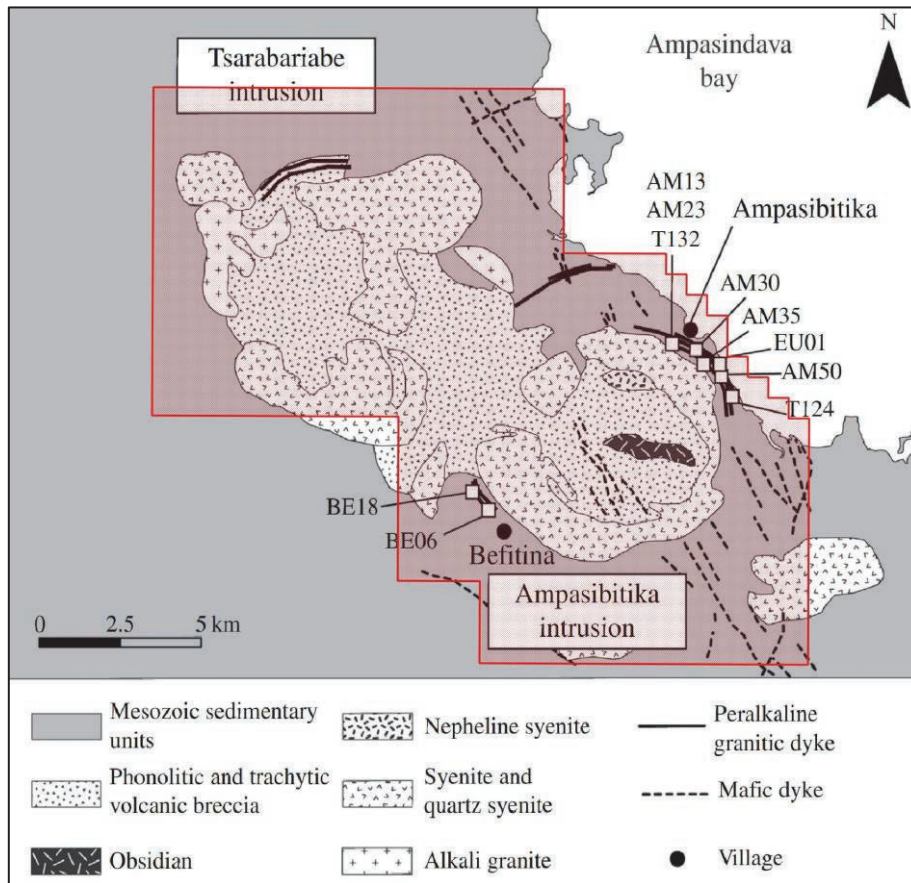
The Tsarabariabe intrusion is much larger and more complex than the Ampasibitika intrusion. It measures approximately 8 km by 12 km and consists of several different intrusions of which at least four can be discerned in the geophysical data. Within the Tsarabariabe intrusion the correlation of magnetic syenite and higher topographic terrain still broadly hold. However it is less consistent than in the Ampasibitika intrusion. The intrusive centre mapped as strongly magnetic syenite occupies low topographic terrain, as do the much smaller, strongly magnetic syenites northeast of the igneous complex.

Together with the Ampasibitika intrusion a total of seven distinct intrusives have been interpreted from the geophysical data (Figure 5-2). The published 1:100,000 scale geological map for the Project area is provided in Figure 5-1.

Associated with and often bounding the igneous complex are a variety of dykes and sills that have also intruded the Isalo sediments. These have compositions that include trachyte, microsyenite, trachyphonolite and granite. The peralkaline granitic varieties, locally termed fasibitikite (Lacroix, 1922), are particularly

significant from an economic perspective as they contain rare earth elements and other “rare metal” mineralisation, including tantalum (Ta), niobium (Nb), zirconium (Zr), hafnium (Hf), gallium (Ga), uranium (U), thorium (Th) and tin (Sn).

Figure 5-1 Map Showing the Geological Setting for the Ampasindava Project Area (after Estrade et al, 2013), Project area in Red.



The peralkaline granitic dykes and sills are best exposed between the Joja and Ankobabe Rivers in the vicinity of Ampasibitika village where they have been delineated over an area approximately 300 m wide and intermittently up to 8 km along strike. The southeast-northwest strike of the dykes and sills corresponds to the contact of a large semi-circular alkali-syenite intrusion (the Ampasibitika intrusion). This contact dips westward approximately 40° and obliquely cuts the adjacent sedimentary rocks (Figure 5-3). All of the Ambohimirahavavy igneous complex syenites are coarse-grained to pegmatitic and composed of idiomorphic microperthite K-feldspar and strongly xenomorphic subalkalic amphibole.

The mineralised peralkaline granitic intrusives generally dip between 15° and 55° towards the igneous complex and their thicknesses range from a few millimetres to over 15 m, although are more typically between 0.1 m and 2.5 m thick. The dykes and sills often have quite complex morphologies with pinches, swells and branches and have zonal internal structures. They can occur as a series of stacked intrusives but in places they are observed to be anastomosing and with very erratic orientations, having followed pre-existing discontinuities in the country rock. Where the intrusives have intruded calcareous country rocks there is localised skarn development, but where they have intruded other types of sedimentary rock no alteration is evident. Intrusion into larger trachyte bodies has resulted in localised and weak fenitisation.

Studies completed by the University of Toulouse have confirmed that the primary magmatic assemblage within the peralkaline granitic dykes and sills includes alkali feldspar, arfvedsonite (a variety of sodium

amphibole), aegirine (a variety of clinopyroxene) and quartz (Estrade, 2011 a). Identified accessory minerals include chevkinite, eudialyte, monazite, pyrochlore and zircon. Field studies identified three textural varieties of peralkaline granite: fine-grained, banded and pegmatitic, with the latter including large arfvedsonite crystals up to 20 cm in length.

Figure 5-2 Map Showing the Geological Interpretation for the Ampasindava Project Area (after Earthmaps Consulting, 2003)

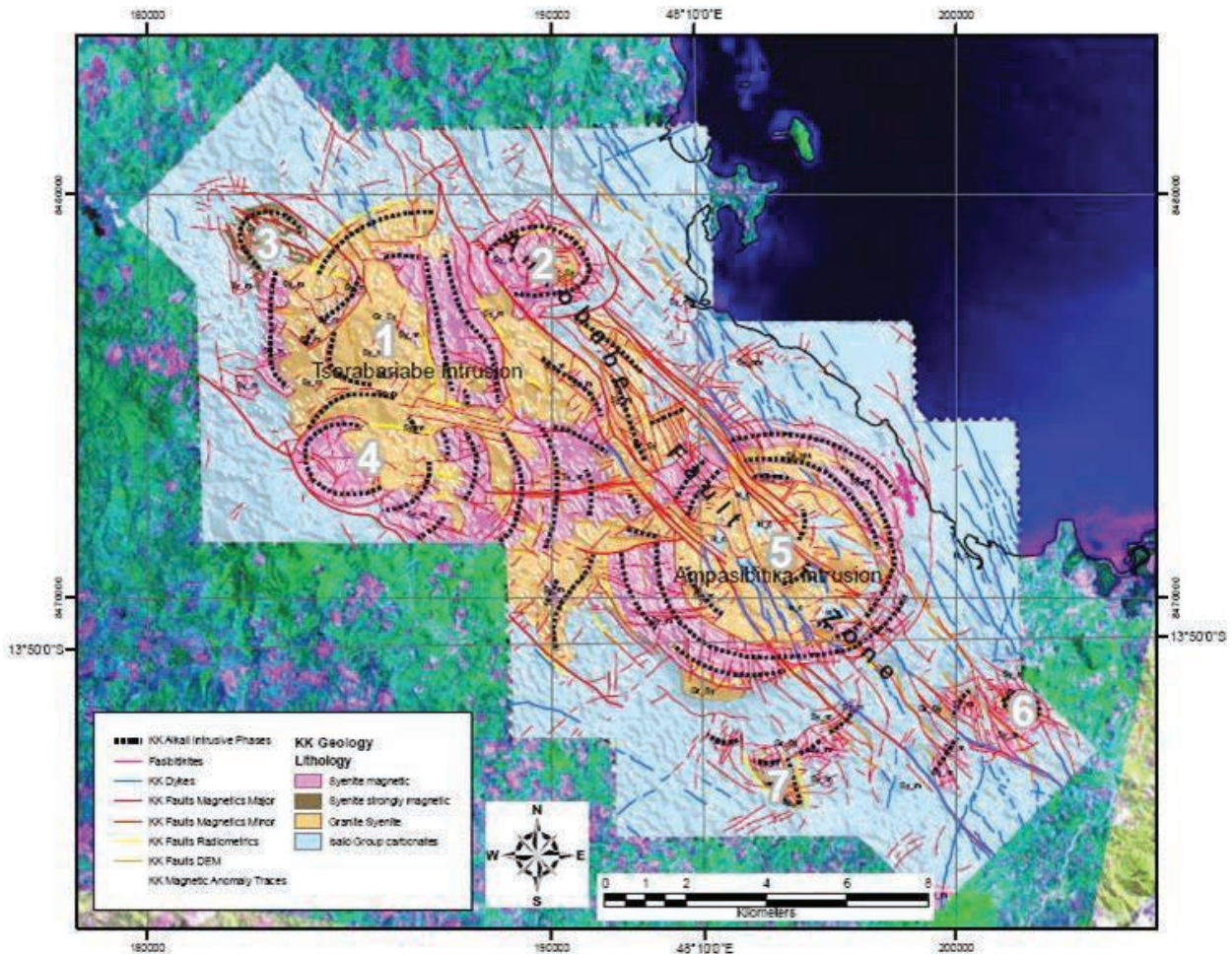
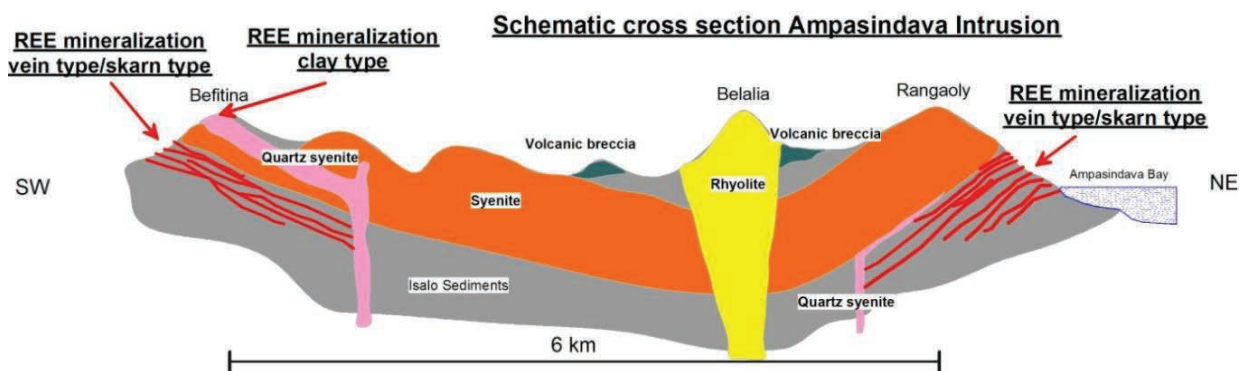


Figure 5-3 Schematic Cross-section of the Ambohimirahavavy Igneous Complex (modified from OMNIS-SM, 1992) (Gilbertson, 2013)



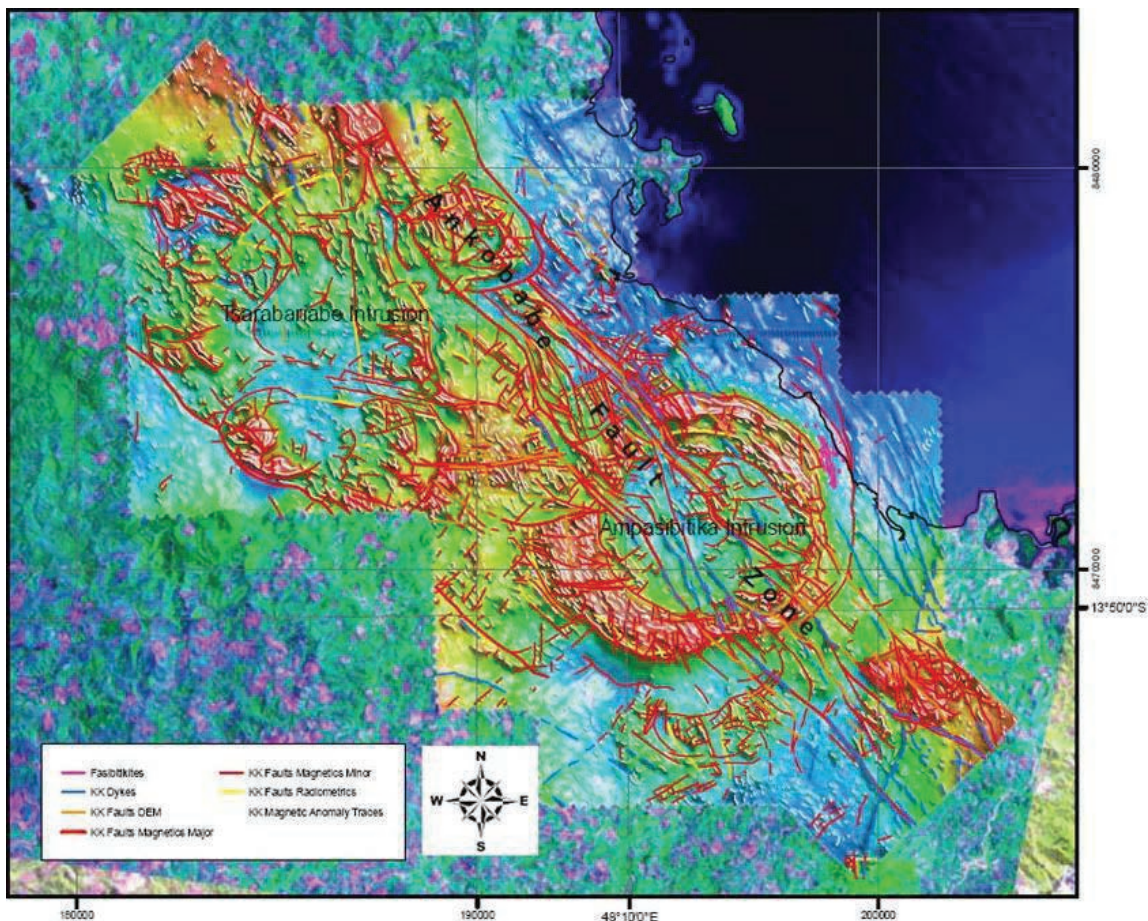
5.2.2 Structure

The most comprehensive account of the structural setting of the project area is provided by the interpretation of the available geophysical survey data (Earthmaps Consulting, 2009).

The Ambohimirahavavy igneous complex is affected by numerous structures (Figure 5-2, Figure 5-4). Both arcuate and concentric structures are evident and help to define the individual circular to sub-circular Ampasibitika and Tsarabariabe intrusive centres.

The most conspicuous structural feature is a 1.5 km to 2.5 km wide southeast-northwest trending fault zone which cuts across the north-eastern margin of the Tsarabariabe intrusion and through the Ampasibitika intrusion, hereafter called the Ankobabe Fault Zone (named after a nearby village). This fault zone is characterised by numerous sub-parallel major and minor faults clearly evident from the disruption and termination of magnetic and radiometric anomalies. This is most notable in the north-western rim of the Ampasibitika intrusion where the characteristic circular magnetic anomaly is in places completely obliterated. This may be due to alteration associated with the fault zone, or due to the intrusion of non-magnetic granites and syenites along the fault zone. Notably, the Ankobabe Fault Zone is also evident in topographical data where drainages have preferentially eroded southeast-northwest oriented incisions.

Figure 5-4 Map Showing Magnetic Imagery and Interpreted Structural Setting for the Ampasindava Project Area (after Earthmaps Consulting, 2009)



The geophysical survey data interpretation indicates that the Ankobabe Fault Zone is probably an old and deep-seated structure that pre-dates the intrusion of the Ambohimirahavavy igneous complex. It is therefore likely that it dictated the position of the igneous complex and may have been active during and possibly

after emplacement. Several significant fault zones splay off the Ankobabe Fault Zone in an east-west orientation with similar disruption to the magnetic outer rim of the Ampasibitika intrusion.

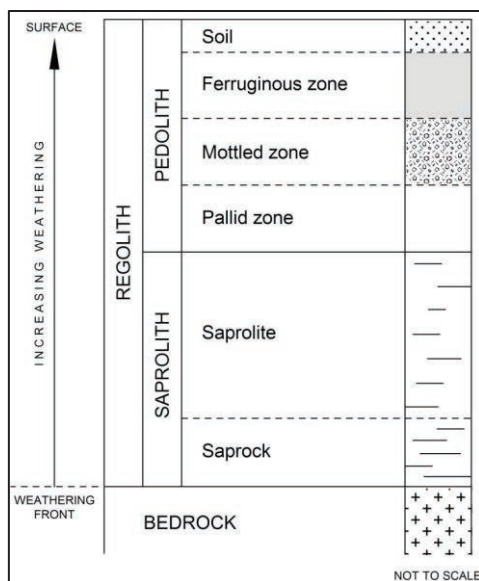
Importantly, the magnetic survey data also suggest the existence of ring faults along the edge of the Ampasibitika intrusion particularly to the north, east, south and southwest. It is these structures that may host or influence the location of the mineralised peralkaline granitic dykes and sills (Figure 5-4).

5.2.3 Regolith

Within the Project area, bedrock is largely obscured by regolith. Regolith is the term used to describe the weathered material that occurs above un-weathered bedrock and its formation is due to many different factors including climate, bedrock composition and structure, the rate of weathering, the rate of erosion, tectonic history and anthropogenic activity. Climate arguably represents the most important factor with regolith formation augmented by the presence of elevated temperature and rainfall. In northern Madagascar the climatic conditions are particularly conducive to the formation of regolith with average temperatures greater than 25°C and rainfall exceeding 2000 mm per year.

If conditions are favourable, the regolith can develop into a generally predictable profile that includes several distinct subdivisions, each with its own physical and chemical characteristics. Because of the favourable conditions, the Project area includes a well-developed regolith profile that includes the majority of recognised subdivisions (Figure 5-5).

Figure 5-5 Schematic Cross-section of the Ampasindava Project Regolith Profile (Gilbertson, 2013)



The two primary subdivisions are the pedolith and the saprolite. The pedolith can include both residual in-situ weathering products, in which all traces of the original bedrock textures and fabrics have been destroyed, and transported material such as alluvium, colluvium and aeolian deposits. Secondary subdivisions of the pedolith, from the surface downwards, include soil, a ferruginous zone, a mottled zone and a pallid zone.

Soil is difficult to define because it is used in so many different contexts by many different sectors, including agriculturalists, engineers and soil scientists. In the Project area soil is characterised by a generally thin layer, less than 0.5 m thick, of typically brown, unconsolidated, soft, homogenous material that often contains organic matter (leaves, plant roots, etc.). The most practicable way of visually differentiating soil

from the underlying ferruginous zone is by colour, because it contains comparatively less iron, and by the presence of organic matter.

The ferruginous zone is characterised by the accumulation of iron and aluminium oxides, the former of which is responsible for its typical red colour. The ferruginous zone can have varying consistency ranging from being unconsolidated through to lithified, with the latter often referred to as ferricrete or duricrust. In the Project area the ferruginous zone typically comprises variable thicknesses of orange-red, soft to hard, homogenous, iron-oxide rich material. Lithified ferricrete or duricrust is characteristically absent in the Project area and this is attributed to the persistence of the rainfall and the lack of dehydration of the upper sections of the regolith profile.

The mottled zone is texturally characterised by the localised concentration of iron oxides as spots, blotches and streaks, commonly broadly rounded in outline but with diffuse boundaries. The intensity of mottling tends to decrease with depth and represents the transition with the underlying pallid zone. It is generally accepted that the mottled zone forms by weathering at or about a fluctuating water table. In the Project area the mottled zone varies in thickness and where present is usually orange-red in colour and easily distinguished by its textural heterogeneity (mottling).

The pallid zone is also often referred to as the plasmic or arenose zone. The term pallid has been adopted in the context of the Project because it more explicitly describes this part of the profile (“lacking colour”) and eliminates the genetic implications of the other two terms (the term plasmic is often used to describe this section of the profile above quartz-poor rocks, and arenose is used to describe it above quartz-rich rocks).

The pallid zone represents the transition between the mottled zone and saprolite and as its name suggests it is typically pale in colour due to a low iron-oxide and higher clay content. In the Project area, the pallid zone varies in thickness and is characterised by light, buff-coloured, firm to hard, homogenous clay-dominant material. The absence of mottling and a primary fabric (for example, bedding, foliation, etc.) is considered to represent the best way of visually differentiating it from the overlying mottled zone and underlying saprolite respectively.

The saprolite comprises bedrock that is highly weathered, but where primary rock fabrics such as bedding, foliation, etc., are still preserved. It typically comprises two subdivisions namely saprolite and saprock. Saprolite is weathered rock in which at least twenty percent and possibly all weatherable primary minerals have been either pseudomorphically replaced or dissolved to leave voids. Saprock is typically defined as rock that is partially weathered where less than twenty percent of weatherable minerals have been replaced.

Despite these subdivisions, it should be noted that the regolith profile is gradational in nature and as a consequence it is inherently difficult to subdivide. Colour and texture variations represent the best ways of subdividing and logging the regolith profile in the field.

Whilst the regolith profile is vertically predictable, it is not uncommon for subdivisions to be absent due to weathering variations or erosion and truncation. Furthermore, whilst the regolith comprises predominantly residual, in-situ material, parts of the pedolith can be transported. Evidence for displaced material include abrupt changes in the subdivisions (rather than being gradational), the presence of cobbles or boulders that are significantly less weathered than the surrounding unconsolidated material and slip surfaces.

In the Project area, parts of the Ampasibitika prospect are associated with steep slope gradients and regolith material that has been displaced from higher ground due to slope instability. Based upon the available drilling data, the thickness of the regolith in the Project area averages approximately 13.5 m, but has attained thicknesses of greater than 40 m.

X-Ray Diffraction (XRD) analysis of samples from the ferruginous zone identified iron and aluminium-rich minerals including hematite (Fe_2O_3), goethite ($\text{FeO}(\text{OH})$) and gibbsite ($\text{Al}(\text{OH})_3$). Clay minerals include kaolinite and illite. XRD analysis of the underlying more clay-dominant sections of the regolith profile identified lower amounts of iron and aluminium minerals and greater amounts of clay minerals including kaolinite, illite and smectite.

5.2.4 Mineralization

5.2.4.1 Overview

The Ampasindava Project includes both bedrock and regolith-hosted REE and other related rare metal mineralisation. More specifically, bedrock mineralisation is host by peralkaline rocks of the Ambohimirahavavy igneous complex and ion adsorption clay-type REE mineralisation occurs within the overlying regolith profile.

Harena Resources is focused on the exploration, delineation and ultimately exploitation of regolith-hosted REE mineralisation analogous to the ion adsorption REE mineralisation found in China. See Section 4.7.1 for a detailed description of the deposit model and characteristics. The fasilbitikite dykes, skarn and other hard rock REE mineralization targets are still considered valid; however, they appear significantly less attractive at this time simply based on the tonnage, grade and conceptual mining and processing costs.

5.2.4.2 Bedrock Hosted REE Mineralisation

Alkaline igneous rocks are the main source (as progenitor or as a host) of rare earth elements and in general terms they are defined as rocks that are deficient in silicon (Si) relative to sodium (Na), potassium (K) and calcium (Ca). This means they typically contain Na- and K-bearing minerals such as the feldspathoids, alkali pyroxenes and amphiboles not commonly found in other rock types (BGS, 2010). Alkaline rocks can be further classified as peralkaline if they have a higher proportion of Na and K than aluminium (Al), i.e. $\text{Na}_2\text{O} + \text{K}_2\text{O} > \text{Al}_2\text{O}_3$. Importantly, alkaline igneous rocks are typically characterised by enrichment in rare earth elements and other metals including niobium, tantalum, thorium, titanium, uranium and zirconium.

Examples of alkaline igneous REE deposits include Bokan Mountain, USA; Thor Lake, Strange Lake and Kipawa Lake in Canada; Kola Peninsula, Russia; and Ilimaussaq, Greenland (USGS, 2011).

Tectonically, alkaline igneous rocks are general associated with intra-continental rift and fault systems and can be preferentially emplaced along these structures. Mineralogically, they contain a variety of REE minerals that include REE-bearing carbonates, phosphates or fluorates, for example, allanite, apatite, bastnäsite, eudialyte, gadolinite, monazite, xenotime and zircon.

The origin of the rare earth elements is crystallisation through magmatic processes, but enrichment may also occur because of precipitation of minerals from a magmatic hydrothermal solution or redistribute of magmatic rare earth elements by the hydrothermal fluid (USGS, 2011). Alteration halos can develop around some alkaline intrusions derived from alkali-rich hydrothermal fluids.

Exploration for alkaline igneous REE deposits includes the application of geological, geochemical and geophysical methods. Because of the physical properties of several of the elements associated with this type of mineralisation, geophysical surveys methods are particularly useful for regional identification. The presence of thorium and uranium, and often the presence of potassic alteration, makes radiometric surveying particularly applicable. Radiometric methods measure the naturally emitted gamma radiation derived from three radioactive elements (potassium, uranium, and thorium) which occur in soils and rocks within the upper 0.3 m to 0.5 m of the surface. Because of the comparatively unique mineralogy of alkaline igneous rocks, geochemical sampling also provides a useful method of identification beneath areas covered by regolith.

The Ambohimirahavavy igneous complex is associated with a variety of mineralised rocks that are enriched in REEs and other rare metals. These most prevalently occur within peralkaline granitic dykes and sills, locally and historically termed fasilbitikite. However, the more fractionated parts of the complex and other types of intrusions also have high contents of REE, Nb and Zr (Ganzeev and Grechishchev, 2003).

Work completed on the peralkaline granitic dykes and sills by Ganzeev and Grechishchev (2003) identified that the areas to the north and south of the Ampasibitika study area were more enriched in REE and rare metals. This was attributed to a vertical zonation of the mineralisation with the central area being much

more deeply eroded than those to the north and south. It was also observed that the distribution of the mineralisation within individual intrusives was also zoned and corresponding to textural variations with higher grades associated with intrusive margins and finer grain sizes than the coarser-grained to pegmatitic interiors of some intrusives.

The main REE and rare metal minerals identified by Ganzeev and Grechishchev (2003) include chevkinite, eudialyte, monazite, pyrochlore (including a columbitised variety), thorite, and zircon. REEs, tantalum and niobium are mainly concentrated in pyrochlore. Besides pyrochlore, REE are also concentrated in zircon, eudialyte, chevkinite and monazite. REE and rare metal mineralisation results were variable with Total Rare Earth Oxide (TREO) = 0.1% to 4% (averaging 0.6%), Ta₂O₅ = 0.01% to 0.1% (averaging 0.037%), Nb₂O₅ = 0.1% to 1% (averaging 0.34%) and ZrO₂ = 0.21% to 3.84% (averaging 2.31%).

The mineralisation in the peralkaline granitic dykes and sills occurs as disseminated chevkinite, eudialyte, monazite, pyrochlore and zircon (Estrade, 2011a; 2011b). Research relating to the mineralogy of the skarns occurring at the contact between the peralkaline granitic intrusives and limestone was also completed. This established that the skarns are associated with secondary hydrothermal mineralisation comprising REE fluoro-carbonates after Na-pyroxenes (bastnäsite, synchisite, parisite and intermediate phases), titanite, pyrochlore and pseudomorphs of zircon (Ca- zirconosilicates gittinsite-zektzerite). Gangue minerals associated with the skarn mineralisation include quartz, calcite, fluorite and iron-oxides.

It was concluded that the primary mineralisation in the peralkaline granitic dykes and sills formed by crystallisation directly from magma enriched in REEs and other rare metals, and that the secondary replacement phases were transported by hydrothermal solutions (Estrade, 2012). Given the presence of fluorine-bearing minerals in the skarn assemblage, it is considered likely that the REEs and other rare metals were transported in the hydrothermal fluid by fluorine-complexing. Interaction of the fluid with the calcareous country rock caused fluorite precipitation and subsequent local decrease in REE and rare metal solubility, causing their precipitation.

In summary, the main rare earth elements and other rare metals identified in association with the Ambohimirahavavy igneous complex to date include:

- **Chevkinite** (Ca,Ce,Th)₄(Fe,Mn)₂(Ti,Fe)₃Si₄O₂₂
- **Baddeleyite** ZrO₂
- **Bastnäsite** (Ce,La)(F/CO₃)
- **Columbite** FeNb₂O₆
- **Eudialyte** Na₁₅Ca₆(Fe,Mn)₃Zr₃SiO
- **Gagarinite** NaCaY(F,Cl)₆
- **Microlite** (Ca,Na)₂Ta₂O₆(O,OH,F)
- **Monazite** (Ce,La,Nd,Th)PO₄
- **Parisite** Ca(Ce,La)₂(CO₃)₃F₂

Most of the minerals are fine-grained, less than 1 mm, with only subordinate coarse-grained phases as zirconium-hafnium-REE, eudialyte and zircon. Niobium and tantalum mineralisation mainly occur in association with pyrochlore and columbite.

The REE and rare metal mineralisation is associated with an elevated radiometric response, with gamma-activity of 80 µr/h to 1,450 µr/h (averaging 300 µr/h), relative to an estimated background of 25 µr/h to 40 µr/h. A direct correlation between the content in niobium pentoxide and the gamma radioactivity has been established (correlation coefficient = + 0.69). This geophysical characteristic means that radiometric methods are well suited for further exploration in the area. However, even though the mineralisation is associated with anomalous radioactivity, the overall uranium and thorium content of the in-situ bedrock (based upon the available geochemical results) is relatively low and averages 12 ppm U₃O₈ and 57 ppm ThO₂. These concentrations are not considered to pose any environmental or anthropogenic risks.

5.2.4.3 Regolith Hosted REE Mineralisation

During 2009, it was recognised that the regolith overlying the Ambohimirahavavy igneous complex was also mineralised with REEs and that this material may be similar to the ion adsorption clay-type REE mineralisation exploited in China. Subsequent independent testwork has confirmed the presence of REEs that are ionically-adsorbed onto clay minerals and that are amenable to leaching and the recovery of REEs.

The Chinese ion adsorption clay-type REE mineralisation was first identified in the late 1960's (Chi and Tian, 2008). There are reportedly more than 200 deposits with 90% of them occurring in the southern provinces, principally Jiangxi, Hunan, Guang Dong, Guang Xi and Fujian (Bao and Zhao, 2008). The reason for this apparent geographical control is the climatic conditions required to weather the bedrock to form the regolith host material (generally a sub-tropical environment south of 28°N with warm, humid conditions and rainfall exceeding 1500 mm per year).

Ion adsorption REE mineralisation can be summarised as REEs that are mainly adsorbed onto the surfaces of clay minerals in the form of hydrated ions or hydroxyl-hydrated ions. These ions are derived from bedrock-hosted REE mineralisation that has been weathered resulting in the liberation and mobilisation of the REEs.

Most of the exploited Chinese deposits are formed from the weathering of highly evolved Mesozoic granites, but some have also developed from the weathering of other rock types including volcanics and lamprophyre. The main REE bearing accessory minerals in the Chinese source rocks are allanite, bastnäsite, doverite, gadolinite, monazite, parisite and xenotime. Accessory minerals contain the majority of the REEs (more than 70%) with the remaining percentage occurring within rock-forming minerals (Bao and Zhao, 2008).

The regolith material hosting the Chinese deposits typically ranges in thickness between 8 m and 10 m thick (Chi and Tian, 2008). In the available literature, the regolith profile is simplistically described as consisting of an upper soil zone (2 m to 5 m thick), an underlying weathered zone (5 m to 30 m thick) and lower sub-weathered zone (5 m to 8 m thick). Further subdivisions are noted as including pedolith, ferruginous, mottled clay and rock fragment zones (Zuoping and Chuanxian, 1996).

The two fundamental controls on the formation of ion adsorption REE mineralisation are the availability of an REE-enriched source rock and in-situ sub-tropical weathering conditions that enable the liberation and mobilisation of the REEs and their preferential adsorption onto the surfaces of clay minerals. In the Chinese deposits, 60% to 90% of the REEs are adsorbed onto kaolinite with other clay minerals including montmorillonite and halloysite (Chi and Tian, 2008). Approximately 10% of the REEs occur as mineral phases in the form of bastnäsite, monazite and xenotime. REE mobilisation and accumulation in the regolith profile appears to be controlled by the mineralogy of the REE-enriched source rocks, specifically the type, abundance, distribution and stability of the primary REE minerals during weathering.

REE fractionation is directly proportional to the intensity of weathering and REE content typically increases with depth and then decreases approaching the un-weathered bedrock. The REE content of the regolith is generally two to four times greater than the underlying bedrock, but has been reported as being up to seven times greater (Zuoping and Chuanxian, 1996).

Exploration

There is very little documented information on the methods used to explore for ion adsorption-REE mineralisation in China. The principal methods appear to be visual identification of mineralised material and recognition of favourable geomorphological features. Given that the REEs are not discernible with the naked eye, visual identification of mineralised material involves the colour of the regolith. For example, yellow, pale-red or white coloured material (Chi and Tian, 2008). Geomorphologically, favourable accumulations of regolith are best developed where the topography is gentle and denudation rates are low. REE enrichment is also apparently greater on ridges and elevated features than in gullies.

Deposit Size and Economics

Ion adsorption REE mineralisation is characteristically low-grade. The Chinese deposits generally contain between 0.05% and 0.35% TREO, but there is considerable variability in grade even within the same deposit. Grades of greater than 0.05% TREO in the presence of sufficient volumes are typically considered to be economic (Bao and Zhao, 2008). Exploited grades as low as 0.01% / 100 ppm TREO are also reported (Orris and Grauch, 2002).

Individual deposits are relatively small and typically range in size from 1,500 to 12,000 t TREO (Orris and Grauch, 2002). Annual production is reportedly approximately 10,000 t TREO per year (Bao and Zhao, 2008) and proven reserves in the order of 1.48 Mt TREO (Chi and Tian, 2008).

Ion adsorption REE deposits are economically important because they contain a significant proportion of rarer and more valuable HREEs compared with other types of REE mineralisation. For example, bedrock-hosted deposits such as Mountain Pass in the USA and Bayan Obu in China contain a much higher proportion of LREEs. Ion adsorption REE deposits are also considered favourable because they are associated with low levels of radioactivity and are simpler and less expensive to exploit compared with their bedrock counterparts. However, in-situ leaching has also been known to cause significant environmental damage, particularly by illegal miners in southern China (Chinafolio 2014).

Processing

Ion adsorption REE deposits can only be exploited chemically. Exploitation of the Chinese deposits involves batch, heap and in-situ leaching of the ionic material using either sodium chloride or ammonium sulphate with recoveries reportedly ranging from 40% to 99% (Orris and Grauch, 2002).

Summary

The regolith material in the Ampasindava Project area has many similarities to the material in southern China: both developed in a sub-tropical environment with warm, humid conditions and significant rainfall; they have comparable thicknesses; both have variable but similar REE grades that generally increase with depth and are associated with an increased proportion of HREE; both contain “ionic clays” that adsorb REEs and, as with the Chinese examples, the Ampasindava Project has, from preliminary testwork shown that it may be amenable to leaching using comparatively inert solutions in order to recover the REEs; and both are associated with only low levels of radioactivity.

It is difficult to make comparisons between the source rocks and the actual regolith profiles due to the lack of available data. Similarly, it is difficult to compare the mineralogy of the mineralisation in the regolith profile due to insufficient data.

5.3 Previous Exploration

5.3.1 Colonial Exploration

Colonial-era exploration activities completed by French Geologists first noted ‘peculiar’ granitic intrusive rocks near to the village of Ampasibitika in the late 19th century. This was followed by mineralogical studies of the rocks, uniquely named fasibitikite, and the documented description of niobium-tantalum-zirconium mineralisation (Lacroix, 1922).

Between the 1920’s and the 1970’s, work in the area mainly consisted of academic research. However, during this time, the Ampasindava Peninsula was also geologically mapped by the Governmental Service Géologique at a scale of 1:200,000 (sheet PQRS34-35 Anorotsangana- Ambanja) and published in 1958.

5.3.2 Soviet Exploration

Between 1988 and 1991, a Russian-funded exploration program termed the Soviet Geological Mission was completed in conjunction with the Malagasy Office Militaire National pour les Industries Stratégiques (OMNIS).

Russian Geologists undertook a program that included systematic stream sediment and outcrop sampling, ground radiometric surveying and pitting. They also completed the first detailed mapping of the mineralised intrusives along a 2 km stretch of coastline in the vicinity of Ampasibitika village.

The program speculated that radiometric survey results over visible mineralised intrusions could be extended along strike under the regolith cover and through areas of poor outcrop. However, it is now understood that, because radioactive emissions can only be detected from material at or very near the surface, it was most likely recording the radiometric response of relict uranium and thorium minerals present in the regolith rather than the actual bedrock mineralisation.

The pitting programme involved the excavation of a series of shallow pits on a 100 m by 400 m grid that aimed to expose the extent and nature of mineralisation at depth. In total, eleven pits were excavated (totalling 55 m) with all but one reaching fresh rock. Their typical dimensions were 1 m by 1.35 m with depths that varied from 2.75 m to 6.75 m. Over the course of the program, the mapping component extended out from the main study area and covered an area of 10 km² at a scale of 1:50,000. Preliminary metallurgical testwork was carried out on pit samples to determine possible concentrating techniques for the observed Uranium mineralisation. The results demonstrated some success with gravity and magnetic techniques.

A list of the work completed as part of the Soviet Geological Mission is provided in Table 5-1. This period was followed by an episode of political instability in Madagascar and during the 1990's and early 2000's no exploration work was conducted in this area.

Table 5-1 Exploration Completed as part of the Soviet Geological Mission (after OMNIS-SM, 1989; 1990; 1992b; 1992c; 1992d; 1992e)

<i>Type of geological work</i>	<i>Unit of measure</i>	<i>Planned</i>	<i>Actual</i>
Geological prospecting at 1:10,000 scale			
Radiometric surveys	Line km	18	18
Excavation of pits	Line m	55	55
Geochemical sampling around aureoles of secondary dispersion	Sample	750	748
Geochemical sampling of outcrops	Sample	0	55
Geochemical channel-sampling of pits	Sample	55	55
Geochemical channel-sampling of outcrops	Sample	0	15
Line cutting	Line km	17	13.4
Pegging profiles and baselines at 25 m intervals	Line km	20.4	21
Research at 1:50,000 scale			
Research traverse	Line km	25	25
Geochemical sampling of outcrops	Sample	0	22
Litho-geochemical investigation following the traces of dispersion	Sample	100	122

5.3.3 Contemporary Exploration and Results

5.3.3.1 Stream and beach sediment sampling

In 2008, Fugro Consult GmbH (Fugro) was commissioned by the then owners of the Ampasindava project area, Zebu Metals Ltd (Zebu) to undertake a week-long reconnaissance field program. As part of this program Fugro collected five beach sediment samples along the eastern edge of the project area. However, no major accumulations of heavy minerals of interest were identified.

5.3.3.2 Bulk Sampling

In 2008, as part of the Zebu-commissioned program, Fugro confirmed the widespread occurrence of mineralised peralkaline granitic intrusives in the vicinity of Ampasibitika village and collected two mini bulk samples weighing 60 kg and 80 kg for geochemical analysis. The aim of this sampling was to study the mineral ratios and overall grades of the mineralisation. The results of the bulk sampling are summarised in Table 5-2.

Table 5-2 Fugro ‘Mini Bulk Sample’ Results (Fugro, 2008)

<i>Sample No.</i>	<i>TREO+ Y2O3</i>	<i>Nb2O5</i>	<i>Ta2O5</i>	<i>Sn</i>	<i>U</i>	<i>ZrSiO4</i>
	<i>(ppm)</i>	<i>(ppm)</i>	<i>(ppm)</i>	<i>(ppm)</i>	<i>(ppm)</i>	<i>(%)</i>
476323	4427	1932	165	137	115	5.37
476324	3332	4107	336	200	207	2.8

5.3.3.3 Airborne Geophysical Surveys

In 2008, Fugro Airborne Surveys of South Africa completed a helicopter-borne magnetic and radiometric survey. Between the 4th and 8th of July a total of 2,936 line kilometres were flown at a line spacing of 100 m and a bearing of 045°. Tie lines were flown every 1000 m on a bearing of 135°. In total, the survey covered an area of 244.4 km². The full survey specifications are detailed in a separate report by Fugro Consult (2008).

In 2009, a geological interpretation of the magnetic and radiometric data was complete by Mr. K. P. Knupp of Earthmaps Consulting. The pertinent mapping and interpretation are presented in Section 5.2 and complete details are provided in a separate report (Earthmaps Consulting, 2009). Examples of radiometric and magnetic data images are provided in Figure 5-6 and Figure 5-7 respectively.

Figure 5-6 Map Showing the Radiometric Ternary Imagery for the Ampasindava Project (after Earthmaps Consulting, 2009)

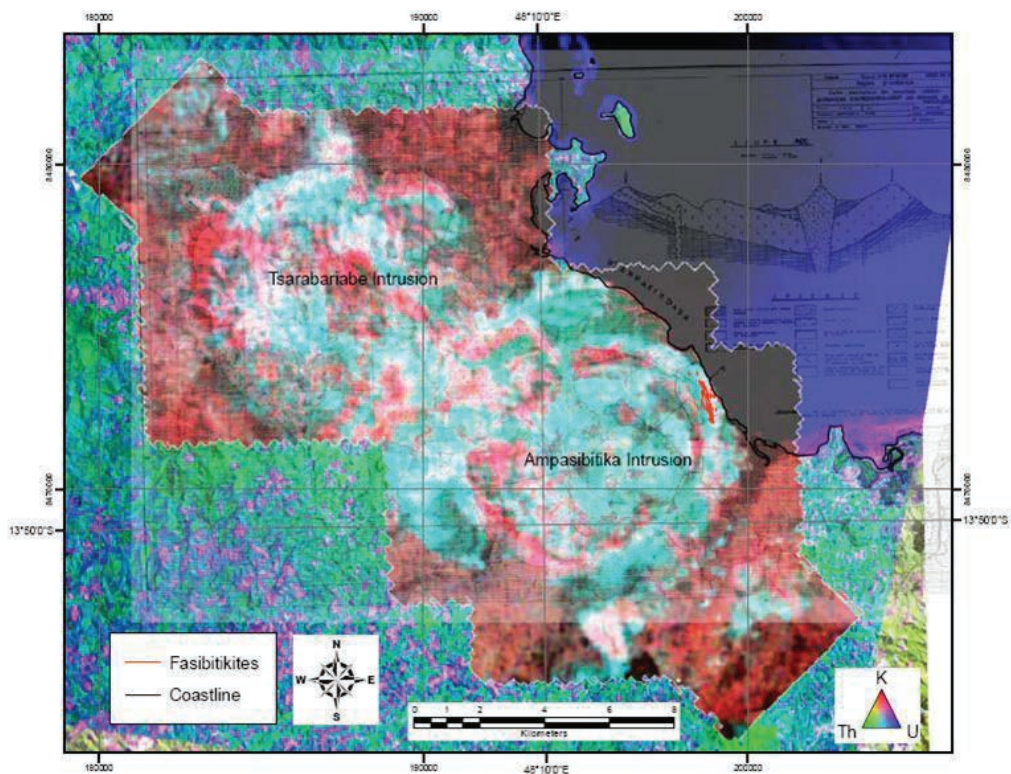
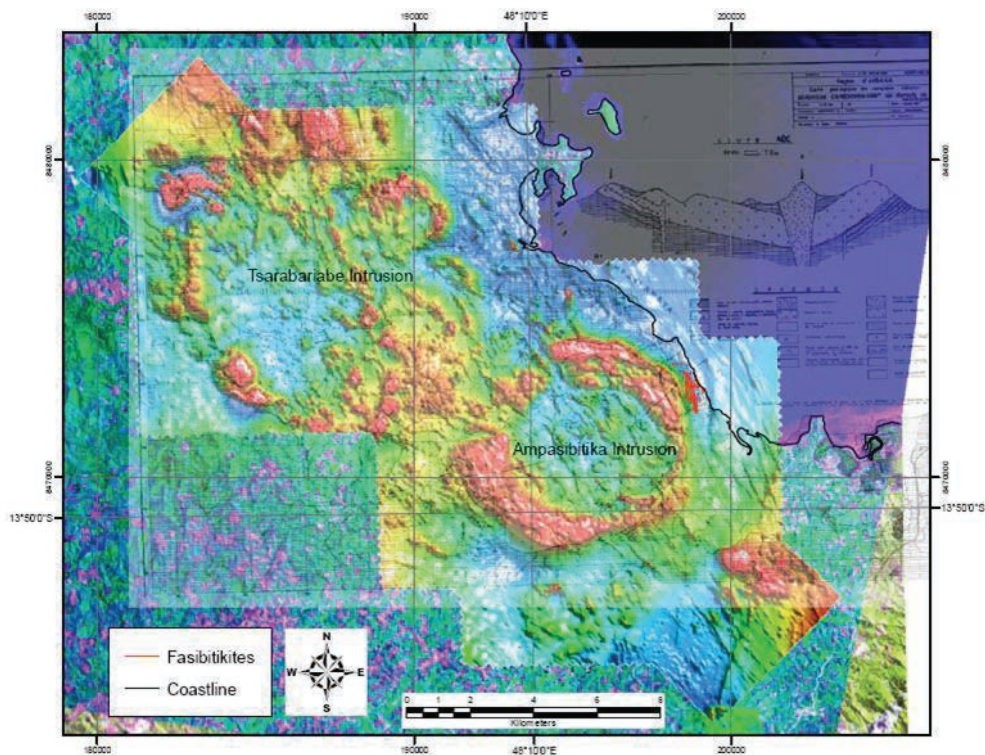


Figure 5-7 Map Showing the Magnetic Imagery for the Ampasindava Project (after Earthmaps Consulting, 2009)



5.3.3.4 Outcrop Sampling

Tantalus collected and analysed a total of 284 outcrop samples from within the project area. These were predominantly peralkaline intrusive rocks collected from areas associated with radiometric anomalies. The locations of the outcrop samples are shown in Figure 5-8 and are summarised by prospect in Table 5-3.

The results have confirmed the presence of bedrock-hosted REE mineralisation in known areas, as well as identifying new areas of mineralisation. The highest grade samples are associated with peralkaline granitic rocks derived from the Ampasibitika prospect (up to 22,408 ppm / 2.24% TREO). Of note is that none of the Caldera prospect outcrop samples are peralkaline granite. The vast majority are volcanic breccia that is also evidently enriched in REEs (up to 8,201 ppm / 0.82% TREO).

Figure 5-8 Map Showing the Locations of the Outcrop and Soil Samples

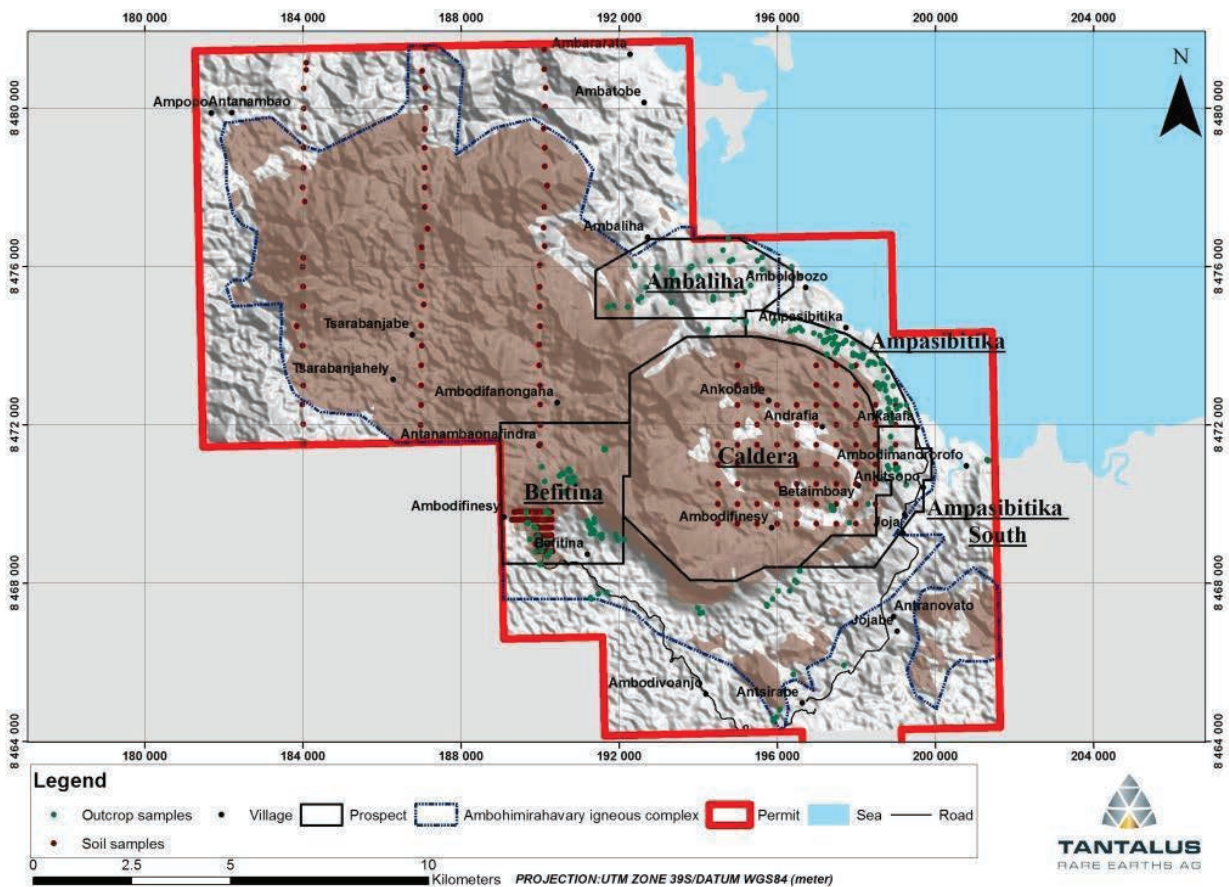


Table 5-3 Summary of the Tantalus Outcrop Sample Results (Gilbertson, 2013)

<i>PROSPECT</i>	<i>STATS</i>	<i>TREO (ppm)</i>	<i>HREO (%)</i>	<i>Nb₂O₅ (ppm)</i>	<i>Ta₂O₅ (ppm)</i>	<i>ZrO₂ (ppm)</i>	<i>HfO₂ (ppm)</i>	<i>Ga (ppm)</i>
All prospects	MIN	45	5	6	0	39	1	2
	MAX	22,408	69	10,544	891	58,760	1,480	78
	MEAN	2,108	26	949	70	5,442	116	36
	MEDIAN	863	23	386	23	1,530	33	37
	nSamples	284						
Ampasibitika	MIN	45	5	6	0	39	1	2
	MAX	22,408	47	10,544	891	58,760	1,480	69
	MEAN	3,031	24	1,698	125	10,512	224	38
	MEDIAN	1,134	22	484	30	1,905	43	41
	nSamples	91						
Ambaliha	MIN	100	12	9	1	174	4	6
	MAX	7,582	69	2,768	200	12,387	281	49
	MEAN	1,842	28	770	51	3,753	82	34
	MEDIAN	1,096	24	419	29	1,986	46	36
	nSamples	43						
Befitina	MIN	161	14	19	1	204	4	16
	MAX	13,576	65	3,419	368	22,288	479	57
	MEAN	1,825	27	649	52	3,634	78	36
	MEDIAN	781	24	386	24	1,736	37	36
	nSamples	97						
Caldera	MIN	257	17	131	8	507	13	22
	MAX	8,201	65	538	26	1,594	33	40
	MEAN	1,824	31	178	10	631	16	26
	MEDIAN	988	30	153	10	558	15	26
	nSamples	19						
Ampasibitika South	MIN	365	7	204	11	686	12	26
	MAX	10,684	30	3,820	244	19,181	320	73
	MEAN	1,650	22	789	46	3,301	62	49
	MEDIAN	676	22	452	24	1,604	34	44
	nSamples	10						
Other	MIN	223	12	71	4	207	4	16
	MAX	2,349	28	845	48	4,336	88	78
	MEAN	642	21	325	18	1,253	26	34
	MEDIAN	476	22	278	15	896	18	32
	nSamples	24						

5.3.3.5 Soil Sampling

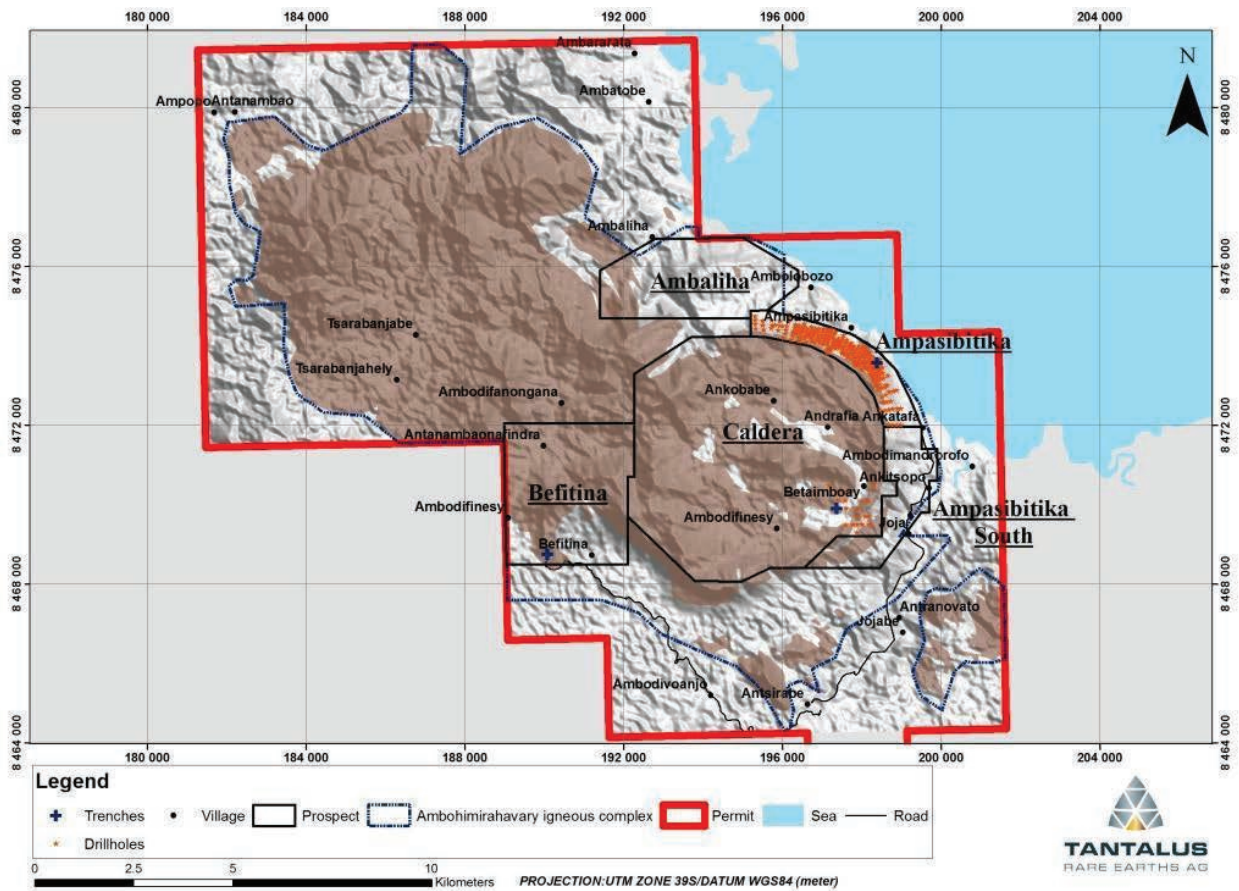
Tantalus completed soil sampling in several parts of the Ampasindava project area, namely parts of the Befitina, Ampasibitika and Caldera prospects and several lines across the northwest of the Property. This exploration method was utilised due to the lack of outcrop in these areas. These samples have now been superseded by the pitting samples which currently cover most of the Property.

5.3.3.6 Trenching

A total of five trenches have been excavated in the Project area, one in the Ampasibitika prospect and two in each of the Befitina and Caldera prospects Figure 9-2

The single trench in the Ampasibitika prospect was excavated and sampled in 2008 by Fugro as part of the Zebu-commissioned programme (Fugro Consult, 2008). The 30 m long, east-west orientated trench (TANT1) was manually excavated above a weathered peralkaline granite intrusive and surrounding regolith. The depth of the trench averaged 0.7 m but it did not reach bedrock over its entire length. A total of 16 contiguous channel samples were collected from the trench (each corresponding to a length of approximately 2 m). The best TREO, Nb, Ta and Zr grades corresponded to samples that included bedrock material. These returned average grades of just over 2,000 ppm / 0.2 % TREO. Regolith samples comprising clayey soil contained an average of 1,000 ppm / 0.1 % TREO.

Figure 5-9 Map Showing the Locations of the Trenches and Drillholes



In the Befitina prospect, two 100 m long trenches were manually excavated and sampled (TANT2 and TANT3). The two trenches were excavated perpendicular to one other, crossing at about their mid points. The depth of the trenches was 3 m, but did not intersect bedrock. Twenty contiguous horizontal channel samples were collected from trench TANT2, and 22 samples were collected from trench TANT3 (each corresponding to a length of approximately 5 m). The sample results for trenches TANT2 and TANT3 are summarised in Table 5-4. In the Caldera prospect, two 100 m long trenches were manually excavated and sampled (TANT4 and TANT5). The two trenches were excavated perpendicular to one another and attained depths of greater than 4 m. Trench TANT4 intersected predominantly regolith (pedolith and saprolite), but also bedrock in a few places. Trench TANT5 intersected only saprolite. In total 100 horizontal channel

samples were collected from each trench (each corresponding to a length of approximately 1 m). The sample results for trenches TANT4 and TANT5 are summarised in Table 5-4.

Table 5-4 Summary of the Tantalus Trench Sample Results (Gilbertson, 2013)

<i>PROSPECT</i>	<i>STATS</i>	<i>TREO (ppm)</i>	<i>HREO (%)</i>	<i>Nb₂O₅ (ppm)</i>	<i>Ta₂O₅ (ppm)</i>	<i>ZrO₂ (ppm)</i>	<i>HfO₂ (ppm)</i>	<i>Ga (ppm)</i>
TANT2 (Befitina)	MIN	899	16	383	28	1,932	50	48
	MAX	3,663	39	1,753	144	8,456	213	73
	MEAN	1,612	28	1,033	79	4,820	121	59
	MEDIAN	1,328	29	974	71	4,593	116	57
	nSamples	20						
TANT3 (Befitina)	MIN	661	13	192	12	1,299	30	49
	MAX	2,666	38	1,788	112	6,889	157	71
	MEAN	1,397	26	950	63	4,403	101	61
	MEDIAN	1,272	27	1,023	70	4,944	116	59
	nSamples	22						
TANT4 (Caldera)	MIN	467	11	131	9	401	12	30
	MAX	2,640	35	439	24	1,526	31	66
	MEAN	1,107	22	232	14	812	21	40
	MEDIAN	982	21	228	14	812	21	40
	nSamples	100						
TANT5 (Caldera)	MIN	470	16	183	11	655	17	32
	MAX	4,589	31	383	21	1,322	30	55
	MEAN	1,264	23	232	14	819	23	41
	MEDIAN	1,108	22	234	14	805	22	40
	nSamples	100						

The summary trench sample results show an interesting trend. Whilst the average TREO (ppm) results for the Befitina and Caldera prospect trenches are similar, those for the other rare metals are evidently dissimilar. That is the Nb, Ta, Zr and Hf results from the Befitina prospect are significantly higher than those from the Caldera prospect. This is an interesting trend that can be explained by the differences in lithological setting, with the Befitina prospect comprising sedimentary rocks that contain mineralised intrusives that host certain rare metals and the Caldera prospect that is predominantly volcanic breccia. From an economic perspective, it suggests that the regolith material is similarly enriched in REEs. This is significant as it substantiates the prospectivity of areas underlain by volcanic breccia in line with those underlain by mineralised intrusive rocks. However, it should be noted that this is too small a dataset on which to make definitive conclusions.

5.3.3.7 Pitting

Tantalus manually excavated a total of 4,474 pits for the purposes of assessing regolith-hosted REE mineralisation. The pits were excavated manually in 2011 and 2013. They are vertical pits typically 1 m by 1 m with a vertical depth of up to 10m, with an average of 5.68m. These have now been excavated over the six prospects with spacing ranging from 50 m to 250 m (Figure 4-1Figure 5-11).

Ideally the pits were excavated to bedrock. However, for safety reasons the pits were not excavated deeper than 10 m. It took, on average, 4 days to manually excavate each pit. Once a pit was excavated, the sampling methodology involved marking out the samples on the same wall of each pit at 1.0 m intervals (0.5m lengths are found in the 2011 data). Samples were collected from the lowermost interval first to minimise contamination. Collection involved using the pointed end of a rock pick or machete to create a

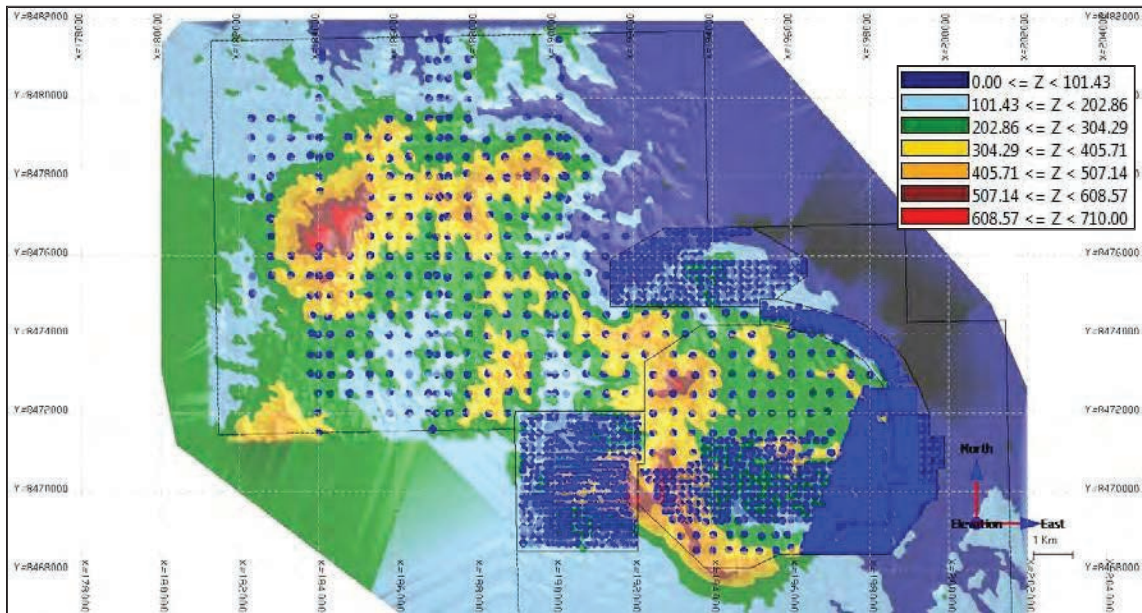
continuous vertical channel with the displaced material collected in a bucket or a polythene sample bag with an average sample weight of 1.8 kg. All of the pits were back-filled as soon as geological observations, density measurements, moisture readings and sampling were completed. A photograph of a typical exploration pit is shown in Figure 5-10 and the summary statistics for the pits excavated to date are provided in Table 5-5.

Figure 5-10 Photos of Test Pits



Note: A. Geologists field tools and protocols; B. Ongoing pit showing the typical sampling trench and branches inserted to track the depth within pits. C. Ledge cut into the side of the pit used to collect the sample for density measurements. D. Geologist sampling the first meter within a pit.

Figure 5-11 Topographic Image Showing the Distribution of Pits within the Project



Note: Areas that are completely covered in points are covered by a grid approaching 50m. The most sparsely drilled/pitted area have a grid spacing of around 250m. Hotter colours indicate higher elevation.

Table 5-5 Summary of Analyses from the Tantalus Pitting Campaigns

Layer*	Statistic	TREO (ppm)	TREO noCe (ppm)	LREO (ppm)	HREO (ppm)	Nb ₂ O ₅ (ppm)	Ta ₂ O ₅ (ppm)	ThO ₂ (ppm)	U ₃ O ₈ (ppm)
PED	Number of samples	13,926							
	Min	28	17	26	2	1	0	1	0
	Max	14,995	8,001	14,252	3,236	3,577	1,186	1,138	863
	Mean	786	445	643	143	232	13	54	10
	Median	635	297	521	114	193	11	47	9
SAP	Number of samples	16,133							
	Min	33	18	29	4	1	0	0	0
	Max	39,098	38,504	31,183	7,915	5,469	1,399	4,300	539
	Mean	1,003	720	805	198	188	11	46	9
	Median	729	451	586	136	139	8	38	7

* Layers are as modeled, not actual lithology description TREO = LREO+HREO TREO noCe = TREO-Ce2O3
 HREO = Y2O3+Eu2O3+Gd2O3+Tb2O3+Dy2O3+Ho2O3+Er2O3+Tm2O3+Yb2O3+Lu2O3
 LREO = La2O3+Ce2O3+Pr2O3+Nd2O3+Sm2O3

5.3.3.8 Window Sampling

Tantalus drilled a total of 47 window sampling holes using a Geotools Wacker BH23 unit (Figure 5-12). The majority of the window sampling holes (44) were drilled in the Caldera prospect with rest in the Ampasibitika South prospect. Their purpose was to assess the suitability of the technique as a faster and safer accompaniment to pitting.

The window sampling program resulted in the drilling of approximately 354 m of regolith material. Hole lengths range from 1.5 m to 11.0 m and the average length was 7.5 m. On average, one window sampling hole can be completed per day. The window samplers were not used due to technical issues, but their use is recommended due to the potential to push holes to bedrock (past 10m) and also to reduce the safety risk associated with the pit sampling. The sampling method appears to respect international standards with minimal contamination given careful application of protocols.

Figure 5-12 Window Sampler Demonstration



Note: A. Window sampler in action. B. Sample tube with fall back material from previous meter (in white box). C. Contaminated material removed. D. Cleaning of sample tube prior to next run.

5.3.3.9 Core Drilling

The initial Tantalus exploration strategy specifically focussed on exploration for bedrock-hosted REE mineralisation and in 2010 the decision was made to drill the radiometric anomaly of the Ampasibitika prospect. Between July 2010 and October 2011, E Global Drilling Corp (a subsidiary of Energold Drilling Corp) was contracted to complete the drilling. The drilling involved the use of three rigs: two Energold EGD II"s, and a Versadrill Kmb.4km rig. The Energold rigs were man-portable and the Versadrill was adapted to become man-portable. Local teams were hired to work as off-siders as well as for rig moves. A photograph showing one of the drill-rigs in operation is provided in Figure 5-13.

A total of 277 holes were drilled in the project area, equating to 20,084.6 m of NW (7.62 cm diameter), NTW (5.61 cm diameter), and BTW (4.17 cm diameter) core. Drillhole lengths ranged from 42.2 m to 130.0 m and the average drillhole length was 72.5 m. The average daily metreage rate per drillhole was 26.4 m. The locations of the drillholes are shown in Figure 5-9.

Figure 5-13 Photograph of the Versadrill Kmb.4km Drill Rig in Operation (Gilbertson, 2013)



The drilling program encompassed a 5 km by 4 km section of the eastern and north-eastern flank of the Ambohimirahavavy igneous complex. Holes were ultimately drilled on 100 m to 200 m spaced fences typically comprising eight drillholes spaced at 50 m intervals. Drilling commenced in the south of the prospect on 400 m spaced fences and proceeded northwards across the radiometric anomaly. Infill drilling was subsequently completed. The majority of the holes were drilled at an angle of -70° with azimuths to the east and northeast, but also included holes drilled at -45° and vertically. All of the drillholes were cased through the regolith and bedrock core recovery was consistently good and typically greater than 90%.

An additional 20 holes were also drilled in the south-eastern part of the Caldera prospect, equating to 2004.07 m of NW (7.62 cm diameter) and NTW (5.61 cm diameter) core. Drillhole lengths ranged from 100.0 m to 100.8 m and the average daily metreage rate per drillhole was 50.3 m. The locations of the drillholes are shown in Figure 5-9. The purpose of the drilling programme was to test for the presence of bedrock-hosted REE mineralisation within the volcanic breccia occurring within the caldera. All of the holes were drilled vertically.

5.3.3.10 Exploration Conclusions

The bulk of data used for the estimation of Mineral Resources is derived from the manual excavation of pits. Careful observation of the method during the site visit in 2013 has confirmed that the protocols used are appropriate and the results of the sampling can be used for the resource estimation.

5.4 Sample Preparation, Analyses, and Data Verification

5.4.1 Overview

The following section summarises the sample preparation, analyses, and security measures implemented for the Project and details the data verification measures taken by SGS to ensure that the Project data was suitable for the estimation of Mineral Resources. Refer to Desharnais et al, 2016 for full details and QAQC charts.

5.4.2 Sample Preparation

The vast majority of samples were prepared at the Tantalus sample preparation facility in Ambanja. The facility is well run and should provide appropriate sampling preparation if the protocols are followed. Sample preparation procedures are described as follows.

5.4.2.1 Drill Core Samples - Bedrock Intersections

1. The core is split in half using a hydraulic splitter (core sawing is reportedly not possible due to frequent mains power outages), and half is returned to the core box;
2. The half to be sampled undergoes systematic density measurement using the immersion in water method;
3. The samples are then crushed to minus 2 mm using a Fritsch Industries RoHS 2002/86/EG electric jaw crusher. After each sample, blank material (locally sourced granitic material) is crushed and the equipment is cleaned with compressed air and a vacuum cleaner in order to minimise sample contamination;
4. The crushed samples are then split twice using a Humboldt H-3962 riffle splitter in order to produce a quarter of the sample. Of this homogenised material, 250 g to 350 g is collected using a plastic scoop and bagged for analysis. Sample numbers are written onto the polythene sample bags with permanent marker pen and an aluminium tag inscribed with the sample number is also placed into the bag.

5.4.2.2 Drill Core Samples - Regolith Intersections

1. Due to its consistency, the core is split in half using a geological hammer;
2. The samples are then weighed (inclusive of moisture) and emptied into stainless steel bowls in preparation for drying;
3. The samples are then dried in a gas oven at a temperature of 135°C for four to eight hours, depending on the moisture content of the samples;
4. Once dried, the samples are re-weighed and the weight recorded;
5. If the dried samples are observed to contain any rock fragments, they are crushed to minus 2 mm using a Fritsch Industries RoHS 2002/86/EG electric jaw crusher. After each sample, blank material is crushed and the equipment is cleaned with compressed air and a vacuum cleaner in order to minimise contamination;
6. If the dried samples contain no rock fragments, they are manually pulverised in the stainless steel bowls using a large wooden pestle;
7. The crushed samples are then split twice using a Humboldt H-3962 riffle splitter in order to produce a quarter of the sample. Of this homogenised material, 250 g to 350 g is collected using a plastic scoop and bagged for analysis. Sample numbers are written onto the polythene sample bags with permanent marker pen and an aluminium tag inscribed with the sample number is also placed into the bag.

The remaining coarse reject material is retained and stored at the sample preparation facility. The drill core is stored in a dedicated warehouse in Ambanja.

5.4.2.3 Pit and Window Samples

1. The samples are weighed (inclusive of moisture) and emptied into stainless steel bowls in preparation for drying;
2. The samples are then dried in a gas oven at a temperature of 135°C for four to eight hours, depending on the moisture content of the samples;
3. Once dried, the samples are re-weighed and the weight recorded;
4. If the dried samples are observed to contain any rock fragments, they are crushed to minus 2 mm using a Fritsch Industries RoHS 2002/86/EG electric jaw crusher;
5. If the dried samples contain no rock fragments, they are manually pulverised in the stainless steel bowls using a large wooden pestle;
6. The crushed samples are then split twice using a Humboldt H-3962 riffle splitter in order to produce a quarter of the sample. Of this homogenised material, 250 g to 350 g is collected using a plastic scoop and bagged for analysis. Sample numbers are written onto the polythene sample bags with permanent marker pen and an aluminium tag inscribed with the sample number is also placed into the bag.

5.4.3 Analytical Method

At ALS Chemex in Vancouver the samples were subject to 38-element fusion Induced Coupled Plasma Mass Spectrometry (ICP-MS) analysis (ALS code ME-MS81). This involves the addition of 0.2 g of prepared sample to 0.9 g of lithium metaborate flux, mixing and fusion in a furnace at 1000°C. The resulting melt is then cooled and digested in 100 mL of 4% nitric acid (HNO₃) and 2% hydrochloric acid (HCl) solution and analysed using ICP-MS.

At the SGS laboratory in Booyens South Africa the samples were prepared analysed with the GO IMS91B package (sodium peroxide fusion with ICP-MS finish). Sodium peroxide is a strongly oxidizing flux that is basic, not acidic in nature. It renders most refractory minerals soluble. Because the fusion temperature is lower than that of lithium metaborate fusions, the hydride elements are not volatilised.

Both of the ALS Chemex laboratories and the SGS laboratory are ISO accredited. The analytical methods used are according to industry standards and data provided is appropriate for use in the resource estimation.

5.4.4 Quality Assurance and Quality Control (QAQC)

Quality Assurance and Quality Control (QAQC) procedures used for the Project to validate the sample results included the routine insertion of one blank, one standard, and one duplicate sample within every 35 samples collected. This relates to an insertion rate of approximately 8 %, with one control samples in every 12 samples sent to the ALS Chemex laboratories in 2011 and SGS South Africa laboratory in 2013.

5.4.4.1 Standards

Standard material is inserted into the sample stream to test the assaying accuracy of the laboratory. To date three separate standards have been produced by Tantalus to control the accuracy of grade of the REE. These standards were sampled from the Project and have sensible grade values; unfortunately none of these standards were validated through a round robin and statistical evaluation. Two new standards were prepared by a commercial lab and sent for round robin testing; these new standards will be ready for the next exploration season.

In order to gain a level of confidence in the standards test results, SGS Geostat analysed the resulting data, for various errors. Human error with such large data input can be a common issue. Graphs depicting the standard deviation were made from the original data and outliers greater than 3 standard deviations were noted. The outliers were then cross- checked with the original sample tags to verify whether the discrepancy was related to a clerical error during collection or preparation (i.e. duplicate labeled as a standard).

Where blanks or duplicates could not explain outliers, it was assumed that the standards test result for that particular sample had failed. Most notably are samples 102213 and N009201 which were assumed to be failed samples. The failed standards were not included in the data to generate a new mean and standard deviation; however, they were included in the following figures. Table 5-6 summarises the standards test results and control charts are presented in Desharnais et al, 2016. It can be noted that the mean for each is maintained within 2 standard deviations with only a few minor exceptions. The failures range between 0% and 2%.

It is important to note that all means and standard deviations for all standards have not been certified. Ce has also been removed from the TREO because its relative concentration far outweighs its value contribution to this deposit. The standards used in the 2011 campaign to control the data quality for that campaign had a similar performance in verification as noted by Gilbertson (2013).

Table 5-6 Summary of the Statistical Analysis for REE at the Project (2011 & 2013)

Element	Count	Observed				Warning Range		Failure Range	
		Mean	Std Dev	Min	Max	Count	Rate	Count	Rate
Ce	326	515.1	24.9	90.2	597	14	4.3%	4	1.2%
Dy	326	5.5	0.4	4.55	8.24	14	4.3%	2	0.6%
Er	326	4.2	0.3	3.39	5.9	22	6.7%	1	0.3%
Eu	326	0.5	0.1	0.15	1.94	18	5.5%	4	1.2%
Gd	326	4.0	0.4	1.65	12.5	20	6.1%	3	0.9%
Ho	326	1.2	0.1	1	1.6	10	3.1%	3	0.9%
La	326	92.5	6.6	9.3	154	8	2.5%	3	0.9%
Lu	326	0.8	0.1	0.52	0.93	19	5.8%	3	0.9%
Nb	326	381.7	29.2	34	646	9	2.8%	8	2.5%
Nd	326	26.5	3.5	4.9	85.9	23	7.1%	6	1.8%
Pr	326	11.7	0.9	1.56	26.7	11	3.4%	4	1.2%
Sm	326	4.3	0.5	1	13.4	8	2.5%	4	1.2%
Ta	326	24.6	2.5	1	37.4	14	4.3%	8	2.5%
Tb	326	0.8	0.1	0.16	1.58	10	3.1%	4	1.2%
Th	326	74.1	5.6	16.5	137	6	1.8%	3	0.9%
Tm	326	0.7	0.1	0.41	0.86	15	4.6%	3	0.9%
U	326	25.0	2.3	3.1	33.5	11	3.4%	4	1.2%
Y	326	32.6	2.8	21.3	62.4	8	2.5%	5	1.5%
Yb	326	4.9	0.3	3.1	5.8	18	5.5%	4	1.2%
TREO no Ce	326	225.3	11.5	120.7	426.3	11	3.4%	5	1.5%

5.4.4.2 Blanks

Blank material is inserted into the sample stream in order to assess any sample contamination. Tantalus inserted blank mudstone material collected from a quarry in mainland Madagascar that is known to be devoid of REE mineralisation. Blank control charts are presented in Desharnais et al, 2016.

Most blanks showed consistent results with no significant bias over time. However, there were some blanks that returned higher than 3 times the detection limit, most notably N008704 and 45703 were high across all elements, and much higher than their corresponding standards. A sample switch was not identifiable from these examples, however the amplitude of the failure suggests that this is what they represent.

5.4.4.3 Duplicates

Duplicate samples are used to provide a measure of the entire error of sampling. They are collected, prepared and assayed in the same method as the originals. Pulp duplicate samples (additional half or

quarter core material taken from the original core) were also sent to ALS Chemex in Vancouver to test for analytical precision at the laboratory.

569 duplicate samples (1138 total) were collected. The results of the duplicate analyses versus the original analyses are shown in Desharnais et al, 2016. The results show a good level of precision; however there are a few readings outside of the confidence level. A summary of performances for duplicates is shown in Table 5-7.

Table 5-7 Summary of Performance for Duplicates (2011 & 2013)

	Relative Difference		
	Min	Ave	Max
Ce	0%	5%	81%
Dy	0%	6%	83%
Er	0%	6%	79%
Eu	0%	7%	84%
Gd	0%	6%	87%
Ho	0%	6%	80%
La	0%	7%	94%
Lu	0%	6%	74%
Nb	0%	6%	93%
Nd	0%	6%	94%
Pr	0%	6%	94%
Sm	0%	6%	91%
Ta	0%	7%	92%
Tb	0%	6%	83%
Th	0%	6%	88%
Tm	0%	6%	78%
U	0%	6%	85%
Y	0%	5%	78%
Yb	0%	6%	78%
TREO no Ce	0%	6%	92%

5.4.5 Topographical Data

The most reliable topographic survey shows poor correlation to the handheld GPS-surveyed drillhole collars. Due to the discrepancies between the collars and the topographic surface, the collars were pressed to the best available product in order to maintain a constant baseline for which to model the geological data. The most reliable topographic map is sourced from the government and has 10m contours. SGS combined this data with the Fugro airborne survey. Together they have full coverage of the project area. See the resource estimation section for more details. SGS considers that a higher precision survey will be necessary for any economic study. A Lidar survey over the property is highly recommended.

5.4.6 Data Verification

The database was continually validated by the company on receipt of assays from the lab. Drilling, pitting, trenching and window sampling collar locations, surveys and logging was entered manually into the database by the Geologist responsible for the specific hole/pit. The data were then validated by a dedicated Database Manager.

The pit and drillhole databases were supplied to SGS as Microsoft Excel files. Prior to importation into Genesis software, the data was inspected. The data was manually validated by looking through the collar, survey, assay and lithology files for obvious errors, such as missing data or negative values.

The data importation process in Genesis incorporates its own data verification, which checks for errors in the collar, survey, assay and lithology files. The software checks for overlaps, missing data, errors in end-of-hole (EOH) depth and suspect downhole surveys.

The trench data and auger hole data were removed due to inconsistencies, together with some test pits and drillholes that were missing coordinate data. All grab sample data was removed from the database prior to modelling.

The final DB contained 4771 collars (4412 test pits and 359 drill holes), 37,212 assays and 37,212 lithologies.

5.4.7 Data Quality Summary

The sample QAQC procedures in place are, on the whole, considered appropriate for the project at its current level of development. The creation of two new standards with proper round robin certification will ensure that the accuracy of results is tested in the future. A clear protocol should be implemented by the Company to flag anomalous results from the control samples with specific steps to investigate and take actions (reanalyse batches) or accept certain results under certain conditions. Topographic data should be improved with a Lidar survey or equivalent.

It is the Author's opinion, based on a review of all possible information, that the sample preparation and analyses used on the Project meet acceptable industry standards and the data is of sufficient quality to be used for geological and resource modeling, and estimation of Measured, Indicated and Inferred mineral resources.

5.5 Mineral Processing and Metallurgical Testing

5.5.1 Historical Testwork

The Soviet Geological Mission completed between 1988 and 1991 included the collection of samples for mineralogical and metallurgical testwork.

5.5.1.1 Soviet Mineralogical Testwork

Mineralogical testwork completed as part of the Soviet Geological Mission confirmed that the locally and historically termed fasibitikite has a granitic composition containing 30 to 50 % quartz, 10 to 30 % feldspar, 15 to 30 % riebeckite and aegirite, and up to 10 % metalliferous minerals. The identified metal-bearing minerals include pyrochlore, zircon, chevkinite, eudialyte, monazite, galena, sphalerite and magnetite. Due to the limitations of the testwork, they were unable to define the complete list of minerals that contain thorium, yttrium or tin.

The only mineral that was subject to comprehensive study was pyrochlore. Pyrochlore is found in the peralkaline granitic intrusive rocks and appears as irregularly dispersed disseminations or crystalline aggregates (0.03 to 1.5 mm). Although dispersed irregularly, pyrochlore occurs throughout the rock mass and can be concentrated at the margins of the intrusives as octahedral crystals (particularly the aegirite varieties). Weathered pyrochlore was observed to often be replaced by columbite and the typical Nb/Ta ratio for the studied samples was 13.6.

The distribution of zircon was found to be extremely irregular and to have a variable content of between 1 and 15 %. Grain size was also observed to be variable (a few hundredths of a mm to 2 mm) but with primary zircon being typically coarser and mainly found in the peralkaline granitic intrusive rocks. Secondary zircon occurs as a replacement mineral and was identified in fenite.

Chevkinite mainly occurs within the peralkaline granitic rocks whilst monazite is present in all mineralised rocks. Galena is less common and has an extremely irregular grade distribution from 100 to 6,400 ppm. Subordinate minerals were identified as xenotime, samarskite, gagarinite, sphalerite, pyrite and chalcopyrite.

The main economic elements of interest were identified as tantalum, niobium and REE (\pm zirconium and hafnium). Minor thorium was also identified, but in uneconomic quantities and associated with only low radioactivity.

The main Ta-Nb mineral is pyrochlore, which is often partly columbitised (where weathered) and as a result becomes more enriched in Nb. A monomineralic pyrochlore sample was calculated to contain 31.43 % Nb₂O₅, 2.31 % Ta₂O₅, 1.10 % ZrO₂, 0.35 % ThO₂ and 23.19 % TREO.

The rare earth elements were identified in chevkinite, eudialyte and pyrochlore. Cerium-bearing REEs were mainly observed in association with chevkinite, and yttrium-bearing REEs with eudialyte. The samples were determined to be LREE dominant, with particular enrichment in cerium and a notable depletion in europium - a trend that is well-documented in published literature.

5.5.1.2 Soviet Metallurgical Testwork

Metallurgical testwork completed as part of the Soviet Geological Mission included both bedrock and regolith material. The main objective of the testwork was to establish a processing methodology that would result in a rare-metal concentrate. Testwork was completed on 14 composited samples (9 bedrock and 5 regolith samples) at the OMNIC laboratory and included: Gravity concentration; Magnetic separation; and Flotation.

Flotation proved to be the most effective concentration method, with the -0.08 mm fraction containing 80 % of the minerals of interest and the -0.04 mm fraction containing 40 %. The discarded / residue material was also found to contain very fine-grained mineralisation not amenable to recovery using the utilised flotation method. Due to the limitations of the OMNIS laboratory, it was not possible to carry out further testwork on selective grinding and flotation of the fines.

5.5.2 Pre-2013 Testwork

Contemporary mineralogical testwork and studies have been completed in Germany by independent Geochemist Dr. Udo Jakobs (www.dr-jakobs-gmbh.de) and Consulting Geologist Dr. Thomas Hatzl (www.mineral-consult.de) and as part of research by Guillaume Estrade at the University of Toulouse in France. Contemporary metallurgical testwork has been completed in Germany by Dr. Hatzl and in Canada by the Metallurgical testwork Department of the Chemical Engineering and Applied Geochemistry section of the University of Toronto.

5.5.2.1 Mineralogical Testwork

Given the re-focus from bedrock-hosted REE mineralisation to regolith-hosted ionic adsorption-type REE mineralisation, this section describes the testwork completed on predominantly regolith material. The findings of the contemporary mineralogical studies completed on bedrock material are summarised in Section 5 - Geological Setting and Mineralisation.

In 2010, Dr. Hatzl studied a regolith sample collected from trench TANT2 in the Befitina prospect (sample TANT2-477067). The sample comprised material collected from the ferruginous zone of the regolith profile overlying syenite bedrock (Tantalus, 2012b). The sample was subject to the following analytical methods:

- X-Ray Diffraction (XRD);
- X-Ray Fluorescence (XRF);
- Fourier Transmission Infrared Spectrometry (FTIR);
- Scanning Electron Microscopy (SEM-EDX);
- Petrographic study of thin and polished sections;
- Sieving and Atterberg centrifugation (for grain-size analysis)

A summary of the XRD results for sample TANT2-477067 are provided in Table 5-8.

Table 5-8 Summary of the XRD results for Sample TANT2-477067

<i>Fraction</i>	<i>Kaolinite-D</i>	<i>Illite</i>	<i>Quartz</i>	<i>Hematite</i>	<i>Goethite</i>	<i>Gibbsite</i>	<i>Baddeleyite</i>
Total sample	20	n.d.	50	3	12	15	n.d.
< 2 µm	65	1	5	5	13	10	< 1
> 40 µm	8	n.d.	70	2	8	12	n.d.

All values in wt. %, n.d. = not detected

The XRD analysis indicates that half of the total sample comprises quartz, which is the dominant mineral in the coarser (> 40 µm) fraction. Kaolinite is the second most abundant mineral, and represents the most abundant mineral in the finer (< 2 µm) fraction. Both size-fractions contain significant proportions of iron (as hematite and goethite) and aluminium (as gibbsite). Interestingly, baddeleyite (ZrO₂) was sufficiently concentrated in the finer fraction to be detected by XRD.

The mineralogical work classified the sample as a quartz-rich ferruginous “laterite” with a high gibbsite content and accessory baddeleyite. Petrographic studies confirmed the presence of baddeleyite and secondary zirconium, pyrochlore, rare thorianite, REE (comprising almost exclusively cerium, probably as a hydroxide/oxide) and secondary REE phosphate minerals. Zirconium was present in the coarser fraction, whilst the REE tended to occur in the finer fraction as aggregates and coatings. Secondary cerium-enriched

REE minerals represented the latest phase of the mineralisation of interest, mostly developed as very fine-grained aggregates on and between Al-Fe-hydroxides.

Based upon the mineralogical studies, the other rare earth elements appear to be hosted by relict accessory minerals including monazite, pyrochlore, thorite, and zircon, and secondary baddeleyite.

Tantalum and niobium mainly occur in minerals belonging to the pyrochlore group, with both yttropyrochlor and plumbopyrochlor observed. Both phases appear to be relict accessory minerals. In the studied sample, zirconium occurs as both relict zircon and secondary baddeleyite.

A second composite regolith sample was also mineralogically studied by Dr. Hatzl using the aforementioned methods. The sample comprised clay-rich saprolite material collected from the Caldera prospect (composite sample I679066 - I679069).

A summary of the XRD results for sample I679066 - I679069 are provided in Table 5-9.

Table 5-9 Summary of the XRD Results for Sample I679066 - I679069 (Gilbertson, 2013)

Probe	Smectite	Mica	Illite-Smectite	Kaolinite-Smectite	Kaolinite-D	Chlorite	Quartz	Albite	K-feldspar	Hematite	Goethite	Gibbsite
Total sample	1	11	7	18	21	3	33	n.d.	n.d.	2	3	1
<0.1mm A	1	9	6	13	22	2	39	n.d.	n.d.	2	3	3
<0.1mm B	1	10	4	17	22	2	34	n.d.	n.d.	2	3	4
<0.1mm C	1	10	6	18	25	2	30	n.d.	n.d.	3	3	2
0.1-0.315 mm	1	9	6	11	24	2	38	n.d.	n.d.	3	3	3
MAG1												
0.1-0.315 mm	1	5	4	2	2	1	78	<1	1	<1	<1	3
NONMAG1												
0.1-0.315 mm	1	9	6	13	21	2	39	n.d.	n.d.	2	3	4
MID1												
0.1-0.315 mm	1	4	3	5	5	1	73	n.d.	<1	1	1	5
B'												
0.1-0.5 mm	1	9	6	9	15	2	49	<1	n.d.	2	2	4
0.5-1.0 mm	1	12	6	14	17	2	42	n.d.	n.d.	2	2	2

All values in wt. %. n.d. = not detected

The XRD for the saprolite sample returned very different results to those obtained from the ferruginous zone sample. The saprolite contains a lot more clay and a greater variety of clay minerals. From an economic perspective, the presence of smectite is very significant because it has a much higher ionic exchange capacity (has the potential to adsorb more REE ions) than monomineralic kaolinite. Hematite, goethite and gibbsite are also only present in small quantities in the saprolite sample. Despite being mineralised, no REE or other rare metal bearing minerals were identified in the saprolite sample using XRD. A plausible explanation is that the mineralisation occurs as very fine-grained relict and ionic phases that were not discernible using XRD (Tantalus, 2012b).

5.5.2.2 University of Toronto Testwork

In January 2012, the University of Toronto (UoT) in Canada initiated metallurgical testwork on samples from the Project. The testwork was more specifically completed by the Department of the Chemical Engineering and Applied Geochemistry by Dr. Georgiana Moldoveanu and Prof. Vladimiro G. Papangelakis, both of whom have recently published papers specifically on the recovery of rare earth elements adsorbed on clay minerals (Moldoveanu & Papangelakis, 2012; and 2013a) and are considered to be the amongst the leading experts in this field outside of China.

The samples provided to the University of Toronto are summarised in Table 5-10.

Table 5-10 Summary of the Samples Provided to the University of Toronto (Moldoveanu, 2013)

<i>Tantalus SampleID</i>	<i>UoT Sample ID</i>	<i>Prospect</i>	<i>Type</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Interval (m)</i>	<i>Material</i>
I618258	MC1	Caldera	Pit sample	6.50	7.00	0.50	Saprolite
I618440	MC2	Caldera	Pit sample	5.50	6.00	0.50	Saprolite
L546213	MC3	Caldera	Pit sample	4.00	4.50	0.50	Saprolite
L546571	MC4	Befitina	Pit sample	7.00	7.50	0.50	Weathered bedrock (syenite)
L547432	MC5	Befitina	Pit sample	5.00	5.50	0.50	Saprolite

MC = Madagascar Clay

The main objectives of the UoT testwork were to measure the REE and selected base metal composition of the provided samples, and investigate the leachability of the clays within the samples by measuring the REE terminal extraction under previously defined “base-line” conditions established during preceding research.

The methodology involved two phases:

Phase 1 - Clay Elemental Analysis:

- The samples (5 g each) were digested in 80 mL aqua regia (3:1 concentrated HCl:HNO₃, vol/vol) to bring the constituent elements into solution (except for the insoluble alumino-silicate matrix). The digested residue was then filtered, washed with 5% HNO₃ and denatured alcohol (85-15 % vol/vol ethanol-methanol mixture) and dried overnight in an oven at 60° C. The filtrate was then diluted to 250 mL (with DI-H₂O);
- Inductively Coupled Plasma (ICP) analysis on the solution for:
 - all lanthanide-group REE (La through Lu, plus Y);
 - Th, U, and Sc.

Phase 2 - Leaching Tests:

Batch leaching tests were performed by adding 50 g of dry sample material to 100 mL of leaching agent (i.e. Solids/Liquids = 1/2) in 250 mL Erlenmeyer flasks plugged with rubber stoppers. The flasks were equipped with Teflon-coated stirring bars and placed on a stirring magnetic plate for 30 minutes, to ensure solid suspension. At the end of the experiment, the solids were separated by filtration, washed with distilled water of pH 5 and denatured alcohol, dried in the fume hood under ambient temperature and pressure, weighted and stored for further analysis (by aqua regia digestion and ICP).

The previously defined “base-line” conditions established during preceding research (as described in Moldoveanu & Papangelakis, 2012; and 2013a) involved the following parameters:

- Lixiviants: 0.5M (NH₄)₂SO₄ (i.e., 1M NH₄⁺ exchange ions); 1M NaCl; ~ 0.5M NaCl (simulated seawater);
- S/L = 1/2 (wt/vol), i.e. 50 g clay /100 mL lixiviant
- Room temperature (~22°C);
- Natural pH of the system was monitored and adjusted to ~5 (with 0.1M HCl) for NaCl-based lixiviants;
- Initial test duration: 1 h (no kinetics study due to extreme difficulties in S/L separation);
- Aqua Regia Digestion (ARD) and ICP analysis were conducted on the residue (the same procedure as the one described in Phase 1) to determine the final REE and Th, U, Sc.

The UoT sample descriptions and aqua regia digestion results are provided in Table 5-11.

Table 5-11 University of Toronto Sample Descriptions and Aqua Regia Digestion Results (Moldoveanu, 2013)

<i>UoT Sample ID</i>	<i>UoT Description</i>	<i>% Dissolved during ARD</i>
MC1	Light brown, very fine powder	23.6
MC2	Pinkish-orange, soft chunks (easily broken with a pestle) plus some fine black sandy magnetic material	35.3
MC3	Pinkish-orange, very fine, occasional soft chunks (easily broken with the pestle)	31.5
MC4	Pinkish-orange, higher content of coarse particles (sand-like)	25.3
MC5	Brownish-orange, fine, occasional soft chunks (easily broken with a pestle)	35.7

ARD = Aqua Regia Digest

The Total Rare Earth Oxide (TREO) and Relative Rare Earth Oxide (REO) results, in wt. % are provided in Table 5-12 and Table 5-13 respectively.

Table 5-12 Total Rare Earth Oxide (TREO) Results (as wt. %) (Moldoveanu, 2013)

<i>REO</i>	<i>MC1</i>	<i>MC2</i>	<i>MC3</i>	<i>MC4</i>	<i>MC5</i>
La₂O₃	0.1103	0.0627	0.2047	0.0031	0.0339
Ce₂O₃	0.0476	0.0388	0.0299	0.0629	0.0204
Dy₂O₃	0.0034	0.0063	0.0066	0.0007	0.0027
Er₂O₃	0.0021	0.0036	0.0027	0.0086	0.0014
Eu₂O₃	0.0006	0.0010	0.0011	0.0000	0.0010
Gd₂O₃	0.0088	0.0097	0.0131	0.0021	0.0048
Ho₂O₃	0.0007	0.0010	0.0010	0.0019	0.0008
Lu₂O₃	0.0003	0.0007	0.0003	0.0002	0.0003
Nd₂O₃	0.0607	0.0375	0.1159	0.0028	0.0271
Pr₂O₃	0.0181	0.0112	0.0327	0.0056	0.0077
Sm₂O₃	0.0115	0.0090	0.0202	0.0009	0.0051
Tb₂O₃	0.0013	0.0014	0.0019	0.0002	0.0007
Tm₂O₃	0.0014	0.0004	0.0002	0.0007	0.0001
Y₂O₃	0.0273	0.0489	0.0362	0.0024	0.0177
Yb₂O₃	0.0013	0.0035	0.0018	0.0017	0.0013
TREO	0.295	0.235	0.468	0.093	0.125
ThO₂	0.0064	0.0079	0.0049	0.0335	0.0066
U₃O₈	0.0128	0.0283	0.0145	0.0256	0.0244
Sc₂O₃	0.0001	0.0004	0.0005	0.0002	0.0030

Total REO (TREO) content of clays is calculated as following:

Total REE "in" = sum of all individual REE in the initial clay (i.e. total mass), as detected by ICP;

Table 5-13 Relative Rare Earth Oxide (REO) Results (as wt. %) (Moldoveanu, 2013)

REO	MC1	MC2	MC3	MC4	MC5
La₂O₃	37.33	26.62	43.71	3.28	27.13
Ce₂O₃	16.12	16.46	6.39	67.67	16.29
Dy₂O₃	1.16	2.68	1.40	0.79	2.12
Er₂O₃	0.72	1.51	0.59	9.21	1.16
Eu₂O₃	0.22	0.41	0.24	0.01	0.78
Gd₂O₃	2.98	4.10	2.79	2.26	3.85
Ho₂O₃	0.24	0.44	0.21	2.05	0.67
Lu₂O₃	0.08	0.29	0.06	0.23	0.24
Nd₂O₃	20.56	15.93	24.75	2.98	21.69
Pr₂O₃	6.11	4.77	6.98	6.00	6.16
Sm₂O₃	3.88	3.81	4.31	0.96	4.11
Tb₂O₃	0.43	0.59	0.40	0.20	0.56
Tm₂O₃	0.46	0.16	0.05	0.74	0.08
Y₂O₃	9.24	20.75	7.74	2.61	14.12
Yb₂O₃	0.44	1.47	0.38	1.78	1.01
TREO	100	100	100	100	100

From Table 5-12 and Table 5-13 it can be observed that:

- Sample MC3 has the highest REO content, while MC4 has the lowest;
- MC1 and MC2 are rather similar in terms of total REO content relative composition;
- MC5 has less total REO content but follows similar relative distribution as MC1 and MC2;
- MC4 has the lowest REO content and seems to consist of different minerals (when compared to the other clays), with Ce, U and Th accounting for 80% of the content.
- Major REE in all clays: La, Nd, Ce, Pr, Sm and Y;

Leaching with 0.5 M (NH₄)₂SO₄ (1M total exchange cations):

The results of leaching with 0.5 M (NH₄)₂SO₄ (1M total exchange cations) are provided in Table 5-14.

Table 5-14 REE Extraction Levels (as % Extraction) both as Individual REE and Total REE, Based on Solids Analysis (0.5M (NH₄)₂SO₄, 60 min, 22°C, S/L = 1/2, pH ~ 5.4) (Moldoveanu, 2013)

<i>REE</i>	<i>MC1</i>	<i>MC2</i>	<i>MC3</i>	<i>MC4</i>	<i>MC5</i>
La	73.6	71.1	81.7	3.6	67.5
Ce	17.3	34.6	36.6	29.5	22.7
Dy	90.9	84.8	85.1	0.0	70.9
Er	65.4	69.9	72.1	29.1	57.3
Eu	56.8	67.7	68.8	0.0	79.1
Gd	70.6	55.6	73.2	0.0	41.6
Ho	94.7	98.2	87.1	11.0	70.0
Lu	19.9	52.5	34.4	7.9	17.7
Nd	72.3	68.9	75.2	25.4	70.5
Pr	53.6	48.7	70.5	0.0	68.6
Sm	65.2	63.5	74.9	0.0	68.3
Tb	57.5	60.3	66.1	0.0	45.1
Tm	89.0	66.5	93.9	0.0	79.4
Y	69.4	71.7	87.2	0.0	65.5
Yb	50.8	63.1	82.5	13.7	44.0
Total REE	62.4	63.0	76.1	23.4	59.4
Th	0.0	0.0	0.0	0.0	0.0
U	0.0	0.0	0.0	0.0	0.0
Sc	0.0	0.0	0.0	0.0	0.0

Total REE “in” = sum of all individual REE in the initial clay (i.e. total mass), as detected by ICP; Total REE “extracted” = the sum of all individual REE in the residue, as detected by ICP;

$$\%E = \frac{\text{Mass REE}_{\text{leached}}}{\text{Mass REE}_{\text{in clay initially}}} \times 100$$

$$\text{Mass REE}_{\text{leached}} = \text{Mass REE}_{\text{in clay initially}} - \text{Mass REE}_{\text{in final residue}}$$

General comments relating to the leaching with 0.5 M (NH₄)₂SO₄ (1M total exchange cations) are as follows:

Dry clays are known to absorb water (the characteristic “swelling” phenomenon). However, the clays in the Tantalus samples appeared to absorb more water compared to previous published studies with other clays (Moldoveanu & Papanagelakis, 2012; and 2013a). Due to extreme difficulties in Solid / Liquid (S/L) separation, it was not possible to collect a representative filtrate sample at the end of the experiments and recover the whole mass of clays in order to quantify the solution loss via water absorption. However, this behavior has likely been explained by the routine drying (and hence dehydration) of the samples as part of the Tantalus sample preparation procedure.

The mass of REE leached is referenced to the final solid residue to avoid uncertainties due to lixiviant volume changes during leaching due to absorption in clay and/or sampling.

Kinetic studies were not conducted due to the difficulty of systematic sampling and S/L separating; the leaching tests were conducted for 60 minutes. Based on the cited previous studies, equilibrium is usually reached in less than 15 minutes.

Leaching with NaCl-based Lixiviants:

The conditions used for the leaching of a selection of the samples are as follows:

22°C, 60 min, S/L = 1/2, initial pH of lixiviant ~ 5, adjusted with 0.1M HCl; the pH adjustment was necessary in order to avoid potential REE loss via hydrolysis (formation of insoluble hydroxides).

Based on extraction levels achieved by leaching with 0.5M ammonium sulphate, it was decided to employ only samples MC1, MC2, MC3 and MC5 for further studies (the clays with greatest leachability), as M4 demonstrated limited/low extraction.

Leaching with 1M NaCl (i.e. 1M total exchange monovalent cations available):

The results for REE Extraction during leaching with 1M NaCl are provided in Table 5-15.

Table 5-15 % REE Extraction During Leaching with 1M NaCl (Moldoveanu, 2013)

<i>REE</i>	<i>MC1</i>	<i>MC2</i>	<i>MC3</i>	<i>MC5</i>
La	56.0	52.4	48.8	47.9
Ce	1.0	0.5	0.0	11.1
Dy	75.6	61.5	48.6	49.1
Er	73.4	53.0	47.6	39.8
Eu	55.4	47.6	48.0	45.1
Gd	60.3	46.0	48.1	40.3
Ho	67.0	70.0	57.7	27.2
Lu	44.3	32.1	12.2	5.1
Nd	49.9	52.2	44.4	44.5
Pr	46.9	43.9	41.3	41.1
Sm	61.3	49.9	50.6	54.1
Tb	47.9	55.7	46.4	37.1
Tm	65.1	73.6	61.1	63.8
Y	55.7	57.1	48.0	48.1
Yb	42.3	48.6	41.5	39.3
Total REE	46.0	44.1	44.0	40.2

Despite the fact that both 0.5M (NH₄)₂SO₄ and 1M NaCl offer identical initial concentration of available exchange cations, 1M NaCl achieves lower REE extraction levels. This behavior is consistent with the hydration energy theory that was postulated during previous published work (Moldoveanu & Papanagelakis, 2012).

Leaching with Simulated Seawater Solution (SSW):

The results for REE Extraction during leaching with Simulated Seawater Solution (SSW), with ~ 0.48M Na (i.e. ~ 10.8 g/L Na⁺, 19.4 g/L Cl⁻, 2.7 g/L SO⁴²⁻, 1.28 g/L Mg²⁺, 0.4 g/L K⁺, 0.4 g/L Ca²⁻) are provided in Table 5-16.

Table 5-16 % REE Extraction During Leaching with Simulated Seawater (0.48M Na) (Moldoveanu, 2013)

REE	MC1	MC2	MC3	MC5
La	52.4	48.0	42.8	46.0
Ce	0.0	0.0	0.0	8.4
Dy	77.7	55.4	42.7	41.8
Er	44.0	45.5	41.6	36.7
Eu	45.4	40.1	41.1	39.3
Gd	50.3	41.2	44.1	37.1
Ho	54.6	61.9	48.2	21.8
Lu	0.0	23.4	5.0	0.0
Nd	46.3	46.1	40.1	40.8
Pr	39.6	37.0	36.6	37.7
Sm	53.1	45.1	46.2	49.9
Tb	48.6	43.0	42.6	32.8
Tm	5.6	56.6	49.3	52.2
Y	50.8	51.8	42.8	45.4
Yb	38.8	41.0	34.4	33.2
Total REE	41.6	39.5	39.1	37.2

Based upon these results, simulated seawater (0.48M Na) achieves lower REE extraction levels when compared to 1M NaCl (by ~10%).

Two-Stage Leaching Experiments:

In order to investigate a possible increase of REE extraction by multi-stage leaching, a 2-stage process was applied to sample MC3 (as the material that exhibited the highest extraction levels). The leached clays were filtered, washed with DI-H₂O adjusted to pH 5 as previously explained, and re-pulped again with fresh lixiviant under identical conditions (i.e. 22°C, 60 min, S/L = 1/2, pH ~5). The utilised lixiviants comprised 0.5M (NH₄)₂SO₄, 1M NaCl and simulated seawater (0.48M NaCl), respectively.

In order to accelerate the data collection process, the extraction levels are solution-based and calculated with reference to the final volume. Proper extraction values should be based on solids. Nevertheless, they are comparable with solution-based ones.

$$\%E_{total} = \frac{\text{Mass REE}_{leached\ total}}{\text{Mass REE}_{in\ clay\ initially}} \times 100$$

$$\text{Mass REE}_{leached\ total} = \text{Mass REE}_{in\ final\ solution1} - \text{Mass REE}_{in\ final\ solution2}$$

Table 5-17 Two-stage Leaching for MC3 (22°C, 60 min, S/L = 1/2) (Moldoveanu, 2013)

<i>Element</i>	<i>0.5M (NH₄)₂SO₄</i>		<i>1M NaCl SSW</i>			
	E₁	Etot	E₁	Etot	E₁	Etot
La	83.6	97.5	48.8	72.0	42.8	56.9
Ce	0.0	0.0	0.0	0.0	0.0	0.0
Dy	80.9	94.7	48.6	70.2	42.7	59.4
Er	86.8	93.0	47.6	66.1	41.6	57.7
Eu	62.1	77.6	48.0	67.0	41.1	51.4
Gd	82.6	96.7	48.1	70.4	44.1	59.4
Ho	75.5	93.2	57.7	80.0	48.2	63.0
Lu	52.3	61.2	12.2	12.2	5.0	5.0
Nd	80.8	94.3	44.4	65.5	40.1	52.6
Pr	75.1	87.1	41.3	60.7	36.6	48.0
Sm	90.6	94.3	50.6	74.5	46.2	61.4
Tb	84.1	98.5	46.4	66.4	42.6	56.1
Tm	53.4	60.9	61.1	77.4	49.3	57.2
Y	77.3	90.5	48.0	69.2	42.8	60.5
Yb	73.2	85.7	41.5	57.2	34.4	46.6
Total REE	76.6	88.8	44.0	64.6	39.1	52.1

As observed in Table 5-17, the two-stage leaching procedure has the ability to significantly increase overall REE extraction by an additional 10 to 20 units % (depending on the individual REE and lixiviant used).

General conclusions relating to the testwork completed by the UoT are summarised as follows:

The samples provided by Tantalus and identified as MC1 through MC5, respectively, have a content of REO ranging from 0.09 to 0.47 %wt. (as per Table 13-5);

Samples MC1, MC2, MC3 and MC5 exhibit good “ion adsorption”-type behavior (i.e. the major part of the REE content can be easily and rapidly recovered by simple leaching with either ammonium sulphate or sodium chloride solutions under ambient conditions) MC3 shows the highest leachability (76% Total REE leached), followed by MC1, MC 2 and MC5, respectively. MC4 has the lowest REE content and poor leachability (i.e. ~ 24% out of 0.09% wt. initial TREO), attributed to it comprising weathered bedrock (syenite) rather than clay-dominant material;

0.5M (NH₄)₂SO₄ offers the best extraction levels (Table 5-14), between 60 and 76 %, whereas 1M NaCl and simulated seawater (0.48M Na) achieve ~20 % units lower extraction levels (Table 5-15 and Table 5-16, respectively);

Individual REE extraction varies depending on sample type; The samples exhibit no extraction for U, Th and Sc;

A two-stage leaching process (i.e. leaching of previously leached clays with fresh lixiviant) on sample MC3 appears to improve the overall REE extraction levels by 10 to 20 units %, depending on the lixiviant used (Table 5-17).

Following on from the testwork conducted at UoT, the University has recommended the following course of future testwork:

- Multiple stage leaching tests using differing strengths of NaCl, (NH₄)₂SO₄ and a mixture of seawater and (NH₄)₂SO₄;
- Sedimentation and filterability testwork on the leached slurries;

- Oxalate precipitation tests, including reagent optimisation, kinetic and temperature effects, and sedimentation and filterability testwork; and
- Oxalate calcination testwork, including kinetics and final product purity.

5.5.3 Outotec Testwork

Outotec began testing in May of 2014 on samples from The Project which were to be completed in January of 2015. Results summarised here are from a preliminary report provided by Tantalus in September 2014.

Leaching experiments:

Five leaching experiments were carried out, material from one clay deposit (single sample) and material from several deposits (composite sample) were used.

Conditions and set-up:

- Solid content in the leaching = 0.5 kg clay (moist) / 1 l solution - Clay moisture content approximately 20 weight-%
- Leaching temperature = 25 – 30 °C
- Leaching time = 2 - 3 h
- Electrolyte solutions for ion-exchange leaching
 - $(\text{NH}_4)_2\text{SO}_4$, 0.50 mol/l and 0.25 mol/l
 - NaCl, 0.48 mol/l (corresponds concentrations in sea water)
 - Na_2SO_4 , 0.5 mol/l
- Experimental set-up
 - Mechanically agitated tank reactor with baffles
 - Reactor size = 5 L
 - Slurry content = approximately 4 L
 - Temperature control
 - pH measurement
 - Sampling from the reactor at certain intervals to produce solution and solid samples for analysis.

Leaching was done in 0.5 mol/l $(\text{NH}_4)_2\text{SO}_4$ solution, 0.25 mol/l $(\text{NH}_4)_2\text{SO}_4$ solution, 0.48 mol/l NaCl solution (synthetic seawater). For all tests the Feed material was a single sample from one deposit and they were assayed for main metal analyses along with U, Th, Sc.

Leaching tests were also completed using a 0.5 mol/l $(\text{NH}_4)_2\text{SO}_4$ solution, on a composite sample. It also showed a rapid leaching process and low concentrations of main metals in the leach solution.

The effect of electrolyte solution on leaching of main metals showed little to no difference.

Precipitation

- Preliminary precipitation test was carried out by using oxalic acid
- Precipitate was obtained
- Na_2CO_3 was also tested as a precipitation chemical but it resulted in geltype of precipitate (clear difference compared to the precipitate obtained with oxalic acid). Oxalic acid resulted in the formation of more crystalline precipitate (however, very fine particle size also with oxalic acid).
- No precipitation of main metals in the solution. Concentrations of the main metals remained on the same level in starting solution and final solution
- REE analyses is being completed.

Process concept development and modelling

Process concept by using $(\text{NH}_4)_2\text{SO}_4$ leaching and oxalic acid precipitation as a starting case.

Main process steps:

- Leaching
- Solid-liquid separation

- Precipitation of REE
- Solid-liquid separation of REE cake
- Oxalate and gypsum removal
- Solution recycling
- Bleed stream out
- Solid residue out
- REE product (RE oxide)

Summary

- Based on the first leaching tests, the following features were observed
 - Leaching tests show very rapid leaching process (based on the main metals and REE)
 - The yields of individual REE varied a lot
 - The highest REE yields were for La (82 %) and Pr (83 %) when 0.25 mol/l (NH₄)₂SO₄ solution was used
 - The single sample contained low amount of REE which may have affected the REE yields. The later experiments have been carried out with composite sample which presumably contains more REE (samples in analysis).
 - Low concentrations of main metals in the leach solution (which is good feature: solution is then purer for REE precipitation, it is beneficial also for OPEX and CAPEX)
 - The original solid concentration in leaching (0.5 kg clay/ 1 l solution) seems to work in stirred tank. There is still potential to increase solid concentration in leaching step which means smaller reactor size at plant scale.
- Based on the first and preliminary precipitation test, the following features were observed
 - Use of oxalic acid seems to produce more crystalline precipitate in the REE precipitation step than Na₂CO₃
 - The main metals seem to remain in the solution during the precipitation (which is important feature: possibilities for purer product)

5.5.4 SGS Lakefield Testwork

Sample Receipt

A total of seven shipments, weighing approximately 982 kg, were received at the SGS Lakefield site between the months of April and May of 2013. These shipments consisted of 50 clay samples and 10 breccia samples which originated from the Ampasindava deposit in Madagascar. Each sample was identified by the pit number as well as the depth they were extracted from. The sample inventory is presented in Table 5-18.

Each sample was renamed Sample 1 through Sample 60 at the SGS facility.

Table 5-18 2013 SGS Lakefield Sample Inventory

SGS Sample ID	Tantalus Sample ID	Sample Type	Pit ID	Depth		No. of bags	Weight kg
				from	to		
Sample 1	TPIT 074-03100315	Breccia	TPIT074	3.1	0.0	6	34.1
Sample 2	TPIT 106-03000350	Breccia	TPIT106	3.0	3.5	6	39.0
Sample 3	TPIT 237-08001000	Breccia	TPIT237	8.0	10.0	6	36.8
Sample 4	TPIT 146-04000050	Breccia	TPIT146	4.0	5.0	6	50.6
Sample 5	TPIT 471-04000430	Breccia	TPIT471	4.0	4.1	6	32.1
Sample 6	TPIT 370-07000710	Breccia	TPIT370	7.0	7.1	6	33.0
Sample 7	TPIT 141-08000850	Breccia	TPIT141	8.0	8.5	6	36.1
Sample 8	TPIT 110-09001000	Clay	TPIT110	9.0	10.0	2	13.0
Sample 9	TPIT 114-02000300	Clay	TPIT114	2.0	3.0	2	12.2
Sample 10	TPIT 211-08001000	Clay	TPIT211	8.0	10.0	2	13.0
Sample 11	TPIT 312-09001000	Clay	TPIT312	9.0	10.0	2	14.0
Sample 12	TPIT 360-06000800	Clay	TPIT360	6.0	8.0	2	10.8
Sample 13	TPIT 011-02500450	Clay	TPIT011	2.5	4.5	2	12.8
Sample 14	TPIT 023-05000650	Clay	TPIT023	5.0	6.5	2	15.2
Sample 15	TPIT 026-05000560	Clay	TPIT026	5.0	5.6	2	13.1
Sample 16	TPIT 037-07501000	Clay	TPIT037	8.5	10.0	2	9.4
Sample 17	TPIT 088-07500800	Clay	TPIT088	7.5	8.0	2	8.9
Sample 18	TPIT 240-01000200	Clay	TPIT240	1.0	2.0	2	13.9
Sample 19	TPIT 247-07000080	Clay	TPIT247	7.0	8.0	2	14.3
Sample 20	TPIT 248-04000450	Clay	TPIT248	4.0	4.5	2	13.4
Sample 21	TPIT 249-08000900	Clay	TPIT249	7.0	9.0	2	11.5
Sample 22	TPIT 252-03000040	Clay	TPIT252	3.0	4.0	2	11.7
Sample 23	TPIT 284-06000800	Clay	TPIT284	6.0	8.0	2	14.4
Sample 24	TPIT 294-04000700	Clay	TPIT294	4.0	7.0	2	14.0
Sample 25	TPIT 303-06000700	Clay	TPIT303	6.0	7.0	2	13.0
Sample 26	TPIT 324-01000020	Clay	TPIT324	1.0	2.0	2	14.7
Sample 27	TPIT 326-04000060	Clay	TPIT326	4.0	6.0	2	13.5
Sample 28	TPIT 182-01000300	Clay	TPIT182	1.0	3.0	2	12.0
Sample 29	TPIT 192-01000200	Clay	TPIT192	1.0	2.0	2	10.2
Sample 30	TPIT 194-02000400	Clay	TPIT194	2.0	4.0	2	10.8
Sample 31	TPIT 187-02000300	Clay	TPIT187	2.0	3.0	2	10.5
Sample 32	TPIT 188-05000700	Clay	TPIT188	5.0	7.0	2	10.0
Sample 33	TPIT 060-02500350	Clay	TPIT060	2.5	3.5	2	10.5
Sample 34	TPIT 064-05000550	Clay	TPIT064	5.0	5.5	2	10.9
Sample 35	TPIT 190-07000800	Clay	TPIT190	7.0	8.0	2	13.3
Sample 36	TPIT 391-07000900	Clay	TPIT391	7.0	9.0	1	6.2
Sample 37	TPIT 421-08000900	Clay	TPIT421	9.0	10.0	3	15.9
Sample 38	TPIT 501-08000900	Clay	TPIT501	8.0	9.0	2	13.9
Sample 39	TPIT 215-05000600	Clay	TPIT215	5.0	6.0	2	10.5
Sample 40	TPIT 170-04000500	Clay	TPIT170	4.0	5.0	2	11.5
Sample 41	TPIT 488-08000900	Clay	TPIT488	8.0	9.0	2	10.7
Sample 42	TPIT 500-08001000	Clay	TPIT500	8.0	10.0	2	13.6
Sample 43	TPIT 217-02000300	Clay	TPIT217	2.0	3.0	2	13.7
Sample 44	TPIT 218-09001000	Clay	TPIT218	9.0	10.0	2	11.2
Sample 45	TPIT 259-03000400	Clay	TPIT259	3.0	5.0	2	10.9
Sample 46	TPIT 228-02000350	Clay	TPIT228	2.0	3.5	2	10.8
Sample 47	TPIT 261-04000700	Clay	TPIT261	4.0	7.0	2	10.9
Sample 48	TPIT 231-08000830	Breccia	TPIT231	8.0	8.1	6	30.9
Sample 49	TPIT 124-08000900	Clay	TPIT124	8.0	9.0	2	15.5
Sample 50	TPIT 112-03500500	Clay	TPIT112	3.5	5.0	2	12.0
Sample 51	TPIT 117-09501000	Clay	TPIT117	9.5	10.0	2	15.5
Sample 52	TPIT 104-07000800	Clay	TPIT104	7.0	8.0	2	11.2
Sample 53	TPIT 255-04000500	Breccia	TPIT255	4.0	5.0	6	32.9
Sample 54	TPIT 166-03000400	Clay	TPIT166	3.0	4.0	2	14.9
Sample 55	TPIT 280-02000500	Clay	TPIT280	2.0	5.0	2	16.5
Sample 56	TPIT 142-07000750	Breccia	TPIT142	7.0	7.5	6	33.7
Sample 57	TPIT 276-09001000	Clay	TPIT276	9.0	10.0	2	15.1
Sample 58	TPIT 270-03000600	Clay	TPIT270	3.0	6.0	2	11.5
Sample 59	TPIT 268-02000300	Clay	TPIT268	2.0	3.0	2	14.1
Sample 60	TPIT 273-04000500	Clay	TPIT273	4.0	5.0	2	11.9

SGS Lakefield Sample Preparation and Head Characterisation

Inside each pail, samples were separated in bags, identified by location and depth. Each sample was dumped on a clean floor, blended by means of cone and quartering and homogenised separately, though there were some core-like rocks in the samples, which made it difficult to take a representative sample. A 1 kg charge was split out from each sample and used for moisture determination, head assays and size-by-size characterisation.

A second 1-kg charge was taken this time from clay samples only in order to produce a master clay composite for the hydrometallurgical testing. It should be noted that at the time the master composite was blended Sample 43 through Sample 60 had not yet been received at the SGS Lakefield facility and are not part of the master clay composite. Table 5-19 presents the head assays for the Master Clay Composite plus and averaged of the head assays from the clay samples used to make the composite.

The Master Clay Composite contained a total of 2037 g/t REE, of which 17.2% are HREE. The more abundant elements are lanthanum (704 g/t), neodymium (443 g/t), cerium (342 g/t), yttrium (200 g/t) and praseodymium (129 g/t). The main gangue materials are silica (22.2%), aluminium (15.1%) and iron (6.20%).

Table 5-19 Master Clay Composite - Head Assays

Sample ID	unit	Average Sample 8-42	Master Clay Comp
H2O	%	29.5	29.8
Si	%	21.9	22.2
Al	%	15.1	15.1
Fe	%	6.11	6.20
Mg	%	0.18	0.21
Ca	%	0.03	0.03
Na	%	0.31	0.27
K	%	1.78	1.75
Ti	%	0.38	0.41
P	%	0.03	0.03
Mn	%	0.15	0.15
Cr	%	0.01	0.01
V	%	0.01	0.01
La	g/t	773	704
Ce	g/t	361	342
Pr	g/t	139	129
Nd	g/t	443	443
Sm	g/t	74.8	69.4
Eu	g/t	6.49	5.70
Gd	g/t	51.0	52.0
Tb	g/t	7.09	7.00
Dy	g/t	38.6	37.8
Ho	g/t	6.96	6.70
Er	g/t	18.7	18.9
Tm	g/t	2.42	2.50
Yb	g/t	15.6	16.3
Lu	g/t	2.39	2.40
Y	g/t	195	200
Sc	g/t	< 25	< 25
U	g/t	9.88	9.70
Th	g/t	48.0	47.6
TREE	g/t	2135	2037
LREE	g/t	1791	1687
HREE	g/t	344	349
HREE/TREE	% rel	16.6	17.2

5.5.4.1 SGS Lakefield Hydrometallurgical Testing

SGS Lakefield Shaking Tests

Since REE extraction from clay is not a leach process but an ion exchange desorption process, testing methodologies needed to be adjusted to reflect this. Each test was carried out in an Erlenmeyer flask using a wrist-shaker mechanism traditionally used for solvent extraction testwork. Standard test conditions included:

- Erlenmeyer flask in a wrist-shaker at a gentle agitation;
- Feed consisting of Master Clay Composite;
- Room temperature;
- Shaking time of 60 minutes;
- Slurry was filtered after each 60 minute contact.

A total of 28 shaking tests were conducted on the Master Clay Composite sample. They were divided into 3 separate series:

- Contact methodology (12 tests): The objective of these tests was to develop an economic method that was able to evaluate REE extraction of a large series of samples;
- Optimum eluant (12 tests): The objective of these tests was to find out the optimum eluant/conditions for REE extractions;
- Isotherms (4 tests): The objective of these tests was to develop the relationship between leach liquor (eluate) concentration and leach residue grades, much like an extraction isotherm is generated in solvent extraction (SX) testing.

SGS Lakefield Contact Methodology Tests

A total of 12 tests were carried out in order to develop a fast/practical method to evaluate REE extraction from TRE clay samples. The main test conditions for the Contact Methodology series are summarised in Table 5-20. Six different strategies were tested using two different eluants; ammonium sulphate or sodium chloride, both at 1M concentration and adjusted pH to 3.0. The main differences between the tests consisted of the number of shake contacts (from 1 to 4) and the number of displacement washes (onto the filter) using fresh eluant as wash solution. At the end of each test the wet cake was washed using 20 mL of deionised (DI) water.

Tests CM1 through CM6 consisted of only 1 shake contact. Each test cake was subsequently displacement washed with the same amount of eluant as used in the original shake contact; the differences between the tests consisted of the number of displacement washes applied and the type of eluant used. Tests CM7 through CM12 consisted of 2 to 4 shake contacts, and no eluant displacement washes.

The achieved extraction values of the Contact Methodology tests are presented in Table 5-21. The residue and solution assay data are summarised in Table 5-22 and Table 5-23, respectively. The main point was to indicate whether several contacts were required or that several displacement washes using fresh eluant were sufficient to desorb the majority of the REE from the clay, the latter saving the filtration steps between contacts, and hence, resulting in a much easier and more economic method to be applied to numerous samples. Also, a preliminary comparison between eluants was made based on the results from this series.

Table 5-20 Contact Methodology - Test Conditions

Test ID	CM1	CM2	CM3	CM4	CM5	CM6	CM7	CM8	CM9	CM10	CM11	CM12
Feed Sample	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite
Feed, g wet	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2
Feed, g dry	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
% Solids	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Reagent	(NH ₄) ₂ SO ₄	(NH ₄) ₂ SO ₄	(NH ₄) ₂ SO ₄	NaCl	NaCl	NaCl	(NH ₄) ₂ SO ₄	(NH ₄) ₂ SO ₄	(NH ₄) ₂ SO ₄	NaCl	NaCl	NaCl
Reagent Conc.	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M	1M
Reagent pH	3	3	3	3	3	3	3	3	3	3	3	3
No. Contacts	1	1	1	1	1	1	2	3	4	2	3	4
No. Washes	1	2	3	1	2	3	0	0	0	0	0	0

Table 5-21 Contact Methodology – REE Extraction (Extraction values reported as %)

Element	CM1	CM2	CM3	CM4	CM5	CM6	CM7	CM8	CM9	CM10	CM11	CM12
Si	0	0	0	0	0	0	0	0	0	0	0	0
Al	0	0	0	0	0	0	0	1	1	0	0	0
Fe	0	0	0	0	0	0	0	0	0	0	0	0
Mg	4	6	4	3	4	3	8	7	5	3	3	5
Ca	58	67	58	55	61	64	64	62	59	54	20	48
P	5	9	13	7	7	11	9	14	14	10	11	12
Mn	1	1	2	2	1	2	2	3	3	3	1	2
La	80	83	85	80	78	87	62	88	88	68	81	85
Ce	11	11	10	13	13	15	10	29	17	8	13	13
Pr	80	84	84	77	76	85	65	88	87	64	78	81
Nd	81	85	85	75	76	84	68	88	87	64	77	80
Sm	80	83	82	73	70	82	69	88	86	61	75	78
Eu	80	82	88	77	71	84	67	91	86	64	79	77
Gd	79	82	81	74	71	81	72	88	85	63	76	77
Tb	73	75	78	71	67	78	65	84	77	56	73	71
Dy	67	69	71	66	62	71	62	80	74	54	70	67
Ho	64	66	68	62	58	67	57	77	69	48	65	63
Y	65	65	68	62	59	67	62	78	70	54	69	65
Er	58	59	59	57	51	59	53	71	64	45	62	58
Tm	53	58	55	54	49	55	44	65	57	33	56	51
Yb	49	49	49	51	44	50	42	61	53	37	54	46
Lu	47	52	45	46	41	52	38	57	52	30	54	44
Sc	1	1	2	1	2	2	1	2	2	0	2	1
Th	0	1	1	0	0	1	1	2	1	0	1	1
U	3	3	4	1	1	2	3	6	5	0	1	2

Based on the extractions achieved in these tests it can be said that both ammonium sulphate and sodium chloride are capable of extracting REE from the clay ores. LREE extractions were around 70% to 88% with the exception of Ce, which had a maximum extraction of 29% (it was mostly around 15% or less). HREE extractions were anywhere between 50% and 80%. Main elements extractions were up to 88% Nd, 50-80% Dy, 60-70% Y.

REE in the residue averaged around 600 g/t, ranging from 505 g/t REE (CM8) to 1068 g/t REE (CM10). Solution tenors were between 170 mg/L REE and 600 mg/L REE, though these numbers should not be compared since the values for the first 6 tests (CM1 to CM6) represent the PLS plus the displacement washes leading to low metal tenors in these tests.

It should be noted that in all tests, extractions for thorium, uranium and gangue elements (Si, Al, Fe, Mg, Ca, P and Mn) were very low with the exception of Ca which was around 50%, though calcium content in the clay composite sample is very low to begin with. Although Al extraction was below 1% for most of the tests, Al tenors in solution were high in comparison to REE tenors.

Maximum REE extractions were accomplished in CM3 (single contact + 3 washes, (NH₄)₂SO₄) and CM8 (4 contacts + no wash, (NH₄)₂SO₄). There appears to be slightly improved performance of ammonium sulphate versus sodium chloride, though this is not definitive at this point. Since there is no big difference between the extractions in CM3 and CM8, a single contact plus 3 displacement (eluant) washes was selected as the method to evaluate REE extraction for the remaining of the program. Worth noting is the fact that filtration was slow during all tests.

Table 5-22 Contact Methodology - Residue Assays

Element	units	CM1	CM2	CM3	CM4	CM5	CM6	CM7	CM8	CM9	CM10	CM11	CM12
Si	%	21.1	21.1	20.8	21.8	20.7	22.7	23.2	22.3	21.8	22.3	22.0	22.3
Al	%	15.0	14.8	15.5	15.3	14.6	14.6	14.1	15.6	15.5	14.9	15.3	14.8
Fe	%	6.91	5.57	6.61	6.25	8.60	6.13	5.22	5.26	6.02	6.01	6.30	6.42
Mg	%	0.17	0.17	0.15	0.17	0.17	0.22	0.25	0.14	0.18	0.21	0.18	0.16
Ca	%	0.01	0.01	0.01	0.01	0.01	0.01	0.03	0.01	0.01	0.01	0.04	0.03
P	%	0.03	0.03	0.03	0.03	0.04	0.03	0.02	0.02	0.03	0.03	0.03	0.03
Mn	%	0.15	0.18	0.14	0.12	0.19	0.13	0.10	0.10	0.12	0.15	0.26	0.14
La	g/t	129	101	96	145	163	88	200	75	88	214	140	90
Ce	g/t	297	326	377	299	284	260	414	277	299	451	275	297
Pr	g/t	24	18	18	31	33	20	34	14	17	47	31	22
Nd	g/t	80	54	64	116	111	70	109	48	57	164	114	82
Sm	g/t	14	10	12	20	23	13	16	9	10	29	21	14
Eu	g/t	1	1	1	2	2	1	2	0	1	2	2	1
Gd	g/t	10	8	10	15	17	10	11	7	8	20	15	11
Tb	g/t	2	2	2	2	3	2	2	1	2	4	2	2
Dy	g/t	12	11	11	14	17	12	11	9	11	20	14	12
Ho	g/t	3	2	2	3	3	2	2	2	2	4	3	3
Y	g/t	67	58	62	78	87	64	53	48	60	89	71	65
Er	g/t	7	7	8	9	11	8	7	6	7	11	9	8
Tm	g/t	1	1	1	1	2	1	1	1	1	2	1	1
Yb	g/t	8	7	8	8	10	8	7	7	8	11	9	9
Lu	g/t	1	1	1	1	2	1	1	1	1	2	1	1
Sc	g/t	25	25	25	25	25	25	25	25	25	25	25	25
Th	g/t	47	48	44	46	42	44	41	57	46	47	43	44
U	g/t	9	10	9	9	9	10	8	10	10	12	10	10

Table 5-23 Contact Methodology - PLS Assays

Element	units	CM1	CM2	CM3	CM4	CM5	CM6	CM7	CM8	CM9	CM10	CM11	CM12
Si	mg/L	20.2	15.3	12.6	6.9	5.1	5	20.2	19.8	16.8	10.1	8.9	11.3
Al	mg/L	173	123	91.9	85.5	56	51.8	296	273	205	113	105	113
Fe	mg/L	0.8	0.6	0.4	<0.2	<0.2	<0.2	0.3	0.3	0.3	<0.2	<0.2	0.7
Mg	mg/L	20.0	18.8	7.9	13.7	11	9.5	109	49.9	35.6	30.4	24	31
Ca	mg/L	53.7	27	13	21.7	18.3	16.6	252	88	70	66.1	37.6	91.4
P	mg/L	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5
Mn	mg/L	6.25	4.4	2.89	5.37	3.96	2.88	9.29	13.3	9.46	18.6	9.09	7.24
La	mg/L	139	92	70.3	140	93.5	79.3	171	240	252	161	173	156
Ce	mg/L	10.4	7.96	5.68	11.5	6.74	6.03	23.5	50.3	22.3	14	12.9	12.7
Pr	mg/L	26	17.1	13	25.3	17	14.7	33.2	47.1	46.5	29.8	32	28.2
Nd	mg/L	92.2	57.4	46.1	86.8	55.5	47.3	118	162	158	99.9	109	96.1
Sm	mg/L	14.9	9.09	7.4	13.9	8.99	7.51	18.7	27.5	24.5	16	18.1	14.8
Eu	mg/L	1.47	0.86	0.66	1.26	0.84	0.69	1.8	1.85	2.23	1.44	1.84	1.46
Gd	mg/L	10.9	6.89	5.51	10.6	6.78	5.82	14.5	23.1	18.6	12.3	14.3	11.8
Tb	mg/L	1.45	0.9	0.77	1.32	0.89	0.75	1.83	3.13	2.37	1.67	1.97	1.58
Dy	mg/L	6.97	4.46	3.55	6.93	4.5	3.73	9.41	16	12.1	8.2	10.1	7.94
Ho	mg/L	1.24	0.77	0.64	1.14	0.77	0.65	1.53	2.72	2.02	1.36	1.73	1.33
Y	mg/L	34.0	20.0	17.2	31.3	20.5	16.9	44.3	76.1	57.7	39.1	49.1	38.5
Er	mg/L	2.86	1.86	1.43	2.88	1.86	1.53	3.83	6.68	5.05	3.46	4.38	3.46
Tm	mg/L	0.35	0.23	0.18	0.32	0.23	0.19	0.45	0.81	0.59	0.4	0.55	0.41
Yb	mg/L	2.06	1.24	0.98	2.04	1.24	0.99	2.40	4.80	3.41	2.28	3.27	2.35
Lu	mg/L	0.29	0.18	0.14	0.28	0.18	0.14	0.34	0.65	0.49	0.31	0.47	0.34
Sc	mg/L	0.07	0.07	0.07	<0.07	<0.07	<0.07	0.08	<0.07	<0.07	<0.07	<0.07	<0.07
Th	mg/L	0.04	0.11	0.06	<0.03	<0.03	<0.03	0.08	0.12	<0.03	<0.03	<0.03	<0.03
U	mg/L	0.07	0.05	0.05	<0.02	<0.02	<0.02	0.07	0.14	0.08	<0.02	<0.02	<0.02

SGS Lakefield Optimum Eluant Tests

A total of 12 tests were conducted in order to find the best eluant/conditions for the REE extraction from weathered crust elution-deposited rare earth ores. All the tests were performed following the “1 contact plus 3 displacement washes” methodology. Different combinations of pH (from pH 2 to pH 5), eluant type and eluant concentration (from 0.5M to 1.5M) were tested in this series. Tests OE1 through OE6 used sodium chloride as eluant while tests OE7 through OE12 used ammonium sulphate. The main test conditions for the Optimum Eluant series are presented in Table 5-24. Table 5-25 shows the extractions from the Optimum Eluant tests. The residue and solution assay data are summarised in Table 5-26 and

Table 5-27, respectively. As stated before, the objective of this series was to find the optimum combination of eluant, pH and concentration to achieve the highest REE extractions.

Table 5-24 Optimum Eluant - Test Conditions

Test ID	OE1	OE2	OE3	OE4	OE5	OE6	OE7	OE8	OE9	OE10	OE11	OE12
Feed Sample	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite	Clay composite
Feed, g wet	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2	71.2
Feed, g dry	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
% Solids	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Reagent	NaCl	NaCl	NaCl	NaCl	NaCl	NaCl	(NH4)2SO4	(NH4)2SO4	(NH4)2SO4	(NH4)2SO4	(NH4)2SO4	(NH4)2SO4
Reagent Conc.	1M	1M	1M	1.5M	0.5M	0.5M	1M	1M	1M	1.5M	0.5M	0.5M
Reagent pH	2	4	5	3	3	4	2	4	5	3	3	4
No. Contacts	1	1	1	1	1	1	1	1	1	1	1	1
No. Washes	3	3	3	3	3	3	3	3	3	3	3	3

Table 5-25 Optimum Eluant - Extractions (Values reported in %)

Element	OE1	OE2	OE3	OE4	OE5	OE6	OE7	OE8	OE9	OE10	OE11	OE12
Si	0	0	0	0	0	0	0	0	0	0	0	0
Al	0	0	0	0	0	0	1	0	0	1	0	0
Fe	0	0	0	0	0	0	0	0	0	0	0	0
Mg	4	4	3	3	3	5	4	3	3	4	3	4
Ca	49	39	51	12	30	66	47	44	40	40	35	35
P	18	12	19	10	13	12	12	12	11	11	12	10
Mn	2	1	1	1	1	2	3	2	1	3	2	1
La	84	90	89	89	61	57	87	86	87	87	87	87
Ce	14	11	6	12	9	8	10	12	9	7	9	9
Pr	83	88	87	88	60	56	88	87	88	89	88	88
Nd	82	87	86	87	59	54	88	85	87	87	87	86
Sm	79	84	84	84	57	55	86	84	85	85	85	85
Eu	80	83	83	86	64	54	86	85	88	86	87	86
Gd	75	81	80	81	60	57	84	83	82	84	82	82
Tb	69	74	71	74	57	54	77	77	75	79	76	76
Dy	64	69	63	67	53	52	73	70	71	73	69	70
Ho	60	64	56	62	51	48	69	66	65	69	65	65
Y	58	63	55	62	49	49	65	65	63	67	62	65
Er	51	57	50	57	45	46	61	60	58	63	59	58
Tm	48	52	40	49	39	41	53	54	51	55	50	55
Yb	44	48	39	44	38	36	52	47	46	53	43	48
Lu	38	45	37	43	32	35	48	45	44	51	46	50
Sc	2	2	2	2	2	2	3	2	2	3	2	2
Th	1	0	0	0	1	0	5	0	0	6	0	0
U	2	1	2	1	2	1	5	1	1	6	2	1

Table 5-26 Optimum Eluant - Residue Assays

Element	units	OE1	OE2	OE3	OE4	OE5	OE6	OE7	OE8	OE9	OE10	OE11	OE12
Si	%	21.8	22.4	24.9	21.2	21.7	22.2	21.0	20.2	20.1	19.6	20.6	20.9
Al	%	14.7	14.7	13.7	15.0	15.2	14.9	14.3	14.7	14.7	13.9	15.4	14.9
Fe	%	5.70	5.71	4.62	5.83	6.48	5.78	5.79	6.10	6.39	5.85	6.55	6.42
Mg	%	0.13	0.15	0.13	0.19	0.17	0.18	0.22	0.19	0.17	0.20	0.19	0.21
Ca	%	0.01	0.02	0.01	0.09	0.02	0.01	0.02	0.01	0.01	0.01	0.01	0.02
P	%	0.02	0.03	0.02	0.03	0.03	0.03	0.02	0.03	0.03	0.03	0.03	0.03
Mn	%	0.09	0.14	0.10	0.11	0.12	0.13	0.14	0.14	0.14	0.13	0.14	0.14
La	g/t	67	64	56	74	241	268	79	87	76	73	81	79
Ce	g/t	173	311	570	300	287	323	385	280	349	554	422	390
Pr	g/t	13	14	12	16	48	53	14	16	13	12	14	14
Nd	g/t	46	48	45	50	157	181	47	57	48	45	51	51
Sm	g/t	9	10	9	11	28	30	8	10	10	9	10	9
Eu	g/t	1	1	1	1	2	3	1	1	1	1	1	1
Gd	g/t	9	9	8	10	20	22	8	8	8	7	9	8
Tb	g/t	2	2	2	2	3	3	2	2	2	1	2	2
Dy	g/t	10	11	11	13	17	18	9	11	10	9	12	10
Ho	g/t	2	3	3	3	3	4	2	2	2	2	2	2
Y	g/t	59	71	71	74	95	93	60	62	65	55	68	59
Er	g/t	7	8	8	8	10	10	7	7	7	6	7	7
Tm	g/t	1	1	1	1	2	1	1	1	1	1	1	1
Yb	g/t	6	8	8	9	9	10	7	8	8	6	9	7
Lu	g/t	1	1	1	1	2	1	1	1	1	1	1	1
Sc	g/t	25	25	25	25	25	25	25	25	25	25	25	25
Th	g/t	36	48	56	51	45	45	43	44	47	42	51	45
U	g/t	9	11	10	11	10	10	9	9	11	9	11	10

Table 5-27 Optimum Eluant - PLS Assays

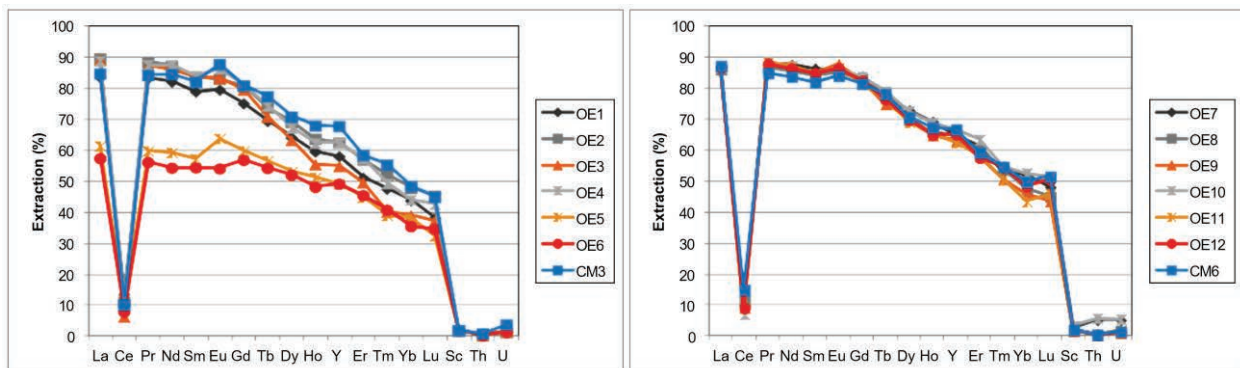
Element	units	OE1	OE2	OE3	OE4	OE5	OE6	OE7	OE8	OE9	OE10	OE11	OE12
Si	mg/L	9.3	5.6	3.8	4.6	4.2	4.8	50.2	8.4	8.4	48.2	12.1	7.4
Al	mg/L	67.7	51.4	51.4	55.7	40.8	43	236	65.1	65.1	211	98.7	62.2
Fe	mg/L	0.9	0.2	0.2	<0.2	<0.2	<0.2	36	0.2	0.2	31.1	0.3	0.2
Mg	mg/L	6.7	7.84	5.63	8.98	7.6	13	14	9.02	8.49	13.4	7.6	11
Ca	mg/L	18.3	19.3	9.2	15.4	11.4	37	30.3	16.4	15.2	15.2	10.6	16.6
P	mg/L	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5
Mn	mg/L	2.37	2.43	1.59	2.01	2.32	3.17	7.4	3.14	3.08	5.67	3.08	2.86
La	mg/L	45.1	76.3	58.1	79.1	48.0	48.6	84.7	77.6	84.0	75.6	76.3	73.1
Ce	mg/L	3.60	5.47	4.93	5.49	3.67	3.80	6.81	5.29	5.76	6.69	6.07	5.56
Pr	mg/L	8.76	14.6	10.8	14.9	8.95	9.12	16.2	15.0	16.2	15.1	14.6	14.1
Nd	mg/L	27.9	45.6	34.1	47.0	28.6	29.0	53.4	48.7	53.4	47.9	46.8	45.6
Sm	mg/L	4.60	7.40	5.46	7.60	4.67	4.79	8.57	7.84	8.63	8.1	7.72	7.38
Eu	mg/L	0.41	0.61	0.44	0.68	0.44	0.46	0.79	0.75	0.82	0.8	0.72	0.72
Gd	mg/L	3.47	5.47	3.99	5.61	3.75	3.92	6.48	5.87	6.40	5.86	5.66	5.30
Tb	mg/L	0.45	0.70	0.49	0.70	0.49	0.51	0.82	0.73	0.82	0.77	0.72	0.69
Dy	mg/L	2.32	3.54	2.43	3.49	2.46	2.64	4.04	3.64	4.04	3.8	3.56	3.41
Ho	mg/L	0.39	0.61	0.41	0.60	0.42	0.45	0.69	0.62	0.69	0.66	0.6	0.58
Y	mg/L	10.8	16.4	10.9	16.5	11.5	12.1	17.9	16.6	18.0	17.2	15.7	15.6
Er	mg/L	0.97	1.49	0.97	1.43	1.02	1.09	1.66	1.47	1.65	1.61	1.45	1.40
Tm	mg/L	0.12	0.18	0.11	0.17	0.12	0.13	0.20	0.17	0.20	0.19	0.17	0.17
Yb	mg/L	0.66	1.02	0.63	0.91	0.66	0.71	1.14	1.01	1.13	1.10	0.96	0.96
Lu	mg/L	0.09	0.15	0.09	0.13	0.09	0.10	0.15	0.13	0.15	0.15	0.13	0.13
Sc	mg/L	<0.07	<0.07	<0.07	<0.07	<0.07	<0.07	0.11	<0.07	<0.07	0.14	<0.07	<0.07
Th	mg/L	<0.03	<0.03	<0.03	<0.03	<0.03	<0.03	0.38	<0.03	<0.03	0.41	<0.03	<0.03
U	mg/L	<0.02	<0.02	<0.02	<0.02	<0.02	<0.02	0.08	<0.02	<0.02	0.08	0.03	<0.02

Figure 5-14 shows the REE extractions for the Optimum Eluant series; the graph on the left shows the extractions from the tests in which sodium chloride was used as eluant while the graph on the right shows the tests where ammonium sulphate was used. Also noticed that CM3 and CM8 extractions were also plotted in Figure 5-14 for comparison reason (these tests were performed using the “1 contact plus 3 displacement washes” methodology, too).

As shown in Figure 5-14 (right) REE extractions were very similar in all the tests where ammonium sulphate was used despite the fact that different concentrations of ammonium sulphate were tested as well as different pH values. Main elements extractions were 85-88% Nd, 69-73% Dy, 62- 67% Y. The only difference between them was in terms of Th/U extractions; although mostly zero for most of the tests Th/U extractions increased up to 5-6% when the pH was adjusted to its lowest value (OE7, pH 2) and when the ammonium concentration was at its highest (OE10, 1.5M). Also, there are no visible differences when working at 1M ammonium sulphate and pH values of 3, 4 and 5 (CM6, OE8 and OE9) meaning that the process is robust and can handle ups and downs in pH with no repercussions in performance (i.e. REE extractions).

Based on these results, a concentration of 1M ammonium sulphate at an adjusted pH of 4 were selected as the best conditions when working with ammonium sulphate as eluant.

Figure 5-14 Optimum Eluant REE Extractions



Tests where sodium chloride was used as eluant (Figure 5-14, left) REE extractions were more sensitive to changes in process conditions than when ammonium sulphate was used. This indicates that the system is more susceptible to changes, specifically changes in sodium chloride concentrations. When the sodium

chloride concentration was decreased to 0.5M (OE5 and OE6) there was a significant drop in REE extractions, around 30% for LREE and between 10-20% for the rest.

An increment on sodium chloride concentration from 1M (CM3) to 1.5M (OE4) did not have any remarkable improvements in REE extractions. Also, there were no visible differences when working at 1M sodium chloride and pH values of 3, 4 and 5 (CM3, OE2 and OE3); main elements extractions during these tests were 86-87% Nd, 63-69% Dy, 55-63% Y.

Based on these results, a concentration of 1M sodium chloride at an adjusted pH of 4 were selected as the best conditions when working with sodium chloride as eluant.

Since the ammonium sulphate system appeared more robust than the sodium chloride system the isotherm tests were performed using ammonium sulphate as eluant.

SGS Lakefield Isotherms Tests

A total of 4 tests were performed in order to build an isotherm for the desorption process for the REE extraction from weathered crust elution-deposited rare earth ores. These tests were carried out using 1 contact (1M ammonium sulphate at pH 4) and no eluant wash; the solids were subjected to one DI water wash after contact. Different ore-eluant ratios were tested in this series. The main test conditions for the Isotherms series are summarised in Table 5-28. The extractions plus residue and solution assay data are presented in Table 5-29.

Table 5-28 Isotherms - Test Conditions

Test ID	IS1	IS2	IS3	IS4
Feed Sample	Clay composite	Clay composite	Clay composite	Clay composite
Feed, g wet	42.7	71.2	142.5	284.9
Feed, g dry	30	50	100	200
% Solids	9%	17%	50%	67%
Reagent	(NH ₄) ₂ SO ₄	(NH ₄) ₂ SO ₄	(NH ₄) ₂ SO ₄	(NH ₄) ₂ SO ₄
Reagent Conc.	1M	1M	1M	1M
Reagent pH	4	4	4	4
No. Contacts	1	1	1	1
No. Washes	0	0	0	0

Table 5-29 Isotherms - Extractions, Residue and Solution Assays

Parameter Element	Extractions (%)				Residue assays (% g/t)				Solution assays (mg/L)			
	IS1	IS2	IS3	IS4	IS1	IS2	IS3	IS4	IS1	IS2	IS3	IS4
Si	0	0	0	0	21.4	21.5	21.6	21.8	5.60	10.7	24.9	34.4
Al	0	0	0	0	15.5	15.4	15.1	15.1	53.5	91.5	289	478
Fe	0	0	0	0	6.31	6.28	6.65	6.28	0.20	0.20	0.20	0.20
Mg	4	4	4	4	0.18	0.17	0.18	0.17	7.10	14.3	56.0	80.3
Ca	33	53	36	37	0.02	0.01	0.01	0.03	10.5	16.8	63.1	159
P	20	10	4	3	0.02	0.03	0.03	0.03	<5	<5	<5	<5
Mn	1	1	1	2	0.15	0.14	0.15	0.14	2.12	4.36	14.8	29.7
La	85	82	77	71	95	114	157	242	54.2	111	422	769
Ce	13	11	10	10	281	317	338	344	4.24	8.03	28.7	49.4
Pr	84	82	77	71	18	22	29	44	10.0	21.0	79.9	140
Nd	85	83	78	73	59	66	92	134	33.9	70.5	267	474
Sm	81	79	74	69	12	14	18	24	5.30	11.1	41.9	72.3
Eu	83	80	78	67	1	1	1	2	0.51	1.12	4.00	6.13
Gd	80	80	76	74	10	10	12	15	4.09	8.56	32.1	55.0
Tb	75	76	70	68	2	2	2	3	0.54	1.13	4.23	7.10
Dy	70	68	65	64	11	12	14	15	2.74	5.53	20.7	34.3
Ho	63	64	62	59	3	3	3	3	0.45	0.95	3.55	5.69
Y	64	64	62	60	66	67	72	78	12.1	25.5	97.0	157
Er	57	58	56	55	8	8	8	8	1.07	2.33	8.53	13.6
Tm	51	49	47	49	1	1	1	1	0.13	0.27	1.03	1.65
Yb	49	47	46	47	8	8	8	8	0.75	1.57	5.74	9.32
Lu	45	45	40	43	1	1	2	1	0.11	0.21	0.83	1.25
Sc	3	2	1	1	25	25	25	25	0.07	0.07	0.07	0.07
Th	1	0	0	0	42	43	43	42	0.03	0.03	0.04	0.04
U	3	2	1	1	9	9	9	10	0.02	0.03	0.09	0.12

As it is shown in Figure 5-15 when the eluant:ore ratio decreased REE extractions also decreased; at the highest eluant:ore ratio (IS1, 10:1) the main elements extractions were 85% Nd, 70% Dy and 64% Y while at the lowest eluant:ore ratio (IS4, 1:2) these extractions were 73% Nd, 64% Dy and 60% Y. It should be noted that the difference in extractions is more significant for the LREE while HREE extractions are similar regardless of the eluant:ore ratio used.

Figure 5-15 Isotherms REE Extractions

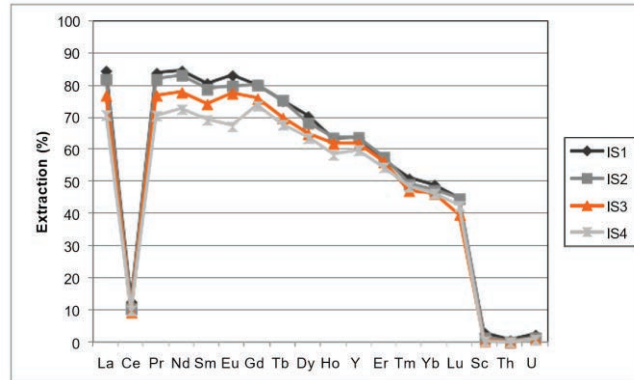
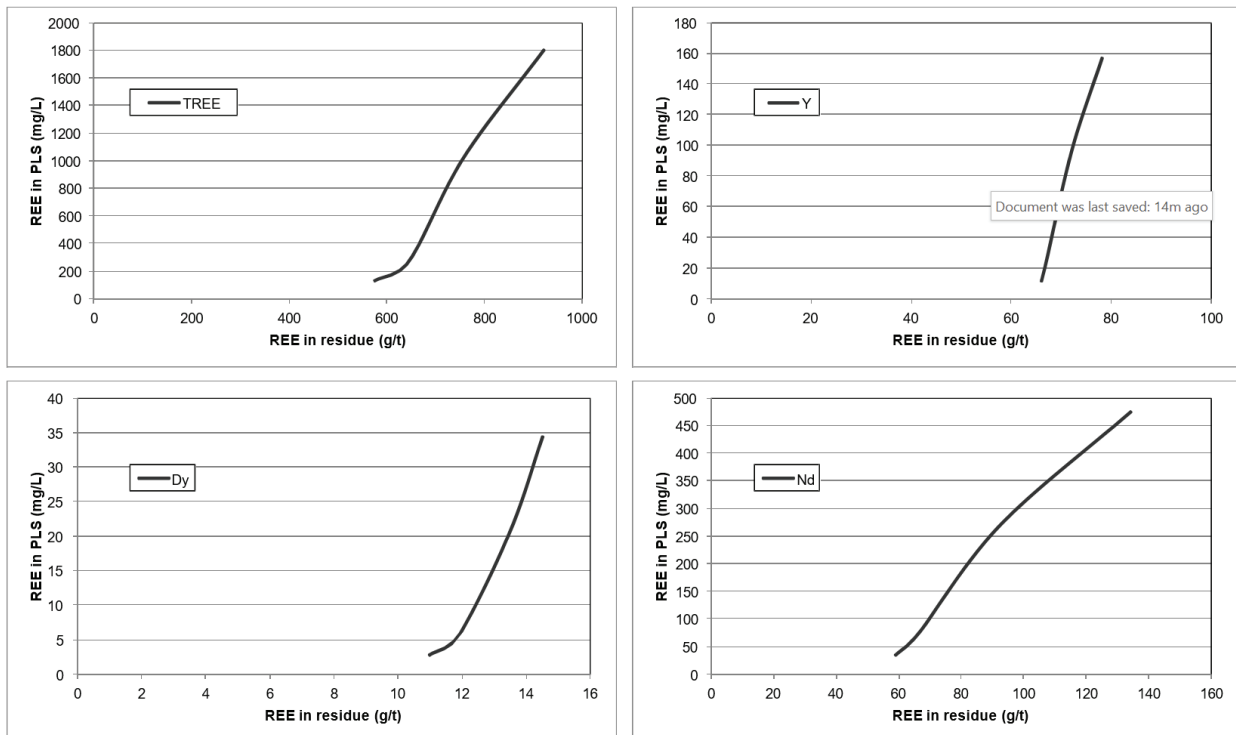


Figure 5-16 shows the isotherms for TREE and the main elements. When the eluant:ore ratio decreased REE in solution increased considerably from 130 mg/L REE (IS1, 10:1) up to 1796 mg/L REE (IS4, 1:2) even though extractions only decreased by 10%. REE in the residue also increased from 575 g/t REE up to 922 g/t REE, though this is mainly due to the LREE (La, Ce, Pr, Nd and Sm) since the rest only increased from 110 g/t HREE up to 134 g/t HREE.

These results suggested that using a counter-current circuit with a low eluant:ore ratio can achieve high REE tenors in solution while maintaining the same level of REE extraction seen in previous results.

Figure 5-16 TREE, Y, Nd and Dy Isotherms



5.5.4.2 SGS Lakefield Heap Leaching Tests

SGS Lakefield Tests Design and Feed Preparation

After all three series of shaking tests were finalised two column (heap) leach tests were designed. The main goals were to study the physical behaviour of the column (irrigation, compaction, etc.) and to confirm the results from the shaking tests. Each test was carried out in a clear-PVC column with a 508 mm internal diameter and 1.83 m in height. Based on the SGS Lakefield Optimum Eluant Tests results Column 1 was run using 1M ammonium sulphate solution adjusted to pH 4 as eluant while Column 2 used 1M sodium chloride solution adjusted to pH4. Standard test conditions included:

- Feed consisting of Master Clay Composite;
- Irrigation rate of 15 L/h/m² (equivalent to 0.5 mL/min);
- Room temperature;
- Running time of 218 hours;
- DI water washing at 60 L/h/m² for 24 hours.

Before charging to the column, the feed for each column was agglomerated using their respective eluant solution as binding agent. This was achieved by spraying eluant onto the feed and rolling the sprayed clay on a plastic sheet in doses until the feed began to form agglomerates of material that were not immediately broken by physical force. Once sufficiently wet, the feed was allowed to air dry. Photographs of each agglomerated feed are shown in Figure 5-17. Although not on purpose, Column 1 feed was dried for 1 extra day in order to start both column tests at the same time.

Figure 5-17 Column Tests Agglomerated Feed - Column 1 (left) and Column 2 (right)



SGS Lakefield Column Operation

Figure 5-18 shows a photograph of the set up used for the column tests. Once agglomerated, the feed was slowly added to the columns to avoid breaking the agglomerates; columns were tapped during this process to ensure uniform packing of the column. Each column was weighed before and after adding the feed as well as at the end of the test. Eluant addition was started immediately, considered as time zero. Discharge was not controlled, i.e. it was not pumped out of the columns.

Figure 5-18 Photograph of Column Set-up

Table 5-30 shows the main physical parameters for the Heap leaching tests. Tests details are included in Appendix C. There were significant differences in the physical behavior of the solids, starting from lower moisture for Column 1 solids at the beginning of the tests. Since the same clay composite was used in both Column 1 and 2 and the amount of solution used to agglomerate the solids was similar (around 100 mL), the difference in moisture is attributed to the drying time.

Another difference between the two systems is the time it took the column to produce the first discharge. It only took 2 hours to start collecting discharge from Column 2 while Column 1 discharge took 26 hours to start. Observations were made that the solids in Column 1 seemed to be soaking up the eluant (based on change of appearance; dry to wet) and that could be the reason why it took 24 hours more than Column 2 to start discharging.

Over the course of the test, the solid bed height within Column 1 was observed to slump 20 mm while the solids in Column 2 did not collapse. This also seems to be related to the difference in feed moisture at the beginning of the test; the less wet the solids are the less compactable they will be. Once the solids in Column 1 got soaked in they started to collapse and the final height was achievable right after the first discharge showed up.

Overall average feed and discharge rates were calculated using the mass differences on the weighed containers. The average eluant feed rate was slightly lower than target at 14.1 L/h/m² and 12.8 L/h/m² for Column 1 and Column 2, respectively. This is due to the drift inherent in any pump calibration curve, exacerbated by the very slow flowrate required. The average discharge rate (taken from the time of first discharge onwards) was calculated to be 13.6 L/h/m² and 12.8 L/h/m² for Column 1 and Column 2 respectively, slightly less than the feed rate due to entrainment of eluant within the column.

After 218 hours of running time the addition of eluant was stopped and the columns were allowed to drain. Once they stopped draining the solids were washed with DI water at an irrigation rate of 60 L/h/m², even though the washing irrigation rate was 4 times bigger than the eluant irrigation rate none of the columns presented any operational problem to handle such a fast rate, i.e. not compaction of the solids or flooding was observed.

Table 5-30 Heap Leaching - Main Parameters

Parameter	Unit	CL1	CL2
Feed Sample	-	Clay composite	Clay composite
Reagent	-	(NH ₄) ₂ SO ₄	NaCl
Reagent Conc.	mol/L	1.0	1.0
Reagent pH	-	4.0	4.0
Wet Feed	g	3080	3681
Dry Feed	g	2502	2584
Moisture	%wt	19%	30%
Initial height	cm	154	150
Initial Bulk SG	-	0.987	1.211
Run time	h	218	218
Washing time	h	24	24
First discharge*	h	26	2
Eluant added	mL	6672	5882
Discharge collected	mL	5360	5481
Avg. Feed Rate	L/h/m ²	14.1	12.8
Avg. Discharge Rate	L/h/m ²	13.6	12.8
Wet residue	g	3701	3746
Dry residue	g	2454	2575
Moisture	%wt	34%	31%
Final height	cm	134	150
Final Bulk SG	-	1.363	1.232

SGS Lakefield Chemical Performance

Throughout these tests samples of the discharge were collected, weighed and assayed. Also, samples from the washed and the final solids were analyzed for the same elements. Table 5-31 and Table 5-32 show the calculated extractions for Column 1 and Column 2, respectively. Extractions were calculated based on units of metals in solution (discharge plus wash) and the total units of metals (discharge plus wash plus residue).

Table 5-31 Column 1 - Extractions (Values reported as %)

Element	31 h	35 h	38 h	50 h	62 h	74 h	98 h	122 h	146 h	170 h	194 h	218 h
Si	0	0	0	0	0	0	0	0	0	0	0	0
Al	0	0	0	0	0	0	0	0	0	0	0	0
Fe	0	0	0	0	0	0	0	0	0	0	0	0
Mg	0	1	1	3	4	4	4	4	4	4	4	4
Ca	1	2	4	10	12	14	15	15	15	16	16	16
P	0	0	0	1	1	1	2	3	3	4	5	8
Mn	0	0	0	1	2	2	2	2	2	2	2	2
La	5	12	21	57	69	74	79	81	83	83	84	86
Ce	1	2	4	9	11	12	13	13	14	14	14	14
Pr	4	11	21	60	72	76	81	83	84	85	85	86
Nd	5	11	21	62	75	80	83	85	86	86	87	88
Sm	5	12	22	64	76	80	82	83	84	84	85	85
Eu	5	13	23	66	78	82	84	85	86	86	86	87
Gd	5	13	24	67	79	82	84	85	85	85	86	86
Tb	5	12	22	61	72	75	77	77	78	78	78	79
Dy	4	11	20	58	68	70	72	73	73	73	73	73
Ho	4	9	18	52	61	64	65	66	66	66	67	67
Y	4	9	18	53	62	64	66	66	66	66	67	67
Er	3	8	16	48	57	59	60	61	61	61	61	62
Tm	3	7	13	42	50	52	53	54	54	54	55	57
Yb	2	6	12	41	49	51	52	53	53	53	53	54
Lu	2	6	11	37	45	47	48	48	49	49	49	51
Sc	0	0	0	0	0	0	0	0	0	1	1	1
Th	0	0	0	0	0	0	0	0	0	0	0	0
U	0	0	0	1	1	2	2	2	2	2	2	3

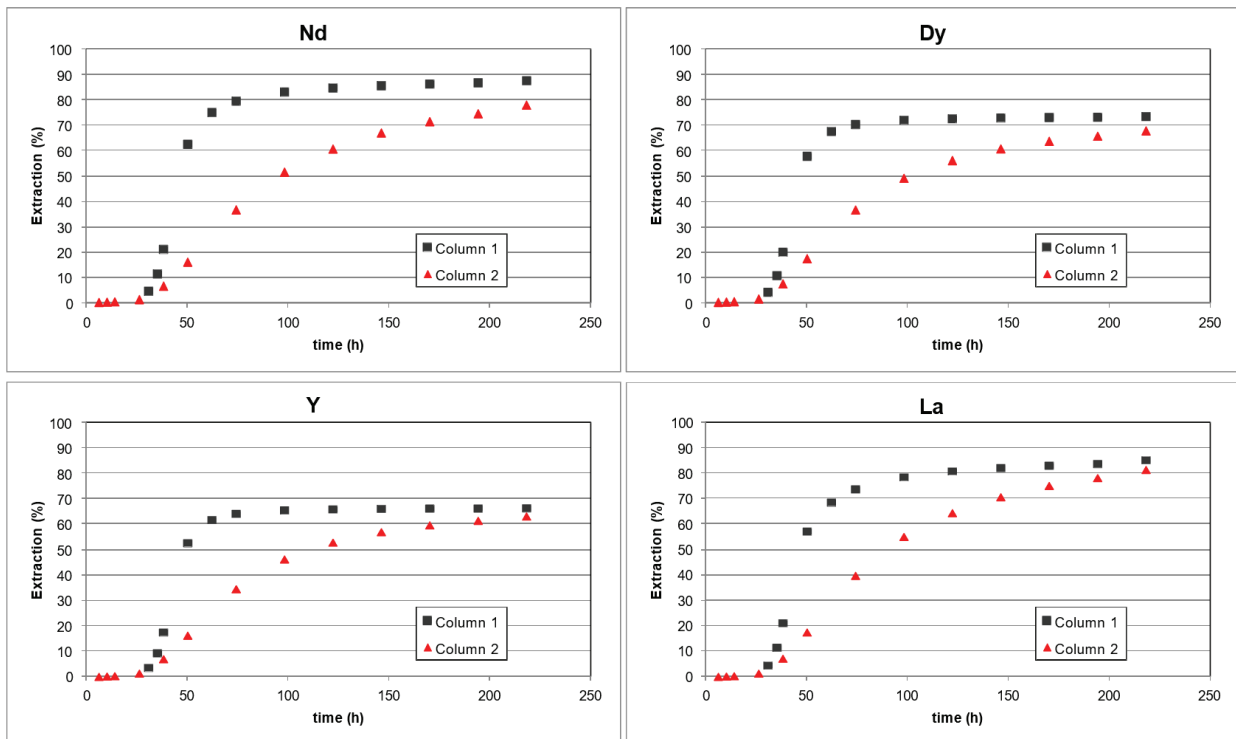
Table 5-32 Column 2 - Extractions (Values reported as %)

Element	6 h	10 h	14 h	26 h	38 h	50 h	74 h	98 h	122 h	146 h	170 h	194 h	218 h
Si	0	0	0	0	0	0	0	0	0	0	0	0	0
Al	0	0	0	0	0	0	0	0	0	0	0	0	0
Fe	0	0	0	0	0	0	0	0	0	0	0	0	0
Mg	0	0	0	1	2	2	4	4	4	4	4	4	4
Ca	0	1	1	2	6	11	16	19	20	20	20	21	21
P	0	0	0	0	1	1	2	2	3	3	4	4	7
Mn	0	0	0	0	1	1	1	1	1	1	1	1	2
La	0	0	0	1	7	18	40	55	65	71	75	78	82
Ce	0	0	0	0	1	2	6	8	9	10	11	11	12
Pr	0	0	0	1	7	16	38	52	61	68	72	75	79
Nd	0	0	0	1	7	16	37	52	61	67	71	75	78
Sm	0	0	0	1	7	16	36	50	58	64	68	71	74
Eu	0	0	0	1	8	18	39	53	62	67	71	74	77
Gd	0	0	0	2	8	19	40	54	62	68	71	74	77
Tb	0	0	0	2	8	18	38	51	59	64	67	69	72
Dy	0	0	0	1	7	17	37	49	56	61	64	66	68
Ho	0	0	0	1	7	16	34	45	52	56	59	61	63
Y	0	0	0	1	7	16	35	46	53	57	60	62	63
Er	0	0	0	1	7	15	32	43	49	53	55	57	59
Tm	0	0	0	1	6	13	28	37	43	46	48	50	53
Yb	0	0	0	1	6	13	27	36	41	45	47	48	50
Lu	0	0	0	1	5	11	25	33	38	41	43	44	46
Sc	0	0	0	0	0	0	0	0	0	0	0	1	1
Th	0	0	0	0	0	0	0	0	0	0	0	0	0
U	0	0	0	0	0	0	0	0	0	0	0	0	1

REE extractions were higher in Column 1 (ammonium sulphate) than in Column 2 (sodium chloride); main metal extractions were 88% Nd, 73% Dy, 67% Y, 86% La for Column 1, and 78% Nd, 68% Dy, 63% Y and 82% La for Column 2. Not only were the extractions lower in Column 2 they also took more time to achieve those extractions as is shown in Figure 5-19. This might be related to the fact that due to the lower moisture in Column 1 feed the eluant had to displace a smaller amount of water than in Column 2.

Gangue extractions as well as Th and U extractions remained low in Column 1 and Column 2

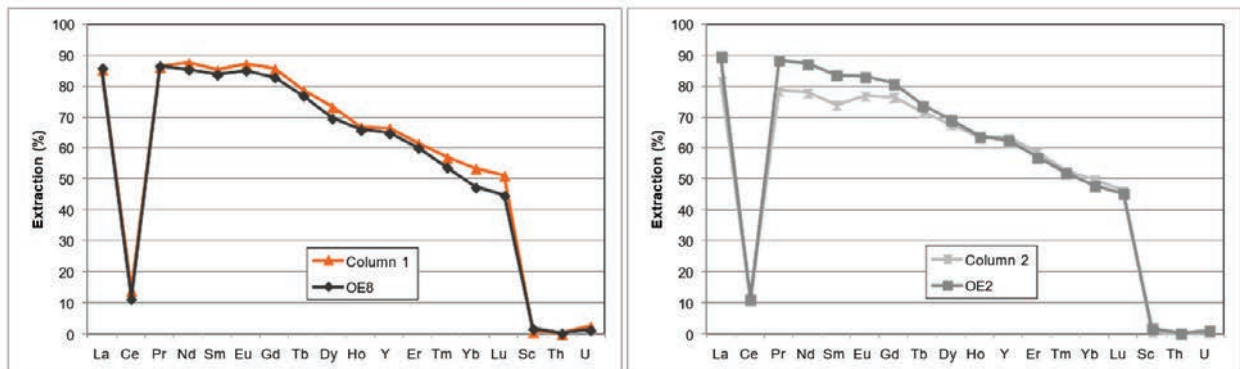
Figure 5-19 Heap Leaching - Main Elements Extractions vs. Time



As stated before, one of the main objectives of the Heap Leaching tests was to compare REE extractions obtained in the column tests against REE extractions achieved in the shaking tests. Column 1 and Column 2 REE final extractions are plotted in Figure 5-20 along with OE8 and OE2 extractions (from the SGS Lakefield Optimum Eluant Tests).

When comparing the tests using ammonium sulphate as eluant (Figure 5-20, left) it can be seen that Column 1 and OE8 REE extractions were very similar; if any Column 1 extractions were slightly higher meaning that the highest REE extractions possible were achieved during Column 1 run. Gangue material (Si, Al, Fe, Mg, Ca, P, Mn) and Th, U extractions were also as low as reported for OE8 test.

Figure 5-20 Heap Leaching Extractions vs. Optimum Eluant Extractions



When comparing the tests using sodium chloride as eluant (Figure 13-7, right) it can be seen that Column 2 REE extractions were lower than OE8 REE extractions, more distinguishable for the light and medium REE (La to Tb).

As is shown in Figure 5-21, the discharged PLS reached a maximum tenor at or around the 50 hour mark for the two columns even though Column 1 started discharging 24 hours later than Column 2. After that point the amount of REE in solution begins to fall. At the maximum, the discharge PLS was approximately 4700 mg/L TREE in Column 1 and 1500 mg/L in Column 2. It seems that after 50 hours the majority of the REEs available for desorption in Column 1 have been extracted as the REE tenors in the discharge PLS had a remarkable drop right after that. It is more difficult to make the same statement for Column 2 since the drop in REE tenors is smoother suggesting that there was extraction after the 50-hour mark. For more details the discharge PLS, wash and residue assays for Column 1 and Column 2 are shown in Table 5-33 and Table 5-34, respectively

Figure 5-21 Heap Leaching - Column 1 (left) and Column 2 (right) Discharge TREE tenors

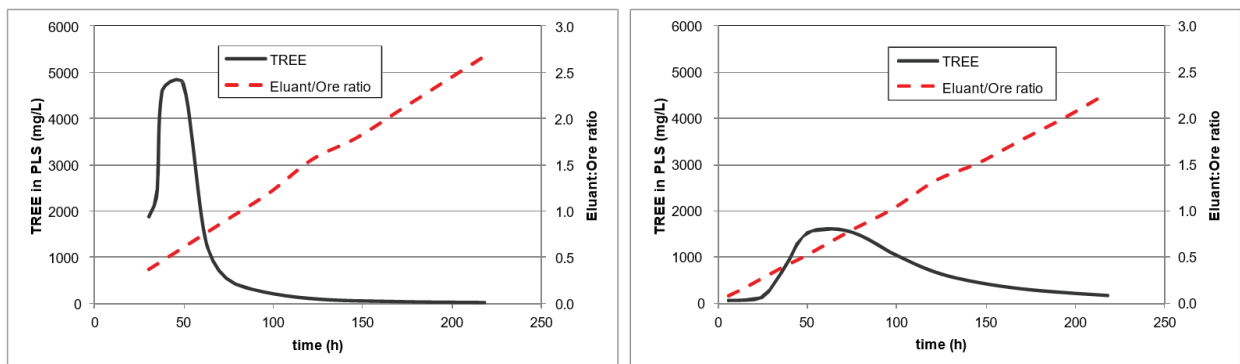


Table 5-33 Column 1 - Discharge, Wash and Residue Assays

Sample ID	31 h (mg/L)	35 h (mg/L)	38 h (mg/L)	50 h (mg/L)	62 h (mg/L)	74 h (mg/L)	98 h (mg/L)	122 h (mg/L)	146 h (mg/L)	170 h (mg/L)	194 h (mg/L)	218 h (mg/L)	Wash (mg/L)	Residue (% or g/t)
Si	44.2	44.6	47.0	43.0	30.4	23.0	17.8	14.2	12.2	11.4	10.7	10.2	6.00	23.1
Al	314	419	926	1600	573	215	91.4	44.7	29.0	23.0	20.4	17.9	3.20	14.6
Fe	0.20	0.30	0.30	0.30	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.20	5.50
Mg	108	147	246	274	67.7	14.9	3.49	0.75	0.24	0.11	0.11	0.10	0.07	0.17
Ca	152	199	339	334	120	57.0	27.0	12.4	6.90	4.70	4.20	3.40	2.00	0.06
P	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	0.02
Mn	36.7	55.9	86.0	91.9	27.7	8.70	3.29	1.47	0.97	0.80	0.74	0.70	0.16	0.15
La	792	981	1910	1830	575	257	119	58.6	33.7	22.5	16.3	12.2	6.28	99.0
Ce	65.9	82.5	149	140	44.1	19.5	9.30	4.88	3.04	2.10	1.60	1.23	0.50	279
Pr	143	180	351	363	111	44.9	19.5	9.19	5.50	3.72	2.78	2.08	0.83	17.4
Nd	474	587	1160	1280	383	136	54.3	24.6	14.3	9.51	6.99	5.22	1.91	52.0
Sm	77.3	100	197	214	58.5	18.7	6.65	2.78	1.57	0.99	0.76	0.56	0.18	10.1
Eu	7.13	8.58	16.5	17.4	4.81	1.44	0.47	0.20	0.11	0.07	0.05	0.04	0.03	0.70
Gd	63.8	81.7	158	166	42.6	12.3	3.82	1.30	0.66	0.42	0.27	0.21	0.06	7.30
Tb	8.21	10.3	20.0	20.7	5.43	1.57	0.49	0.18	0.10	0.05	0.04	0.03	0.03	1.50
Dy	39.5	51.4	101	107	27.5	7.67	2.30	0.82	0.43	0.24	0.16	0.13	0.05	10.2
Ho	6.40	8.21	16.2	17.9	4.59	1.29	0.38	0.14	0.07	0.05	0.03	0.02	0.02	2.30
Y	176	226	451	498	128	33.3	9.40	3.04	1.34	0.72	0.44	0.31	0.08	64.0
Er	14.7	19.4	39.6	45.4	11.5	3.10	0.92	0.32	0.14	0.09	0.07	0.05	0.04	7.20
Tm	1.69	2.23	4.59	5.46	1.41	0.41	0.12	0.05	0.04	0.04	0.04	0.04	0.04	1.10
Yb	9.13	11.9	25.1	31.0	8.22	2.34	0.70	0.26	0.14	0.08	0.07	0.05	0.02	6.80
Lu	1.22	1.59	3.42	4.40	1.22	0.31	0.10	0.04	0.03	0.03	0.03	0.03	0.03	1.10
Sc	0.07	0.07	0.12	0.19	0.12	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	25.0
Th	0.03	0.04	0.10	0.21	0.11	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03	44.9
U	0.12	0.14	0.27	0.50	0.34	0.17	0.09	0.05	0.04	0.03	0.03	0.02	0.02	9.30

Table 5-34 Column 2 - Discharge, Wash and Residue Assays

Sample ID	6 h (mg/L)	10 h (mg/L)	14 h (mg/L)	26 h (mg/L)	38 h (mg/L)	50 h (mg/L)	74 h (mg/L)	98 h (mg/L)	122 h (mg/L)	146 h (mg/L)	170 h (mg/L)	194 h (mg/L)	218 h (mg/L)	Wash (mg/L)	Residue (% or g/t)
Si	9.00	8.40	8.50	11.5	16.8	21.0	17.9	14.8	12.3	11.2	9.70	8.60	8.20	3.10	22.7
Al	22.9	23.9	25.8	67.2	300	466	399	263	150	103	72.0	56.5	44.6	5.70	14.9
Fe	0.20	0.20	0.20	0.30	0.30	0.30	0.40	0.20	0.20	0.20	0.20	0.20	0.20	0.20	6.10
Mg	34.9	35.2	37.7	66.1	135	134	77.6	31.8	11.7	5.04	2.23	1.17	0.64	0.08	0.17
Ca	53.8	51.1	54.6	104	251	277	178	77.9	31.5	14.4	6.60	4.00	2.40	0.90	0.06
P	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	0.02
Mn	12.7	12.9	13.8	24.3	46.1	45.8	23.6	10.4	4.31	2.35	1.45	1.07	0.86	0.15	0.17
La	20.5	21.8	23.7	64.0	336	638	657	450	281	186	130	93.9	67.6	6.49	129
Ce	1.38	1.53	1.68	4.60	25.6	51.0	53.9	37.7	23.5	15.7	10.9	7.94	5.80	0.60	355
Pr	3.56	3.82	4.15	11.0	60.0	113	118	82.3	52.2	35.5	24.5	18.1	13.2	1.28	28.8
Nd	11.9	12.7	13.6	36.1	193	370	385	278	173	119	82.2	61.2	44.4	4.47	99.0
Sm	1.89	2.04	2.19	5.87	31.4	59.4	60.6	41.5	25.7	17.2	12.2	8.77	6.52	0.68	18.8
Eu	0.20	0.20	0.22	0.58	3.00	5.40	5.37	3.63	2.16	1.43	0.97	0.73	0.50	0.05	1.40
Gd	1.80	1.77	1.91	5.29	27.9	50.3	46.9	32.0	18.5	12.2	8.02	5.98	4.23	0.42	12.6
Tb	0.23	0.27	0.27	0.72	3.68	6.57	6.16	4.10	2.44	1.57	1.03	0.72	0.48	0.05	2.10
Dy	1.25	1.22	1.31	3.59	18.9	33.9	31.2	20.3	11.6	7.57	4.79	3.41	2.38	0.24	12.6
Ho	0.21	0.21	0.23	0.64	3.18	5.61	5.26	3.42	2.04	1.29	0.85	0.58	0.39	0.05	2.60
Y	5.69	5.87	6.39	17.7	90.5	159	150	96.1	55.0	34.0	22.0	15.0	10.2	0.95	72.0
Er	0.53	0.48	0.55	1.53	7.90	13.9	12.6	8.13	4.65	3.12	1.94	1.33	0.89	0.10	7.50
Tm	0.06	0.06	0.06	0.18	0.94	1.63	1.54	1.01	0.59	0.38	0.23	0.16	0.11	0.04	1.20
Yb	0.34	0.37	0.37	1.13	5.14	9.13	8.39	5.58	3.18	2.06	1.30	0.91	0.65	0.06	7.20
Lu	0.05	0.05	0.06	0.15	0.71	1.26	1.22	0.77	0.45	0.29	0.19	0.13	0.08	0.03	1.20
Sc	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	25.0
Th	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	42.1
U	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	8.50

5.5.4.3 SGS Lakefield Liquor Treatment Tests

With the solution collected from Column 1 (ammonium sulphate) during the heap leaching tests, a series of scoping level liquor treatment tests were run. The feed for these tests was a composite of different discharge PLS from Column 1 aiming to obtain a desirable REE tenor. A sample of this composite was submitted for analysis, the assay data are presented in Table 5-35.

These tests were divided in two groups: oxalic acid precipitation tests, aiming to selectively precipitate the REE, and aluminium removal tests, aiming to remove aluminium from the heap leach discharge PLS while keeping most, if not all, the REE in the remaining solution.

Table 5-35 Liquor Treatment - Feed Assays

Element	Si mg/L	Al mg/L	Fe mg/L	Mg mg/L	Ca mg/L	P mg/L	Mn mg/L	La mg/L	Ce mg/L	Pr mg/L	Nd mg/L	Sm mg/L	Eu mg/L
CL1 composite	27.7	611	<0.2	89.7	150	<5	34.8	745	57.9	143	506	74.7	6.6

Element	Gd mg/L	Tb mg/L	Dy mg/L	Ho mg/L	Y mg/L	Er mg/L	Tm mg/L	Yb mg/L	Lu mg/L	Sc mg/L	Th mg/L	U mg/L
CL1 composite	60	7.71	39	6.51	178	16.4	1.95	10.9	1.53	0.1	0.09	0.25

Oxalic Acid Precipitation Tests

A total of 5 tests were performed in order to find the optimum oxalic acid:REE stoichiometric ratio for the REE precipitation from heap leach solution; this ratio was calculated as the stoichiometric amount of oxalic acid needed to react with the REE present in solution. It should be noted that, even though there was a considerable amount of Al and other base metals in solution they were not taken into account for the oxalic acid calculation. Table 5-36 shows the main test conditions. The precipitation efficiencies for these tests are presented in Table 5-37.

Table 5-36 Oxalic Acid Precipitation - Test Conditions

Test ID	OX1	OX2	OX3	OX1A	OX2A
Feed Sample	CL1 composite	CL1 composite	CL1 composite	Ox1 PLS	Ox2 PLS
Feed, mL	200	200	200	148	154
Temp, °C	room	room	room	room	room
Time Mixing, min	60	60	60	60	60
H ₂ C ₂ O ₄ Conc.	10%	10%	10%	10%	10%
stoich H ₂ C ₂ O ₄ :REE	72%	145%	217%	250%	300%

Table 5-37 Oxalic Acid Precipitation - Precipitation Efficiency (Reported as %)

Element	OX1	OX2	OX3	OX1A	OX2A
Si	0	0	0	0	0
Al	3	1	0	2	1
Fe	0	0	0	0	0
Mg	0	0	0	0	0
Ca	3	0	0	1	0
P	0	0	0	0	0
Mn	0	0	0	0	0
La	1	15	38	60	71
Ce	1	26	58	76	86
Pr	2	39	73	85	94
Nd	4	53	84	91	97
Sm	3	66	91	95	99
Eu	5	69	92	95	99
Gd	5	65	91	94	99
Tb	5	60	88	92	98
Dy	4	54	85	90	97
Ho	4	48	81	87	95
Y	2	31	65	76	87
Er	5	41	76	84	94
Tm	5	36	70	82	91
Yb	3	32	67	82	91
Lu	4	32	66	82	90
Sc	9	33	32	18	16
Th	0	61	60	66	53
U	3	0	0	2	3

All the tests were run at room temperature and for 60 minutes. The first 3 tests (OX1, OX2 and OX3) used CL1 composite as feed and 72%, 142% and 217% oxalic acid:REE ratio, respectively. REE precipitation in these tests were low, particularly in OX1 were none of the REE precipitated more than 5% and OX2 where the highest precipitation efficiencies were around 60%.

Based on the results from these tests, especially OX1 and OX2 (lower extractions) two other tests were run, OX1A and OX2A. Due to the low availability of CL1 composite solution, OX1 and OX2 final solutions were used as feed for OX1A and OX2A. Oxalic acid:REE ratio for these tests were 250% and 300%. REE

precipitation increased with the increment of the oxalic acid:REE ratio, though even at its highest value (OX2A, 300%) not all REE were completely precipitated, more remarkable La 71% and Y 87%.

Oxalic acid was selective against the gangue material, Si, Al, Fe, Mg, Ca, P and Mn precipitation was mostly zero regardless of the oxalic acid added. Th precipitation was around 60% when oxalic acid addition was higher than 145%. Due to the small amount of solids produced in these tests solids assays were not possible to obtain therefore there is no information on REE precipitate quality.

SGS Lakefield Aluminium Removal Tests

A total of 3 tests were conducted in order to find a pH range in which aluminium would be precipitated while most of the REE remain in solution. Table 5-38 shows the main test conditions. The precipitation efficiencies for these tests are presented in Table 5-39.

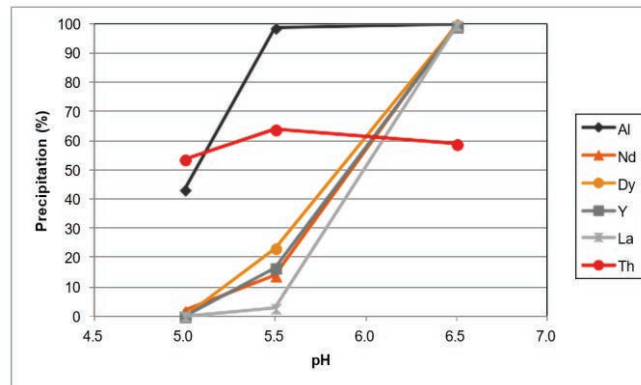
Table 5-38 Aluminium Removal - Test Conditions

Test ID	AR1	AR2	AR3
Feed Sample	CL1	CL1	CL1
Feed, mL	200	200	200
Temp, °C	room	room	room
Time Mixing, min	60	60	60
NH ₄ HCO ₃ Conc.	50 g/L	50 g/L	50 g/L
pH target	5.0	5.5	6.5

Table 5-39 Aluminium Removal - Precipitation Efficiency (Reported as %)

Element	AR1	AR2	AR3
Si	25	46	33
Al	43	99	100
Fe	0	0	0
Mg	0	0	0
Ca	0	2	8
P	0	0	0
Mn	0	0	0
La	0	3	99
Ce	0	5	100
Pr	0	8	100
Nd	2	14	100
Sm	0	15	100
Eu	1	19	99
Gd	0	15	100
Tb	2	21	100
Dy	0	23	100
Ho	1	24	99
Y	0	17	99
Er	1	29	99
Tm	2	35	97
Yb	0	45	99
Lu	0	45	98
Sc	17	24	14
Th	54	64	59
U	0	31	75

As is shown in Figure 5-22 when working at pH 5.0 aluminium removal was 40% while REE co-precipitation was below 2%. Worth noting is the fact that 50% of the Th was also removed at this pH. When pH was increased to 5.5 aluminium removal was 99%; REE co-precipitation also increased (14% Nd, 23% Dy and 17% Y) as a result of the higher pH. REE co-precipitation was >99% when the pH was increased to 6.5.

Figure 5-22 Aluminium Removal - Precipitation vs. pH

5.5.4.4 SGS Lakefield Conclusions and Recommendations

A series of scoping-level tests investigating the extraction of rare earth metals from weathered crust elution-deposited mineralization (REE Clay) samples were performed. The main conclusions and recommendations are as follows:

- Rare earth metals can be extracted from REE clay by ion desorption using an ammonium sulphate or sodium chloride solution as eluant. Main extractions were around 88% Nd, 73% Dy, 67% Y, 86% La. It was also confirmed that most of the gangue material as well as Th and U remain in the solids and do not follow the REE.
- It was determined that shaking tests with a single contact and three eluant washes was the optimum and most practical method to evaluate REE extraction from REE clay samples. This method of extraction was run for 60 minutes and at room temperature making it very simple and feasible for running a large number of samples. It is recommended to apply this method in future testing (such as proposed in the mineralization variability test program proposal– 14097-PR2).
- Optimum eluant and optimum test conditions were determined in the SGS Lakefield Optimum Eluant Tests. A solution of 1 mol/L ammonium sulphate at pH 4.0 produced the maximum REE extractions and still achieved low gangue material extractions. A higher concentration of eluant as well as adjusting the pH to 2.0 increased Th and U extractions. When using sodium chloride, a concentration of 1 mol/L and an adjusted pH of 4.0 were determined as optimum conditions for high REE extractions and low Th and U extractions.
- Different eluant:ore ratios were tested in an extraction isotherm style series of tests. The data showed that despite low eluant:ore ratios, high REE extractions can be obtained. The data shows that a simple counter current desorption process should be capable of producing high grade REE liquors while at the same time producing low residue levels (i.e. high extraction).
- Heap leaching was simulated in a series of small (scoping level) column leach tests. Two columns were operated for 218 hours; Column 1 was run using a solution of 1M ammonium sulphate at pH 4 as eluant while Column 2 ran with a solution of 1M ammonium sulphate at pH 4. The irrigation rates were 14.1 and 12.8 L/h/m² for Column 1 and 2, respectively. Maximum REE extractions were accomplished in Column 1 using ammonium sulphate (88% Nd, 73% Dy, 67% Y, 86% La). Column 2 (sodium chloride) led to lower extractions of 78% Nd, 68% Dy, 63% Y and 82% La. Not only were the extractions lower in Column 2 they also took more time to achieve those extractions as is shown in Figure 6. Gangue extractions as well as Th and U extractions remained low in Column 1 and Column 2.
- Based on the observed feed moisture difference and its (assumed) effect on the physical column behavior, it is recommended to run further column tests investigating the effect of agglomerate curing time. In addition it is recommended to conduct larger column tests and also to investigate the effect of heap leaching breccia or breccia/clay blends. It is also recommended to examine the merits of counter current heap leaching. Many of these recommendations are addressed in SGS proposal 14097-PR3.

- A series of Oxalic Acid Precipitation Tests were run with the solution collected during heap leaching (Column 1). Different oxalic acid:REE stoichiometric ratios were tested. REE precipitation increased with the increment of the oxalic acid:REE ratio, though even at its highest value (OX2A, 300%) not all REE were completely precipitated, more remarkable La (71%) and Y (87%).
- Oxalic acid was selective against the gangue material, Si, Al, Fe, Mg, Ca, P and Mn precipitation was mostly zero regardless of the amount of oxalic acid added. Thorium precipitation was around 60% when oxalic acid addition was higher than 145%. Due to the small amount of solids produced in these tests solids assays were not possible to obtain therefore there is no information on REE precipitate quality.
- A series of Aluminium removal tests were also carried out using solution collected during heap leaching (Column 1). The pH of the solution was adjusted using a solution of 50 g/L ammonium bicarbonate. When working at pH 5.0 aluminium removal was 40%, while REE co-precipitation was below 2%. Worth noticing is the fact that 50% of the Th was also removed at this pH. When pH was increased to 5.5 aluminium removal was 99% but REE co-precipitation also increased (14% Nd, 23% Dy and 17% Y). REE co-precipitation was >99% when the pH was increased to 6.5.
- A two-step aluminium removal seems to be the more practical approach, though re-leaching of co-precipitated REE should be studied. The Al-free solution could be subjected to oxalic acid precipitation were the dosage would much lower (since there would not be any aluminium present) or alternatively REE can be recovered by a further ammonium bicarbonate addition.

5.5.5 In-situ leaching

A 1km² test area was selected by Tantalus in 2014 for in-situ leaching but testing did not proceed in 2015. Fourteen drillholes were drilled with the goals of establishing a hydrogeological model of the watershed where the proposed pilot plant was to be located and investigating the aquifer in regard to availability and quantity of water to run said pilot plant.

It is noted that Harena have committed that the in-situ leaching option is not being considered for the Ampasindava Project.

5.5.6 Metallurgical Conclusions

The metallurgical performance of the regolith represents one of the primary risks of this project given the relatively low overall grade of the material. To date metallurgical tests have been undertaken on material that more often than not has higher grades than the average grade of the deposit, and on relatively small samples. Future testwork should be undertaken on a broader selection of sample types (Variability Study) and on larger scale tests.

In order to track the variability in the solubility of the REEs within the deposit, the authors recommend that a “solubility test” be included as part of any future exploration assay protocol. These tests could be undertaken at the assay lab as a matter of course. Incorporating such a procedure into the exploration program will provide valuable information as to the variability in the proportion of REEs in the deposit that are readily extractible, both across the lateral extent of the orebody, with depth, with the variable parent rock and grade of the material itself.

Due to the rare earth grade of the material, heap leaching is the most practical approach to valuable metal recovery. The two tests performed as described above indicate that an additional column leach program be undertaken that would more precisely define variables such as lixiviant concentration, irrigation rate, agglomeration methods, possible binder usage and pulse leaching.

5.6 Mineral Resources

The current Mineral Resource Estimate (“MRE”) for the Ampasidava Project was first derived and reported by SGS in 2014 with an original effective date of October 20th, 2014.

SGS was commissioned by Harena Resources to review and restate the MRE in accordance with the guidelines of the JORC 2012 Code in 2023. The restated MRE issued by SGS (Camus, 2023) summarised below has an Effective Date of November 1st, 2023.

5.6.1 Current Mineral Resource

5.6.1.1 Introduction

Modelling was completed in Genesis software and the geostatistics was completed in Geostat+. The methodologies used for modelling and grade interpolation were according to industry standards, with the development of methods specific for the geometry of the deposit in question. The extension of the deposit is approximately 20,000 m by 10,000 m and its thickness is usually varying between 1 and 10 metres. The most frequent method for resource modelling is by sectional interpretation to create a 3D model of the deposit. The flat geometry of the deposit required a different approach. The following steps were followed for the resource estimation:

- Reception of the data and visits
- Validation of the drill hole database
- Selection of the mineralised intervals for each drill hole for each layer (PED and SAP)
- Selection of the topography surface to be used for the model
- Creation of volume models of the layers in 2D (2D XY model including thickness and Z position)
- Variogram modeling in 2D for 19 variables for each layer
- Conversion in 3D block model to use in Genesis software (3D XYZ model with PED and SAP tags)
- Estimation of the grades for 19 variables for each layer in the 3D block model
- Classification of the resource according to drill hole spacing
- Creation of solids within barren areas to constrain the resource
- Validation of the density for each layer and for each prospect (Ambaliha, Ampasibitika, Ampasibitika South, Befitina, Caldera and North West Territories)
- Queries on the 3D block model but with cut-off grade applied on the average grade over the total thickness

5.6.1.2 Exploratory Data Analysis

SGS received the final “test pits and drill holes” database (DB) in the form of two Excel files on August 21, 2014. Additional assays (90) were received on September 9. Some updates came up to September 11 regarding trenches. Section 5.4.6 contains the complete details on the verification and changes that were made to the database prior to resource estimation.

Table 5-40 shows the variables in the database that were used in the resource estimation, while Table 5-41 shows the conversion factors from ppm REE to ppm REO, together with the definitions of calculated estimates (TREO, MREO).

The author considers the data to be of sufficient quality to be used in a resource estimation.

Table 5-40 Variables used in the Resource Calculation

Element		
Number	Abbreviation	Name
1	Y	Yttrium
2	La	Lanthanum
3	Ce	Cerium
4	Pr	Praseodymium
5	Nd	Neodymium
6	Sm	Samarium
7	Eu	Europium
8	Gd	Gadolinium
9	Tb	Terbium
10	Dy	Dysprosium
11	Ho	Holmium
12	Er	Erbium
13	Tm	Thulium
14	Yb	Ytterbium
15	Lu	Lutetium
16	Nb	Niobium
17	Ta	Tantalum
18	Th	Thorium
19	U	Uranium

Table 5-41 Calculated Variables used in the MRE

Number	Calculated Variable	Units	Formula
1	Y ₂ O ₃	ppm	Y/0.7874
2	La ₂ O ₃	ppm	La/0.8527
3	Ce ₂ O ₃	ppm	Ce/0.8538
4	Pr ₂ O ₃	ppm	Pr/0.8545
5	Nd ₂ O ₃	ppm	Nd/0.8574
6	Sm ₂ O ₃	ppm	Sm/0.8624
7	Eu ₂ O ₃	ppm	Eu/0.8636
8	Gd ₂ O ₃	ppm	Gd/0.8676
9	Tb ₂ O ₃	ppm	Tb/0.8688
10	Dy ₂ O ₃	ppm	Dy/0.8713
11	Ho ₂ O ₃	ppm	Ho/0.873
12	Er ₂ O ₃	ppm	Er/0.8745
13	Tm ₂ O ₃	ppm	Tm/0.8756
14	Yb ₂ O ₃	ppm	Yb/0.8782
15	Lu ₂ O ₃	ppm	Lu/0.8794
16	Nb ₂ O ₅	ppm	Nb/0.6990
17	Ta ₂ O ₅	ppm	Ta/0.8190
18	ThO ₂	ppm	Th/0.8788
19	U ₃ O ₈	ppm	U/0.8480
20	TREO	ppm	Y ₂ O ₃ +Eu ₂ O ₃ +Gd ₂ O ₃ +Tb ₂ O ₃ +Dy ₂ O ₃ +Ho ₂ O ₃ +Er ₂ O ₃ +Tm ₂ O ₃ +Yb ₂ O ₃ +Lu ₂ O ₃ +La ₂ O ₃ +Ce ₂ O ₃ +Pr ₂ O ₃ +Nd ₂ O ₃ +Sm ₂ O ₃
21	MREO	ppm	Pr ₂ O ₃ + Nd ₂ O ₃ + Tb ₂ O ₃ + Dy ₂ O ₃

5.6.1.3 Mineralised Intervals

The selection of mineralised intervals (MI) in the test pits and drill holes was executed solely by the lithologies. The first layer encountered from the surface is usually summarised as “PED” and the second layer as “SAP”. There are some intercalations where some SAP is contained in the PED layer and the opposite. Sometimes some “PED-SAP” material is between the “PED” and the “SAP”. A few other rock types are encountered inside the “PED” and “SAP” layers. Because the “PED-SAP” chemistry is similar to the “SAP” chemistry, all “PED-SAP” summaries were changed to SAP for the MI creation. When “MDS”, “SYE”, “OTH” or “SST” were found in-between “PED” and “SAP” layers, it was included within “PED” (based on average chemistry). When “FAS” or “MDS-FAS” were found in-between “PED” and “SAP” layers, it was included within “SAP” (again based on average chemistry).

It was discovered that there are two holes in the same location in 16 instances and three holes in the same location in 3 instances. Each time, one of the “PED” mineralised intervals was selected randomly and one of the “SAP” mineralised interval was selected randomly. In total, 21 “PED” and 19 “SAP” mineralised intervals were removed from the estimation.

The count and lengths of the final mineralised intervals, along with the contained assay statistics, and the contained gaps (lengths not assayed) are summarised in the Table 5-42. The Figure 5-23 shows some test pits and drill holes on section centered at 8,469,900 mN with actual proportions. The Figure 5-24 shows the same section with compressed horizontal distances (equivalent to a vertical exaggeration of 10).

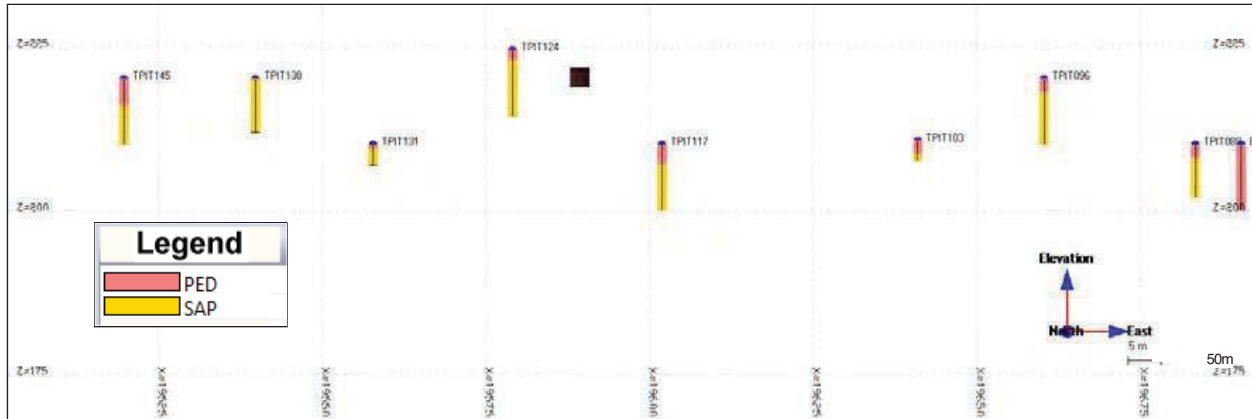
Table 5-42 Count and Lengths of Mineralised Intervals, Contained Assays, and Gaps

	Mineralised Intervals		Assays		Gaps	
	Count	Length	Count	Length	Length	%
PED	4,369	13,781	13,926	13,775	6.2	0.04%
SAP	3,730	15,163	16,133	15,158	5.65	0.04%
TOTAL	8,099	28,944	30,059	28,932	11.85	0.04%

Figure 5-23 Normal View of Test pits and drill holes with Mineralised Intervals (MIs)



Figure 5-24 View of Test pits and drill holes with Mineralised Intervals shown with a 10x vertical exaggeration



5.6.1.4 Density

A total of 4569 dry densities measurements were received by SGS. The data was validated by plotting the dry density vs the size of the samples, and the dry density vs the wet density. A total of 4,309 dry densities measurements and 4,126 wet density measurements were selected as valid data for density determination. Table 5-43 shows statistics on retained density measurements and Table 5-44 shows the dry densities chosen for the resource estimation. Analysis was undertaken to determine if the density of the “PED” and “SAP” layers were discrete populations and to determine if the density was related to the grade. No correlation was found in either case. There is variability in the density and the water content but only the geographic location seems to be a determining factor.

Table 5-43 Statistics on Wet and Dry Densities and Water Contents for Each Prospect

Prospect	Wet Density					Dry Density					Water Content				
	Count	P25	Median	P75	Mean	Count	P25	Median	P75	Mean	Count	P25	Median	P75	Mean
Ambaliha	862	1.46	1.55	1.65	1.56	-	NA	NA	NA	NA	-	NA	NA	NA	NA
Ampasibitika	852	1.47	1.60	1.73	1.60	206	1.02	1.10	1.20	1.11	198	33%	40%	48%	40%
Ampasibitika S.	5,024	1.46	1.60	1.72	1.58	751	1.04	1.16	1.29	1.16	703	26%	33%	47%	36%
Befitina	2,342	1.36	1.50	1.60	1.48	-	NA	NA	NA	NA	-	NA	NA	NA	NA
Caldera	10,604	1.37	1.50	1.64	1.50	3,333	1.00	1.10	1.20	1.11	3,209	26%	34%	44%	36%
North West T.	1,429	1.38	1.52	1.64	1.51	19	1.04	1.10	1.20	1.11	16	22%	32%	38%	32%
TOTAL	21,113	1.40	1.53	1.66	1.53	4,309	1.01	1.11	1.21	1.12	4,126	26%	35%	45%	36%

Table 5-44 Densities Used for the Resource Estimation

Prospect	Chosen Density for Resources (t/m ³)
Ambaliha	1.10
Ampasibitika	1.10
Ampasibitika South	1.15
Befitina	1.10
Caldera	1.10
North West Territories	1.10

5.6.1.5 Topography Surface

Five separate topographic surfaces were supplied to SGS for consideration for the project.

1. Collars elevation data: covers all the project area, was taken by consumer grade handheld GPS. High accuracy but too low precision for use
2. Government map topography (contours): covers more than the project area. Contours every 25m. Medium accuracy (after SGS custom corrections) and medium-low precision
3. SRTM topography: elevation points every 90m provided by the NASA, covers more than the project area. Medium-low accuracy (after SGS custom corrections) and medium-low precision
4. Fugro geophysical survey elevation information: covers 17% of the project area. Medium-high accuracy (after SGS custom corrections) and medium-high precision
5. Digitised topo map (10m contours apparently from Government maps and Fugro combined), covering the entire project area. It contained contours every 10 m, with a medium-high accuracy and medium precision.

5.6.1.6 Volume Modeling of the Layers in 2D

Since this deposit is mainly a bi-dimensional structure, it made sense to produce a 2D model with thicknesses for the volume modeling. Since we will want to produce a mine design using 3D software, we will have to convert it to a 3D model.

Each of the test pits and drill hole locations has a thickness for both the “PED” and the “SAP” layers. We have drawn a tight outline of the drilled areas and forced the “PED” and the “SAP” to zero there. Any thickness of zero was instead forced to -1m to allow for a buffer zone around it. The thicknesses were modeled using one tin surface for the “PED” and another tin for the “SAP”.

5.6.1.7 Conversion of the 2D Volume Modeling into a 3D Block Model

The grid chosen for the 3D block model (BM) is 30 m x 30 m x 1 m. A 2D grid of points with the same spacing as the 3D BM was drawn (for each block center) and points at all sounding coordinates were added. These points were projected on the 2 tin surfaces representing the thickness for the “PED” and “SAP” layers. These points were also projected on the selected topography surface. From the topography elevation of those points and the thicknesses of the layers (forced to zero when negative), the bottom surfaces of the “PED” and the “SAP” layers were designed using simple triangulation (tin – displayed in Figure 5-27) and the 3D blocks pertaining to each layer were listed (with a 1 m thickness). The coordinates and size of the blocks are listed in Table 5-45.

Figure 5-25 shows the location of a representative cross-section of the test pits and regolith layers on the project scale, while Figure 5-26 shows a close-up plan of the area and Figure 5-27 is the representative section on 8.470,710N. An oblique section showing Block Model TREO values and deposit contours is presented in Figure 5-28

Table 5-45 Block Model Size and Coordinates

Direction	Size of blocks (m)	Coordinate of the center of the first block (m)	Number of blocks	Coordinate of the center of the last block (m)
X (East)	30	181,800	611	200,100
Y (North)	30	8,468,100	461	8,481,900
Z (Elevation)	1	-9.5	760	749.5

Figure 5-25 Project-scale view of location of representative cross-section

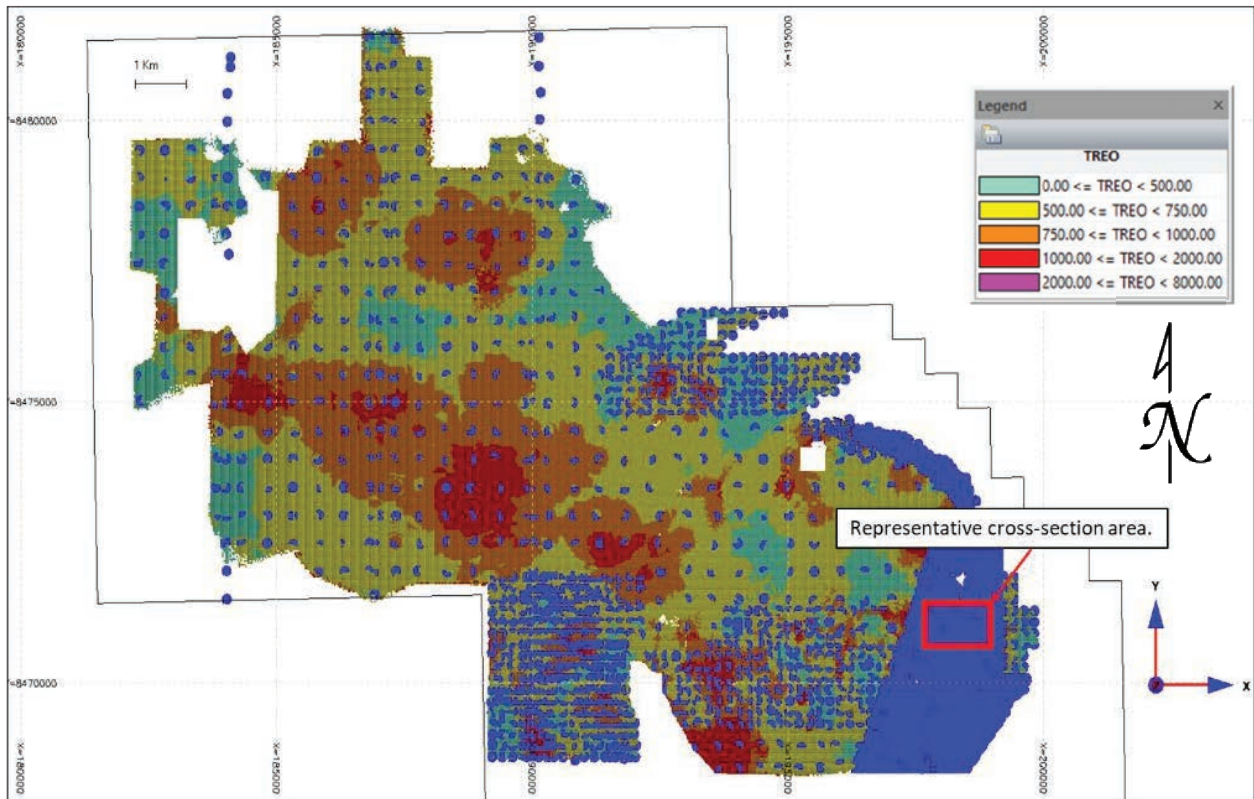


Figure 5-26 Close-up plan view of cross-section location

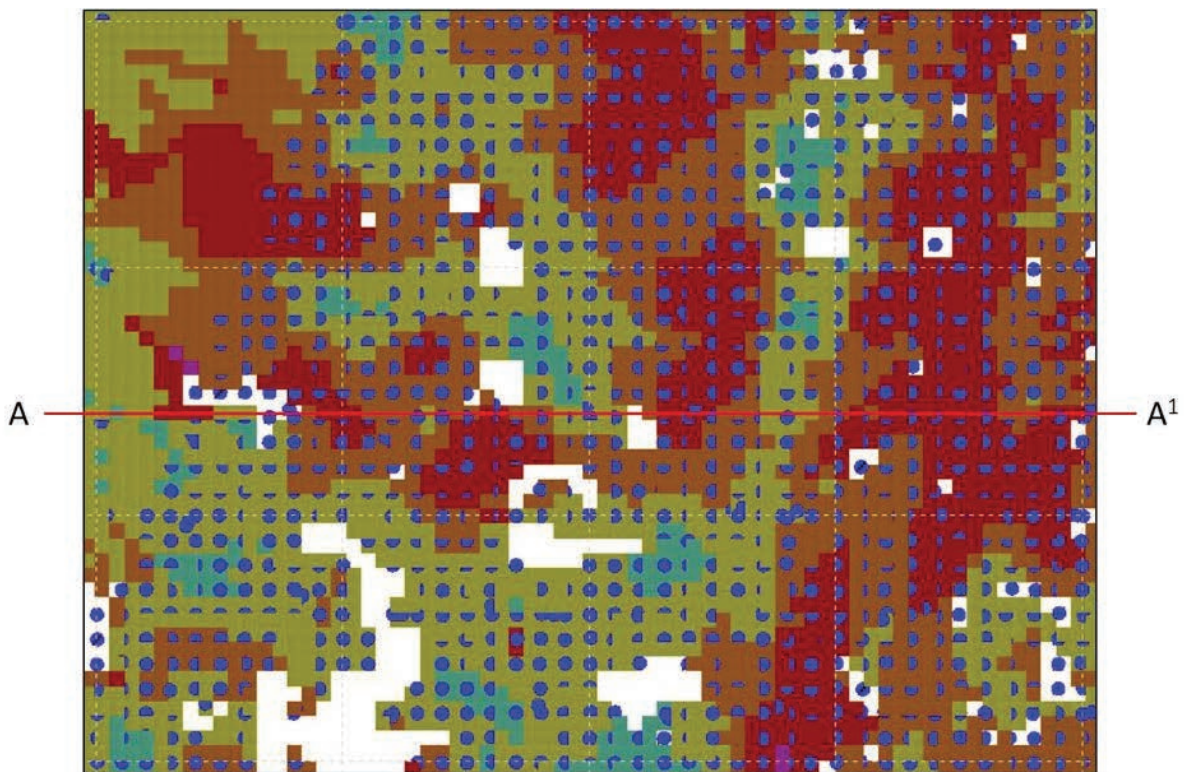


Figure 5-27 Representative Section on 8,470,710N Showing Test Pits and Pedolith (Blue) and Saprolite (Red) Horizons

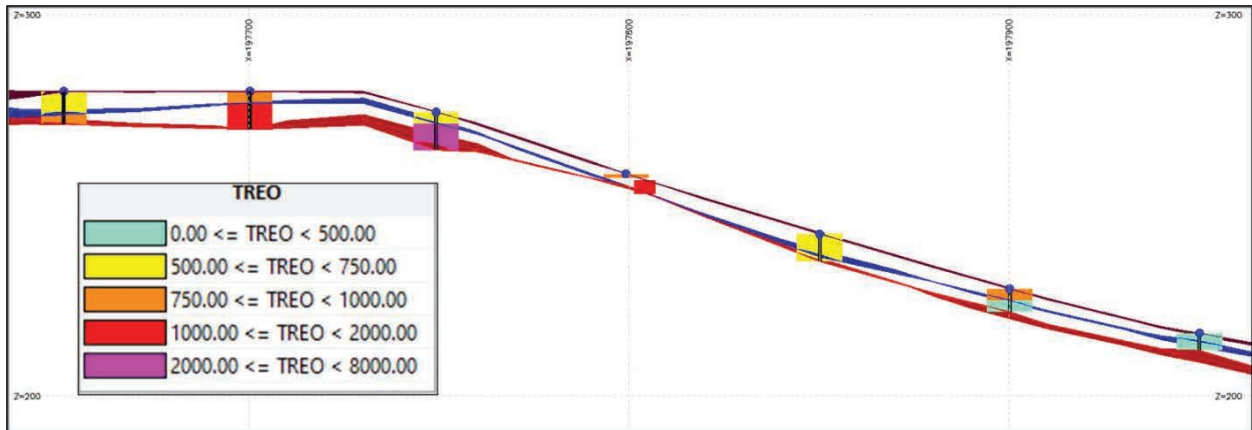
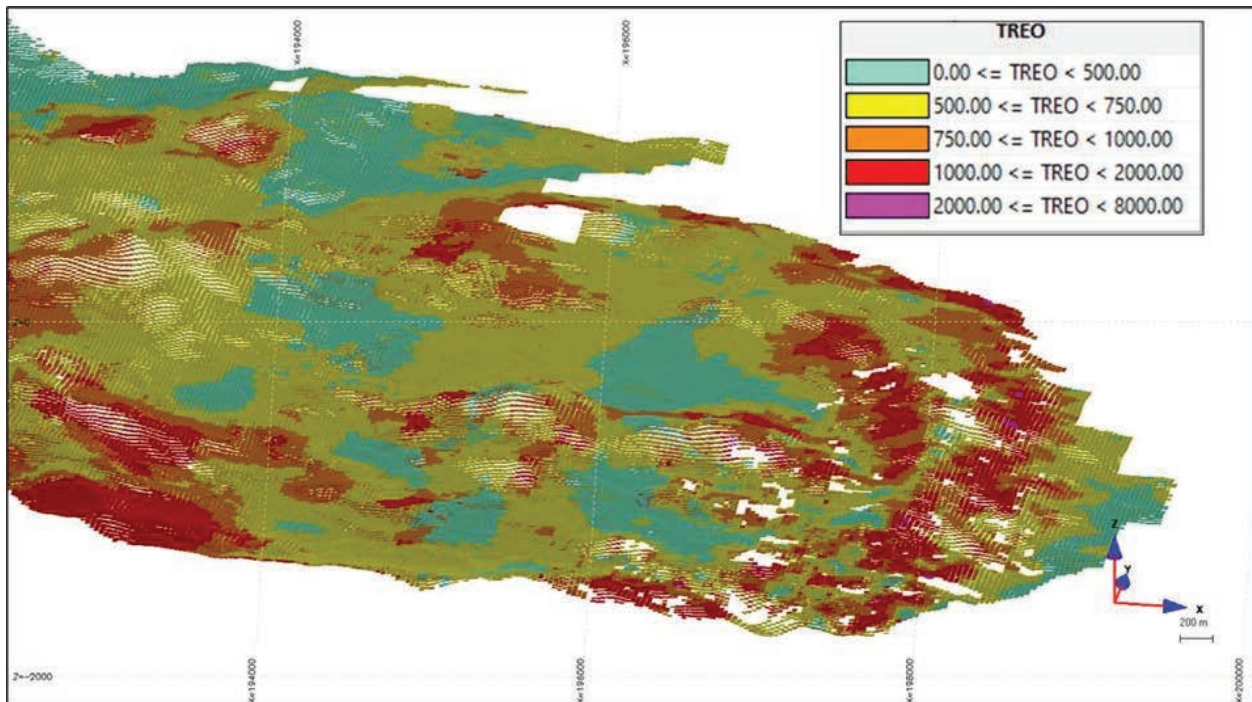


Figure 5-28 Oblique Section Showing Block Model TREO Values and Deposit Contours



5.6.1.8 High Grade Capping

Out of 30,059 assay intervals inside the “PED” and “SAP” layers, most of them have a length at exactly 1 m (79% of them) and most of them have a length over 0.5 m (97.5 % of them). For convenience and to remove possible outliers, assay intervals shorter than 0.5 m were removed for the following capping study exercise. The shorter assays were assessed separately to make sure the conclusions on the requirement of capping was still sound.

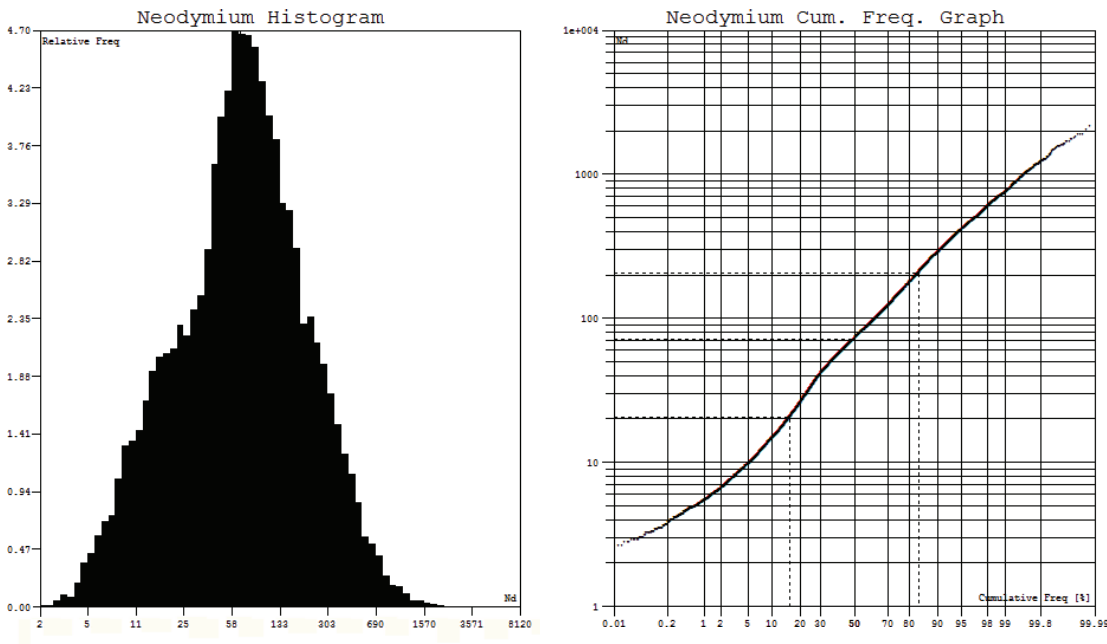
To determine whether capping was required, the “metal contribution” of the highest 1% of the assay intervals was analysed. For example, the “metal contribution” of the 292 highest assays (out of 29,236) for Neodymium is 9%. Both the histogram and the cumulative frequency graph (Figure 5-29) on log scales do

not indicate that Neodymium requires capping. All “metal contributions” of the 1% highest assays for all estimated elements are less than 10%. For all estimated elements, a capping of the 20 highest values has no significant effect on the contribution of the 292 highest assays.

While the populations are clearly log- normal distributions, there are no “nugget” values that have a significant impact on the metal content.

It is the opinion of the Competent Person that no high-grade capping was required for any of the elements modelled in the MRE.

Figure 5-29 Histogram and Cumulative Frequency (Nd Assays – “PED” and “SAP” Layers)



5.6.1.9 Modeling of Variograms

Variography on the composite data was undertaken to determine if viable variograms for the 19 variables could be created and if the data was amenable to estimation via kriging.

Variograms were created for variables in both “PED” and “SAP” horizons, with differences observed for the same variable in the different horizons. As such, 38 variograms were initially created and reviewed. During the review process, the 38 variograms were reduced to 11 variograms because many of them exhibited similar properties. The variograms were created in 2D using composites averaging the total thickness of the layer. The elevations were forced to zero to eliminate the 3D component of the variography since the deposit is essentially bi-dimensional. The list of retained variograms is in Table 5-46.

Table 5-46 List of Variograms Used for the Estimates

Layer	Elements	Nugget	Exponential 1		Exponential 2	
		Sill	Sill	Range (m)	Sill	Range (m)
PED	Y La Gd Dy Ho Er Tm Yb Lu	0.63	0.11	60	0.26	200
PED	Pr Nd Sm Eu	0.32	0.40	23	0.28	220
PED	Tb	0.55	0.25	30	0.20	230
PED	Ce	0.00	0.45	6.5	0.55	130
PED	Nb Ta Th	0.485	0.515	190		
PED	U	0.55	0.45	150		
SAP	Y Pr Nd Sm Gd Tb Dy Ho Er Tm Yb Lu	0.50	0.35	23	0.15	170
SAP	Eu	0.34	0.51	26	0.15	350
SAP	La Ce	0.00	0.825	9	0.175	150
SAP	Nb Ta	0.00	0.79	14	0.21	220
SAP	Th U	0.00	0.92	11	0.08	100

5.6.1.10 Block Model Interpolation

The variography results indicated that the mineralisation was amenable to estimation by kriging.

The kriging was completed in 3 dimensions and in 3 passes using the variogram data shown in Table 5-46.

A block discretization of 4 (X) x 4 (Y) x 1 (Z) was used for the estimation of the distance between a block and a composite. The “PED” and “SAP” layer blocks were estimated using the composites averaging the grades over the complete thickness of respectively the “PED” and “SAP” layers.

For the first pass, a search ellipsoid with radiuses of 90 m (X) x 90 m (Y) x 180 m (Z) was used with a minimum of 6 composites and a maximum of 9 composites.

For the second pass, a search ellipsoid with radiuses of 350 m (X) x 350 m (Y) x 700 m (Z) was used with a minimum of 6 composites and a maximum of 9 composites.

For the third and last pass, a search ellipsoid with radiuses of 900 m (X) x 900 m (Y) x 1800 m (Z) was used with a minimum of 3 composites and a maximum of 9 composites.

Because each hole has only one composite per layer, no “maximum composites per drillhole” was set. In addition, no octant search was used.

With the settings described above, a total of 2% of the blocks were not estimated because less than 3 test pits and drill holes were available in a radius of 900 m.

5.6.1.11 Mineral Resource Classification

This MRE for the Ampasindava Project deposit is prepared and disclosed in compliance with all current disclosure requirements for mineral resources set out in the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.

Interpretation of the word 'eventual' in this context may vary depending on the commodity or mineral involved. For example, for some coal, iron, potash deposits and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering time periods in excess of 50 years. However, for many gold deposits, application of the concept would normally be restricted to perhaps 10 to 15 years, and frequently to much shorter periods of time.

The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Inferred Resource

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Indicated Resource

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

Measured Resource

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

Classification of the Ampasindava Project

The classification of the Ampasindava Project was accomplished by drawing outlines of areas that have been drilled to a hole/pit grid spacing.

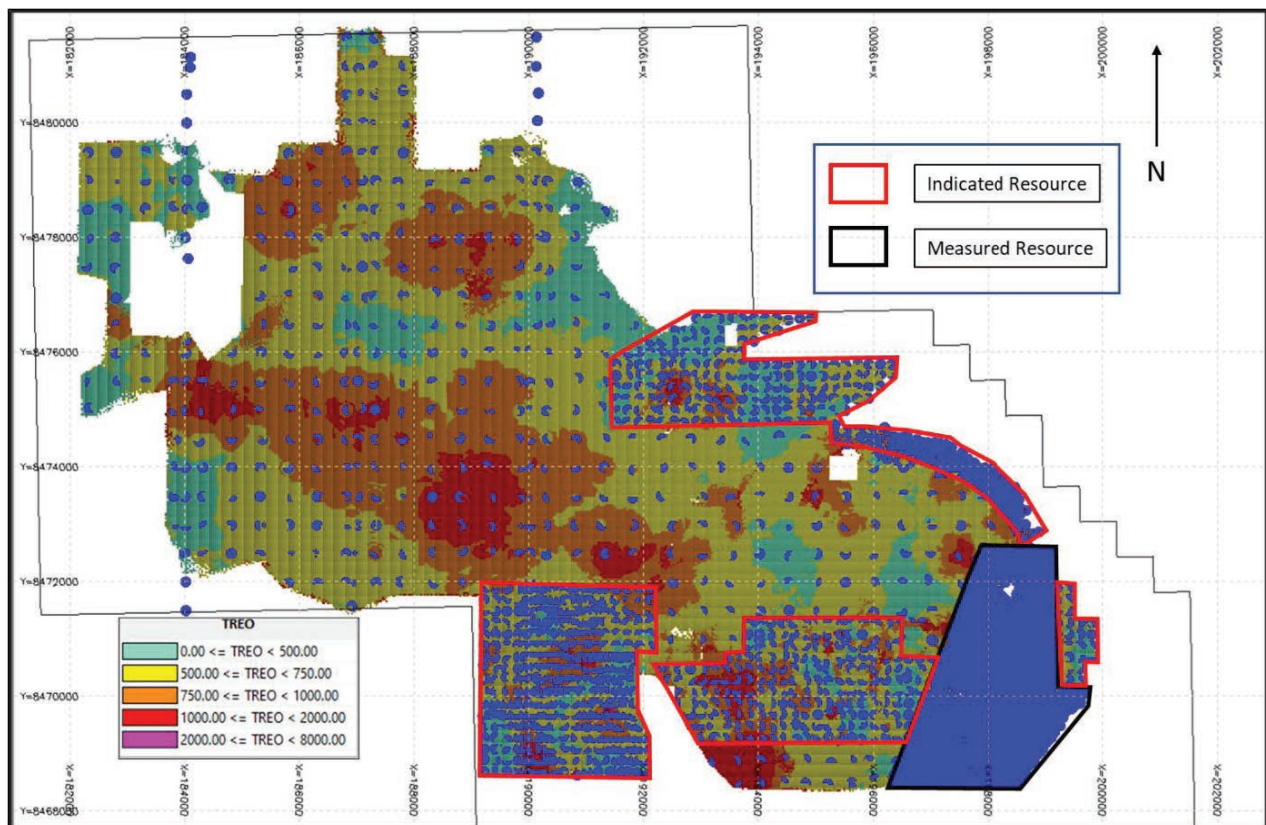
- A grid spacing of at least 50 m x 50 m corresponds to measured resources.
- A grid spacing of at least 200 m x 200 m corresponds to indicated resources.
- A grid spacing of at least 500 m x 500 m corresponds to inferred resources.

Figure 5-30 shows the outlines for the different classifications of material along with the collars of the test pits and drill holes.

Some of the test pits are in close proximity to the property boundary. No test pits and drill holes are outside of the property and no resources were modelled outside the property.

It was noted that some areas are missing test pits and drill holes to make a complete grid. It is possible that the test holes were not completed because there was no “PED” or “SAP” material in that area. These areas were identified in the MRE and were excluded from the resource classification.

Figure 5-30 Indicated and Measured Classification with Drillhole and Test Pit Locations



5.6.1.12 Cut-Off Grade Determinations

To determine the base case cut-off grade (COG), the first steps were to determine the list of prices to be used for the evaluation of the reasonable prospect for economic extraction. Then, the processing recoveries and the marginal costs were estimated. A discount of 27% was applied to the in-situ value to account for last processing stage (REO separation).

The basket price of the REOs was supplied by Harena and is shown in Table 5-47.

The cut-off grade calculations are based on the deposit being processed via heap leach technology. Some recoveries were determined through metallurgical test work, but a full set of recovery data was not available. As such, assumed recoveries were applied to determine the cut-off grade.

Table 5-48 shows the calculations used to convert REE to REO, together with the assumed recoveries and recovered oxide concentrations from the deposit.

Table 5-47 List of the Prices Used for REOs for the 2023 MRE

Rare Earth Oxide	Price (US\$/kg)
Ce ₂ O ₃	1.45
La ₂ O ₃	1.4
Pr ₂ O ₃	176
Nd ₂ O ₃	185
Sm ₂ O ₃	4.63
Eu ₂ O ₃	33.1
Gd ₂ O ₃	102
Tb ₂ O ₃	2220
Dy ₂ O ₃	509
Ho ₂ O ₃	292
Er ₂ O ₃	64.2
Tm ₂ O ₃	850
Yb ₂ O ₃	17.9
Lu ₂ O ₃	866
Y ₂ O ₃	15

Table 5-48 Conversion Factors and Recoveries for REOs

Conversion Factors (REE/REO)	Metal (REE)		Oxide (REO)			Weight of	Processing	Weight of
	Name	Grade (ppm)	Name	Grade (ppm)	Price List (\$/kg)	In-Situ Oxide (kg/t)	Recovery	Recovered Oxide (kg/t processed)
0.7874	Y	72	Y ₂ O ₃	91	15	0.091	59%	0.05
0.8527	La	176	La ₂ O ₃	206	1.4	0.206	82%	0.17
0.8538	Ce	272	Ce ₂ O ₃	319	1.45	0.319	12%	0.037
0.8545	Pr	34	Pr ₂ O ₃	39	176	0.039	82%	0.032
0.8574	Nd	112	Nd ₂ O ₃	131	185	0.131	81%	0.11
0.8624	Sm	19	Sm ₂ O ₃	22	4.63	0.022	76%	0.016
0.8636	Eu	2.1	Eu ₂ O ₃	2.4	33.1	0.0024	73%	0.002
0.8676	Gd	15	Gd ₂ O ₃	17	102	0.017	73%	0.013
0.8688	Tb	2.2	Tb ₂ O ₃	2.6	2220	0.0026	69%	0.002
0.8713	Dy	13	Dy ₂ O ₃	15	509	0.015	63%	0.009
0.873	Ho	2.6	Ho ₂ O ₃	2.9	292	0.0029	58%	0.0017
0.8745	Er	7.6	Er ₂ O ₃	8.6	64.2	0.009	52%	0.004
0.8756	Tm	1.1	Tm ₂ O ₃	1.2	850	0.0012	44%	0.0006
0.8782	Yb	7.1	Yb ₂ O ₃	8.1	17.9	0.008	43%	0.004
0.8794	Lu	1.1	Lu ₂ O ₃	1.2	866	0.0012	38%	0.0005
NA	TREE	736	TREO	868	60.16*	0.87	52%	0.45

*: 60.16 \$ is the TREO basket price for the project

Table 5-49 outlines the parameters used to determine the final base-case cut-off grade for the Ampasindava Project.

Table 5-49 Parameters Used for Determination of Base-Case Cut-Off Grade

	Item	Unit	Value	Comments
Commodity	TREO Basket Price	US\$/kg	43.915	27% Discount Applied for REO Separation
	Unit Value (UV)	US\$/Grade of Unit Recovered	0.044	
	Mining Recovery	%	95	
	Mining Dilution	%	5	
	Processing Recovery	%	51.8	
	Commodity Factor (CF)	US\$/Grade of In-Situ Unit	0.023	Calculated Variable: Commodity = Grade*CF*Percent of Block within Wireframe
Costs	Processing Cost (PC)	US\$/tonne	8	Heap Leach Processing
	G&A	US\$/tonne	0.75	
	Mining Cost	US\$/tonne	1.4	
	(PC+G&A)*(1+Dilution)	US\$/tonne In-Situ	9.1875	Calculated Processing Cost in Genesis
COG	Calculated Cut-Off Grade	ppm	492.9	
	Resource Cut-Off Grade	ppm	500	

5.6.1.13 Reasonable Prospects of Eventual Economic Extraction

The general requirement that all mineral resources have “reasonable prospects for eventual economic extraction” implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries. In order to meet this requirement, the REE mineralisation at the Ampasindava Project is considered amenable to strip mining extraction.

To determine the quantity of material representing “reasonable prospects for eventual economic extraction” by strip mining, economic optimisation parameters were applied to the block model and only those blocks which fall within these criteria are reposted in the MRE.

Table 5-49 shows the parameters applied to the block model to fulfil the “reasonable prospects for eventual economic extraction” criteria.

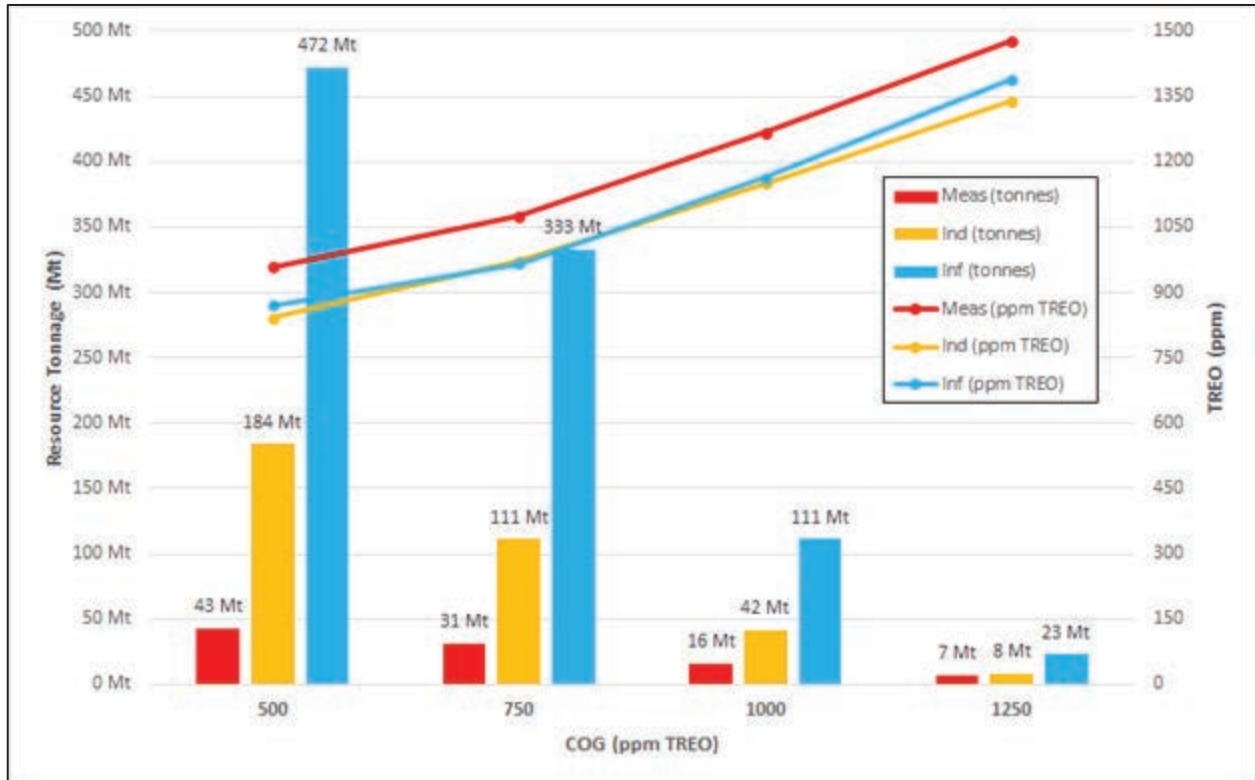
The reader is cautioned that the results from the optimisation parameters are used solely for the purpose of testing the “reasonable prospects for economic extraction” and do not represent an attempt to estimate mineral reserves. The results are used as a guide to assist in the preparation of a mineral resource statement and to select an appropriate resource reporting cut-off grade.

5.6.1.14 Sensitivity to Cut-Off Grade

The Ampasindava Project mineral resource has been estimated at a range of cut-off grades to demonstrate the sensitivity of the resource to cut-off grades. The current mineral resources are reported at a cut-off grade of 500 ppm TREO (Table 5-50).

Figure 5-31 shows the sensitivity to a 750 ppm TREO cut-off (+50% base case), a 1000 ppm TREO cut-off (+100% base case) and a 1,250 ppm TREO cut-off (+150% base case).

Figure 5-31 Ampasindava Project MRE Sensitivity to Cut-Off Grade



5.6.1.15 Mineral Resource Statement

The Mineral Resource Estimate is reported in Table 5-50 using a cut-off grade of 500 ppm TREO for the resource. The mineral resources are constrained by the topography and based on the conceptual economic parameters detailed in Table 5-49. The estimate has an effective date of the 1st November, 2023. The Competent Person for the estimate is Yann Camus, P.Eng., an SGS employee.

The MRE presents the results as Total Rare Earth Oxides (TREO), with Magnet Rare Earth Oxides (MREO) broken out. Definitions of TREO and MREO are in the notes to Table 5-50.

The restated Ampasindava MRE is presented in Table 5-50.

Table 5-50 Mineral Resource Estimate for Ampasindava Deposit at Cut-Off of 500 ppm TREO

Classification	Tonnage (Mt)	Volume (Mm ³)	Area (Mm ²)	Density (t/m ³)	Thickness (m)			TREO (ppm)	MREO (ppm)	MREO / TREO ratio	Contained TREO (t)	Contained MREO (t)
					Total	PED	SAP					
Measured	42.5	38.1	7.0	1.11	5.46	2.85	2.60	958	221	23%	40,700	9,400
Indicated	184.0	167.1	25.0	1.10	6.70	2.65	4.04	842	178	21%	154,800	32,700
Measured + Indicated	226.5	205.3	31.9	1.10	6.43	2.70	3.73	863	186	22%	195,500	42,100
Inferred	472.0	429.1	78.9	1.10	5.44	2.71	2.73	870	189	22%	410,500	89,000
Total	698.5	634.3	110.8	1.10	5.72	2.71	3.02	868	188	22%	606,000	131,100

1. The Mineral Resource Estimate (MRE) has an effective date of the 1st November, 2023. The Competent Person for the MRE is Mr. Yann Camus, P.Eng., an employee of SGS.
2. The classification of the current Mineral Resource Estimate is consistent with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).
3. All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.
4. All Resources are presented undiluted and in situ, constrained within a 3D model, and are considered to have reasonable prospects for eventual economic extraction.
5. Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
6. Bulk density values were determined based on physical test work from each part of the deposit.
7. The base cut-off grade of 500ppm TREO considers a mining cost of US\$1.40/t mined, a processing cost of \$8.00/t mined and G&A cost of US\$0.75/t mined.
8. $TREO = Y_2O_3 + Eu_2O_3 + Gd_2O_3 + Tb_2O_3 + Dy_2O_3 + Ho_2O_3 + Er_2O_3 + Tm_2O_3 + Yb_2O_3 + Lu_2O_3 + La_2O_3 + Ce_2O_3 + Pr_2O_3 + Nd_2O_3 + Sm_2O_3$
9. $MREO = Pr_2O_3 + Nd_2O_3 + Tb_2O_3 + Dy_2O_3$
10. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

5.7 Exploration Potential

The thickness of the regolith profile is fundamentally important given that this affects the volume of material available to host REE mineralisation. Erosion and truncation of the regolith profile due to drainage and steep slope gradients obviously have a detrimental effect on the completeness of the regolith profile. Therefore, geomorphological studies using aerial photography, satellite imagery and field mapping will facilitate the identification of areas favouring the accumulation of regolith material.

Geochemically the primary REE-enriched source rocks are distinct because of the comparatively unique combination of elements they contain. The apparent enrichment of Ce in the upper sections of the regolith profile (particularly the ferruginous zone) has already been considered as part of the soil sampling programs completed to date and may be utilised to identify more localised and higher concentrations of regolith-hosted REE mineralisation.

Whilst mineralised regolith material is not geophysically distinct, some of the REE-enriched source rocks are due to the presence of uranium- and thorium-bearing accessory minerals. This characteristic could be further utilised using the available airborne and ground radiometric data to help identify particularly favourable source rocks (where they are not overly concealed).

A related side, the overall uranium and thorium content of the regolith material (based upon the available geochemical results from pits, window sampling holes and core drillholes) is relatively low and averages just 12 ppm U_3O_8 and 57 ppm ThO_2 . These concentrations are not considered to pose any environmental or anthropogenic risks. Particularly as these elements are not concentrated within the proposed solutions used for extraction.

It is anticipated that clay (and other) minerals in the regolith profile can be identified and discriminated using infrared spectrometry. Given that clay type and ionic exchange capacity are related properties, this method may provide an effective means of mapping the ionic character of the regolith profile.

Several sources have described the colour of the regolith as an important guide to mineralisation. This has not yet been established in the Project area, but it stands to reason that paler-coloured zones are more clay-rich than orange to red-coloured zones that contain more iron.

There is an opportunity on the Ampasindava deposit to extend known mineralization at laterally, and to identify additional zones of ionic-clay hosted REE mineralisation elsewhere on the Ampasindava Property. In addition, continued infill drilling of the Ampasindava deposit will help define with more precision the shape of the deposit, confirm the geological and grade continuity, and increase the resource confidence level (Inferred to Indicated or Measured, or Indicated to Measured). Harena Resources intentions are to direct their development efforts towards trial mining and advanced economic studies in 2023-2024, with exploration and resource growth not expected to be a primary focus on the Ampasindava Project in the immediate future.

5.8 Environmental Studies, Permitting and Community Impact

5.8.1 Environmental Reporting

SGS has consulted seven environmental monitoring reports (RSE: Rapport de Suivi Environnemental) covering the years 2009 to 2015 and two Annual Activity Reports for 2014 and 2015. These reports were completed by Tantalus in order to be compliant to the regulation of the Office National de l'Environnement (ONE) and the ministry of Mines of Madagascar.

The RSE 1 (covering period from November 2009 to November 2010) concluded that Tantalus had respected the terms of the Environmental and Social requirements for the first year of their Environmental Permit. Oil was stored on a waterproofed concrete floor to avoid the risk of contamination of the natural soil which could then contaminate groundwater. The RSE 1 reveals that the water used for drilling came from the river near the drilling and presents tables of water quantity taken from each river.

The RSE 2 (covering period from November 2010 to November 2011) had the same conclusion of the previous reports, adding some information about the rehabilitation of the road linking National Road 6 (Ambondromamy - Antsiranana) at Belintagno the main camp of Tantalus Ankatafa and the development of drilling platforms and open access to footpaths. The final location of boreholes and digging of wells was chosen to avoid or minimise damage to the environment (logging, land clearing). Nevertheless, the excavations could not be avoided especially during the construction of drilling platforms. Pits and trenches were backfilled with the excavated material also identified by their digging while taking into account the initial natural stratification facies soil. After filling, the ground is shaped to restore their original morphological configuration. Backfilled and the soil profiles were grounded seedlings for their re-vegetation.

From the point of view of environmental considerations, no sensitive area has been established within the exploration license for the 2009-2011 periods. However, the northeastern part of that exploration license, and an area of approximately 100 km², is located in a priority area for the establishment of protected areas.

The RSE 3 (covering the period from November 2011 to November 2012) reveals that for various reasons, Tantalus had not conducted any field work program during 2012. Following to a site visit done by ONE in December 2013 in order to verify the respect of the environmental regulations, some rectifications were outlined by Tantalus. The RSE 3 was conducted in a concise way to answer to each article of environmental requirements.

A letter sent by Tantalus at the INSTN (Institut National des Sciences Techniques et Nucléaires) on January 7, 2014 requesting a service to achieve adequate measures in order to define the radioactive background of the entire perimeter of mining research to possibly set a radioactive zoning. This request is made following a request by the environmental authorities (ONE).

The principal camp is located in the Ankatafa village, supplied with electricity from a generator and potable water. Noise reduction of the generator is achieved through a fitted soundproofing cover.

No handling of fuel is made on site. Vehicle maintenance taking place at gas stations in Antananarivo, the fuel supply to the site is at the gas Galana Ambanja where fuel is directly poured into the tanks of the vehicles. Biodegradable waste is buried at an approved site near the camps. The few non- biodegradable waste camps are transported to Ambanja for disposal at the city landfill.

Labor is recruited from surrounding villages and hamlets as much as possible. In case of need, it was appealed to the more remote villages and hamlets closer to Ambanja and sometimes more distant locations. In the early work, the framing of Tantalus agents located places and sacred sites or exercise of rites and burial sites from the villagers. At the start of drilling, Tantalus respected local custom and made a sacrifice of zebu.

At the request of the inhabitants of Antsirabe, Chef-Lieu of the Rural Municipality of the same name, the construction of a new church in this village has been prioritised. It will be completed and inaugurated early

in the second quarter of the year 2014. According to the annual report of activities in 2013, the renovation of a temple in Antsirabe was carried out to 60% completion. The work was completed and inaugurated as planned for Easter 2014.

Concerning the public meeting done with the population, the presence of each person was reported to ONE. Twenty-one test-pits were abandoned to respect the forestry use of the Bongomirahavavy site. For another 86 test-pits planned on private properties, their owner has received compensation.

Exploration within the exploration license is not complete and closure procedures have yet to be implemented.

A draft contract between Tantalus and the INSTN was created to establish a baseline study in the Ankingameloka Rural Communes, of Ankaramibe, Antsirabe, of Ambaliha, of Anorotsangana and Bemanevika on the exploration project rare earth pyrochlore and its natural derivatives, in Districts Ambanja (Region DIANA) and Analalava (Sofia region). The study must include radiological measures for the establishment of the baseline study in the entire mining permit type R No. 6698 in order to assess changes in radiation levels due to land use changes related to the extraction of rare earths and the implications of the proposed mining development and reclamation activities. Gaia Oy, an environmental firm from Finland, was hired in 2014 by Tantalus to prepare a baseline environmental study in collaboration with local Malagasy companies. Gaia delivered the Term of Reference (ToR), a prerequisite for Environmental Impact Assessment (EIA). SGS has not had access to the ToR documents or any interim reports for this update of the technical report.

5.8.2 Permits

The original mining license type R No. 6698, obtained on April 18, 2003 (November 20, 2008 according to the Environmental permit), for Rural Municipalities Ankingameloko, Anorotsangana, Antsirabe, Bemanevika West and Ambaliha (District Ambanja, Diana Region) and the Rural Municipality of Ankaramibe District Analalava (Sofia Region) listed on the cut of R33 Ankaramibe.

SGS has consulted the Environmental Permit (n°52/09/MEF/ONE/DG/PE) delivered to Tantalus by ONE on November 12, 2009. According to the permit, Tantalus had completed an Environmental Impact Assessment (EIE) in order to obtain the permit.

The National Office for the Environment (ONE) had described the restrictive provisions in the environmental permit dated November 12, 2009. Subject to the satisfaction of the Environmental Management Plan of the Project (PGEP: Plan de Gestion Environmental du Projet) with Workbook Environmental Charges annexed to the Environmental Permit, to penalty sanctions under Articles 34 to 37 of the amended Decree No. 99-954. The environmental permit is valid and subject to compliance with the Book of Environmental Charges until an environmental discharge in the event of closure of the Project (cf. Art. 30 (new) of the amended Decree No. 99 -954). If necessary, until the modification of the actual size of the Project whose cases will be specified by regulation (see Art. 14 (new) of Decree No. 99-954).

SGS has consulted a document called "Addendum to Environmental Engagement Plan". This report made by Tantalus for ONE described in detail the sampling program. According to the report, the initial Environmental Engagement Plan, which follows the Book of Environmental Charges, did not include the excavation work of test-pits. Some modifications had to be made by Tantalus in order to conduct test-pit excavation. For selection of the location of test-pits, avoiding as much as possible to cut down a tree and it must comply with all restrictions and prohibitions of worship, cultural and ritual, and a local have to accept or not the project to build a planned test-pit. When the test-pit is backfilled, because the cuttings were placed in a pile, it is easy to backfill the pit so as to reconstitute the initial stratification of the soil. Due to the quantity, the fill is compacted by trampling of the soil at intervals.

According to the RSE 1, Tantalus had obtained an authorisation for cutting wood in order to develop an area on the site of Ankatafa by the Ambanja Water and Forestry Cantonment dated June 7, 2010.

6 PROJECT RISKS

Mineral exploration and development are high-risk undertakings. There can be no assurance that the exploration of acquired projects, or any other exploration properties that may be acquired in the future, will result in the discovery of potentially economic Mineral Resources, nor that said Resources can be subsequently converted to a substantial Mineral Reserve. Even if a viable Mineral Reserve is identified, there is no guarantee that it can be economically exploited.

The following risks and opportunities were identified that could affect the future economic outcome of the Project. The following does not include external risks that apply to all exploration and development projects (e.g., changes in metal prices, exchange rates, availability of investment capital, change in government regulations, etc.).

There is no other relevant data or information available that is necessary to make the technical report understandable and not misleading. To the SGS's knowledge, there are no additional risks or uncertainties that could reasonably be expected to affect the reliability or confidence in the exploration information or mineral resource estimate. SGS is not aware of any known mining, processing, metallurgical, environmental, infrastructure, economic, permitting, legal, title, taxation, socio-political, or marketing issues, or any other relevant factors not reported in this Technical Assessment, that could materially affect the current Independent Specialists Report.

6.1 Mining Approvals, Tenure, and Permits

Madagascar appears to be in the final stages of reform of the Mining Code that governs the terms and conditions of the conversion of exploration licence PR 6698 to an exploitation licence. Whilst a valid application for this exploitation licence conversion has been lodged, and the conversion is anticipated following the execution of due process by the Cadastral Mining Office of Madagascar, the delivery timeline and final terms and conditions, as likely specified by a revised Mining Code, are yet to be confirmed.

6.2 Surface Rights Risks

Harena Resources is required to continue engaging with the local communities (many small communes) and local landowners to gain access to exploration targets and for the development of project infrastructure. The Company is obligated by law to get permission from landowners prior to doing any exploration work. Previous operators have engaged in discussions with local and national governments to establish the framework for continued work on these lands and Harena Resources is advised to continue with this engagement process.

6.3 Exploration Risks

Being an advanced-stage exploration project, with a substantial amount of exploration drilling, test pitting, and a well-established deposit model of mineralisation, the exploration risks associated with the Ampasindava Project are relatively low by exploration standards. In SGS's opinion, the remaining generic and common exploration risks that persist on the Project do not pose a significantly higher risk than any other advanced-stage exploration projects in Madagascar.

6.4 Metallurgical Processing Risks

Recent and current metallurgical test work conducted by Outotec, the University of Toronto and SGS Lakefield has emphasised the amenability of the regolith mineralisation to direct leaching. To mitigate the risk that these samples used in these studies are not representative of the Property as a whole; additional samples that are selected to be representative of grade, geography and material type need to be tested.

This will ensure the reproducibility of the results and to also optimise the recovery of REEs. It is recommended to set up a trial heap leaching program (test mining) with inputs from all stakeholders to test the optimal methods of extraction that limit environmental impact. This will illustrate the amenability of the material to heap leaching and show the expected recoveries in real-world circumstances.

Variability studies should be undertaken on a large number of samples that are representative in terms of geography, soil type, depth and grade. The variability study could be accomplished on a bench scale with material that is already collected and stored in Ambanja; this will help ensure that all the material in the resource is amenable to direct leaching.

It is important to highlight that the eventual processing methodology may not be able to extract all of the commodities of interest recorded in the resource estimate. Further optimization of leaching and development of a downstream processing flowsheet will have a significant impact on the economics of the Project.

6.5 Mineral Resource and Reserve Risks

The current distribution of in-situ Mineral Resources by classification based on tonnages of TREO is approximately 7% Measured, 25% Indicated, and 68% Inferred Mineral Resources at the reported cut-off grade. A significant portion of the contained metal of the Deposit, at the reported cut-off grades for the MRE, is in the Inferred Mineral Resource classification. It is reasonably expected that the majority of Inferred Mineral resources could be upgraded to Indicated Minerals Resources with continued exploration.

The mineralised horizons (mineralised domains) in all zones are relatively well understood. However, due to the limited drilling in some areas, all mineralization zones might be of slightly variable shapes from what have been modeled. A different interpretation from the current mineralization models may adversely affect the current MRE. Continued drilling and the completion of a high-resolution airborne LIDAR (Light Detection and Ranging) survey over the project area for the creation of a high accuracy Digital Terrain Model (DTM) may help define with more precision the shapes of the zones and confirm the geological and grade continuities of the mineralised zones.

6.6 Environmental and Social Risks

The environmental impact to date is largely limited to activities associated with exploration activities. With the availability of existing baseline study information, the Company is in a good position to complete a comprehensive Environmental and Social Impact Assessment (ESIA) Plan. The development of the Project will inevitably impart positive aspects on the local economy in respect of employment and the potential for taxation revenues to be used for further social development, but also runs the risk of causing negative impact on the physical environment recognised for its unique biodiversity.

Previous operators of the Project have obtained all the required environmental permits to conduct exploration activities on the licence and previously employed a full-time environmental scientist to ensure that the physical impact of the activities is kept to a minimum. The Project area itself has had environmental restriction to exploration and mining lifted for all but a very small fraction to the northwest portion of the exploration licence. The preparation of an ESIA and management plan, including the preparation for mine closure and the rehabilitation of the site remain as prior conditions for all mining activities. No mining activities can start (and this will eventually apply also to detailed exploration, i.e. trial mining) without prior approval by the relevant environmental authorities, as per the regulations on environmental protection and the commitments contained in the ESIA.

Harena Resources should continue with the social and environmental programs implemented on the Project that, to date, have included the hiring of local people, community projects and strict environmental

procedures (including the rehabilitation of all work sites and the planting of trees and shrubs). This aspect of the Project should be revisited as soon as more immediate requirements are met.

In contrast to previous operators who were contemplating In-situ leaching as a metal extraction method, Harena Resources intends to pursue a pit extraction and heap leach production method. Processing will be via a dedicated heap leach farm which will be environmentally ring-fenced, hence having a smaller environmental impact due to the confinement of all leachate solutions. Progressive rehabilitation of the mining pits will take place, fresh water will be recovered using reverse osmosis and nanofiltration from the leachate waste, and solid precipitate waste will be neutral and recycled or blended. Power will be conventional and will employ renewables wherever possible. Detailed engineering studies and designs for the adaptation of these technologies and methodologies specifically to the Ampasindava Project have not yet been completed. These engineering studies and designs will be incorporated into the Definitive Feasibility Study proposed by Harena Resources. Communication and education related to this selected extraction method will be an important aspect to gaining social licence from the various stakeholder groups involved.

Madagascar has a very diverse and unique biological environment, and there are several groups (local and international) invested in protecting the habitat. Harena Resources should continue discussions with all the NGOs and all levels of government to ensure that there all stakeholders understand the benefits of developing the Project. This includes providing work opportunities for local people and to continue using work methods which limit the impact on the environment for all stages of work. Most of the areas observed were in various stages of regrowth following slash and burn agriculture by the local people. There is an opportunity to actually improve the biodiversity in the area if local people are engaged in the Project and are able purchase their food from more sustainable sources.

6.7 Hydrological Risks

Madagascar is beset with a great amount of rain during the winter (December to March). Field work by is considerably hampered during the rainy season because the clay soil does not absorb water very well and gets very wet and slippery. Relatively small rivers become impassable. As part of the planned Environmental and Social Impact Assessment, Harena Resources will have to look at how to best manage this influx of water. Also, as part of the trial mining and pit excavation proposed above, Harena Resources will need to have a better understanding of how water migrates through the soils.

6.8 Development and Operational Risks

The success of the Ampasindava Project will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities.

Ongoing infrastructure development activities include improvement and maintenance of the existing access roads and bridges as well as construction of new ones. The semi-permanent field camp near Ankatafa and the personnel accommodation and laboratory facility in Ambanja will be developed as required. In addition the Company should continue to prepare infrastructure for the planned trial mining.

The operations may be affected by various other factors, including failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

7 PROPOSED DEVELOPMENT ACTIVITIES

The Independent Specialists believe that the Ampasindava Project has sufficient technical merit to justify ongoing exploration and development. Harena Resources has proposed a staged program of advanced economic and environmental studies, metallurgical processing validation test work, and the design and construction of a processing demonstration plant for the Projects over the three years following its acquisition by Citius Resources PLC.

Harena Resources initial development program will mainly focus on the delivery of a Feasibility Study (“FS”), a new Environmental and Social Impact Assessment (“ESIA”) Plan, validation of metallurgical test work with new samples, and the engineering design, planning, and construction of a demonstration plant. These activities and specifically the FS undertaken to a high degree of accuracy could then be used as a basis for raising finance for the construction of a project.

Harena Resources proposed exploration and development expenditure for the first three years following acquisition as outlined above is detailed in Table 7-1.

Table 7-1 Harena Resource Proposed 3-Year Development Budget

Planned Activity	FYR 2023-2024	FYR 2024-2025	FYR 2025-2026	Total to Jun 2026
Metallurgical Consultants	\$ 69,500	\$ -	\$ -	\$ 69,500
Environmental Consultants	\$ 25,000	\$ -	\$ -	\$ 25,000
Feasibility Study	\$ 477,500	\$ 275,000	\$ 70,000	\$ 822,500
Government Aide	\$ 23,000	\$ 15,000	\$ 20,000	\$ 58,000
Site Staff	\$ 27,000	\$ 42,000	\$ 42,000	\$ 111,000
Casual wages	\$ 16,500	\$ 18,000	\$ 18,000	\$ 52,500
Training	\$ 20,000	\$ 30,000	\$ 30,000	\$ 80,000
Transport	\$ 12,000	\$ 18,000	\$ 18,000	\$ 48,000
Exploration	\$ 49,000	\$ 42,000	\$ 42,000	\$ 133,000
Demo Plant Start Up	\$ 1,269,500	\$ 65,000	\$ -	\$ 1,334,500
Social Program	\$ 48,500	\$ 40,000	\$ 30,000	\$ 118,500
ESG Infrastructure	\$ 12,000	\$ 18,000	\$ 18,000	\$ 48,000
Capital infrastructure / roads etc.	\$ 20,000	\$ 24,000	\$ 6,000	\$ 50,000
Other	\$ 20,000	\$ 24,000	\$ 24,000	\$ 68,000
Total	\$ 2,089,500	\$ 611,000	\$ 318,000	\$ 3,018,500

SGS considers that the exploration and development program and budget proposed by the Company (Table 7-1) is appropriate given the development stage of the Project, having regard to the strategy and priorities of the Company and are based on sound technical merit.

8 CONCLUSIONS

SGS concludes that the Harena Resources Ampasindava Project presents exposure to an attractive development-stage opportunity.

The Ampasindava Ionic clay project displays a pervasive and well-balanced rare earth distribution that is prevalent throughout the deposit. The deposit includes appreciable amounts of the critical rare earths dysprosium, neodymium, praseodymium, and terbium as defined by the U.S. Department of Energy.

The Ampasindava Project is one of relatively few projects of ionic clay hosted REE deposits outside of China. This sets it apart from most of the developers vying to be a stable source of these metals (particularly the HREE) for the western world.

Further exploration and development work is warranted on the Project.

The proposed budget allocations are considered consistent with the development potential of the Project and are considered adequate to cover the costs of the proposed programs. The budgeted expenditures are also considered sufficient to meet the minimum statutory expenditure on the tenure.

The Independent Specialist's Report has been prepared on information available up to August 30th, 2024, and SGS is not aware of any material change to the Company's mineral interests since that date.

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10 DATE AND SIGNATURE PAGE

This report titled “Independent Specialists Report on the Ampasindava Rare Earths Project, Antsiranana Province, Madagascar” dated the August 30th, 2024 (the “Independent Specialists Report”) for Harena Resources Pty Ltd was prepared and signed by the following authors:

The Technical Assessment Date of this Report is August 30th, 2024.
The Effective Date of the current MRE, as detailed in this Report, is November 1st, 2023.

Signed by:

"Original Signed and Sealed"

Independent Specialist / Competent Person
Yann Camus, P.Eng.

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August 30th, 2024

APPENDIX A - JORC Code, 2012 Edition – Table 1

JORC Code, 2012 Edition – Table 1
Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code Explanation	Commentary
<p>Sampling techniques</p>	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report In cases where 'industry standard' work has been done this would be relatively simple (e.g. reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> A total of 284 outcrop samples were collected and analysed from within the project area. These were predominantly peralkaline intrusive rocks collected from areas associated with radiometric anomalies. The results returned grades up to 2.24% TREO in peralkaline granites and up to 0.82% TREO in volcanic breccias. A small soil sampling program was undertaken over areas of the property which had no outcrop. The sampling program was superseded by the subsequent trenching program. A total of five trenches have been excavated across the property. <ul style="list-style-type: none"> A single 30 m long trench was excavated across the Ampasibitika prospect in 2008. The trench averaged 0.7 m in depth and didn't reach bedrock. A total of 16 contiguous approximately 2 m long samples were collected from the trench. The highest-grade samples returned average grades of 0.2% TREO. Two 100 m long trenches (TANT2 and TANT3) were excavated in the Befitina prospect. The trenches were dug perpendicular to each other and averaged 3 m in depth. A total of 20 contiguous samples approximately 5 m long were collected from TANT2 and 22 contiguous samples, also approximately 5 m long were collected from TANT3. Results from TANT2 were between 0.07% and 0.4% TREO, while results from TANT3 ranged from 0.07% and 0.3% TREO. Two 100 m long trenches (TANT4 and TANT5) were excavated from the Caldera prospect. The trenches were dug perpendicular to each other and achieved depths of over 4 m. TANT4 intersected predominately regolith, while TANT5 was entirely within saprolite. A total of 100 contiguous samples approximately 1 m long were collected from each trench. Assay results from TANT4 ranged from 0.05% to 0.3% TREO, while results from TANT5 ranged from 0.05% to 0.5% TREO. A total of 4,474 test pits were excavated across the property between 2011 and 2013. The pits were vertical in orientation and typically 1 m by 1 m. The pits had a vertical depth up to 10 m, with an average depth of 5.68 m. The pits were excavated to bedrock or the final depth of 10 m, whichever was first. Pit spacing was between 50 m and 250 m. <ul style="list-style-type: none"> A total of 13,926 samples were taken in the pedolith (soil) horizon, with assays ranging from 0.003% to 1.5% TREO. A total of 16,133 samples were taken in the saprolite horizon, with results ranging from 0.003% to 3.9% TREO.

		<ul style="list-style-type: none"> ○ The sampling methodology involved marking out the samples on the same wall of each pit at 1.0 m intervals (0.5m lengths are found in the 2011 data). Samples were collected from the lowermost interval first to minimise contamination. Collection involved using the pointed end of a rock pick or machete to create a continuous vertical channel with the displaced material collected in a bucket or a polythene sample bag with an average sample weight of 1.8 kg. A unique, predefined sample tag was then placed into the bag and the bag closed with a plastic cable tie. Once bagged, the samples were manually carried to the field camp, then transferred to the sample preparation facility in Ambanja. To measure the density accurately, a ledge was carved into the wall of the pit on the same day that its depth was excavated. A tube was carefully hammered into the ledge to fill the tube. The tube was dislodged from the wall and excess material was carefully shaved off with a machete. The regolith was carefully emptied into a sample bag and weighed. This bag was carefully sealed and taped to the assay sample bag from the same depth. Once the sample arrived at the preparation lab the density sample was weighed once more to validate the humid weight before drying. As the density sample was dried in ovens, it was weighed at regular intervals to ensure that the sample was completely dry without dehydration of mineralogical volatiles. ● A hammer-style soil sample drill was used to drill 47 holes into the regolith to ascertain if it was a better option than the test pits. A total of 354 m was drilled, with hole lengths ranging from 1.5 m to 11 m. The samples collected were not used due to technical issues with their collection.
<p>Drilling techniques</p>	<ul style="list-style-type: none"> ● Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> ● A diamond drill program was completed over the property between July 2010 and October 2011. The drill program was completed using industry standard practices. <ul style="list-style-type: none"> ○ A total of 277 holes were drilled on the Ampasibitika prospect, comprising NW (7.62 cm core diameter), NTW (5.61 cm core diameter) and BTW (4.17 cm core diameter) core. ○ A total of 20 holes were drilled on the Caldera prospect using NW and NTW core. ○ All holes were drilled from surface and all holes were vertical in orientation. ○ Drillhole collars were surveyed using a consumer-grade handheld GPS. ○ There is no record of how downhole surveys were conducted.
<p>Drill sample recovery</p>	<ul style="list-style-type: none"> ● Method of recording and assessing core and chip sample recoveries and results assessed. ● Measures taken to maximise sample recovery and ensure representative nature of the samples. ● Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> ● There is no record of sample recovery from the diamond drilling.
<p>Logging</p>	<ul style="list-style-type: none"> ● Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> ● Drill core was placed in wooden boxes with depth markers, sealed with a wooden lid and transported to the logging facility. ● At the logging facility, the core was logged and photographed by company geologists and marked up for sampling.

	<ul style="list-style-type: none"> • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged 	<ul style="list-style-type: none"> • The initial sampling strategy was restricted to intersections that included intrusive rocks, and rocks that were radioactive and / or fluoresced under ultraviolet light. However, this led to an incomplete sampling of the bedrock sections of the drillholes. • Subsequent infill sampling was undertaken to ensure proper sampling of the core. • Geological logging was completed for all holes, and it is representative. The lithology, alteration, and structural characteristics of drill samples were logged following standard procedures and using standardised geological codes. • Logging was both qualitative and quantitative depending on field being logged. • All drill-holes were logged in full
<p>Sub-sampling techniques and sample preparation</p>	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • Bedrock core sample: <ul style="list-style-type: none"> ○ Drill core within bedrock was split using a hydraulic splitter, with one half being sampled and the other half returned to the sample tray. ○ Density measurements using water immersion were undertaken on the half being sampled. ○ The half core was crushed to minus 2 mm in an electric jaw crusher, with cleaning utilising compressed air and a vacuum cleaner between samples to minimise contamination. ○ Crushed samples were split twice in a riffle splitter to produce a 250 g to 350 g homogenised sample, which was bagged for analysis. • Core samples within regolith: <ul style="list-style-type: none"> ○ Drill core samples within regolith were split with a geological hammer. ○ The samples were weighed, inclusive of moisture, then placed into steel bowls for drying. ○ Once dry, the samples were re-weighed and the weight recorded. ○ If rock fragments were present in the samples, they were crushed to minus 2 mm in an electric jaw crusher. After each sample, blank material was crushed and the equipment cleaned with compressed air and a vacuum cleaner in order to minimise contamination. ○ If the dried samples contained no rock fragments, they were manually pulverised in the stainless steel bowls using a large wooden pestle. ○ Crushed samples were split twice in a riffle splitter to produce a 250 g to 350 g homogenised sample, which was bagged for analysis. • The remaining coarse reject material is retained and stored at the sample preparation facility. The drill core is stored in a dedicated warehouse in Ambaranja. • It is the opinion of the Competent Person that the sampling techniques and sample preparation are appropriate for the material being sampled.
<p>Quality of assay data and laboratory tests</p>	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. 	<ul style="list-style-type: none"> • Samples in 2011 were analysed using a 38-element element Li-fusion Induced Coupled Plasma Mass Spectrometry (ICP-MS) analysis at ALS Chemex in Vancouver (ALS code ME-MS81). The analysis comprised both trace element and REE analysis. • Samples in 2013 were analysed at the SGS lab in Boovens, South Africa using a sodium peroxide fusion with an ICP-MS finish. The technique (SGS code GO IMS97B) analyses for 17 REE elements. Because the fusion temperature is lower than that of lithium metaborate fusions, the hydride elements are not volatilised.

	<ul style="list-style-type: none"> Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Both the ALS Chemex laboratory and the SGS laboratory are ISO accredited. The analytical methods used are according to industry standards and data provided is appropriate for use in the resource estimation. The company implemented their own Quality Assurance and Quality Control (QAQC) procedure, to validate the sample results, whereby one blank, one standard and one duplicate material are inserted within every 35 samples. This relates to an insertion rate of approximately 8 %, with one in every 12 samples sent to the ALS Chemex laboratories in 2011 and SGS South Africa laboratory in 2013. The company developed three standards using material obtained on site. None of the standards were validated by round robin or statistical validation. SGS analysed the results from the 326 standards submitted and determined a failure rate of between 0.3% and 2.5%, depending on the element being analysed. SGS do not consider the failure rate to be material to the MRE. The results for the blanks were similar to those for the standards, but no discernible issues were identified. A total of 569 coarse duplicates were submitted for analysis. The results showed a good level of correlation, although there were some results outside the confidence intervals. It is the opinion of the Competent Person that the QAQC program and results were of sufficient quality to support the MRE.
<p>Verification of sampling and assaying</p>	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> The database was continually validated by the company on receipt of assays from the lab. Drilling, pitting, trenching and window sampling collar locations, surveys and logging was entered manually into the database by the Geologist responsible for the specific hole/pit. The data were then validated by a dedicated Database Manager.
<p>Location of data points</p>	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Drillhole collars were surveyed using a consumer-grade handheld GPS. Comparison of the collar data with what was considered the most accurate topographical data demonstrated a discrepancy in the elevation coordinates of the collars. The x- and y- coordinates of the collars were maintained and the z- coordinates were pressed to the topography. SGS were provided with 5 topographical surfaces at various contour intervals and covering different parts of the property. The selected topography was a digitised map at 10 m contours based on a combination of government maps and a Fugro geophysical survey. This survey covered the entire property area and was considered the most accurate.
<p>Data spacing and distribution</p>	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied 	<ul style="list-style-type: none"> The spacing of the test pits, at between 50 m and 250 m across the property is considered sufficient spacing for the type and style of mineralisation. The diamond drilling was confined primarily to the Ampasibitika prospect and covered an area of approximately 5 km by 4 km. Drill hole fences were spaced at either 100 m or 200 m and drillholes along the fence were spaced at 50 m intervals. This too is considered sufficient to establish geological and grade continuity. The pedolith and saprolite zones were full-length composited for the MRE.

<p>Orientation of data in relation to geological structure</p>	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The sampling in the test pits and diamond drilling of the pedolith and saprolite is considered in keeping with the broad orientation of the mineralisation, although the test pits and drilling demonstrated that the orientation of the mineralisation was more complex than previously considered.
<p>Sample security</p>	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> At all times samples were in the custody and control of the Company's representatives until delivery to the laboratory where samples were held in a secure enclosure pending processing.
<p>Audits or reviews</p>	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data 	<ul style="list-style-type: none"> The Competent Person for Exploration Results reported here has reviewed the field procedures used for sampling program at field and has compiled results from the original sampling and laboratory data. No external audits were undertaken on the data.

**Section 2 Reporting of Exploration Results
(Criteria listed in the preceding section also apply to this section.)**

Criteria	JORC Code Explanation	Commentary
<p>Mineral tenement and land tenure status</p>	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The project comprises one exploration licence (permit PR 6698) made up of 608 contiguous 625 m by 625 m unit blocks that encompass a total area of 237.5 km². The permit is currently granted as a "Permis de Recherche" (research permit), or PR, which grants the exclusive right for prospecting and research. An application was submitted to the Malagasy Mining Registry Office ("BCMM") effective September 18, 2020, to convert the PR into a "Permis d'Exploitation" (PE) and the permit is accordingly covered by the protections offered by Article 36 of the Mining Code.
<p>Exploration done by other parties</p>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Between the 1920s and the 1970s, academic research was undertaken across the property and it was mapped by government geologists. Between 1988 and 1991 a Russian-funded exploration programme termed the Soviet Geological Mission was completed in conjunction with the Malagasy Office Militaire National pour les Industries Stratégiques (OMNIS). In 2008 Fugro Consult GmbH (Fugro) was commissioned to undertake field mapping, sediment sampling, outcrop sampling and an airborne magnetic and radiometric survey.
<p>Geology</p>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The deposit is envisaged to represent a regolith-hosted REE deposit, where the REEs have been ionically absorbed onto clay minerals in the regolith. The REE-enriched source rocks of the Ambohimirahavy igneous complex are alkaline and peralkaline granitic dykes and sills, but also includes the more fractionated parts of the complex. Subordinate structures may have acted as preferential pathways for post-intrusive hydrothermal fluids.

	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> The mineralised source rocks were subject to intense weathering due to the sub-tropical climate (average temperatures of higher than 25°C and rainfall exceeding 2000 mm per year) that resulted in the development of widespread and typically thick regolith. All drill hole summary location data is provided in Appendix 1 to this report and is accurately represented in appropriate location maps and drill sections where required.
<p>Data aggregation methods</p>	<ul style="list-style-type: none"> In reporting Exploration Results, weighting Averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Sample length weighted averaging techniques have been applied to the sample assay results. No grade top cuts have been applied.
<p>Relationship between mineralisation widths and intercept lengths</p>	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> The exploration target is the regolith horizon, which predominantly follows the landform. All drilling and test pits were vertical in nature, which would be considered perpendicular to the mineralisation.
<p>Diagrams</p>	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> The 2014 Technical Report contains various maps and figures showing the sample results in the geological context.
<p>Balanced reporting</p>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All analytical results for REEs have been reported.
<p>Other substantive exploration data</p>	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk 	<ul style="list-style-type: none"> All information that is considered material has been reported, including test pit sampling results, drilling results, geological context, etc.

	<p>samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</p>	<ul style="list-style-type: none"> Metallurgical test work was undertaken by the Soviet Geological Mission between 1988 and 1991. Mineralogical and metallurgical test work was carried out between 2010 and 2012 in Germany, France and Canada. SGS Lakefield (Canada) completed metallurgical testing on 60 samples totalling 982 kg of material in 2013. Outotec conducted leaching experiments on mineralised material in 2014. An airborne magnetic and radiometric survey was flown over part of the property in 2008.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> The Company plans to undertake further exploration work on the property to validate the exploration to date and further enhance the MRE.

**Section 3 Estimation and Reporting of Mineral Resources
(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)**

Criteria	JORC Code Explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<ul style="list-style-type: none"> SGS received the test pit and drillhole database from Tantalus on the 21st September 2014 as two Microsoft Excel files, with 90 additional assays received on the 9th September 2014 and a final trench update on the 11 September 2014. The data was manually validated by looking through the collar, survey, assay and lithology files for obvious errors, such as missing data or negative values. The data was imported in SGS's proprietary modelling software, Genesis, which checks for overlaps, data duplication, correct EOH depth, missing assays, incorrect hole names and survey inconsistencies. The trench data and auger hole data were removed due to inconsistencies, together with some test pits and drillholes that were missing coordinate data. All grab sample data was removed from the database prior to modelling. The final DB contained 4771 collars (4412 test pits and 359 drill holes), 37,212 assays and 37,212 lithologies. All drill holes are vertical except for 268 (dip at -45°) and 251 (dip at -70°). There are 19 assays elements available for all of the assay intervals.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> Site visits of the Property were completed by Claude Bisailon, Eng. SGS Geological Engineer, between 26 April and May 3, 2013, and September 12 and September 28, 2013. A third site visit was conducted by Guy Desharnais Ph.D., P. Geo. between November 28 and December 8, 2013. As no further work has been completed on the property since the 2013 site visits, an updated site visit wasn't considered necessary.
Geological	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the 	<ul style="list-style-type: none"> SGS considers the geological interpretation to be robust.

interpretation	<p>geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made.</p> <ul style="list-style-type: none"> The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> The confidence in the geological interpretation is reflected by the assigned Mineral Resource classification. The geology has guided the resource estimation, particularly the lithological control. Grade and geological continuity are conceptual and will be confirmed with infilled drilling.
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> The mineralisation is approximately 19.9 km long (NW-SE) by 8.4 km wide (NE-SW). The regolith thickness ranges from 0 m to over 40 m, averaging 13.5 m.
Estimation and modelling techniques	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.. 	<ul style="list-style-type: none"> The geological and mineralisation interpretation of the deposit as well as the geostatistics, block modelling and resource estimation were made using Genesis, SGS' proprietary modelling software. The following steps were followed for the resource estimation: <ul style="list-style-type: none"> Validation of the drill hole database Selection of the mineralised intervals for each drill hole for each layer (PED and SAP) Selection of the topography surface to be used for the model Creation of volume models of the layers in 2D (2D XY model including thickness and Z position) Variogram modeling in 2D for 19 variables for each layer Conversion in 3D block model to use in Genesis software (3D XYZ model with PED and SAP tags) Estimation of the grades for 19 variables for each layer in the 3D block model Classification of the resource according to drill hole spacing Creation of solids within barren areas to constrain the resource Validation of the density for each layer and for each prospect (Ambalaha, Ampasibitika, Ampasibitika South, Befitina, Caldera and North West Territories) Queries on the 3D block model but with cut-off grade applied on the average grade over the total thickness The grid chosen for the 3D block model was 30 m x 30 m x 1 m.
Moisture	<ul style="list-style-type: none"> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	<ul style="list-style-type: none"> The tonnages were estimated on a dry basis.
Cut-off parameters	<ul style="list-style-type: none"> The basis of the adopted cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> The base case cut-off grade (COG) was determined using the list of prices to be used for the evaluation of the reasonable prospect for economic extraction. Then, the processing recoveries and the marginal costs were estimated. A discount of 35% was also applied to the in-situ value to account for last processing stage (REO separation).
Mining factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for 	<ul style="list-style-type: none"> No mining assumptions were made regarding the deposit

	<p>eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</p>	
<p>Metallurgical factors or assumptions</p>	<ul style="list-style-type: none"> The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. 	<ul style="list-style-type: none"> Metallurgical test work was undertaken on the deposit, but recovery data was inconclusive. For the purposes of the MRE, assumed recoveries were applied to determine the cut-off grade.
<p>Environmental factors or assumptions</p>	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	<ul style="list-style-type: none"> There are no studies available on the environmental impacts of the mining and processing operation. SGS is not aware of any studies being started on the Project
<p>Bulk density</p>	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<ul style="list-style-type: none"> Wet density and dry density measurements were completed across a large proportion of the sample database. There were 21,113 wet density samples, averaging 1.53 g/cm³ and 4,309 dry density samples averaging 1.12 g/cm³. There was no discernible difference in the bulk density of the pedolith and saprolite horizons.
<p>Classification</p>	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately 	<ul style="list-style-type: none"> The classification was done by drawing outlines of areas that have been drilled to a hole/pit grid spacing. A grid spacing of at least 50 m x 50 m corresponds to measured resources. A grid spacing of at least 200 m x 200 m corresponds to indicated resources. A grid spacing of at least 500 m x 500 m corresponds to inferred resources.

Audits or reviews	reflects the Competent Person's view of the deposit.	
Discussion of relative accuracy/confidence	<p>The results of any audits or reviews of Mineral Resource estimates.</p> <p>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<ul style="list-style-type: none"> • A peer review of the block modelling parameters and resource estimation methods has been done by fellow colleagues and competent persons. • Based on available drilling data, block model validation has shown that the block model fairly reflects the underlying data inputs. • The MRE reported is a global estimate with reasonable prospects of eventual economic extraction. • There has been no production on the property.

PART VII

CAPITALISATION AND INDEBTEDNESS AS AT 31 DECEMBER 2024

	As at 31 December 2024 £
Citius Resources Plc	
Total Current Debt	
– Guaranteed	
– Secured	
– Unguaranteed/unsecured	
Total Non-Current Debt (excluding current portion of long-term debt)	
– Guaranteed	
– Secured	
– Unguaranteed/unsecured	
Shareholders' Equity	
Share capital	216,250
Share premium	993,750
Share issue cost	(71,953)
Other reserves	(1,325,398)
Total capitalisation	(187,351)
Indebtedness	
Cash	29,715
Cash equivalent	
Trading securities	
Liquidity (A) + (B) + (C)	29,715
Current financial receivable	12,761
Current bank debt	
Current portion of non-current debt	229,827
Other current financial debt	
Current Financial Debt (F) + (G) + (H)	229,827
Net Current Financial Indebtedness (I) – (E) – (D)	187,351
Non-current bank loans	
Bonds issued	
Other non-current loans	
Non-current Financial Indebtedness (K) + (L) + (M)	-
Net Financial Indebtedness (J) + (N)	187,351

PART VIII

HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

The audited consolidated financial information for the Company as of and for each of the three years ended 30 April 2022, 2023 and 2024 has been incorporated into this document by reference as set out in Part XVII “*Documents and Information Incorporated by Reference*” of this document as set out in Part XVII “*Documents and Information Incorporated by Reference*” of this document.

The unaudited consolidated financial information for the Company for the six months ending 31 October 2024 and 2023 has been incorporated into this document by reference as set out in Part XVII “*Documents and Information Incorporated by Reference*” of this document as set out in Part XVII “*Documents and Information Incorporated by Reference*” of this document.

Audit Report Summaries

Audited	Audit Report	Audit Report Findings
30 April 2024	The Company's independent auditor concluded that, except for the possible effects of the matter described in the basis for the qualified opinion, the financial statements have been properly prepared in accordance UK adopted International Accounting Standard, give a true and fair view of the Company's affairs as at 30 April 2024 and of its loss for the year then ended.	<p><i>Basis for Qualified Opinion</i></p> <p>In the audited financial statements for the year ended 30 April 2024, the Company's auditor reported a qualified opinion on the basis they were unable to obtain sufficient appropriate audit evidence to support the going concern assumption for the company. The Auditor noted:</p> <p>“We have been unable to obtain sufficient appropriate audit evidence to support the going concern assumption for the company.</p> <p>As set out in note 2.3 in the financial statements, the Company has to date not completed the proposed RTO of Ampasindava Rare Earths Project in Madagascar. If the proposed RTO completes, further working capital will be required in order to fund the operations of the enlarged group for at least 12 months and to bring the acquired mining project into production. At the date of approval of these financial statements a prospectus setting out details of the proposed RTO transaction and details of the proposed funding therefor had not been completed.</p> <p>If the proposed RTO does not complete the Directors would require further working capital in order to fund the Company's operating costs as it continues to seek a suitable acquisition, or take other action which could include winding up the Company. At the date of approval of these financial statements the availability of additional capital is not guaranteed. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the</p> ”

Audited	Audit Report	Audit Report Findings
30 April 2023	The Company's independent auditor concluded that the financial statements have been properly prepared in accordance with IFRS and give a true and fair view of the Company's affairs as at 30 April 2023 and of its loss for the year then ended.	<p>UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.</p> <p>In auditing the financial statements, due to the limitation of scope noted in the basis for qualified opinion paragraph above, we have been unable to form a conclusion as to whether the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p> <p><i>Conclusions relating to going concern</i></p> <p>Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting comprised requesting future cashflow and trading projections. As the Directors were unable, at the date of approval of these financial statements, to provide a complete assessment of the future cash flows and committed funding position for the enlarged group following the proposed RTO we were unable to evaluate management's assessment.</p> <p>Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report."</p> <p><i>Emphasis of Matter (material uncertainty related to going concern)</i></p> <p>In the audited financial statements for the year ended 30 April 2023, the auditor report included an emphasis of matter (material uncertainty related to going concern). The Auditors noted:</p> <p><i>"We draw attention to note 2.2 in the financial statement, which indicates that the Company has to date not completed the proposed RTO of AUC Mining Limited, to which the Company has advanced funds of £249,341. If the proposed RTO does not complete and the target is unable subsequently to make timely reimbursement of amounts advanced to it, further working capital will be required in order to fund the Company's operating costs for at least 12 months. If the proposed RTO does complete, further working capital will be required in order to fund the operations of the enlarged group.</i></p>

Audited	Audit Report	Audit Report Findings
30 April 2022	The Company's independent auditor concluded that the financial statements have been properly prepared in accordance with IFRS and give a true and fair view of the Company's affairs as at 30 April 2022 and of its loss for the year then ended.	<p><i>The directors believe that additional capital can be raised in either eventuality and that, once the proposed RTO has completed, the Company will be in the position to raise sufficient capital to bring the acquired mining project into production. At the date of approval of these financial statements the availability of additional capital is not guaranteed and this represents a material uncertainty in relation's funding arrangements that may cast significant doubt over the Company's ability to continue as a going concern."</i></p> <p>The Company's auditor did not highlight any qualifications or items of material uncertainty with regards to their audit opinion.</p>

The unaudited consolidated financial information for the Company for the six months ending 31 October 2024 and 2023 did not contain audit reports.

PART IX

OPERATING AND FINANCIAL REVIEW OF THE COMPANY

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the Company's audited financial information for the years ended 30 April 2024, 2023, 2022 and the unaudited interim accounts for the period ended 31 October 2024, all prepared in accordance with IFRS, and incorporated herein by reference.

The following discussion should be read in conjunction with the other information in this Document, in particular with the entire Part IX of this Document. This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 25 of this Document. The key risks and uncertainties include but are not limited to those described in the section of this Document entitled "Risk Factors" beginning on page 11.

OVERVIEW

Citius was incorporated on 15 April 2020 as a special purpose acquisition company to undertake an acquisition of one or more businesses (either shares or assets) that has operations involved in natural resources exploitation that it will then look to develop and expand. On 25 August 2021 Citius was admitted to the standard segment of the official list and the London Stock Exchange as an investment company to seek an acquisition through a reverse takeover in the mining sector.

SUMMARY OF FINANCIAL STATEMENTS

Statements of Comprehensive Income

	Unaudited Period ended 31 October 2024 £	Unaudited Period ended 31 October 2023 £	Audited Year ended 30 April 2024 £	Audited Year ended 30 April 2023 £	Audited Year ended 30 April 2022 £
Revenue	–	–	–	–	–
Administrative fees and other expenses	(73,184)	(340,378)	(392,022)	(444,287)	(259,694)
Operating loss	(73,184)	(340,378)	(392,022)	(444,287)	(259,694)
Finance costs	–	–	–	–	–
Loss before tax	(73,184)	(340,378)	(392,022)	(444,287)	(259,694)
Income tax	–	–	–	–	–
Loss for the year and total comprehensive loss for the year	(73,184)	(340,378)	(392,022)	(444,287)	(259,694)
<i>Loss per Ordinary Share</i>	<i>(0.17)</i>	<i>(0.79)</i>	<i>(0.91)</i>	<i>(1.03)</i>	<i>(0.69)</i>

Source: Company Financial Information.

Statement of Financial Position

	Unaudited As at 31 October 2024 £	Unaudited As at 31 October 2023 £	Audited As at 30 April 2024 £	Audited As at 30 April 2023 £	Audited As at 30 April 2022 £
Current assets					
Other receivables	12,823	61,297	8,520	154,759	20,075
Cash and cash equivalents	33,903	11,570	33,971	249,341	757,103
Total current assets	46,726	72,867	42,491	412,100	777,178
Current liabilities					
Trade and other current liabilities	219,055	120,728	141,636	119,223	40,015
Total current liabilities	219,055	120,728	141,636	119,223	40,015
Net assets	(172,329)	(47,861)	(99,145)	292,877	737,163
Equity					
Share capital	216,250	216,250	216,250	216,250	216,250
Share Premium	921,797	921,797	921,797	921,797	921,797
Share option reserve	–	17,422	14,422	17,422	17,422
Retained earnings	(1,310,376)	(1,203,330)	(1,254,614)	(862,592)	(418,306)
Total equity	(172,329)	(47,861)	(99,145)	292,877	737,163

Source: Company Financial Information.

Statement of Cash Flows

	Unaudited Period ended 31 October 2024 £	Unaudited Period ended 31 October 2023 £	Audited Year ended 30 April 2024 £	Audited Year ended 30 April 2023 £	Audited Year ended 30 April 2022 £
Operating activities					
Loss after tax	(73,184)	(340,737)	(392,022)	(444,287)	(259,694)
Issue of share options/warrants	–	–	–	–	17,422
Bad debt written off	–	249,341	249,341	–	–
<i>Changes in working capital</i>					
Increase/(Decrease) in trade & other receivables	(4,303)	(3,570)	(520)	12,078	(2,075)
(Decrease)/increase in trade and other payables	77,419	1,505	22,414	79,208	10,015
Cash from investment opportunities	–	–	–	(249,341)	–
Net cash flows from operating activities	(68)	(93,461)	(120,787)	(602,344)	(234,332)
Financing activities					
Shares issued (net of issue costs)	–	–	–	–	623,547
Cash received in advance of share issues	–	–	–	–	–
Net cash flows from financing activities	-	-	-	-	389,215
(Decrease)/Increase in cash and cash equivalents	(68)	(93,461)	(120,787)	(602,344)	389,215
Cash and cash equivalents as at the beginning of the year	33,971	154,759	154,759	757,103	367,888
Cash and cash equivalents at the end of the period	33,903	61,298	33,971	154,759	757,103

Source: Company Financial Information.

RESULTS FOR THE PERIODS

1. Results for the six-month period ended 31 October 2024

Trading results

During the six-month period to 31 October 2024, the Company incurred expenditure of £73,184 comprising:

- £24,000 of Directors' fees;
- £24,512 of professional fees and listing fees;
- £15,036 of audit fees;
- £8,987 of administrative expenses; and
- £649 of miscellaneous expenses.

Assets

As at 31 October 2024 the Company had £12,823 (2023:£11,570) of other receivables and £33,903 (2023:£61,297) of cash and cash equivalents, resulting in total assets of £46,726 (2023: £72,867). The Company held no non-current assets as at 31 October 2024 (2023: £nil).

Liabilities

As at 31 October 2024 the Company had £219,055 (2023: £120,728) of trade and other current liabilities.

Equity

As at 31 October 2024, the Company had total equity deficit of £172,329 (2023: £47,861), comprising share capital of £216,250 (2023: £216,250), share premium of £921,797 (2023: £921,797), share option reserve of Nil (2023: £17,422) and retained deficit of £1,310,376 (2023: £1,203,330).

Cash flows

During the six month period to 31 October 2024, £nil (2023: £nil) of cash was received in relation to the issue of Shares. The cash flows from operating activities during the period consisted of cash flows from losses of £68 (2023: £93,461), the issue of share options of £nil (2023: £nil), the decrease in other receivables of £4,303 (2023:£3,570) and the increase in trade and other payables of £77,419 (2023:£1,505) . There was a no cashflow from investing activities (2023:£nil).

Following the above, total net cash flows for the period were £(68) (2023: £(93,461)), resulting in cash decreasing from a balance of £33,971 as at 31 October 2023 to £33,903 as at 31 October 2024.

2. Results for the year ended 30 April 2024

For the year ended 30 April 2024, the Company incurred expenditure of £142,681, comprising:

- £48,000 of Directors' fees;
- £48,870 of professional fees and listing fees;
- £25,266 of audit fees;
- £18,000 of administrative expenses; and
- £2,545 of miscellaneous expenses.

Assets

As at 30 April 2024 the Company had £8,520 (2023: £249,341) of other receivables and £33,971 (2023: £154,759) of cash and cash equivalents, resulting in total assets of £42,491 (2023: £412,100). The Company held no non-current assets as at 30 April 2024 (2023: £nil).

Liabilities

As at 30 April 2024 the Company had 2024 £141,636 (2023: £119,223) of trade and other current liabilities.

Equity

As at 30 April 2024, the Company had total equity of negative £90,145 (2023: positive £292,877), comprising share capital of £216,250 (2023: £216,250), share premium of £921,797 (2023: £921,797), share option reserve of £17,422 (2023: £17,422) and retained deficit of £1,254,614 (2023: £862,592).

Cash flows

The cash flows from operating activities during the period consisted of cash flows from losses of £120,787 (2023: £353,003), the issue of share options of £nil (2023: £nil), the decrease in other receivables of £520 (2023: £12,076) and the decrease in trade and other payables of £22,414 (2023: increase of £79,208). There was a decrease from investing activities of £nil (2023: £249,341).

Following the above, total net cash outflows for the period were £120,787 (2023: £602,344), resulting in cash decreasing from a balance of £154,759 as at 30 April 2023 to £33,971 as at 30 April 2024.

3. Results for the year ended 30 April 2023

For the year ended 30 April 2023, the Company incurred expenditure of £444,287, comprising:

- £48,000 of Directors' fees;
- £115,785 of professional fees and listing fees;
- £36,000 of audit fees;
- £216,112 of project costs
- £18,000 of administrative expenses; and
- £10,390 of miscellaneous expenses.

Assets

As at 30 April 2023 the Company had £249,341 (2022: £20,075) of other receivables and £154,759 (2022: £757,103) of cash and cash equivalents, resulting in total assets of £412,100 (2022: £777,178). The Company held no non-current assets as at 30 April 2023 (2022: £nil).

Liabilities

As at 30 April 2023 the Company had £119,223 (2022: £40,015) of trade and other current liabilities.

Equity

As at 30 April 2023, the Company had total equity of £292,877 (2022: £737,163), comprising share capital of £216,250 (2022: £216,250), share premium of £921,797 (2022: £921,797), share option reserve of £17,422 (2022: £17,422) and retained deficit of £862,592 (2022: £418,306).

Cash flows

During year to 30 April 2023, £nil (2022: £623,547) of cash was received in relation to the issue of Shares. The cash flows from operating activities during the period consisted of cash flows from losses of £353,003 (2022: £234,332), the issue of share options of £nil (2022: £nil), the decrease in other receivables of £12,076 (2022: £2,075) and the increase in trade and other payables of £79,208 (2022: decrease of £10,015). There was a decrease from investing activities of £249,341 (2022: £nil).

Following the above, total net cash flows for the period were £(602,344) (2022: £389,215), resulting in cash decreasing from a balance of £757,103 as at 30 April 2022 to £367,888 as at 30 April 2023.

4. Results for the year ended 30 April 2022

Trading results

During the year ended 30 April 2022, the Company incurred expenditure of £259,694, comprising:

- £48,000 of Directors' fees;
- £140,259 of professional fees and listing fees;
- £30,000 of audit fees;
- £12,310 of administrative expenses;

- £17,422 of warrant costs; and
- £11,703 of miscellaneous expenses.

Assets

As at 30 April 2022, the Company had £20,075 (2021: £18,000) of other receivables and £757,103 (2021: £367,888) of cash and cash equivalents, resulting in total assets of £777,178 (2021: £385,888). The Company held no non-current assets as at 30 April 2022 (2021: £nil).

Liabilities

As at 30 April 2022, the Company had £40,015 (2021: £244,500) of trade and other current liabilities, comprising Trade payables of £7,916 (2021: £18,000), cash received in advance of share issues of £nil (2021: £214,500) and Accruals of £32,099 (2021: £12,000). The cash received in advance of share issues of £214,500 was settled through the .

Equity

As at 30 April 2022, the Company had total equity of £737,163 (2021: £141,388), comprising share capital of £216,250 (2021: £91,667), share premium of £921,797 (2021: £208,333), share option reserve of £17,422 (2021: £nil) and retained deficit of £418,306 (2021: £158,612).

Since 30 April 2021, the Company issued an aggregate 24,916,666 Ordinary Shares for a combined value of £838,047 after costs of the issues, comprising £124,583 of share capital and £713,464 of share premium. The two share issues are detailed below:

- On 26 May 2021, the Company issued 8,666,665 Ordinary Shares at £0.03 each. For every two Ordinary Shares subscribed for, the Company shall issue to such Subscribers a warrant to acquire one Ordinary Shares for a period of 4 years from the IPO date at a price of £0.03 per Ordinary Share.
- On 25 August 2021, the Company was admitted to the London Stock Exchange and as part of the Company's IPO, 16,250,001 Ordinary Shares were issued as £0.04 each. 2,250,001 of these shares were given to consultants and 14,000,000 were acquired by shareholders. For every two of the placing Ordinary Shares subscribed for, the Company issued to such Subscribers a warrant to acquire one Ordinary Share for a period of 3 years from admission at a price of £0.06 each.

Cash flows

During the year ended 30 April 2022, £838,047 (2021: £514,500) of cash was received in relation to the issue of Shares. The cash flows from operating activities during the year consisted of cash flows from losses of £259,694 (2021: £158,612), the issue of share options of £17,422 (2021: £nil), the decrease in other receivables of £2,075 (2021: £18,000) and the decrease in trade and other payables of £204,485 (2021: increase of £244,500). There were also no cash flows from investing activities due to the Company not trading.

Following the above, total net cash flows for the period were £389,215 (2021: £367,888), resulting in cash increasing from a balance of £367,888 as at 30 April 2021 to £757,103 as at 30 April 2022.

PART X

HISTORICAL FINANCIAL INFORMATION OF HARENA

The audited consolidated financial information for Harena from the date of incorporation on 21 April 2022 to 30 June 2023 and 30 June 2024 has been reproduced in this document, inclusive of the audit reports of Harena's statutory auditor, Moore Australia Audit, who have consented to the inclusion in this document of their audit report for the above period.

The audited consolidated financial information has not been reported on by any other accountants.

The unaudited consolidated interim financial information of Harena for the six-month period ended 31 December 2023 is included in this Part X "*Historical Financial Information of Harena*" of this document.

Australian Accounting Standards

The financial information as reported in accordance with the Australian Accounting Standards which are equivalent to International Financial Reporting Standards (IFRS) which are permitted for inclusion per IAS 1.

Audit Report Findings

30 June 2024	Harena's independent auditor concluded in its opinion the financial report of the Group is in accordance with the Corporations Act 2001, including: giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended; and complying with Australian Accounting Standards which are equivalent to International Financial Reporting Standards (IFRS).	<i>Emphasis of Matter (relating to material uncertainty of going concern)</i> In addition, we draw attention to Note 1.13 of the financial report, which indicates that the Company is dependent upon its ability to obtain necessary funding or financing, from either shareholders or new investors, so as to continue operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our audit opinion is not modified in this regard.
30 June 2023	Harena's independent auditor concluded in its opinion the financial report of the Group is in accordance with the Corporations Act 2001, including: giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial period ended; and complying with Australian Accounting Standards which are equivalent to International Financial Reporting Standards (IFRS).	<i>Emphasis of Matter (relating to material uncertainty of going concern)</i> In addition, we draw attention to Note 1.13 of the financial report, which indicates that the Company is dependent upon its ability to obtain funding or financing necessary, from either shareholders or new investors, so as to continue operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our audit opinion is not modified in this regard.



HARENA RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

ACN 658 908 055

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2024

FINANCIAL REPORT

for the year ended 30 June 2024

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DIRECTORS

Timothy Morrison	(Non-Executive Chair)
Joseph Belladonna	(Managing Director)
Allan Mulligan	(Technical Director)
Philippa Leggat	(Non-Executive Director)
Stephen Lynn	(Non-Executive Director)

GROUP SECRETARY

Jay Stephenson

**REGISTERED OFFICE and
PRINCIPAL PLACE OF BUSINESS**

1510 Mills Road
GLEN FORREST WA 6071

AUDITORS

Moore Australia Audit (WA)
Level 15 Exchange Tower
2 The Esplanade
Perth WA 6000

CONTACT INFORMATION

Tel: +61 8 9426 0666

The directors of Harena Resources Limited (the **Group** or **Harena**) submit herewith the financial report of the Group for the financial period year 30 June 2024 (**period**). In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The Company was incorporated on 21 April 2022.

The names, appointment periods and particulars of the Group directors who held office during the period and, or, since incorporation are:

Director	Position	Date Appointed	Date Resigned
Timothy Morrison	Non-Executive Chair	22 December 2022	-
Joseph Belladonna	Managing Director	4 August 2023	-
Allan Mulligan	Technical Director	21 April 2022	-
Philippa Leggat	Non-Executive Director	5 December 2022	-
Stephen Lynn	Non-Executive Director	18 October 2022	-

Company Secretary	Position	Date Appointed	Date Resigned
Jay Stephenson	Company Secretary	14 November 2022	-

Directors have been in office up until the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS

Information on Directors as at the date of this report is as follows:

MR TIMOTHY MORRISON

NON-EXECUTIVE CHAIR

BA (Hons), Master Business Administration (UWA)

Timothy has more than twenty years' experience in capital markets working across private venture fund management and public listed markets. Tim has been involved in listing a number of businesses on the Australian Stock Exchange. Most recently Timothy was the founding shareholder and Director of Galena Resources Limited taking the Company from listing through to construction phase.

Mr Morrison is an independent Director.

MR JOSEPH BELLADONNA

MANAGING DIRECTOR

CPA, BBus (Accounting and Information Systems)

Joseph Belladonna is a respected and highly experienced chief financial officer and mining professional, with more than 20 years of experience in the financial and commercial management field of listed mining companies. Mr Belladonna is a Certified Practising Accountant and holds a Bachelor of Business (Accounting and Information Systems).

Mr Belladonna was the chief financial officer and company secretary of ASX listed company, Leo Lithium (ASX:LLL), until November 2022. Prior to joining Leo Lithium, Mr Belladonna was with Western Areas Ltd, originally as financial controller and subsequently as company secretary and chief financial officer. During his 16+ years at Western Areas, Mr Belladonna built a high performing accounting and finance function and established the internal control, risk management and reporting environment of the group as it discovered, developed, and commissioned multiple nickel sulphide mines and processing plants.

Mr Belladonna was responsible for capital raisings and convertible bond offerings within the group. Joe has in depth knowledge and developed relationships with both local and international offtake customers, participating and leading commercial negotiations with metal buyers and smelter operators.

Mr Belladonna is not an independent Director.

MR ALLAN MULLIGAN

TECHNICAL DIRECTOR

National Higher Metalliferous Mining, Mining & Mineral Engineering

Mr Mulligan is a mining engineer with over 35 years' management and production experience in mining operations, mine start-up and construction that culminated in management roles in large scale platinum and gold mines.

Mr Mulligan has specialised in technical assessment and production economics, feasibility studies, project design and costing of underground mines and prospects. He has worked extensively in exploration, mine development and operations across Africa and Australia.

Allan's experience includes 14 years with Lonmin Plc in a variety of senior and technical mine management roles.

Mr Mulligan is not an independent Director.

MS PHILIPPA LEGGAT

NON-EXECUTIVE DIRECTOR

Bcom, BA, GAICD

Philippa is a mineral industry executive with 20 years' experience in advancing domestic and international projects along the value chain. She has served as an executive, director and advisor to ASX listed companies engaged in capital raising, exploration, development and project evaluation. Philippa has a track record of negotiating value accretive project acquisitions. Her ability to effectively communicate an organisation's competitive advantages has led to successful marketing campaigns, with capital raisings totalling over \$65 million from local and international markets. Philippa is currently the Managing Director of Critica Limited and a Director of AAMEG. She previously served as CEO of Comet Resources, Executive Director of Geopacific Resources and Non-Executive Director of Parker Resources.

Ms Leggat is an independent Director.

MR STEPHEN LYNN

NON-EXECUTIVE DIRECTOR

BASc Applied Geology, MEG Geology

Mr Lynn is a geologist with over 25 years' experience in exploration and development of a range of commodities including nickel, gold, and base metals. He has worked extensively within Australia, South America and Russia, including 15 years in Western Australia previously for Great Central Mines, Gold Fields and IGO Limited. He has played a key role in the discovery of both nickel and VMS style base metal deposits within Western Australia. Mr Lynn is a member of the Australian Institute of Geoscientists and holds Bachelor of Geology (App) and Master of Economic Geology degrees. Mr. Lynn has previously served as CEO of Cannon Resources Ltd (CNR).

Mr Lynn is an independent Director.

DIRECTOR MEETINGS

During the period, there were 5 director meetings which were attended by all board members that were in office at the time of the meeting.

DIRECTORS' SHAREHOLDINGS

At the date of this report the following table sets out the current directors' relevant interests in shares of Harena Resources Limited:

Current holding	Current holding	Current holding
	Shares	Performance Rights
Mr Timothy Morrison	1,600,000	2,400,000
Mr Joseph Belladonna	3,250,000	2,600,000
Mr Allan Mulligan	27,666,666	3,000,000
Ms Philippa Leggat	850,000	2,400,000
Mr Stephen Lynn	13,900,000	1,800,000

REVIEW OF OPERATIONS

During the year, the Group incurred a loss after providing for income tax of \$3,724,388.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

During the year, the Group issued \$2,035,000 worth of Convertible Notes and in February and March 2024, the Group redeemed \$1,105,000 worth of Convertible Notes.

On 27 October 2023, Harena Resources Pty Ltd entered into a significant transaction involving a reverse takeover by Citius Resources plc, through which Harena is set to become part of an enlarged group. The acquisition will be financed through the issuance of 333,333,333 shares valued at £10 million and additional performance shares worth up to £4 million, subject to specific project milestones. This transaction reflects Harena's strategic move to enhance its operational scope within the rare earths sector while aligning with Citius's expansion objectives in critical mineral resources. There were no other significant changes in the state of affairs of the Group.

PRINCIPAL ACTIVITIES

The Group continues to work to develop the Ampasindava Project in Madagascar and to investigate funding opportunities and the ultimate listing on a recognised exchange.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no events subsequent to the end of the reporting year.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group intends to complete the transactions to sell 100% of the issued capital of the Group to Citius at which time, the Group will become a subsidiary of Citius which will remain trading on the LSE.

Further information, other than as disclosed the Directors' Report, about likely developments in the operations of the Group and the expected results of those operations in future years has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or declared during the financial year.

INDEMNIFYING OFFICERS AND AUDITOR

The Company has worked with its insurance and risk advisors to enter into an insurance policy to cover its Directors and Officers and indemnify them against any claims of negligence. This insurance policy is in place as at the date of this report. The Company is prohibited from disclosing the premium paid to the insurer.

ENVIRONMENTAL REGULATIONS

The Group's operations are subject to the environmental risk inherent in the mining industry. The Group aims to comply with the regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of any such regulatory requirements.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the period.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the period ended 30 June 2024 has been received and can be found on page 8.

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

For, and on behalf of, the Board of the Group,



Joe Belladonna
Director
27 November 2024

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF HARENA RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



SUAN LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 27th day of November 2024.

Consolidated Entity Disclosure Statement

AS AT 30 JUNE 2024

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by the Corporation Acts 2001 (S. 295 (3A)(a)):

	Body Corporate, partnership, or Trust	Place incorporated	% held directly or indirectly by the Company in the Body Corporate	Australia or foreign tax resident	Jurisdiction for foreign residents
Parent entity:					
Harena Resources Limited	Body Corporate	Australia	-	Australian	N/A
Subsidiaries:					
Reenova Global Pte Ltd	Body Corporate	Singapore	100%	Foreign	Singapore
Reenova Rare Earth (Malagasy) SARLU	Body Corporate	Madagascar	75%	Foreign	Madagascar
Reenova Holding (Mauritius) Limited	Body Corporate	Mauritius	75%	Foreign	Mauritius

BASIS OF PREPARATION

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident. 'Australian resident' has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

- Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER DIRECTORS' DECLARATION

The directors declare that the financial statements and notes are in accordance with the Corporations Act 2001 including:

- (a) Complying with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- (b) As stated in Note 1.2, the financial statements also comply with International Financial Reporting Standards; and
- (c) Giving a true and fair view of the financial position of the entity as at 30 June 2024 and of its performance for the year ended on that date.
- (d) The consolidated entity disclosure statement for Harena Resources Limited and its controlled entities as at 30 June 2024 is true and correct.

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 subject to the continued financial support from its shareholders.

This declaration is made in accordance with a resolution of the directors.

For, and on behalf of, the Board of the Group,



Mr Joseph Belladonna
Director
27 November 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HARENA RESOURCES LIMITED****Report on The Audit of The Financial Report****Opinion**

We have audited the financial report of Harena Resources Limited (the Company) and its controlled entities (the Group) which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- i. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended; and
- ii. complying with Australian Accounting Standards which are equivalent to International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Emphasis of Matter – Material Uncertainty Related to Going Concern

In addition, we draw attention to Note 1.13 of the financial report, which indicates that the Company is dependent upon its ability to obtain necessary funding or financing, from either shareholders or new investors, so as to continue operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our audit opinion is not modified in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARENA RESOURCES LIMITED (CONTINUED)

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*;
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and
- c) for such internal control as the directors determine is necessary to enable the preparation of:
 - i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



SUAN LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 27th day of November 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2024

	Note	1 July 2023 to 30 June 2024	21 April 2022 to 30 June 2023
Income		4,230	4,989
Administration		(1,213,334)	(154,351)
Legal fees		(170,908)	(123,598)
Consulting Fees		(156,143)	(334,081)
Borrowing costs		(245,348)	(102,131)
Establishment fees		(38,000)	(81,400)
Share based payments		(345,000)	-
Interest expense		(1,559,885)	(534,995)
Loss before income tax expense		<u>(3,724,388)</u>	<u>(1,325,567)</u>
Income tax (benefit)/expense	6	-	-
Loss after tax from continuing operation		(3,724,388)	(1,325,567)
Other comprehensive income		-	-
Total comprehensive loss for the period		<u>(3,724,388)</u>	<u>(1,325,567)</u>

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

	Note	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	7	86,155	1,568,259
Trade and other receivables	8	6,918	36,101
Other current assets	10	70,675	148,055
Total current assets		163,748	1,752,415
Non-current assets			
Exploration and evaluation	9	3,613,196	3,231,644
Total non-current assets		3,613,196	3,231,644
Total Assets		3,776,944	4,984,059
Current liabilities			
Trade and other payables	11	1,869,617	627,344
Convertible notes	12	5,000,000	4,070,000
Total current liabilities		6,869,617	4,697,344
Total liabilities		6,869,617	4,697,344
Net (liabilities) / assets		(3,092,673)	286,715
Equity			
Issued Capital	2	1,040,000	835,000
Reserves	4	260,000	120,000
Accumulated losses		(5,049,955)	(1,325,567)
Non-controlling interest	14	657,282	657,282
Total (deficiency)/equity		(3,092,673)	286,715

The statement of financial position is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

	Issued Capital	Accumulated Losses	Reserves	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2023	835,000	(1,325,567)	120,000	657,282	286,715
Shares issues during the period (net of costs)	55,000	-	-	-	55,000
Securities issued during the period	-	-	290,000	-	290,000
Conversion of Performance Rights	150,000	-	(150,000)	-	--
Loss for the period	-	(3,724,388)	-	-	(3,724,388)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-
Non-controlling interest	-	-	-	-	-
Balance as at 30 June 2024	1,040,000	(5,049,955)	260,000	657,282	(3,092,673)

	Issued Capital	Accumulated Losses	Reserves	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$
Balance as at 21 April 2022 (date of incorporation)					
Shares issues during the period (net of costs)	835,000	-	-	-	835,000
Options issued during the period	-	-	120,000	-	120,000
Loss for the period	-	(1,325,567)	-	-	(1,325,567)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	(1,325,567)	-	-	(1,325,567)
Non-controlling interest	-	-	-	657,282	657,282
Balance as at 30 June 2023	835,000	(1,325,567)	120,000	657,282	286,715

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

	Note	1 July 2023 to 30 June 2024 \$	21 April 2022 to 30 June 2023 \$
Cash flows from operating activities			
Interest received		4,230	4,989
Payments to suppliers and employees		(1,434,940)	(487,780)
Net cash used by operating activities	7	(1,430,710)	(482,791)
Cash flows from investing activities			
Payments in relation to exploration assets		(381,552)	(2,575,133)
Net cash used in investing activities		(381,552)	(2,575,133)
Cash flows from financing activities			
Shares issued		-	835,000
Convertible Notes issued		2,035,000	4,070,000
Convertible Notes redeemed		(1,105,000)	-
Establishment fees and interest paid on convertible notes		(599,842)	(278,817)
Net cash generated by financing activities		330,158	4,626,183
Net (decrease) / increase in cash and cash equivalents		(1,482,104)	1,568,259
Cash and cash equivalents at the beginning of the period		1,568,259	-
Cash and cash equivalents at the end of the period		86,155	1,568,259

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

GENERAL INFORMATION

Harena Resources Limited (**Harena** or the "**Group**") is a for-profit Group limited by shares, domiciled and incorporated in Australia. The financial statements are presented in the Australian currency.

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

1. BASIS OF PREPARATION

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The Group is a public unlisted Group, incorporated and operating in Australia. The financial report is presented in Australian dollars.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

1.1. ADOPTION OF NEW AND REVISED STANDARDS

1.1.1. Changes in accounting policies on initial application of Accounting Standards

Standards and interpretations applicable to 30 June 2024

In the 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 the current financial reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Standards and interpretations on issue not yet effective and adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the 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 issued but not yet effective and adopted on its business and, therefore, no further disclosures have been made in this regard.

1.2. STATEMENT OF COMPLIANCE

The financial report was authorised by the Board of Directors for issue on 27 November 2024.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

1.3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future years.

1.3.1 Share Based Payments

The Company measures the fair value of equity-settled Share based payment transactions consultants whereby a fair value of service provided is not determinable, by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using the Black-Scholes option pricing model using the assumptions detailed in note 4.

1.3.2 Deferred Exploration and Evaluation Expenditures

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Company's accounting policy (refer Note 1.12), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. The Company applies the principles of AASB 6 and recognises exploration and evaluation assets when the rights of tenure of the area of interest are current, and the exploration and evaluation expenditures incurred are expected to be recouped through successful development and exploitation of the area. If, after having capitalised the expenditure under the Company's accounting policy in Note 1.12, a judgment is made that recovery of the carrying amount is unlikely, an impairment loss is recorded in profit or loss in accordance with the Company's accounting policy in Note 1.6. The carrying amounts of exploration and evaluation assets are set out in Note 9.

1.4. PRINCIPLES OF CONSOLIDATION

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the interim period. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

The consolidated financial statements incorporate the assets, liabilities and results of the parent, Harena Resources Limited and its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealized gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

1.5. INCOME TAX

The charge for current income tax expense is based on the result for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date or reporting date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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 credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised 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 the assumption that no adverse change will occur in income taxation legislation 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.

1.6. FINANCIAL INSTRUMENTS

1.6.1. Financial Instruments – assets

a. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

ii. Equity Instruments

- The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.
- Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1.5.2 Financial Instruments - Liabilities

a. Classification

The Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Group commits to purchase the financial liability. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

c. Measurement

At initial recognition, the Group measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

1.6. IMPAIRMENT OF ASSETS

The Group assesses at each balance 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 or groups of assets 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 those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

1.6.1. Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

1.7. PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.9. REVENUE RECOGNITION

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

1.10. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST 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. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.11. 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

1.12. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs are carried forward where the right of tenure of the area of interest is current. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which a decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the areas according to the rate of depletion of economically recoverable reserves.

A regular review is undertaken in each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1.13. FINANCIAL POSITION & GOING CONCERN

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The Group has incurred a net loss after tax for the year ended 30 June 2024 of \$3,724,388 (21 April 2022 to 30 June 2023 of \$1,325,567). At 30 June 2024, the Group's has working capital deficit position of \$6,705,869 (2023: \$2,944,930). The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors believe this to be appropriate for the following reasons:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

- On 26 October 2023, the Group entered into an Implementation Term Sheet with Citius Resources Plc, (Citius) a company domiciled in the UK and listed on the London Stock Exchange (LSE). The parties agreed to undertake a transaction pursuant to which Citius will make offers to acquire all of the issued and existing shares in the Company from the shareholders of Harena in exchange for the issue of Citius shares to the Harena Shareholders on the terms and subject to the conditions set out in the Term Sheet (Transaction). Harena Shareholders will receive consideration shares in Citius in such number equal to a value of between £18m to £20m (Harena Consideration). In conjunction with the transaction, a capital raise of between £3m and £7m GBP will be undertaken.
- On the 19 July 2024, Citius announced revised Transaction metrics that included Total vendor consideration will be initially valued at £14m. At Transaction close, Harena Shareholders will receive initial consideration shares to the value of £10m and Performance Shares valued at £4m subject to meeting agreed performance hurdles. The performance shares will vest and be issued 50% on advancement toward a mining licence for the Ampasindava project and 50% based on an increase in project equity ownership above 90%. In conjunction with a capital raise of between £1.5m and £3m GBP will be undertaken.
- Based on the above, and the assumption that the Transaction closes, the Directors have prepared cash flow forecasts that indicate the Group will have sufficient working capital for the next twelve months from the date of these financial statements.

At the date of this report and having considered the above factors, the Directors are confident that the Group will be able to continue operations into the foreseeable future. These financial statements do not include adjustments relating to the recoverability and classification of the recorded assets and liabilities amounts that might be necessary should the Group not continue as going concern.

2. ISSUED CAPITAL

2.1 Issued Capital

	2024		2023	
	No.	\$	No.	\$
Balance at beginning of the period	108,750,000	835,000	-	-
Shares issued 30 September 2022 at \$0.002			40,000,000	80,000
Shares issued 30 November 2022 at \$0.01			35,000,000	350,000
Shares issued 31 December 2022 at \$0.02			18,750,000	375,000
Shares issued 28 April 2023 upon the exercise of options at \$0.002			15,000,000	30,000
Shares issued in March 2024 upon the conversion of Performance Rights at \$0.02	7,500,000	150,000		
Shares issued to Key management personnel at \$0.02	2,750,000	55,000		
Balance at end of the year	119,000,000	1,040,000	108,750,000	835,000

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

3. FINANCIAL INSTRUMENTS

3.1. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged during the financial period.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

3.2. CATEGORIES OF FINANCIAL INSTRUMENTS

	2024	2023
	\$	\$
3.2.1 Financial Assets		
Cash and cash equivalents	86,155	1,568,259
Trade and other receivables	6,918	36,101
Other current assets	70,675	148,055
3.2.2 Financial Liabilities		
Trade and other payables	1,869,617	627,344
Convertible Notes	5,000,000	4,070,000

3.2.3. FINANCIAL RISK MANAGEMENT OBJECTIVES

Credit risk

The Group is primarily exposed to credit risk in relation to its cash at bank which are held at high credit rating financial institutions. The carrying amount of the financial assets represent the maximum credit exposure.

Interest risk

The Group is not exposed to material interest rate risk.

Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash and obtaining continuous funding through capital raising as and when necessary to enable the Group to pay its debts as and when they become due and payable.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

2024	Less than 1 year	More than 1 year	Total
	\$	\$	\$
Trade and other payables	1,869,617	-	1,869,617
Convertible notes	5,000,000	-	5,000,000
Total	6,869,617	-	6,869,617

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

2023	Less than 1 year	More than 1 year	<u>Total</u>
	\$	\$	\$
Trade and other payables	627,344	-	627,344
Convertible notes	4,070,000	-	4,070,000
Total	<u>4,697,344</u>	<u>-</u>	<u>4,697,344</u>

Fair values

Due to the short-term nature of settlement, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair values as presented in the statement of financial position.

4. RESERVES

	2024	2023
	\$	\$
Opening balance	120,000	-
Issue of 15 million Options to Lead manager of Convertible Notes	-	120,000
Issue of 7.5 million Performance Rights to GBA Capital	150,000	-
Conversion of 7.5 million Performance Rights to ordinary shares (Note 2)	(150,000)	-
Issue of 1 million Performance Rights & 1 million options to consultant	-	-
Issue of 14 million Performance Rights to Key Management personnel	140,000	-
	<u>260,000</u>	<u>120,000</u>

The FY2023 Options were issued in March 2023 and are exercisable at \$0.002 on or before 0.75 years. The value of the Options are \$0.008 per Option based on the Black Scholes valuation methodology. The Options were exercised in April 2023.

The valuation of the options is based on the parameters below:

Spot Price	\$0.01
Strike Price	\$0.002
Time to expiry	0.75 years
Volatility	100%
Risk free rate	4.5%

There were 14,000,000 Performance Rights issued in November 2023 vesting on the following conditions:

The Class A Performance Rights will vest upon satisfaction of the following milestones:

- (i) 75% of the Class A Performance Rights: shall vest upon the successful listing on a recognised exchange either through IPO or RTO; and
- (ii) 25% of the Class A Performance Rights: shall vest upon upon the successful acquisition or attainment of a further 80%, of the uncontrolled 25%, of the Project. Taking the overall Company ownership of the Project to 95% on or before the date that is 3 years from the date of issue.

The Class B Performance Rights will vest upon satisfaction of the following milestones:

- (i) 100% of the Class B Performance Rights: shall vest upon the successful listing on a recognised exchange either through IPO or RTO.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

As at the end of the year, the Board assessed the likelihood of meeting the performance conditions for Class A and Class B Performance Rights at 100% to be achieved over a 2-year period. Consequently, these rights have been valued at \$280,000 with 50% of their original calculated value of \$140,000 recognised in the 2024 financial statements.

In December 2023, the Group issued 1,000,000 Class C Performance Rights and 1,000,000 Options to a consultant. The terms of these instruments specify that they will vest upon two conditions: the successful listing of our company on a recognized exchange, and the consultant successfully raising funds totaling at least £250,000. As of the date of this report, an assessment concludes that the likelihood of the consultant achieving the fund-raising target is nil. Consequently, both the Class C Performance Rights and the Options have been valued at \$Nil. This valuation reflects the current expectations for these instruments not vesting based on the consultant's performance against the established criteria.

In March 2024, the Group issued 7,500,000 Performance Rights to GBA Capital, with vesting conditions tied to capital raising achievements. These conditions were successfully met within the same month, leading to the conversion of the Performance Rights into shares. The valuation of these rights at the time of vesting was based on the then-current share price of \$0.02 or a total value of \$150,000.

5. REMUNERATION OF AUDITORS

	2024	2023
	\$	\$
Audit of financial report	15,000	10,000

6. INCOME TAX

There are no current or deferred tax expenses during the period. The prima facie tax expense / (credit) on profit / (loss) from ordinary activities before income tax is reconciled to income tax is:

	2024	2023
	\$	\$
Prima facie tax payable/ (benefit) on profit / (loss) before income tax at 25%	(931,097)	(331,392)
Tax effect of non-deductible expenses	-	-
Tax effect of allowable expenses	-	-
Tax effect of unrecognized tax losses utilised	931,097	331,392
	<u>-</u>	<u>-</u>

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policy of Note 5. As at period end, tax loss carried forward amounted to about \$5,049,955.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

7. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2024	2023
	\$	\$
Cash and cash equivalents	<u>86,155</u>	<u>1,568,259</u>
7.1 Cash Flow Information		
Reconciliation of cash flow from operations to (loss)/profit		
After income tax		
Operating loss after Income Tax	(3,724,388)	(1,325,567)
Add back non-cash item and investing items		
Consulting fees	34,270	120,000
Borrowing costs	316,334	102,131
Establishment fees	3,000	81,400
Share based payments	345,000	-
Interest expense	1,190,044	534,995
Non-cash changes in assets and liabilities		
Decrease/(increase) in receivables	105,932	(34,839)
Increase/(decrease) in payables	299,098	39,089
Cash flow from operations	<u>(1,430,710)</u>	<u>(482,791)</u>

8. TRADE AND OTHER RECEIVABLES

	2024	2023
	\$	\$
GST recoverable	6,918	35,470
PAYG withholding recoverable	-	631
	<u>6,918</u>	<u>36,101</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

9. EXPLORATION AND EVALUATION

	2024	2023
	\$	\$
Exploration at cost:		
Balance at the beginning of the period	3,231,644	-
Expenditure during the year	381,552	607,913
Acquisition of the Ampasindava Project (Note 14)	-	2,623,731
	<u>3,613,196</u>	<u>3,231,644</u>
Balance at the end of the period	3,613,196	3,231,644

On 22 February 2023, Harena entered into a number of agreements to acquire 100% of Reenova Global Pte Ltd which in turn holds 75% of Reenova Holding (Mauritius) Limited (Mauritius), which in turn holds 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly Tantalus Rare Earth (Malagasy) S.A.R.L.U., which in turn holds 100% of the Ampasindava Project Mining Permit Number 6698.

The total funds the Group has spent on evaluating the Ampasindava Project (the Project) was \$607,913. The total acquisition cost of the Project amounted to \$2,623,731 (Note 14) representing the value for a 100% interest.

The ability of the Company to capitalise exploration and evaluation costs is fully dependent on the Group's ongoing rights to tenure of the area of interest.

10. OTHER CURRENT ASSETS

	2024	2023
	\$	\$
Prepayments – borrowing costs	70,675	148,055
	<u>70,675</u>	<u>148,055</u>

11. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Trade payables	125,968	5,319
Accrued convertible note costs	1,443,585	448,541
Accrued expenses - current	77,434	173,484
PAYG withholding	11,880	
Wages payable	210,750	
	<u>1,869,617</u>	<u>627,344</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

12. CONVERTIBLE NOTES

	2024	2023
	\$	\$
Convertible notes	5,000,000	4,070,000

In February and April 2023, the Group raised a total of \$4,070,000 through the issue of Convertible Notes.

During the year, the Group issued \$2,035,000 worth of Convertible Notes and in February and March 2024, the Group redeemed \$1,105,000 worth of Convertible Notes.

The Convertible Notes will accrue interest at 18% per annum and will be secured by way of a General Security Agreement (or the equivalent in Singapore and Mauritius) and a corporate guarantee against the Company, Reenova Investment Holding Limited (a company incorporated in Singapore) (Reenova Singapore) and Reenova Holding (Mauritius) Limited (a company incorporated in Mauritius) (Reenova Mauritius) (together, the Security).

The Convertible Notes shall be converted into fully paid ordinary shares or otherwise redeemed by 13 February 2024. The Convertible Notes terms were subsequently varied to expire on 31 December 2024. Each Convertible Note was issued at an issue price of \$1.00.

Under the original terms if the Company undertakes an IPO/RTO prior to the Maturity Date, the Noteholder may elect to convert the Convertible Notes into Shares immediately prior to completion of the IPO/RTO at a conversion price equal to 80% of the price at which the Company issues Shares under the IPO/RTO (IPO/RTO Price). The Shares issued on an IPO/RTO Conversion of the Convertible Notes will rank equally with all other Shares and will be quoted and listed for trading on the ASX or similar exchange. If the Noteholder does not elect to convert the Convertible Notes prior to the IPO/RTO, the Noteholder may redeem the Convertible Notes for cash. Subsequent to the issue of the Convertible Notes, all Noteholders irrevocably agreed to convert into the Citius Resources Plc reverse takeover transaction and extend the maturity date to 31 December 2024. In the event the RTO does not occur or fails to complete, the Convertible Notes will continue under the extended terms until maturity or other resolution as per the agreement.

13. RELATED PARTY TRANSACTIONS

	2024	2023
	\$	\$
Transactions between related parties are on normal commercial terms and terms and conditions are no more favourable than those available to other parties unless stated otherwise. The below transactions have been paid or are payable.		
Elev8 Pty Ltd, a Company controlled by Mr Mulligan provides director services	130,000	20,000
Bloomgold Investment Pty Ltd, a Company controlled by Mr Morrison provides director services	42,727	8,000
Legate Consulting Pty Ltd, a Company controlled by Ms Leggat provides director services	50,967	24,000
Salaries paid/payable to Mr J Belladonna	318,750	-
Value of PR's granted to Directors/KMPs	140,000	-
Value of Shares granted to Directors/KMPs	55,000	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

14. INTERESTS IN SUBSIDIARIES

	Place of Incorporation	Holding
Reenova Global Pte Ltd	Singapore	100%
The below Companies are owed 75% by Reenova Global Pte Ltd		
Reenova Holding (Mauritius) Limited	Mauritius	75%
Reenova Rare Earth (Malagasy) SARLU	Madagascar	75%

On 22 February 2023, Harena entered into a number of agreements to acquire 100% of Reenova Global Pte Ltd which in turn holds 75% of Reenova Holding (Mauritius) Limited (Mauritius), which in turn holds 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly Tantalus Rare Earth (Malagasy) S.A.R.L.U., which in turn holds 100% of the Ampasindava Project (the Project) Mining Permit Number 6698.

Investments in subsidiaries are accounted for at cost. The Group has no equity accounted investments at 30 June 2023.

On 22 February 2023, the fair value of the identifiable assets and liabilities of Reenova Group were as follows:

	2024	2023
	\$	\$
Total implied value of the Project	2,623,731	2,623,731
Other assets	3,084	3,084
Value of assets held by non-controlling interests	(657,282)	(657,282)
Total value of consideration paid	1,969,533	1,969,533

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

15. COMMITMENTS AND CONTINGENT LIABILITIES

15.1 COMMITMENTS

	2024	2023
	\$	\$
Exploration expenditure commitments payable:		
Within one year	250,000	250,000
After one year but not more than five years	750,000	750,000
After five years	-	-
Total exploration tenement minimum expenditure requirements	<u>1,000,000</u>	<u>1,000,000</u>

15.2 CONTINGENT ASSETS AND LIABILITIES

15.2.1 CONTINGENT LIABILITIES

In April 2023, Reenova Holding (Mauritius) Limited, a subsidiary of the Company, received a claim from a third party for alleged outstanding payments related to purported services rendered before the Company acquired the subsidiary, as outlined in Note 14. Based on legal advice, the Directors believe this claim is wholly without merit. While no legal proceedings have commenced, discussions are ongoing on a confidential and without-prejudice basis, preventing the Company from disclosing further details at this time. The claimant retains the right to initiate arbitration proceedings in Mauritius but has not yet chosen to proceed. The Company will provide updates if the matter is resolved or if proceedings are commenced.

There are no other contingent liabilities which the Directors are aware of at the date of this report.

15.2.2 CONTINGENT ASSETS

No contingent assets exist as at the date of this report.

16. PARENT ENTITY DISCLOSURES

	2024	2023
	\$	\$
a. Financial Position of Harena Resources Limited		
Current assets	160,664	1,749,331
Non-current assets	2,958,998	2,577,446
Total assets	<u>3,119,662</u>	<u>4,326,777</u>
Current liabilities	6,869,616	4,697,344
Total liabilities	<u>6,869,616</u>	<u>4,697,344</u>
Net assets	<u>(3,749,954)</u>	<u>(370,567)</u>
Equity		
Contributed equity	1,040,000	835,000
Reserves	260,000	120,000
Accumulated losses	(5,049,954)	(1,325,567)
Total equity	<u>(3,749,954)</u>	<u>(370,567)</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

b. Financial Performance for Harena Resources Limited	2024	2023
	\$	\$
Loss for the year/period	(3,724,387)	(1,325,567)
c. Guarantees entered into by Harena Resources Limited		
There are no guarantees entered into by Harena Resources Limited for the debts of its subsidiaries as at 30 June 2024 other than as disclosed in Note 12.		
d. Contingent liabilities of Harena Resources Limited		
There are no contingent liabilities as at 30 June 2024 other than disclosed at Note 15.2.1		
e. Commitments of Harena Resources Limited		
The commitments of Harena Resources Limited are the same as those for the Group disclosed in note 15.		

17. SUBSEQUENT EVENTS

There are no subsequent to the end of the reporting period.



HARENA RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

ACN 658 908 055

FINANCIAL REPORT
FOR THE PERIOD
21 April 2022 to 30 JUNE 2023

FINANCIAL REPORT

for the period ended 30 June 2023

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DIRECTORS

Timothy Morrison	(Non-Executive Chair)
Joseph Belladonna	(Managing Director)
Allan Mulligan	(Technical Director)
Philippa Leggat	(Non-Executive Director)
Stephen Lynn	(Non-Executive Director)

GROUP SECRETARY

Jay Stephenson

**REGISTERED OFFICE and
PRINCIPAL PLACE OF BUSINESS**

1510 Mills Road
GLEN FORREST WA 6071

AUDITORS

Moore Australia
Level 15 Exchange Tower
2 The Esplanade
Perth WA 6000

CONTACT INFORMATION

Tel: +61 8 9426 0666

The directors of Harena Resources Limited (the **Group** or **Harena**) submit herewith the financial report of the Group for the financial period 21 April 2022 to 30 June 2023 (**period**). In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The Company was incorporated on 21 April 2022 and this is the first set of Financial Reports.

The names, appointment periods and particulars of the Group directors who held office during the period and, or, since incorporation are:

Director	Position	Date Appointed	Date Resigned
Timothy Morrison	Non-Executive Chair	22 December 2022	-
Joseph Belladonna	Managing Director	4 August 2023	-
Allan Mulligan	Technical Director	21 April 2022	-
Philippa Leggat	Non-Executive Director	5 December 2022	-
Stephen Lynn	Non-Executive Director	18 October 2022	-

Company Secretary	Position	Date Appointed	Date Resigned
Jay Stephenson	Company Secretary	14 November 2022	-

Directors have been in office since 21 April 2022 up until the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS

Information on Directors as at the date of this report is as follows:

MR TIMOTHY MORRISON

NON-EXECUTIVE CHAIR

BA (Hons), Master Business Administration (UWA)

Timothy has more than twenty years' experience in capital markets working across private venture fund management and public listed markets. Tim has been involved in listing a number of businesses on the Australian Stock Exchange. Most recently Timothy was the founding shareholder and Director of Galena Resources Limited taking the Company from listing through to construction phase.

Mr Morrison is an independent Director.

MR JOSEPH BELLADONNA

MANAGING DIRECTOR

CPA, BBus (Accounting and Information Systems)

Joseph Belladonna is a respected and highly experienced chief financial officer and mining professional, with more than 20 years of experience in the financial and commercial management field of listed mining companies. Mr Belladonna is a Certified Practising Accountant and holds a Bachelor of Business (Accounting and Information Systems).

Mr Belladonna was the chief financial officer and company secretary of ASX listed company, Leo Lithium (ASX:LLL), until November 2022. Prior to joining Leo Lithium, Mr Belladonna was with Western Areas Ltd, originally as financial controller and subsequently as company secretary and chief financial officer. During his 16+ years at Western Areas, Mr Belladonna built a high performing accounting and finance function and established the internal control, risk management and reporting environment of the group as it discovered, developed, and commissioned multiple nickel sulphide mines and processing plants.

Mr Belladonna was responsible for capital raisings and convertible bond offerings within the group. Joe has in depth knowledge and developed relationships with both local and international offtake customers, participating and leading commercial negotiations with metal buyers and smelter operators.

Mr Belladonna is not an independent Director.

MR ALLAN MULLIGAN

TECHNICAL DIRECTOR

National Higher Metalliferous Mining, Mining & Mineral Engineering

Mr Mulligan is a mining engineer with over 35 years' management and production experience in mining operations, mine start-up and construction that culminated in management roles in large scale platinum and gold mines.

Mr Mulligan has specialised in technical assessment and production economics, feasibility studies, project design and costing of underground mines and prospects. He has worked extensively in exploration, mine development and operations across Africa and Australia.

Allan's experience includes 14 years with Lonmin Plc in a variety of senior and technical mine management roles.

Mr Mulligan is not an independent Director.

MS PHILIPPA LEGGAT

NON-EXECUTIVE DIRECTOR

Bcom, BA, GAICD

Philippa is a mineral industry executive with 20 years' experience in advancing domestic and international projects along the value chain. She has served as an executive, director and advisor to ASX listed companies engaged in capital raising, exploration, development and project evaluation. Philippa has a track record of negotiating value accretive project acquisitions. Her ability to effectively communicate an organisation's competitive advantages has led to successful marketing campaigns, with capital raisings totalling over \$65 million from local and international markets. Philippa previously served as CEO of Comet Resources, Executive Director of Geopacific Resources and Non-Executive Director of Parker Resources.

Ms Leggat is an independent Director.

MR STEPHEN LYNN

NON-EXECUTIVE DIRECTOR

BASc Applied Geology, MEG Geology

Mr Lynn is a geologist with over 25 years' experience in exploration and development of a range of commodities including nickel, gold, and base metals. He has worked extensively within Australia, South America and Russia, including 15 years in Western Australia previously for Great Central Mines, Gold Fields and IGO Limited. He has played a key role in the discovery of both nickel and VMS style base metal deposits within Western Australia. Mr Lynn is a member of the Australian Institute of Geoscientists and holds Bachelor of Geology (App) and Master of Economic Geology degrees. Mr. Lynn has previously served as CEO of Cannon Resources Ltd (CNR).

Mr Lynn is an independent Director.

DIRECTOR MEETINGS

During the period, there were 3 director meetings which were attended by all board members that were in office at the time of the meeting.

DIRECTORS' SHAREHOLDINGS

At the date of this report the following table sets out the current directors' relevant interests in shares of Harena Resources Limited:

Current holding	Current holding
	Shares
Mr Timothy Morrison	-
Mr Joseph Belladonna	-
Mr Allan Mulligan	25,650,000
Ms Philippa Leggat	-
Mr Stephen Lynn	13,650,000

REVIEW OF OPERATIONS

During the period, the Group incurred a loss after providing for income tax of \$1,325,567.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

At incorporation, the Group issued 40,000,000 shares at \$0.002 per Share to the founding shareholders to raise \$80,000.

In September 2022, the Group completed a seed capital round to raise in December 2022 to raise \$350,000 through the issue of 35,000,000 shares at \$0.01 per share.

In December 2022, the Group completed a Rights issue to raise \$375,000 through the issue of 18,750,000 Shares at \$0.02 per share.

In February and April 2023, the Group raised a total of \$4,070,000 through the issue of Convertible Notes.

On 22 February 2023, Harena entered into a number of agreements to acquire 100% of Reenova Global Pte Ltd which in turn holds 75% of Reenova Holding (Mauritius) Limited (Mauritius), which in turn holds 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly Tantalus Rare Earth (Malagasy) S.A.R.L.U., which in turn holds 100% of the Ampasindava Project Mining Permit Number 6698.

There were no other significant changes in the state of affairs of the Group.

PRINCIPAL ACTIVITIES

The Group continues to work to develop the Ampasindava Project in Madagascar and to investigate funding opportunities and the ultimate listing on a recognised exchange.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 26 October 2023, the Group entered into an Implementation Term Sheet with Citius Resources Plc, (Citius) a company domiciled in the UK and listed on the London Stock Exchange (LSE). The parties agreed to undertake a transaction pursuant to which Citius will make offers to acquire all of the issued and existing shares in the Company from the shareholders of Harena in exchange for the issue of Citius shares to the Harena Shareholders on the terms and subject to the conditions set out in this Term Sheet. Harena Shareholders will receive consideration shares in Citius in such number equal to a value of between £18m to £20m (Harena Consideration).

There are no other events subsequent to the end of the reporting period.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group intends to complete the transactions to sell 100% of the issued capital of the Group to Citius at which time, the Group will become a subsidiary of Citius which will remain trading on the LSE.

Further information, other than as disclosed the Directors' Report, about likely developments in the operations of the Group and the expected results of those operations in future years has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or declared during the financial period.

INDEMNIFYING OFFICERS AND AUDITOR

The Company is working with insurers to enter into an insurance policy to cover its Directors and Officers to indemnify them against any claims of negligence. This insurance policy is not in place as at the date of this report.

ENVIRONMENTAL REGULATIONS

The Group's operations are subject to the environmental risk inherent in the mining industry. The Group aims to comply with the regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of any such regulatory requirements.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the period.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the period ended 30 June 2023 has been received and can be found on page 8.

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

For, and on behalf of, the Board of the Group,



Joe Belladonna
Director
20 November 2023



Moore Australia Audit (WA)

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF HARENA RESOURCES LIMITED**

I declare, that to the best of my knowledge and belief, during the financial period ended 30 June 2023 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

SL TAN
PARTNER

MOORE AUSTRALIA

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 20th day of November 2023

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DIRECTORS' DECLARATION

The directors declare that the financial statements and notes are in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- (b) As stated in Note 1.2, the financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the entity as at 30 June 2023 and of its performance for the period ended on that date.

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 subject to the continued financial support from its shareholders.

This declaration is made in accordance with a resolution of the directors.

For, and on behalf of, the Board of the Group,



Mr Joseph Belladonna
Director
20 November 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARENA RESOURCES LIMITED

Moore Australia Audit (WA)

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Report on The Audit of The Financial Report

Opinion

We have audited the financial report of Harena Resources Limited (the Company) and its controlled entities (the Group) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial period ended; and
- ii. complying with Australian Accounting Standards which are equivalent to International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Emphasis of Matter – Material Uncertainty Related to Going Concern

In addition, we draw attention to Note 1.13 of the financial report, which indicates that the Company is dependent upon its ability to obtain funding or financing necessary, from either shareholders or new investors, so as to continue operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our audit opinion is not modified in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MACKIE INTERNATIONAL PTY LTD (CONTINUED)

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian equivalents to International Financial Reporting Standards (IFRS) as described in Note 1.2. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.

A handwritten signature in black ink, appearing to read 'SL Tan'.

SL TAN
PARTNER

The logo for Moore Australia, featuring the words 'MOORE AUSTRALIA' in a stylized, handwritten-style font.

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 20th day of November 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period 21 April 2022 to 30 June 2023

	Note	21 April 2022 to 30 June 2023
Income		4,989
Administration		(154,351)
Legal fees		(123,598)
Consulting Fees		(334,081)
Borrowing costs		(102,131)
Establishment fees		(81,400)
Interest expense		(534,995)
Loss before income tax expense		<u>(1,325,567)</u>
Income tax (benefit)/expense	6	-
Loss after tax from continuing operation		<u>(1,325,567)</u>
Other comprehensive income		-
Total comprehensive loss for the period		<u>(1,325,567)</u>

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Note	2023 \$
Current assets		
Cash and cash equivalents	7	1,568,259
Trade and other receivables	8	36,101
Other current assets	10	148,055
Total current assets		1,752,415
Non-current assets		
Exploration and evaluation	9	3,231,644
Total non-current assets		3,231,644
Total Assets		4,984,059
Current liabilities		
Trade and other payables	11	627,344
Convertible notes	12	4,070,000
Total current liabilities		4,697,344
Total liabilities		4,697,344
Net assets		286,715
Equity		
Issued Capital	2	835,000
Reserves	4	120,000
Accumulated losses		(1,325,567)
Non-controlling interest	14	657,282
Total equity		286,715

The statement of financial position is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 21 April 2022 to 30 June 2023

	Issued Capital	Accumulated Losses	Reserves	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$
Balance as at 21 April 2022 (date of incorporation)					
Shares issues during the period (net of costs)	835,000	-	-	-	835,000
Options issued during the period	-	-	120,000	-	120,000
Loss for the period	-	(1,325,567)	-	-	(1,325,567)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	(1,325,567)	-	-	(1,325,567)
Non-controlling interest	-	-	-	657,282	657,282
Balance as at 30 June 2023	835,000	(1,325,567)	120,000	657,282	286,715

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period 21 April 2022 to 30 June 2023

	Note	21 April 2022 to 30 June 2023 \$
Cash flows from operating activities		
Interest received		4,989
Payments to suppliers and employees		(487,780)
Cash receipts from other operating activities		-
Net cash used by operating activities	7	<u>(482,791)</u>
Cash flows from investing activities		
Payments in relation to exploration assets		<u>(2,575,133)</u>
Net cash used in investing activities		(2,575,133)
Cash flows from financing activities		
Shares issued		835,000
Convertible Notes issued		4,070,000
Establishment fees and interest paid on convertible notes		<u>(278,817)</u>
Net cash generated by financing activities		4,626,183
Net (decrease) / increase in cash and cash equivalents		<u>1,568,259</u>
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		<u>1,568,259</u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

GENERAL INFORMATION

Harena Resources Limited (**Harena** or the "**Group**") is a for-profit Group limited by shares, domiciled and incorporated in Australia. The financial statements are presented in the Australian currency.

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

1. BASIS OF PREPARATION

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The Group is a proprietary Group, incorporated and operating in Australia. The financial report is presented in Australian dollars.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

1.1. ADOPTION OF NEW AND REVISED STANDARDS

1.1.1. Changes in accounting policies on initial application of Accounting Standards

Standards and interpretations applicable to 30 June 2023

In the year ended 30 June 2023, 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 the current financial reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Standards and interpretations on issue not yet effective and adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2023. 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 issued but not yet effective and adopted on its business and, therefore, no further disclosures have been made in this regard.

1.2. STATEMENT OF COMPLIANCE

The financial report was authorised by the Board of Directors for issue on x November 2023.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

1.3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future years.

1.3.1 Share Based Payments

The Company measures the fair value of equity-settled Share based payment transactions consultants whereby a fair value of service provided is not determinable, by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using the Black-Scholes option pricing model using the assumptions detailed in note 4.

1.3.2 Deferred Exploration and Evaluation Expenditures

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Company's accounting policy (refer Note 1.12), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. The Company applies the principles of AASB 6 and recognises exploration and evaluation assets when the rights of tenure of the area of interest are current, and the exploration and evaluation expenditures incurred are expected to be recouped through successful development and exploitation of the area. If, after having capitalised the expenditure under the Company's accounting policy in Note 1.12, a judgment is made that recovery of the carrying amount is unlikely, an impairment loss is recorded in profit or loss in accordance with the Company's accounting policy in Note 1.6. The carrying amounts of exploration and evaluation assets are set out in Note 9.

1.4. PRINCIPLES OF CONSOLIDATION

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the interim period. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

The consolidated financial statements incorporate the assets, liabilities and results of the parent, Harena Resources Limited and its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealized gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

1.5. INCOME TAX

The charge for current income tax expense is based on the result for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date or reporting date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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 credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised 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 the assumption that no adverse change will occur in income taxation legislation 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.

1.6. FINANCIAL INSTRUMENTS

1.6.1. Financial Instruments – assets

a. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

ii. Equity Instruments

- The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.
- Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1.5.2 Financial Instruments - Liabilities

a. Classification

The Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Group commits to purchase the financial liability. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

c. Measurement

At initial recognition, the Group measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

1.6. IMPAIRMENT OF ASSETS

The Group assesses at each balance 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 or groups of assets 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 those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

1.6.1. Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

1.7. PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.9. REVENUE RECOGNITION

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

1.10. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

incurred is not recoverable from the Australian Tax Office. In these circumstances the GST 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. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.11. 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

1.12. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs are carried forward where the right of tenure of the area of interest is current. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which a decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the areas according to the rate of depletion of economically recoverable reserves.

A regular review is undertaken in each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1.13. FINANCIAL POSITION & GOING CONCERN

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The Group has incurred a net loss after tax for the period 21 April 2022 to 30 June 2023 of \$1,325,567. At 30 June 2023, the Group's has working capital deficit position of \$2,944,930. The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors believe this to be appropriate for the following reasons:

- On 26 October 2023, the Group entered into an Implementation Term Sheet with Citius Resources Plc, (Citius) a company domiciled in the UK and listed on the London Stock Exchange (LSE). The parties agreed to undertake a transaction pursuant to which Citius will make offers to acquire all of the issued and existing shares in the Company from the shareholders of Harena in exchange for the issue of Citius shares to the Harena Shareholders on the terms and subject to the conditions set out in the Term Sheet. Harena Shareholders will receive consideration shares in Citius in such number equal to a value of between £18m to £20m (Harena Consideration). In conjunction with the transaction, a capital raise of between £3m and £7m GBP will be undertaken.
- Based on the above, the Directors have prepared cash flow forecasts that indicate the Group will be cash flow positive for the next twelve months from the date of these financial statements.

At the date of this report and having considered the above factors, the Directors are confident that the Group will be able to continue operations into the foreseeable future. These financial statements do not include adjustments relating to the recoverability and classification of the recorded assets and liabilities amounts that might be necessary should the Group not continue as going concern.

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

2. ISSUED CAPITAL

2.1 Issued Capital

	2023	
	No.	\$
Balance at beginning of the period	-	-
Shares issued 30 September 2022 at \$0.002	40,000,000	80,000
Shares issued 30 November 2022 at \$0.01	35,000,000	350,000
Shares issued 31 December 2022 at \$0.02	18,750,000	375,000
Shares issued 28 April 2023 upon the exercise of options at \$0.002	15,000,000	30,000
Balance at end of the period	108,750,000	835,000

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

3. FINANCIAL INSTRUMENTS

3.1. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged during the financial period.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

3.2. CATEGORIES OF FINANCIAL INSTRUMENTS

	2023
	\$
3.2.1 Financial Assets	
Cash and cash equivalents	1,568,259
Trade and other receivables	36,101
Other current assets	148,055
3.2.2 Financial Liabilities	
Trade and other payables	627,344
Convertible Notes	4,070,000

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

3.2.3. FINANCIAL RISK MANAGEMENT OBJECTIVES

Credit risk

The Group is primarily exposed to credit risk in relation to its cash at bank which are held at high credit rating financial institutions. The carrying amount of the financial assets represent the maximum credit exposure.

Interest risk

The Group is not exposed to material interest rate risk.

Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash and obtaining continuous funding through capital raising as and when necessary to enable the Group to pay its debts as and when they become due and payable.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

2023	Less than 1 year	More than 1 year	<u>Total</u>
	\$	\$	\$
Trade and other payables	627,344	-	627,344
Convertible notes	4,070,000	-	4,070,000
Total	<u>4,697,344</u>	<u>-</u>	<u>4,697,344</u>

Fair values

Due to the short-term nature of settlement, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair values as presented in the statement of financial position.

4. RESERVES

	2023
	\$
Issue of Options to Lead manager of Convertible Notes	<u>120,000</u>
	120,000

The Options were issued in March 2023 and are exercisable at \$0.002 on or before 0.75 years. The value of the Options are \$0.008 per Option based on the Black Scholes valuation methodology. The Options were exercised in April 2023.

The valuation of the options is based on the parameters below:

Spot Price	\$0.01
Strike Price	\$0.002
Time to expiry	0.75 years
Volatility	100%
Risk free rate	4.5%

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

5. REMUNERATION OF AUDITORS

	2023
	\$
Audit of financial report	10,000

6. INCOME TAX

There are no current or deferred tax expenses during the period. The prima facie tax expense / (credit) on profit / (loss) from ordinary activities before income tax is reconciled to income tax is:

	2023
	\$
Prima facie tax payable/ (benefit) on profit / (loss) before income tax at 25%	(331,392)
Tax effect of non-deductible expenses	-
Tax effect of allowable expenses	-
Tax effect of unrecognized tax losses utilised	<u>331,392</u>
	-

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policy of Note 1.4. As at period end, tax loss carried forward amounted to about \$1,325,567.

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

7. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2023
	\$
Cash and cash equivalents	<u>1,568,259</u>
7.1 Cash Flow Information	
Reconciliation of cash flow from operations to (loss)/profit	
After income tax	
Operating loss after Income Tax	(1,325,567)
Add back non-cash item and investing items	
Consulting fees	120,000
Borrowing costs	102,131
Establishment fees	81,400
Interest expense	534,995
Non-cash changes in assets and liabilities	
Decrease/(increase) in receivables	(34,839)
Increase/(decrease) in payables	<u>39,089</u>
Cash flow from operations	(482,791)

8. TRADE AND OTHER RECEIVABLES

	2023
	\$
GST recoverable	35,470
PAYG withholding recoverable	<u>631</u>
	36,101

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

9. EXPLORATION AND EVALUATION

	2023
	\$
Exploration at cost:	
Balance at the beginning of the period	-
Expenditure during the year	607,913
Acquisition of the Ampasindava Project (Note 14)	2,623,731
	<hr/>
Balance at the end of the period	3,231,644

On 22 February 2023, Harena entered into a number of agreements to acquire 100% of Reenova Global Pte Ltd which in turn holds 75% of Reenova Holding (Mauritius) Limited (Mauritius), which in turn holds 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly Tantalus Rare Earth (Malagasy) S.A.R.L.U., which in turn holds 100% of the Ampasindava Project Mining Permit Number 6698.

The total funds the Group has spent on evaluating the Ampasindava Project (the Project) was \$607,913. The total acquisition cost of the Project amounted to \$2,623,731 (Note 14) representing the value for a 100% interest.

The ability of the Company to capitalise exploration and evaluation costs is fully dependent on the Group's ongoing rights to tenure of the area of interest.

10. OTHER CURRENT ASSETS

	2023
	\$
Prepayments – borrowing costs	148,055
	<hr/>
	148,055

11. TRADE AND OTHER PAYABLES

	2023
	\$
Trade payables	5,319
Accrued convertible note costs	448,541
Accrued expenses - current	173,484
	<hr/>
	627,344

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

12. CONVERTIBLE NOTES

In February and April 2023, the Group raised a total of \$4,070,000 through the issue of Convertible Notes.

The Convertible Notes will be secured by way of a General Security Agreement (or the equivalent in Singapore and Mauritius) and a corporate guarantee against the Company, Reenova Investment Holding Limited (a company incorporated in Singapore) (Reenova Singapore) and Reenova Holding (Mauritius) Limited (a company incorporated in Mauritius) (Reenova Mauritius) (together, the Security).

Convertible Notes shall be converted into fully paid ordinary shares or otherwise redeemed by 13 February 2024. Each Convertible Note was issued at an issue price of \$1.00.

If the Company undertakes an IPO/RTO prior to the Maturity Date, the Noteholder may elect to convert the Convertible Notes into Shares immediately prior to completion of the IPO/RTO at a conversion price equal to 80% of the price at which the Company issues Shares under the IPO/RTO (IPO/RTO Price). The Shares issued on an IPO/RTO Conversion of the Convertible Notes will rank equally with all other Shares and will be quoted and listed for trading on the ASX or similar exchange. If the Noteholder does not elect to convert the Convertible Notes prior to the IPO/RTO, the Noteholder may redeem the Convertible Notes for cash.

13. RELATED PARTY TRANSACTIONS

	2023
	\$
Transactions between related parties are on normal commercial terms and terms and conditions are no more favourable than those available to other parties unless stated otherwise. The below transactions have been paid or are payable.	
Elev8 Pty Ltd, a Company controlled by Mr Mulligan provides director services	20,000
Bloomgold Investment Pty Ltd, a Company controlled by Mr Morrison provides director services	8,000
Legate Consulting Pty Ltd, a Company controlled by Ms Leggat provides director services	24,000

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

14. INTERESTS IN SUBSIDIARIES

	Place of Incorporation	Holding
Reenova Global Pte Ltd	Singapore	100%
The below Companies are owed 75% by Reenova Global Pte Ltd		
Reenova Holding (Mauritius) Limited	Mauritius	75%
Reenova Rare Earth (Malagasy) SARLU	Madagascar	75%

On 22 February 2023, Harena entered into a number of agreements to acquire 100% of Reenova Global Pte Ltd which in turn holds 75% of Reenova Holding (Mauritius) Limited (Mauritius), which in turn holds 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly Tantalus Rare Earth (Malagasy) S.A.R.L.U., which in turn holds 100% of the Ampasindava Project (the Project) Mining Permit Number 6698.

Investments in subsidiaries are accounted for at cost. The Group has no equity accounted investments at 30 June 2023.

On 22 February 2023, the fair value of the identifiable assets and liabilities of Reenova Group were as follows:

	2023
	\$
- Total implied value of the Project	2,623,731
- Other assets	3,084
- Value of assets held by non-controlling interests	(657,282)
Total value of consideration paid	1,969,533

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

15. COMMITMENTS AND CONTINGENT LIABILITIES

15.1 COMMITMENTS

	2023
	\$
Exploration expenditure commitments payable:	
Within one year	250,000
After one year but not more than five years	750,000
After five years	-
Total exploration tenement minimum expenditure requirements	<u>1,000,000</u>

15.2 CONTINGENT ASSETS AND LIABILITIES

15.2.1 CONTINGENT LIABILITIES

In April 2023, the Company's subsidiary, Reenova Holding (Mauritius) Limited received a claim by a third party for outstanding payments for purported services rendered which pre-dates the Company's acquisition of the subsidiary as detailed in Note 14. Based on legal advice obtained by the Company, the Directors are of the view the claim is wholly without merit. While no legal proceedings have been commenced, ongoing conferrals are taking place on a confidential and without prejudice basis and the Company is unable to disclose details of those discussions. Further updates will be provided if the matter is resolved or if proceedings are commenced.

There are no other contingent liabilities which the Directors are aware of at the date of this report.

15.2.2 CONTINGENT ASSETS

No contingent assets exist as at the date of this report.

16. PARENT ENTITY DISCLOSURES

	2023
	\$
a. Financial Position of Harena Resources Limited	
Current assets	1,749,331
Non-current assets	<u>2,577,446</u>
Total assets	4,326,777
Current liabilities	<u>4,697,344</u>
Total liabilities	4,697,344
Net assets	<u>(370,567)</u>
Equity	
Contributed equity	835,000
Reserves	120,000
Accumulated losses	<u>(1,325,567)</u>
Total equity	(370,567)

NOTES TO THE FINANCIAL STATEMENTS

for the period 21 April 2022 to 30 June 2023

b. Financial Performance for Harena Resources Limited
Loss for the period (1,325,567)

c. Guarantees entered into by Harena Resources Limited
There are no guarantees entered into by Harena Resources Limited for the debts of its subsidiaries as at 30 June 2023.

d. Contingent liabilities of Harena Resources Limited
There are no contingent liabilities as at 30 June 2023 other than disclosed at Note 15.2.1

e. Commitments of Harena Resources Limited
The commitments of Harena Resources Limited are the same as those for the Group disclosed in note 15.

17. SUBSEQUENT EVENTS

On 26 October 2023, the Group entered into an Implementation Term Sheet with Citius Resources Plc, (Citius) a company domiciled in the UK and listed on the London Stock Exchange (LSE). The parties agreed to undertake a transaction pursuant to which Citius will make offers to acquire all of the issued and existing shares in the Company from the shareholders of Harena in exchange for the issue of Citius shares to the Harena Shareholders on the terms and subject to the conditions set out in this Term Sheet. Harena Shareholders will receive consideration shares in Citius in such number equal to a value of between £18m to £20m (Harena Consideration).

There are no other events subsequent to the end of the reporting period.

PART XI
UNAUDITED INTERIM INFORMATION OF HARENA



HARENA RESOURCES LIMITED

Unaudited Interim Financial
Statements

For the period ended
31 December 2023

Harena Resources Limited

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Harena Resources

Interim Management Report

Dear shareholder,

I am pleased to present the interim report and accounts for the period to 31 December 2023 for Harena Resources Ltd (“Harena” or the “Company”)

The Company has continued to advance the development of the 75% Ampasindava Rare Earth Deposit located in Madagascar. During the period in country activities have focused on community engagement and recruitment of management representation.

On the technical front during the period the independent technical report in support of the groups listing activities was completed. Furthermore, the conversion of the existing 43-101 compliant resources to be reported in accordance with the Joint Ore Reserve Committee (JORC) code was completed.

On 26 October 2023, the Group entered into an Implementation Term Sheet with Citius Resources Plc, (Citius) a company domiciled in the UK and listed on the London Stock Exchange (LSE). The parties agreed to undertake a transaction pursuant to which Citius will make offers to acquire all of the issued and existing shares in the Company from the shareholders of Harena in exchange for the issue of Citius shares to the Harena Shareholders on the terms and subject to the conditions set out in this Term Sheet. Harena Shareholders are expected to receive consideration shares in Citius in such number equal to a value of between £18m to £20m (Harena Consideration). A conversion offer to the owners of the existing Harena convertible notes will be offered in conjunction with the transaction, allowing convertible noteholders the opportunity to retain exposure to the globally significant rare earth resource at Ampasindava.

I would like to thank the board and our advisors for their dedication and professionalism in what can only be described as challenging market conditions and we look forward to applying for re-admission and moving the exciting Ampasindava Rare Earths project forward.

Joseph Belladonna

Managing Director

5 June 2026

Harena Resources

Responsibility Statement of the Directors' in respect of the Interim Report

The Directors are responsible for preparing the Interim Financial Statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Interim Financial Statements in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The Interim Financial Statements are required to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these Interim Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information and make judgements that are reasonable, prudent and provides relevant, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time its financial position of the Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2001. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and Interim Financial Statements. Legislation governing the preparation and dissemination of Interim Financial Statements may differ from one jurisdiction to another.

We confirm that to the best of our knowledge:

- the Interim Financial Statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group for the period;
- the Director's report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy.

Harena Resources

Statement of Comprehensive Income for the Period end ended 31 December 2023

		6 months ended 31 December 2023	6 months ended 31 December 2022	12 months ended 30 June 2023
		(Unaudited)	(unaudited)	(Audited)
	Notes			
Income		3,583	177	4,989
Administrative fees and other expenses	5	(579,209)	(1,015)	(154,351)
Legal fees	5	(125,099)	(65,631)	(123,598)
Consulting Fees	5	(65,108)	(113,445)	(334,081)
Finance costs	5	(536,844)	-	(718,526)
Operating loss		(1,302,677)	(179,914)	(1,325,567)
Loss before tax		(1,302,677)	(179,914)	(1,325,567)
Income tax		-	-	-
Total comprehensive loss for the period		(1,302,677)	(179,914)	(1,325,567)
Basic and diluted loss per share (cents)	6	(1.17)	(0.01)	(1.22)

There was no other comprehensive income for the period ended on 31 December 2023.

The accompanying notes on pages 7 to 8 form an integral part of the Financial Statements.

Harena Resources

Statement of Financial Position as at 31 December 2023

	Note	As at 31 December 2023 (Unaudited)	As at 31 December 2022 (Unaudited)	As at 30 June 2023 (Audited)
Current assets				
Cash and cash equivalents		474,013	156,767	1,568,259
Trade and other receivables		25,343	469	36,101
Other current assets		148,055	-	148,055
Total current assets		647,411	157,236	1,752,415
Non - Current assets				
Exploration and evaluation		3,504,266	124,100	3,231,644
Total Non - current assets		3,504,266	124,100	3,231,644
Total Assets		4,151,677	281,336	4,984,059
Current Liabilities				
Trade and Other Payable		847,639	-	627,344
Convertible Notes		4,320,000	-	4,070,000
Total Current Liabilities		5,167,639	-	4,697,344
Total Liabilities		5,167,639	-	4,697,344
Net Assets		(1,015,962)	281,336	286,715
Equity				
Issued Capital		835,000	461,250	835,000
Reserves		120,000	-	120,000
Accumulated Losses		(2,628,244)	(179,914)	(1,325,567)
Non-controlling interest		657,282	-	657,282
Total equity		(1,015,962)	281,336	286,715

The accompanying notes on pages 7 to 8 form an integral part of the Financial Statements

Harena Resources

Statement of Changes in Equity for the four-month period ended 31 December 2023

	Issued capital	Accumulated losses	Reserves	Non- controlling Interest	Total
Balance as at 30 June 2023	835,000	(1,325,567)	120,000	657,282	286,715
Loss for the period	-	(1,302,677)	-	-	(1,302,677)
Total comprehensive loss	-	(1,302,677)	-	-	(1,302,677)
Balance as at 31 December 2023	835,000	(2,628,244)	120,000	657,282	(1,015,962)
Balance as at 30 June 2022	-	-	-	-	-
Shares issued	461,250	-	-	-	242,500
Loss for the period	-	(179,914)	-	-	(179,914)
Total comprehensive loss	-	(179,914)	-	-	(179,914)
Balance as at 31 December 2022	461,250	(179,914)	-	-	(281,336)

The accompanying notes on pages 7 to 8 form an integral part of the Financial Statements.

Harena Resources

Statement of Cash Flows for the period ended 31 December 2023

	As at 31 December 2023 (Unaudited)	As at 31 December 2022 (Unaudited)	As at 30 June 2023 (Audited)
Operating activities			
Interest received	3,583	177	4,989
Payments to suppliers	(538,363)	(180,560)	(487,780)
Net cash used by operating activities	(534,780)	(180,383)	(482,791)
Investing activities			
Payments in relation to exploration assets	(272,622)	(124,100)	(2,575,133)
Net cash flows from investment activities	(272,622)	(124,100)	(2,575,133)
Financing activities			
Shares issued	-	461,250	835,000
Convertible Notes issued	250,000	-	4,070,000
Establishment fees and interest paid on convertible notes	(536,844)	-	(278,817)
Net cash from financing activities	(286,844)	461,250	4,626,183
Increase/(Decrease) in cash and cash equivalents	(1,094,246)	156,767	1,568,259
Cash and short-term deposits brought forward	1,568,259	-	-
Cash and cash equivalent at 31 December	474,013	156,767	1,568,259

The accompanying notes on pages 7 to 8 form an integral part of the Financial Statements.

Harena Resources

Notes to the Financial Statements for the period ended 31 December 2023

1. General

Harena Resources Ltd (the "Company") is a public limited company incorporated and registered in Australia on 21 April 2022. Its registered address 1510 Mills Road, Glen Forrest WA 6071.

The Company did not trade during the period under review.

2. Accounting Policies

Basis of preparation

The interim financial statements of Harena Resources Ltd are unaudited condensed financial statements for the period ending 31 December 2023.

The accounting policies applied by the Company in these Interim Financial Statements, are the same as those applied by the Company in its financial statements and have been prepared on the basis of the accounting policies applied for the financial year to 30 June 2023 which have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). The Company Interim Financial Statements have been prepared using the measurement basis specified by AIFRS each type of asset, liability, income and expense.

The Company Interim Financial Statements are presented in AUD, which is the Company's functional currency. All amounts have been rounded to the nearest dollars unless otherwise stated.

3. Critical accounting estimates and judgments

In preparing the Company's Interim Financial Statements, the Directors have to make judgments on how to apply the Company's accounting policies and make estimates about the future. The Directors do not consider there to be any critical judgments that have been made in arriving at the amounts recognised in the Company Interim Financial Statements.

4. Significant accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of Harena Resources Ltd, for the year ended 30 June 2023. A copy of these financial statements is available on the Company website at <https://harenaresources.com.au/>

5. Administrative fees and other expenses

	6 months ended 31 December 2023	6 months ended 31 December 2022	12 months ended 30 June 2023
Administration	579,209	1,015	154,321
Legal Expenses	125,099	65,631	123,598
Consulting Fees	65,108	113,445	334,081
Borrowing Costs	0	0	102,131
Establishment Fees	0	0	81,400
Interest Expense	536,844	0	534,995
Total	1,306,260	180,091	1,330,526

The company did not employ any staff during the period other than Directors. The Directors & Company Secretary are the only members of key management and their remuneration related solely to short term employee benefits.

Harena Resources

6. Basic and diluted loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	6 months ended 31 December 2023	6 months ended 31 December 2022	12 months ended 30 June 2023
Earnings			
Loss for the period	(1,302,677)	(179,914)	(1,325,567)
Number of shares			
Weighted average number of Shares	111,500,000	56,250,000	108,750,000
Basic and diluted loss per share (cents)	(1.17)	(0.30)	(1.22)

There are no potentially dilutive shares in issue.

7. Related party transactions

	6 months ended 31 December 2023	6 months ended 31 December 2022	12 months ended 30 June 2023
Elev8 Pty Ltd, a Company controlled by Mr Mulligan provides director services	60,000	-	20,000
Bloomgold Investment Pty Ltd, a Company controlled by Mr Morrison provides director services	24,000	-	8,000
Legate Consulting Pty Ltd, a Company controlled by Ms Leggat provides director services	24,000	-	24,000

8. Events after the reporting date

There are no events after the reporting date.

PART XII

PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

Section A: Unaudited Pro Forma Financial Information of the Company

Set out below is the unaudited pro forma Statement of Financial Position of the Company as at 31 October 2024 and the unaudited pro forma Statement of Comprehensive Income for the year ended 30 April 2024 (together, the “**Pro Forma Financial Information**”), in accordance with Annex 20 of the Prospectus Regulation Rules. The Pro Forma Financial Information has been prepared on the basis of the accounting policies adopted by the Company in preparing the Company Financial Information included in Part VIII “Historical Financial Information of the Company” of this Document, to illustrate the effects of:

- the Proposed Acquisition and the issue of the Consideration Shares;
- the retirement of the Harena Convertible Loan Notes;
- the Fundraising;
- the issue of the Company Loan Notes;
- the issue of the Fee Shares; and
- settlement of the costs associated with the Proposed Acquisition and Fundraising,

on the assets, liabilities and equity of the Company had the Proposed Acquisition, the retirement of Harena Convertible Loan Notes, the creation and issue of the Company Loan Notes, issue of the Fee Shares, the Fundraising and settlement of the associated costs occurred on 31 October 2024 and on the earnings of the Company for the year ended 30 April 2024, had the Proposed Acquisition, the retirement of Harena Convertible Loan Notes, the creation of the Company Loan Notes, the Fundraising and settlement of the associated costs occurred on 1 May 2023, being the first day of that year.

The Pro Forma Financial Information has been prepared for illustrative purposes only. Due to its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Company’s actual financial position as at 31 October 2024, or of its earnings for the year ended 30 April 2024. It is based on the Company Financial Information included in Part VIII “*Historical Financial Information of the Company*” and the audited financial information of Harena for the year ended 30 June 2024 included in the Harena Financial Information in Part X “*Historical Financial Information of Harena*” of this document.

Users should read the whole of this Document and not rely solely on the Pro Forma Financial Information.

The accountant’s report on the Pro Forma Financial Information is set out in Section B “*Accountant’s Report on the Unaudited Pro Forma Financial Information of the Company*” of Part XI “*Pro Forma Financial Information of the Company*” of this Document.

UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION

	(Unaudited) Company As at 31 October 2024	(Audited) Harena As at 30 June 2024	Adjustment Proposed Acquisition adjustments	Adjustment Harena Convertible Loan Notes redemption	Adjustment Issue of the Placing Shares & Loan Note	Adjustment Settlement of transaction costs	Pro forma balances as at 30 April 2024
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	
Assets	£	£	£	£	£	£	£
Current Assets							
Cash and cash equivalents	33,903	45,345	–	–	1,381,499	(200,000)	1,260,747
Trade and other receivables	–	3,641	–	–	–	–	3,641
Other receivables/ Prepayments	12,823	37,197	–	–	497,031	–	547,051
Total Current Assets	46,726	86,183	–	–	1,878,530	(200,000)	1,811,439
Non-Current Assets							
Exploration and evaluation	–	1,901,682	–	–	–	–	1,901,682
Total Non-Current Assets	–	1,901,682	–	–	–	–	1,901,682
Total assets	46,726	1,987,865	–	–	1,878,530	(200,000)	3,713,121
Equity							
Share capital	216,250	547,368	1,119,299	877,193	186,505	–	2,946,615
Share premium	921,797	–	–	4,385,965	932,525	(179,100)	6,061,187
Warrant reserve	–	–	–	–	–	–	–
Reserves	–	136,842	(136,842)	–	–	–	–
Reverse Proposed Acquisition reserve	–	–	(970,503)	–	–	–	(970,503)
Retained deficit	(1,310,376)	(2,657,871)	(11,953)	(2,631,579)	(15,500)	(20,900)	(6,648,179)
Non-controlling interest	–	345,938	–	–	–	–	345,938
Total Equity	(172,329)	(1,627,723)	–	2,631,579	1,103,530	(200,000)	1,735,057
Liabilities							
Trade and other payables	219,055	984,009	–	–	–	–	1,203,064
Harena Convertible Loan Notes	–	2,631,579	–	(2,631,579)	–	–	–
Current liabilities	219,055	3,615,588	–	(2,631,579)	–	–	1,203,064
Non-Current Liabilities							
Loan Notes	–	–	–	–	775,000	–	775,000
Non-Current liabilities	–	–	–	–	775,000	–	775,000
Total liabilities	219,055	3,615,588	–	(2,631,579)	775,000	–	1,978,064
Total equity and liabilities	46,726	1,987,865	–	–	1,878,530	(200,000)	3,713,121

UNAUDITED PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

	(Audited) Company Period ended 30 April 2024 (Note 1)	(Audited) Harena Year ended 30 June 2024 (Note 2)	Adjustment Proposed Acquisition adjustments (Note 3)	Adjustment Harena Convertible Loan Notes redemption (Note 4)	Adjustment Issue of the Placing Shares & Loan Note (Note 5)	Adjustment Settlement of transaction costs (Note 6)	Pro forma results for the period 30 April 2024
	£	£	£	£	£	£	£
Revenue	–	2,206	–	–	–	–	2,206
Administrative expenses	(142,681)	(632,769)	–	–	–	–	(775,450)
Legal fees	–	(89,131)	–	–	–	–	(89,131)
Consulting fees	–	(81,431)	–	–	–	–	(81,431)
Share based payments	–	(179,922)	–	–	–	–	(179,922)
Finance costs	–	(961,269)	–	(2,631,579)	(155,000)	(20,900)	(3,768,748)
Loan write off	(249,341)	–	–	–	–	–	(249,341)
Deemed cost of listing	–	–	(1,322,329)	–	–	–	(1,322,329)
Operating loss	(392,022)	(1,942,316)	(1,322,329)	(2,631,579)	(155,000)	(20,900)	(6,464,146)
Tax charge	–	–	–	–	–	–	–
Loss for the period	(392,022)	(1,942,316)	(1,322,329)	(2,631,579)	(155,000)	(20,900)	(6,464,146)

Notes:

- The financial information of the Company as at 31 October 2024 has been extracted, without adjustment, from pages 3 and 4 of the Company's unaudited interim financial information for the six-month period ended 31 October 2024, as available on the Company's website at www.citiusresources.co.uk/corporate-documents.

The financial information of the Company for the year ended 30 April 2024 has been extracted, without adjustment, from pages 21 to 25 of the Company's audited financial information for the year ended 30 April 2024, as available on the Company's website at www.citiusresources.co.uk/corporate-documents.

The Pro Forma Financial Information has been prepared on the basis of the accounting policies adopted by the Company in preparing the unaudited interim financial information of the Company for the six-month period ended 31 October 2024.

- The audited financial information of Harena for the year ended 30 June 2024 has been extracted, without adjustment, from the Harena Financial Information included in Part X "*Historical Financial Information of Harena*" of this document:

Statement of Financial Position

With respect to the Statement of Financial Position, the Harena Interim Financial Information has been translated from A\$ to £ at the rate of 1.90 to 1, being the foreign exchange rate as at 30 June 2024 as stated at www.oanda.com. The translated balances are as follows:

	As at 30 June 2024 A\$	As at 30 June 2024 £
Assets		
Current Assets		
Cash and cash equivalents	86,155	45,345
Trade and other receivables	6,918	3,641
Other receivables	70,675	37,197
Total Current Assets	163,748	86,183
Non-Current Assets		
Exploration and evaluation	3,613,196	1,901,682
Total Non-Current Assets	3,613,196	1,901,682
Total assets	3,776,944	1,987,865
Equity		
Share capital	1,040,000	547,638
Reserves	260,000	136,842
Retained deficit	(5,049,955)	(2,657,871)
Non-controlling interest	657,282	345,938
Total Equity	(3,092,673)	(1,627,723)
Liabilities		
Trade and other payables	1,869,617	984,009
Harena Convertible Loan Notes	5,000,000	2,631,579
Total liabilities	6,869,617	3,615,588
Total equity and liabilities	3,776,944	1,987,864

Statement of Comprehensive Income

With respect to the Statement of Comprehensive Income, the Harena Financial Information has been translated from A\$ to £ at the rate of 1.92 to 1, being the average foreign exchange rate for the year ended 30 June 2024 as stated at www.oanda.com. The translated balances are as follows:

	Year ended 30 June 2024 A\$	Year ended 30 June 2024 £
Revenue	4,230	2,206
Administrative expenses	(1,213,334)	(632,769)
Legal fees	(170,908)	(89,131)
Consulting fees	(156,143)	(81,431)
Share based payments	(345,000)	(179,922)
Finance costs	(1,843,233)	(961,269)
Operating loss	(3,724,388)	(1,942,316)
Tax charge	–	–
Loss for the period	(3,724,388)	(1,942,316)

The Harena Financial Information has been subject to an independent audit.

- The adjustment represents the Proposed Acquisition of Harena by the Company by way of a Reverse Takeover. Pursuant to IFRS, Harena is deemed to be the accounting acquirer and the Company the accounting acquiree. As such, the Consideration Shares to be issued by the Company to effect the Proposed Acquisition are recorded at a deemed value equal to shareholdings of the respective parties post-Proposed Acquisition. This deemed value has been calculated at £1,150,000. When the net liabilities of the Company as at 31 October 2024

£(172,329) are added to the deemed value of the Consideration Shares, a “*deemed cost of listing*” of £1,322,329 is included in the unaudited pro forma Statement of Comprehensive Income.

With respect to the unaudited pro forma Statement of financial Position, the reverse Proposed Acquisition accounting results in:

- an increase to “*share capital*” of £1,119,299, being the net effect of:
- the issue of the Consideration Shares at their nominal value of £1,666,667; and
- the cancellation of Harena’s share capital of £547,368.
- a increase to “*retained deficit*” of £11,953;
- the creation of a “*reverse Proposed Acquisition reserve*” to the value of £970,503; and
- the cancellation of Harena’s “*reserve*” of £136,842,

each within “*equity*”.

4. The adjustment represents the redemption of the Harena Convertible Loan Notes to the value of £2,631,579 for consideration of £5,263,158, settled by the issue of the Conversion Shares. With respect to the Statement of Financial Position, the issue of the Consideration Shares results in increases to “*share capital*” of £877,193, to share premium of £4,385,965 and to “*retained deficit*” of £2,631,579, each within “*equity*”. In addition, the adjustments result in the cancellation of the “*Harena Convertible Loan Notes*” within “*current and total liabilities*” to the value of £2,631,579.

With respect to the unaudited pro forma Statement of Comprehensive Income, the adjustment results in an increase to “*finance costs*” of £2,631,579.

5. The adjustment represents the issue of the Placing Shares, the Subscription Shares and the Fee Shares to the value of £1,119,030. With respect to the unaudited pro forma Statement of Financial Position, the issue of the Placing Shares, the Subscription Shares and the Fee Shares results in an increase to “*cash and cash equivalents*” within “*current assets*” of £621,999, an increase in prepayments of £497,031 and increases to “*share capital*” of £186,505 and to share premium of £932,525, both within “*equity*”. With respect to the unaudited pro forma Statement of Financial Position, the establishment of the Loan Note results in a liability to the value of £775,000 being recognised. The issue of the Loan Note results in an increase to “*cash and cash equivalents*” within “*current assets*” of £775,000.

The issue of the Placing Shares, the Subscription Shares and the Fee Shares have no effect on the unaudited pro forma Statement of Comprehensive Income. The establishment of the loan results in an increase to “*finance costs*” of £155,000, comprising a £15,500 arrangement fee at 2% and an interest charge for the year of £139,500 at 18%.

6. The adjustment represents the settlement of the costs of the Proposed Acquisition and Fundraising to the value of £200,000. With respect to the unaudited pro forma Statement of Financial Position, the settlement of the costs results in a decrease to “*cash and cash equivalents*” within “*current assets*” of £200,000 and decreases to “*share premium*” of £179,100 and to “*retained deficit*” of £20,900, both within “*equity*”.

With respect to the unaudited pro forma Statement of Comprehensive Income, the adjustment results in an increase to “*finance costs*” of £20,900.

7. With respect to the above adjustments, none will have an ongoing effect on the results of the Company.

Section B: Accountant's Report on the Unaudited Pro Forma Financial Information of the Company



26 February 2025

The Directors
Citius Resources PLC
5th Floor
167-169 Great Portland Street
London W1W 5PF

Tavira Financial Limited
13th Floor
88 Wood Street
London EC2V 7DA

Dear Sirs and Madams,

Introduction

We report on the unaudited pro forma Statement of Financial Position of Citius Resources PLC (the "**Company**") as at 31 October 2024 and on the unaudited pro forma Statement of Comprehensive Income for the year ended 30 April 2024 (together, the "**Pro Forma Financial Information**") set out in Section A "*Unaudited Pro Forma Financial Information of the Company*" of Part XII "*Pro Forma Financial Information of the Company*" of the Company's prospectus dated 26 February 2025 (the "**Document**").

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the Pro Forma Financial Information in accordance with Section 1 and Section 2 of Annex 20 of the UK version of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "**Prospectus Regulation**").

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the Prospectus Regulation, as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

No reports or opinions have been made by us on any financial information used in the compilation of the Pro Forma Financial Information. In providing this opinion, we are not providing any assurance on any source financial information on which the Pro Forma Financial Information is based beyond the above opinion.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how:

- the Proposed Acquisition by the Company of Herena Resources Pty Ltd;
- the repayment of the convertible loan note;
- the issue of a £775,000 (A\$1,500,000) loan note;

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- the issue of the Placing and Subscription Shares;
- the issue of the Fee Shares; and
- the settlement of costs associated with the Proposed Acquisition, Fundraising and Re-admission,

might have affected the assets, liabilities, equity, and earnings presented on the basis of the accounting policies adopted by the Company in preparing the unaudited interim financial information of the Company for the six-month period ended 31 October 2024. This report is required by Section 3 of Annex 20 of the Prospectus Regulation and is given for the purpose of complying with that requirement and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and Harena Resources Pty Ltd in accordance with the Financial Reporting Council's Ethical Standard, as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Declaration

For the purpose of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Document in compliance with item 1.2 of Annex 1 of the Prospectus Regulation.

Yours faithfully,



Crowe U.K. LLP

Chartered Accountants

PART XIII

OPERATING AND FINANCIAL REVIEW OF HARENA

The following operating and financial review contains financial information that has been extracted or derived, without material adjustment, from the audited Financial Information included in Part X “Historical Financial Information of Harena” of this Document and prepared in accordance with IFRS.

The following discussion should be read in conjunction with the other information in this Document.

The key risks and uncertainties include but are not limited to those described in the section “Risk Factors” of this Document.

Statements of Comprehensive Income

	Audited Year ended 30 June 2024 A\$'000s	Audited Year ended 30 June 2023 A\$'000s	Unaudited Period ended 31 December 2023 A\$'000s
Income	4,230	4,989	3,583
Administrative & other expenses	(1,885,385)	(612,030)	(769,416)
Operating loss	(1,881,155)	(607,041)	(765,833)
Finance costs	(1,843,233)	(718,526)	(536,844)
Loss before tax	(3,724,388)	(1,325,567)	(1,302,677)
Income tax	–	–	–
Loss for the period and total comprehensive loss for the period	(3,724,388)	(1,325,567)	(1,302,677)
Loss for the period	(3,724,388)	(1,325,567)	(1,302,677)

Statement of Financial Position

	Audited As at 30 June 2024 A\$'000s	Audited As at 30 June 2023 A\$'000s	Unaudited As at 31 December 2023 A\$'000s
Non-Current Assets			
Exploration & evaluation	3,613,196	3,231,644	3,504,266
Current Assets			
Receivables and prepayments	6,918	184,156	173,398
Other current assets	70,675		
Cash and bank	86,155	1,568,259	474,013
Total assets	3,776,944	4,984,059	4,151,677
Equity and liabilities			
Issued capital	1,040,000	835,000	835,000
Capital reserve	260,000	120,000	120,000
Retained loss	(5,049,955)	(1,325,567)	(2,628,244)
Outside Equity Interest	657,282	657,282	657,282
Shareholders' funds	(3,092,673)	286,715	(1,015,962)
Current liabilities			
Payables and accruals	1,869,617	627,344	847,639
Convertible Notes	5,000,000	4,070,000	4,320,000
Total Liabilities	6,869,617	4,697,344	5,167,639
Total Equity and liabilities	3,776,944	4,984,059	4,151,677

Source: Harena Financial Information

Statement of Cash Flows

	Audited As at 30 June 2024 A\$'000s	Audited As at 30 June 2023 A\$'000s	Unaudited As at 31 December 2023 A\$'000s
Loss before tax	(3,724,388)	(1,325,567)	(1,302,677)
Add back non-cash items	1,888,648	838,526	545,244
<i>Changes in working capital:</i>			
(Decrease)/increase in trade payables	299,098	(34,839)	211,895
Decrease/(increase) in receivables payables	105,932	39,089	10,758
Net cash used in operating activities	(1,430,710)	(482,791)	(534,780)
Exploration and evaluation	(381,582)	(2,575,133)	(272,622)
Net cash used in investing activities	(381,582)	(2,575,133)	(272,622)
Shares issued	–	835,000	–
Convertible notes issued	2,035,000	4,070,000	250,000
Convertible notes redeemed	(1,105,000)	–	–
Capital raising – Convertible note issue/interest costs	(599,842)	(278,817)	(536,844)
Net cash from financing activities	(330,158)	4,626,183	(286,844)
Net increase / (decrease) in cash	(1,482,104)	1,568,259	(1,094,246)
Cash at the beginning of the period	1,568,259	–	1,568,259
Cash at the end of the period	86,155	1,568,259	474,013

Source: Harena Financial Information

RESULTS FOR THE PERIODS

1. Results for the Year ended 30 June 2024

Trading results

During the year ended 30 June 2024, Harena had an operating loss of A\$3,125,583 (FY23: A\$1,325,567) for the period with expenditure comprising of:

- A\$170,908 of legal fees expenses;
- A\$156,143 of professional consulting fees;
- A\$1,213,334 of administrative expenses
- A\$345,000 of share based payments; and
- A\$1,559,885 of net interest and finance expenses.

Assets

As at 30 June 2024, Harena had total assets of A\$3,776,944 (FY23: A\$4,984,059). Current assets included of cash at bank of A\$86,155 (FY23: A\$1,568,259). Non-Current assets included exploration and evaluation assets related to the Ampasindava Project in Madagascar to the value of A\$3,613,196 (FY23: A\$3,231,644).

Liabilities

During March 2024 and June 2024, the Harena Group raised a total of \$2,035,000 through the issue of Convertible Loan Notes and redeemed A\$1,105,000 of the Convertible Loan notes outstanding, this resulting in a total of A\$5,000,000 of Convertible Loans Notes being on issue as at 30 June 2024. Total liabilities as at 30 June 2024 were A\$6,896,617 (FY23: A\$4,697,344). Including current trade and other payable liabilities of A\$1,869,617 (FY23: A\$627,344).

Equity

Total equity as at 30 June 2024 was (A\$3,092,673) (FY23: positive A\$286,715), including recognition of an outside equity interest in the Mauritian subsidiary of A\$657,282 (FY23: A\$657,282). Issued capital increased to A\$1,040,000 following the conversion of performance rights and share based payments during the year. Accumulated Losses increased by the loss for the period of (A\$3,724,388), at year end Accumulated Losses totalled (A\$5,049,955) (FY23: (A\$1,325,567)).

Cash flows

During the year ended 30 June 2024, the cash flows from operating activities consisted of cash outflows from operating expenses of A\$1,430,710 (FY23: outflows of A\$482,791), cash outflow from investing activities of A\$381,552 (FY23: outflow of A\$2,575,133) and net cash outflows from financing activities of A\$330,158 (FY23: inflow of A\$4,626,183), including the redemption of A\$1,105,000 of the Harena Convertible Loan Notes and the issue of A\$2,035,000 Convertible Loan Notes.

Following the above, total net cash outflow for the period was A\$(1,482,104) (FY23: inflow of A\$1,568,259), resulting in cash decreasing from an opening balance of A\$1,568,259 to A\$86,155 as at 30 June 2024.

2. Results for the period from incorporation to 30 June 2023

Trading results

During the period from incorporation on 22 April 2022 to 30 June 2023, Harena had an operating loss of A\$1,325,567 for the period with expenditure comprising of:

- A\$123,598 of legal fees expenses;
- A\$334,081 of professional consulting fees;
- A\$144,351 of administrative expenses
- A\$10,000 of audit fees; and
- A\$718,526 of net interest and finance expenses.

Assets

In April 2023, the Harena Group paid A\$2,623,731 completed acquisition of 100% of Reenova Global Pte Ltd which in turn holds 75% of Reenova Holding (Mauritius) Limited (Mauritius), which in turn holds 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly Tantalus Rare Earth (Malagasy) S.A.R.L.U., which in turn holds 100% of the Ampasindava Project Mining Permit Number 6698. Post acquisition a further A\$607,913 was expended on exploration and evaluation activities. At the year ended 30 June 2023 Harena recognised exploration and evaluation assets to the value of A\$ 3,231,644. Total assets at the year ended 30 June 2023 were A\$4,984,059. Including cash at bank of A\$1,568,259.

Liabilities

In February and April 2023, the Harena Group raised a total of \$4,070,000 through the issue of Convertible Notes. Total liabilities as at 30 June 2023 were A\$4,697,344. Including current liabilities A\$627,344.

Equity

At incorporation, the Harena Group issued 40,000,000 shares at \$0.002 per Share to the founding shareholders to raise \$80,000.

In September 2022, the Harena Group completed a seed capital round to raise in December 2022 to raise \$350,000 through the issue of 35,000,000 shares at \$0.01 per share. In December 2022, the Harena Group completed a Rights issue to raise \$375,000 through the issue of 18,750,000 Shares at \$0.02 per share. Total Equity as at 30 June 2023 were A\$286,715. Including recognition of an outside equity interest in Harena's Mauritian subsidiary company of A\$657,282.

Cash flows

During the period from incorporation on 22 April 2022 to 30 June 2023, A\$835,000 of cash was received in relation to the issue of Harena Shares. The cash flows from operating activities within the

period from incorporation on 22 April 2023 to 30 June 2023 consisted of cash outflows from operating activities of A\$482,791, cash outflow from investing activities of A\$2,575,131 and net cash inflows from financing activities of A\$4,626,183.

Following the above, total net cash flows for the period were A\$1,568,259, resulting in cash increasing from a balance of A\$ nil on incorporation to A\$1,568,259 as at 30 June 2023.

3. Results for the six-month period ended 31 December 2023

Trading results

During the six-month period ended 31 December 2023, Harena had an operating loss of A\$1,302,677 with expenditure comprising of:

- A\$125,099 of legal fees expenses;
- A\$65,108 of professional consulting fees;
- A\$579,209 of administrative expenses; and
- A\$536,844 of net interest and finance expenses.

Assets

As at 31 December 2023, Harena had total assets of A\$4,151,677 (FY23: A\$4,984,059). Current assets included of cash at bank of A\$474,013 (FY23: A\$1,568,259). Non-Current assets included exploration and evaluation assets to the value of A\$3,504,266 (FY23: A\$3,231,644).

Liabilities

As at 31 December 2023, total liabilities were A\$5,167,639 (FY23 A\$4,697,344), including current trade and other payable liabilities of A\$847,639 (FY23 A\$627,344).

Equity

Total equity as at 31 December 2023 was A\$(1,1015,962) (FY23: A\$286,715), including recognition of an outside equity interest in the Mauritian subsidiary of A\$657,282 (FY23: A\$657,282).

Cash flows

During the six-month period ended 31 December 2023, the cash flows from operating activities consisted of cash outflows from operating expenses of A\$534,780 (FY23: outflows of A\$482,791), cash outflow from investing activities of A\$272,622 (FY23: outflow of A\$2,575,133) and net cash outflows from financing activities of A\$286,844 (FY23: inflow of A\$4,626,183).

Following the above, total net cash outflow for the period was A\$(1,094,246) (FY23: inflow of A\$1,568,259), resulting in cash decreasing from an opening balance of A\$1,568,259 to A\$474,013 as at 31 December 2023.

PART XIV

TAXATION

TAXATION IN THE UK

The following information is based on UK tax law and HM Revenue and Customs (“**HMRC**”) practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

1. Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), 10 per cent. or more, of the shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

2. Dividends

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals before 6 April 2023 will have a £2,000 per annum dividend tax allowance. From 6 April 2023 the allowance reduces to £1,000 and after 6 April 2024 the allowance reduces to £500.

Dividend receipts received before 6 April 2023 in excess of £2,000 will be taxed at 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers, and 39.35% for additional rate taxpayers. Dividend receipts received between 6 April 2023 and 5 April 2024 in excess of £1,000 and receipts received in excess of £500 after 6 April 2024 will be taxed at the same rates.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received, but will not be entitled to claim relief in respect of any underlying tax.

3. Disposals of Ordinary Shares

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10% and for higher rate and additional rate taxpayers is 20%.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares, but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19%. The current legislation states that from 1 April 2023 the rate was to increase to 25% after for profits in excess of £250,000, with profits below £50,000 continuing to be taxed at 19%, and a marginal rate on profits between these values. The profit limits are reduced under certain circumstances, with close investment-holding companies not being entitled to the lower rate.

Further information for Shareholders subject to UK income tax and capital gains tax.

4. “Transactions in securities”

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel “*tax advantages*” derived from certain prescribed “*transactions in securities*”.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax (SDRT) will be payable on the allotment and issue of ordinary shares pursuant to the Fundraising.

Most investors will purchase Ordinary Shares using the CREST paperless clearance system and these acquisitions will be subject to SDRT at 0.5%. Where Ordinary Shares are acquired using paper (i.e. non-electronic settlement), stamp duty will become payable at 0.5% if the purchase consideration exceeds £1,000.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL ADVISER.

PART XV

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors and the Proposed Directors whose names appear on page 29 of this Document, and the Company, accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors, the Proposed Directors, and the Company the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

2. THE COMPANY

- 2.1 The Company was incorporated with limited liability under the laws of England and Wales under the Companies Act on 15 April 2020 with number 12557958. On 3 August 2020 the Company was re-registered as a public limited company to become Citius Resources Plc.
- 2.2 The principal legislation under which the Company operates and under which the Shares are created and issued is the Companies Act. The currency of the Shares is Sterling, the lawful currency of the United Kingdom.
- 2.3 The Company's registered office is at 67-169 Great Portland Street, Fifth Floor, London, W1W 5PF. The telephone number for the Company is +44 (0)1624 681250.
- 2.4 On 20 July 2020 the Company adopted the Articles in substitution for and to the exclusion of the Company's then existing articles of association. The Company operates in conformity with its Articles and the laws of England and Wales.
- 2.5 As at 25 February 2025, the LPD prior to publication of this Document, the Company did not have any subsidiaries nor did it own any shares in any company.
- 2.6 Following Admission, the Company will be subject to the Listing Rules, Disclosure Guidance and Transparency Rules (and the resulting jurisdiction of the FCA), to the extent such rules apply to companies in the Equity Shares (transition) category of the Listing Rules.

3. SHARE CAPITAL

The following is a summary of the changes in the issued share capital of the Company from incorporation:

Issue of Shares

- 3.1 On incorporation of the Company, one fully paid subscriber ordinary share of £1 was issued to Kieren Mildwaters.
- 3.2 On 16 April 2020 each ordinary share of £1 was sub-divided into 200 Shares of 0.5 pence each.
- 3.3 On 16 April 2020 the 200 Shares held by the subscriber were transferred to Cameron Pearce.
- 3.4 On 16 April 2020, an additional 9,999,800 Shares were issued fully paid.
- 3.5 On 19 June 2020, an additional 8,333,334 Shares were issued fully paid.
- 3.6 On 26 May 2021, an additional 8,666,665, Shares were issued fully paid.
- 3.7 On 25 August 2021, an additional 16,250,001 Shares were issued fully paid.
- 3.8 Subject to completion of the Proposed Acquisition, Placing, Subscription and Re-admission and the passing of the Resolutions the Company shall issue:
 - 3.8.1.1 14,066,667 Placing Shares in aggregate pursuant to the Placing to certain institutional and other investors at £0.03 each;
 - 3.8.1.2 6,666,667 Subscription Shares in aggregate pursuant to the Subscription by the Subscribers at £0.03 each;
 - 3.8.1.3 333,333,333 Consideration Shares as consideration payable to Harena Shareholders and Noteholders for the Proposed Acquisition; and
 - 3.8.1.4 16,567,685 Fee Shares.

- 3.9 The issued share capital of the Company at the date of this Document, not including the Placing Shares, Subscription Shares, Fee Shares or Consideration Shares (in each case issued conditional upon Admission) is as follows:

Issued (fully paid)	Number
Shares	43,250,000

- 3.10 Upon Admission, the issued share capital of the Company will be as follows:

Issued (full paid)	Number
Shares	413,884,352

Grant of Warrants and Options

- 3.11 The Existing Warrants, being the Pre-IPO Warrants and the IPO Warrants, have been issued by the Company and are outstanding.
- 3.12 In addition, the Company intends to issue the New Warrants on Admission.
- 3.13 Further details regarding the terms of the New Warrants are set out in section 5 of this Part XV and at paragraphs 21.7 – 21.11 of this Part XV.
- 3.14 Details of the Existing Options are set out in paragraph 5 of this Part VX and paragraph 21.12 of this Part XV. Subject to the passing of the Resolutions, the Company also intends to adopt an enterprise management incentive (EMI) and share option plan and unapproved share option plan (the “**Share Option Scheme**”) under which it may award new Shares to incentivise current and future members of the senior management team, being Directors, Proposed Directors, key management, eligible employees and consultants, and pursuant to which the remuneration committee or the Board may grant share options. Subject to approval of the Share Option Scheme, it is intended that individual option awards will be made to certain Directors, key management and Proposed Directors, with effect from Admission as set out in paragraph 5 of this Part XV. The number of Shares capable of issue pursuant to the Share Option Scheme will not exceed 10 per cent. of the Company’s issued Shares from time to time without the prior approval of the Shareholders.

General

- 3.15 Except as otherwise described herein, all the issued Shares are in registered form, and capable of being held in certificated or uncertificated form. The Registrar will be responsible for maintaining the Company’s register of members and arranging for it to be kept at a location within the United Kingdom. Temporary documents of title will not be issued. The ISIN of the Shares is GB00BMGRFP88. The SEDOL of the Shares is BMGRFP8.
- 3.16 The Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the Shares and the Placing Shares, Subscription Shares, Fee Shares and Consideration Shares and Performance Shares will rank *pari passu* in all other respects with other Existing Shares in issue on Admission.
- 3.17 The Resolutions to be proposed at the Annual General Meeting, if passed, will authorise the pre-emption rights in the Articles will be disapplied in respect of the issue for cash of Shares with an aggregate nominal amount of £6,000,000 (“**Authorised Limit**”) and, therefore, statutory pre-emption rights do not apply. Such authority continues until the annual general meeting following the Annual General Meeting to be held in 2025, unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be issued or granted after such expiry and the Directors of the Company may issue or grant equity securities in pursuance of any such offer or agreement notwithstanding that the authority given to the Directors of the Company pursuant to the above resolution have expired.
- 3.18 On completion of the Proposed Acquisition, application will be made for the Enlarged Issued Share Capital to be admitted to the Official List, under the Equity Shares (transition) category, and to trading on the London Stock Exchange’s main market for listed securities.

- 3.19 Save as disclosed in paragraphs 3.1 to 3.18 of this Part XV as at the date of this Document:
1. no issued Shares of the Company are under option or have been agreed conditionally or unconditionally to be put under option;
 2. no Share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
 3. no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the Share or loan capital of the Company;
 4. no persons have preferential subscription rights in respect of any Share or loan capital of the Company or any subsidiary;
 5. no amount or benefit has been paid or is to be paid or given to any promoter of the Company; and
 6. the Company will have no short, medium or long term indebtedness.

4. SUBSTANTIAL SHAREHOLDERS

- 4.1 Save for the interests of the Directors and Proposed Directors, which are set out in paragraph 6.1 of this Part XV, the Company is aware of the following persons who hold, or will on Admission hold, directly or indirectly, voting rights representing five per cent. or more of the Voting Rights of the Company:

Shareholder	Holding at LPD	% at LPD	Holding on Re-admission	% on Re-admission
Cameron Pearce	6,000,000	13.9%	7,800,000	1.9%
Azalea Family Holding Pty Ltd*	3,000,000	6.9%	3,000,000	0.7%
Optiva Securities Limited	2,666,667	6.2%	2,666,667	0.6%
Shard Capital Partners LLP	2,800,000	6.5%	2,800,000	0.7%
Sebastain Jurd**	Nil	Nil	40,884,130	9.9%
Allan Mulligan***	Nil	Nil	36,321,398	8.8%

*Winton Willesee is a Connected Person to Azalea Family Holding Pty Ltd, the legal holder of the Shares. Azalea Family Holding Pty Ltd. Is a corporate trustee for a trust, The Britt and Winton Willesee Family Trust, which trust is the beneficial holder of the Shares.

**Sebastian Jurd holds an aggregate of 40,884,130 ordinary shares on Re-admission. The holdings are aggregated as follows; Bowden Minerals Pty Ltd 28,049,881, SABA Nominees Pty Ltd (9,137,986), Ruy Lopez Pty Ltd (2,19,255) and the GBA Foundation (1,677,008).

***Allan Mulligan holds an aggregate of 36,321,398 ordinary shares on Re-admission. The holdings consist of shares held directly by Allan Mulligan (15,586,591), Indigo Buffalo Pty Ltd (18,000,974) and the receipt of 2,733,833 Fee Shares in lieu of accrued and future director fees.

- 4.2 The Company is not aware of any person who, either as at the date of this Document or immediately following the Admission, exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company.
- 4.3 Any person who is directly or indirectly interested in five per cent. (5%) or more of the Company's Voting Rights, is required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules, and such interests will be notified by the Company to the public.
- 4.4 No Shareholder of the Company holds any class of share that at the date of this Document or following Admission will have different Voting Rights from other holders of Shares.

5. SHARE OPTIONS

- 5.1 As at the date of this Document, the Company has entered into share option deeds with the following directors and consultants granting the following options (the "**Existing Options**"):

Name of Option Holder	Number of Options	Expiry of Option Period	Exercise Price (pence)
Cameron Pearce	950,000	5 years from Re-admission	4
Azalea Family Holding Pty Ltd*	950,000	5 years from Re-admission	4
Daniel Rootes	950,000	5 years from Re-admission	4
Lionshead Consultants Limited**	950,000	5 years from Re-admission	4

*Winton Willesee is a Connected Person to Azalea Family Holding Pty Ltd, the legal holder of the Shares. Azalea Family Holding Pty Ltd. Is a corporate trustee for a trust which trust is the beneficial holder of the Shares.

**Sam Quinn is a Connected Person to Lionshead Consultants Limited.

5.2 The Existing Options will vest upon Admission. Further details of the share option deeds granting the Existing Options are set out in paragraph 21.12 of this Part XV.

5.3 As noted in paragraph 3.14 of this Part XV, subject to the passing of the Resolutions, the Company intends to adopt the Share Option Scheme pursuant to which options to subscribe for new Shares will be granted, including grants to the Directors and Proposed Directors with effect from Admission as set out below:

Name of Option Holder	Number of Options	Vesting Conditions	Expiry of Option Period	Exercise Price (pence)**
Cameron Pearce	2,000,000	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant	Placing Price
Lionshead Consultants Limited**	2,000,000	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant	Placing Price
Joseph Belladonna	8,000,000	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant	Placing Price
Allan Mulligan	8,000,000	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant	Placing Price
Timothy Morrison	5,000,000	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant	Placing Price
Jay Stephenson	2,400,000	1/3 immediately, 1/3 in 6 months and 1/3 in 12 months from grant	5 years from the date of grant	Placing Price

**Sam Quinn is a Connected Person to Lionshead Consultants Limited.

6. DIRECTORS' AND PROPOSED DIRECTORS INTERESTS

6.1 The interests of the Directors and Sam Quinn as a Proposed Director and their respective connected persons (within the meaning of section 252 of the Companies Act) in the issued share capital of the Company, on Admission, all of which are beneficial, are as follows:

Name	Number of Shares at LPD	Number of Shares on Re-admission	% on Re-admission*
Cameron Pearce	6,000,000	7,800,000	1.9
Azalea Family Holding Pty Ltd*	3,000,000	3,000,000	0.7
Daniel Rootes	1,000,000	1,000,000	0.2
Allan Mulligan**	Nil	36,321,398	8.8
Joseph Belladonna	Nil	8,699,821	2.1
Timothy Morrison	Nil	3,763,134	0.9
Sam Quinn***	1,250,000	2,916,666	0.7

*Winton Willesee is a Connected Person to Azalea Family Holding Pty Ltd. Azalea Family Holding Pty Ltd. is a corporate trustee for a trust which trust is the beneficial holder of the Shares

**Allan Mulligan holds an aggregate of 36,321,398 ordinary shares on Admission. The holdings consist of shares held directly by Allan Mulligan (15,586,591), Indigo Buffalo Pty Ltd (18,000,974) and the receipt of 2,733,833 Fee Shares in lieu of accrued and future director fees

***Sam Quinn is a Connected Person to Lionshead Consultants Limited.

6.2 Save as disclosed in paragraph 6.1 and the Warrants and Options disclosed in paragraph 5 of this Part XV, as at the date of this Document, no Director, Proposed Director, or member of administrative, management or supervisory bodies have any interests in options or warrants or in the issued share capital of the Company.

7. SUMMARY OF MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company is incorporated in England and Wales as a company under the provisions of the Companies Act and therefore is subject to English law. Certain provisions of the Companies Act are summarised below. The following is not intended to provide a comprehensive review of the applicable law, or of all provisions which differ from equivalent provisions in jurisdictions, with which interested parties may be more familiar. This summary is based upon the law and the interpretation of the law applicable as at the date of this Document and is subject to change.

7.1 Memorandum of Association

The provisions contained in the Company's Memorandum of Association determining its objects state that the Company's main activity is that of a general commercial company.

7.2 Shares

Subject to any limitation or provisions to the contrary contained in the memorandum or articles of association of a company, the issuance of shares and other securities in a company are under the control of its Directors. Under the Articles all unissued shares in the Company shall be at the disposal of the Board who, subject to being authorised to do so by the Company by an ordinary resolution, may allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of them or rights to subscribe for or convert any security into shares to such persons, at such times and generally on such terms and conditions as the Board may decide.

7.3 Articles of Association

The Articles of Association of the Company, contain, *inter alia*, the following provisions relating to the rights attaching to Shares

- (a) There are no rights of pre-emption in respect of transfers of issued Shares. However, in certain circumstances, the Company's Shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to place new shares for allotment of existing Shareholders on a pro-rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares are offered to the Company's Shareholders.
- (b) In order to transfer Shares, the instrument of transfer of any such shares must be in any usual form or in such other form as may be approved by the Directors and must be executed by or on behalf of the transferor and, if the shares are not fully paid, by or on behalf of the transferee. The Articles of Association contain no restrictions on the free transferability of fully paid shares, provided that the transfer is in respect of only one

class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles of Association relating to the deposit of instruments for transfer have been complied with.

- (c) Each Share confers the rights to receive notice of and attend all meetings of shareholders. Each holder of Shares present at a general meeting in person or by proxy has one vote, and, on a poll, one vote for each Share of which he is the holder.
- (d) On a winding up a liquidator may, with the sanction of an extraordinary resolution of the Company, divide amongst the holders of the Company's shares (in specie or in kind) the whole or any part of the assets of the Company, and may, with the like sanction, determine how such diversion is to be carried out.
- (e) The Shares confer upon their holders the right to participate in any profits which the Company may from time to time determine to distribute in respect of any financial period.
- (f) Subject to the provisions of the Act and if the profits of the Company justify such payments, the Directors may declare and pay interim dividends on shares of any class of such amounts as and when they think fit. All dividends are apportioned and paid pro-rata according to the amounts paid on the shares. No dividend or other monies payable on or in respect of a share will bear interest as against the Company. The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien, and may apply them towards the satisfaction of the debts, liability or engagements in respect of a lien. A dividend may be retained if a shareholder has failed to comply with the statutory disclosure requirements of the Act. Any dividend unclaimed for twelve years will be forfeited and revert to the Company;
- (g) Subject to the provisions of the Act, the Company may purchase any of its own shares, provided that the terms of any contract under which the Company will or may become entitled or obliged to purchase its own shares be authorised by an ordinary resolution of the Company in a general meeting before the Company enters into such a contract;
- (h) All or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class. At every such separate general meeting the quorum is two persons holding or representing by proxy one-third in nominal value of the issued shares of that class; and
- (i) The Company may make arrangements for any class of its shares to be issued in uncertificated form and in accordance with and subject as provided in The Uncertificated Securities Regulations 2001 and transfer of title of those shares shall be effected by means of relevant system in the manner provided for and subject as provided for in the Uncertificated Securities Regulations 2001. Shares held in certificated form and those held in uncertificated form may be changed to certificated form.

Shares are defined in the Articles as "shares in the Company". The rights attaching to the shares, as set out in the Memorandum and the Articles, and other key provisions, are set out as follows.

7.3.1.1 **Rights of Shareholders**

The Articles provide that each Share confers upon the Shareholder:

- (1) the right to one vote on a show of hands and on a poll to one vote for every share of which he is the holder at a meeting of the Shareholders.
- (2) the right to receive dividends according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid by the Company; and

the right in the distribution of the surplus assets of the Company on its liquidation to a share in proportion to the amount to which, at the commencement of the winding, the shares held by him are paid up.

7.3.1.2 **Variation of rights**

Subject to the provisions of the Companies Act, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles. The foregoing provisions of this paragraph shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied.

7.3.1.3 **Transfers of shares**

Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the Board or in the case of uncertificated shares without a written instrument in accordance with the Uncertificated Regulations. Any written instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect of it.

7.3.1.4 The Directors may also, in their absolute discretion, refuse to register any transfer of a certificated share unless the following conditions are satisfied:

- (a) it is in respect of only one class of shares;
- (b) it is in favour of a single transferee or not more than four joint transferees;
- (c) it is duly stamped (if so required); and
- (d) it is delivered for registration to the registered office of the Company or such other place as the Directors may decide, accompanied by the certificate for the shares to which it relates (except in the case of a person to whom the Company is not required by sections 769, 776, 777 or 778 of the Companies Act to issue a certificate, or in the case of a renunciation) and such other evidence as the Directors may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that if the Directors refuse to register the transfer, the instrument of transfer must be returned to the transferee as soon as practicable and in any event within 2 months, with the notice of refusal and reasons for refusal unless they suspect that the proposed transfer may be fraudulent. The Board will not exercise such discretion if it would conflict with the Listing Rules.

Purchase and Redemption of shares

Shares may be purchased, redeemed or otherwise acquired for any consideration provided that such redemption or Proposed Acquisition does not contravene the requirements of the Companies Act.

7.3.1.5 **Payment of dividends**

Subject to the provisions of the Companies Act and the Articles, the Company may, by ordinary resolution declare that dividends out of the Company's profits may be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

The Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Directors that the profits available for distribution justify the payment. If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

All dividends, interest or other sum payable and unclaimed after having been declared and become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

Unless otherwise provided by the rights attached to the share no dividend or other moneys payable by the Company or in respect of a share shall bear interest as against the Company.

7.3.1.6 **Return of capital**

Under the Articles, on a voluntary winding up of the Company the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different lands; and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he, with the like sanction, shall determine.

7.3.1.7 **Borrowing powers**

The business and affairs of the Company may be managed by, or under the direction or supervision of the Board. The Board has all the powers necessary for managing and for directing and supervising, the business and affairs of the Company. Subject to the Articles and to the provisions of the Companies Act, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, and all or any part of its property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Directors

- (a) Unless and until otherwise determined by the Company by ordinary resolution the number of Directors (other than any alternate Directors) shall be not less than two and there shall be no more than 15 Directors.
- (b) At every annual general meeting at least one third of the Directors who are subject to retirement by rotation, provided that if there is only one Director who is subject to retirement by rotation, he shall retire.
- (c) Without prejudice to the power of the Company to appoint any person to be a Director pursuant to the Articles the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with the Articles. Any Director so appointed shall hold office only until the annual general meeting of the Company next following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting. If not re-appointed at such annual general meeting, he shall vacate office at the conclusion thereof.
- (d) The Company may by resolution remove any Director before the expiration of his period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director and, without prejudice to any claim for damages which he may have for breach of any contract of service between him

and the Company, may (subject to the Articles) by resolution appoint another person who is willing to act to be a Director in his place.

- (e) No shareholding qualification is required by a Director.
- (f) The Directors may by resolution of Directors appoint officers of the Company at such times as may be considered necessary or expedient.

7.3.1.8 **Meetings of Shareholders**

Subject to the Companies Act, the Company must hold an annual general meeting in each period of six months beginning with the day following its accounting reference date (in addition to any other general meeting held in that period). Any annual general meeting so convened shall be held at such a time and place as the Board may determine

The Directors may call a general meeting whenever they think fit. At any meeting so convened (or any meeting requisitioned pursuant to section 303 of the Companies Act) no business shall be transacted except that proposed by the Board or stated by the requisition. If there are not sufficient members of the Board to convene a general meeting, any Director or any member of the Company may call a general meeting.

Any annual general meeting shall be convened by not less than twenty-one clear days' notice in writing. Other general meetings shall be convened by not less than fourteen clear days' notice in writing. Notwithstanding that a meeting is convened by a shorter notice than that specified in the Articles, it shall be deemed to have been properly convened if it is so agreed by all members entitled to attend and vote in the meeting.

No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending the meeting do not constitute a quorum. If the Company has only one member entitled to attend and vote at the general meeting, one qualifying person present at the meeting and entitled to vote is a quorum; provided that in all cases two qualifying persons present at the meeting and entitled to vote are a quorum.

If a general meeting was requisitioned by members and the persons attending the meeting within 30 minutes of the time at which the meeting was due to start (or such longer time as the chairman of the meeting decides to wait) do not constitute a quorum, or if during the meeting a quorum ceases to be present, the meeting is dissolved. In the case of a general meeting other than one requisitioned by members, if the persons attending the meeting within 30 minutes of the time at which the meeting was due to start (or such longer time as the chairman of the meeting decides to wait) do not constitute a quorum, or if during the meeting a quorum ceases to be present, the chairman of the meeting must adjourn it. The continuation of a general meeting adjourned for lack of quorum it to take place either: on a day that is not less than 14 days but not more than 28 days after it was adjourned and at a time and/or place specified for the purpose in the notice calling the meeting; or where no such arrangements have been specified, on a day that is not less than 14 days but not more than 28 days after it was adjourned and at such time and/or place as the chairman of the meeting decides (or, in default, the Directors decide). At an adjourned meeting the quorum is one qualifying person present and entitled to vote. If a quorum is not present within five minutes from the time fixed for the start of the meeting, the adjourned meeting is dissolved.

7.3.1.9 **Pre-emption rights of Shareholders**

Shareholders have pre-emption rights as set out in the Companies Act, subject to any additional authority given by special resolution. The pre-emption provisions shall not apply to the allotment of any shares for a consideration other than cash or in connection with an employees' share scheme, and, accordingly, the Directors may allot or otherwise dispose of any unissued shares in the capital of the Company for a consideration other than cash to such persons at such times and generally on such terms as they may think fit.

A reference in the foregoing paragraphs to the allotment of any shares includes the grant of a right to subscribe for, or to convert any securities into, shares but such reference does not include the allotment of any relevant shares pursuant to such a right

7.3.1.10 **Management**

Subject to the provisions of the Companies Act, the Memorandum and the Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company whether relating to the management of the business or not. No alteration of the Memorandum or the Articles and no such direction given by the Company shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. Provisions contained in the Articles as to any specific power of the Board shall not be deemed to limit the general powers given by the Articles

7.3.1.11 **Accounting and auditing requirements**

Under the Articles, the Directors must ensure that accounting records are kept in accordance with the Companies Act. The accounting records shall be kept at the registered office of the Company or, subject to the Companies Act, at another place decided by the Directors and shall be available during business hours for the inspection of the Directors and other officers. No member (other than a Director or other officer) has the right to inspect an accounting record or other document except if that right is conferred by the Companies Act or he is authorised by the Directors or by an ordinary resolution of the Company.

The Directors may determine that persons entitled to receive a copy of the Company's annual accounts, the directors' report, the strategic report, the directors' remuneration report, the auditors' report on those accounts and on the auditable part of the directors' remuneration report are those persons entered on the register at the close of business on a day determined by the Directors; provided that, if the Company is a participating issuer, the day determined by the Directors may not be more than 21 days before the day that the relevant copies are being sent.

A printed copy of the Directors' and auditors' reports accompanied by printed copies of the annual accounts (including every document required by law or regulations applicable to the Company to be comprised in them or annexed or attached to them) shall not less than twenty-one clear days before the meeting before which they are to be laid, be delivered, sent by post or sent by Electronic Communication to every member who is entitled to receive notices from the Company and holder of debentures of the Company and to the auditors and to every other person who is entitled to receive notice of general meetings.

7.3.1.12 **Winding up**

The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

Under the Articles, on a voluntary winding up of the Company the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different lands; and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he, with the like sanction, shall determine.

If the Company is wound up the liquidator may, set the value he deems fair on a class or classes of property; and determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be earned out between members or classes of members. The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

7.3.1.13 **Disclosure of Interests in shares**

The provisions of Chapter 5 of the Disclosure and Transparency Rules and section 793 of the Companies Act apply to the disclosure of interests in shares.

Chapter 5 details the circumstances in which a person may be obliged to notify the Company that he has an interest in voting rights in respect of shares (a “**notifiable interest**”). An obligation to notify the Company arises: (a) when a person becomes or ceases to be interested (by way of a direct or indirect holding of shares or of certain “Qualifying Financial Instruments” (as defined in the Disclosure and Transparency Rules) or other instruments creating a long position on the economic performance of the shares) in three per cent. or more of the voting rights attaching to the shares; and (b) where such person’s interests alters by a complete integer of one per cent. of the voting rights attaching to the shares.

The Companies Act permits the Company to serve a notice on any person where the Company has reasonable cause to believe such person is interested in the shares or has been interested in the shares at any time during the three years immediately preceding the date on which the notice is issued. Such notice may require the person to confirm or deny that he has or was interested in the shares and, if holds, or has during that time held, any such interest to give such further information as may be required in accordance with the Articles. Where such Shareholder fails to comply with the terms of the notice within the period specified in such notice the Shareholder will be in default (such Shareholder’s shares being referred to as “**Default Shares**”). The Board may direct that voting rights and dividend rights be suspended in respect of Default Shares.

Under the Disclosure and Transparency Rules, a person must notify the Company of the percentage of its voting rights if, at any time after the date on which the Articles came into force the percentage of voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (or a combination of such holdings):

- (a) reaches, exceeds or falls below 3 per cent, 4 per cent, 5 per cent, 6 per cent, 7 per cent, 8 per cent, 9 per cent, 10 per cent and each 1 per cent threshold thereafter up to 100 per cent; or
- (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Articles.

A person shall not be required to aggregate his holdings in the circumstances prescribed in rule 5.4 of the Disclosure and Transparency Rules.

The Company must at the end of each calendar month during which an increase or decrease has occurred, notify to a Regulatory Information Service for distribution to the public the total number of voting rights and capital in respect of each class of share which it issues.

An obligation to give a notice to the Company in relation to notifying of the change in his percentage of voting rights shall be fulfilled as soon as possible and in any event before the end of the second working day after the relevant person learns the relevant threshold was reached or crossed.

In addition, under the Articles, and in accordance with the process set out under the Articles, where notice is served by the Company under section 793 of the Act (a “**section 793 notice**”) on a member, or another person appearing to be interested in shares held by that member, and the member or other person has failed in relation to any shares (the “**default shares**”, which expression includes any shares allotted or issued after the date of the section 793 notice in respect of those shares) to give the Company the information required within the prescribed period from the date of service of the section 793 notice, the following sanctions apply, unless the Directors otherwise decide:

- (1) the member shall not be entitled in respect of the default shares to be present or to vote (either in person, by proxy or by corporate representative) at a general

meeting or at a separate meeting of the holders of a class of shares or on a poll; and

- (2) where the default shares represent at least 0.25 per cent in nominal value of the issued shares of their class (excluding any share of their class held as treasury shares):
- (a) a dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it, and the member shall not be entitled to elect, under article 106, to receive shares instead of a dividend, and
 - (b) no transfer of any certificated default shares shall be registered unless the transfer is an excepted transfer; or
 - (I) the member is not himself in default in supplying the information required; and
 - (II) the member proves to the satisfaction of the Directors that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

7.4 Dividends and distributions

Subject to the provisions of the Companies Act, the Company's memorandum and articles of association, Directors may declare dividends in money, shares or other property provided they determine the company will pass the solvency test (i.e. the value of the company's assets will exceed its liabilities and it will be able to meet its debts as they fall due).

8. CAPITALISATION AND INDEBTEDNESS OF HARENA

8.1 Capitalisation

The following table shows Harena's capitalisation as at 31 December 2024, as extracted from Harena's unaudited management information as at that date:

	Unaudited As at 31 December 2024 A\$'000s
Total Current Debt	
– Guaranteed	–
– Secured	5,000,000
– Unguaranteed/unsecured	–
Total Non-Current Debt (excluding current portion of long-term debt)	
– Guaranteed	–
– Secured	–
– Unguaranteed/unsecured	–
Shareholders' Equity	
Share capital	1,160,000
Share premium	–
Other reserves	260,000
Total capitalisation	6,420,000

There has been no material change in the capitalisation of Harena since 31 December 2024.

Indebtedness

The following table shows Harena's indebtedness as at 31 December 2024, as extracted from Harena's unaudited management information as at that date:

	Unaudited As at 31 December 2024 A\$'s
A. Cash	3,937
B. Cash equivalent	–
C. Trading securities	–
D. Liquidity (A) + (B) + (C)	3,937
E. Current financial receivable	–
F. Current bank debt	–
G. Current portion of non-current debt	–
H. Other current financial debt	5,000,000
I. Current Financial Debt (F) + (G) + (H)	5,000,000
J. Net Current Financial Indebtedness (I) – (E) – (D)	4,996,063
K. Non-current bank loans	–
L. Bonds issued	–
M. Other non-current loans	–
N. Non-current Financial Indebtedness (K) + (L) + (M)	–
O. Net Financial Indebtedness (J) + (N)	4,996,063

There has been no material change in the indebtedness of Harena since 31 December 2024.

As at 31 December 2024, Harena had no indirect or contingent indebtedness.

9. CITY CODE ON TAKEOVERS AND MERGERS

The Takeover Code is issued and administered by the Panel. The Takeover Code applies to all takeover and merger transactions, however effected, where the offeree company is, a listed or unlisted public company with its registered office and its place of central management and control in the United Kingdom. The Company is such a company and its Shareholders are entitled to the protections afforded by the Takeover Code.

See Part V of this Document for further details on of Rule 9 of the Takeover Code and the Concert Party.

10. WORKING CAPITAL

The Company is of the opinion that, taking into account the Net Proceeds, the working capital available to the Enlarged Group is sufficient for its present requirements, that is, for a period of 12 months from the date of this Document.

In the audited financial statements for the year ended 30 April 2024, the Company's auditor reported a qualified opinion on the basis they were unable to obtain sufficient appropriate audit evidence to support the going concern assumption for the company and noted "the Company has to date not completed the proposed RTO of Harena and the Ampasindava Rare Earths Project in Madagascar. If the proposed RTO completes, further working capital will be required in order to fund the operations of the enlarged group for at least 12 months and to bring the acquired mining project into production. At the date of approval of these financial statements a prospectus setting out details of the proposed RTO transaction and details of the proposed funding therefor had not been completed. If the proposed RTO does not complete the Directors would require further working capital in order to fund the Company's operating costs as it continues to seek a suitable acquisition, or take other action which could include winding up the Company. At the date of approval of these financial statements the availability of additional capital is not guaranteed.

In the audited financial statements for Harena for the 12 months to 30 June 2024 the auditors noted a material uncertainty relating to the ability of Harena to continue as a going concern due to the availability of further financing.

Under the Fundraising, the Company has procured irrevocable commitments from Placees and Subscribers to subscribe for the full amount of Placing Shares and Subscription Shares, and there are no conditions attached to such irrevocable commitments other than Admission. Admission in turn, is conditional on, and will only occur on completion of the Fundraising.

Accordingly, notwithstanding these historic qualifications to the accounts for both the Company and Harena, the Directors and Proposed Directors are satisfied that following Admission and receipt of the Net Proceeds, the working capital available to the Enlarged Group is sufficient for the Enlarged Group's present requirements, that is, for at least 12 months from the date of this Prospectus the Company as a result the Enlarged Group will have access to adequate financial resources for the Working Capital Period.

11. FURTHER DISCLOSURES ON DIRECTORS AND PROPOSED DIRECTORS

11.1 The Directors and the Proposed Directors have or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this Document, other than the Company:

Director/Proposed Director	Current directorships and partnerships	Previous directorships and partnerships
Joseph Belladonna	Nil	Nil
Allan Mulligan	Nil	Walkabout Resources Ltd Future Metals NL
Timothy Morrison	Bloomgold Resources Pty Ltd Trigg Minerals Limited K2O Minerals Ltd Adelaide Exploration Pty Ltd	Galena Mining Limited Abra Pty Ltd Empire Capital Partners Plenkung Capital Pte Ltd Able Resources Pty Ltd Powertech Metals Pte Ltd Hempire Pty Ltd Heavy Water Pty Ltd
Cameron Pearce	Blencowe Resources Plc Polish Coal Resources Limited JLP Nominees Pty Ltd Waitaki Pty Ltd	CEB Resources plc Black Gibb Pty Ltd Pangaea Energy Limited Forum Energy Limited Kabuni Limited Mantle Diamonds Limited Glenwick plc Stallion Resources plc Emmerson plc
Sam Quinn	Tees Valley Lithium Limited Blencowe Batteries Uganda SMC Limited Port Hedland Lithium Pty Ltd Alkemy Capital Investments plc Sedgwick Resources Limited Consolidated African Resources (Uganda) Limited Gem Recovery Systems Limited Blencowe Resources plc Savannah Minerals Limited Tectonic Gold plc Lionshead Consultants Limited Red Rock Resources plc Nutrimentum (UK) Limited Ceylon Phosphates (UK) Limited Ceyphos Fertilisers (Private) Limited	Parq Capital Management (UK) Limited Glenwick plc Dragon Diamond Ventures Limited Foriet Oy Marula Gold Mines (Pty) Ltd BMR Resources Bulgaria EAD BMR Resources Poland Sp Zoo Dragon Resource Ventures Limited Balkan Mineral Resources Limited Direct Excellence Limited Emmerson plc Diamond Manufacturing Corporation Maseru (Pty) Ltd Pacific Petroleum Holdings plc International Diamond Consultants limited Meso Diamonds (Pty) Ltd Botle Diamonds (Pty) Ltd Kopje (Pty) Ltd Trident Resources plc Balkan Mineral Resources Limited

Director/Proposed Director	Current directorships and partnerships	Previous directorships and partnerships
Winton Willesee	Atlas Aalia Pty Ltd Azalea Accounting Services Pty Ltd Azalea Consulting (International Services) Pty Ltd Azalea Consulting Pty Ltd Azalea Corporate Services Pty Ltd Azalea Family Holdings Pty Ltd Azalea Investments Pty Ltd BlueMojo Trading Pty Ltd Burke Copper Pty Ltd Chincherinchee Nominees Pty Ltd Cobra Resources Pty Ltd Colony Homewares Proprietary Ltd Ding Sheng Xin Finance Co. Limited DSX Finance Australia Pty Ltd Epichemistry Pty Limited FutureOn AS Pty Ltd Ironhawk Resources Limited Kingston Agricultural Products Pty Ltd Kingston One Pty Limited Lancaster Resources Pty Ltd Mas Parea Proprietary Ltd Meta Minerals Pty Ltd Mobile Foods Pty Ltd Nanollose Limited Ofoten Minerals Pty Ltd Old Seeds Pty Limited One Click Group Limited Peony Assets Pty Ltd Proficient Capital Pty Limited Pythagoras Resources Pty Limited Rendezvous Property Pty Ltd Rio Verde Holdings Pty Ltd Scandinavian Resource Holdings Pty Ltd Silverinch Pty Limited Stanford Rocks Pty Ltd Stonehorse Nominees Pty Ltd Wattle Collective Pty Ltd Wisteria Ventures Pty Ltd	Atacama Holdings Pty. Ltd Ausco Brake and Axle Pty Ltd Bridge SaaS Limited Burke Minerals Pty Ltd eSense-Lab Ltd Fortitude Security Group Limited Hygrovest Limited Neurotech International Limited New Zealand Coastal Seafoods Limited SeedX Ventures Limited Topia Resources Pty Ltd VGI Big Bang Pty Ltd VGI VMall Limited

Daniel Rootes:
no relevant appointments

11.2 At the date of this Document no Director or Proposed Director:

- has had any convictions in relation to fraudulent offences within the previous five years prior to the date of this Document;
- has been declared bankrupt or has been a director of a company or been a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years prior to the date of this Document which has entered into any bankruptcy, receivership or liquidation proceedings;
- has been the subject of any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) within the previous five years prior to the date of this Document;
- has been disqualified by a court from acting as a director of any company or as a member of the administrative, management or supervisory bodies of any company or

from acting in the management or conduct of the affairs of any company within the previous five years prior to the date of this Document;

- has any family relationship with any of the other Directors or Proposed Directors;
- has had any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by or to the Company, or any such interest in any contract or arrangement subsisting at the date of this Document and which is significant to the business of the Company; and
- has any potential conflict of interest between his duties to the Company and their private interests or other duties.

12. DIRECTORS' AND PROPOSED DIRECTORS' TERMS OF EMPLOYMENT OR SERVICE

12.1 Cameron Pearce – Service Agreement

Pursuant to an executive services agreement dated 24 November 2020, between the Company and Cameron Pearce, Mr Pearce is employed as the Executive Officer and Director of the Company. From Admission the executive services agreement shall be terminated but Mr Pearce will continue to receive fees of £36,000 per annum as a Non-Executive Director pursuant to a letter of appointment, effective from Admission, dated 25 February 2025. For the first year following Re-admission, up to 100% of the fee will be paid in Ordinary Shares with any balance in cash. The appointment is for a term of 24 months from Admission and thereafter can be terminated by the Company on six months written notice or by Mr Pearce on three months written notice. If there is a change of control (as defined in the letter of appointment), Mr Pearce will be entitled to 100% of his annual fee as a lump sum payment if the Company terminates his appointment, or if Mr Pearce chooses to terminate his appointment within 12 months following a change of control. On termination Mr Pearce is subject to restrictive covenants given in favour of the Company. The Director is not entitled to any additional remuneration, bonus or other payment on completion of the Proposed Acquisition.

12.2 Winton Willesee – Letter of Appointment

Pursuant to a letter of appointment dated 24 November 2020 between the Company and Winton Willesee, Mr Willesee is engaged as a Non-Executive Director of the Company with fees of £24,000 per annum. The appointment is for an initial term of 24 months and thereafter can be terminated by the Company on six months written notice or Mr Willesee on three months written notice. If there is a change of control (as defined in the letter of appointment), Mr. Willesee will be entitled to 100% of his annual fee as a lump sum payment if the Company terminates his employment, or if Mr Willesee chooses to terminate his appointment within 12 months following a change of control. The Director is not entitled to any additional remuneration, bonus or other payment on completion of the Proposed Acquisition and this letter of appointment will be terminated with effect from Admission.

12.3 Daniel Rootes – Letter of Appointment

Pursuant to a letter of appointment dated 16 April 2020, as amended by deed of amendment dated 24 November 2020, between the Company and Daniel Rootes, Mr Rootes is engaged as a Non-Executive Director of the Company with fees of £6,000 per annum, which fee is payable from the date of the deed of amendment. Under the deed of amendment Mr. Rootes agreed to reduce his director's fee and the higher fee was paid from the date of his appointment to the date of the deed of amendment. The appointment is for an initial term of 24 months and thereafter can be terminated by the Company on six months written notice or Mr Rootes on three months written notice. If there is a change of control (as defined in the letter of appointment), Mr Rootes will be entitled to 100% of his annual fee as a lump sum payment if the Company terminates his employment, or if Mr Rootes chooses to terminate his appointment within 12 months following a change of control. The Director is not entitled to any additional remuneration, bonus or other payment on completion of the Proposed Acquisition and this letter of appointment will be terminated with effect from Admission.

12.4 **Joseph Belladonna – Executive Services Agreement**

Pursuant to an executive services agreement dated on or about 1 August 2023, as amended on 15 October 2024, with such amendments to take effect from Re-admission, between Harena and Joseph Belladonna, Mr Belladonna is employed as the Managing Director of Harena. Mr Belladonna receives a fee of AS\$1,500 per day as a casual employee of which 50% will be paid in cash and 50% will be deferred and accrued. The accrued portion will be paid on Re-admission. From Re-admission Mr Belladonna is to receive a salary of £120,000 per annum, plus statutory superannuation. For the first year following Re-admission, up to 50% of the salary will be paid in Ordinary Shares and the balance in cash. Subject to performance, Mr Belladonna may become entitled to a bonus payable in cash, shares or share options. The appointment is not for a fixed period and may be terminated by either party on giving three months written notice. If there is a change of control of Harena (as defined in the agreement) or a significant diminution of his status at any time, Mr Belladonna will be entitled to a payment equal to 100% of his annual salary as a lump sum payment.

12.5 **Allan Mulligan – Executive Services Agreement**

Pursuant to an executive services agreement dated 18 March 2024, with a commencement date of 1 July 2023, between Harena and Allan Mulligan, Mr Mulligan is employed as the Technical Director of Harena. Mr Mulligan receives a salary of AS\$100,000 per annum plus statutory superannuation. From Re-Admission Mr Mulligan is to receive a salary of £100,000 per annum, plus statutory superannuation. For the first year following Re-admission, up to 50% of the salary will be paid in Ordinary Shares and the balance in cash. Subject to performance, Mr Mulligan may become entitled to a bonus payable in cash, shares or share options. The appointment is not for a fixed period and may be terminated by either party on giving six months written notice. If there is a change of control of Harena (as defined in the agreement) or a significant diminution of his status at any time, Mr Mulligan will be entitled to a payment equal to 100% of his annual salary as a lump sum payment.

12.6 **Timothy Morrison – Letter of Appointment**

Harena and Timothy Morrison entered into a letter of appointment dated 3 November 2023, which is stated to take effect from 22 December 2022 pursuant to which Mr Morrison is engaged as Non-Executive Chairman of Harena with fees of £24,000 per annum. For the first year following Re-admission, up to 100% of the fee will be paid in Ordinary Shares with any balance in cash. The appointment is until such time as a meeting is held at which Mr Morrison is not re-elected as a director by the shareholders of Harena.

12.7 **Sam Quinn – Letter of Appointment**

The Company and Mr. Quinn have entered into a letter of appointment, effective from Admission, dated 25 February 2025 pursuant to which Mr Quinn is engaged as a Non-Executive Director with fees of £18,000 per annum. The appointment is for a term of 24 months from Admission and thereafter can be terminated by the Company on six months written notice or by Mr Quinn on three months written notice. If there is a change of control (as defined in the letter of appointment), Mr Quinn will be entitled to 100% of his annual fee as a lump sum payment if the Company terminates his appointment, or if Mr Quinn chooses to terminate his appointment within 12 months following a change of control.

13. **PENSION ARRANGEMENTS**

13.1 There are no existing arrangements or proposals existing in connection with the Admission whereby any member of the administrative, management or supervisory bodies of the Company or any other person which provide for benefits upon termination of employment or in connection with retirement from office with the Company or any of its subsidiaries.

14. **EMPLOYEES AND PREMISES**

14.1 In addition to the Directors and the Proposed Directors set out at paragraph 12 of Part XV of this Document the Enlarged Group will have no employees as at Admission being 21 March 2025.

14.2 As at the date of this Document, the Company has no premises.

15. SUBSIDIARIES

15.1 Following Admission the Company will be the ultimate holding company of the following subsidiaries:

Name	Country of Incorporation and Company Number	Date of Incorporation	Issued/Stated Share Capital	% Owned by the Company	Statutory Managers	Activity
Harena Resources Pty Ltd	Australia ACN No. 658 908 055	21/4/2022	127,416,666	100%	Jay Stephenson	Australian holding company
Reenova Global Pte. Ltd	Singapore Co No. 200921168C	11/11/2009	100,000	100%	Choi Meng Yee Symbiosis Consulting Pte Ltd	Singaporean holding company
Reenova Holding (Mauritius) Limited	Mauritius Co No. 077013 C2/GBL	16/01/2008	12,958,726	75%	Open Skies PL	Mauritian holding company
Reenova Rare Earth (Malagasy) S.A.R.L.U.	Madagascar Co No. NIF 3000295709	23/01/2008	10,000,000	75%	Allan Mulligan Njara Raoily	Project company owning 100% of the Project

16. DILUTION OF SHARE CAPITAL

16.1 The issue of the Placing Shares, Subscription Shares, Fee Shares and Consideration Shares will constitute 90% of the Enlarged Share Capital and the interests of Existing Shareholders will be diluted accordingly. If the Performance Shares are issued in full it will dilute the Enlarged Share Capital by 32%.

16.2 The Directors are authorised to issue Shares pursuant to the grant of the Existing Warrants and the Existing Options as set out in paragraph 5 of this Part XV. In addition, subject to passing the Resolutions, the Company may issue Shares pursuant to the New Warrants and the Share Option Scheme constituting in aggregate up to 10% of the issued Shares from time to time, including pursuant to the New Options.

17. RELATED PARTY TRANSACTIONS

Save as set out in the financial information set out in Parts IX and X of this Document, since the incorporation of the Company on 15 April 2020, the Company has not completed any related party transactions.

18. SOURCES OF CASH, LIQUIDITY AND CASH USES

18.1 The Enlarged Group's ability to finance its strategy in the 12 months following Admission and to meet the Enlarged Group's obligations as they become due will be fulfilled by cash currently held by the Company, the Net Proceeds and Company Loan Note. It will use such cash primarily to provide working capital to the Enlarged Group to enable it to execute its strategy as described under paragraph 5 of Part I of this Document. As at the date of this Document, the Enlarged Group had cash resources of £33,900.

19. SIGNIFICANT CHANGE

19.1 The Company

Since 31 October 2024 (being the date to which the Company's latest published unaudited financial information has been prepared and which is incorporated by reference in Part VIII (B) "Financial Information of the Company" of this Document), there has been no significant change in either the financial performance or the financial position of the Company to the date of this Document.

19.2 Harena

Since 30 June 2024 (being the date to which Harena's latest published audited financial information has been prepared and which is contained in Part VIII (C) "Historical Financial Information of Harena" of this Document), there has been no significant change in either the financial performance or the financial position of Harena to the date of this Document.

20. CREST

20.1 The Shares to be issued in connection with the repayment and settlement of the Fundraising, the Fee Shares and the Consideration Shares will be in registered form and may be held in either certificated form or uncertificated form, except as otherwise described herein. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. The Articles permit the holding of Shares in CREST. Accordingly, settlement of transactions in the Shares following Admission may take place within CREST if any Shareholder so wishes. However, CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so. The records in respect of Shares held in uncertificated form will be maintained by Euroclear and the Company's Registrar, Share Registrars Limited.

21. MATERIAL CONTRACTS

The following material contracts are those contracts which have been entered into by the Company: and Harena (a) in the two years immediately preceding the date of this Document (other than in the ordinary course of business); and (b) which contain any provision under which the Company or Harena (as the case may be) has any obligation or entitlement which is material to the Company or Harena as at the date of this Document (other than those entered into in the ordinary course of business):

DOCUMENTS RELATING TO ADMISSION

21.1 Placing Agreement

The Company entered into a placing agreement with Tavira on 25 February 2025, pursuant to which Tavira has agreed (conditional on Admission taking place no later than 30 April 2025), as agent for the Company, to use their reasonable endeavours to place the Placing Shares at the Placing Price with the subscribers selected by them. Under the Placing Agreement and subject to it becoming unconditional:

- the Company will pay to Tavira the commission and issue the Broker Warrants referred to in the Broker Agreement;
- the Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses; and
- the Placing Agreement contains warranties and indemnities given by the Company to Tavira as to the accuracy of the information contained in this Document and other matters relating to the Company and its business.

Tavira is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

21.2 Harena lock-in and orderly marketing agreements

Pursuant to the terms of lock-in and orderly marketing agreements entered into during October 2024 between each of either (a) the Harena Shareholders or the (b) Noteholders, and the Company and Tavira, the following lock-in restrictions and orderly market arrangements have been agreed:

- in respect of the Harena Shareholders, each Harena Shareholder, provided that they are not a Proposed Director, has agreed that it shall not, for a period of 6 months from Admission, dispose of any Consideration Shares, Performance Shares and Fee Shares held by them (directly or indirectly) on Admission, and for a further 6 months thereafter has agreed to only dispose of such Shares after the Company's broker has been given

an exclusive opportunity to place such shares (on specified minimum pricing terms); and

- in respect of the Noteholders, each Noteholder has, provided that that they are not also a Harena Shareholder and/or a Proposed Director, has agreed that, for a period of 12 months from Admission, it shall only dispose of any Consideration Shares, Performance Shares and Fee Shares held by them (directly or indirectly) on Admission after the Company's broker has been given an exclusive opportunity to place such shares (on specified minimum pricing terms);

provided that, with the consent, of Tavira and the Company, a Harena Shareholder or a Harena Noteholder may transfer all or any part of the Shares subject to the terms of its lock-in and orderly marketing agreements to a nominee, subject to such nominee entering into a lock in and orderly marketing agreement for the balance of the 6-month period(s) in a substantially similar form as the current lock in and orderly marketing agreement.

Where a Harena Shareholder and/or Noteholder is also a Proposed Director then then all Shares held by that Harena Shareholder and/or Noteholder, irrespective of the capacity in which they were allotted and issued the Shares, are subject to the lock-in restrictions and orderly marketing arrangements applying to Directors and Proposed Directors as set out in paragraph 21.3 of this Part XV.

Where a Noteholder is also a Harena Shareholder then all Shares held by that Noteholder, irrespective of the capacity in which they were allotted and issued the Shares, are subject to the lock-in restrictions and orderly marketing arrangements applying to a Harena Shareholder.

21.3 **Director and Proposed Directors lock-in and orderly marketing agreements**

Pursuant to the terms of the lock-in and orderly marketing agreements, with the Company and Tavira, each Director and the Proposed Directors have agreed to the following lock-in restrictions and orderly market arrangements:

- (a) in respect of the Shares held by them (directly or indirectly) on Admission, agreed that they shall not, for a period of 12 months from Admission, dispose of such Shares, and
- (b) for a further 6 months thereafter agreed to only dispose of such Shares after the Company's Broker has been given an exclusive opportunity to place such shares (on specified minimum pricing terms);

In aggregate, under the lock-in agreements referred to in paragraphs 21.1 and 21.2 of this Part XV, above, a total of 353,458,348 Shares representing approximately 85 per cent. of the Enlarged Issued Share Capital will be subject to a minimum of 6 months of restrictions on sales/disposals (including by way of orderly market obligations) following Admission.

21.4 **Broker Agreement**

On 2 January 2022, the Company entered into an engagement letter with Tavira pursuant to which Tavira agreed to act as broker to the Company in connection with any fundraising, including the Placing (the "**Broker Agreement**"). In consideration for this service, the Company will pay the following fees to Tavira:

- a retainer of £25,000 per annum, payable quarterly in advance;
- a commission of 5% of the gross proceeds of the total funds raised by Tavira, payable in cash on completion; and
- the grant of broker warrants, exercisable at the Placing Price of 5% of the total number of Placing Shares, exercisable for a term of 3 years from Admission.

21.5 **Pre-IPO Investor Warrants**

A deed of warrant grant dated 25 February 2025 has been created by the Company. The warrants are to be granted to investors who made an investment in the Company prior to the IPO ("**Pre-IPO Investors**"). The Warrants replace warrants that were issued to the Pre-IPO Investors at the time of the IPO and are Warrants over a total aggregate of 14,500,000 Ordinary Shares. Each Warrant is exercisable at 4p per Share at any time from the date of Re-admission for 2 years.

21.6 **IPO Investor Warrants**

A deed of warrant grant dated 25 February 2025 has been created by the Company. The Warrants are to be granted to investors who made an investment in the Company at the IPO (“**IPO Investors**”). The Warrants replace warrants that were issued to the IPO Investors at the time of the IPO and are Warrants over a total aggregate of 4,500,000 Ordinary Shares. Each Warrant is exercisable at 6p per Share at any time from the date of Re-admission for 2 years.

21.7 **Subscriber Warrants – to be issued on Admission**

A deed of warrant grant dated 25 February 2025 has been created by the Company pursuant to which warrants will be granted to each Subscriber. Each Subscriber will be granted a Warrant to subscribe for 1 Share, for each 2 Shares held by such shareholder. Each Warrant is exercisable at the Placing Price at any time from the date of Re-admission for 3 years.

21.8 **Broker Warrants – to be issued on Admission**

A deed of warrant grant dated 25 February 2025 has been created by the Company pursuant to which warrants will be granted to Tavira in accordance with the terms of the Broker Agreement. Tavira will be granted warrants over 703,333 Shares exercisable at 3p per Share at any time from the date of Re-admission for 3 years.

21.9 **Loan Note Arranger Warrants – to be issued on Admission**

A deed of warrant grant dated 25 February 2025 has been created by the Company pursuant to which warrants will be granted to GBA Capital Pty Ltd in accordance with the terms of the GBA Mandate Letter. GBA Capital Pty Ltd will be granted warrants over 1,283,421 Shares exercisable at the Placing Price at any time from the date of Re-admission for 3 years.

21.10 **Harena CLN Warrants – to be issued on Admission to the Noteholders under the Harena Convertible Loan Notes**

A deed of warrant grant dated 25 February 2025 has been created by the Company pursuant to which warrants will be granted to the Noteholders pursuant to the terms of the Noteholder Offer Documents. The Noteholders will be granted warrants over 57,041,098 Shares exercisable at 7p per Share at any time from the date of issue for 3 years.

21.11 **Loan Note Warrants created by the Loan Note Trust Deed – to be issued on Admission to the Loan Noteholders under the Loan Note Trust Deed**

Pursuant to the terms of the Loan Note Trust Deed, the Loan Noteholders will be granted warrants over 15,000,000 Shares exercisable at 4p per Share at any time from the date of issue of the Company Loan Notes for 3 years.

21.12 **Existing Share Option Deeds**

On 16 August 2021 the Company entered into a share option deed with each of Cameron Pearce, Azalea Family Holding Pty Ltd. (to which Winton Willesee is a Connected Person), Daniel Rootes and Lionshead Consultants Limited (to which Sam Quinn is a Connected Person). Each share option deed provided for the grant of options over 950,000 Shares (“**Existing Options**”). The Existing Options will vest on Re-admission. From vesting the Existing Options may be exercised for a period of 5 years at 4 pence per Share. Any options not exercised will lapse.

21.13 **Registrar Agreement**

A registrars agreement dated 19 November 2020 was entered into by the Company and the Registrar (“**Registrar Agreement**”), pursuant to which the Registrar agrees to its appointment as the registrar to the Company for the purpose of providing share registration duties including any duties required under the Companies Act and the London Stock Exchange. The term of the agreement is a minimum of 12 months with a minimum 6-month notice period thereafter. The fees are determined by reference to the number of Shareholders and the activities undertaken.

21.14 **Lionshead Consultants Limited Consulting Agreement**

The Company and Lionshead Consultants Limited (“**Lionshead**”), a company controlled by Sam Quinn, have entered into a consulting agreement dated 1 September 2021 as amended on 25 February 2025 (“**Consulting Agreement**”). Lionshead has provided the services of Sam Quinn to provide corporate and business development services in London. Lionshead, on

Admission the Company shall, as settlement of a £50,000 fee payable to Lionshead in recognition of the completion of the Proposed Acquisition, allot and issue Fee Shares with a market value of £50,000. When calculating the number of Shares to be allotted and issued to the Consultant the Company shall use the Placing Price.

21.15 Offer Documents

The Company has issued an offer document on 20 October 2024 to the shareholders of Harena offering to acquire all issued shares in the capital of Harena at a conversion price of £ 0.038 per Harena share, in consideration for the issue of Consideration Shares, subject to the Placing (“**Shareholder Offer Document**”). The offer consideration is the relevant number of Consideration Shares and Performance Shares in exchange for the shareholders’ Harena shares on a pro-rata portion to the total number of Harena shares on issue at a record date of 21 days prior to Admission. Any shareholder of Harena who does not accept the Offer will remain a minority shareholder in an unlisted subsidiary. Any shareholder that will hold 0.4% or more of the Company following Admission will be required to enter into a minimum 6 month lock-in agreement from Admission and a further 6 month orderly selling provision.

Completion of the offer under the Shareholder Offer Document is conditional on the Noteholders accepting their offer under the Noteholder Offer Documents (see paragraph 21.18 below) Pursuant to the Noteholder Offer Document the Noteholders have accepted an offer by Harena to repay / redeem the Harena Convertible Loan Notes in full by the issue to the Noteholder of Consideration Shares. The Company has issued a confirmation offer to the Noteholders on the terms of the Noteholder Offer Document to issue Consideration Shares, subject to the Placing (“**Citius Noteholder Offer**” and the Citius Noteholder Offer and the Noteholder Offer Document together being the “**Noteholder Offer Documents**”).

21.16 GBA Mandate Letter

The Company entered into an engagement letter with GBA Capital Pty Ltd (“**GBA**”) dated 21 August 2024 pursuant to which GBA is engaged to act as the lead manager in respect of debt fundraising to be undertaken by the Company, which culminated in the Loan Note Trust Deed. In consideration for the services provided by GBA, the Company shall pay a cash fee and issue GBA with warrants, each based on the gross amount of the debt raised. The engagement letter is governed by the laws of New South Wales.

21.17 Loan Note Trust Deed

The Company, Harena, as “**Guarantor**” and Corporate Mining Pty Ltd, as “**Noteholder Trustee**” entered into a loan note trust deed (“**Loan Note Trust Deed**”) dated 24 February 2025, which shall take effect subject to certain conditions precedent, on Admission, and pursuant to which Company proposes to issue Loan Notes with an aggregate face value of up to A\$1,500,000 (“**Company Loan Notes**”) at Admission. Harena as Guarantor has agreed to guarantee the performance by the Company of its obligations under the Loan Notes Trust Deed and indemnifies the Noteholder Trustee on the terms contained in the Loan Note Trust Deed. The subscribers for the Company Loan Notes (“**Loan Noteholders**”) are entitled to warrants over 15,000,000 Shares exercisable for 3 years from the date of issue of the Loan Notes at a subscription price of 4 pence. The Loan Note Trust Deed sets out the terms of the appointment of the Noteholder Trustee and its obligations to the Company and the Loan Noteholders. As a condition precedent to the subscription of the Loan Notes a director of Harena is required to transfer a number of shares in Harena to the Noteholder Trustee, and the Noteholder Trustee will sell such shares to the Company and receive Consideration Shares as a vendor under the Proposed Acquisition. The Noteholder Trustee is granted the right to appoint up to 2 nominees as additional directors of the Company. The Company gives certain negative undertakings. Repayment of the Company Loan Notes is due 24-months from the issue date, or any earlier event of default. Interest accrues on the outstanding principal of the Company Loan Notes at 12% per annum, based on a 365-day year. Interest is payable on the 6-month anniversary of the issue date and thereafter each 6 months and on the final maturity date, which is the date falling 24 months from Admission, subject to any earlier requirement to repay on the occurrence of any event of default. In addition, the Company is required to pay a Loan Noteholder fee of 6% per annum. The Loan Note Trust Deed and the Loan Notes are governed by the laws of the State of Western Australia.

HARENA MATERIAL CONTRACTS

21.18 Harena Convertible Note Agreements

Harena and each holder of the Harena Convertible Loan Notes entered into a Convertible Note Agreement together the “**Harena Convertible Loan Notes**”) on various dates during March 2023, May 2023, December 2023 and February 2024. The maximum amount of the Harena Convertible Loan Notes is A\$5,000,000 and each Convertible Loan Note is issued at face value. The Harena Convertible Loan Note provide for conversion into Harena shares on the maturity date (being 12 months from the date of issue) or any earlier listing of its shares on the ASX (“**Harena IPO**”). The Harena Convertible Loan Notes are secured by way of a General Security Agreement (or the equivalent in Singapore and Mauritius) and a corporate guarantee against Harena, Reenova Investment Holding Limited (a company incorporated in Singapore) and Reenova Holding (Mauritius) Limited (together, the “**Security**”). The Security is held by a security trustee. If Harena undertakes an IPO prior to the maturity date, the noteholders shall be entitled to convert at a conversion price of 80% of the price at which Harena issues shares under the Harena IPO. If a noteholder elects not to convert, repayment shall be made in cash. The noteholders also have the right to convert at any time with the relevant conversion price determined in accordance with the Harena Convertible Loan Notes dependent on the occurrence of certain corporate events. The Harena Convertible Loan Notes carry interest calculated on a daily basis at a rate of 18% per annum on the face value. The noteholders have the right to accrue interest and capitalise it. The Harena Convertible Loan Notes sets out noteholder warranties, company warranties and events of default. The Harena Convertible Loan Notes are governed by and construed in accordance with the law from time to time in Western Australia.

21.19 Viaticus Capital Pty Ltd Consultancy Services Agreement

Harena and Viaticus Capital Pty Ltd (“Viaticus”) entered into a consultancy services agreement on 14 December 2023 pursuant to which Viaticus will provide consultancy services including relating to the conversion of the convertible loan notes issued by Harena. Harena will pay Viaticus a monthly retainer of £5,000 plus VAT and if any director or employee of Viaticus accompanies Harena to any meeting with banks, investors or brokers, an additional daily fee of £1,000 per day plus VAT and reasonable expenses will be payable. The fees shall accrue and be payable on the earlier of Re-admission and any fund-raising undertaken by Harena. In addition, if Viaticus introduces investor or partners in respect of any capital raising of Haren, Harena will pay a fee equal to 5% of the amount invested by such introduced investor and/or 0.5% of any debt introduced by Viaticus. Harena has granted Viaticus 1,000,000 performance rights exercisable on Re-admission (to be adjusted at Re-admission to ensure such rights are no less than 0.5% of the issued share capital of the Company) and 1,000,000 options over ordinary shares in Harena, which are stated to be exchangeable for warrants in the Company on Re-admission with an exercise price equal to the Placing Price, The issue of the performance rights and options are conditional on Viaticus (or its connected companies) subscribing a minimum of £250,000 in the Placing. Further fees will be payable if Viaticus introduces any offtaker or Proposed Acquisition. The consultancy agreement is a fixed 12-month contract. All payment requirements will remain effective for 12-months following termination of the contract. The contract is governed by the laws of Western Australia.

21.20 Liu Marketing and Investor Consulting Services Agreement

Harena and Bin Liu entered into a marketing and investor consulting services agreement on 14 May 2024 pursuant to which Bin Liu will provide assistance for the Reverse Takeover and in dealing with the conversion of Harena’s existing convertible loan notes. The compensation for such services shall be the issue of 1,000,000 options over the Ordinary Shares of the Company exercisable at 7 pence per Ordinary Share for a 3-year period from the date of Re-admission, with exercise conditional on the consultant raising a minimum of £70,000 for the Company. This agreement is capable of termination at any time by either party and is governed by the laws of Western Australia.

21.21 Offer Document to Harena Convertible Loan Note holders

Harena issued an offer document to the holders of the Harena Convertible Loan Notes issued by Harena (as described in paragraph 21.19 above) (“**Noteholders**”) dated 31 January 2024 (“**Noteholder Offer Document**”). The Noteholder Offer Document offers to amend the Harena

Convertible Loan Notes to enable the Noteholders to convert their notes directly into Citius Shares at a 100% premium to the face value of the notes, at an equivalent conversion price of AUD10.2 cents per Harena share. In addition, for each 3 Consideration Shares issued to the Noteholders, the Noteholder will be entitled to a warrant exercisable at 7 pence for 3 years from the date of issue (as described in paragraph 21.10 above).

All Noteholders holding notes with a face value of A\$5m have elected to accept the offer under the Noteholder Offer Document to convert the Harena Convertible Loan Notes into Citius Shares, being part of the Consideration Shares, in full satisfaction of the principal amount of the Harena Convertible Loan Notes held by each Noteholder. As such, no Harena Convertible Loan Notes will exist after Admission. The Noteholder Offer Document also amended the Harena Convertible Loan Note maturity date from 14 February 2024 until the earlier of the completion of the Admission, and 31 August 2024. Interest will continue to accrue on the Harena Convertible Loan Notes calculated on a daily basis at a rate of 18% per annum on the face value of the notes and will be paid in cash at the completion of the Admission or 31 August 2024, whichever occurs earlier. The issue of the Consideration Shares is conditional on Citius completing the Placing and issuing new Citius Shares in respect of such Placing, and Citius applying for Admission to trading. The Consideration Shares issued to the Noteholders shall be subject to a 12-month orderly marketing requirement from Admission.

The offer under the Noteholder Offer Document is conditional on the Harena Shareholders completing their conversion of Harena Shares into Citius Shares under the Shareholder Offer Document (refer to paragraph 21.15).

In or about October 2024, the Company issued a separate offer document to the Noteholders on the same terms as the Noteholder Offer Document, other than to extend the maturity date of the Harena Convertible Loan Notes to the earlier of completion of the Admission and 31 December 2024. During January 2025, the Noteholders further agreed to amend the Harena Convertible Loan Note maturity date to the earlier of completion of the Admission and 31 March 2025. All other terms and conditions of the Harena Convertible Loan Notes remain the same as set out in paragraph 21.18 above.

21.22 Sale and Purchase Agreement

Harena entered into a Sale and Purchase Agreement with JW Venture Capital Pte. Ltd. ("**JWC**") for the acquisition of the entire issued share capital of Reenova Global on 16 January 2023. Reenova Global was the legal and beneficial owner of 75% of the shares in the capital of Reenova Holding (Mauritius) Limited ("**Reenova Mauritius**"), a company incorporated in Mauritius. Reenova Mauritius is in turn the legal and beneficial owner of 100% of the shares in the capital of Reenova Rare Earth (Madagasy) S.A.R.L.U ("**Reenova Madagascar**"), a company incorporated in Madagascar. Reenova Madagascar is the holder of Exploration License PR 6698, which is in the process of being renewed. Reenova Global had a total paid-up capital of US\$100,000, consisting of 100,000 shares. Reenova Global's entire share capital (the "**Sale Shares**") was owned by Reenova Investment Holding Limited (under judicial management) ("**RIHL**"), a company incorporated in Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited. RIHL was the sole shareholder of Reenova Global.

Pursuant to facility letters dated 16 March 2022 and 11 May 2022 issued by JWC ("**Facility Letters**"), and duly accepted by RIHL and Chen Tong, JWC agreed to extend business loans amounting to an aggregate sum of S\$804,545.50 to RIHL. To secure all present and future indebtedness owed by RIHL to JWC, it was agreed that JWC would have a security interest in the Sale Shares. As the sum of S\$804,545.50 remained due and payable by RIHL to JWC under the Facility Letters, JWC enforced its security interest in the Sale Shares, and sold the Sale Shares to Harena (the "**Sale**") subject to various terms and conditions of the Sale and Purchase Agreement, including JWC obtaining the required approvals from the Singaporean courts in respect to enforcement of the security interest in the Sale Shares.

In consideration for the Sale, Harena paid S\$804,545.50 and a non-refundable deposit of S\$100,000 to JWC.

On 10 April 2023 the Sale under the Sale and Purchase Agreement was complete, and Harena owns 100% of the Shares in Reenova Global.

21.23 Implementation Agreement

Harena entered into an Implementation Agreement on 22 February 2023 with RIHL and The Joint and Several Judicial Managers of RIHL ("**RIHL Judicial Managers**").

Pursuant to facility letters dated 16 March 2022 and 11 May 2022 issued by JWC, JWC agreed to extend business loans amounting to an aggregate sum of S\$804,545.50 to RIHL. To secure all present and future indebtedness owed by RIHL to JWC, it was agreed that JWC shall have a security interest in the Sale Shares.

JWC subsequently took out applications in the General Division of the High Court of the Republic of Singapore, in which JWC applied for RIHL to be placed under judicial management and for RIHL to be placed under interim judicial management pending the making of the judicial management order. Pursuant to the court orders made in these applications, RIHL was placed under interim judicial management on 15 July 2022, and was thereafter placed under judicial management on 29 August 2022.

After RIHL was placed under judicial management, the RIHL Judicial Managers entered into discussions with interested parties, including Harena, to further the purposes of judicial management under Section 89(1) of the Insolvency, Restructuring and Dissolution Act 2018 (the "**IRDA**").

After such discussions, RIHL, Harena and JWC entered into a Memorandum of Understanding dated 18 October 2022 regarding the Sale Shares. JWC intended to enforce its security interest in the Sale Shares via an application to the High Court of Singapore pursuant to Section 30 of the Conveyancing and Law of Property Act 1886 and/or Section 96(4) of the IRDA (the "**Enforcement**"), and to sell the Sale Shares to Harena (the "**Sale**"). JWC and Harena entered into and completed a Sale and Purchase Agreement (detailed above) to give effect to both the Enforcement and the Sale.

22. GENERAL FINANCIAL MATTERS

- 22.1 Since the date of the Company's incorporation, the auditors of the Company have been Crowe U.K. LLP.
- 22.2 Save as disclosed in the unaudited pro forma statement of net assets of the Company in Part XII of this Document there are no effects on the assets and liabilities of the Company as a result of the Proposed Acquisition and Admission.

23. SIGNIFICANT LITIGATION

- 23.1 Except as described in paragraph 23.2, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company is aware), during the 12-month period prior to the date of this Document which may have, or have had in the recent past, significant effects on the Company's or the Enlarged Group's financial position or profitability.
- 23.2 Whilst there are no pending or threatened governmental, legal or arbitration proceedings against RREM, of which the Company is aware, RREM has, since its acquisition by Harena, been engaged with previous staff, suppliers, contractors, and creditors to settle any outstanding amounts and all claims have been satisfied other than one residual wage claim and one creditor claim both of which Harena anticipates will be resolved during the first quarter of 2025. If these negotiations do not settle the outstanding claims, it is possible a claim could be made against RREM. The sums involved are less than US\$65,000 will not have any significant effect of the Enlarged Group's financial position or profitability.

24. OTHER INFORMATION

- 24.1 Other than as disclosed in this Document, there are no patents, licences or other intellectual property rights, industrial, commercial or financial contracts or new manufacturing processes which are or may be of material importance to the business or profitability of the Company.
- 24.2 Other than as disclosed in this Document, the Company has made no investments since its incorporation, has no investments in progress and there are no future investments on which the Directors have already made firm commitments which are or may be significant to the Company.

- 24.3 No exceptional factors have influenced the Company's activities.
- 24.4 The expenses of the Admission to the Official List, the Fundraising and Proposed Acquisition are estimated at £200,000, including VAT and are payable by the Company, excluding amounts to be satisfied by the issue of new Shares (including in particular the Consideration Shares). The estimated Net Proceeds, after deducting fees and expenses in connection with the Admission, Placing and the Subscription are approximately £1,197,000.
- 24.5 Crowe U.K. LLP, whose business address is 55 Ludgate Hill, London, EC4M 7JW, has given and not withdrawn its written consent to the inclusion, in this Document, of its accountant's report on the unaudited Pro Forma Financial Information set out in Section B "Accountant's Report on the Unaudited Pro Forma Financial Information on the Company" of Part XII "Pro Forma Financial Information of the Company" of this Document in the form and context in which it is included and has authorised the contents of this report for the purposes of item 1.3 of Annex 1 to the Prospectus Regulation. In addition, Crowe U.K. LLP has given and not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name in the form and context in which they appear. Crowe U.K. LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales and the Financial Reporting Council.
- 24.6 The Competent Person has given and not withdrawn its written consent to the inclusion, in this Document, of its Competent Person's Report set out in Part VI "Competent Person's Report" of this Document and has authorised the contents of this report for the purposes of Annex 1, item 1.3 of the Prospectus Rules. In addition, the Competent Person has given and not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name. The Company confirms that there are no material changes which have occurred since the date of the Competent Person's Report the omission of which would make the Competent Person's Report misleading.
- 24.7 The Directors and the Proposed Directors are not aware of:
- (a) any significant trends in the Company costs between incorporation and the date of this Document; or
 - (b) except for the industry trends described in this Document, any trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on the Enlarged Group's prospects for at least the current financial year.
- 24.8 Except as provided in this Document, there have been no public takeover bids by third parties in respect of the Shares during the period from incorporation to the date of this Document.
- 24.9 There are currently no Shares in issue, and no Shares will be in issue on Admission, with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 24.10 The Placing Shares Subscription Shares and Fee Shares, in aggregate, shall represent 9% of the Enlarged Share Capital and Voting Rights of the Company immediately following Admission. Following Admission, the issued Shares and Voting Rights of the existing Shareholders shall (assuming that they do not participate in the Placing or Subscription) represent 10% of the Enlarged Share Capital of the Company.
- 24.11 The Placing was offered to investors on a non-pre-emptive basis and therefore the existing Shareholders did not have any entitlement to participate in the Placing.
- 24.12 The net asset value of each of the existing Shares as at the date of the Company's last balance sheet was negative 0.4 pence.
- 24.13 Copies of the following documents will be available for inspection during normal office hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company from the date of this Document:
- the Articles;
 - the Company's Memorandum of Incorporation;
 - the Harena Financial Information contained in Part X of this Document;

- the accountant's report on the Pro Forma Financial Information contained in Section B of Part XII of this Document;
- the Pro Forma Financial Information contained in Section A of Part XII of this Document;
- the operating and financial review of the Company contained in Part IX of this Document;
- the operating and financial review of Harena Financial Information in Part XIII of this Document;
- the letters of appointment and employment contracts of the Directors and the Proposed Directors referred to in paragraph 12 of this Part XV;
- the material contracts referred to in paragraph 21 of this Part XV of this Document, including all documents relation to the Proposed Acquisition;
- the letters of consent referred to in paragraphs 24.5 and 24.6 of this Part XV;
- constitutional documents of each corporate member of the Concert Party; and
- the written consent of Tavira relating to its recommendation in respect of the Rule 9 Waiver.

24.14 In addition, this Document will be available for inspection during normal office hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company from the date of this Document for a period of 12 months and will also be published in electronic form and be available and free to download from the date of publication from the Company's website at www.citiusresources.co.uk

PART XVI

NOTICE TO INVESTORS

The distribution of this Document and the Fundraising may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

1. GENERAL

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Document has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of the FSMA and of the Prospectus Directive. No arrangement has however been made with the competent authority in any other European Economic Area State (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below. This Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for, or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

2. FOR THE ATTENTION OF EUROPEAN ECONOMIC AREA INVESTORS

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer to the public of the Shares may only be made once the prospectus has been passported in such Relevant Member State in accordance with the Prospectus Directive as implemented by such Relevant Member State. For the other Relevant Member States an offer to the public in that Relevant Member State of any Shares may only be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- 1 to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- 2 to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- 3 to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- 4 in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer to the public**” in relation to any offer of Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “**Prospectus Directive**” includes any relevant implementing measure in each Relevant Member State.

During the period up to but excluding the date on which the Prospectus Directive is implemented in member states of the European Economic Area, this prospectus may not be used for, or in connection with, and does not constitute, any offer of Shares or an invitation to purchase or subscribe for any Shares in any member state of the European Economic Area in which such offer or invitation would be unlawful.

The distribution of this prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions.

3. FOR THE ATTENTION OF UK INVESTORS

This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

In the United Kingdom this Document is for distribution to, and is directed only at, legal entities which are qualified investors as defined under the Prospectus Directive and are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”); or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (iii) persons to whom it may otherwise be lawfully distributed under the Order, (all such persons together being “Relevant Persons”). In the United Kingdom, any investment or investment activity to which this Document relates is only available to and will only be engaged in with Relevant Persons. Persons who are not Relevant Persons should not act or rely on this Document or any of its contents.

4. FOR THE ATTENTION OF AUSTRALIAN INVESTORS

This admission document is not a ‘prospectus’, ‘product disclosure statement’ or other ‘disclosure document’ for the purposes of the Australian Corporations Act and is not required to be lodged with ASIC or the ASX. Accordingly, a person may not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Shares, or distribute this admission document where such offer, issue or distribution is received by a person in the Commonwealth of Australia, its territories or possessions, except if:

(a) the amount payable by the transferee in relation to the Shares is A\$500,000 or more or if the offer or invitation to the transferee is otherwise an offer or invitation that does not require disclosure to investors in accordance with part 6D.2 or part 7.9 of the Corporations Act; or

(b) the offer or invitation does not constitute an offer to a ‘retail client’ under Chapter 7 of the Corporations Act.

PART XVII

DOCUMENTS AND INFORMATION INCORPORATED BY REFERENCE

The Company's annual reports for the three financial years ended 30 April 2022, 30 April 2023 and 2024 (together the "Historical Financial Information") contains information which is relevant to the Admission and publication of this document. These documents are available on the Company's website www.citiusresources.co.uk

The table below sets out the information from the Historical Financial Information which is incorporated by reference into, and forms part of, this document which is available for inspection as set out in paragraph 24.13 of Part XV of this Document.

Document	Sections and Page Numbers
Annual report and audited financial statements for the financial year ended 30 April 2022	Accountant's report on the Historical Financial Information of the Company (pages 50 to 51) Statement of comprehensive income (page 52) Statement of financial position (page 52) Statement of changes in equity (page 53) Statement of cash flows (page 53) Notes to the financial statements (pages 54 to 59)
Annual report and audited financial statements for the financial year ended 30 April 2023	Chairman's Statement (page 2) Directors' report (page 8) Independent Auditors report (pages 15) Statement of Comprehensive Income (page 19) Statement of Financial Position (page 20) Statement of changes in Equity (page 21) Statement of Cash Flows (page 22) Notes to the Financial Statements (pages 23 to 30)
Annual report and audited financial statements for the financial year ended 30 April 2024	Chairman's Statement (page 2) Directors' report (page 8) Independent Auditors report (pages 15) Statement of Comprehensive Income (page 19) Statement of Financial Position (page 20) Statement of changes in Equity (page 21) Statement of Cash Flows (page 22) Notes to the Financial Statements (pages 23 to 30)

Document

Interim report and unaudited financial statements for the six months to 31 October 2024

Sections and Page Numbers

- Interim Management report (page 1)
- Statement of Comprehensive Income (page 3)
- Statement of Financial Position (page 4)
- Statement of changes in Equity (page 5)
- Statement of Cash Flows (page 6)
- Notes to the Financial Statements (pages 7 to 8)

The documents incorporated by reference in this Document shall not include any documents which are themselves incorporated by reference in such incorporated documents (“**daisy chained**” documents). Such daisy chained documents shall not form part of this Document. Where only part of the documents listed above have been incorporated by reference, only information expressly incorporated by reference herein shall form part of this Document and the non-incorporated are either not relevant for the investor or covered elsewhere in the Document.

DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

“A\$”	Australian dollars
“Act”	the Companies Act 2006 (as amended)
“Admission”	the re-admission of the Enlarged Share Capital to the Equity Shares (transition) category of the Official List and to trading on the LSE’s main market for listed securities
“Annual General Meeting” or “AGM”	means the first annual general meeting of Shareholders the notice of which is attached to this Document and is being called to propose the Resolutions
“Articles”	the articles of incorporation of the Company for the time being
“ASIC”	the Australian Securities and Investments Commission
“ASX”	the Australian Securities Exchange
“Australian Corporations Act”	the Corporations Act 2001 (Cth)
“Authorised Limit”	£6,000,000
“BCMM”	the Madagascar Mines Cadastre Office
“Broker” or “Tavira”	Tavira Financial Limited
“Broker Warrants”	the warrants provided to Tavira in relation to the Placing, being 703,333 warrants that can be exercised at the Placing Price for a period of 3 years
“Company” or “Citius”	Citius Resources plc a company incorporated with limited liability in England and Wales under the Act on 15 April 2020, with number 12557958.
“Company Financial Information”	the unaudited financial information of the Company for the six-month period ended 31 October 2024 and the audited financial information of the Company for the period from incorporation on 15 April 2020 to 30 April 2022, the year ended 30 April 2023 and the year ended 30 April 2024, as incorporated by reference in Part VIII (A) <i>“Historical Financial Information of the Company”</i> of this Document
“Company Loan Notes”	the AS\$1,500,000 of loan notes to be, subject to Admission, issued by the Company pursuant to the Loan Notes Trust Deed
“Concert Party”	means the persons considered under the Takeover Code to be acting in concert
“Connected Person(s)”	connected persons (within the meaning of section 252 of the Act)
“Consideration Shares”	the 333,333,333 Shares to be issued by the Company to satisfy the £10,000,000 consideration payable in connection with the Proposed Acquisition, with 162,210,031 being issued to shareholders of Harena and 171,123,302 being issued to the Noteholders that are converting to become shareholders of Harena on condition of Re-admission
“Costs”	total expenses incurred (or to be incurred) by the Company in connection with the Transaction totalling approximately £200,000
“CPR”	the Competent Person’s Report in Part VI of this Document
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear

“CREST Regulations”	the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended
“Directors”	the directors of Citius as at the date of this Document whose names are set out on page 29 together with the proposed directors from Re-admission
“Disclosure Guidance and Transparency Rules” or “DTR”	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA, as amended from time to time
“Document”	this Prospectus
“Enlarged Group”	following Re-admission, the Company, Harena and its subsidiaries
“Enlarged Issued Share Capital” or “Enlarged Share Capital”	the Existing Share Capital of 43,250,000 ordinary shares and 370,634,352 New Ordinary Shares to be issued on Re-admission with regard to the Consideration Shares, Fee Shares, Placing and Subscription Shares which in aggregate will result in the Company having an enlarged share capital of 413,884,352 Ordinary Shares
“Equity Securities”	shares, or rights to subscribe for or to convert into shares
“ESMA”	The European Securities and Markets Authority
“Euro” or “€”	Euro, a unit of currency
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
“Existing Options”	the options granted over Shares in the Company on 3,800,000 as described in paragraph 5 of Part XV of this Document
“Existing Share Capital” or “Existing Shares”	the 43,250,000 Shares in issue by the Company at the LPD
“Existing Warrants”	together the Pre-IPO Warrants and the IPO Warrants
“FCA”	the UK Financial Conduct Authority`
“Fee Shares”	the 16,567,685 Shares to be issued to certain directors, proposed directors, consultants and service providers in lieu of accrued fees, including as described in paragraph 7 of Part II of this Document
“Form of Proxy”	the form of proxy which is enclosed with this Document for use by existing Shareholders in connection with the Annual General Meeting
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Fully Diluted Share Capital”	the Enlarged Share Capital and the aggregate of the Performance Shares, Warrants and Options if they were exercised
“Fundraising” or “Fundraise”	together the Placing, the Subscription and issue of the Company Loan Notes to raise an aggregate of £1,397,000 before costs
“Harena”	Harena Resources Limited public limited company incorporated and registered in Australia
“Harena Convertible Loan Notes”	the convertible loan notes issued by Harena as described in paragraph 21.12 of Part XV of this Document
“Harena CLN Warrants”	the 57,041,098 warrants issued to Noteholders of the Harena Convertible Loan Notes that may be exercised at 7 pence for 3 years from Re-admission

“Harena Financial Information”	the audited financial information of Harena for the 15-month period from incorporation on 21 April 2022 to 30 June 2023 and the audited 12 months to 30 June 2024, as included in Part X “ <i>Historical Financial Information of Harena</i> ” of this Document
“Harena Interim Financial Information”	the unaudited interim financial information of Harena for the six-month period ended 31 December 2023, as set out in Part XI “ <i>Unaudited Interim Financial Information of Harena</i> ” of this Document
“Harena Shareholders”	the holders of the Harena Shares to be transferred to the Company pursuant to the Proposed Acquisition in consideration for the issue of part of the Consideration Shares and Performance Shares
“Harena Shares”	the ordinary shares in the capital of Harena representing 100% of the issued shares
“HMRC”	HM Revenue and Customs
“IFRS”	UK-adopted international accounting standards
“Independent Directors”	Cameron Pearce, Sam Quinn, Winton Willesee and Daniel Rootes
“Independent Shareholder”	shareholders who are independent of the Concert Party or other person who would otherwise be required to make a general offer under Rule 9 and any person acting in concert with him or her (as defined by the Takeover Code) and shareholder not participating in the Placing or Subscription
“Initial IPO”	means the admission of the Shares by the Company to the standard list of the official list and the main market of the LSE on 26 August 2021
“Investor”	means a person who purchases, considers the purchase or holds Shares in the Company
“IPO Warrants”	the warrants over 4,500,000 Shares granted by the Company and exercisable at 4 pence for a period of 2 years from Re-admission, as detailed in paragraph 21.6 of Part XV of this Document
“Issue Price”	£0.03 or the Placing Price
“JORC 2012 Code”	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
“LPD”	Latest practicable date prior to publishing of this Document
“Listing Rules”	the listing rules made by the FCA pursuant to section 73A of FSMA and adopted pursuant to the UK Listing Rules Instrument 2024 (FCA 2024/23), with effect from 29 July 2024, as such rules may be amended, from time to time
“Loan Notes Arranger Warrants”	the warrants issued to the arranger of the Loan Notes Trust Deed being 1,283,421 warrants that can be exercised at the Placing Price for a period of 3 years from Re-admission
“Loan Notes Trust Deed”	the loan notes trust deed pursuant to which the Company proposes, subject to Admission, to issue loan notes with an aggregate face value of up to AS\$1,500,000, being the Company Loan Notes, which are guaranteed by Harena, as detailed in paragraph 21.17 of Part XV of this Document
“Loan Notes Warrants”	the 15,000,000 Warrants to be granted on issue of the Company Loan Notes pursuant to the Loan Notes Trust Deed that can be exercised at 4p for a period of 3 years from Re-admission

“Lock-In Agreement(s)”	the agreements between the Company and Tavira, each Harena Shareholder, each Noteholder, each Director, and the Proposed Directors on Admission as further set out in paragraphs 21.2 and 21.3 of Part XV of this Document
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“Long Stop Date”	30 April 2025, as such date may be amended in accordance with the Placing Agreement
“Main Market”	the main market of the London Stock Exchange for officially listed securities
“Market Abuse Regulations”	Regulation (EU) No 596 (2014 of the European Parliament and of the Council on market abuse)
“Mining Code 2023”	the mining code of the Republic of Madagascar
“New Options”	subject to passing the Resolutions and Re-admission, the 27,400,000 share options to be issued pursuant to the Share Option Scheme as set out in paragraph 5 of Part XV of this Document
“Net Proceeds”	the funds received in relation to the Fundraising less Costs, being £1,197,000
“New Ordinary Shares”	together, the Placing Shares, Subscription Shares, Fee Shares and the Consideration Shares
“New Warrants”	subject to the passing of the Resolutions and Re-Admission, the, in aggregate, 74,361,185 warrants over Shares to be granted by the Company pursuant to the Broker Warrants, the Subscription Warrants, the Harena CLN Warrants, the Loan Note Warrants and the Loan Note Arranger Warrants more particularly described in paragraphs 21.7 to 21.11 of Part XV of this Document
“Noteholder Offer Documents”	together the Noteholder Offer Document as described in paragraph 21.21 of Part XV of this Document and the Citius Noteholder Offer as described in paragraph 21.15 of Part XV of this Document pursuant to which the Noteholders agreed to repay/redeem the Harena Convertible Loan Notes in consideration for the issue of 171,123,302 Consideration Shares
“Noteholders”	the holders of the Harena Convertible Loan Notes
“Notice”	the notice of general meeting set out at the end of this Document
“Offer Documents”	the Shareholder Offer Document and Citius Noteholder Document as described in paragraph 21.15 of Part XV of this Document and the Noteholder Offer Document as described in paragraph 21.21 of Part XV of this Document, which together constitute the Proposed Acquisition
“Official List”	the Official List of the FCA
“Options”	together the Existing Options and the New Options
“PE Application”	an application for the exploration permit PR 6698 to be converted to a permit extraction in respect of the Project
“Performance Shares”	means the aggregate of 133,333,332 Shares to be issued to the Harena Shareholders as part of the consideration for the Proposed Acquisition which are subject to the satisfaction of the conditions resulting in the issue of 66,666,666 Performance Shares in Tranche 1 (subject to the successful conversion of exploration permit PR6698 and a further issue of 66,666,666 Performance Shares in Tranche 2 (subject to the attainment of a minimum of 90% equity ownership of the Ampasindava Project by the Enlarged Group

“Pre-IPO Warrants”	the warrants over 14,500,000 Shares granted by the Company and exercisable at 4 pence for a period of 2 years from Re-admission, as detailed in paragraph 21.5 of Part XV of this Document
“Project”	the Ampasvinda ionic clay rare earths project in Northern Madagascar
“Placee”	a party that agrees to subscribe for new Shares in the Placing
“Placing”	the proposed placing of 14,066,667 Shares by Tavira on behalf of the Company at the Placing Price and on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agreement”	the placing agreement between the Company and Tavira dated 25 February 2025 relating to the Placing as further set out in paragraph 21.1 of Part XV of this Document
“Placing Letters”	placing letters from the Company to potential investors dated 25 February 2025 inviting irrevocable conditional applications for subscription for new Shares pursuant to the Placing
“Placing Price”	£0.03
“Placing Shares”	the 14,066,667 new Shares to be issued pursuant to the Placing
“Pro Forma Financial Information”	the unaudited pro-forma Statement of Financial Position of the Company as at 31 October 2024 and the unaudited pro-forma Statement of Comprehensive Income of the Company for the year ended 30 April 2024, as set out in Section (A) “ <i>Unaudited Pro Forma Financial Information of the Company</i> ” of Part XII “ <i>Pro Forma Financial Information of the Company</i> ” of this Document
“Proposed Acquisition”	the proposed acquisition of the Harena Shares for a consideration of up to £14,000,000 pursuant to the terms of the Offer Documents
“Proposed Directors”	the proposed directors of Citius as at the date of this Document whose names are set out on page 29 of this Document
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to section 73A of the FSMA, as amended from time to time
“Prospectus Regulation”	the Prospectus Directive Certification (No 2004/809/EC) as amended by the Brexit Regulations which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
“Re-admission”	the admission date for the Enlarged Share Capital of the Company to commence trading on the Equity (transitions) category of the Official List and the Main Market of the LSE
“Registrar”	Share Registrars Limited
“Regulatory Information Service”	a regulatory information service authorised by the FCA to receive, process and disseminate regulatory information in respect of listed companies
“Resolutions”	the proposed Shareholder resolutions as set out in the notice of Annual General Meeting
“Reverse Takeover”	a transaction defined as reverse takeover under Listing Rule 5.6.4
“RREM”	Reenova Rare Earth (Malagasy) Sarl, a company incorporate in the Republic of Madagascar
“Rule 9 Waiver”	the waiver agreed by the Panel, conditional upon the approval by the Independent Shareholders of the Waiver Resolution at the Annual General Meeting, of the obligation of any member of the Concert Party to make a general offer under Rule 9 which would otherwise arise as a consequence of the issue of the Consideration Shares, and Fee Shares to members of the Concert Party on Re-admission and the exercise of Performance Shares, Warrants and Options by members of the Concert Party

“SEC”	The United States Securities and Exchange Commission
“Securities Act”	the U.S. Securities Act of 1933, as amended
“Share Option Scheme”	an enterprise management incentive (“EMI”) and share option plan and unapproved share option plan to be proposed for approval by the Shareholders by the passing of the Resolutions at the Annual General Meeting
“Shares” or “Ordinary Shares”	ordinary shares of 0.5 pence par value each in the Company
“Shareholders”	holders of Shares
“Shareholder Offer Document”	the Shareholder Offer Document as described in paragraph 21.15 of Part XV of this Document
“Subscriber”	a party that agrees to subscribe for Shares in the Subscription
“Subscription”	the subscription for 6,666,667 new Shares in the Company at the Placing Price on the terms and subject to the conditions as set out in the Subscription Letters
“Subscription Letters”	the subscription letters entered into by the Subscribers pursuant to the Subscription as detailed in paragraph 1 of Part IV of this Document
“Subscription Shares”	the 6,666,667 new Shares in the Company being issued at the Placing Price to the Subscribers in the Subscription
“Subscription Warrants”	the warrants issued to the arranger of the Subscription being 333,333 warrants that can be exercised at the Placing Price for a period of 3 years from Re-admission
“Takeover Code”	the City Code on Takeovers and Mergers
“Takeover Panel” or “Panel”	the Panel on Takeovers and Mergers
“Transaction”	the Proposed Acquisition resulting in the issue of Consideration Shares and Fee Shares, the issue of Placing Shares, Subscription Shares, and the exercise of Performance Shares, Warrants, Options and the issue of the Company Loan Notes on Admission
“UK Sterling” or “£”	Pound Sterling, the lawful currency of the United Kingdom
“uncertified” or “uncertified form”	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST
“Uncertified Regulations”	the Uncertificated Securities Regulations 2006 (as amended or replaced from time to time)
“US Dollars” or “\$”	United States Dollars, the lawful currency of the United States
“Voting Rights”	all the voting rights attributable to the capital of a company which are currently exercisable at a general meeting
“Waiver Resolution”	ordinary resolution to be put before the Independent Shareholders (taken on a poll) at the Annual General Meeting to approve the waiver to be granted by the Takeover Panel from the Rule 9 obligations that would otherwise apply to the Concert Party as a result of: i) the Proposed Acquisition through the issue of Consideration Shares and Fee Shares, Placing and Subscription; ii) the exercise of Performance Shares; iii) the exercise of the Warrants; iv) the exercise of the Options.
“Warrants”	together the Existing Warrants and the New Warrants, being in aggregate warrants over 93,361,185 Share
“Warrants Holders”	the holders of Warrants
“Working Capital Period”	the period that is at least the next 18 months from the date of this Document

GLOSSARY OF TECHNICAL TERMS

"DFS"	definitive feasibility study
"EISA"	Environmental Impact and Social Assessment
"FS"	feasibility study
"HREE"	heavy rare earth elements
"LREE"	light rare earth elements
"MREC"	mixed rare earth concentrate
"MREO"	mixed rare earths
"REE"	rare earth elements
"TREO"	total rare earths

NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action to be taken, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, another appropriately authorised independent financial advisor.

If you have sold or otherwise transferred all your Ordinary Shares of 0.5 pence par value each ("**Ordinary Shares**") in the capital of Citius Resources Plc ("**Company**"), or will have sold or transferred all of your Ordinary Shares prior to the annual general meeting of the Company to be held on at 10.00 a.m. on 20 March 2025 at 55 Athol Street, Douglas, Isle of Man, IM1 1LA please forward this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only some of your Ordinary Shares you should retain this document and consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

CITIUS RESOURCES PLC

(Registered in England and Wales under No. 12557958)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held at 55 Athol Street, Douglas, Isle of Man, IM1 1LA, on 20 March 2025 at 10.00 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolutions, the first 12 of which will be proposed as ordinary resolutions and the remaining resolution 13 which will be proposed as a special resolution.

Forms of Proxy accompany this document. The Form of Proxy for use in connection with the AGM is enclosed with this document and should be returned as soon as possible and, in any event, so as to be received at the offices of the Company's registrars, Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX, United Kingdom not later than 10.00 a.m. on 18 March 2025. The completion and depositing of a Form of Proxy will not preclude a shareholder from attending and voting in person at the AGM.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may use this service and should follow the relevant instructions set out in the notes to this notice of AGM.

Resolution 10 shall be proposed for voting on a poll and may only be voted on by Independent Shareholders.

Unless otherwise expressly stated, all defined terms referred to below shall have the same meanings as given in the Document dated 26 February 2025 of which this Notice convening the AGM forms part.

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass the following resolutions as ordinary resolutions of which resolution 10 shall be proposed for voting on a poll and may only be voted on by Independent Shareholders:

1. To receive and adopt the Company's annual accounts for the financial year ended 30 April 2024 together with the Directors' Report and Auditors' Report on those accounts.
2. To re-elect Cameron Pearce as a Director of the Company in accordance with Article 29 of the Articles of Association.
3. To appoint Joseph Belladonna as a Director of the Company.
4. To appoint Allan Mulligan as a Director of the Company.

5. To appoint Timothy Morrison as a Director of the Company.
6. To appoint Sam Quinn as a Director of the Company.
7. To re-appoint Crowe U.K. LLP as the Company's auditors to hold office from the conclusion to this meeting until conclusion of the next meeting at which annual accounts are laid before the Company and to authorise the Directors, or the Audit and Risk Committee, to determine the remuneration of the auditors.
8. To approve the Proposed Acquisition on the terms and conditions as set out in the Offer Documents; and
 - (i) without limitation, approve the issue of the Consideration Shares to the Harena Shareholders and Noteholders and the Performance Shares to the Harena Shareholders as consideration for the Proposed Acquisition of the entire issued share capital of Harena and redemption of the Harena Convertible Loan Notes; and
 - (ii) to approve that the Directors be and they are hereby authorised to do all things that are in the opinion of the Directors (or a duly authorised committee of them) necessary, expedient or appropriate to give effect to and complete the Proposed Acquisition with such modifications, amendments, variations or waivers as they (or any such committee) consider to be necessary, expedient or appropriate.
9. Subject to the passing of Resolution 8, to approve the adoption by the Company of the Share Option Scheme described in paragraph 3.14 of Part XV of the Document ("**Share Option Scheme**").
10. That, subject to the passing of Resolution 8, the waiver granted by the Panel on Takeovers and Mergers, on the terms described in Part V of the Document issued by the Company to its shareholders dated 26 February 2025 which contains this notice of meeting, of the obligation that would otherwise arise on any member of the Concert Party under Rule 9 of the City Code on Takeovers and Mergers to make a general offer to the shareholders of the Company for the entire issued and to be issued Ordinary Shares in the capital of the Company, as a result of the acquisition of interests in Shares (as described in this Document) that on completion of the Proposed Acquisition and the issue of Consideration Shares and Fee Shares to members of the Concert Party on Re-admission, and the exercise of Performance Shares, Warrants and Options by members of the Concert Party, the Concert Party will hold up to a maximum of 54% of the voting rights in the Company on Admission (as described in the Document) be and is hereby approved.
11. That, subject to the passing of Resolutions 8 and 10, pursuant to section 551 of the Act, the Directors be generally and unconditionally authorised to issue and allot equity securities (as defined by section 560 of the Companies Act) and to grant rights to subscribe for or convert any security into shares of the Company as follows:
 - (i) the Consideration Shares and Performance Shares to be issued in connection with the Proposed Acquisition;
 - (ii) in aggregate 37,301,019 Ordinary Shares be issued as Placing Shares, Subscription Shares or Fee Shares;
 - (iii) in respect of any valid exercise of any share options granted to officers, employees or consultants of the Company in accordance with any share option deeds entered into by the Company and/or the terms of the Share Option Scheme;
 - (iv) in respect of any valid exercise of any warrant over Ordinary Shares granted to any person by the Company; and
 - (v) in addition to any relevant shares allotted pursuant to the authorities in Resolution 11(i) – 11(iv) above, up to an aggregate nominal amount of £6,000,000;

provided that such authorities shall, unless renewed, varied or revoked by the Company, expire on the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This

resolution revokes and replaces all unexercised authorities previously granted to the directors to allot relevant securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

12. That, subject to the passing of Resolution 8, the change of name of the Company to Harena Resources Plc, be and is hereby approved.

SPECIAL RESOLUTION

To consider and if thought fit, pass the following resolution as a special resolution:

13. THAT, subject to Resolutions 8 and 10 being duly passed, the Directors of the Company be given the authority to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred upon them by Resolution 8 above (as varied, renewed or revoked from time to time by the Company at a general meeting) as if section 561(1) of the Act did not apply to any such allotment provided that such power shall be limited to:
- (i) an allotment in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities offered to each such holder is proportionate (as nearly as may be) to the respective amounts of equity securities held by each such holder subject only to such exclusion or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise;
 - (ii) an allotment in connection with the valid exercise of any share options granted in accordance with any share option deeds entered into by the Company and/or the terms of the Share Option Scheme;
 - (iii) an allotment in connection with the valid exercise of any warrants over Ordinary Shares granted by the Company;
 - (iv) an allotment of the Consideration Shares, Performance Shares, Placing Shares, Subscription Shares and Fee Shares; and
 - (v) otherwise, Ordinary Shares with up to a maximum nominal amount of £6,000,000.

The powers granted by this resolution will expire on the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

By order of the Board of Directors

Director

26 February 2025

Registered Office:
167-169 Great Portland Street
Fifth Floor
London
W1W 5PF

NOTES:

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - (a) 10.00 a.m. on 18 March 2025; or
 - (b) if this Meeting is adjourned, at close of business on the day two business days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. . To appoint more than one proxy you may photocopy your proxy card or contact Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX, United Kingdom + 44 1252 821390 (Offices are open between 9.00 a.m. – 5.00 p.m., Monday to Friday).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - (a) completed and signed;
 - (b) sent or delivered to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX, United Kingdom;
 - (c) received by no later than 10.00 a.m. on 18 March 2025.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. You can also register your vote(s) for the Meeting by visiting www.shareregistrars.uk.com, clicking on the "Proxy Vote" button and then following the on-screen instructions.

Appointment of proxies through CREST

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so

as to be received by the issuer's agent (ID: 7RA36 by 10.00 a.m. on 18 March 2025. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-name being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX, United Kingdom + 44 125 821390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

10. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX + 44 1252 821390. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Share Registrars Limited no later than 10.00 a.m. on 18 March 2025.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

12. As at 5.00 p.m. on 25 February 2025, the Company's issued share capital comprised 43,250,000 ordinary shares with nominal value of 0.5 pence each.

Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. 25 February 2025 is 43,250,000.

Communication

13. You may not use any electronic address provided either in this notice of meeting; or any related documents (including the letter with which this notice of meeting was enclosed and proxy form) to communicate with the Company for any purposes other than those expressly stated.

