HARENA RESOURCES LIMITED

AND ITS CONTROLLED ENTITIES

ACN 658 908 055

FINANCIAL REPORT

FOR THE PERIOD

21 April 2022 to 30 JUNE 2023

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,

J Belladonna

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.

MOORE AUSTRALIA

SL TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 20th day of November 2023

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,

J Belladonna

Mr Joseph Belladonna
Director
20 November 2023

Moore Australia Audit (WA)

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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 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.

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' responsibly 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.

SL TAN	MOORE AUSTRALIA AUDIT (WA)
PARTNER	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		(1,325,567)
Income tax (benefit)/expense	6	-
Loss after tax from continuing operation		**(1,325,567)**
Other comprehensive income		**-**
Total comprehensive loss for the period		**(1,325,567)**

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	(482,791)
Cash flows from investing activities		
Payments in relation to exploration assets		(2,575,133)
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		(278,817)
Net cash generated by financing activities		4,626,183
Net (decrease) / increase in cash and cash equivalents		**1,568,259**
Cash and cash equivalents at the beginning of the period		**-**
Cash and cash equivalents at the end of the period		**1,568,259**

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

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).

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 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).

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.

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.

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 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.

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

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 $	Total $
Trade and other payables	627,344	-	627,344
Convertible notes	4,070,000	-	4,070,000
Total	4,697,344	-	4,697,344

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	120,000
	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%

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	331,392
	-

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.

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	1,568,259

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	39,089
Cash flow from operations	(482,791)

8. TRADE AND OTHER RECEIVABLES

	2023
	$
GST recoverable	35,470
PAYG withholding recoverable	631
	36,101

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
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
	148,055

11. TRADE AND OTHER PAYABLES

	2023 $
Trade payables	5,319
Accrued convertible note costs	448,541
Accrued expenses - current	173,484
	627,344

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

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

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	1,000,000

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 Limtied	
Current assets	1,749,331
Non-current assets	2,577,446
Total assets	**4,326,777**
Current liabilities	4,697,344
Total liabilities	**4,697,344**
Net assets	**(370,567)**
Equity	
Contributed equity	835,000
Reserves	120,000
Accumulated losses	(1,325,567)
Total equity	**(370,567)**

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 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.