

Harena Rare Earths PLC

Annual Report and Financial Statements

For the year
ended 30 June 2025

Harena Rare Earths PLC

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Harena Rare Earths PLC

Company Information

Directors

Allan Ewald Mulligan (Executive Director, appointed 20 March 2025)
Timothy Morrison (Non-Executive Director, appointed 20 March 2025)
Stephen Robert Weir (Non-Executive Director, appointed 1 June 2025)
Ivan James Bowen Murphy (Executive Chairman, appointed 4 August 2025)
Andrew Paul Richards (Non-Executive Director, appointed 4 August 2025)

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27/28 Eastcastle Street
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Harena Rare Earths PLC

Chairmans's Statement

Dear Shareholders,

It gives me great pleasure to present this year's Annual Report and Accounts for Harena Rare Earths PLC (the "Company"), marking a period of substantial progress and growing momentum as we advance the Ampasindava Ionic Clay Rare Earth Project (the "Project") in Madagascar towards production.

2025 has been a transformative year for the Company. In February 2025 the Company completed the acquisition of Harena Resources Pty Ltd, the owner of the Project and changed its name to Harena Resources PLC. On 27 October 2025 the Company changed its name from Harena Resources PLC to Harena Rare Earths PLC.

Since then, we have advanced our globally significant 606,000 tonne TREO JORC-compliant resource, which includes a premium mix of heavy rare earth elements such as dysprosium, terbium, neodymium, and praseodymium, all critical to the world's transition to clean energy, high-performance technologies, and advanced defence systems.

Our Project is not an exploration play; it is a true mining project with a clear development pathway. Following the completion of baseline metallurgical test work and our Pre-Feasibility Study scheduled for November 2025, we will move quickly into a Feasibility Study in early 2026. This will support the conversion of our mining licence application, expected in 2026, as we continue our active and constructive engagement with the Malagasy government and local stakeholders.

A particularly important milestone in this period has been the strong financial support we have secured from leading institutions in both the UK and the U.S., including Wexford Capital, Fondren LLP, and RAB Capital. As a result of these fundings, the Group is now financially secure to meet its near-term costs, giving us the confidence and stability to accelerate the Project on its path towards production.

In July 2025, the Company successfully completed a £1,231,500 institutional placing to advance the Project, receiving strong support from both new and existing investors and enabling progress on the Pre-Feasibility Study, environmental workstreams, and early-stage development activities.

Subsequently, in October 2025, the Company announced a further £450,000 strategic investment from RAB Capital and associates, increasing RAB's shareholding to approximately 9%, via a convertible loan agreement where the shares cannot be issued until January 2026. Led by Philip Richards, one of London's most respected and long-standing mining investors, RAB Capital has a distinguished track record of identifying value and supporting growth in the mining sector. This additional investment represents a strong endorsement of our strategy and provides further financial strength as we continue to advance our world-class ionic clay rare earth project toward production.

The Group occupies a truly unique position in the market. We are the only pure ionic clay rare earth company listed on the London Stock Exchange, offering one of the very few large-scale ionic clay deposits outside China. This positions us as a vital strategic partner in strengthening resilient, transparent, and geopolitically neutral supply chains for critical rare earth elements.

The U.S. Government has made clear its determination to secure critical mineral supply chains and reduce reliance on China for rare earth elements. The Group is exceptionally well placed to be part of this solution, with a development-ready, ex-China ionic clay deposit that can deliver the heavy rare earths essential for defence, energy, and technology applications. It is our stated strategy to increase our engagement with U.S. government agencies as we move towards production.

In line with this strategy, we are also advancing an OTC listing of our shares in the United States. This represents the first step in opening access to U.S. capital markets and enabling American investors to participate directly in the Group's growth, while continuing to trade on the London Stock Exchange.

Looking ahead, we expect 2026 to be another pivotal year. Completion of our Feasibility Study, the expected upgrade of our licence, and ongoing progress with our government and community partnerships will continue to de-risk and advance the Project. From 2027 onwards, we will transition towards project financing, construction, and ultimately, first concentrate shipments targeted for 2028.

Harena Rare Earths PLC

On behalf of the Board, I would like to thank our shareholders, partners, and stakeholders for their continued support. With the financial backing now in place, a globally significant resource, and a motivated and experienced management team, the Group is exceptionally well positioned to deliver long-term value and to play a crucial role in securing the future of critical mineral supply chains.

Ivan James Bowen Murphy
Executive Chairman
30 October 2025

Harena Rare Earths PLC

Strategic Report for the year ended 30 June 2025

The Directors present the Strategic Report of Harena Rare Earths PLC for the year ended 30 June 2025.

Business of the Company

The Company was incorporated on 15 April 2020, as Citius Resources Limited. On 3 August 2020 the Company changed its name to Citius Resources PLC, a public company with limited liability under the laws of England and Wales under the Companies Act 2006 with registered number 12557958.

The Company was formed to undertake an acquisition of a target company or business. On 26 October 2023 the Company announced that it has entered into a binding Head of Terms with regards to the possible acquisition of 100% of the shares in Harena Resources Pty Ltd (forming the “Group”), the 75% (now 100%) owner of the Ampasindava Rare Earth Project in Madagascar.

On the 25 February 2025, the Company completed the acquisition of Harena Resources Pty Ltd and re-listed on the London Stock Exchange as Harena Resources PLC, on 21 March 2025. On 27 October 2025 the Company changed its name to Harena Rare Earths PLC.

Business Strategy

The Group’s principal activity is the development of the 100% owned Ampasindava Rare Earth Element (REE) Project (the “Project”) in Northern Madagascar.

The Group’s aim is to create value for shareholders through the development of economic mineral deposits. The Group’s strategy is to continue to progress the development of the Project in Madagascar. The Group’s business is directed by the Board and is managed on a day-to-day basis by the Executive Chairman, Ivan Murphy, and the Executive Technical Director, Allan Mulligan. The Board monitors compliance with objectives and policies of the Group through performance reporting, budget updates and periodic operational reviews.

The Group strategy and objective is to complete the pre-feasibility study (“PFS”) and environmental impact and social assessment (“EISA”) which are conditions for the granting of a permit extraction licence. 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 PFS and EISA to the Mining Cadastre Office (“BCMM”). The PFS will examine the economic feasibility of the Project and will be based on the geological data for the licence area which has had significant exploration and resource evaluation work completed. The EISA will finalise the environmental and social management plan 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 these 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 PFS and EISA to demonstrate that commercial mining and processing of mixed rare earth carbonate product is feasible, environmentally compliant and economically viable.

Significant parts of the PFS 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 PFS will be submitted to BCMM within 12 months of the re-listing on the London Stock Exchange. In the longer term, the 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 U.S. and EU are now prioritising the sourcing and secure supply of rare earths and investing heavily to secure their supply chain of these metals.

Harena Rare Earths PLC

Strategic Report for the year ended 30 June 2025 (continued)

Results for the year and distributions

The results are set out in the Consolidated Statement of Comprehensive Income on page 35. The total comprehensive loss attributable to the equity holders of the Company for the year was £14,138,511 (for the year ended 30 June 2024: £1,964,391).

The Company declared and paid no distribution or dividends during the period (2024: £Nil).

Key performance indicators

Exploration expenditure – funding and development costs

At this stage in development, the Group is focusing on the continued development of the Project. Therefore, the funding and development costs of the Project have been chosen as the Key Performance Indicators.

The Group incurred £151,637 (2024: £198,623) of capitalised expenditure costs in the year. These exploration costs are in line with the Board expectations.

In 2025, the Group raised capital of £10,598,872 net of issue costs (2024: £Nil) including £80,311 received in cash funds. This amount is used to pay for the continued development of the Project and other working capital costs.

The next step in the development of the Project will be the grant of the Mining Permit (PE). The Group is working with the Ministry of Mines in Madagascar to secure the permit. Once the PE has been secured the Group will move on to the further development of the Project and securing the financing required. At 30 June 2025 the Group had a cash balance of £28,425 (2024: £45,442).

Results for the period

With no income in the period, the Group continues to monitor the loss before tax to ensure the continued viability of the Group and ability to continue to develop the Project. The Group has made a loss before tax of £14,187,288 for the year ended 30 June 2025 (2024: loss before tax of £1,938,793).

Social, Environmental and Governance

The 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 Group will ensure that it maintains a “local first, national second, international third” philosophy in regard to recruitment and contracting procurement.

As part of the on-going development of the Project, the Group has engaged with the National Office for the Environment (ONE) of Madagascar in respect of the renewed environmental and social impact statement (“ESIA”) for the Ampasindava Project.

The Company 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.

Public meetings have been held with local stakeholders, the presence of each person was reported to ONE. A renewed social programme has commenced in respect of the Project with social engagement workshops held in the town of Ambanja.

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 Malagasy. 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.

Position of Company’s Business

The Group is developing the Ampasindava Project in Madagascar. The project involves the development of a globally significant rare earths project comprising a 606,000 tonne TREO JORC-compliant resource, which includes a premium mix of heavy rare earth elements such as dysprosium, terbium, neodymium, and praseodymium all critical to the world’s transition to clean energy, high-performance technologies, and advanced defence systems.

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Strategic Report for the year ended 30 June 2025 (continued)

The Group is currently in the process of converting its Exploration Permit into a Mining Permit and is working with the Ministry of Mines in Madagascar to achieve this. Once the Mining Permit has been granted the Group will move on to the development of a Pilot Plant and an onsite Laboratory, together with the development of social programmes to benefit the community living in the surrounding area of the Project.

Employees

The Company makes extensive use of outsourcing professional services and short term contract employment internationally and in Madagascar. The Group has one full time male employee outside the Board of Directors.

The Board of Directors (the “Board”) contains personnel with a good history of running businesses that have been compliant with all relevant laws and regulations and there have been no instances of non-compliance in respect of environmental matters.

At present, there are no female Directors in the Company. The Company has two executive directors and three non-executive directors.

Principal risks and uncertainties

The Company operates in an uncertain environment and is subject to a number of risk factors. The Directors have carried out a robust assessment of the principal risks facing the Group. The Directors consider the following risk factors to be of particular relevance to the Company’s activities and to any investment in the Company. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently considered immaterial may apply.

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 supply and demand 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 Group. Currently, many international users of rare earth materials are investing to secure supplies outside of the market dominant Chinese sector and this has mitigated this risk.

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 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 Group’s properties will result in profitable commercial operations.

The Company’s Board and management have significant resources industry experience to manage these risks.

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Strategic Report for the year ended 30 June 2025 (continued)

Financing risks

The Group is likely to remain cash flow negative for some time and, although the Directors have confidence in the future revenue earning potential of the Group from its Ampasindava Project, there can be no certainty that the Group will achieve or sustain profitability or positive cash flow from its operating activities.

With regards to future capital expenditure on the Ampasindava Project, the Company will need to raise additional capital in order to continue to advance the feasibility and development work streams. Future mineral prices, revenues, taxes, capital expenditures, operating expenses and geological success will all be factors which will have an impact on the amount of additional capital required. In common with many exploration and development entities, the Group will need to raise further funds in order to progress from the feasibility phase to eventually being put into production and revenue generation.

Operating risks

The activities of the Group will be subject to usual hazards and operating 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 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 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 economically viable to extract mineral resources from the Group's properties. Such events may also require the Group 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 Group.

It is not always possible to fully insure against such risks as a result of high premiums or denial of insurance service under various conditions. 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.

The Company's Board and management have significant experience assessing, developing and operating assets such as the Project.

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 significantly 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 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 Group's plans.

Commodity and currency risk

As the Group's potential earnings will be largely derived from the sale of rare earths, the 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 Group.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Group. 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 Group's 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 Group. The exchange rates are affected by numerous factors beyond the control of the Group, including international markets, interest rates, inflation and the general economic outlook.

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Strategic Report for the year ended 30 June 2025 (continued)

Government regulation and political risk

The Group's operating activities are subject to laws and regulations governing a wide range of areas, including expropriation of property, health and safety, employment standards, waste disposal, environmental protection, mine development, land and water use, prospecting, mineral production, exports, taxation, labour standards, occupational health, toxic waste management, and the protection of endangered and protected species. While the Group considers that it is in compliance with all laws and regulations currently affecting its activities, future changes in applicable legislation, regulatory enforcement, or interpretation could alter legal requirements or the terms of existing permits and agreements. Such changes could have a material adverse impact on the Group's current operations or planned exploration and development projects.

The Project is located in Madagascar. The 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 Madagascar or any other countries in which the Group may operate are beyond the control of the Group and may adversely affect its operations.

The Directors are aware that during the development stage of the Project, no operating revenue will be received and will need to rely on new investor support. The Directors are confident in Harena Rare Earths PLC ability to raise significant capital, as it has done in the past.

The Group engages specialist consultants to ensure that risks associated with government and regulatory bodies are managed effectively.

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 Group may be subject to periodic renewal. The Licence Conversion of PR 6698 has not been completed. PR 6698 expired on 6 November 2021, however, as holder of PR 6698 it was entitled to submit an application for the conversion to a PE. Part of the conversion process will require the Enlarged Group to finalise a feasibility study and an approved environmental impact and social assessment. Whilst there is no reason to believe that such conversion and any renewals will not be granted, the Company cannot guarantee this outcome. New conditions may also be imposed on future mining permits held by the Group under the renewal process which may adversely affect the Group.

The Group engages specialist legal consultants to ensure that risks associated with legal changes are managed.

Task Force on Climate-related Financial Disclosures (TCFD)

The Task Force on Climate-related Financial Disclosures was convened by the Financial Stability Board to produce a common global framework for companies to report on how climate change will affect their business.

To help investors and wider stakeholders understand how companies are managing climate related financial risks, the TCFD recommends that companies make disclosures across four key areas, often referred to as the four pillars.

The directors support the initiatives of the TCFD, and have prepared disclosures to a level of detail that the directors consider to be consistent with the TCFD recommended disclosures, and as appropriate to the current position of the Group. The Board currently considers the immediate permit PR6698 boundaries, and any works within that Permit, as being within the scope for reportable sustainability data. During the period the Group has not actively accessed or conducted meaningful activities on the permit as all work has been conducted off-site by professional technical experts assessing the data captured prior to the Company acquiring the Project. The Company will use operational control of the Project as the baseline for reporting sustainability data.

At this time the Group operates no corporate offices either for the management team, or in Madagascar, and has no operational production activity. As such management have assessed that no significant greenhouse gas (GHG) emissions are currently produced.

The directors consider that several of the specific disclosures sought under TCFD recommendations will be less meaningful to users at the current stage of the Group's Project.

Harena Rare Earths PLC

Strategic Report for the year ended 30 June 2025 (continued)

1. Governance

The Company views climate related risks and opportunities as growing in importance. The Board is ultimately responsible for the oversight and compliance with local environmental laws at its exploration location in Madagascar, together with assessment of the impact of climate change on risk to the organisation. In advance of commissioning the project operations, the Group intends to establish a Sustainability Committee, comprising the Chairman, the Executive Director and a Non-Executive Director, that will guide and support the Group's environmental approach and plans with respect to climate-related matters. The Committee will also consider and set appropriate Group policies that will govern how management assess and manage the risks and opportunities following commissioning. Management of the group, who are involved with the ongoing definitive feasibility study (DFS) are responsible for assessing and managing climate related risks and opportunities through the current study process. The DFS will incorporate these factors into assessments related to the ESIA (environmental and social impact assessment) and ESG (environmental, social and governance) components of the study.

2. Risk management

Identification and assessment of climate related risks and opportunities in relation to the Group's activities is performed by management on an ad-hoc basis. Management have not assessed there to be any significant climate-related risks that impact on the current development activity in Madagascar. The Group is currently completing the pre-feasibility study, which will include ESIA and ESG assessments that will assist management to detail the climate related risks and opportunities relating to development of the project. Identification and mitigation of these risks will be addressed by the planned Sustainability Committee described in the Governance section of this statement.

As the project progresses through the feasibility process, the risk management framework is somewhat fluid and will be analysed, adapted and expanded as the various study components of the feasibility develop. The Group is intending to utilise a "rapid remediation - zero impact mining cycle" solution to development, wherever possible including utilising renewable energy supply and electrification options for operations. This approach and the short residence time within the land based operational disturbance zone will also present opportunities for climate risk mitigation not usually associated with mining development projects. These will also enable significant agri-based social and commercial opportunities which will contribute to reducing the operational carbon footprint.

In addition, significant fresh water is expected to be a by-product of the operational model of the mine with sea water being desalinised as part of the process.

3. Strategy

The Group's Project in Madagascar is currently in the stage of completing its pre-feasibility study, the outcome of which will include more detail and assessment to define the Group's strategic approach to climate-related matters.

Management have not identified any climate-related scenarios that are expected to impact the resilience of the current exploration and feasibility works being performed by the Group. Assessment of different climate scenarios will be included in the works performed once the DFS is commenced.

During the next reporting period and following publishing of the Pre-Feasibility Report and the ongoing update of a previous Environmental Baseline Report, the Company will report on the following:

- the principal climate-related risks and opportunities arising in connection with the Company's operations;
- the time periods by reference to which those risks and opportunities are assessed;
- description of the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy; and an analysis of the resilience of the Company's business model and strategy, taking into account consideration of different climate-related scenarios.

Harena Rare Earths PLC

Strategic Report for the year ended 30 June 2025 (continued)

4. Metrics and targets

The Company will define the metrics and performance targets to assess the climate-related risks and opportunities in line with its strategy and risk management processes once the Project has been commissioned. Initially some of these will be outlined as part of the ESIA and ESG assessments that will be completed as part of the DFS development.

The current exploration and feasibility of the Group have a minimal physical presence; Greenhouse Gas emissions are not currently recorded. However as part of the ESIA and ESG study works, the Group intends to develop the systems and reporting standards to track these in preparation for development of the project.

The project reporting and management systems to provide reporting on Greenhouse Gas emissions (GHG) will be developed following completion of a DFS. The development of the operations and processing routes remain to be finalised, as the feasibility study is prepared. As the studies are not yet complete and the processes still in evaluation the reporting metrics for the project will be developed by the ESG team in due time.

Section 172 Statement

The Board believes they have acted in a way most likely to promote the success of the Group for the benefit of its members as a whole, as required by section 172.

The requirements of section 172 are for the Board to:

- consider the likely consequences of any decision in the long term;
- act fairly between the members of the Company;
- maintain a reputation for high standards of business conduct;
- consider the interest of the Group's employees;
- foster the Group's relationship with suppliers, customers and others; and
- consider the impact of the Group's operations on the community and the environment.

It should be noted that due to the early stage of the Company's development, the Board also considers the Company's impact on external stakeholders to have been minimal during the period. Engagement with Company members plays an essential role throughout Company business. The Company is cognisant of fostering an effective and mutually beneficial relationship with Company members. The Company understanding of Company members is factored into boardroom discussions and decisions regarding the potential long-term impacts of our strategic decisions.

Post the year end, the Directors have continued to have regard to the interests of the Company's stakeholders, including the potential impact of its future activities and acquisition strategy on the community, the environment and the Company's reputation, when making decisions. The Directors also continue to take all necessary measures to ensure the Company is acting in good faith and fairly between members and is promoting the success of the Company for its members in the long term.

As outlined above, the Company did not retain any employees during the period and therefore this Section 172 statement does not make reference to how we consider their interests. The Company will monitor the need to incorporate the interests of employees in its decision making as the Company grows.

Harena Rare Earths PLC

Strategic Report for the year ended 30 June 2025 (continued)

The table below acts as our Section 172 statement by setting out the key stakeholder groups, their interests and how the Company engages with them. Given the importance of stakeholder focus, long-term strategy and reputation to the Company, these themes are also discussed throughout this Annual Report.

Stakeholder	Their interests	How we engage
Investors	<ul style="list-style-type: none">• Comprehensive review of financials• Business sustainability• High standard of governance• Success of the business• Ethical behaviour• Awareness of long-term strategy and direction	<ul style="list-style-type: none">• Regular reports and analysis on investors and shareholders• Annual Report• Company website• Shareholder circulars• AGM• RNS announcements• Press releases
Regulatory bodies	<ul style="list-style-type: none">• Compliance with regulations• Company reputation• Insurance	<ul style="list-style-type: none">• Company website• RNS announcements• Annual Report• Direct contact with regulators• Compliance updates at Board Meetings• Consistent risk review
Community	<ul style="list-style-type: none">• Business strategy• Social and physical impact on project	<ul style="list-style-type: none">• Meetings and negotiations• Reports and proposals• Dialogue with third party stakeholders where appropriate

This report was approved and authorised for issue by the Board and signed on its behalf by:

Andrew Paul Richards
Non-Executive Director
30 October 2025

Harena Rare Earths PLC

Directors' Report for the year ended 30 June 2025

The Directors present their report with the audited financial statements for the year ended 30 June 2025. A review of the business and results of the Company for the year is contained in the Strategic Report, which should be read in conjunction with this report.

Directors

The Directors who are currently in office, and during the year ended 30 June 2025, together with details of their interest in the shares of the Company at the date of signing this report, were:

	Number of Ordinary Shares	Number of Share Options	Number of Share Warrants
Allan Ewald Mulligan (appointed 20 March 2025)	49,703,565	8,000,000	342,247
Ivan James Bowen Murphy (appointed 4 August 2025)	-	-	28,000,000
Andrew Paul Richards (appointed 4 August 2025)	-	-	12,000,000
Timothy Morrison (appointed 20 March 2025)	4,600,282	5,000,000	228,164
Stephen Robert Weir (appointed 1 June 2025)	4,449,206	-	1,723,069
Joseph Charles Belladonna (resigned 30 June 2025)	10,400,280	8,000,000	-
Cameron Pearce (resigned 4 August 2025)	7,883,334	2,950,000	3,000,000
Sam Delevan Quinn (appointed 20 March 2025; resigned 4 August 2025)	-	2,950,000	-
Winton Willesee (resigned 20 March 2025)	-	950,000	1,500,000
Daniel Rootes (resigned 20 March 2025)	-	950,000	500,000

Details of the Directors' remuneration are given in note 7 to the financial statements. Details of the share options and share warrants are given in note 22 to the financial statements.

CURRENT DIRECTORS

Allan Ewald Mulligan (Executive Technical Director)

Allan 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.

He 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 (London Stock Exchange) in a variety of senior and technical mine management roles. He 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.

Harena Rare Earths PLC

Directors' Report for the year ended 30 June 2025 (continued)

Ivan James Bowen Murphy (Executive Chairman)

Ivan has over 25 years' experience in sourcing, structuring, and raising public and private equity for various companies in the natural resources sector. Ivan has held a number of key roles including acting as Director at Gazprom Bank Invest MENA, Partner at Fairfax Investment Bank, Managing Director of Aberdeen Asset Management (Ireland) Limited, and Executive Chairman of Tantalus Rare Earths AG, the previous owner of the Project. When previously involved in the Project he brought the opportunity to potential development partners in the U.S. and Europe. Ivan was also a founder director of Cove Energy PLC (acquired for \$1.5 billion) and secured \$20 million in private equity for Aladdin Middle East, a Turkish oil E&P company.

Andrew Paul Richard (Non-Executive Director)

Paul is a qualified solicitor and experienced investment banker with over 35 years of experience, having worked on many IPOs and private fundraisings across various sectors including natural resources. He was an Executive Director of Tantalus Rare Earths AG, the previous owner of the Project and has a detailed knowledge of the project, has visited the site of the project and knows the regulatory regime under which the Company operates. He is currently Executive Chairman of TES Holdings Limited, a waste oil and water treatment business in Colombia.

Timothy Morrison (Non-Executive Director)

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.

Stephen Robert Weir (Non-Executive Director)

Stephen has more than 25 years of experience in equity capital markets and an extensive background in mining and finance. He was recently CEO of ASX listed company, Magnetite Mines Ltd. His prior experience including senior corporate advisory, project finance, and construction management roles. Stephen is a member of the Australian Institute of Company Directors and the GBA Capital Advisory Board as a resources specialist stockbroker.

PAST DIRECTORS

Joseph Charles Belladonna (Managing Director)

Joe is an experienced mining executive with over 20 years' experience in the financial and commercial management of listed mining companies across nickel, gold and rare earths. He commenced with start-up rare earths company Harena Resources Pty Ltd in August 2023 in the role of Managing Director. Since that time, Harena has established its corporate presence both locally and internationally; completed its London Stock Exchange listing, via the reverse takeover of Citius Resources PLC.

Prior to joining Harena, he was CFO and Company Secretary of Western Areas Ltd for over 16 years, ultimately ending when Western Areas was acquired by IGO Ltd for A\$1.26b. In his time at Western Areas, the Company grew from a start-up explorer that went on to discover, develop and commission multiple nickel sulphide mines and processing plants.

Joe holds a Bachelor's Degree in Business and is a Certified Practicing Accountant.

Cameron Pearce (Non-Executive Director)

Cameron is an Australian citizen and has extensive professional and management experience in both the Australian and United Kingdom finance industries. Providing corporate, strategic, financial and advisory assistance to private and public companies in both Australia and the United Kingdom. With over twenty years of experience in senior financial and management positions he brings a wealth of knowledge in both publicly listed and private enterprises. Providing partnerships in Australia, Europe, Asia, Africa and Central America. Mr Pearce is a member of the Australian Institute of Chartered Accountants. He is currently a Director at Blencowe Resources Plc.

Harena Rare Earths PLC

Directors' Report for the year ended 30 June 2025 (continued)

Sam Delevan Quinn (Non-Executive Director)

Sam is a corporate lawyer with over a decade's worth of experience in the natural resources sector, in both legal counsel and executive management positions. He was formerly the Director of Corporate Finance and Legal Counsel for the Dragon Group, a London-based natural resources venture capital firm and is currently a partner of Silvertree Partners, a natural resource focussed back office outsourcing business.

Sam has in addition held several management roles for listed and unlisted natural companies and has gained significant experience in the administration, operation, financing and promotion of natural resource companies.

Prior to working in the natural resources sector, Sam worked as a corporate lawyer for Jackson McDonald Barristers & Solicitors in Perth, Western Australia and for Nabarro LLP in London.

Winton Willesee (Non-Executive Director)

Winton is an experienced company director with particular experience with publicly listed companies. He has considerable experience with publicly listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects. He is also currently director of the following ASX listed companies; Nanollose Limited, a company developing a unique and patented eco-friendly fibre for the clothing industry and other uses, and OneClick Life Limited, a fintech business. He is also a director of Metals One Plc, a UK company listed on the AIM Market. 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.

Winton is a Graduate member of the Australian Institute of Company Directors, and a Member of CPA Australia. He has a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance). Additionally, Graduate Diplomas in Applied Finance and Investment, Applied Corporate Governance, Education and a Bachelor of Business.

Daniel Rootes (Non-Executive Director)

Daniel is based in Perth, Australia and has 10 years of experience working in the Finance industry. Having extensive experience with hedge funds, family offices and wealth managers and road-showing companies in Singapore and Hong Kong. This experience provides Citius Resources Plc excellent exposure into Asia corporately and to future investors.

Over the past 5 years, he has spent his time marketing listed companies to investors. During this period he has built up a strong network and developed relationships with corporate advisers, wealth managers, mainstream media and marketing companies striving to get the best results. Prior to that, he worked for Colonial First State in Sydney, executing trades for some of the largest funds in Australia.

Directors' indemnities

To the extent permitted by law and the Articles, the Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year, which remain in force at the date of this report.

Policy for new appointments

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 (other than alternate directors) must not be less than two and must not be more than 15 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, they shall vacate office at the conclusion thereof.

Harena Rare Earths PLC

Directors' Report for the year ended 30 June 2025 (continued)

Rules for amendments of articles

Directors cannot alter the Company's Articles unless a special resolution is approved by the shareholders. A special resolution requires at least 75% of a company's members to vote in favour for it to pass.

Going Concern

The Directors have prepared a cash flow forecast for the period to 31 December 2026 which shows that the Group and Company have sufficient funds to meet their liabilities as they fall due. To the extent that the Group decides to incur expenditure that is not in the cash forecast, this expenditure will only be incurred after the Group has raised additional capital through the issue of shares. The Group has successfully raised capital since the end of the reporting year ended 30 June 2025 and details can be found in the subsequent events note 25.

The Group's cash flow forecast considers all relevant information about future operations, including:

- expected expenditure for corporate administration, financial reporting and LSE listing fees;
- planned feasibility activities in Madagascar; and
- known liabilities and contractual obligations – primarily loan note interest payments, for the loan note established on 21 March 2025 and the repayment of the principal by the due date of 27 February 2027.

After considering the uncertainties described above, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and consider the going concern basis of accounting to be appropriate and, thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Corporate Governance

The Corporate Governance section forms part of the Directors' Report and is disclosed on page 23.

Substantial shareholders

No single person directly or indirectly, individually or collectively, exercises control over the Company. The Directors are aware of the following interests over 3% in the issued ordinary share capital of the Company as at 30 June 2025:

Shareholder	% of issued share capital of the Company
Vidacos Nominees Limited	28.21%
Pershing Nominees Limited	12.56%
Global Prime Partners Ltd	8.68%
Allan Mulligan	4.43%
Chunyan Niu	4.13%
Indigo Buffalo Investments Pty Ltd	4.10%
JIM Nominees Limited	3.43%

Harena Rare Earths PLC

Directors' Report for the year ended 30 June 2025 (continued)

Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other payables, and trade and other receivables in the normal course of its operations.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group's activities expose it to a variety of financial risks: credit risk, currency risk and liquidity. See note 23.2 for more information on the financial risk management objectives and policies.

Future Developments

The Board is focusing in obtaining the Mining Permit and to continue the development of the Project. The Group's focus is on the completion of baseline metallurgical test work and the Pre-Feasibility Study, which will support the conversion of the mining licence application.

Greenhouse Gas (GHG) Emissions

The Company is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. However, during the year under review, the Group's activities were limited to early-stage exploration and administrative functions. It has not been practical to take a formal carbon footprint assessment.

In the future, the Company will measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Group and Company financial statements in accordance with UK-adopted International Accounting Standards and the Companies Act 2006.

The financial statements are required to give a true and fair view of the state of affairs of the Company and Group which it heads and of the profit or loss of the Group for that period.

In preparing these 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;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements of UK-adopted International Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's and Group's financial position and financial performance; and
- make an assessment of the Company's and Group's ability to continue as a going concern and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time its financial position of the Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Harena Rare Earths PLC

Directors' Report for the year ended 30 June 2025 (continued)

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with UK-adopted International Accounting Standards and the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company for the period;
- the Directors' report includes a fair review of the development and performance of the business and the position of the company, 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 company's performance, business model and strategy.

Dividends

The Directors do not recommend a final dividend (2024: £Nil).

Donations

No political donations were made during the year (2024: £Nil).

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Directors are responsible for maintaining the Company's systems of controls and risk management in order to safeguard its assets.

Risk is monitored and assessed by the Board who meet regularly and are responsible for ensuring that the financial performance of the Company is properly monitored and reported. This process includes reviews of annual and interim accounts, regulatory market announcements, internal control systems, procedures and accounting policies.

The Board receives guidance from FIM Capital Limited, the Administrator to the Company, covering updates to relevant legalisation and rules to ensure they remain fully informed and able to make informed decisions.

Subsequent events

Please see note 25 for details of the Group's subsequent events.

Auditors

Moore Kingston Smith LLP was appointed as auditor of the Company in August 2025 and resolutions for their re-appointment and for the determination of the auditor's remuneration will be proposed at the forthcoming AGM.

Harena Rare Earths PLC

Directors' Report for the year ended 30 June 2025 (continued)

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved and authorised for issue by the Board and signed on its behalf by:

Andrew Paul Richards

Non-Executive Director

30 October 2025

Harena Rare Earths PLC

Directors' Remuneration Report for the year ended 30 June 2025

The Directors' Remuneration Report sets out the Company's policy on the remuneration of Directors together with the details of Directors' remuneration packages and service contracts for the year ended 30 June 2025.

As set out in the Company's Prospectus dated 26 February 2025, each of the Directors may be paid a fee at such rate as may from time to time be determined by the Board. All the Directors are entitled to be reimbursed by the Company for travel, hotel and other expenses incurred by them in the course of their directors' duties relating to the Company.

There have been no changes to the Directors' remuneration or remuneration policy since the publication of the Company's Prospectus with the exception of those mentioned below. The terms and conditions of appointment for all the members of the Board are available for inspection at the registered office of the Company.

Terms of employment

Mr Mulligan was employed as Executive Technical Director pursuant to an executive services agreement dated 18 March 2024, with a commencement date of 1 July 2023. Mr Mulligan received a salary of AS\$100,000 per annum plus statutory superannuation. From re-admission Mr Mulligan received a salary of £100,000 per annum, plus statutory superannuation. For the first year following re-admission, up to 50% of the salary was paid in ordinary shares and the balance in cash. Subject to performance, Mr Mulligan may become entitled to a discretionary bonus payable in cash, shares or share options. Mr Mulligan is not entitled to any bonuses for the related to the year ended 30 June 2025. 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 Resources Pty Ltd (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. The financial statements do not include any accruals for termination fees.

Mr Morrison entered into a letter of appointment dated 3 November 2023 with Harena Rare Earths PLC, which is stated took effect from 22 December 2022 pursuant to which Mr Morrison was engaged as Non-Executive Chairman of Harena Rare Earths PLC with fees of £24,000 per annum. For the first year following re-admission, up to 100% of the fee was 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 Rare Earths PLC.

Mr Belladonna was employed as the Managing Director pursuant to an executive services agreement dated 1 August 2023, as amended on 15 October 2024, with such amendments to take effect from re-admission. Mr Belladonna received a fee of AS\$1,500 per day as a contracted employee of which 50% was paid in cash and 50% was deferred and accrued. The accrued portion was paid on re-admission where he received a salary of £120,000 per annum, plus statutory superannuation. For the first year following re-admission, up to 50% of the salary was paid in ordinary shares and the balance in cash. Subject to performance, Mr Belladonna may become entitled to a discretionary bonus payable in cash, shares or share options. Mr Belladonna is not entitled to any bonuses related to the year ended 30 June 2025. 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 Resources Pty Ltd (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. The financial statements do not include any accruals for termination fees. Mr Belladonna resigned on 30 June 2025.

Mr Pearce was appointed on 16 April 2020 by the Company to act as a Director and CEO of the Company. From admission, 21 March 2025, the executive services agreement was terminated but Mr Pearce continued 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 was paid in ordinary shares with any balance in cash. The appointment was 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. Mr Pearce resigned on 4 August 2025. Following the change of control and his subsequent resignation, Mr Pearce will receive £48,000 under the terms of his termination agreement, representing 16 months of his salary. The financial statements do not include any accruals for termination fees.

Harena Rare Earths PLC

Directors' Remuneration Report for the year ended 30 June 2025 (continued)

Mr Quinn entered into a letter of appointment with Harena Rare Earths PLC, effective from admission, dated 25 February 2025 pursuant to which Mr Quinn was engaged as a Non-Executive Director with fees of £18,000 per annum. The appointment was 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. Mr Quinn resigned on 4 August 2025. Following the change of control and his subsequent resignation, Mr Quinn will receive £36,000 as part of his termination agreement, equivalent to 24 months of his salary. The financial statements do not include any accruals for termination fees.

Mr Willesee was appointed on 16 April 2020 by the Company to act as a Non-Executive Director of the Company. Mr Willesee was engaged as a Non-Executive Director of the Company with fees of £24,000 per annum. The appointment was 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. Mr Willesee resigned on 20 March 2025. Following the change of control and his subsequent resignation, it was agreed by both parties that Mr Willesee will receive no further payments as part of his termination agreement. The financial statements do not include any accruals for termination fees.

Mr Rootes was appointed on 16 April 2020 by the Company to act as a Non-Executive Director of the Company and was paid 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. Mr Rootes resigned on 20 March 2025. Following the change of control and his subsequent resignation, it was agreed by both parties that Mr Rootes will receive no further payments as part of his termination agreement. The financial statements do not include any accruals for termination fees.

Remuneration policy

In formulating the Company's remuneration incentive structure, the Board will consider principally what behaviours and responsibilities are needed from its directors and employees to build long term sustainable value for its shareholders. The Board views the primary guiding principle in designing an incentive scheme as aligning the interests of directors and employees with those of shareholders.

Due to the recent appointment of the Committee, there is no formal remuneration or recruitment policy currently in place. The Committee will develop a suitable policy in the current year. No major decisions have taken place during the year.

Share options awarded to the Board are described on note 22.

Incentive schemes

The Group does not operate any employee share schemes, or other incentive award schemes. No interest scheme has been awarded during the reporting period, apart from those already disclosed in the Directors' Report.

Harena Rare Earths PLC

Directors' Remuneration Report for the year ended 30 June 2025 (continued)

Directors' emoluments (audited)

Set out below are the emoluments of the Directors for Harena Rare Earths PLC the 14 month period to 30 June 2025 and year ended 30 April 2024.

	Base fee (Fixed) £	Payment made for loss of office* (Variable) £	Total £
Cameron Pearce	36,000	-	36,000
Winton Willesee	6,000	-	6,000
Daniel Rootes	6,000	-	6,000
Total 30 April 2024	48,000	-	48,000
Allan Ewald Mulligan	46,440	-	46,440
Timothy Morrison	4,031	-	4,031
Stephen Robert Weir	1,500	-	1,500
Joseph Charles Belladonna	143,346	-	143,346
Cameron Pearce	42,000	-	42,000
Sam Delevan Quinn	4,984	-	4,984
Winton Willesee	5,826	-	5,826
Daniel Rootes	5,000	-	5,000
Phillipa Legate	19,933	-	19,933
Total 30 June 2025	273,060	-	273,060

*On 1 August 2025, the Company signed a settlement deed with Cameron Pearce and on 5 September 2025 with Sam Delevan Quinn to settle any and all claims under their letters of appointments or their termination against the Company. The settlement payments were calculated based on the outstanding payments due to the directors as below, settlement periods due by means of their contracts and a negotiated payment for extended settlement. The payments for loss of office were £48,000 to Cameron Pearce and £47,400 to Sam Delevan Quinn, including £11,400 to Lionshead Consulting Limited a company controlled by Sam Quinn.

There were no bonuses, other taxable benefits or pension related benefits payable to directors in 2025 (2024: see note 6).

There were share options and warrants issued to the directors as an incentive and these are listed on page 12.

Unpaid salaries at 30 June 2025

Director	Outstanding balance £	Payment date
Sam Delevan Quinn	4,984	10 September 2025
Winton Willesee	5,326	10 September 2025
Daniel Rootes	4,000	10 September 2025
	<u>14,310</u>	

The directors have not included a graph representing the total remuneration of each executive director. This graph should include but is not limited to salaries, fees and benefits and whether the remuneration received was in respect of performance target in line with the Company's expectations. However, the Board has decided not to include this chart in the current report.

This decision reflects the Company's current stage of development and the limited nature of executive remuneration during the year under review. The Board considers that a bar chart would not provide meaningful insight to shareholders at this time, given the simplicity and consistency of remuneration arrangements.

Harena Rare Earths PLC

Directors' Remuneration Report for the year ended 30 June 2025 (continued)

Statement of Directors' shareholding and share interest (audited)

The Directors who served during the year ended 30 June 2025, and their interests at that date, are disclosed on page 12.

By Order of the Board

Andrew Paul Richards

Non-Executive Director
30 October 2025

Harena Rare Earths PLC

Corporate Governance

The Group recognises the importance of, and is committed to, high standards of Corporate Governance. Whilst the Group is not formally required to comply with the UK Corporate Governance Code 2024, the Group will try to observe, where practical, the requirements of the UK Corporate Governance Code 2024, as published by The Financial Reporting Council.

The Company observes the requirements of the UK Corporate Governance Code 2024, save as set out below. As at the date of the financial statements the Directors consider the Group to be in compliance with the UK Corporate Governance Code 2024 with the exception of the following:

Audit and Risk Committee

The Company does not comply with the requirements of the UK Corporate Governance Code in relation to the Audit Committee does not have three independent non-executive directors. The Audit and Risk Committee is a sub-committee of the Board.

Composition and Qualifications

The Audit and Risk Committee was formed on 3 October 2025. The Audit and Risk Committee is composed of three members. The members of the Committee bring a diverse range of skills and experience, including:

- Paul Richards, Bachelor of Laws, University of Manchester and Solicitor of the Supreme Court.
- Timothy Morrison, Bachelor Arts, First class Honours, Murdoch's university and Masters Business Administration University of Western Australia.
- Stephen Weir, Bachelor of Engineering (Hons), University of Melbourne.

The role of the Audit and Risk Committee is to monitor the integrity of the Company's financial reporting, to review the internal control and risk management system and to oversee the relationship with the Group's external auditors. The Audit and Risk Committee focus particularly on compliance with legal requirements, accounting standards and the rules of the Financial Services Authorities. The Audit and Risk Committee have unrestricted access to internal control procedures.

Any significant issues that the Audit and Risk Committee might consider in relation to the financial statements are addressed individually and a decision taken. The significant issues identified in respect of these financial statements were the accounting for the reverse acquisition and the assessment of the carrying value of the exploration and evaluation assets.

The Audit and Risk Committee will meet at least three times a year with further meetings that are determined by the Committee. Any member of the Committee or the external auditors may request any additional meetings they consider necessary. Due to the recent appointment of the members, the Audit Committee has not met during the year but met to consider these financial statements post year end as part of the audit process.

Due to the nature and size of the Group at present it would not be appropriate for the Group to have its own internal audit department reporting directly to the Audit Committee, this situation is reviewed annually.

The Committee is yet to determine how they reach its recommendation to the Board to the appointment, reappointment or removal of the external auditors.

Assessment on the effectiveness of the external auditors

The Committee has assessed the effectiveness of external audit process. They did this by:

- Reviewing the 2025 external audit plan;
- Discussing the findings from the audit including the auditor's views on material accounting issues and key judgements and estimates and their audit report;
- Considering the robustness of the audit process;
- Reviewing the quality of the service and people provided to undertake the audit; and
- Considering their independence and objectivity.

Financial reporting

The Audit and Risk Committee examined the Group's consolidated and Company's financial statements and, prior to recommending them to the Board, considered:

- the appropriateness of the accounting policies adopted;
- the critical judgements, estimates and underlying assumptions; and
- assessed whether the financial statements are fair, balanced and understandable.

Harena Rare Earths PLC

Corporate Governance (continued)

Nomination and Remuneration Committee

On 3 October 2025, the Remuneration Committee was formed. It currently consists of Timothy Morrison, Ivan Murphy and Paul Richards. It is a sub-committee of the Board and aims to meet at least twice each year. The salaries, remuneration and other financial benefits of the key management and members of the Board of Directors are determined by the Remuneration Committee having regard to the performance of individuals and market trends. Due to the recent appointment of the Nomination and Remuneration Committee, the Committee did not meet during the period.

Due to the size of the Board, there are no independent non-executive directors appointed to the Nomination and Remuneration Committee.

The UK Corporate Governance Code also recommends the submission of all directors for re-election at annual intervals. No Director will be required to submit for re-election until the first annual general meeting ("AGM") of the Company following the Acquisition. The first AGM since the reverse takeover took place on 21 March 2025 is due to take place in November 2025.

The Committee is responsible for setting the remuneration policy for all executive directors and the Company's chairman, including pension rights and any compensation payments. No director is involved in any decisions as to their own remuneration.

Due to the recent appointment of the Committee, there was no formal remuneration or recruitment policy in place during the year. The Committee will develop a suitable policy in the current year. No major decisions were taken and no substantial changes were made to director's remuneration in the year.

The Board does not consider there to be a need for a formal Company succession plan at this stage, but this will be monitored as the size and complexity of the Company's activities develop.

Due to the current size of the Company and the early stages of the Project's life cycle, the Company fails to comply with the diversity requirements. There are no women appointed to the Board and therefore, the Company does not meet the 40% target. The Company has not appointed a woman at a senior position and there are no individuals from the Board of directors with a minority ethnic background. Furthermore, there have been no board evaluations conducted within the year and no formal diversity policy has yet to be established.

Remuneration for the non-executive directors includes share options and warrants.

As at the date of this report, the Board has a share dealing code that complies with the requirements of the Market Abuse Regulations. All persons discharging management responsibilities (comprising only the Directors at the date of this Document) have complied with the share dealing code from the date of Admission.

Set out below are Harena Rare Earths PLC's corporate governance practices for the year ended 30 June 2025.

Board Leadership and Company Purpose

The purpose 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 FS and EISA to the BCMM.

The Company strategy and business model are centred on exploration, development, ESG integration, cost control, partnerships, etc. The Company keep strategic plans under regular review; progress is reported to the Board at each Board meeting.

The Company aims to generate and preserve value over the long-term primarily through the development of its principal asset, the Project in Madagascar. The Company is completing a preliminary FS on the Project and once complete, will move to the process of completing a DFS which will provide a risked and independent project valuation to international standards. The DFS process is rigorous and will result in an examination of all aspects of the project including economic viability, principal risks as well as engineering and geological matters.

The Group's current activities do not generate any revenues or positive operating cash flow, and the completion of the DFS for the Project will require further capital expenditure.

Harena Rare Earths PLC

Corporate Governance (continued)

The role of the Board - The Board sets the Company's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. To achieve this, the Board directs and monitors the Company's affairs within a framework of controls which enable risks for the future success of the business to be assessed and managed effectively. The Board also has responsibility for setting the Company's core values and standards of business conduct and for ensuring that these, together with the Company's obligations to its stakeholders, are widely understood throughout the Company.

Board structure – the Board structure is composed of:

- Allan Ewald Mulligan (Executive Director)
- Timothy Morrison (Non-Executive Director)
- Stephen Robert Weir (Non-Executive Director)
- Ivan James Bowen Murphy (Executive Director and Chairman)
- Andrew Paul Richards (Non-Executive Director)

The roles of Chair and CEO (to which there is no CEO appointed) are separated. If not separated, there is a Senior Independent Director, Andrew Paul Richards, to ensure accountability. Independence is assessed annually: factors considered include tenure, shareholding, other relationships/appointments.

Summary of the Board's work from 30 June 2024 to date of report - During the period, the Board (past and present) considered all relevant matters within its remit but focused in particular on the development of the Project.

Attendance at meetings:

			Meetings held	Meetings attended
Director				
Allan Ewald Mulligan	(Present)	Executive Director	6	5
Ivan James Bowen Murphy	(Present)	Executive Chairman	3	3
Andrew Paul Richards	(Present)	Non-Executive Director	3	3
Timothy Morrison	(Present)	Non-Executive Director	6	2
Stephen Robert Weir	(Present)	Non-Executive Director	4	1
Joseph Charles Belladonna	(Past)	Managing Director	6	2
Cameron Pearce	(Past)	Non-Executive Director	5	4
Sam Delevan Quinn	(Past)	Non-Executive Director	3	2
Winton Willesse	(Past)	Non-Executive Director	2	2
Daniel Rootes	(Past)	Non-Executive Director	2	2

The Chairman, Ivan Murphy, sets the Board Agenda and ensures adequate time for discussion.

All of the Directors are aware that independent professional advice is available to each Director in order to properly discharge their duties as a director. In addition, each Director and Board committee has access to the advice of the Company Secretary.

The Company Secretary is FIM Secretaries IOM Limited who were appointed on 1 November 2024. FIM Secretaries IOM Limited is available to Directors and advises the Board on UK compliance matters.

The Directors and their roles and key personnel are displayed on the Company's website: <https://harenaresources.com/company/>

A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company. The Board had satisfied itself that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Company. The Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest.

Harena Rare Earths PLC

Corporate Governance (continued)

All Directors are kept aware of changes in major shareholdings in the Company and are available to meet with shareholders who have specific interests or concerns. The Company issues its results promptly to the market via RNS and publishes them on the Company's website: <https://harenaresources.com/>. The Company website includes up-to-date governance information, board memberships and shareholder contact details. For investors or interested parties the website also includes the latest presentations, research notes, regulatory news and media coverage.

At all Annual General Meetings ("AGM") individual shareholders are given the opportunity to put questions to the Chairman and to other members of the Board that may be present. Notice of the AGM is sent to shareholders at least 21 working days before the meeting. Details of proxy votes for and against each resolution, together with the votes withheld are announced to the London Stock Exchange and are published on the Company's website as soon as practical after the meeting.

Division of Responsibilities

The Board believes it has the correct balance of skills, reflecting a broad range of commercial and professional skills across geographies and relevant industries that is necessary to ensure the Company is equipped to deliver its investment objective, particularly in relation to its early stage of development. Additionally, each Director has experience in public markets. The Directors' information is available on the Company website: <https://harenaresources.com/company/>

Composition, Succession and Evaluation

The Board comprises two Executive Directors and three Non-Executive Directors, each of whom have the necessary skill and experience to manage the Company at its current stage of development. As the Company progresses it will require other skills to be added to the Board, which will be reviewed by the Board as a whole.

Audit, Risk and Internal Control

The Board has overall responsibility for risk oversight. Internal controls are in place for financial, operational, compliance and environmental risks. External auditors and other third-party experts are used for key risk areas.

Climate-related risks are considered in our risk processes.

Risk is monitored and assessed by the Board as a whole and are responsible for ensuring that the financial performance of the Company is properly monitored and reported. This process includes reviews of annual and interim accounts, results announcements, internal control systems, procedures and accounting policies. Risk management is carried out by the Board of Directors. The Board identifies and evaluates financial risks.

The Company has the following Board Committees: Audit and Risk, Remuneration and Nomination. Each has majority non-executive directors. Since the publication of the prospectus in February 2025 the Board committees have changed following the resignation and appointment of Directors. The new agreed committees are as follows:

Audit and Risk Committee – Paul Richards (Chair), Timothy Morrison and Stephen Weir

Remuneration Committee – Timothy Morrison (Chair), Ivan Murphy and Paul Richards

Nomination Committee – Ivan Murphy (Chair), Paul Richards, Timothy Morrison and Allan Mulligan

The Directors are of the view that the Board and its committees consist of Directors with an appropriate balance of skills, experience, independence and diverse backgrounds to enable them to discharge their duties and responsibilities effectively.

Remuneration

Performance metrics include long-term financial and non-financial measures (e.g. ESG or sustainability indicators). Any new share scheme or changes to existing schemes are subject to shareholder consultation / vote, where required.

In formulating the Company's remuneration incentive structure, the Board has considered principally what behaviours and responsibilities are needed from its directors and employees to build long term sustainable value for its shareholders. The Board has taken the view that the primary guiding principle in designing an incentive scheme is to align the interests of directors and employees to those of shareholders.

Harena Rare Earths PLC

Corporate Governance (continued)

The incentive structure has been designed to reflect short term and long-term objectives and milestones. The short-term milestones are focussed on short term share price appreciation. Long term incentives are designed to align the management group's objective to the creation of longer-term shareholder value. The long-term incentives are also targeted at maintaining tenure within key roles.

The Company has no formal directors' remuneration policy for past directors.

Harena Rare Earths PLC

Independent Auditor's Report to the Members of Harena Resources Plc

Opinion

We have audited the financial statements of Harena Rare Earths PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2025 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2025 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 opinion.

Our approach to the audit

Our group audit was scoped by obtaining an understanding of the group and the parent company and their environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement. Our group audit focused on the financial information of components which, in our view, either individually or in combination, represented the most significant areas of financial reporting risk or were quantitatively material to the Group's results.

For those components that presented a higher risk of material misstatement or contributed significantly to the overall group's results or financial position, either a full scope or a specified audit approach was determined based on their relative materiality to the group and our assessment of the audit risk. For components requiring a full scope approach, we evaluated controls by performing walkthroughs over the financial reporting systems identified as part of our risk assessment, reviewed the accounts production process and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances.

In order to address the audit risks identified during our planning procedures, we performed a full scope audit of the financial statements of Harena Rare Earths PLC. The audit of the Harena Resources Pty Ltd sub-group was performed by Moore Australia in Australia under the supervision and direction of the group audit engagement team, as described in more detail below.

Harena Rare Earths PLC

Independent Auditor's Report to the Members of Harena Resources Plc (continued)

Our involvement with the component auditors

As part of our supervision and direction of the component audit team, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained in respect of the Harena Resources Pty Ltd sub-group as a basis for our opinion on the group financial statements as a whole. Our involvement with the component auditors included the following:

- We issued detailed group reporting instructions to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed below) and set out the information required to be reported to the group audit team;
- We performed a remote review of the component audit files using appropriate technologies and held regular calls and video conferences with component management and the component audit team during the audit; and
- The group audit team performed reviews of relevant working papers and undertook additional procedures where necessary in respect of the significant risk areas that represented Key Audit Matters for the group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our scope addressed this matter
<p>Going Concern (Group and Company)</p> <p>The Group has made a loss for the year of £14,138,511 (2024: loss of £1,964,391). However, this was primarily due to the listing costs of £10,321,369 incurred during the year as a result of the reverse takeover. The group had a cash outflow of £65,794 (2024: outflow of £770,942) with a cash balance of £28,425 at the year end.</p> <p>The audit report for the previous year included a qualified opinion, as the predecessor auditor was unable to obtain sufficient appropriate evidence to support the going concern assumption. This was due to uncertainty surrounding the completion of the proposed reverse takeover at that time. Since then, the reverse takeover has been successfully completed, and the group has raised additional gross proceeds of £1,681,500 post year end.</p>	<p>Our audit work included, but was not restricted to, the following procedures:</p> <ul style="list-style-type: none">• We obtained management's assessment of going concern, forecasts and cash flows and critically reviewed them, discussing the assessment with management and determining whether management had identified events or conditions that, individually or collectively, may cast significant doubt on the company's and group's ability to continue as a going concern and, if so, management's plans to address them;• We analysed and critically assessed the cash flow and other relevant forecasts with management, performing sensitivity analysis as necessary;• We critically assessed the completeness of the forecast expenditure by reference to historic cash flows and current plans;• We critically assessed management's classification and the validity of discretionary expenditure;• We critically assessed the certainty of the level and timing of a future fundraise;• We reviewed minutes of the meetings of shareholders, those charged with governance and relevant committees for reference to financing difficulties;

Harena Rare Earths PLC

Independent Auditor's Report to the Members of Harena Resources Plc (continued)

	<ul style="list-style-type: none"> • We performed audit procedures regarding subsequent events to identify those that either mitigate or otherwise affect the company's and group's ability to continue as a going concern; and • We reviewed the related disclosures in the financial statements to ensure their adequacy, and our consideration of any amendment required in the audit report. <p>Key Observations:</p> <p>Based on the work performed and evidence obtained, we were able to obtain sufficient and appropriate audit evidence to conclude on the company's and group's ability to continue as a going concern for a period of at least twelve months from signing the audit report.</p> <p>We consider the disclosures in the financial statements relating to this area to be adequate.</p>
<p>Accounting treatment of the Reverse Takeover transaction</p> <p>Refer to note 4 on page 46 for the key judgements taken by management in preparing the consolidated financial statements.</p> <p>Harena Resources Pty Ltd was acquired by Citius Resources PLC through a reverse takeover.</p> <p>Given the significance of the transaction (qualitative and quantitative) and judgements applied, the accounting treatment for the Reverse Takeover transaction was considered a significant risk and key audit matter.</p>	<p>Our audit work included, but was not restricted to, the following procedures:</p> <ul style="list-style-type: none"> • We obtained and critically reviewed the Head of Terms and other relevant transaction documents, including board minutes, to gain a comprehensive understanding of the terms of the transaction; • We critically assessed whether management's accounting treatment of the transaction complies with the criteria set out in IFRS 3; and • We reviewed the adequacy of the disclosures in the financial statements. <p>Key Observations:</p> <p>Based on our audit work, we concluded that management has correctly accounted for the Reverse Takeover transaction.</p> <p>We consider the disclosures in the financial statements relating to this area to be adequate.</p>
<p>Valuation of Fee Warrants and Share Options</p> <p>Refer to note 3 on page 44 for the relevant accounting policies and note 4 on page 46 for the key judgements taken by management in preparing the consolidated financial statements.</p> <p>As at the reporting date, the group incurred a share option expense at £293,910 and warrants charge expense of £22,203.</p> <p>Given the significance of the management estimates and judgements applied, the accounting treatment and valuation of the share options and warrants was considered to be a significant risk and key audit matter.</p>	<p>Our audit work included, but was not restricted to, the following procedures:</p> <ul style="list-style-type: none"> • We obtained a reconciliation supporting the share options and fee warrants expense, including the supporting calculations for the value of the expense and the accounting treatment; • We critically assessed the valuation of the share options and fee warrants expense by reviewing the inputs to the Black Scholes pricing model for reasonableness, assessing the mathematical accuracy and logic of the model and assessing the final output for accuracy;

Harena Rare Earths PLC

Independent Auditor's Report to the Members of Harena Resources Plc (continued)

	<ul style="list-style-type: none"> We reperformed the Black Scholes valuations and agreed the share options and warrants to the relevant agreements; and We assessed the adequacy of the disclosures in the financial statements. <p>Key Observations:</p> <p>Based on our audit work, we concluded that management has correctly accounted for the share options and warrants.</p> <p>We consider the disclosures in the financial statements relating to this area to be adequate.</p>
<p>Valuation of Exploration and Evaluation Assets</p> <p>The Group currently holds an exploration licence at the Ampasindava Project in Madagascar which, with exploration and evaluation and development assets at the reporting date had a carrying value of £1,875,768 (2024: £1,905,744).</p> <p>The carrying amount of these assets is judgemental and subject to management's assessment which is reliant upon a number of significant assumptions.</p> <p>Refer to note 3 on page 44 for the relevant accounting policies and note 4 on page 46 for the key judgements taken by management in preparing the consolidated financial statements.</p> <p>Given the significance of the management estimates and judgements applied, the accounting treatment of the exploration and evaluation assets (especially the recoverability thereof) was considered to be a significant risk and key audit matter.</p>	<p>Our audit work included, but was not restricted to, the following procedures:</p> <ul style="list-style-type: none"> We confirmed that the group has valid title to the applicable exploration licenses, and has fulfilled any specific conditions therein particularly having regard to minimum expenditure requirements; We critically reviewed and substantively tested the accuracy of capitalised exploration and evaluation expenditure; We critically assessed the appropriateness under IFRS 6 of exploration and evaluation expenditure which has been capitalised; and We critically assessed management's impairment reviews considering any impairment indicators identified in accordance with IFRS 6, including corroboration and challenge thereof. <p>Key Observations:</p> <p>Based on our audit work, we concluded that management has correctly accounted for the exploration and evaluation assets.</p> <p>We consider the disclosures in the financial statements relating to this area to be adequate.</p>

Our application of materiality

The scope and focus of our audit engagement was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit engagement and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group, we considered total assets to be the main focus for the users of the financial statements, and accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group to be £103,000 based on a percentage of total assets (1%). Based on our professional judgement, we determined materiality for the Company to be £92,700 based on a percentage of total assets (1%).

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual

Harena Rare Earths PLC

Independent Auditor's Report to the Members of Harena Resources Plc (continued)

account or balance) for the Group and Company was 50% of materiality, which is £51,500 and £46,350 respectively.

We agreed to report to the Audit Committee all audit differences in respect of the Group and Company in excess of £5,150 and £4,635 respectively and, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also agreed to report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included a range of procedures. We obtained and critically reviewed management's going concern assessment, including forecasts and cash flow projections, and discussed these with management to determine whether they had identified any events or conditions that might cast significant doubt on the group's ability to continue as a going concern. Where such risks were identified, we evaluated management's plans to address them. We also analysed the cash flow forecasts in detail, performing sensitivity analyses where appropriate, and assessed the certainty and timing of any anticipated future fundraising. In addition, we reviewed minutes from meetings of shareholders, the board, and relevant committees for indications of financial challenges.

To further inform our assessment, we performed audit procedures on subsequent events to identify any developments that could either support or undermine the going concern assumption. Finally, we reviewed the related disclosures in the financial statements to ensure they were adequate and considered whether any amendments to our audit report were necessary.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Harena Rare Earths PLC

Independent Auditor's Report to the Members of Harena Resources Plc (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained during the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you in, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability 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 the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK adopted

Harena Rare Earths PLC

Independent Auditor's Report to the Members of Harena Resources Plc (continued)

international financial reporting standards, the Listing Rules, the Disclosure and Transparency Rules, and UK taxation legislation.

- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Other matters which we are required to address

We were appointed by the Board of Directors on 4 August 2025 to audit the financial statements for the year ended 30 June 2025. Our total uninterrupted period of engagement is one year, covering the year ended 30 June 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Matthew Banton (Senior Statutory Auditor)

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor

6th Floor

9 Appold Street

London

EC2A 2AP

30 October 2025

Harena Rare Earths PLC

Consolidated Statement of Comprehensive Income for the period ended 30 June 2025

	Notes	Year ended 30 June 2025 £	Year ended 30 June 2024 £
Administrative fees and other expenses	5	(3,330,754)	(1,127,356)
Operating loss		(3,330,754)	(1,127,356)
Finance income		112	2,202
Listing costs	12	(10,321,369)	-
Finance costs	9	(535,277)	(813,639)
Loss before tax		(14,187,288)	(1,938,793)
Income tax	11	-	-
Loss after tax for the year attributable to owners of the parent		(14,187,288)	(1,938,793)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		48,777	(25,598)
Total comprehensive loss for the year		(14,138,511)	(1,964,391)
Total comprehensive loss attributable to owners of Harena Rare Earths PLC		(14,138,511)	(1,964,391)
Total comprehensive loss attributable to non-controlling interests		-	-
Total comprehensive loss for the period		(14,138,511)	(1,964,391)
Basic and diluted loss per share (pence)	15	(10.78)	(1.65)

The accompanying notes on pages 42 to 63 form an integral part of the financial statements.

Harena Rare Earths PLC

Consolidated Statement of Financial Position as at 30 June 2025

	Notes	30 June 2025 £	30 June 2024 £
Non-current assets			
Other intangible asset	14	1,875,768	1,905,744
Total non-current assets		1,875,768	1,905,744
Current assets			
Trade and other receivables	18	196,289	40,926
Cash and cash equivalents		28,425	45,442
Total current assets		224,714	86,368
Total assets		2,100,482	1,992,112
Current liabilities			
Trade and other payables	19	612,314	986,111
Total current liabilities		612,314	986,111
Non-current liabilities			
Loan note liability	20	572,937	-
Convertible loan note	20	-	2,637,200
Total non-current liabilities		572,937	2,637,200
Total liabilities		1,185,251	3,623,311
Net assets/(liabilities)		915,231	(1,631,199)
Equity			
Share capital	21	2,033,422	548,538
Share premium	21	9,619,057	-
Treasury shares	21	36,000	-
Share option and warrant reserve	22	922,324	-
Share based payment reserve	22	1,831,310	-
Translation reserve	21	23,179	(25,598)
Retained earnings		(6,284,822)	(2,637,950)
Reserve acquisition reserve	21	(7,611,916)	-
Non-controlling Interest		346,677	346,677
Pre-acquisition reserve		-	137,134
Total equity		915,231	(1,631,199)

The accompanying notes on pages 42 to 63 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 October 2025 and were signed on its behalf by:

Ivan James Bowen Murphy
Executive Chairman

Andrew Paul Richards
Non-Executive Director

Company Registration No.12557958

Harena Rare Earths PLC

Company Statement of Financial Position as at 30 June 2025

	Notes	30 June 2025 £	30 June 2024 £
Non-current assets			
Investment in subsidiary	16	10,000,000	-
Loan to subsidiary	17	1,049,556	-
Total non-current assets		11,049,556	-
Current assets			
Trade and other receivables	18	168,816	8,520
Cash and cash equivalents		1,991	33,971
Total current assets		170,807	42,491
Total assets		11,220,363	42,491
Current liabilities			
Trade and other payables	19	281,328	141,636
Total current liabilities		281,328	141,636
Non-current liabilities			
Loan note liability	20	608,725	-
Total non-current liabilities		608,725	-
Total liabilities		890,053	141,636
Net assets/(liabilities)		10,330,310	(99,145)
Equity			
Share capital	21	2,033,422	216,250
Share premium	21	9,619,057	921,797
Treasury shares	21	36,000	-
Share option and warrant reserve	22	989,127	17,422
Share based payment	22	1,831,310	-
Retained earnings		(4,178,606)	(1,254,614)
Total equity		10,330,310	(99,145)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the Company for the year was £2,941,414 (2024: loss of £392,022).

The accompanying notes on pages 42 to 63 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 October 2025 and were signed on its behalf by:

Ivan James Bowen Murphy
Executive Chairman

Andrew Paul Richards
Non-Executive Director

Company Registration No.12557958

Harena Rare Earths PLC

Consolidated Statement of Changes in Equity for the year ended 30 June 2025

	Share capital	Share premium	Treasury shares	Share option & warrant reserve	Share based payment reserve	Translation reserve	Reverse acquisition reserve	Pre-acquisition reserve	Retained earnings	Total Equity of owners	Non-controlling interest	Total equity
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 30 June 2023	548,538	-	-	-	-	-	-	63,293	(699,157)	(87,326)	346,677	259,351
Loss for the period	-	-	-	-	-	-	-	-	(1,938,793)	(1,938,793)	-	(1,938,793)
Exchange differences on translation of foreign operations	-	-	-	-	-	(25,598)	-	-	-	(25,598)	-	(25,598)
Total comprehensive loss	-	-	-	-	-	(25,598)	-	-	(1,938,793)	(1,964,391)	-	(1,964,391)
Issue of performance rights	-	-	-	-	-	-	-	73,841	-	73,841	-	73,841
Balance as at 30 June 2024	548,538	-	-	-	-	(25,598)	-	137,134	(2,637,950)	(1,977,876)	346,677	(1,631,199)
Loss for the period	-	-	-	-	-	-	-	-	(14,187,288)	(14,187,288)	-	(14,187,288)
Exchange differences on translation of foreign operations	-	-	-	-	-	48,777	-	-	-	48,777	-	48,777
Total comprehensive loss	-	-	-	-	-	48,777	-	-	(14,187,288)	(14,138,511)	-	(14,138,511)
Transactions with owners												
New shares issued (note 21)	1,817,172	8,745,700	36,000	-	-	-	-	-	-	10,598,872	-	10,598,872
FV adjustment (note 21)	-	(35,940)	-	-	-	-	-	-	-	(35,940)	-	(35,940)
Share issue costs (note 21)	-	(12,500)	-	-	-	-	-	-	-	(12,500)	-	(12,500)
Share based payment charge (note 22)	-	-	-	922,324	1,831,310	-	-	-	-	2,753,634	-	2,753,634
Settlement of subsidiary loan notes	-	-	-	-	-	-	-	3,044,105	-	3,044,105	-	3,044,105
Reverse acquisition adjustments	(332,288)	921,797	-	-	-	-	(7,611,916)	(3,181,239)	10,540,416	336,770	-	336,770
Total transactions with owners	1,484,884	9,619,057	36,000	922,324	1,831,310	-	(7,611,916)	(137,134)	10,540,416	16,684,941	-	16,684,941
Balance as at 30 June 2025	2,033,422	9,619,057	36,000	922,324	1,831,310	23,179	(7,611,916)	-	(6,284,822)	568,554	346,677	915,231

The nature of the share option and warrant reserve, share base payment reserve, translation reserve and reverse acquisition reserves are described in note 21.

The accompanying notes on pages 42 to 63 form an integral part of the financial statements.

Harena Rare Earths PLC

Company Statement of Changes in Equity for the period ended 30 June 2025

	Share capital £	Share premium £	Treasury shares £	Share option & warrant reserve £	Share based payment reserve £	Retained earnings £	Total equity £
Balance as at 30 April 2023	216,250	921,797	-	17,422	-	(862,592)	292,877
Loss for the period	-	-	-	-	-	(392,022)	(392,022)
Total comprehensive loss	-	-	-	-	-	(392,022)	(392,022)
Balance as at 30 April 2024	216,250	921,797	-	17,422	-	(1,254,614)	(99,145)
Loss for the period	-	-	-	-	-	(2,941,414)	(2,941,414)
Total comprehensive income	-	-	-	-	-	(2,941,414)	(2,941,414)
Transactions with owners							
New shares issued (note 21)	1,817,172	8,745,700	36,000	-	-	-	10,598,872
FV adjustment (note 21)		(35,940)	-				(35,940)
Share issue costs (note 21)	-	(12,500)	-	-	-	-	(12,500)
Share based payment charge (note 22)	-	-	-	989,127	1,831,310	-	2,820,437
Lapsed warrants	-	-	-	(17,422)	-	17,422	-
Total transaction with owners	1,817,172	8,697,260	36,000	971,705	1,831,310	17,422	13,370,869
Balance as at 30 June 2025	2,033,422	9,619,057	36,000	989,127	1,831,310	(4,178,606)	10,330,310

The accompanying notes on pages 42 to 63 form an integral part of the financial statements.

Harena Rare Earths PLC

Consolidated Statement of Cash Flows for the year ended 30 June 2025

	Notes	Year ended 30 June 2025 £	Year ended 30 June 2024 £	
Operating activities				
Loss after tax		(14,187,288)	(1,938,793)	
<i>Adjustments for:</i>				
Finance costs	9	535,277	785,732	
Share based payment expense	22	2,125,220	179,596	
Listing costs		10,321,369	-	
Share capital issued in exchange for costs		1,119,030	-	
<i>Changes in working capital:</i>				
(Increase)/decrease in trade and other receivables	18	(155,363)	155,700	
Increase in trade and other payables	19	19,352	72,985	
Net cash outflow from operating activities		(222,403)	(744,780)	
Cash flow from investing activities				
Investment in exploration assets	14	(151,637)	(198,623)	
Net cash outflow from investing activities		(151,637)	(198,623)	
Cash flow from financing activities				
Proceeds from shares issued	21	80,311	-	
Finance costs	9	(524,790)	(312,258)	
Convertible loan notes issued		-	1,059,353	
Convertible loan notes redeemed		-	(575,226)	
Loan note proceeds	20	752,725	-	
Net cash inflow from financing activities		308,246	171,869	
Decrease in cash and cash equivalents		(65,794)	(771,534)	
Cash and cash equivalents as at the beginning of the period		45,442	816,384	
Foreign exchange on cash and cash equivalent		48,777	592	
Cash and cash equivalents at the end of period		28,425	45,442	
Net debt reconciliation	Cash at bank and in hand	Loan note liability	Convertible loan note	Total
	£	£	£	£
At 1 July 2023	816,384	-	(2,146,681)	(1,330,297)
Cash flows	(771,534)	-	(484,127)	(1,255,661)
Non-cash charges	592	-	(6,392)	(5,800)
As 30 June 2024	45,442	-	(2,637,200)	(2,591,758)
As 1 July 2024	45,442	-	(2,637,200)	(2,591,758)
Cash flows	(65,794)	-	-	(65,794)
Non-cash charges	48,777	(572,937)	2,637,200	2,113,040
As 30 June 2025	28,425	(572,937)	-	(544,512)

During the year, the Company issued share options and warrants. These transactions did not involve any cash outflows and are therefore excluded from the statement of cash flows. The fair value of the share-based payments is disclosed in note 22.

The accompanying notes on pages 42 to 63 form an integral part of the financial statements.

Harena Rare Earths PLC

Company Statement of Cash Flows for the period ended 30 June 2025

	Notes	Period ended 30 June 2025 £	Year ended 30 April 2024 £
Operating activities			
Loss after tax		(2,941,414)	(392,022)
<i>Adjustments for:</i>			
Impairment of loan		-	249,341
Share based payment expense	22	2,132,655	-
Share capital issued in exchange for costs		577,751	-
<i>Changes in working capital</i>			
Decrease in trade and other receivables	18	(160,297)	(520)
Increase in trade and other payables	19	319,325	22,414
Net cash outflow from operating activities		(71,980)	(120,787)
Cash flow from financing activities			
Proceeds from shares issued	21	40,000	-
Net cash inflow from financing activities		40,000	-
Decrease in cash and cash equivalents		(31,980)	(120,787)
Cash and cash equivalents as at the beginning of the period		33,971	154,758
Cash and cash equivalents at the end of period		1,991	33,971

During the year, the Company issued share options and warrants. These transactions did not involve any cash outflows and are therefore excluded from the statement of cash flows. The fair value of the share-based payments is disclosed in note 22.

The accompanying notes on pages 42 to 63 form an integral part of the financial statements.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025

1. General

Harena Rare Earths PLC (the "Company") is a public limited company limited by shares incorporated and registered in England and Wales on 15 April 2020, as Citius Resources PLC, with a registered company number 12557958 and its registered office situated in England and Wales at 167-169 Great Portland Street, Fifth Floor, London, W1W 5PF.

On 21 March 2025, the Company announced the successful completion of its acquisition of 100% of the share capital in Harena Resources Pty Ltd. Following the acquisition, the Company changed its name from Citius Resources PLC to Harena Resources Plc and was re-listed for trading on the London Stock Exchange. On 27 October 2025, the Company changed its name to Harena Rare Earths PLC.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

2. Accounting Policies

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Company and Group's financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

The Company and Group's financial statements have been prepared in accordance with UK-adopted International Accounting Standards and the Companies Act 2006 and have been prepared on a historical cost basis except where noted.

The Company comparatives are not entirely comparable and reflect the period from 1 May 2023 to 30 April 2024 whilst the current period figures represent the period from 1 May 2024 to 30 June 2025. The Consolidated Statement of Comprehensive Income for the year ended 30 June 2025 includes the results of Harena Rare Earths PLC for the period 21 March 2025 to 30 June 2025. The change in period length was to align the accounting period with the newly acquired subsidiaries.

The Company and Group's financial statements are presented in British Pound Sterling ("£"), which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise stated.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as detailed in note 16.

Subsidiaries:

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Group Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group balances, transactions, income and expenses, profits and losses and unrealised profits and losses resulting from intra-group transactions, are eliminated in full.

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments to UK-adopted International Accounting Standards effective as for the financial reporting period have been reviewed by the Group and there has been no material impact on the financial statements as a result of these standards and amendments. The Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

2. Accounting Policies (continued)

2.3 Changes in accounting policies and disclosures (continued)

New Accounting Standards, interpretations and amendments adopted.

The only amendment amended by the UK Endorsement Board or the IASB which is relevant to the Group and is effective for annual periods commencing on or after 1 May 2024:

- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

Adoption of the amended standard has had no material impact on the financial statements of the Company.

Accounting Standards or interpretations, not yet early adopted

Standards, interpretations and amendments to published standards not yet effective

At the date of approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective and have not been adopted in the UK:

- IFRS 18: Presentation and Disclosure in Financial Statements (effective 1 January 2027)
- IFRS 19: Subsidiaries Without Public Accountability: Disclosures (effective 1 January 2027)
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure (effective 1 January 2026)
- Annual Improvements to IFRS Accounting Standards – volume 11 (effective 1 January 2026)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (effective 1 January 2024)
- IFRS S2 Climate-related Disclosures (effective 1 January 2024)

The Company is assessing the effect of these new and amended standards and interpretations, which are in issue but not yet mandatorily effective, but their impact is currently not expected to be material.

2.4 Going concern

The Directors have prepared a cash flow forecast for the period to 31 December 2026 which shows that the Group and the Company have sufficient funds to meet their liabilities as they fall due. To the extent that the Group decides to incur expenditure that is not in the cash flow forecast, this expenditure will only be incurred after the Group has raised additional capital through the issue of shares on the stock market. The Group has successfully raised capital since the end of the reporting year ended 30 June 2025 and details can be found in the subsequent events note 25.

The Directors are aware that during the development stage of the Project, no operating revenue will be received and will need to rely on new investor support. The Directors are confident in Harena Rare Earths PLC ability to raise significant capital, as it has done in the past.

The Group's cash flow forecast considers all relevant information about the future operations, including:

- expected expenditure for corporate administration, financial reporting and LSE listing fees;
- planned feasibility and development activities in Madagascar; and
- known liabilities and contractual obligations – primarily loan note interest payments and the repayment of the principal by the due date of 27 February 2027.

After considering the uncertainties described above, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and consider the going concern basis of accounting to be appropriate and, thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

3. Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in Other Comprehensive Income (OCI):

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into £ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into £ at the average exchange rates for the period.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.2 Intangible assets

Exploration and evaluation assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in locating or identifying specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, exploratory drilling, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

The Harena Resources Pty Ltd sub-group recognised the 25% non-controlling interest in the Project on initial acquisition using the 'grossing-up' approach, being the recording of the 100% interest in the Project at the grossed-up acquisition cost for the controlling interest.

As the Group is currently in its exploration and evaluation stage and has not yet commenced commercial production, all exploration and evaluation expenditure is capitalised in accordance with this policy.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

3. Material accounting policies (continued)

3.2 Intangible assets (continued)

Impairment

Exploration and evaluation assets are not subject to amortisation but are assessed annually for impairment. The assessment is carried out by allocating exploration and evaluation assets to cash generating units ("CGU's"), which are based on specific projects or geographical areas. The CGU's are then assessed for impairment using a variety of methods including those specified in IFRS 6.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditure is written off to the Statement of Comprehensive Income.

3.3 Earnings per share

The Company presents basic and, when appropriate, diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive potential ordinary shares.

3.4 Income tax

Income tax expense comprises current tax and deferred tax.

Current income tax

Current tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred income tax

Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the period when the related asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the Consolidated Statement of Financial Position.

3.5 Investment in subsidiaries

Investments in subsidiaries are measured at cost less impairment. The investment in subsidiary balance includes any exploration costs paid on behalf of the subsidiary.

3.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flow, cash and cash equivalents includes cash on hand and deposits held at a call with financial institutions.

3.7 Financial instruments

Financial assets

Financial assets are classified at initial recognition. The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Classification and measurement are based on both whether contractual cash flows are solely payments of principal and interest; and whether the debt instrument is held to collect those cash flows. In the case of the Group, all financial assets meet this criteria and measured at amortised cost using the effective interest rate method, less allowance for impairment.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

3. Material accounting policies (continued)

3.7 Financial instruments (continued)

The Group's financial assets consist of other receivables and cash and cash equivalents. Other receivables are recognised initially at fair value and subsequently measured at amortised cost. Cash and cash equivalents include cash in hand. The Group assesses on a forward-looking basis the expected credit losses, defined as the difference between the contractual cash flows and the cash flows that are expected to be received.

Financial liabilities and equity

Liabilities are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities include trade and other payables and loan note liability and are recognised initially at fair value and subsequently at amortised cost, using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.8 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the year in which the dividends are approved.

3.9 Share-based payments

Equity-settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity-settled share options and warrants are estimated through the use of the Black-Scholes pricing model – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed over the vesting period. Please see note 22 for further information regarding share based assumptions.

4. Critical accounting estimates and judgments

In preparing the Company and Group financial statements, the Directors are required to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, may not accurately reflect the related actual outcome. There are no key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 Reverse acquisition

In preparing the financial statements, management has made significant judgments and estimates in applying IFRS 2 Share-based Payment to accounts for the reverse takeover transaction.

Judgment: Identification of the Accounting Acquirer

Management assessed the substance of the transaction and determined that, although Harena Rare Earths PLC is the legal parent, Harena Resources Pty Ltd is the accounting acquirer under IFRS 3 Business Combinations. This judgment was based on factors such as:

- The relative size of the entities;
- The composition of the board and senior management post-transaction; and
- Control over decision-making and operations.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

4. Critical accounting estimates and judgments (continued)

4.1 Reverse acquisition (continued)

Judgment: Scope of IFRS 2 Application

The transaction was deemed to fall within the scope of IFRS 2, as the accounting acquirer issued equity instruments to obtain control of a listed entity that does not constitute a business under IFRS 3. Accordingly, the transaction is treated as a share-based payment.

Estimate: Fair Value of Consideration Transferred

Management estimated the fair value of the equity instruments deemed to be issued by the accounting acquirer. This involved:

- Determining the fair value of the listed entity's shares at the date of acquisition; and
- Estimating the number of shares effectively issued.

Estimate: Fair Value of Net Assets Acquired

The fair value of the net assets of the legal parent was assessed at the acquisition date. This required:

- Valuation of identifiable assets and liabilities; and
- Consideration of any contingent liabilities or off-balance sheet items.

4.2 Going concern

In their assessment of going concern, the Directors have reviewed the Group's ongoing activities including its future intentions in respect of capital fund raising and the risks involved in the development of the Project. The Directors were required to make estimated and judgements over future cash flows and funding. For further information about the Group's going concern, please see note 2.4.

4.3 Recoverability of the loans to subsidiaries

The Group has assessed the likelihood of the loan advanced by Harena Rare Earths Plc to its subsidiary, Harena Resources Pty Ltd, will not be repaid. The loan is unsecured and required to be repaid by 30 March 2030.

It is the Board's view that the Group is now moving the Project forward. There is a reasonable expectation that it will be brought into production and generate positive cashflows within the timescale of repayment of the loan over time by 2030.

4.4 Impairment of non-current assets – exploration and evaluation costs

Exploration and evaluation costs have a carrying value as at 30 June 2025 of £1,875,768 (2024:£1,905,744). The Directors have assessed the asset for impairment and consider that as the Project is in its exploration stage and there have been no changes in the legal and environmental conditions, an impairment is not required at 30 June 2025.

4.5 Share-based payments

During the year the Company issued warrants and share options. The valuation of these involved making a number of critical estimates relating to the price volatility, expected life of the warrants and options, and interest rates. These assumptions are described in more detail in note 22.

The expense charged to the Statement of Comprehensive Income during the year in relation to warrants was £22,053 (2024: £Nil) and options was £294,060 (2024: £Nil).

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

5. Administrative fee and other expenses

	Year ended 30 June 2025	Year ended 30 June 2024
	£	£
Share based payment expense (note 22)	1,809,107	179,596
Share options and warrants expense (note 22)	316,113	-
Professional fees	551,315	170,252
Directors' remuneration (note 7)	229,234	286,102
Borrowing costs	-	127,720
Failed RTO costs	124,740	-
Audit fees (note 10)	84,441	30,725
Investor relations	65,041	67,029
Administration fees	63,826	223,541
CFO and Company Secretary	39,304	40,604
Sundry expenses	21,932	1,787
Marketing	10,986	-
Exchange rate variance	14,715	-
Total	3,330,754	1,127,356

The share based payment expense includes the expense in respect of the performance shares, as detailed in note 22.

6. Employees

Number of employees

The average monthly number of employees including directors in the year was:

	Year ended 30 June 2025	Year ended 30 June 2024
	Number	Number
Directors	4	4
Staff	1	1
Total	5	5

Employment costs

	Year ended 30 June 2025	Year ended 30 June 2024
	£	£
Remuneration for qualifying services	268,538	320,522
Social Security costs	-	-
Pension costs	-	6,184
Total	268,538	326,706

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

7. Directors' remuneration

	Period ended 30 June 2025 ¹	Year ended 30 June 2024
	£	£
Cameron Pearce	42,000	36,000
Sam Delevan Quinn	4,984	-
Stephen Robert Weir	1,500	-
Allan Ewald Mulligan	46,440	-
Joseph Charles Belladonna	143,347	-
Timothy Morrison	4,030	-
Phillipa Legatt	19,933	-
Daniel Rootes	5,826	6,000
Winton Willesee	5,000	6,000
Total	273,060	48,000

1. The figures reported on the above table represent the director's remuneration for the Company's 14-month period. The comparative figures are those of the Company's 2024 financial statements. The Directors consider that this disclosure best reflects the Directors remuneration in the relevant periods.

The highest paid director during the period was Joseph Belladonna. The number of shares held by Joseph Belladonna is reported on note 8.

The number of directors that exercised share options during the period was Nil (2024: Nil).

There are no directors to whom retirement benefits are accruing. Currently, there are no long-term incentives set by the Company.

8. Key management personnel

The monthly average number of key management personnel during the year was 6 (2024: 6). The Directors consider that the key management personnel are the Directors and the Chief Financial Officer and Company Secretary.

The remuneration of key management personnel in the year was £248,905 (2024: £300,174).

The key management who served during the year, together with details of their interests in the Company as at the reporting date were:

	Number of shares 30 June 2025	Number of share options 30 June 2025	Number of share warrants 30 June 2025
Allan Ewald Mulligan – Executive Technical director	36,321,398	8,000,000	342,247
Timothy Morrison – Non-executive director	3,763,134	5,000,000	228,164
Stephen Robert Weir - Non-executive director	4,449,206	-	1,723,069
Joe Belladonna – Executive director	8,699,822	8,000,000	-
Cameron Pearce – Executive director	7,550,000	2,950,000	3,000,000
Sam Delevan Quinn – Non-executive director	-	2,950,000	-
Winton Willesee – Non-executive director	3,000,000	950,000	1,500,000
Daniel Rootes – Non-executive director	-	950,000	500,000
Jay Stephenson – Chief Financial Officer and Company Secretary for Harena Resources Pty Ltd	1,711,233	2,500,000	-

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

8. Key management personnel (continued)

The Key management personal below reflect those of Harena Resources Pty Ltd.

	Number of shares 30 June 2024
Allan Ewald Mulligan - Executive Technical Director	27,666,666
Joseph Charles Belladonna - Executive Managing Director	3,250,000
Phillipa Legatt - Director	850,000
Timothy Morrison - Director	1,600,000
Stephen Lynn - Director	13,900,000
Jay Stephenson - Chief Financial Officer and Company Secretary for Harena Resources Pty Ltd	300,000

The directors of Harena Resources Pty Ltd received the following remuneration during the year:

	Year ended 30 June 2025	Year ended 30 June 2024
	£	£
Allan Ewald Mulligan	46,440	62,468
Joseph Charles Belladonna	143,347	172,115
Timothy Morrison	4,030	24,987
Phillipa Legate	19,933	26,532
Total	213,750	286,102

9. Finance costs

The finance costs incurred by the Group are as follows:

	Year ended 30 June 2025	Year ended 30 June 2024
	£	£
Interest on loan note liability	37,647	-
Interest on convertible loan notes	459,239	811,644
Borrowing costs	35,612	-
Loan note arrangement fees	700	-
Other interest expense	2,079	1,995
Total	535,277	813,639

Harena Resources Pty Ltd held convertible loan notes with borrowers which were converted to ordinary shares when the consideration shares were issued by Harena Rare Earths PLC on the acquisition of the subsidiary. The interest incurred above is on the outstanding principal before this transaction.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

10. Auditors' remuneration

The analysis of auditors' remuneration is as follows.

	Year ended 30 June 2025 £	Year ended 30 June 2024 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	70,000	30,000
Fees payable to the subsidiary auditor for the audit of the Company's subsidiaries	14,441	30,725
Total	84,441	60,725

11. Income tax

Analysis of charge in the year

	Year ended 30 June 2025 £	Year ended 30 June 2024 £
Loss on ordinary activities before tax	(14,187,288)	(1,964,391)
Tax at UK corporation tax rate of 25% (2024: 25%)	(3,546,822)	(491,098)
Less:		
Tax effect of expenses that are not deductible for tax purposes	630,125	-
Tax effect of UK losses not recognised	2,916,697	491,098
Income tax recognised in profit and loss	-	-

The Group has accumulated tax losses arising in the UK and Australia of £8,482,360 (2024: £5,565,662), of which the Company has accumulated taxable losses arising in the UK of £1,223,213 (2024: £937,723), that are available, under current legislation, to be carried forward against future taxable profits.

The subsidiary, Harena Resources Pty Ltd, has accumulated taxable losses of £7,259,147 (2024: £4,627,939) that are available, under current legislation, to be carried forward against future taxable profits.

12. Reverse acquisition

On 21 March 2025 the Company acquired 100% of the share capital of Harena Resources Pty Ltd, a private company incorporated in Australia, by the way of share for share exchange. Harena Resources Pty Ltd is the shareholder of three further companies (see note 16).

Although the transaction resulted in Harena Resources Pty Ltd becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition as the previous shareholders of Harena Resources Pty Ltd own a substantial majority of the ordinary shares of the Company.

In substance, the shareholders of Harena Resources Pty Ltd acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition.

The reverse acquisition does not constitute a business combination and was therefore accounted for in accordance with IFRS 2 "Share-based Payments" and associated IFRIC guidance.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the statements of Harena Resources Pty Ltd and its subsidiaries and include:

- The assets and liabilities of Harena Resources Pty Ltd and its subsidiaries at their pre-acquisition carrying amounts and the results for both years; and
- The assets and liabilities of the Company as at 30 June 2025 and its results from 21 March 2025 to 30 June 2025.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

12. Reverse acquisition (continued)

Because the legal subsidiary, Harena Resources Pty Ltd, was treated as the accounting acquirer and the legal Parent Company, Harena Rare Earths PLC, was treated as the accounting acquiree. The fair value of the shares issued by Harena Rare Earth PLC was calculated at £10,000,000 being the purchase consideration for a 100% holding in Harena Rare Earths PLC.

The fair value of net liabilities of Harena Rare Earths PLC was £321,369.

	£
Cash and cash equivalents	29,715
Trade and other payables	(338,378)
Accruals	(12,706)
Total net liabilities at reverse acquisition	<u>(321,369)</u>

The consideration and the fair value of the net liabilities acquired therefore amounts to £10,321,369 and has been expensed in accordance with IFRS 2 as a share based payment to profit or loss.

Any transaction costs associated with the issuing of shares are deducted from share capital reserve.

The reverse acquisition reserve arising on the transaction consists of the following:	£
Pre-acquisition losses of Harena Rare Earths PLC ¹	1,372,470
Harena Resources Pty Ltd share capital ²	(591,849)
Harena Resources Pty Ltd reserves ³	(3,168,705)
Investment in Harena Resources Pty Ltd ⁴	10,000,000
Reverse acquisition balance	<u>7,611,916</u>

The movement on the reverse acquisition reserves as follows:

- 1) Elimination of pre-acquisition reserves of Harena Rare Earths PLC as at 21 March 2025.
- 2) Harena Resources Pty Ltd had issued share capital of £591,849 as at 21 March 2025
- 3) This represents the settlement of subsidiary loan notes at the date of the transaction and thus elimination of the pre-acquisition reserve.
- 4) The Company issued 333,333,333 shares, valued at £10,000,000 for the entire issued capital of Harena Resources Pty Ltd.

13. Operating segment activities

The Group is developing the Project asset to engage in the business of mining and processing of ionic clay material to extract Rare Earth elements to produce Mixed Rare Earth Carbonate or Mixed Rare Earth Concentrate. At this stage in the Group's development, the Group is focusing on financing and continued development of the Project in Madagascar. All other intangible assets are located in Madagascar.

This is considered to be the only operating segment.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

14. Other intangible assets

For the period ended 30 June 2025 intangible assets represent capitalised costs associated with the exploration, and evaluation of mineral resources of the Ampasindava Ionic Clay Rare Earth Project, the Group's only project.

	Exploration and evaluation assets £
Cost and carrying value as at 30 June 2023	1,704,498
Additions	198,623
Exchange difference	2,623
Cost and carrying value as at 30 June 2024	1,905,744
Additions	151,637
Exchange differences	(181,613)
Cost and carrying value at 30 June 2025	1,875,768

The exploration and evaluation assets included above are in respect of the Ampasindava Project only.

15. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	30 June 2025	30 June 2024
Earnings		
Loss from continuing operations for the year attributable to the equity holders of the Company (£)	(14,138,511)	(1,964,391)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	131,157,795	119,000,000
Basic and diluted loss per share (pence)	(10.78)	(1.65)

Fully diluted share capital

The Company has issued the following Warrants, Options and Performance Shares which may dilute the shareholders in the future. The loss in the year means the share warrants and share options are anti-dilutive.

Share-based payment	Maximum ordinary shares that may be issued under each instrument
Share warrants	94,861,185
Share options	31,300,000
Performance shares	133,333,332
Shares in issue at reporting date (note 21)	413,884,352
Fully diluted share capital	673,378,869

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

16. Investment in subsidiaries

Details of the Company's subsidiaries at 30 June 2025 are as follows:

	Investment in subsidiaries £
Balance as at 30 April 2024	-
Additions	10,000,000
Balance at 30 June 2025	10,000,000

Name of the subsidiary	Place of incorporation	Percentage of ordinary shares held	Principal activity
Harena Resources Pty Ltd	Australia	100%	Holding company for the Group's international mineral exploration subsidiaries and investment vehicle for the Madagascar rare earth project
Reenova Global Pte. Ltd	Singapore	100%	Intermediate holding company providing corporate and administrative support for the Group's offshore operations
Reenova Holding (Mauritius) Ltd	Mauritius	75%	Regional holding company overseeing the Group's interests in Madagascar and facilitating cross-border investment and funding
Reenova Rare Earth (Malagasy) S.A.R.L.U.	Madagascar	100%	Operating company and holder of the Group's mineral exploration and development licence in Madagascar

The Company issued ordinary shares of 333,333,333 at £0.03 on 21 March 2025, totalling £10,000,000, to the shareholders of Harena Resources Pty Ltd as detailed in note 12.

17. Loan to subsidiary

	30 June 2025		30 June 2024		30 April 2024	
	Group £	Company £	Group £		Company £	
Loan to subsidiary (see below)	-	1,049,556	-		-	
Total	-	1,049,556	-		-	

On 30 March 2025 the Company and its subsidiary Harena Resources Pty Ltd entered into a loan agreement for the facility of an amount up to £15,000,000 which is repayable on 30 March 2030, along with any interest accrued on the principal amount outstanding. The facility carries interest at an annual rate equivalent to the Bank of England base rate prevailing during the period plus a margin of 3%. A full year's interest charge shall be applied at each accounting date to the principal amount existing at the previous accounting date. At 30 June 2025 the amount of the facility drawdown was nil.

£752,725 of the balance represents the AU\$1,500,000 (2024 AU\$ Nil) loan note proceeds from the Company's loan agreement with Corporate Mining Pty Limited which was paid to Harena Resources Pty Ltd and the interest and line fees charges accrued on the proceeds at 30 June 2025 of £9,930 (2024: £Nil).

On 21 March 2025 the Company issued fee shares to key management personnel for their services during the reverse acquisition, £283,030 of which were to the directors and CFO of Harena Resources Pty Ltd. This is included in the balance above, as well as £3,871 accrued interest on this principal amount, as per the terms of the loan agreement facility.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

18. Trade and other receivables

	30 June 2025 Group £	30 June 2025 Company £	30 June 2024 Group £	30 April 2024 Company £
Prepayments	177,283	168,817	37,277	8,520
Other receivables	19,006	-	3,649	-
Total	196,289	168,817	40,926	8,520

19. Trade and other payables

	30 June 2025 Group £	30 June 2025 Company £	30 June 2024 Group £	30 April 2024 Company £
Trade payables	421,444	237,880	986,111	27,219
Cash received in advanced	-	-	-	80,000
Accruals	190,870	43,448	-	34,417
Total	612,314	281,328	986,111	141,636

20. Non-current liabilities

	30 June 2025 Group £	30 June 2025 Company £	30 June 2024 Group £	30 April 2024 Company £
Loan note liability	572,937	608,725	-	-
Convertible loan notes	-	-	2,637,200	-
Total	572,937	608,725	2,637,200	-

On 25 February 2025 the Company entered into a loan note agreement with Corporate Mining Pty Limited for loan notes issued at a face value of AU\$1,500,000 with a maturity date of 24 months from the date of issue.

The loan note carries an interest rate of 12% per annum and accrues on a year of 365 days basis, payable every 6 months. If the Company fails to pay any amount payable on the due dates, interest is then accrued on the overdue amount, from the due date to the actual payment date, at 5% per month. Interest payable and accrued, on the loan note liability for the period ended 30 June 2025 was £24,067 (2024: £Nil).

In addition to interest payable, the Company must pay a line fee equal to 6% per annum of the principal amount outstanding, payable every 6 months from issue date, calculated as the principal amount outstanding x (6% / 365 x 180). The line fee payable and accrued on the loan note liability for the period ended 30 June 2025 was £11,817 (2024: £Nil).

All outstanding convertible notes were satisfied by the issue of shares in the parent company at the time of the reverse takeover. As a result, there were no convertible notes remaining in issue after completion of the transaction.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

21. Share capital

	Number of shares issued	Share capital £	Share premium £	Total share capital £
At 30 April 2023	43,250,000	216,250	921,797	1,138,047
At 30 April 2024	43,250,000	216,250	921,797	1,138,047
Shares issued during the period	370,634,352	1,817,172	8,745,700	10,562,872
Share issue costs	-	-	(12,500)	(12,500)
Fair value adjustment of unallocated shares	-	-	(35,940)	(35,940)
At 30 June 2025	413,884,352	2,033,422	9,619,057	11,652,479

The total number of shares the Company is authorised to issue is 562,651,018.

On 21 March 2025, the Company issued ordinary shares of 333,333,333 to the Harena Resources Pty Ltd shareholders for a par price of £0.005 and issue price of £0.03.

Conditional on completion of the Proposed Acquisition and Admission, the Company undertook the Placing of 14,066,667 ordinary shares at a price of £0.03 per share, and the issue of 6,666,667 ordinary shares pursuant to subscriptions received by the Company at the £0.03 per share.

Post 30 June 2025, it was identified that 1,198,000 placement shares, issued at £0.03, were unallotted to shareholders during the admission. These shares had a value in excess of par value of £35,940. The 1,198,000 shares are held as Treasury shares at 30 June 2025.

The Company reached agreements with various providers of services that were issued shares conditional post-re-admission in lieu of cash costs resulting in the issue of 16,567,685 ordinary shares ("Fee Shares") at the £0.03 per share.

All expenses debited to the share premium account are related to expenses and commission on the issue of shares.

The following describes the nature and purpose of various reserves within owner's equity:

Share option and warrant reserve	Credits relating to the issue of share options and warrants
Share based payment reserve	Credits relating to share based payments.
Retained earnings	Profit or losses accumulated
Translation reserve	The accumulation of the foreign exchange arising on the translation of Harena Resources Pty Ltd results from AUD to GBP
Reverse acquisition reserve	Values related to the reverse acquisition of Harena Rare Earths PLC by Harena Resources Pty Ltd
Treasury shares	The nominal value of the treasury shares held by the Company.
Pre-acquisition reserve	The accumulation of subsidiaries reserves before acquisition.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

22. Share based payments

Options

A reconciliation of the share options in the year is as follows:

	Number of Options	Weighted Average exercise price
Outstanding on 1 May 2024	3,800,000	4p
Granted during the period	27,500,000	3p
Outstanding on 30 June 2025	31,300,000	3.12p
Weighted average remaining contractual life		4.73 years

The options outstanding on 1 May 2024 carried an expense of £66,804 which is included in Harena Rare Earths PLC share based payment reserve, but not the consolidated share based payment reserve as these options were issued to directors prior to the transaction date.

One third of the options granted during the period granted during the period have vested on grant (21 March 2025), with a further third vesting three months from grant date (21 June 2025) and the remainder twelve months from grant date (21 March 2026). The expense for the options which vested at grant has been recognised in the period. If the options remain unexercised after a period of five years from the date of grant, they will expire in 21 March 2030.

The above options were valued using the Black Scholes valuation method. The assumptions used to value the options created during the period are detailed below. The expected future volatility has been determined by reference to the average volatility of similar entities:

Options	30 June 2025
Weighted Average Share Price	2.25p
Exercise Price	3.00p
Expected Volatility	82%
Expected Life	5 years
Risk-free Rate	4.25%
Expected Dividend	Nil
Fair Value (£)	302,766

Warrants

A reconciliation of the warrants in the year is as follow:

	Number of warrants	Weighted Average exercise price
Outstanding on 1 May 2024	1,333,333	3.62p
Lapsed during the period	(1,333,333)	(3.62p)
Granted during the period	94,864,185	5.85p
Outstanding on 30 June 2025	94,861,185	5.85p

The warrants have vested on grant and have been recognised in full upon issue. If the warrants remain unexercised after a period of three years from the date of grant on 21 March 2025, they will expire on 21 March 2027 and 21 March 2028.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

22. Share based payments (continued)

The above warrants were valued using the Black Scholes valuation method. The assumptions used are detailed below. The expected future volatility has been determined by reference to the average volatility of similar entities:

<i>Pre-IPO warrants</i>	30 June 2025
Weighted Average Share Price	2.25p
Exercise Price	4.00p
Expected Volatility	84%
Expected Life	2 years
Risk-free Rate	4.26%
Expected Dividend	Nil
Fair Value (£)	95,837
Weighted average remaining contractual life	1.72 years

<i>IPO warrants</i>	30 June 2025
Weighted Average Share Price	2.25p
Exercise Price	6.00p
Expected Volatility	84%
Expected Life	2 years
Risk-free Rate	4.26%
Expected Dividend	Nil
Fair Value (£)	34,472
Weighted average remaining contractual life	1.72 years

<i>Subscriber/Broker/Loan note arranger warrants</i>	30 June 2025
Weighted Average Share Price	2.25p
Exercise Price	3.00p
Expected Volatility	84%
Expected Life	3 years
Risk-free Rate	4.25%
Expected Dividend	Nil
Fair Value (£)	22,203
Weighted average remaining contractual life	2.73 years

<i>Loan note warrants</i>	30 June 2025
Weighted Average Share Price	2.25p
Exercise Price	4.00p
Expected Volatility	84%
Expected Life	3 years
Risk-free Rate	4.25%
Expected Dividend	Nil
Fair Value (£)	144,273
Weighted average remaining contractual life	2.73 years

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

22. Share based payments (continued)

Harena Convertible loan note warrants

30 June 2025

Weighted Average Share Price	2.25p
Exercise Price	7.00p
Expected Volatility	84%
Expected Life	3 years
Risk-free Rate	4.25%
Expected Dividend	Nil
Fair Value (£)	386,133
Weighted average remaining contractual life	2.73 years

The following is a summary of the share options and warrants outstanding as at 30 June 2025;

Date of grant	Expiry date	Vesting date	Exercise Price	No of Options	Share price at grant	Risk Free rate	Volatility	Option Value
16/08/2021	25/08/2026	21/03/2025	£0.04	3,800,000	£0.0400	0.57%	51.00%	£0.01758
21/03/2025	21/03/2030	21/03/2025	£0.03	9,166,668	£0.0225	4.34%	82.00%	£0.00141
21/03/2025	21/03/2030	21/09/2025	£0.03	9,166,668	£0.0225	4.34%	82.00%	£0.00141
21/03/2025	21/03/2030	21/03/2026	£0.03	9,166,664	£0.0225	4.34%	82.00%	£0.00141
Total share options exercisable at 30 June 2025				31,300,000				

Date of grant	Expiry date	Vesting date	Exercise Price	No of Warrants	Share price at grant	Risk Free rate	Volatility	Warrant Value
21/03/25	21/03/27	21/03/25	£0.04	13,500,000	£0.02	4.26%	84.00%	£0.0213
21/03/25	21/03/27	21/03/25	£0.06	7,000,000	£0.02	4.26%	84.00%	£0.0375
21/03/25	21/03/28	21/03/25	£0.03	333,333	£0.02	4.25%	84.00%	£0.0031
21/03/25	21/03/28	21/03/25	£0.03	703,333	£0.02	4.25%	84.00%	£0.0031
21/03/25	21/03/28	21/03/25	£0.03	1,283,421	£0.02	4.25%	84.00%	£0.0031
21/03/25	21/03/28	21/03/25	£0.07	57,041,098	£0.02	4.25%	84.00%	£0.0459
21/03/25	21/03/28	21/03/25	£0.04	15,000,000	£0.02	4.25%	84.00%	£0.0023
Total warrants exercisable at 30 June 2025				94,861,185				

Deferred Tax

No deferred tax asset has been recognised in respect of the warrants and options.

Performance shares

At the re-admission date of 21 March 2025, the Company committed to issue 133,333,332 performance shares to the shareholders of Harena Resource Pty Ltd once each of the following performance conditions have been satisfied:

- (i) 50% of such shares to be issued on the conversion of PR6698 to a permit extraction licence; and
- (ii) 50% of such shares to be issued on increasing the holding of the Project from 75% to 90%.

Please refer to note 25 for progress on the fulfilment of the performance shares conditions.

The share based payment expense of the performance shares is £1,809,107, which is included within administrative fees and other expenses.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

23. Financial instruments

23.1 Categories of financial instruments

	30 June 2025		30 June 2024	30 April 2024
	Group £	Company £	Group £	Company £
Financial assets at amortised cost				
Trade and other receivables	55,006	36,000	3,649	-
Cash and cash equivalents	28,425	1,991	45,442	33,970
Loan due from subsidiary	-	1,049,556	-	-
Investment in subsidiary	-	10,000,000	-	-
Financial liabilities				
Trade and other payables	457,232	237,880	986,111	107,219
Loan note liability	572,937	608,725	-	-
Convertible loan notes	-	-	2,637,200	-

23.2 Financial risk management objectives and policies

The Company's financial instruments include cash and cash equivalents, trade and other payables, trade and other receivables, accruals and the loan note liability. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments, and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's policy to manage this risk is to deal with banks that are regulated entities. The Group's principal banker, Barclays Bank PLC, is regulated by the United Kingdom Financial Services Authority, and has a credit rating of A1 (2024: A1).

The Group does not have any trade receivables, contract assets or cash on deposit. As such, the Group is not exposed to material credit risk and has not recognised any expected credit loss provision. The Company has an intercompany loan receivable with Harena Resources Pty Ltd. Management have considered whether an expected credit loss position is required against this balance and have concluded that it is not necessary at 30 June 2025.

Currency risk

The Group operates in a number of overseas jurisdictions and carries out transaction in a number of currencies including British pound sterling ("£") and Australian dollars ("AU\$"). The Group does not have a policy of using hedging instruments but will continue to keep this under review. The Group operates foreign currency bank accounts and uses forex facilities to help mitigate foreign currency risk.

Liquidity risk

Liquidity risk arises from the Directors' management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Directors' policy is to ensure that the Group will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Directors seek to maintain a cash balance sufficient to meet expected requirements.

The Directors have prepared cash flow projections on a monthly basis through to 31 December 2026. At the end of the period under review, these projections indicated that the Group is expected to have sufficient liquid resources to continue in operational existence and meet its liabilities as they fall due under all reasonably expected circumstances.

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

23. Financial instruments (continued)

23.2 Financial risk management objectives and policies (continued)

The following table sets out details of the expected contractual maturity of financial liabilities for the Group:

	Within 3 months £	3 months to 1 year £	More than 1 year £	Total £
As at 30 June 2024				
Trade and other payables	986,111	-	-	986,111
Convertible loan notes	1,318,600	1,318,600	-	2,637,200
Total	2,304,711	1,318,600	-	3,623,311
As at 30 June 2025				
Trade and other payables	612,314	-	-	612,314
Loan note liability	64,553	64,553	846,363	975,469
Total	676,867	64,553	846,363	1,587,783

The following table sets out details of the expected contractual maturity of financial liabilities for the Company:

	Within 3 months £	3 months to 1 year £	More than 1 year £	Total £
As at 30 April 2024				
Trade and other payables	141,636	-	-	141,636
Total	141,636	-	-	141,636
As at 30 June 2025				
Trade and other payables	281,328	-	-	281,328
Loan note liability	64,553	64,553	846,363	975,469
Total	345,881	64,553	846,363	1,256,797

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

24. Related party transactions

Details of Director's remuneration are disclosed in note 7.

The following transactions occurred with related parties:

	As at 30 June 2025		As at 30 June 2024	As at 30 April 2024
	£	£	£	£
Elev8 Pty Ltd, a company controlled by Allan Ewald Mulligan, provides directors services	46,440	-	62,468	-
Bloomgold Investment Pty Ltd, a company controlled by Timothy Morrison, provides director services	4,030	-	24,987	-
Legate Consulting Pty Ltd, a company controlled by Phillipa Leggat, provides directors services	19,933	-	26,532	-
Lionshead Consultants Limited, a company controlled and owned by Sam Delevan Quinn, provided consultancy fees	56,600	56,600	-	7,200
Forest House Pty Ltd, a company owned and controlled by Jay Stephenson, provides CFO and company secretary services	84,500	-	-	-
Intercompany loan transactions from Harena Rare Earths PLC to Harena Resources Pty Ltd	-	1,039,627	-	-
Interest accrued on the intercompany loan between Harena Rare Earths PLC and Harena Resources Pty Ltd	-	9,930	-	-

The following related parties received fee shares as detailed in note 21 at the date of re-admission for their services during the reverse acquisition:

Related party	Relationship	Number of shares	Total value of shares £
Joseph Charles Belladonna	Director	4,562,351	136,871
Allan Ewald Mulligan	Director	2,733,833	82,015
Timothy Morrison	Director	1,041,733	31,252
Jay Stephenson	CFO and Company Secretary	612,966	18,389
Cameron Pearce	Director	1,800,000	54,000
Lionshead Consultants Limited	Consultant	4,333,333	130,000

Included in the year ended 30 June 2025 trade and other payables figure, were the following outstanding balances due to related parties:

	30 June 2025		30 June 2024	30 April 2024
	£	£	£	£
Stephen Robert Weir	18,000	18,000	-	-
Sam Delevan Quinn	4,984	4,984	-	-
Lionshead Consultants Limited	7,200	7,200	-	1,200
Winton Willesee	5,826	5,826	-	1,000
Daniel Rootes	-	-	-	1,000
Forest House Pty Ltd (Jay Stephenson)	34,871	-	7,653	-
Legate Consulting Pty Ltd (Phillipa Leggat)	14,894	-	-	-

Harena Rare Earths PLC

Notes to the Financial Statements for the year ended 30 June 2025 (continued)

25. Subsequent events

On 31 July 2025, the Group issued 70,000,000 ordinary shares at a price of 1.50 pence per share to new and existing institutional and professional investors, raising gross proceeds of £1,050,000.

On 31 July 2025, the Group engaged in fee and performance warrant agreements with Ivan James Bowen Murphy and Andrew Paul Richards. 28,000,000 fee warrants were issued to Ivan, and 12,000,000 fee warrants were issued to Paul on 31 July 2025. 28,000,000 and 12,000,000 performance warrants will be issued to Ivan and Paul, respectively, on the date that the PE licence is obtained.

On 12 August 2025 the Group raised gross proceeds of £181,500 in an oversubscribed placing at 1.50 pence per share, of 12,100,000 ordinary shares.

On 28 August 2025, the Company announced that it had successfully acquired the remaining 25% of the Project, now owning 100%, which triggered the issue of 66,666,666 ordinary performance shares to the shareholders of Harena Resources Pty Ltd, as set out in the 26 February 2025 Prospectus.

On 1 October 2025 RAB Capital and associates invested £450,000 through a conditional subscription for 30,000,000 ordinary shares at a price of 1.50 pence per share. The issue of the 30,000,000 ordinary shares is conditional on the renewal of authority to issue ordinary shares at the annual general meeting to be held in December 2025 and compliance with the Prospectus Rules.