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Confidential Term Sheet Summary

Placement Details	
Issuer	Harena Resources Pty Ltd (Harena Resources or Company)
GBA Capital's Role	Lead Manager
Company Summary	<p>Harena Resources is an Australian natural resources company focused on exploration and development of critical minerals. Harena is seeking to acquire 75% of the Ampasindava Rare Earths Ionic Clay Project (Ampasindava) in Madagascar. Ampasindava is an advanced, global, tier 1, rare earth project with a Ni 43-101 resource of 628mt @ 895ppm TREO prepared by SGS Canada and updated in March 2022.</p> <p>Behre Dolbear independently valued the total project at US\$48.1m in September 2017. Rare Earth prices have significantly appreciated since 2017 and Harena will obtain an updated valuation prior to IPO. The project work has been completed by top-tier international consultants.</p> <p>Harena has a commercially and technically experienced board with a demonstrable track record of advancing resource projects and operating in Africa.</p> <p>\$2,975,000 was raised and settled Feb 2023. Harena is seeking to progress an ASX IPO in 2023.</p>
Offer Restriction	Offer to "sophisticated investors" (as defined in section 708(8) of the Corporations Act 2001 (Cth) (" Corporations Act ")) and "professional investors" (as defined in section 708(11) of the Corporations Act), with allocation amongst such investors to be at the discretion of the Company.
Offer type	Senior Secured Convertible Note
Offer amount	Up to a total amount of A\$2,025,000
Interest rate	18% pa, accrued daily, paid quarterly.
Establishment fee	2% establishment fee, paid upfront to investors at the time the note is issued.
Security	A 1 st ranking general security agreement (GSA) and corporate guarantee against the parent company, Harena Resources.
Maturity	The Convertible Notes are repayable in cash at the maturity date, 13 February 2024.
Indicative Use of Funds	<p>Funds from the Offer are intended to be used for:</p> <ul style="list-style-type: none"> - \$0.545m, Payment to creditors in Madagascar - \$0.25m, Commence early site works - \$1.23m, General Working Capital Purposes
Conversion	<p>Noteholders have the right, but not the obligation, to convert their principal debt into fully paid ordinary shares in the Company. Note holders can elect to convert their principal debt in whole, or in part and on multiple occasions. The principal can be converted:</p> <ul style="list-style-type: none"> - At any of the Company's equity raises prior to an IPO, at the raise price. - Prior to IPO at a 20% discount to IPO price - At IPO at the IPO price.
Independent valuation	The Project has been independently valued at of US\$48.1m in September 2017 by Behre Dolbear Australia. This equates to AUD~\$54.27m*, for Harena's 75% interest in the project.
LVR	9.21% (A\$5m / ~\$54.27m)

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Board of Directors	
Non-Executive Chairman	Mr Tim Morrison
Non-Executive Director	Ms Philippa Leggat
Managing Director	Mr Allan Mulligan
Non-Executive Director	Mr Stephen Lynn

Indicative Capital Structure	
Details	Shares
Current Shares on Issue	103.75m
Current Options on Issue	NA
Current Performance Rights on Issue	22m
Convertible notes on issue	~\$2.95m

Indicative Placement Timetable	
Bids due	Monday 17 April 2023
Offer letters accepted	Wednesday 19 April 2023
Note agreements executed	Thursday 20 April 2023
Funds due	Friday 21 April 2023
Notes issued	Monday 24 April 2023
The above dates are indicative only and are subject to change without notice. The Company and GBA Capital reserve the right to extend the Closing Date of the placement or close the placement early without notice. All times are in AEDT (Sydney, Australia) unless stated otherwise.	

Note

Please Note: The Capital Structure, use of funds and terms of the placement and other information in this Term Sheet are indicative only and subject to change without prior notice. The Timetable is in AEDT (Sydney, Australia) unless otherwise noted. A convertible note term sheet and security documents will be prepared and will be required to be signed by each Noteholder. The Company and GBA Capital reserve the right to close the placement early or extend or withdraw the placement without notice or to alter any matters described in this Indicative Term Sheet.

Contact Details

Sebastian Jurd – Managing Director
 E: sjurd@gbacapital.com.au
 Ph: +61 432 605 447

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Risk Factors

An investment in the Company is subject to risks, and a non-exhaustive list of risk factors is appended to this document.

- **Contractual risk:** The Company is negotiating the acquisition of the Project which is held through various corporate entities, and the entity that is the registered owner of the tenure in Madagascar has creditors which the Company intends to identify, negotiate with and pay out. The Company has undertaken a level of due diligence however the ownership structure is complex and the main asset is in Madagascar, where the legal protections are more difficult to enforce. There is no guarantee that the Company will be successful in completing the acquisition of the Project, that title to the shares in the various entities will be secure or effective or that all creditors will be identified and then paid. Accordingly, there is a risk that the tenure to the Project is not perfected in which case the Project will not be fully acquired and the funds for the acquisition and creditor payments may not be recoverable.
- **Proposed IPO:** The Company intends to undertake an IPO in the period of 12 months after the investment is made by Noteholders, however there is no certainty an IPO will be completed or be successful.
- **Exploration and operating:** Potential investors should understand that mineral exploration and development are high-risk undertakings.
- **Tenure Renewal:** Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements are subject to the applicable mining acts and regulations and the discretion of the relevant mining authority.
- **Climate risk:** There are a number of climate-related factors that may affect the operations and proposed activities of the Company including the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation, in addition to certain physical and environmental risks that cannot be predicted by the Company.
- **COVID-19 risk:** The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19.
- **Exploration costs:** The exploration costs of the are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainty, and accordingly, the actual costs may materially differ from the estimates and assumptions.
- **Resource and reserves and exploration targets:** Whilst the Company intends to undertake additional exploratory work with the aim of defining additional resources, no assurances can be given that additional exploration will result in the determination of additional resources on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that the existing resource or any future resource can be economically extracted.
- **Grant of future authorisations to explore and mine:** If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licence and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licenses and permits. The Madagascar resources department (BCMM) is under moratorium. The Company has no control over the moratorium or its impact on licence and permit approvals.
- **Mine development:** Possible future development of mining operations at the Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.
- **Environmental:** The operations and proposed activities of the Company are subject to various laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.
- **Future Capital Raisings:** Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.
- **General Economic conditions:** General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities. General economic conditions may also affect the value of commodities, specifically rare earths, and the Company and its market valuation regardless of its actual performance.

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- **Shares:** There is currently no public market for the Company's Shares, the price of its Shares will be subject to uncertainty and there can be no assurance that an active market for the Company's Shares will develop after the Offer. The price at which the Company's Shares trade on ASX after listing (if successful) may be higher or lower than the issue price of Shares and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors. There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.
- **Market:** The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. Potential investors should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the shares regardless of the Company's performance.
- **Commodity Prices:** If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for rare earths, precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

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Important Information and Disclaimer

This document has been prepared in connection with a proposed capital raising offer by Harena Resources Limited ("Company") and is indicative only. All terms and conditions are subject to change at the sole discretion of the Company or GBA Capital Pty Ltd (ABN 51 643 039 123) ("GBA") (Corporate Authorised Representative of Australian Financial Services Licence No 237 549). Please note that this document and the information contained in it is both price sensitive and confidential and must not be distributed or disclosed to any other party without the prior written approval of GBA.

The information in this document does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) ("Corporations Act").

All and any recipients of any information in relation to the Company or the capital raising from the Company or GBA acknowledge and agree that they have conducted their own due diligence investigations in respect of the Company and have not relied upon any representations of the Company or GBA and their officers, employees, advisers or agents. The Company and GBA make no implied or express representation or warranty as to the accuracy, currency, reliability or completeness of the information contained in any investor presentation or the presentations made at any roadshow meetings (virtual or in person) or other communications and expressly disclaim any liability arising from the same (including, without limitation, errors or omissions). Insofar as any party passes on information from the same, the Company and GBA and their officers, employees, advisers or agents expressly disavow the accuracy of such information. You confirm by bidding for an allocation in the capital raising that you act and have acted entirely on the basis of your own investigations and decisions and your own independent evaluation of the Company and not in reliance on any act or representation made by the Company or GBA.

This document has been prepared by GBA in connection with a proposed offer of securities in the Company. This document has been distributed in confidence and may not be reproduced or disclosed to any other person. If you are not the intended recipient of this document, please notify GBA immediately and destroy all copies of this document. By retaining this document you warrant to GBA that you are an investor eligible to participate in the offer, meaning that if you are in:

- a) **Australia:** you are either a sophisticated investor within the meaning of section 708(8) of the Corporations Act or a professional investor with the meaning of section 708 (11) of the Corporations Act or an experienced investor with the meaning of section 708 (10) of the Corporations Act; or
- b) **Hong Kong:** you are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.
- c) **New Zealand:** you are a person who is either (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act;
- d) **Singapore:** you are an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA"); or
- e) **United Kingdom:** you are a "qualified investor" within the meaning of Section 86(7) of the United Kingdom Financial Services and Markets Act 2000 and within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

This document has been provided to you on the basis that you are an eligible investor as described above. If that is not the case, you must immediately return this document. You will be required to provide usual warranties in relation to the above in any confirmation letter you may receive.

You acknowledge and agree that:

- a) while the bookbuild is open, all bids (whether via email or phone) will represent legally binding and irrevocable offers to subscribe for a number of securities up to the maximum amount for which a bid is made, at the offer price and will be capable of acceptance in full or in part;
- b) on closing of the bookbuild, all existing bids in the bookbuild will represent legally binding and irrevocable final offers to subscribe for a number of securities up to the maximum amount for which a bid is made, at the offer price and will be capable of immediate acceptance in full or in part; and
- c) acceptance of your bid and allocation (if any) will be notified to you and will form your contract.

The Company, GBA, and their respective officers, employees, advisers and agents, make no recommendation as to whether you should participate in the capital raising nor do they make any recommendation or warranty to you concerning the shares or accuracy, reliability or completeness of the information provided or the performance of the Company. This document is intended to provide background information only and does not purport to make any recommendation upon which you may reasonably rely without taking further and more specific advice. This document is not an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, and neither this document nor anything in it shall form the basis of any contract or commitment. Prospective investors should undertake their own independent evaluation of an investment in the Company.

The Master ECM Terms available from GBA or from <https://afma.com.au/standards/standard-documentation>, will apply to this Offer.

The securities proposed to be issued by the Company have not been and will not be registered under the US Securities Act of 1933, as amended ("Securities Act"), or under the securities laws of any state of the United States. Accordingly, the securities may not be offered or sold, directly or indirectly, within the United States (as defined in Regulation S under the Securities Act) or to U.S. Persons (as defined in Regulation S under the Securities Act) ("US Persons"), and this document is not to be distributed within or to the United States.

The distribution of this document may otherwise be restricted by securities law in your jurisdiction and you should observe any such restrictions. A failure to comply with any such restrictions may constitute a violation of law.

Disclosures

GBA and its officers, employees, advisers and agents advise that they and persons associated with them may hold or otherwise have an interest in securities of the Company. GBA will receive a capital raising fee of six percent plus GST where applicable, GBA and/or associates holds 10m ordinary shares and 10m performance options with a strike price of \$0.002 subject to raising a minimum \$2.045m in convertible notes. GBA may earn brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether direct or indirect, in connection with the making of a recommendation for dealing by a client in these securities, and which may reasonably be expected to be capable of having an influence in the making of any recommendation, and that some or all of our representatives could be remunerated wholly or partly by way of commission. *0.6647 AUD/USD as at 27/3/2023