



PARABELLUM RESOURCES LIMITED

ACN: 645 149 211

**Financial Report
For The Half Year Ended
31 December 2021**

PARABELLUM RESOURCES LIMITED

ACN: 645 149 211

CONTENTS	Page
Directors' Report	2
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	14
Independent Auditor's Report	15

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY DIRECTORS' REPORT

Your directors present their report on consolidated group for the half year ended 31 December 2021.

Directors

The names of the directors in office at any time during, or since the end of, the period are as follows. Directors have been in office for the entire period unless otherwise stated.

Mark Hohnen (Non-Executive Chairman, appointed 1 July 2021)
Peter Ruse (Non-Executive Director)
Shaun Menezes (Non-Executive Director, Company Secretary and CFO)
Brett Rowe (Non-Executive Director, resigned 27 August 2021)

Principal Activities

The principal activity of the Company during the period was the initial public offering and admission to the Official List of the ASX and the exploration for minerals.

Review of Operations

The consolidated loss of the consolidated group for the financial period after providing for income tax amounted to \$469,932 (2020: \$Nil).

On 8 April 2021, the Company entered into a Letter Agreement with the shareholders of Lachlan Minerals Pty Ltd ("Lachlan") for an Option to Purchase Lachlan for an option fee of \$50,000. On 23 September 2021, the Company entered into a Share Purchase Agreement with the shareholders of Lachlan. Completion of the acquisition occurred on 19 November 2021.

On 29 November 2021, the Company was admitted to the Official List of the ASX following the successfully completion of an initial public offering ("IPO") raising \$6 million before costs.

During the half-year ended 31 December 2021, Lachlan commenced a copper/gold surface sampling program at the Obley, Recovery, Redlands and Whitbarrow Projects, results of which were announced on 19 January 2022.

Significant Changes in the State of Affairs

On 12 August 2021, the Company issued 500,000 Director – Class A Options and 500,000 Director – Class B Options to Mark Hohnen.

On 19 November 2021, the Company issued the following securities:

- 30,000,000 ordinary fully paid shares at an issue price of \$0.20 per share raising \$6 million (before costs);
- 1,800,000 unquoted options exercisable at \$0.30 per option and expiring 3 years from the issue date to the Lead Manager and its nominees as part of the cost of the IPO.
- 2,300,000 ordinary shares and 3,700,000 performance shares to the Lachlan Vendors as consideration for the acquisition of Lachlan Minerals Pty Ltd.

On 29 November 2021, the Company was admitted to the Official List of the ASX.

Other than stated above, no significant changes in the Company's state of affairs occurred during the financial period.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

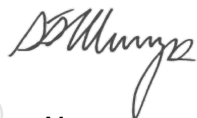
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
DIRECTORS' REPORT**

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Shaun Menezes
Non-Executive Director
18 February 2022

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF PARABELLUM RESOURCES LIMITED

As lead auditor for the review of Parabellum Resources Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Parabellum Resources Limited and the entity it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 18 February 2022

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 \$	31 December 2020 \$(15/10/2020 – 31/12/2020)
Corporate		(422,830)	-
Initial Public Offering		(47,102)	-
Loss before tax		(469,932)	-
Income tax expense		-	-
Loss for the period		(469,932)	-
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to the members		(469,932)	-
		Cents	Cents
Basic and diluted loss per share (cents per share)	2	(3.65)	-

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021 \$	30 June 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	5,487,353	515,293
Other assets		50,000	-
Trade and other receivables		80,946	2,466
Prepayments		24,000	-
TOTAL CURRENT ASSETS		5,642,299	517,759
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	4	730,047	-
TOTAL NON-CURRENT ASSETS		730,047	-
TOTAL ASSETS		6,372,346	517,759
LIABILITIES			
CURRENT LIABILITIES			
Trade creditors and other accruals		23,091	82,832
TOTAL CURRENT LIABILITIES		23,091	82,832
TOTAL LIABILITIES		23,091	82,832
NET ASSETS		6,349,255	434,927
EQUITY			
Issued capital	5	6,586,026	600,001
Reserves	6	422,320	24,085
Accumulated losses		(659,091)	(189,159)
TOTAL EQUITY		6,349,255	434,927

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021	600,001	24,085	(189,159)	434,927
Loss for the period	-	-	(469,932)	(469,932)
Total comprehensive loss for the period	-	-	(469,932)	(469,932)
Equity transactions:				
Issue of fully paid ordinary shares	6,460,000	-	-	6,460,000
Capital raising costs	(713,975)	-	-	(713,975)
Issue of performance shares	240,000	-	-	240,000
Issue of options	-	168	-	168
Share based payments	-	398,067	-	398,067
Balance at 31 December 2021	6,586,026	422,320	(659,091)	6,349,255

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 15 October 2020	1	-	-	1
Loss for the period	-	-	-	-
Total comprehensive loss for the period	-	-	-	-
Equity transactions:				
Issue of fully paid ordinary shares	50,000	-	-	50,000
Issue of options	-	500	-	500
Balance at 31 December 2020	50,001	500	-	50,501

The above consolidated statement of change in equity should be read in conjunction with the accompanying notes.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		31 December 2021	31 December 2020
		\$	\$
	Note		(15/10/2020 – 31/12/2020)
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(295,877)	-
Net cash used in operating activities		(295,877)	-
CASH FLOWS FROM INVESTING ACTIVITIES			-
Payments for exploration and evaluation expenditure		(86,265)	-
Net cash used in investing activities		(86,265)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		6,000,000	50,000
Proceeds from issue of options		-	500
Payments for share issue costs		(645,798)	-
Net cash provided by financing activities		5,354,202	50,500
Net increase in cash held		4,972,060	50,500
Cash and cash equivalents at beginning of period		515,293	1
Cash and cash equivalents at the end of the period	3	5,487,353	50,501

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial report and notes also comply with International Financial Reporting Standards IAS 34: Interim Financial Reporting.

It is recommended that this consolidated interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Parabellum Resources Limited and its controlled entities (the "Group") during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The interim consolidated financial report does not include full disclosures of the type normally included in annual financial reports.

The interim consolidated financial report has been prepared on an accruals basis and is based on historical costs, cost is based on the fair value of the consideration given in exchange for assets.

(b) Statement of compliance

The interim financial statements were authorised for issue on 18 February 2022.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

(c) New accounting standards and interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Standards and Interpretations applicable to 31 December 2021

In the period ended 31 December 2021, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ended 31 December 2021. The Directors have not early adopted any of these new or amended standards or interpretations. The Directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

(d) Asset acquisition

Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their fair value at the acquisition date.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

2. EARNINGS PER SHARE

The following reflects the income and data used in the calculations of basic and diluted earnings/(loss) per share:

	2021	2020
	\$	\$
Loss per share (cents)	(3.65)	-
Loss used in calculating basic and diluted loss per share	(469,932)	-
	# shares	# shares
Weighted average number of ordinary shares used in calculating basic loss per share:	12,854,002	3,289,474

3. CASH AND CASH EQUIVALENTS

	31 December 2021	30 June 2021
	\$	\$
Cash at bank and on hand	5,487,353	515,293

4. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2021	30 June 2021
	\$	\$
Balance at the beginning of the period	-	-
Exploration and evaluation expenditure incurred during the period	80,047	-
Acquisition of Lachlan Minerals Pty Ltd (Note 11)	650,000	-
Balance at the end of the period	730,047	-

The value of the exploration tenements carried forward is dependent upon:

- (a) The continuance of the Consolidated Entity's rights to tenure of the area of interest;
- (b) The results of future exploration; and
- (c) The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

5. ISSUED CAPITAL

(a) Issued Capital

	31 December 2021	30 June 2021
	\$	\$
Fully paid ordinary shares	7,060,001	600,001
Performance shares	240,000	-
Less: capital raising costs	(713,975)	-
	6,586,026	600,001

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(b) Movement in ordinary share capital of the Company:

Date	Details	No. of Shares	Issue Price	\$
01/07/2021	Opening balance	10,500,001		600,001
19/11/2021	Initial public offering	30,000,000	\$0.20	6,000,000
	Acquisition of Lachlan Minerals Pty Ltd (Note 11)	2,300,000	\$0.20	460,000
31/12/2021	Closing balance	42,800,001		7,060,001

(c) Movement in performance shares of the Company:

Date	Details	No. of Performance Shares	Fair Value	\$
1/7/2021	Opening balance	-		-
19/11/2021	Acquisition of Lachlan Minerals Pty Ltd – Class A Performance Shares (Note 11)	1,200,000	\$0.20	240,000
	Acquisition of Lachlan Minerals Pty Ltd – Class B Performance Shares (Note 11)	2,500,000	\$0.20	-
		3,700,000		240,000

6. RESERVES

(a) Share based payments and option reserve

	31 December 2021 \$	30 June 2021 \$
Share based payments reserve	421,652	23,585
Options reserve	668	500

(b) Movement in options

Date	Details	No. of Unlisted Options	Fair Value of Options Granted	Exercise Price	Expiry Date
01/07/2021	Opening balance	6,000,000			
12/8/2021	Director options – Class A	500,000	0.12	\$0.25	29/11/2024
	Director options – Class B	500,000	0.11	\$0.30	29/11/2024
19/11/2021	Lead Manager	1,800,000	0.11	\$0.30	19/11/2024
31/12/2021	Closing balance	8,800,000			

(c) Nature and purpose of reserves

Share based payments reserve

The share based payments reserve is the value of equity benefits provided to directors, employees and consultants by the Company as part of their remuneration.

Option reserve

The option reserve is the value paid for the options that were issued to founders of the company for cash consideration and the Lead Manager as part of the capital raising fee for the IPO.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

7. SHARE BASED PAYMENTS

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 31 December 2021	Number of Options	Weighted average exercise price 30 June 2021	Number of Options
Outstanding at beginning of the period	\$0.255	6,000,000	-	-
Granted during the period	\$0.291	2,800,000	\$0.255	6,000,000
Outstanding at end of the period	\$0.266	8,800,000	\$0.255	6,000,000
Exercisable at end of the period	\$0.266	8,800,000	-	5,000,000

The options outstanding at 31 December 2021 have an exercise price of between \$0.25 and \$0.30 and a weighted average remaining contractual life of approximately 2.9 years.

The following table lists the inputs to the models used for the valuation of the options issued during the period:

	Class A	Class B	Lead Manager
Number of options	500,000	500,000	1,800,000
Fair value at measurement date (cents)	11.41	10.67	10.67
Dividend yield (%)	0.00%	0.00%	0.00%
Expected volatility (%)	100%	100%	100%
Risk free rate (%)	0.12%	0.12%	0.12%
Expected life of option	3 years from listing	3 years from listing	3 years
Share price (cents)	20 cents	20 cents	20 cents
Exercise price (cents)	25 cents	30 cents	30 cents
Model used	Black - Scholes	Black - Scholes	Black - Scholes

8. CONTINGENT LIABILITIES, LEASE COMMITMENTS AND CONTINGENT ASSETS

There have been no significant changes in commitments and contingencies since the release of the 30 June 2021 financial statements.

9. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consistent mainly of deposits with banks and accounts receivable and payables.

The carrying amounts of the current receivables, current payables and other liabilities are considered to be a reasonable approximation of their fair value.

10. INVESTMENT IN SUBSIDIARY

Interests are held in the following subsidiary company:

Name	Principal Activity	Country of Incorporation	Ownership Interest
Lachlan Minerals Pty Ltd ¹	Mineral Exploration	Australia	100%

¹ Acquired 19 November 2021 (refer Note 11)

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

11. ACQUISITION OF LACHLAN MINERALS PTY LTD

On 8 April 2021, the Company entered into a Letter Agreement for an Option to Purchase all the issued shares in Lachlan Minerals Pty Ltd ("Lachlan"). On 23 September 2021, the Company formalised the Letter Agreement by entering into a Share Purchase Agreement ("SPA") with the shareholders of Lachlan. On 16 November 2021, the Company exercised its' purchase option to acquire Lachlan and the acquisition was completed on 19 November 2021.

Consideration

As consideration for the acquisition, the Company agreed to issue the shareholders of Lachlan the following securities in the capital of the Company:

- (a) (Completion Shares) 2,300,000 fully paid ordinary shares
- (b) (Performance Shares) The following number of Performance Shares:
 - (i) (Class A Performance Shares): 1,200,000 First Performance Shares, which convert to Shares on a 1:1 basis subject to and conditional upon the Buyer having completed an exploration program of 4,000m drilled (using any combination of aircore, reverse circulation drilling and/or diamond drilling) in relation to the Tenements, within 24 months of Admission (First Milestone); and
 - (ii) (Class B Performance Shares): 2,500,000 Second Performance Shares, which convert to Shares on a 1:1 basis subject to and conditional upon the Buyer having delineated a maiden JORC Code compliant Mineral Resource at the Tenements which exceeds 25,000 tonnes of Cu with a minimum cut-off grade of 0.5% Cu, within 36 months of Admission (Second Milestone).

Accounting standard applied

The acquisition of LMPL has been accounted for as an asset acquisition. The acquisition does not meet the definition of a business in accordance with AASB 3 Business Combinations as the group has applied the concentration test, whereby substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset being exploration and evaluation asset. As such the acquisition has been accounted for as a share-based payment transaction whereby fair value of consideration is allocated to net identifiable asset acquired on a relative fair value basis.

The Company determined that they could not readily estimate the fair value of the asset acquired on the basis that this was an exploration asset. The acquisition was measured in reference to the shares issued using market value of shares at acquisition date being \$0.20. The performance rights are valued based on 100% (Class A Performance Shares) and 0% (Class B Performance Shares) of achieving the milestones.

The fair value of the consideration paid and allocation to net identifiable assets is as follows:

	\$
<i>Fair value of consideration paid:</i>	
2,300,000 Completion Shares	460,000
First Performance Shares	240,000
Second Performance Shares ⁽ⁱ⁾	-
	<u>700,000</u>
<i>Fair value of net identifiable assets acquired</i>	
Security deposits	50,000
Exploration and evaluation expenditure	650,000
	<u>700,000</u>

⁽ⁱ⁾ No cost has been attributed to the Second Performance Shares due to exploration activities of the Company not yet being at a stage to determine if the conditions to convert to ordinary shares will be met.

12. EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to the financial period end that will affect the results as disclosed in this report.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Parabellum Resources Limited, the directors of the Company declare that:

1. In the opinion of the directors:
 - (a) the interim financial statements and notes of the Consolidated Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Group's financial positions as at 31 December 2021 and of their performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements;
 - (b) there are reasonable grounds to believe that the Company and the consolidated group will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the Corporations Act 2001 for the half-year ended 31 December 2021.

On behalf of the Board



Shaun Menezes
Non-Executive Director
18 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Parabellum Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Parabellum Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, light blue BDO logo.

Glyn O'Brien

Director

Perth, 18 February 2022