

24th October 2022

QUARTERLY ACTIVITIES REPORT for the period ended 30th September 2022

HIGHLIGHTS

- PBL entered into an agreement with Tamarise Limited (UK) that holds the exclusive option to acquire 80% of Khotgor Project, Mongolia
- 2,000 metre drilling program completed at Khotgor REE and samples despatched to laboratory for analysis
- Metallurgical test work studies commenced in Perth on a Khotgor bulk sample
- Resource, mining, metallurgical and engineering consultants appointed to undertake JORC Scoping Study for Khotgor
- ESG initial baseline report completed and released via the PBL website
- Commencement of Ground EM at Cobar to refine targets for drill testing.
- Successful capital raising of \$3.9m completed
- Robust cash position of \$5.97m to fund ongoing exploration at both Khotgor and NSW projects.

Parabellum Resources Limited (ASX:PBL) ('Parabellum', or 'the Company'), is pleased to update shareholders on its activities during the September 2022 quarter.

During the quarter the Company was excited to announce a material transaction into the Rare earths ('REE') minerals sector via the Khotgor Project in Mongolia. The project offers exposure to one of the worlds larger undeveloped REE deposits, has a supportive local Mongolian partner, Khotgor Minerals, and is strategically located on the doorstep of Asian customers and potential offtake partners.



Image 1: Drilling underway at Khotgor, Source Tamarise September 2022



Since entering into the Agreement with Temarise, the Khotgor Project team has completed a 2,000 metre drilling program to collect a bulk metallurgical sample for a 2023 DFS metallurgical testwork program, appointed a number of international Australian engineering groups to complete a JORC Scoping Study during Q1, 2023 and has commenced a site environmental monitoring program to provide data for an Environmental Impact Statement (EISA) in late 2023.

Ground Electromagnetic survey commenced and currently underway at the Company's NSW Copper/Gold projects in Cobar further refining drill targets to test in Q4CY22.

Parabellum Chairman, Mark Hohnen commented: *"I continue to be strongly encouraged with the operational achievements since the announcement of the PBL/Temarise option on the Khotgor REE project transaction in July. The in-country management team have demonstrated their strong operational capability by engaging stakeholders both at Government and local level(s) to expedite our ambitious work program's. The Company has now completed the 2,000 metre diamond drill program ahead of the onset of the winter season in the South Gobi, Mongolia. Results from this program will be added to the new JORC 2012 resource that is being led by SRK.*

The Board and Management team welcomed the recent Bloomberg news commentary⁽¹⁾ from the German Chancellor Olaf Scholz; stating that Germany wishes to expand its existing investment in Mongolia to help secure strategically important raw materials including copper and rare earths. This rhetoric does not sit in isolation with many western economies seeking to secure critical supply and a diversification strategy outside of China and Russia. PBL is perfectly positioned to play a major role in de-risking the supply chain for many nations."

(1) https://www.mining.com/web/germany-looks-to-mongolia-in-push-for-critical-raw-materials/?utm_source=Daily_Digest&utm_medium=email&utm_campaign=MNG-DIGESTS&utm_content=germany-looks-to-mongolia-in-push-for-critical-raw-materials

Background on Khotgor Project

Located in the Tsogt-Ovoo sum of Southgobi Province, 500km south of Ulaanbaatar, accessed via paved road. Local geology dominated by metamorphic rocks such as black grey sandstone, siltstone, schist and limestone intruded by early Permian biotite-amphibole intrusive and late Jurassic alkaline intrusive rocks and their dykes. Khotgor REE deposit formed in vertical pipe like body which intruded early Permian granite and Silurian metamorphic rocks. Main mineralisation hosted in britholite and associated with apatite and magnetite. Mineralisation occurs close to surface within multiple vein systems up to 20 metres thick and currently drilled to 200 metres below surface.



Map 1: Khotgor Project location

The project was first explored in the 1950/60's and subsequently, in 2007, was acquired by a Canadian listed junior exploration company, QGX Ltd in joint venture with a local company Khotgor Minerals, looking for gold, copper and molybdenum mineralisation. Between 2008 and 2014 Khotgor undertook drilling, metallurgical testwork programs and engineering studies in Australia to demonstrate that a rare earth product could be extracted from the resource. There was approximately \$12m (CAD) spent on the project over this time frame on drilling, maiden resource and a preliminary economic assessment completed.

Subsequently, adverse market conditions and softer REE commodity pricing resulted in Khotgor Minerals resuming 100% ownership of the project.

Khotgor Minerals was granted a Mining License in 2010, valid for 30 years, which remains current until 2040. The license covers a total area of some 20km².

Khotgor Project Development

Throughout the past quarter the Khotgor Project team has achieved a number of milestones by completing a 2,000 metre drilling program to collect a bulk metallurgical sample for a 2023 DFS metallurgical testwork program, appointed key international Australian engineering groups to complete a JORC Scoping Study during Q1, 2023 and has commenced a site environmental monitoring program to provide data for an Environmental Impact Statement (EISA) in late 2023.

Diamond Drilling and Trenching Program

In early September two PQ diamond core drill rigs were mobilised to site to undertake a 15-hole metallurgical infill drilling, mainly within the initial 10 years of the open pit design plan. The holes were between 150 metres and 200 metres in depth, with average depth of 170 metres.

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Additionally, ore samples were taken from a number of surface trenches to be used for further geotechnical and metallurgical testwork.



Image 2: Core trays taken from Khotgor drilling Sept/October 2022 Source: Temarise

In total, over 50 tonnes of sample were collected in order to prepare a bulk sample concentrate for the initial stages of the Definitive Feasibility Study (DFS) for the Khotgor REE Project. The DFS is currently being scheduled to commence in Q2, 2023 subject to completing the Khotgor REE Scoping Study in Q1, 2023.

Core samples from the drilling will be used for a variety of comminution, variability and geotechnical testwork and will also be combined with the ore from the surface trenching to produce a bulk flotation concentrate to optimize the metallurgical flow sheet being developed at the Scoping Study stage. Subsequently, the flotation concentrate will be used to optimise the hydrometallurgical flowsheet being designed to produce an NdPr saleable product.



Image 3 & 4 Khotgor Trenching program and Bulk Sample collection Sept/October 2022 Source: Temarise

Updated JORC Resource and Mine Planning

With the completion of the drilling program, samples have been sent to SGS laboratories in Ulan Bataar for chemical analysis. The results from this work will be collated by SRK Consultants and incorporated into an updated drill hole database. This data will be used to update the Khotgor Mineral Resource Estimate and subsequently incorporated into a pit design and schedule for the JORC Scoping Study. This work will be completed in Q1, 2023.

Scoping Study Engineering

In July 2022, a 1.5 tonne composite core sample was shipped from Mongolia to ALS laboratories in Perth. This sample has formed the basis of the flotation testwork program that is currently underway in Perth for the Scoping Study. The concentrate produced from the flotation program will then be incorporated into hydrometallurgical testwork to be undertaken to produce the rare earth oxide products.

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Image 5: Initial flotation test work study Source: Temarise/ ALS Labs Perth

Primero Engineering has been appointed as the engineering group to undertake the Scoping Study engineering design. This engineering work commenced in Q4, 2022. Primero and SRK Australia will then work to complete the JORC Scoping Study which is scheduled for completion towards the end of Q1 2023.

EIS/EIA

Initial site visits were undertaken by environmental consultants as part of the Environmental Impact Assessment that is being prepared for the Khotgor Project. This work will be undertaken over the next 12 months.

NSW Copper Gold projects

NSW Projects comprise the Redlands/Whitbarrow, Recovery and Lunns Dam Projects in the Tottenham-Girilambone district - four granted exploration licenses covering approx. 690km² - and the Obley Project in the Yeoval district - one granted exploration license covering approx. 180km² (Figure 1).

Airborne EM program

A heli-borne VTEM Max survey was completed over the PBL NSW projects in the June 2022 quarter. The survey focused on areas within the Whitbarrow/Redlands, Lunns Dam & Obley Projects considered to have high potential for the discovery of massive copper sulphides.

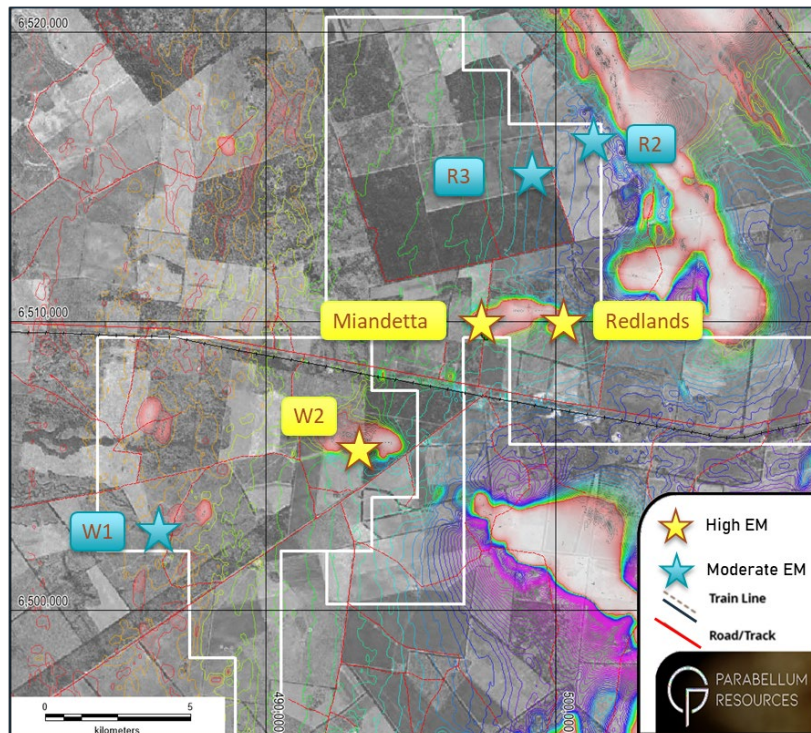
Interpretation of the preliminary EM data identified a number of anomalies which were screened by field review to eliminate cultural (e.g., man-made) effects that produce false anomalies. This work, in conjunction with interpretation of the final EM data, has enabled eight high ranking targets to be prioritised for ground EM surveying. The ground EM surveying will enable accurate modeling of the anomalies to facilitate effective drill targeting.

Whitbarrow/Redlands Projects (EL8852 / EL9188)

Airborne EM completed over the Whitbarrow/Redlands Project areas delineated six high ranking EM anomalies – W1, W2, R2, R3, Miandetta and Redlands. Follow up ground EM is in progress at the Redlands EM anomaly to be followed by W1 & W2. R2, R3 and Miandetta Ground EM surveys will be completed in November after crops have been harvested. Drill testing is planned for late Q4 CY2022.

The Miandetta and Redlands EM anomalies are co-incident with the Miandetta Ni-Co-Cu and Redlands Cu prospects respectively and a large buried magnetic anomaly interpreted to be a mafic/ultramafic intrusion which is interpreted to be the source of the Ni-Co-Cu mineralisation in the area. The W2 anomaly is co-incident with a large east-west trending magnetic anomaly also interpreted to represent a buried mafic/ultramafic intrusion (Map 1).

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Map 1: Whitbarrow/Redlands Projects – Ranked AEM anomalies overlain on Magnetic contours. (Source PBL 5th October 2022)

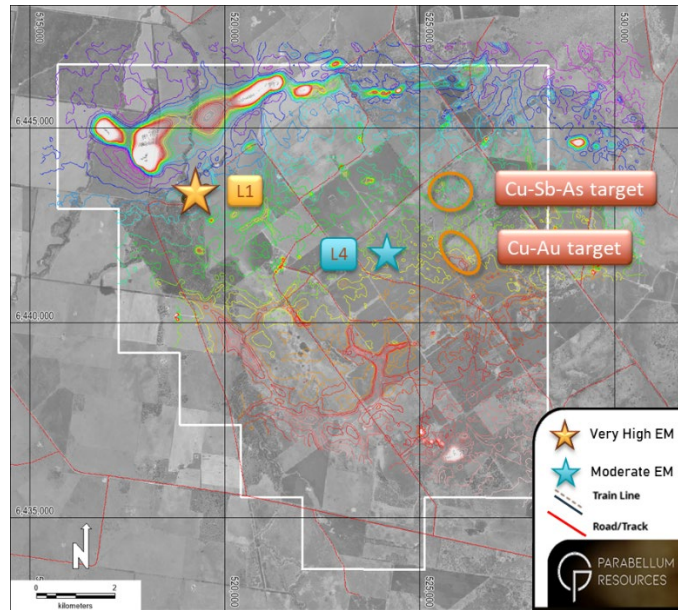
Lunns Dam Project (EL 8847)

Airborne EM completed over the Lunns Dam Project area has delineated two anomalies - L1 and L4. Follow up ground EM has been designed and is scheduled to be completed in November after crops are harvested. Drill testing is planned for late Q4 CY2022.

The L1 EM anomaly is approximately 600m long and trends north-east/south-west. It is sub-parallel to a distinct magnetic high located approximately 1,600m to the north of L1 (Map 2). Previous drilling of the magnetic high has intersected mafic schist. This setting is considered analogous to Aeris Resources' Tritton Cu mine and Kurrajong Cu Prospect and thus, given the strike length of the anomaly, is ranked very highly.

Auger sampling has defined two Copper plus pathfinder anomalies (Map 2). A review of the anomalies confirmed the anomalies are robust and require drill testing. PBL plan to drill test these targets in Q4 CY2022.

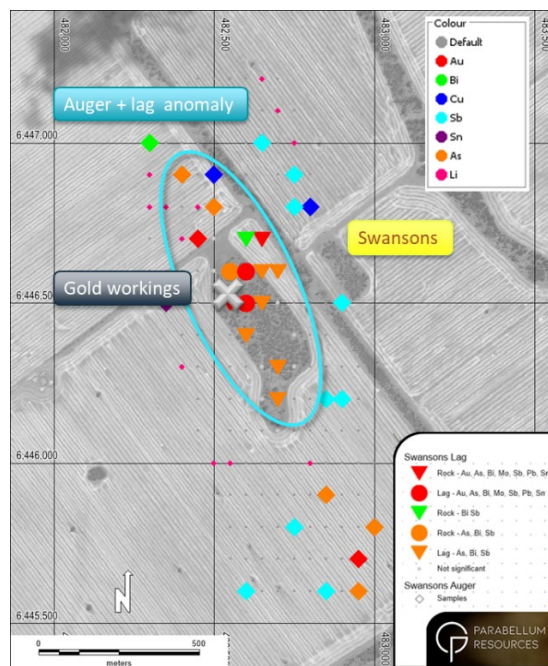
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Map2: Lunns Dam Project – Ranked AEM anomalies and Auger targets overlain on Magnetic contours
(Source PBL 5th October 2022)

Recovery Project (EL 918g)

A coherent 900m long x 50-200m wide Gold + pathfinder auger and surface sampling (lag) anomaly has been defined at the Swansons Gold prospect (Map 3). Quartz veining was noted in auger and lag samples over 1,500m of strike with more intense quartz veining and silicification noted in the area of historic workings. PBL plan to drill test the depth and strike extent of the Swansons Gold target in Q4 CY2022.



Map 3: Recovery Project – Swansons Lag/Auger Sampling Results (Source PBL 5th October 2022)



Obley Project (EL 8846)

A follow up soil sampling program at Obley downgraded the potential of the three pathfinder anomalies and no further work is proposed on these at this time. Geological mapping and rock sampling was also conducted in conjunction with the soils program with no significant zones of alteration or mineralisation delineated.

A desktop assessment of other prospects in the Obley area is planned for Q4 CY2022 in order to determine a future exploration program for the Obley Project.

Corporate

The Company held \$5.97m in cash at the end of the September 2022 quarter. The PBL board continues to maintain strict cost controls with no large recurring general and administrative (G&A) expenses.

On 22 October 2022, the Board agreed to issue the following options to directors and corporate advisors subject to shareholder approval at Company's 2022 Annual General Meeting:

- 2,000,000 Director Options to Mark Hohnen (or his nominee);
- 2,000,000 Director Options to Peter Ruse (or his nominee);
- 1,000,000 Director Options to Shaun Menezes (or his nominee); and
- Up to 6,000,000 Corporate Advisor Options to the Corporate Advisor.

The Company intends to enter into an agreement with one or more corporate advisory firms ("Corporate Advisor") to assist the Company moving forward with its corporate activities, fundraising and strategy. As at the date of this announcement, the Company has not entered into a formal mandate with a Corporate Advisor. As partial consideration for the services provided by the Corporate Advisor, the Company intends to issue up to 6,000,000 options to the Corporate Advisor (or its nominee).

The terms and conditions of the Director Options and Corporate Advisor Options are set out in Annexure B.

The issue of these options is subject to shareholder approval at the Company's 2022 Annual General Meeting to be held on or about 30 November 2022. Despatch of the Notice of Meeting to shareholders is expected to occur on or about 31 October 2022.



A summary of the expenditure incurred on exploration activities is set out below. No development or production activities were undertaken during the Quarter.

Appendix 5B reference	ASX description reference	Amount	Company Summary
2.1(d)	Exploration and evaluation	\$125,000	This item relates to the soil sampling, ground electromagnetic surveys, geophysical consulting, data interpretation and associated costs of the exploration program carried out during the quarter.
2.1(e)	Investments	\$2,000,000	This item relates to the Tranche 1 and 2 payments for the subscription of 30% of the fully diluted issued capital in Tamarise Ltd as announced on 4 August 2022.
3.1	Proceeds from issues of equity securities	\$3,900,000	This item relates to the issue of 19,500,000 fully paid ordinary shares at \$0.20 each to raise \$3.9 million as announced on 19 August 2022.
3.4	Transaction costs related to the issues of equity securities	\$261,000	This item relates to the payment of the costs associated with the capital raising undertaken during the September 2022 quarter.

The aggregate total of payments to related parties and their associates, is disclosed in item 6.1 of the Appendix 5B pertaining to payments of non-executive directors' fees.

A comparison of the use of funds as set out in the Prospectus and the actual use of funds is set out in Annexure A to this announcement.

Mining tenements

The Company confirms that no tenements were acquired or disposed nor was there any change in the Company's interest in the below tenements. The following tenements are held at 30 September 2022:

Tenement	Name	Location	Parabellum Interest
EL 8847	Lunns Dam	NSW	100%
EL 8852	Whitbarrow	NSW	100%
EL 9188	Redlands	NSW	100%
EL 9189	Recovery	NSW	100%
EL 8846	Obley	NSW	100%



This announcement has been authorised for release by the Board.

ENDS.

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ABOUT PARABELLUM RESOURCES LIMITED (PBL)

PBL is an ASX listed public mineral exploration company committed to increasing shareholder wealth through the acquisition, exploration and development of mineral resource projects in Australia. PBL entered into an agreement with Tamarise Limited (UK) that holds the exclusive option to acquire 80% of Khotgor REE project, Mongolia. Furthermore, PBL holds 100% interest in 4 projects situated in a highly prospective region in New South Wales, Australia. PBL's existing project portfolio offers exposure to copper and gold.

FORWARD LOOKING INFORMATION

Various statements in this announcement constitute statements relating to intentions, future acts and events. Such statements are generally classified as "forward looking statements" and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. The Company gives no assurances that the anticipated results, performance or achievements expressed or implied in these forward-looking statements will be achieved.

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Annexure A

A comparison of the proposed use of funds set out in the Company's prospectus dated 4 October 2021 against the actual use of funds to date is set out below:

Description	Prospectus disclosure		Actual Expenditure \$	Commentary
	Year 1 (\$)	Year 2 (\$)		
Exploration expenditure	1,500,000	1,698,000	743,309	A.
Directors' fees	156,000	210,000	143,515	
General administration fees	331,000	350,000	258,218	
Future acquisition costs	350,000	375,000	138,021	B.
Expenses of the Offer	605,000	-	589,839	
Working capital	437,500	437,500	166,486	
Total	3,379,500	3,070,500	2,039,388	

Commentary:

- A. Actual exploration expenditure will vary due to timing of the exploration programs on the various projects which is dependent on weather, access and availability of suppliers. The Company confirms there are no material variances to date between the proposed use and actual use of funds.
- B. Consulting and legal fees associated with identification of new projects, due diligence and exclusivity fees.

Annexure B Terms and conditions of Director Options and Corporate Adviser Options

The following terms and conditions apply to the Director Options and Corporate Adviser Options (referred to in this Schedule as **Options**):

1. **(Entitlement):** Subject to the terms and conditions set out below, each Option entitles the holder to the issue of one fully paid ordinary share in the capital of the Company (Share).
2. **(Issue Price):** The Options are issued for nil cash consideration.
3. **(Exercise Price):** The Options are exercisable at \$0.50 each.
4. **(Expiry Date):** Each Option will expire at 5.00pm (AWST) on the date set out in the table below **(Expiry Date)**. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

Director	Expiry Date
Director Options	30 November 2025
Corporate Adviser Options	2 years from date of issue

5. **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
6. **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate **(Notice of Exercise)** and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds **(Exercise Date)**.

7. **(Issue of Shares):** As soon as practicable after the valid exercise of an Option, the Company will:
 - (a) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
 - (b) issue a substitute Certificate for any remaining unexercised Options held by the holder;
 - (c) if required, and subject to clause 8, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.
8. **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or such a notice for any reason is not

effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act. The Company is authorised by the holder to apply a holding lock on the relevant Shares during the period of such restriction from trading.

9. **(Ranking):** All Shares issued upon the exercise of Options will upon issue rank equally in all respects with other Shares.
10. **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company at its sole discretion and subject to compliance with the Corporations Act and Listing Rules.
11. **(Cashless exercise of Options):** The holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.

12. **(Dividend rights):** An Option does not entitle the holder to any dividends.
13. **(Voting rights):** An Option does not entitle the holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.
14. **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
15. **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
16. **(Entitlements and bonus issues):** Subject to the rights under clause 17, holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.
17. **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.
18. **(Return of capital rights):** The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.



19. **(Rights on winding up):** The Options have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
20. **(Takeovers prohibition):**
- (a) the issue of Shares on exercise of the Options is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
 - (b) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Options.
21. **(No other rights)** An Option does not give a holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
22. **(Amendments required by ASX)** The terms of the Options may be amended as considered necessary by the Board in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the holder are not diminished or terminated.
23. **(Plan)** The Options are issued pursuant to and are subject to the Plan. In the event of conflict between a provision of these terms and conditions and the Plan, these terms and conditions prevail to the extent of that conflict.
24. **(Constitution)** Upon the issue of the Shares on exercise of the Options, the holder will be bound by the Company's Constitution.