



PARABELLUM
RESOURCES

**PARABELLUM RESOURCES
LIMITED**

ACN: 645 149 211

**Financial Report For The Year Ended
30 June 2022**

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mark Hohnen (Non-Executive Chairman)
Peter Ruse (Non-Executive Director)
Shaun Menezes (Non-Executive Director)

COMPANY SECRETARY

Shaun Menezes

REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE

52 Ord Street
West Perth WA 6005

Telephone: (+61 8) 6313 3950

SHARE REGISTRY

Automic Registry Services
Level 2
267 St Georges Terrace
Perth WA 6000

Investor Enquiries: 1300 288 664

AUDITOR

BDO Audit (WA) Pty Ltd
Level 9, Mia Tellagonga Tower 2
5 Spring Street, Perth WA

Telephone: (+61 8) 6382 4600

STOCK EXCHANGE

ASX Limited (Australian Securities Exchange)
ASX Code: PBL

PARABELLUM RESOURCES LIMITED

ACN: 645 149 211

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PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY DIRECTORS' REPORT

Your directors present their report on Parabellum Resources Limited (the "Company") and the entity it controlled at the end of, or during (the "Group") the year ended 30 June 2022.

Directors

The names, qualifications and experience of the directors in office at any time during, or since the end of, the period are as follows. Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Mark Hohnen (Non-Executive Chairman, appointed 1 July 2021)

Mr Hohnen has been involved in the mineral resource sector since the late 1970s, and has extensive international business experience in a wide range of industries including mining and exploration, property, investment, software and agriculture.

Mr Hohnen is currently non-executive Chairman of Canyon Resources Limited. He also served as an executive director and Chairman of Bacanora Lithium Plc (LSE:BCN) until its takeover by Ganfeng International Trading (Shanghai) Limited in December 2021, non-executive director of Pensana Rare Earths Plc (LSE:PRE), non-executive Chairman of BOSS Resources Ltd (ASX:BOS) and director of Salt Lake Potash Limited (ASX:SO4), and was also a director of Kalahari Minerals and Extract Resources, having successfully negotiated the sale of both companies to Taurus (CGN).

Peter Ruse (Non-Executive Director) BCom, GradCertAppFin

Mr Ruse is a finance professional with over 10 years extensive experience in Equity Funds Management and Private/Institutional Wealth Management specialising in Mining/Minerals and Industrial related sectors. Mr Ruse has extensive private and public equity market experience as a former Executive Director/Portfolio Manager of ALR Investments Pty Limited, a Western Australian family office investment company.

Mr Ruse is currently an executive director of Mont Royal Resources Limited (ASX:MRZ) and director of Gunsynd PLC (LON:GUN) and was a former director of Plukka Limited.

Shaun Menezes (Non-Executive Director, Company Secretary and CFO) BCom, LLB

Mr Menezes is an accounting and finance professional with over 20 years' experience. He has worked in the capacity of Company Secretary and Chief Financial Officer of a number of ASX and SGX listed companies, held a senior management role within an ASX 200 listed company and was an executive director at a leading international accounting firm.

Mr Menezes is current the company secretary for a number of ASX listed companies. In his past career, he has held the position of Finance Director and Company Secretary at Alliance Mineral Assets Limited which was listed on the Singapore Exchange Limited.

Mr. Menezes is a member of the Governance Institute of Australia and the Chartered Accountants Australia and New Zealand.

Brett Rowe (Non-Executive Director, resigned 27 August 2021) BCom, M.Acc.

Brett Rowe has over 20 years experience in the financial services industry and is a graduate of the Australian Institute of Company Directors. He holds a Bachelor of Commerce degree and a Masters of Accounting.

Brett is a director and the chief executive officer of The Bass Group, as well as a director of The Bass Family Foundation. Brett is responsible for managing the global financial interests of the Bass Family, as well as The Foundation's ongoing support of education and health in disadvantaged children and youth in regional Western Australia.

Brett is also a director of the Centre for Entrepreneurial Research and Innovation Limited (CERI). CERI aims to assist the growth of WA's non-mining industry through a strong innovation base where high-knowledge start-up company formation can be accelerated. This is achieved through the co-creation of a WA-based venture capital industry.

Brett is an Alternate Director for Mr Charles Bass on the Eagle Mountain Mining Limited (ASX:EM2) board of Directors

Company Secretary

Shaun Menezes BCom, LLB

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

Directors Meetings

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2022 attended by each director:

	Number Eligible to Attend	Number Attended
Mark Hohnen	5	5
Peter Ruse	5	5
Shaun Menezes	5	5
Brett Rowe	1	1

Principal Activities

The principal activity of the Group during the year was the initial public offering and admission to the Official List of the ASX and the exploration for minerals. No significant change in the nature of these activities occurred during the year.

Review of Operations

The consolidated loss of the consolidated group for the financial year after providing for income tax amounted to \$790,671 (2021: \$189,159).

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 successful completion of an initial public offering ("IPO") raising \$6 million before costs.

During the year ended 30 June 2022, the Group undertook exploration for copper/gold at the Obley, Recovery, Redlands and Whitbarrow Projects.

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



Figure 1: PBL Project Location (Source PBL 4th October 2021)

The defined strategy of Parabellum is to target massive sulphide (Besshi-type) copper mineralisation in rocks of the Girilambone Group in Western NSW, and copper/gold skarn mineralisation around an intrusive complex with known copper mineralisation in Central NSW.

UTS Geophysics completed a heli-borne VTEM Max survey over four areas within PBL projects totaling approximately 2,000 line km (~380 km²) late March 2022 (Figure 2). The survey focused on areas within each project considered to have high potential for the discovery of massive copper sulphides.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY DIRECTORS' REPORT

Interpretation of the preliminary Airborne Electromagnetics ("EM") data identified a number of anomalies. Field review of these anomalies was undertaken during the June 2022 quarter in order to screen potential cultural (e.g. man-made) effects that produce false anomalies. This work, in conjunction with interpretation of the final Airborne EM data, has enabled eight high ranking targets to be prioritized for ground EM surveying. The ground EM surveying will enable accurate modeling of the anomalies to facilitate effective drill targeting.

Due to the very wet weather in central NSW in May and June, follow up programs (such as ground EM) were delayed. These programs are now due to commence early in Q3CY2022.

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 Group's state of affairs occurred during the financial period.

Events Subsequent to the End of the Reporting Period

On 4 August 2022, the Company entered into a Subscription Agreement to acquire 30% of the fully diluted capital in Temarise Limited, for \$3.9 million, subject to the Company receiving firm commitments to raise no less than \$3.9 million before costs. Temarise Limited holds the exclusive option to acquire 80% of the Khotgor Project, Mongolia.

The Company has agreed to pay the \$A3,900,000 in four tranches, as follows:

- Tranche 1: \$A1,000,000, to be paid on or before the later of ten (10) business days following Parabellum's announcement of the entry into this Agreement to the ASX and/or 5 business days after achieving the Conditions Precedent;
- Tranche 2: \$A1,000,000, to be paid on 1st October 2022;
- Tranche 3: \$A1,000,000, to be paid on 1st November 2022; and
- Tranche 4: \$A900,000, to be paid on 1st January 2023.

On 19 August 2022, the Company announced that it had received firm commitments to raise \$3.9 million (before costs) from the placement of 19,500,000 shares at \$0.20 each. The Placement will be in 2 Tranches. Tranche 1 shares to be issued under the 15% Listing Rule 7.1 shares capacities (6,420,000 Shares). Tranche 2 will be issued subject to shareholder approval (13,080,000 Shares).

On 25 August 2022, the Company completed Tranche 1 of the placement and issued 6,420,000 shares at \$0.20 each to raise \$1.284 million. The payment of Tranche 1 for the investment in Temarise occurred shortly thereafter.

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

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid or declared since the start of the financial year (2021: Nil).

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

Options

8,800,000 options over issued shares were granted during the period and which remain outstanding at the date of this report. These options are subject to the terms and conditions as below:

Terms	Founder	Director – Class A	Director – Class B	Lead Manager
Consideration	\$0.0001 each	Nil	Nil	Nil
Number	5,000,000	875,000	1,125,000	1,800,000
Exercise price	\$0.25	\$0.25	\$0.30	\$0.30
Expiry date	12 November 2024	29 November 2024	29 November 2024	19 November 2024
Vesting conditions	None	None	None	None

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

Performance Shares

3,700,000 performance shares were granted during the period and which remain outstanding at the date of this report. These performance shares are subject to the terms and conditions as below:

Terms	Class A	Class B
Consideration	Nil	Nil
Number	1,200,000	2,500,000
Exercise price	Nil	Nil
Expiry date	29 November 2023	29 November 2024
Vesting conditions	Performance Shares 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);	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).

No shares were issued during or since the end of the period as a result of the exercise of performance shares over unissued shares or interests.

Directors' Interests in Shares and Options of the Company

As at the date of this report, the directors' interest in shares and options of the Company were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mark Hohnen	1,600,000	1,000,000
Peter Ruse	1,100,001	1,750,000
Shaun Menezes	155,000	250,000

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's corporate governance statement is contained in the annual report.

Indemnification of Officers

The Company has, during or since the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

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

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

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 10.

Non-Audit Services

The aggregate amount of fees paid or payable to BDO Audit (WA) Pty Ltd during the year ended 30 June 2022 in relation to non-audit services were as follows:

Independent Limited Assurance Report	\$ 12,360
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The Board of Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2021. The directors are satisfied that the services disclosed do not compromise the external auditors' independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)**

Remuneration Policy

The remuneration policy of the Company has been designed in order to ensure that the Group is able to attract and retain executives and Directors who will create value for shareholders, having regard to the amount considered to be commensurate for an entity of the Group's size and level of activity as well as the relevant directors' time, commitment and responsibility. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australia executive reward practices.

The Board's policy for determining the nature and amount of remuneration for board members and other senior executives of the Group is as follows:

The remuneration policy setting out the terms and conditions of any executive director was developed by the Board.

All senior executives will be subject to an annual performance evaluation against an established set of performance targets which are aligned to overall business goals and the Group's requirement of the position. Performance pay components of executives' packages are dependent on the outcome of the evaluation.

Remuneration packages for executive directors and other senior executives include an appropriate balance of fixed remuneration and performance-based remuneration. Fixed remuneration takes into account the Group's obligations at law and labour market conditions, and is relative to the scale of the Group's business.

Non-executive directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity). Levels of fixed remuneration for non-executive directors reflect the time commitment and responsibilities of the role.

Remuneration and other terms of employment for the executive director and other senior executives have been formalised in service agreements as follows:

The Company has entered into an agreement with non-executive chairman, Mr Mark Hohnen. The terms of the agreement are set out as follows:

- Commencement date: 1 July 2021
- Term: no fixed
- Fixed remuneration: \$66,000 per annum
- Long-term incentive options:
 - Class A - 500,000 options at an exercise price of \$0.25, expiring 25 November 2024
 - Class B - 500,000 options at an exercise price of \$0.30, expiring 25 November 2024
- Termination for cause: no notice period
- Termination without cause: no notice period

The Company has entered into an agreement with non-executive director, Mr Peter Ruse. The terms of the agreement are set out as follows:

- Commencement date: 15 October 2020
- Term: no fixed
- Fixed remuneration: \$48,000 per annum
- Long-term incentive options:
 - Class A - 250,000 options at an exercise price of \$0.25, expiring 25 November 2024
 - Class B - 500,000 options at an exercise price of \$0.30, expiring 25 November 2024
- Termination for cause: no notice period
- Termination without cause: three month notice period

The Company has entered into an agreement with non-executive director, Mr Shaun Menezes. The terms of the agreement are set out as follows:

- Commencement date: 3 June 2021
- Term: no fixed
- Fixed remuneration: \$42,000 per annum
- Long-term incentive options:
 - Class A - 125,000 options at an exercise price of \$0.25, expiring 25 November 2024
 - Class B - 125,000 options at an exercise price of \$0.30, expiring 25 November 2024
- Termination for cause: no notice period
- Termination without cause: no notice period

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders from time to time which currently stands at \$500,000 per annum.

The Board undertakes an annual review of its performance and may exercise discretion in relation to approving incentives, bonuses and options.

**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)**

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

Performance-based remuneration

The Company currently has options on issue to Directors set out elsewhere in this report.

The table below summarises the earnings of the Group and other factors that are considered to affect shareholder wealth for the period from incorporation to 30 June 2022.

	2022	2021
Loss after income tax attributable to shareholders (\$)	(790,671)	(189,159)
Share price at year end (\$)	0.175	n/a (unlisted)
Total dividends declared (cents per share)	-	-
Returns on capital (cents per share)	-	-
Basic earnings/(loss) per share (cents)	(2.61)	(1.23)

Key management personnel

The directors and other key management personnel of the Group during or since the end of the financial year were:

Mr Mark Hohnen (appointed 1 July 2022)	Non-Executive Chairman
Mr Peter Ruse	Non-Executive Director
Mr Shaun Menezes	Non-Executive Director, Company Secretary and Chief Financial Officer
Mr Brett Rowe (resigned 27 August 2021)	Non-Executive Director

Key management personnel compensation

Details of the nature and amount of emolument paid for each director and executive Parabellum Resources Limited for the year ended 30 June 2022 are set out below:

	Primary Benefits			Post Employment		Share Based Payments ⁵ Options	Other Benefits	TOTAL	Options Based
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits				
Directors	\$	\$	\$	\$	\$	\$	\$	\$	%
2022									
M Hohnen ³	66,000	-	-	-	-	110,390	-	176,390	63
P Ruse	48,000	-	-	-	-	71,502	-	119,502	60
S Menezes	84,000 ¹	-	-	-	-	24,095	-	108,095	22
B Rowe ⁴	-	-	-	-	-	-	-	-	-
Total	198,000	-	-	-	-	205,987	-	403,987	51
2021									
P Ruse	34,000	-	-	-	-	17,640	-	51,640	34
S Menezes	10,500 ²	-	-	-	-	5,945	-	16,445	36
B Rowe ⁴	-	-	-	-	-	-	-	-	-
Total	44,500	-	-	-	-	23,585	-	68,085	35

¹ Includes \$42,000 for company secretarial fees.

² Includes \$7,000 for company secretarial fees.

³ Appointed 1/7/22.

⁴ Resigned 27/8/21.

⁵ Share-based payments are equity settled.

Remuneration Options

During the year ended 30 June 2022, 1,000,000 options were issued as part of director remuneration.

During the period ended 30 June 2021 no remuneration options were forfeited, expired or exercised by the directors.

**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)**

Shareholdings by Directors

2022	Balance 01/07/21 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/22 (No. of Shares)
M Hohnen	400,000	-	-	1,000,000	1,400,000
P Ruse	1,100,001	-	-	125,000	1,225,001
S Menezes	155,000	-	-	-	155,000
Total	1,655,001	-	-	1,125,000	2,780,001

Options Holdings by Directors

2022	Balance 01/07/21 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Acquired	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/22 (No. Options)	Vested and exercisable 30/06/22 (No. Options)
M Hohnen	-	1,000,000	-	-	-	1,000,000	1,000,000
P Ruse	1,750,000	-	-	-	-	1,750,000	1,750,000
S Menezes	250,000	-	-	-	-	250,000	250,000
Total	2,000,000	1,000,000	-	-	-	3,000,000	3,000,000

The options issued to directors as remuneration were not subject to any performance conditions.

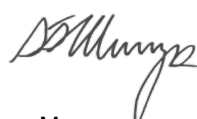
The following table lists the inputs to the models used for the valuation of the options issued during the period:

	Class A	Class B
Grant date	11/08/2021	11/08/2021
Number of options	500,000	500,000
Fair value at measurement date (cents)	11.41	10.67
Dividend yield (%)	0.00%	0.00%
Expected volatility (%)	100%	100%
Risk free rate (%)	0.12%	0.12%
Expected life of option	3 years from listing	3 years from listing
Share price (cents)	20 cents	20 cents
Exercise price (cents)	25 cents	30 cents
Model used	Black - Scholes	Black - Scholes
Expiry date	29/11/2024	29/11/2024

End of remuneration report (audited).

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Shaun Menezes
Non-Executive Director
15 September 2022

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

As lead auditor of Parabellum Resources Limited for the year ended 30 June 2022, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 15 September 2022

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$ (15/10/2020 – 30/06/2021)
Interest income		786	-
Expenses			
Corporate	3	(742,269)	(158,398)
Exploration cost	3	-	(8,460)
Initial Public Offering		(49,188)	(22,301)
Loss before tax		<u>(790,671)</u>	<u>(189,159)</u>
Income tax expense	4	-	-
Loss for the period		<u>(790,671)</u>	<u>(189,159)</u>
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to the members		<u>(790,671)</u>	<u>(189,159)</u>
Loss per share attributable to the shareholders of the Company arises from:			
Basic and diluted loss per share (cents per share)	10	(2.61)	(1.23)

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

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PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022 \$	30 June 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,641,149	515,293
Other assets		50,000	-
Trade and other receivables		25,485	2,466
Prepayments		8,213	-
TOTAL CURRENT ASSETS		<u>4,724,847</u>	<u>517,759</u>
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	6	1,341,706	-
TOTAL NON-CURRENT ASSETS		<u>1,341,706</u>	<u>-</u>
TOTAL ASSETS		<u>6,066,553</u>	<u>517,759</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade creditors and other accruals	7	38,037	82,832
TOTAL CURRENT LIABILITIES		<u>38,037</u>	<u>82,832</u>
TOTAL LIABILITIES		<u>38,037</u>	<u>82,832</u>
NET ASSETS		<u>6,028,516</u>	<u>434,927</u>
EQUITY			
Issued capital	8	6,586,026	600,001
Reserves	9	422,320	24,085
Accumulated losses		(979,830)	(189,159)
TOTAL EQUITY		<u>6,028,516</u>	<u>434,927</u>

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 YEAR ENDED 30 JUNE 2022

	Issued Capital \$	Performance Shares \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021	600,001	-	24,085	(189,159)	434,927
Loss for the period	-	-	-	(790,671)	(790,671)
Total comprehensive loss for the period	-	-	-	(790,671)	(790,671)
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 30 June 2022	6,346,025	240,000	422,320	(979,830)	6,028,516

	Issued Capital \$	Performance Shares \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 15 October 2020	1	-	-	-	1
Loss for the period	-	-	-	(189,159)	(189,159)
Total comprehensive loss for the period	-	-	-	(189,159)	(189,159)
Equity transactions:					
Issue of fully paid ordinary shares	600,000	-	-	-	600,000
Share based payments	-	-	24,085	-	24,085
Balance at 30 June 2021	600,001	-	24,085	(189,159)	434,927

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

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PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$ (15/10/2020 – 30/06/2021)
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	786	-
Payments to suppliers and employees	(661,497)	(85,208)
Net cash used in operating activities	<u>(660,711)</u>	<u>(85,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(691,706)	-
Net cash used in investing activities	<u>(691,706)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	6,000,000	600,000
Proceeds from issue of options	168	500
Payments for share issue costs	(521,895)	-
Proceeds from borrowings	-	30,000
Repayment of borrowings	-	(30,000)
Net cash provided by financing activities	<u>5,478,273</u>	<u>600,500</u>
Net increase in cash held	4,125,856	515,292
Cash and cash equivalents at beginning of the period	515,293	1
Cash and cash equivalents at 30 June 2022	5 <u><u>4,641,149</u></u>	<u><u>515,293</u></u>

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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. CORPORATE INFORMATION

Parabellum Resources Limited is a public company limited by shares incorporated on 15 October 2020 and domiciled in Australia.

These consolidated financial statements and notes represent Parabellum Resources Limited and its controlled entity Lachlan Minerals Pty Ltd (together 'Consolidated Group', 'Group').

The Group is principally engaged in the business of mineral exploration in Australia. The registered office and principal place of business of the Company is, 52 Ord Street, West Perth WA 6005.

The financial statements of the Group for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 15 September 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

Both the functional and presentation currency of the Group is in Australian dollars.

(b) Statement of compliance

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 new accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning 1 July 2021. The adoption of these new and revised standards and interpretations did not have any effect on the financial position or performance of the Group.

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 year ended 30 June 2022. 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) Income recognition

Interest

Income is recognised as interest accrues using effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

(e) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised and carried at the nominal amount due.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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(g) Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

(j) Share based payments

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The fair value of the options granted excluded the impact of any non-market vesting condition (for example, profitability and sale growth targets). Non-market vesting conditions are included in assumption about the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to these options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(k) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) 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.

(n) Critical accounting judgements and estimates

The preparation of financial statements requires the use of certain critical accounting judgements and estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements except for the following:

Key estimate: Share-based payments

The Company initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and condition of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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Key estimate: Capitalised Exploration Expenditure

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to mining assets.

3. EXPENSES

	2022	2021
	\$	\$
Corporate expenses consist of:		
- Directors' fees	156,000	40,500
- Share based payments	205,987	23,585
- Option fee to acquire project	-	50,000
- Due diligence exclusivity fee	100,000	-
- Other	280,282	44,313
Total corporate expenses	742,269	158,398
Exploration expenses consist of:		
- Tenement rents	-	8,460
Total exploration expensed	-	8,460

In the prior year, tenement rents were paid on tenements held by Lachlan Minerals Pty Ltd and were expensed as the acquisition was not yet completed.

4. INCOME TAX EXPENSE

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

	2022	2021
	\$	\$
Loss before income tax	(790,671)	(189,159)
Income tax calculated at 30%	(237,201)	(56,748)
Add back:		
Accruals	(13,950)	-
Share based payment	61,796	7,075
IPO expenses	14,756	-
Capital raising costs	(42,839)	-
Capitalised exploration immediately deductible	(402,512)	-
Adjustments in respect of income tax of previous year	(23,460)	-
Future income tax benefit not brought to account	643,409	49,673
Income tax expense	-	-

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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	2022 \$	2021 \$
Deferred tax assets:		
Capital raising costs	128,516	-
Accruals	4,500	18,450
Carry forward tax losses	667,941	24,532
	<u>800,958</u>	<u>42,982</u>
Deferred tax liabilities:		
Capitalised exploration costs	(402,512)	-
	<u>(402,512)</u>	<u>-</u>
Net deferred tax asset position not brought to account	(398,446)	(42,982)
Total	<u>-</u>	<u>-</u>

5. CASH AND CASH EQUIVALENTS

	2022 \$	2021 \$
Cash at bank and on hand	4,641,149	515,293

(a) Reconciliation of loss after income tax to net cash from operating activities

	2022 \$	2021 \$
Loss for the period	(790,671)	(189,159)
Share based payment expense	205,987	24,085
Movement in assets and liabilities:		
(Increase)/Decrease in other receivables	(23,019)	(2,466)
Increase/(Decrease) in trade and other payables	(53,008)	82,332
Net cash used in operating activities	<u>(660,711)</u>	<u>(85,208)</u>

(b) Non-cash investing and financing activities

Other than share-based payment transactions disclosed in note 11 and 20, there were no non-cash investing and financing activities during the year ended 30 June 2022 and 2021.

6. EXPLORATION AND EVALUATION EXPENDITURE

	2022 \$	2021 \$
Balance at the beginning of the period	-	-
Exploration and evaluation expenditure incurred during the period	691,706	-
Acquisition of Lachlan Minerals Pty Ltd (Note 20)	650,000	-
Balance at the end of the period	<u>1,341,706</u>	<u>-</u>

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.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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7. TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Current		
Trade payables and accruals	38,037	82,832

8. ISSUED CAPITAL

(a) Issued Capital

	2022	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

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

Date	Details	No. of Shares	Issue Price	\$
15/10/2020	Opening balance	1	\$1.00	1
12/11/2020	Seed capital raising	5,000,000	\$0.01	50,000
29/06/2021	Pre-IPO capital raising	5,500,000	\$0.10	550,000
		10,500,001		600,001
30/06/2021	Closing balance			
19/11/2021	Initial public offering	30,000,000	\$0.20	6,000,000
	Acquisition of Lachlan Minerals Pty Ltd (Note 20)	2,300,000	\$0.20	460,000
		42,800,001		7,060,001
30/06/2022	Closing balance			

(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 20)	1,200,000	\$0.20	240,000
	Acquisition of Lachlan Minerals Pty Ltd – Class B Performance Shares (Note 20)	2,500,000	\$0.20	-
		3,700,000		240,000
30/06/2022	Closing balance			

(d) Capital risk management

The Company does not have a defined share buy-back plan.

No dividends were paid in 2022 (2021: Nil).

There is no current intention to incur further debt funding on behalf of the Company as on-going expenditure will be funded via cash reserves or equity.

The Company is not subject to any externally imposed capital requirements.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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9. RESERVES

(a) Share based payments and option reserve

	2022	2021
	\$	\$
Share based payments reserve	421,652	23,585
Options reserve	668	500
Total	422,320	24,085

(b) Movement in options

Date	Details	No. of Unlisted Options	Fair Value of Options Granted	Exercise Price	Expiry Date
15/10/2020	Opening balance	-			
12/11/2020	Founder options	5,000,000	0.0001	\$0.25	12/11/2024
	Director options – Class A	375,000	0.12	\$0.25	25/11/2024
	Director options – Class B	625,000	0.11	\$0.30	25/11/2024
30/06/2021	Closing balance	6,000,000			
12/8/2021	Director options – Class A	500,000	0.12	\$0.25	25/11/2024
	Director options – Class B	500,000	0.11	\$0.30	25/11/2024
19/11/2021	Lead Manager	1,800,000	0.11	\$0.30	19/11/2024
30/06/2022	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.

10. LOSS PER SHARE

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

	2022	2021
	\$	\$
Loss per share (cents)	(2.61)	(1.23)
Loss used in calculating basic and diluted loss per share	(790,671)	(189,159)
	# shares	# shares
Weighted average number of ordinary shares used in calculating basic loss per share:	30,322,467	15,342,105

The options on issue at 30 June 2022 were anti-dilutive, and therefore diluted loss per share was the same as basic loss per share.

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11. SHARE BASED PAYMENTS

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

	Weighted average exercise price	Number of Options	Weighted average exercise price	Number of Options
	30 June 2022		30 June 2021	
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 30 June 2022 have an exercise price of between \$0.25 and \$0.30 and a weighted average remaining contractual life of approximately 2.7 years.

2,000,000 Options were issued to the Directors, refer section 7.2 of the Prospectus dated 4 October 2021. The Options are exercisable at \$0.25 and \$0.30 per Option on or before the date that is 3 years from the date of issue.

1,800,000 Options were issued to the Lead Manager pursuant to the IPO, refer section 7.2 of the Prospectus dated 4 October 2021. The Options are exercisable at \$0.30 per Option on or before the date that is 3 years from the date of issue.

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 (%) ¹	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

1. The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information.

12. INVESTMENT IN SUBSIDIARY

Interests are held in the following subsidiary company:

Name	Principal Activity	Country of Incorporation	Ownership Interest 2022	Ownership Interest 2021
Lachlan Minerals Pty Ltd ¹	Mineral Exploration	Australia	100%	-

¹ Acquired 19 November 2021 (refer Note 20)

13. CONTINGENT LIABILITIES, COMMITMENTS AND CONTINGENT ASSETS

On 19 November 2021, the Company issued 3,700,000 Performance Shares as part of the acquisition of Lachlan Minerals Pty Ltd. Refer Note 20 for details.

Other than as stated above, as at 30 June 2022 there were no contingent liabilities, lease commitments or contingent assets.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

14. RELATED PARTY TRANSACTIONS

The Group's main related parties are as follows:

a. Subsidiaries

Interest in subsidiaries are set out in Note 12.

b. Key management personnel

Disclosures relating to key management personnel are set out in note 14.

c. Transactions with related parties:

During the year, 1,000,000 options were issued to directors. Disclosures relating to share based payments are set out in note 11.

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation:

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2022	2021
	\$	\$
Directors' remuneration	198,000	40,500
Other key management salaries	-	-
Share based payments	205,988	23,585
Aggregate compensation	<u>403,988</u>	<u>64,085</u>

16. FINANCIAL RISK MANAGEMENT

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

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments is cash flow interest rate risk and liquidity risk. Other minor risks are either summarised below or disclosed at Note 8 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

(a) Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group does not have a formal policy in place to mitigate such risks.

The following table sets out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. There were no fixed interest rate financial assets or liabilities held by the Group.

2022	Non Interest Bearing \$	Floating Interest Rate \$	Total \$	Weighted Average Effective Interest Rate %
Financial Assets				
- Cash and cash equivalents	5,680	4,635,469	4,641,149	0.1
- Deposits held	50,000	-	50,000	-
Total Financial Assets	<u>55,680</u>	<u>4,635,469</u>	<u>4,691,149</u>	-

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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2022	Non Interest Bearing \$	Floating Interest Rate \$	Total \$	Weighted Average Effective Interest Rate %
Financial Liabilities				
- Trade creditors	(38,037)	-	(38,037)	-
Total Financial Liabilities	(38,037)	-	(38,037)	-
Net Financial Assets / (Liabilities)	17,643	4,635,469	4,653,112	0.1
2021	Non Interest Bearing \$	Floating Interest Rate \$	Total \$	Weighted Average Effective Interest Rate %
Financial Assets				
- Cash and cash equivalents	515,293	-	515,293	-
- Other receivables	2,466	-	2,466	-
Total Financial Assets	517,759	-	517,759	-
Financial Liabilities				
- Trade creditors	(82,832)	-	(82,832)	-
Total Financial Liabilities	(82,832)	-	(82,832)	-
Net Financial Assets / (Liabilities)	434,927	-	434,927	-

Interest rate sensitivity

At 30 June 2022, if interest rates had changed by 10% during the entire year with all other variables held constant, profit/(loss) for the year and equity would have been \$79 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% decrease sensitivity would move short term interest rates at 30 June 2022 from around 0.1% to 0.09% (10% increase: 0.11%) representing a 1 basis points shift. This would represent one decrease which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move down than up in the coming period.

Based on the sensitivity analysis, only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

(b) Fair values

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

(c) Credit Risk

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position. The majority of cash and cash equivalents is held with one Australian Bank which has an AA- long-term credit rating from Standard and Poor's.

Wherever possible, the Group trades only with recognised, credit worthy third parties. There are no significant concentrations of credit risk within the Group. Since the Group trades only with recognised third parties, there is no requirement for collateral.

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PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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17. AUDITOR'S REMUNERATION

The auditor of Parabellum Resources Limited is BDO Audit (WA) Pty Ltd.

	2022 \$	2021 \$
Amounts paid or payable to BDO Audit (WA) Pty Ltd for:		
Audit services	25,431	9,000
Non-audit services		
- Investigating Accountant's Report (BDO Advisory Pty Ltd)	12,360	-
	<u>37,791</u>	<u>9,000</u>

18. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separate identifiable business segments.

The operations and assets of Parabellum Resources Limited and its controlled entities are employed in exploration activities relating to minerals in Australia.

19. INFORMATION RELATING TO PARABELLUM RESOURCES LIMITED (PARENT)

	2022 \$
Current assets	4,674,846
Total assets	6,069,327
Current liabilities	38,037
Total liabilities	38,037
Issued capital	6,586,026
Reserves	422,320
Accumulated losses	(977,056)
Total equity	<u>6,031,290</u>
Loss of the parent entity	(787,452)
Total comprehensive loss of the parent entity	(787,452)

The parent entity has not provided any material guarantees, contingent liabilities or contractual commitments as at 30 June 2022.

20. 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).

**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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⁾	-
	700,000
 <i>Fair value of net identifiable assets acquired</i>	
Security deposits	50,000
Exploration and evaluation expenditure	650,000
	700,000

⁽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.

21. EVENTS AFTER THE REPORTING PERIOD

On 4 August 2022, the Company entered into a Subscription Agreement to acquire 30% of the fully diluted capital in Tamarise Limited, for \$3.9 million, subject to the Company receiving firm commitments to raise no less than \$3.9 million before costs. Tamarise Limited holds the exclusive option to acquire 80% of the Khotgor Project, Mongolia.

The Company has agreed to pay the \$A3,900,000 in four tranches, as follows:

- Tranche 1: \$A1,000,000, to be paid on or before the later of ten (10) business days following Parabellum's announcement of the entry into this Agreement to the ASX and/or 5 business days after achieving the Conditions Precedent;
- Tranche 2: \$A1,000,000, to be paid on 1st October 2022;
- Tranche 3: \$A1,000,000, to be paid on 1st November 2022; and
- Tranche 4: \$A900,000, to be paid on 1st January 2023.

On 19 August 2022, the Company announced that it had received firm commitments to raise \$3.9 million (before costs) from the placement of 19,500,000 shares at \$0.20 each. The Placement will be in 2 Tranches. Tranche 1 shares to be issued under the 15% Listing Rule 7.1 shares capacities (6,420,000 Shares). Tranche 2 will be issued subject to shareholder approval (13,080,000 Shares).

On 25 August 2022, the Company completed Tranche 1 of the placement and issued 6,420,000 shares at \$0.20 each to raise \$1.284 million. The payment of Tranche 1 for the investment in Tamarise occurred shortly thereafter.

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

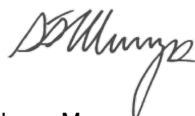
PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Parabellum Resources Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of the Consolidated Group for the financial year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001*;
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(c); and
 - (c) there are reasonable grounds to believe that the Company 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 by the chief executive officer and the chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

On behalf of the Board



Shaun Menezes
Non-Executive Director
15 September 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Parabellum Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Parabellum Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Accounting for Exploration and Evaluation Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 30 June 2022, we note that the carrying value of the Exploration and Evaluation Asset is significant to the financial statements, as disclosed in note 6.</p> <p>As a result, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group’s exploration budgets, ASX announcements and directors’ minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Considering whether any facts of circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in note 6 of the Financial Report.

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Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report


We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Parabellum Resources Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Glyn O'Brien

Director

Perth, 15 September 2022

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**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
ASX ADDITIONAL INFORMATION**

QUOTED SECURITIES

ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 9 SEPTEMBER 2022:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 – 1,000	11	2,455	0.01%
1,001 - 5,000	44	130,006	0.26%
5,001 - 10,000	30	271,445	0.55%
10,001 - 100,000	200	8,218,586	16.70%
100,001+	78	40,597,509	82.48%
	363	49,220,001	100.00%

The number of shareholdings held in less than marketable parcels is 17.

(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES:

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

NAME	NO OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
1 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,091,841	14.41%
2 BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,511,539	5.10%
3 DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	1,945,846	3.95%
4 METECH SUPER PTY LTD <METECH NO 2 SUPER FUND A/C>	1,750,000	3.56%
5 MR GEOFFREY JOHN FENNELL & MRS CARMEL ANN FENNELL <GEMICA SUPER FUND A/C>	1,600,000	3.25%
6 CITICORP NOMINEES PTY LIMITED	1,274,246	2.59%
7 PETER JAMES RUSE	1,100,001	2.23%
8 BLUE ATLAS PTY LTD <ROWE INVESTMENT A/C>	1,100,000	2.23%
9 FARIS CASSIM	1,100,000	2.23%
10 ZERO NOMINEES PTY LTD	1,013,385	2.06%
11 VYNBEN PTY LTD <MARK HOHNEN SUPER FUND>	1,000,000	2.03%
12 SML CONTRACTING PTY LTD	937,100	1.90%
13 GAB SUPERANNUATION FUND PTY LTD <GAB SUPERANNUATION FUND A/C>	902,163	1.83%
14 ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	730,841	1.48%
15 MR RICHARD ARTHUR LOCKWOOD	723,698	1.47%
16 MR PHILIP JOHN CAWOOD	699,924	1.42%
17 VERNON WILLIAM TIDY <THE WARRA DREAM A/C>	517,500	1.05%
18 FRANCIS SCOTT FUNSTON & VICTORIA ALEXIS SUZANNE FUNSTON <THE FUNSTON INVESTMENT A/C>	517,500	1.05%
18 JODAMA PTY LTD	517,500	1.05%
18 ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	510,000	1.04%
18 BASS FAMILY FOUNDATION PTY LTD <BASS FAMILY FOUNDATION A/C>	500,000	1.02%
19 BROWN BRICKS PTY LTD <HM A/C>	496,000	1.01%
20 MR ANTHONY TERENCE POLGLASE & MRS MICHELLE JAYNE POLGLASE <THE POLGLASE FAMILY A/C>	483,292	0.98%
Total	29,022,376	58.96%

**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
ASX ADDITIONAL INFORMATION**

ASX ADDITIONAL INFORMATION (continued)

QUOTED SECURITIES (continued)

ORDINARY FULLY PAID SHARES (continued)

(iii) VOTING RIGHTS

Article 15 of the Constitution specify that on a show of hands every member present in person, by attorney or by proxy shall have:

- (a) for every fully paid share held by him one vote; and
- (b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

(iv) SUBSTANTIAL SHAREHOLDERS

Name	Ordinary Shares	
	No.	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,091,841	14.41%
BNP PARIBAS NOMINEES PTY LTD HUB24	2,511,539	5.10%
CUSTODIAL SERV LTD		
<DRP A/C>		
	9,603,380	19.51%

UNQUOTED SECURITIES

(a) UNLISTED OPTIONS ON ISSUE

FOUNDER OPT @ \$0.25 EXP 12/11/24	5,000,000
LM OPT @ \$0.30 EXP 19/11/2024	1,800,000
OPTIONS A @ \$0.25 EXP 36M	875,000
OPTIONS B @ \$0.30 EXP 36M	1,125,000

(b) UNLISTED PERFORMANCE SHARES ON ISSUE

CLASS A PERFORMANCE SHARES	1,200,000
CLASS B PERFORMANCE SHARES	2,500,000

SCHEDULE OF TENEMENT INTERESTS AT 30 JUNE 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%

**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CORPORATE GOVERNANCE STATEMENT**

Parabellum Resources Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Parabellum Limited has its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2022 corporate governance statement was approved by the Board on 15 September 2022 and is current as at 15 September 2022. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.parabellumresources.com.au/about-us/corporate-governance/.

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