

4th August 2022

ASX ANNOUNCEMENT

PARABELLUM ENTERS ACQUISITION AGREEMENT LARGE RARE EARTH MINERAL PROJECT – KHOTGOR PROJECT, MONGOLIA

HIGHLIGHTS

- Parabellum (PBL) has entered into an agreement with Temarise Limited (UK) that holds the exclusive option to acquire 80% of Khotgor Project, Mongolia
- PBL is to fund a A\$3.9m work program that will deliver a JORC Scoping Study comprising an updated JORC Mineral Resource Estimate, metallurgical drill program, metallurgical test work program and engineering designs
- The Khotgor Project has a 30 year granted Mining License, valid until 2040
- PBL will work together with the Temarise operations team, who have significant experience in the development of battery metals projects, and have been working with the local Mongolian owners of Khotgor for a number of years
- International consulting groups in Australia are scheduled to complete the Scoping Study in Q1CY2023

Parabellum Resources Limited (ASX:PBL) ('Parabellum', or 'the Company'), is delighted to announce this material transaction into the rare earths ('REE') minerals sector via the Khotgor Project in Mongolia. The project offers exposure to one of the world's largest undeveloped REE deposits, has a supportive local Mongolian partner, Khotgor Minerals, and is strategically located on the door step of Asian customers and potential offtake partners. The Khotgor Project is located approximately 530kms south of the capital city of Ulaanbaatar and 300km from the Chinese border. The area is well serviced by good infrastructure, skilled labour and high voltage power. It is also close to the mining centers of Oyu Tolgoi and Tavan Tolgoi.

Parabellum Resources Non-Executive Chairman, Mark Hohnen, commented: *"The Board of Parabellum is excited to enter into an agreement with Temarise Limited (UK) that holds the exclusive option to acquire 80% of Khotgor Project, Mongolia. Khotgor is one of the world's largest rare earth deposits and has the potential to be*



a major supplier of NdPr; the vital material needed for magnets and therefore the future of wind power generation.

Rare earths remain critical in various applications with future demand to remain strong and expected to increase five-fold by 2030, driven by the clean energy economy through e-mobility and wind power. I am a long term believer and excited by the NdPr requirements for the world to meet its clean energy needs and the Khotgor Project is extremely well placed geographically to take advantage of these growing demands. I have worked with the team from Temarise over the past decade and am very excited for Parabellum to partner with such a professional and experienced group."

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 period of 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.

2004 Historical Resource

The local geology is dominated by metamorphic rocks and the deposit is formed in vertical pipe like body which intruded early Permian granite and Silurian metamorphic rocks. The main rare earth oxide (REO) mineralisation is hosted in britholite and apatite.

Between 2008-2011 some 58 exploration holes comprising 16,000 metres of drilling were completed. In 2013, a historic resource based on JORC (2004) was published, indicating 350Mt (M+I+I) at a grade of 0.96% REO (2004 Mineral Resource).

Cut-off	Classification	Mt	TREO (%)	TREO (Kt)
0.5	Measured	29.7	1.42	420
0.5	Indicated	70.1	1.04	733
0.5	Inferred	250.5	0.88	2,201
		350.3	0.96	3,354

Table 1: Resource Estimate of the Khotgor Deposit, H&S Consultants PL, 2013

Cautionary Statement: The estimate of the 2004 Mineral Resource is not reported in accordance with the JORC Code 2012. A Competent Person has not done sufficient work to classify the estimate of a Mineral Resources in accordance with the JORC Code 2012.



It is possible that following evaluation and/or further exploration work the currently reported estimate may materially change and hence the 2004 Mineral Resource will need to be reported afresh under and in accordance with the JORC Code 2012.

The 2004 Mineral Resource was first reported by Khotgor Minerals in June 2013. PBL has not reported the estimate in accordance with the JORC Code 2012.

The 2004 Mineral Resource report is available at www.parabellumresources.com.au where it can be viewed by interested readers.

The report was made under JORC 2004 standards and therefore the reporting of the 2004 Mineral Resource does not conform to the requirements in the JORC Code 2012 and a Competent Person has not done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012.

There are no Mineral Reserve numbers being reported

The 2004 Mineral Resource was based on an original 26 diamond drill holes (KH01 – KH26) drilled before 2009 and a further 31 diamond drill holes (8,325m) have been completed between 2019 and 2012.

Work is currently being undertaken in Mongolia to report a Mineral Resources Estimate, which is intended to be completed in accordance with the JORC Code 2012 within the next 6 months and will be funded by PBL.

PBL has engaged a competent person. Nothing has come to the attention of the Competent Person or PBL that causes it to question the accuracy or reliability of the estimates but neither PBL nor the competent person has independently validated the 2004 Mineral Resource estimate and therefore PBL is not be regarded as reporting, adopting or endorsing the 2004 Mineral Resource. It is possible that following evaluation and/or further exploration work the currently reported 2004 Mineral Resource may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012.

The Competent Person has considered the evaluation and exploration work program set out below entitled "Planned Work Program" and considers the proposed program to be sufficient to report the 2004 Mineral Resource in accordance with the JORC Code 2012.

Mineralisation occurs close to surface within multiple vein systems and has been drilled to some 300 metres below surface.

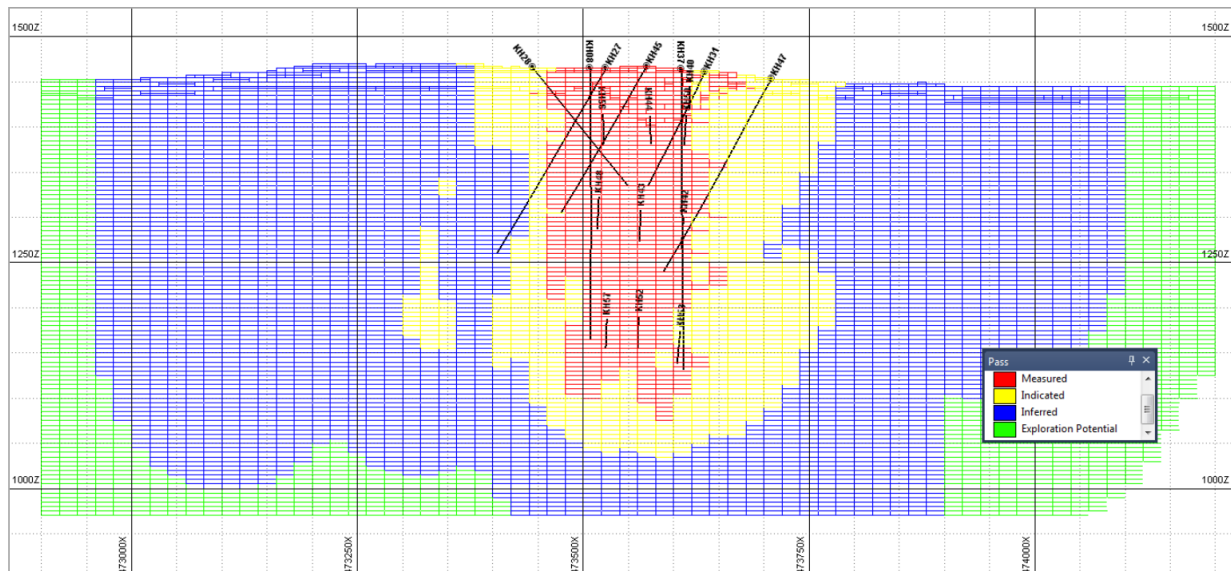


Image 2: Resource Classification section looking north through 4885950 N: H&S
Consultants PL, 2013

About Temarise Limited (UK)

Temarise is a UK company that was established in 2021. The company has established strong relationships in Mongolia under the stewardship of Mr Peter Secker and Ms Battuya Gankhuyag. Peter and Battuya have over 50 years of project development experience in Mongolia, Australia and North America. Most recently, they have spent the past 10 years focusing on battery metals.

Temarise has an established office in Ulan Bataar with a small technical team of engineers and geologists who have been working with Khotgor Minerals personnel and local and international engineering groups to commence a JORC Scoping Study to demonstrate the economic viability of the Khotgor Project.

Planned Work programs

Over the next 12 months PBL and Tamarise will undertake a significant work program in both Mongolia and Australia to complete a JORC compliant Scoping Study to demonstrate the economic viability for the Khotgor Project.



This work program will comprise the following steps:

- i) Complete a JORC Mineral Resource Estimate (MRE)
- ii) Undertake approximately 2,000 metres of sample drilling in the higher grade resource areas to obtain bulk metallurgical samples for a JORC Feasibility Study that is currently scheduled to commence in 2023
- iii) Undertake mine designs and pit optimisation
- iv) Undertake comminution, flotation and hydrometallurgical testwork in Australia to a JORC standard
- v) Commence environmental baseline studies and site monitoring programs in order to allow commencement of an EIS in 2023

All of this work will be undertaken by internationally accredited and recognised consultants in Australia and Mongolia.

Key Terms of the subscription agreement

Parabellum Resources Limited will subscribe for 30% of the fully diluted issued capital in Tamarise, at an aggregate price of A\$3,900,000. Parabellum 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

The subscription is conditional on Parabellum receiving firm commitments from third party subscribers for an amount of no less \$A3,900,000, which may be subject to shareholder approvals under Listing Rule 7.1.

The board of Parabellum is excited to enter this new agreement with Tamarise and the Khotgor Project. The project delivers a historical resource that ranks attractively in tonnage and grade globally underpinned by strong prices in the REE commodity markets.



PBL will continue its ongoing exploration efforts on the 100% owned Copper gold projects NSW.

This announcement has been approved and authorised by the Board of Parabellum Resources Limited.

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's four existing projects are situated in a highly prospective region in New South Wales, Australia. PBL's existing project portfolio offers exposure to copper and gold.

COMPETENT PERSONS STATEMENT

The 2004 Mineral Resource estimate for the Khotgor Project in Mongolia was originally reported by Khotgor Minerals in January 2013, has not been reported in accordance with the JORC Code 2012 and a Competent Person has not done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012. It is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012.

The information in this announcement that relates to mineral resources for the Khotgor project in Mongolia is based on information reviewed by Toby Wellman, an independent consultant to Parabellum Resources Limited who is a Member of the Australian Institute of Mining and Metallurgy ("AusIMM") and has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Wellman considers the information and data on the nature of the mineralisation and resources, subject to the qualifications set out in the Cautionary Statement, to be an accurate representation of the available data and studies for the Khotgor Project.

Nothing has come to the attention of Mr Wellman that causes him to question the accuracy or reliability of the estimates other than as is set out in this announcement, however, neither Mr Wellman nor PBL has not has independently validated the 2004 Mineral Resource estimates.



Mr Wellman consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

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.