



PARABELLUM RESOURCES LIMITED

ACN: 645 149 211

**Financial Report For The Year Ended
30 June 2024**

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mark Hohnen (Non-Executive Chairman)
Peter Secker (Executive Director)
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

Automatic Registry Services
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Perth WA 6000

Investor Enquiries: 1300 288 664

AUDITOR

BDO Audit Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street, Perth WA 6000

Telephone: (+61 8) 6382 4600

STOCK EXCHANGE

ASX Limited (Australian Securities Exchange)
ASX Code: PBL

PARABELLUM RESOURCES LIMITED

A.C.N. 645 149 211

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PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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 2024.

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)

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.

Mr Hohnen is currently on the Board of Canyon Resources Limited.

Peter Secker (Executive Director) BSc (Mining Engineering)

Mr Secker is a Mining Engineer with over 40 years experience in the resources industry. He has developed and operated greenfield projects in Australia, China, Africa, Canada and Mexico and has worked with multiple commodities including lithium, titanium, copper, gold and iron ore.

Mr Secker is currently on the Boards of Bacanora Lithium Ltd and Zinnwald Lithium Plc (LSE: ZNWD).

Peter Ruse (Non-Executive Director) BCom, GradCertAppFin

Mr Ruse is a finance professional with over 12 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).

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 of a Company 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.

Company Secretary

Shaun Menezes BCom, LLB

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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 2024 attended by each director:

	Number Eligible to Attend	Number Attended
Mark Hohnen	2	2
Peter Secker	2	2
Peter Ruse	2	2
Shaun Menezes	2	2

Principal Activities

The principal activity of the Group during the year was the exploration for minerals. No significant change in the nature of these activities occurred during the year.

Review of Operations

The consolidated loss after tax of the consolidated group for the financial year was \$4,498,155 (2023: \$3,144,390).

NSW Projects

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



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

The Company has identified the Miandetta/Redlands Cu prospect in the Redlands Project area as being the next area to continue exploration. A review of previous exploration of the Redlands Project (EL9188) highlighted the Miandetta/Redlands Cu prospect as having excellent potential for hosting Ni/Co/Cu mineralisation. Limited historic drilling identified that anomalous Ni-Cu mineralisation is hosted in the oxide profile above ultramafic rocks. The ultramafic rocks have a distinct strong magnetic signature and a systematic drilling program has been developed in order to test the magnitude of this target.

A total of 45 holes were completed for an aggregate of 2,044 metres as part of Phase 1 drill testing in October 2023. Hole depths were shallower than originally anticipated enabling a number of extra holes to be drilled as part of this program. The targeted ultramafic unit was intersected in a majority of drillholes with a variable oxide (weathering) profile that reached a maximum thickness of 42m in drillhole RAC013. Higher grade Ni-Cu has previously been intersected within the oxide material. High grade oxide Ni-Co mineralisation has been reported from a number of drillholes and results thus far indicate mineralisation at Redlands is open to the east.

Phase 2 drill testing comprised a total of 71 holes for an aggregate of 2,848 metres and was completed in January-February 2024. Hole depths were shallower than originally anticipated enabling a number of extra holes to be drilled as part of this program.

The targeted ultramafic unit was intersected in a majority of drillholes with a variable oxide (weathering) profile that

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

reached a maximum thickness of 34m in drillhole RRC109. Higher grade Ni-Cu was previously intersected within the oxide (saprolite and laterite) material in Phase 1 drilling and this has been confirmed with Phase 2 drilling.

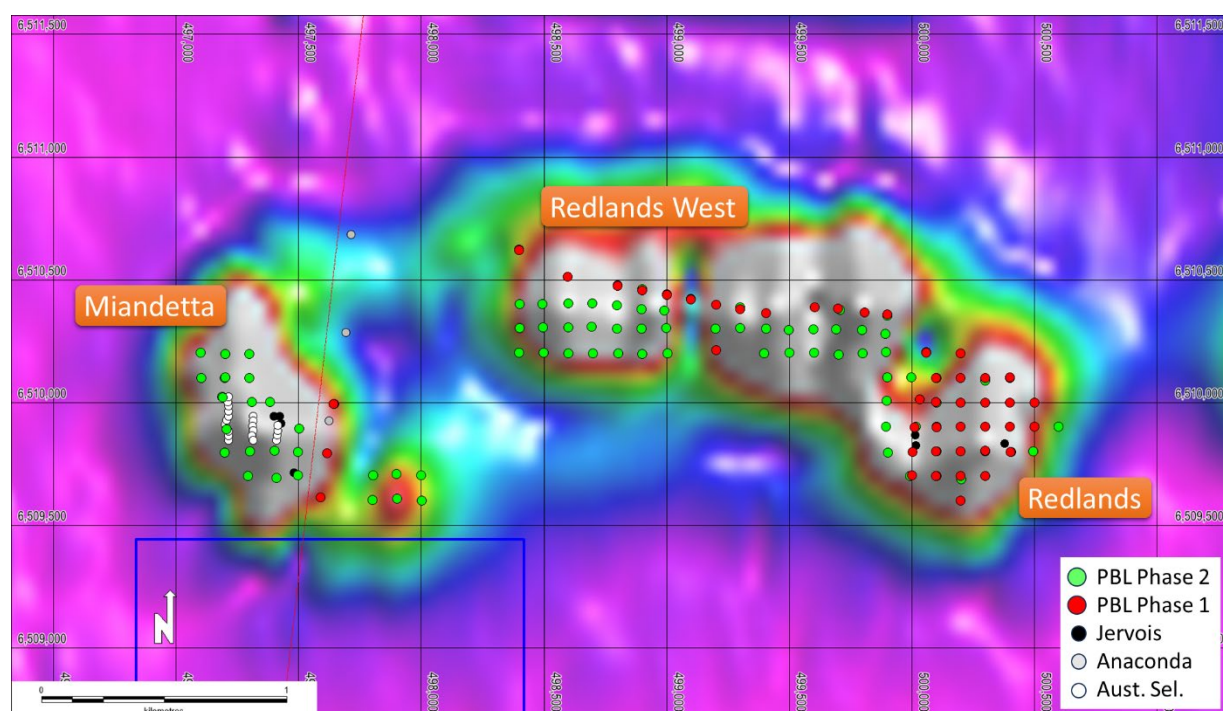


Figure 1 Miandetta-Redlands Prospect – Parabellum Phase 1 and Phase 2 aircore/RC drillholes & historic drilling on airborne magnetics (analytical signal)

The next stages of project evaluation will include a preliminary metallurgical testwork program to evaluate potential nickel recoveries and a review of regional opportunities to source additional nickel mineralisation.

Exploration Target

The Miandetta-Redlands Exploration Target has been prepared and reported in accordance with the JORC Code (2012) and consists of between 10 and 17 million tonnes at a grade of between 0.8% and 0.9% Nickel and 0.04% and 0.05% Co (Table 1).

Cautionary Statement: The potential tonnage, grade and quantity of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource for the target area reported. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Prospect	Minimum Tonnage (Mt)	Maximum Tonnage (Mt)	Minimum Grade Ni (%)	Maximum Grade Ni (%)	Minimum Grade Co (%)	Maximum Grade Co (%)
Miandetta	7	13	0.8	0.9	0.04	0.05
Redlands	3	4	0.6	0.7	0.04	0.05
Total	10	17	0.8	0.9	0.04	0.05

Table 1: Miandetta and Redlands Exploration Target

Notes:

1. S.G. 1.66 used for tonnage estimates
2. Miandetta resource open to west and south and south-west
3. Redlands resource open to the east

COMPETENT PERSONS STATEMENT

The information in this Review of Operations that relates to geology and exploration results and planning was compiled by Mark Arundell, who is a Member of the Australasian Institute of Geoscientists (AIG) and Exploration Manager of Parabellum Resources Limited. Mr Arundell has sufficient experience which is relevant to the style of mineralisation and type of deposit 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 Arundell consents to the inclusion in this presentation of the matters based on the information in the form and context in which it appears. Mr Arundell holds securities in the Company.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of the Exploration Target, that all material

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified from the original market announcements.

Khotgor Project

The Company holds an investment of 30% in the capital of Temarise Limited ('Temarise'). In February 2023, Temarise exercised its exclusive option ('Option') to acquire 80% of the Khotgor Rare Earths Project ('Project'). The exercise price of the Option was US\$15 million ('Exercise Price') with such payment required to be made on or before 22 May 2023. The date for payment of the Exercise Price was subsequently extended to allow discussions between Temarise and other stakeholders in the Project to be concluded and enable Temarise to continue financing discussions with third parties in respect to the Exercise Price.

In December 2023, Temarise informed the Company that, due to the current challenging capital market conditions, it was unable to raise the requisite funds or obtain financing to fund the payment of the Exercise Price and accordingly the Option to acquire the Project has lapsed. As a result of the lapsing of the Option, Temarise, and by extension the Company, will no longer have an interest in the Project.

Operating and Financial Risks

The Group's activities have inherent risk and the Board is unable to provide certainty of the expected results of activities, or that any or all of the likely activities will be achieved. The material business risks faced by the Group that could influence the Group's future prospects, and the Group manages these risks, are detailed below:

Operational risks

The Company may be affected by various operational factors. In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits and failure to achieve predicted grades in exploration and mining.

The tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are speculative and high-risk undertakings that may be impeded by circumstances and factors beyond the control of the Company.

There can be no assurance that exploration of the Tenements, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit. In the event the Company successfully delineates economic deposits on any Tenement, it will need to apply for a mining lease to undertake development and mining on the relevant Tenement. There is no guarantee that the Company will be granted a mining lease if one is applied for and if a mining lease is granted, it will also be subject to conditions which must be met.

Further capital requirements

The Company's projects may require additional funding in order to progress activities. There can be no assurance that additional capital or other types of financing will be available if needed to further exploration or possible development activities and operations or that, if available, the terms of such financing will be favourable to the Company.

The Company's activities are subject to Government regulations and approvals

The Company is subject to certain Government regulations and approvals. Any material adverse change in government policies or legislation in Australia and Mongolia that affect mining, processing, development and mineral exploration activities, export activities, income tax laws, royalty regulations, government subsidiaries and environmental issues may affect the viability and profitability of any planned exploration or possible development of the Company's portfolio of projects.

Global conditions

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration activities, as well as on its ability to fund those activities. General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, as well as on its ability to fund those activities.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.

Significant Changes in the State of Affairs

No significant changes in the Group's state of affairs occurred during the financial period.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the 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 (2023: Nil).

Company Securities

The Company has the following securities on issue as at the date of the Directors' Report.

Security Description	Number of Securities
Fully paid shares	62,300,001

Unissued shares

As at the date of this report, there were the following unissued shares on issue:

Security Description	Number of Securities	
	2024	2023
Ordinary shares under options	19,800,000	19,800,000
Performance shares	2,500,000	3,700,000

Option holders do not have any right, by virtue of the options, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options or performance shares

During the financial year there were no ordinary shares issued as a result of the exercise of options (2023: Nil).

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	3,000,000
Peter Secker	-	-
Peter Ruse	1,225,001	3,750,000
Shaun Menezes	155,000	1,250,000

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.

**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' 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.

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 12

Non-Audit Services

There were no fees paid or payable to BDO Audit Pty Ltd or BDO Audit (WA) Pty Ltd during the year ended 30 June 2024 (2023: \$Nil) in relation to non-audit services.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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: \$50,000 per annum plus superannuation (effective 1 May 2024); previously \$100,000 per annum plus superannuation (1 July 2023 to 30 April 2024)
- 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
 - Class C - 2,000,000 options at an exercise price of \$0.50, expiring 30 November 2025
- Termination for cause: no notice period
- Termination without cause: no notice period

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

- Commencement date: 8 November 2022
- Term: no fixed
- Fixed remuneration: \$50,000 per annum (effective 1 August 2023); previously \$200,000 per annum (1 July 2023 to 31 July 2023)
- 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: \$85,000 per annum plus superannuation
- 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
 - Class C - 2,000,000 options at an exercise price of \$0.50, expiring 30 November 2025
- Termination for cause: no notice period
- Termination without cause: no 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

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

- Fixed remuneration: \$60,000 per annum plus superannuation
- 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
 - Class C - 1,000,000 options at an exercise price of \$0.50, expiring 30 November 2025
- 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.

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

Performance-based remuneration

The Company currently has not granted any performance-based remuneration during the year.

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 2024.

	2024	2023	2022	2021
Loss after income tax attributable to shareholders (\$)	(4,498,155)	(3,144,390)	(790,671)	(189,159)
Share price at year end (\$)	0.039	0.345	0.175	n/a (unlisted)
Total dividends declared (cents per share)	-	-	-	-
Returns on capital (cents per share)	-	-	-	-
Basic earnings/(loss) per share (cents)	(7.22)	(5.41)	(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	Non-Executive Chairman
Mr Peter Secker	Executive Director
Mr Peter Ruse	Non-Executive Director
Mr Shaun Menezes	Non-Executive Director, Company Secretary and Chief Financial Officer

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 2024 are set out below:

	Primary Benefits			Post Employment		Share Based Payments ³	Other Benefits	TOTAL	Options Based
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits	Options			
Directors	\$	\$	\$	\$	\$	\$	\$	\$	%
2024									
M Hohnen	101,750	-	-	-	-	-	-	101,750	-
P Secker	62,501	-	-	-	-	-	-	62,501	-
P Ruse	94,350	-	-	-	-	-	-	94,350	-
S Menezes	108,600 ¹	-	-	-	-	-	-	108,600 ¹	-
Total	367,201	-	-	-	-	-	-	367,201	-
2023									
M Hohnen	106,792	-	-	-	-	443,792	-	550,584	81
P Secker ²	128,722	-	-	-	-	-	-	128,722	-
P Ruse	90,098	-	-	-	-	443,792	-	533,890	83
S Menezes	106,275 ¹	-	-	-	-	221,896	-	328,171	68
Total	431,887	-	-	-	-	1,109,480	-	1,541,367	72

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

² Appointed 8/11/22.

³ Share-based payments are equity settled.

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

Remuneration Options

During the year ended 30 June 2024, no options (2023: 5,000,000) were issued as part of director remuneration.

During the period ended 30 June 2024 no remuneration options were forfeited, expired or exercised by the directors.

Shareholdings by Directors

2024	Balance 01/07/23 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/24 (No. of Shares)
M Hohnen	1,600,000	-	-	-	1,600,000
P Ruse	1,225,001	-	-	-	1,225,001
S Menezes	155,000	-	-	-	155,000
Total	2,980,001	-	-	-	2,980,001

Options Holdings by Directors

2024	Balance 01/07/23 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Acquired	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/24 (No. Options)	Vested and exercisable 30/06/24 (No. Options)
M Hohnen	3,000,000	-	-	-	-	3,000,000	3,000,000
P Ruse	3,750,000	-	-	-	-	3,750,000	3,750,000
S Menezes	1,250,000	-	-	-	-	1,250,000	1,250,000
Total	8,000,000	-	-	-	-	8,000,000	8,000,000

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

The Company received more than 90% of "yes" votes on its remuneration report for the 2023 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of remuneration report (audited).

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'S Menezes', with a stylized flourish at the end.

Shaun Menezes
Non-Executive Director
18 September 2024



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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 2024, 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 entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', with a long, sweeping horizontal stroke extending to the right.

Glyn O'Brien

Director

BDO Audit Pty Ltd

Perth

18 September 2024

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Interest income		85,539	57,171
Other income		750	-
Expenses			
Corporate	3	(650,358)	(1,229,743)
Share-based payments		-	(2,110,867)
Share of loss of associates accounted for using equity method	7	(1,022,641)	-
Impairment of investment in associate	7	(2,877,359)	-
FX gain/(loss)		(34,086)	139,049
Loss before tax		(4,498,155)	(3,144,390)
Income tax expense	4	-	-
Loss for the period		(4,498,155)	(3,144,390)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to the members		(4,498,155)	(3,144,390)
Loss per share attributable to the shareholders of the Company arises from:			
Basic and diluted loss per share (cents per share)	12	(7.22)	(5.41)

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

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	30 June 2024 \$	30 June 2023 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,634,931	4,975,840
Other assets		50,000	50,000
Trade and other receivables		30,071	66,811
Prepayments		15,290	16,071
TOTAL CURRENT ASSETS		<u>1,730,292</u>	<u>5,108,722</u>
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	6	2,545,410	2,041,210
Investment account for using the equity method	7	-	3,900,000
TOTAL NON-CURRENT ASSETS		<u>2,545,410</u>	<u>5,941,210</u>
TOTAL ASSETS		<u>4,275,702</u>	<u>11,049,932</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade creditors and other accruals	8	148,657	297,103
Loans	9	-	2,127,629
TOTAL CURRENT LIABILITIES		<u>148,657</u>	<u>2,424,732</u>
TOTAL LIABILITIES		<u>148,657</u>	<u>2,424,732</u>
NET ASSETS		<u>4,127,045</u>	<u>8,625,200</u>
EQUITY			
Issued capital	10	9,976,233	10,216,233
Reserves	11	2,533,187	2,533,187
Accumulated losses		(8,382,375)	(4,124,220)
TOTAL EQUITY		<u>4,127,045</u>	<u>8,625,200</u>

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

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Issued Capital \$	Performance Shares \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2023	9,976,233	240,000	2,533,187	(4,124,220)	8,625,200
Loss for the period	-	-	-	(4,498,155)	(4,498,155)
Total comprehensive loss for the period	-	-	-	(4,498,155)	(4,498,155)
Equity transactions	-	-	-	-	-
Lapse of performance shares (note 10)	-	(240,000)	-	240,000	-
Balance at 30 June 2024	9,976,233	-	2,533,187	(8,382,375)	4,127,045

	Issued Capital \$	Performance Shares \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2022	6,346,026	240,000	422,320	(979,830)	6,028,516
Loss for the period	-	-	-	(3,144,390)	(3,144,390)
Total comprehensive loss for the period	-	-	-	(3,144,390)	(3,144,390)
Equity transactions:					
Issue of fully paid ordinary shares	3,900,000	-	-	-	3,900,000
Capital raising costs	(269,793)	-	-	-	(269,793)
Share based payments	-	-	2,110,867	-	2,110,867
Balance at 30 June 2023	9,976,233	240,000	2,533,187	(4,124,220)	8,625,200

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

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	\$	\$
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	85,539	57,171
Payments to suppliers and employees	(612,087)	(880,812)
Net cash used in operating activities	(526,548)	(823,641)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments	-	(3,900,000)
Payments for exploration and evaluation expenditure	(652,646)	(699,504)
Net cash used in investing activities	(652,646)	(4,599,504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	3,900,000
Payments for share issue costs	-	(269,793)
Proceeds / (repayment) from borrowings	(2,127,629)	2,127,629
Net cash from / (used in) financing activities	(2,127,629)	5,757,836
Net increase / (decrease) in cash held	(3,306,823)	334,691
Cash and cash equivalents at beginning of the period	4,975,840	4,641,149
Effect of exchange rate changes on cash and cash equivalents	(34,086)	-
Cash and cash equivalents at end of the period	5 1,634,931	4,975,840

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

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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 entities (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 2024 were authorised for issue in accordance with a resolution of the directors on 18 September 2024.

2. SUMMARY OF MATERIAL 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 Company 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 2023. 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 2024. 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) 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.

(e) 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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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.

(f) Associates

Associates are entities over which the consolidated entity has significant influence but no control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(g) 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.

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

(h) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(i) 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.

(j) 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: Accounting for investment in Temarise under equity method

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. A holding of 20% or more of the voting power will indicate significant influence. They are accounting for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the group's share of profit or loss and other comprehensive income of the associate, adjusted where

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

necessary to ensure consistency with the accounting policies of the group.

The Group assesses the carrying amount of its investments in associates at each reporting period, or more frequently if events or changes in circumstances indicate impairment, in accordance with AASB 128 Investments in Associates and Joint Ventures. If impairment indicators are identified, the Group tests the investments for impairment in accordance with AASB 136 Impairment of Assets. In assessing the recoverability of its investments in associates, management applies their estimates and judgements as to the recoverability of its investments.

The Group applies the requirements of AASB 9 Financial Instruments to its other interest in the associate such as loans to or receivables from the associate.

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 13.

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.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

3. EXPENSES

	2024	2023
	\$	\$
Corporate expenses consist of:		
- Directors' fees	325,201	389,887
- Legal fees	26,143	243,705
- Other	299,014	596,151
Total corporate expenses	<u>650,358</u>	<u>1,229,743</u>

4. INCOME TAX EXPENSE

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

	2024	2023
	\$	\$
Loss before income tax	(4,498,155)	(3,144,390)
Income tax calculated at 30%	(1,349,447)	(943,317)
Add back:		
Accruals	(4,850)	7,850
Share based payment	-	633,260
FX loss/(gain)	10,226	(41,715)
Share of loss of associates accounted for using equity method	306,792	-
Impairment of investment in associate	863,208	-
Capital raising costs	(59,026)	(42,839)
Capitalised exploration immediately deductible	(151,260)	(209,851)
Adjustments in respect of income tax of previous year	341,547	(159,103)
Future income tax benefit not brought to account	42,810	755,714
Income tax expense	<u>-</u>	<u>-</u>

	2024	2023
	\$	\$
Deferred tax assets:		
Capital raising costs	134,240	85,678
Accruals	7,500	12,350
Carry forward tax losses	1,466,466	1,423,655
	<u>1,608,206</u>	<u>1,521,683</u>
Deferred tax liabilities:		
Capitalised exploration costs	(763,623)	(612,363)
	<u>(763,623)</u>	<u>(612,363)</u>
Net deferred tax asset position not brought to account	(844,583)	(909,320)
Total	<u>-</u>	<u>-</u>

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
Cash at bank and on hand	1,634,931	4,975,840

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

	2024	2023
	\$	\$
Loss for the period	(4,498,155)	(3,144,390)
Share based payment expense	-	2,110,867
Share of loss of associates accounted for using equity method	1,022,641	-
Impairment of investment in associate	2,877,359	-
<i>Movement in assets and liabilities:</i>		
(Increase)/Decrease in other receivables	36,740	(41,326)
Increase/(Decrease) in trade and other payables	34,867	251,208
Net cash used in operating activities	(526,548)	(823,641)

(b) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year ended 30 June 2024 and 2023.

(c) Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities are set out in Note 9.

6. EXPLORATION AND EVALUATION EXPENDITURE

	2024	2023
	\$	\$
Balance at the beginning of the period	2,041,210	1,341,706
Exploration and evaluation expenditure incurred during the period	504,200	699,504
Balance at the end of the period	2,545,410	2,041,210

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.

7. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	2024	2023
	\$	\$
Investment in Temarise Limited	-	3,900,000

In December 2023, Temarise informed the Company that, due to the current challenging capital market conditions, it was unable to raise the requisite funds or obtain financing to fund the payment of the exercise price to acquire the Khotgor Project and accordingly the option has lapsed. As a result, Temarise, and by extension the Company, will no longer have an interest in the Khotgor Project and therefore has fully provided for the carrying value of its investment in Temarise.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	\$	\$
<i>Equity investment in Temarise Limited</i>		
Balance at beginning of the year	3,900,000	-
Investment in associate	-	3,900,000
Provision for impairment	(2,877,359)	-
Parabellum's share of Temarise' net loss	(1,022,641)	-
Balance at end of the year	<u>-</u>	<u>3,900,000</u>

Summarised financial information of the associate

The table below provides summarised financial information of Temarise Limited. The information disclosed reflects the amounts presented in the financial statements of Temarise Limited and not the Company's share of those amounts.

	2024	2023
	\$	\$
<i>Summarised statement of financial position</i>		
Current assets	491,198	828,284
Non-current assets	-	3,149,415
Total assets	<u>491,198</u>	<u>3,977,699</u>
Total liabilities	<u>-</u>	<u>77,699</u>
Net assets	<u>491,198</u>	<u>3,900,000</u>

	2024	2023
	\$	\$
<i>Summaries of statement of profit or loss and other comprehensive income</i>		
Total comprehensive loss	<u>(3,408,802)</u>	<u>-</u>

The Company has not taken up its share of net assets in the associate due to uncertainty around the recoverability of this amount. Temarise Limited does not have any commitments or contingent liabilities as at 30 June 2024.

8. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Current		
Trade payables and accruals	<u>148,657</u>	<u>297,103</u>

9. LOANS

	2024	2023
	\$	\$
Current		
Working capital loans	<u>-</u>	<u>2,127,629</u>

On 6 February 2023, the Company entered into an agreement with Vynben Pty Ltd (a company controlled by Mr Mark Hohnen) and Mr Peter Secker to provide a general working capital loan of \$1,063,815 each. The loans are unsecured, interest-free and repayable 180 days from Commencement Date. The loans were subsequently extended and repaid on 1 September 2023.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

10. ISSUED CAPITAL

(a) Issued Capital

	2024	2023
	\$	\$
Fully paid ordinary shares	10,960,001	10,960,001
Performance shares	-	240,000
Less: capital raising costs	(983,768)	(983,768)
	<u>9,976,233</u>	<u>10,216,233</u>

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

Date	Details	No. of Shares	Issue Price	\$
1/7/2022	Opening balance	42,800,001		7,060,001
25/8/2022	Placement – Tranche 1	6,420,000	\$0.20	1,284,000
30/9/2022	Placement – Tranche 2	13,080,000	\$0.20	2,616,000
30/6/2023	Closing balance	<u>62,300,001</u>		<u>10,960,001</u>
30/6/2024	Closing balance	<u>62,300,001</u>		<u>10,960,001</u>

(c) Movement in performance shares of the Company:

Date	Details	No. of Performance Shares	Fair Value	\$
1/7/2022	Closing balance	3,700,000		240,000
30/6/2023	Closing balance	<u>3,700,000</u>		<u>240,000</u>
29/11/2023	Cancellation – Class A Performance Shares (Note 15)	(1,200,000)	\$0.20	(240,000)
30/6/2024	Closing balance	<u>2,500,000</u>		<u>-</u>

(d) Capital risk management

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

No dividends were paid in 2024 (2023: 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.

11. RESERVES

(a) Share based payments and option reserve

	2024	2023
	\$	\$
Share based payments reserve	2,532,519	2,532,519
Options reserve	668	668
Total	<u>2,533,187</u>	<u>2,533,187</u>

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

(b) Movement in options

Date	Details	No. of Unlisted Options	Fair Value of Options Granted	Exercise Price	Expiry Date
1/7/2022	Closing balance	8,800,000			
5/12/2022	Director options – Class C	5,000,000	0.22	\$0.50	30/11/2025
13/12/2022	Corporate advisor options	6,000,000	0.17	\$0.50	13/12/2024
30/6/2023	Closing balance	<u>19,800,000</u>			
30/6/2024	Closing balance	<u>19,800,000</u>			

(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.

12. LOSS PER SHARE

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

	2024 \$	2023 \$
Loss per share (cents)	(7.22)	(5.41)
Loss used in calculating basic and diluted loss per share	(4,498,155)	(3,144,390)
	# shares	# shares
Weighted average number of ordinary shares used in calculating basic loss per share:	62,300,001	58,071,563

The options on issue at 30 June 2024 were anti-dilutive, and therefore diluted loss per share was the same as basic loss per share.

13. SHARE BASED PAYMENTS

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

	Weighted average exercise price 30 June 2024	Number of Options	Weighted average exercise price 30 June 2023	Number of Options
Outstanding at beginning of the period	\$0.384	19,800,000	\$0.266	8,800,000
Granted during the period	-	-	\$0.50	11,000,000
Outstanding at end of the period	<u>\$0.384</u>	<u>19,800,000</u>	<u>\$0.384</u>	<u>19,800,000</u>
Exercisable at end of the period	<u>\$0.384</u>	<u>19,800,000</u>	<u>\$0.384</u>	<u>19,800,000</u>

The options outstanding at 30 June 2024 have an exercise price of between \$0.25 and \$0.50 and a weighted average remaining contractual life of approximately 0.7 years.

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

14. INVESTMENT IN SUBSIDIARIES

Interests are held in the following subsidiary companies:

Name	Principal Activity	Country of Incorporation	Ownership Interest 2024	Ownership Interest 2023
Lachlan Minerals Pty Ltd	Mineral Exploration	Australia	100%	100%
PBL Mongolia Pty Ltd	Mineral Exploration	Australia	100%	100%*

*Incorporated 3 January 2023

15. 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. On 29 November 2023, the Company cancelled 1,200,000 Performance Shares issued as part of the acquisition of Lachlan Minerals, as the performance conditions were not met. The terms of the remaining 2,500,000 Performance Shares are as follows:

- (i) (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).

Other than as stated above, as at 30 June 2024 there were no contingent liabilities, lease commitments or contingent assets.

16. RELATED PARTY TRANSACTIONS

The Group's main related parties are as follows:

a. Subsidiaries

Interest in subsidiaries are set out in Note 14.

b. Key management personnel

Disclosures relating to key management personnel are set out in note 17.

c. Transactions with related parties:

On 6 February 2023, the Company entered into an agreement with Vynben Pty Ltd (a company controlled by Mr Mark Hohnen) and Mr Peter Secker to provide a general working capital loan of \$1,063,815 each. The loans are unsecured, interest-free and repayable 180 days from Commencement Date. The loans were subsequently extended and repaid on 1 September 2023 and 14 February 2024 respectively.

Mr Peter Secker has been engaged by Temarise Limited to disburse funds on its behalf to project contractors in multiple jurisdictions (Mongolia, Australia and USA) and multiple currencies (MNT, AUD, USD).

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

17. 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:

	2024	2023
	\$	\$
Directors' remuneration	367,201	431,887
Other key management salaries	-	-
Share based payments	-	1,109,480
Aggregate compensation	<u>367,201</u>	<u>1,541,367</u>

18. 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 10 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.

2024	Non Interest Bearing \$	Floating Interest Rate \$	Total \$	Weighted Average Effective Interest Rate %
Financial Assets				
- Cash and cash equivalents	4,752	1,630,179	1,634,931	2.59%
- Deposits held	50,000	-	50,000	-
Total Financial Assets	<u>54,752</u>	<u>1,630,179</u>	<u>1,684,931</u>	
Financial Liabilities				
- Trade creditors	(148,657)	-	(148,657)	
Total Financial Liabilities	<u>(148,657)</u>	<u>-</u>	<u>(148,657)</u>	
Net Financial Assets / (Liabilities)	<u>(93,905)</u>	<u>1,630,179</u>	<u>1,536,274</u>	

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

2023	Non Interest Bearing \$	Floating Interest Rate \$	Total \$	Weighted Average Effective Interest Rate %
Financial Assets				
- Cash and cash equivalents	2,772,200	2,203,640	4,975,840	2.59
- Deposits held	50,000	-	50,000	-
Total Financial Assets	2,822,200	2,203,640	5,025,840	2.59
Financial Liabilities				
- Trade creditors	(297,103)	-	(297,103)	-
- Loans	(2,127,629)	-	(2,127,629)	-
Total Financial Liabilities	(2,424,732)	-	(2,424,732)	-
Net Financial Assets / (Liabilities)	397,468	2,203,640	2,601,108	

Interest rate sensitivity

At 30 June 2024, 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 \$8,554 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% increase sensitivity would move short term interest rates at 30 June 2024 from around 4.1% to 4.6% (10% decrease: 3.7%) representing a 40 basis points shift. This would represent one increase 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 up than down 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.

(d) Contractual maturities

The contractual maturities for all the Group's financial liabilities is less than six months.

19. AUDITOR'S REMUNERATION

The BDO entity performing the audit of the group transitioned from BDO Audit (WA) to BDO Audit Pty Ltd on 19 April 2024. The disclosures include amounts received or due and receivable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.

	2024 \$	2023 \$
Amounts paid or payable to BDO Audit Pty Ltd for:		
Audit services	41,544	58,775

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

20. 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 two separately 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 and Mongolia.

(a) Segment performance

2024	Australia	Mongolia	Consolidated
	\$	\$	\$
Other revenue	86,289	-	86,289
Segment result:			
Share of loss of associates accounted for using equity method	-	(1,022,641)	(1,022,641)
Impairment of investment in associate	-	(2,877,359)	(2,877,359)
Administrative expense	(684,444)	-	(684,444)
Other expense	-	-	-
Loss after income tax	(598,155)	(3,900,000)	(4,498,155)

The segment performance of the group in 2023 all relates to the Australian segment.

(b) Segment financial position

	Australia		Mongolia		Consolidated	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Segment assets	4,275,702	7,149,932	-	3,900,000	4,275,702	11,049,932
Segment liabilities	(148,657)	(2,424,732)	-	-	(148,657)	(2,424,732)
Segment net assets	4,127,045	4,725,200	-	3,900,000	4,127,045	8,625,200

21. INFORMATION RELATING TO PARABELLUM RESOURCES LIMITED (PARENT)

	2024	2023
	\$	\$
Current assets	1,680,291	2,791,902
Total assets	4,279,078	10,913,949
Current liabilities	148,659	2,424,734
Total liabilities	148,659	2,424,734
Issued capital	9,976,233	10,216,233
Reserves	2,533,187	2,533,187
Accumulated losses	(8,379,001)	(4,260,205)
Total equity	4,130,419	8,489,215
Loss of the parent entity	(4,358,796)	(3,283,149)
Total comprehensive loss of the parent entity	(4,358,796)	(3,283,149)

The parent entity has not provided any material guarantees, contingent liabilities or contractual commitments as at 30 June 2024.

22. EVENTS AFTER THE REPORTING PERIOD

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

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 2024 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 2024 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(b); 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; and
 - (d) the consolidated entity disclosure statement is true and correct.
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 2024.

On behalf of the Board



Shaun Menezes
Non-Executive Director
18 September 2024

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 (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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.

Accounting for Investment in Temarise Limited

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 7 to the Financial Report, during the financial year ended 30 June 2024, the Group had an investment in Temarise. The Australian Accounting Standards require the Group to account for the investment as an investment in Associate, account for the Associates share of profits and losses for the period and assess the recoverable amount of the investment in accordance with AASB 128 <i>Investments in Associates and Joint Ventures</i> ("AASB 128"). Given the significant judgement involved as well as the quantum of the impairment, this was considered to be a Key Audit Matter.	Our audit procedures included, but were not limited to: • Considering whether the treatment and classification of the Investment in Temarise Limited as an Equity Accounting Investment remained appropriate; • Reviewing the calculation of the Group's share of the loss of the Associate; • Considering Management's assessment of indicators that the investment in associate could be impaired; • Reviewing the calculation for the carrying value of the investment and the associated impairment expense; and • Assessing the adequacy of related disclosures in Note 7 to the financial statements.

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 2024, 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:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of 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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 10 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Parabellum Resources, for the year ended 30 June 2024, 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 Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', written over the printed name.

Glyn O'Brien

Director

Perth, 18 September 2024

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION

QUOTED SECURITIES

ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 11 SEPTEMBER 2024:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 – 1,000	10	1,835	0.00%
1,001 - 5,000	41	120,528	0.19%
5,001 - 10,000	21	181,962	0.29%
10,001 - 100,000	151	6,559,888	10.53%
100,001+	85	55,435,788	88.98%
	308	62,300,001	100.00%

The number of shareholdings held in less than marketable parcels is 62.

(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	7,124,972	11.44%
2	CITICORP NOMINEES PTY LIMITED	4,026,909	6.46%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED- GSI EDA	3,200,000	5.14%
4	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	2,755,000	4.42%
5	METECH SUPER PTY LTD <METECH NO 2 SUPER FUND A/C>	2,100,000	3.37%
6	RESOURCEFUL INVESTMENTS PTY LTD	1,760,000	2.83%
7	ZERO NOMINEES PTY LTD	1,757,625	2.82%
8	BASS FAMILY FOUNDATION PTY LTD <BASS FAMILY FOUNDATION A/C>	1,400,000	2.25%
9	PETERLYN PTY LTD <RPC SALMON SUPER FUND A/C>	1,300,000	2.09%
10	PETER JAMES RUSE	1,100,001	1.77%
11	BLUE ATLAS PTY LTD <ROWE INVESTMENT A/C>	1,100,000	1.77%
11	MR FARIS SALIM CASSIM	1,100,000	1.77%
12	SML CONTRACTING PTY LTD	1,050,000	1.69%
13	GREENSEA INVESTMENTS PTY LTD	1,000,000	1.61%
13	VYNBEN PTY LTD <MARK HOHNEN SUPER FUND>	1,000,000	1.61%
14	MR RICHARD ARTHUR LOCKWOOD	975,000	1.57%
15	CRANPORT PTY LTD <NO 10 A/C>	951,262	1.53%
16	VIDOG CAPITAL PTY LTD	900,000	1.44%
16	VALINOR CAPITAL PTY LTD <ROWE SUPERANNUATION FUND A/C>	900,000	1.44%
17	FLUE HOLDINGS PTY LTD	850,000	1.36%
18	ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	845,000	1.36%
19	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	800,000	1.28%
20	MR ANDREW GRANTON BROWN	751,000	1.21%
	Total	38,746,769	62.19%

PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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	7,124,972	11.44%
CITICORP NOMINEES PTY LIMITED	4,026,909	6.46%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	3,200,000	5.14%
	14,351,881	23.04%

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
DIRECTOR OPTIONS @ \$0.50 EXP 30/11/25	5,000,000
ADVISER OPTIONS @ \$0.50 EXP 13/12/24	6,000,000

(b) UNLISTED PERFORMANCE SHARES ON ISSUE

CLASS B PERFORMANCE SHARES	2,500,000
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SCHEDULE OF TENEMENT INTERESTS AT 30 JUNE 2024

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 ENTITIES
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 2024 corporate governance statement was approved by the Board on 18 September 2024 and is current as at 18 September 2024. 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/.

**PARABELLUM RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED ENTITY DISCLOSURE STATEMENT**

Name of entity	Type of entity	Trustee, partnership or participant in joint venture	% of share capital held	Country of incorporation	Tax residency
Parabellum Resources Limited	Body corporate	n/a	n/a	Australia	Australia
Lachlan Minerals Pty Ltd	Body corporate	n/a	100	Australia	Australia
PBL Mongolia Pty Ltd	Body corporate	n/a	100	Australia	Australia