PARABELLUM RESOURCES

Phone | +61 8 6313 3950
Email | info@parabellumresources.com.au
Office | 52 Ord Street, West Perth WA 6005
parabellumresources.com.au

26th July 2023

QUARTERLY ACTIVITIES REPORT
for the period ended 30 June 2023

HIGHLIGHTS

NSW Copper-Gold Projects, Australia

- RC drilling program completed during the quarter at Lunns Dam and Recovery projects
- Drill testing of Lunns Dam L1 EM target and Recovery auger soil / lag target intersected anomalous gold mineralisation.
- Drill program completed with zero safety, community, and environmental incidents.
- Currently finalising NSW work plan and budget for H2, 2023

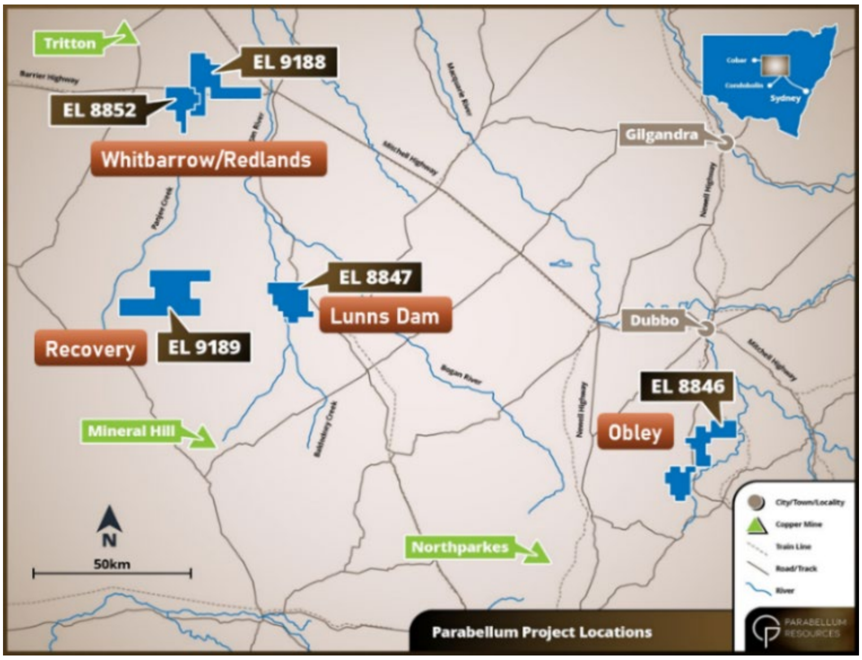
Khotgor REE Project, Mongolia

- Mining, metallurgical and engineering design work ongoing with JORC Scoping Study scheduled for Q3, 2023
- Construction of concentrator section of the Pilot Plant in Ulaanbaatar completed and first concentrate produced.
- All site environmental monitoring programs completed and EIS/EIA being prepared

Parabellum Resources Limited (ASX:PBL) ('**Parabellum**', or 'the **Company**'), is pleased to update shareholders on its activities during the June 2023 quarter.

NSW Copper Gold 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)

Lunns Dam Project (EL 8847)

Drill testing of an Electromagnetic (EM) target (L1) and two auger soil targets was completed in March/April 2023.

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

Diamond drillhole LDD001 was completed to 303m depth and intersected carbonaceous (graphitic) pyritic siltstone / shale between 237-262m downhole which correlated well with the predicted depth of the ground EM modelling. No visible copper sulphide mineralisation was encountered. Downhole EM was completed after the hole was finished confirming the carbonaceous siltstone / shale was the source of the ground EM anomaly.

The unit of carbonaceous pyritic siltstone / shale was submitted for laboratory analysis primarily to determine whether precious metals (e.g., gold) were present. An interval of anomalous gold was reported at ~250m depth with elevated arsenic (As), antimony (Sb), molybdenum (Mo), iron (Fe) and Sulphur (S) (Table 1). Note: intersection quoted is down hole length as true width not known at this time. This interval corresponds with a zone of quartz veined carbonaceous - pyritic shale with lesser siltstone.

Hole	From (m)	To (m)	Interval (m)	Au g/t	As ppm	Sb ppm	Mo ppm	Fe %	S %
LDD001	244.89	251.0	6.11	0.27	160	16	19	6.35	5.82

Table 1: Lunns Dam Project –; Diamond Drillhole LDD001 – anomalous Au intersection

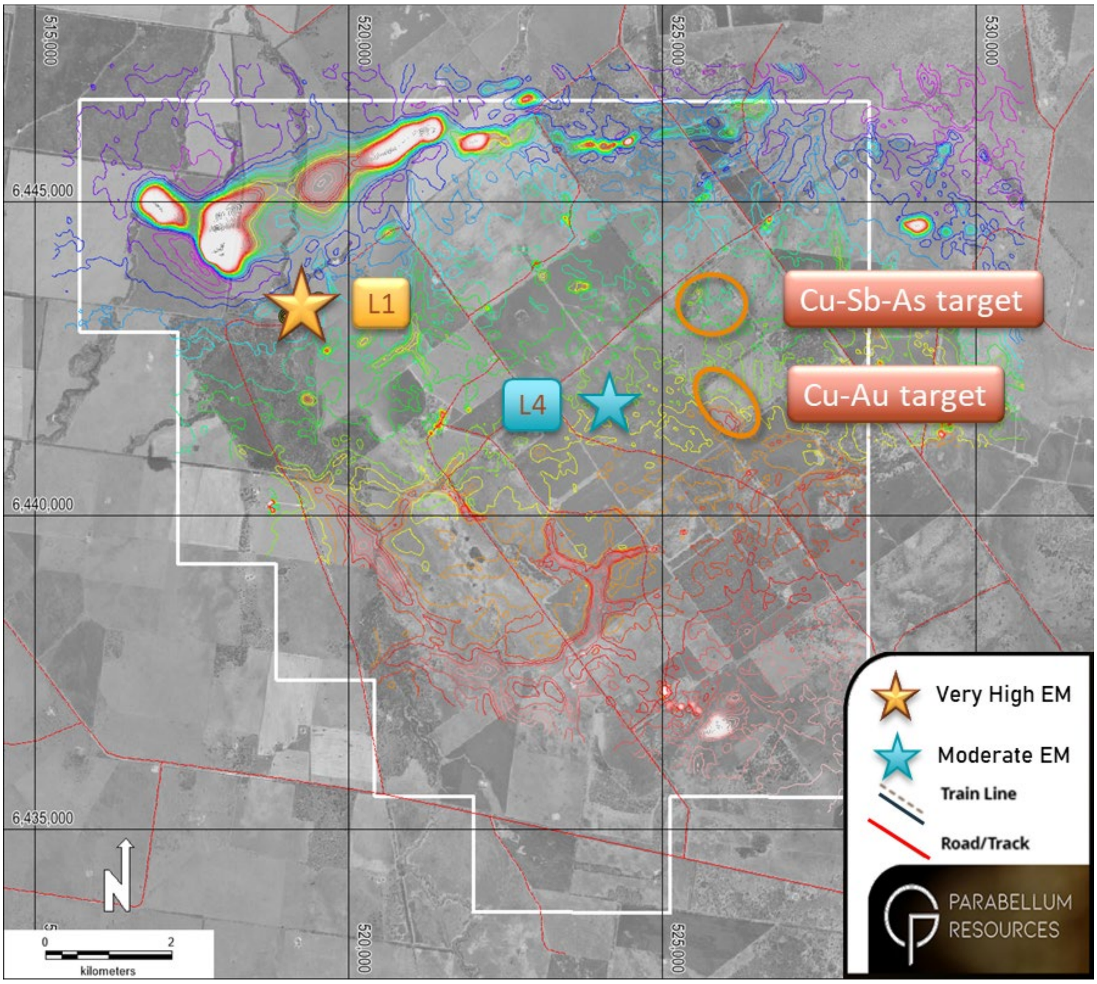


Figure 1: Lunns Dam Project – Ranked AEM anomalies and Auger targets overlain on Magnetic contours (Source PBL 7th October 2022)

Auger soil sampling defined two Copper plus pathfinder targets (**Figure 1**) on the Lunns Dam tenement.

Reverse Circulation (RC) percussion drill testing of these two target areas was completed with four holes drilled for 480m. Some minor sulphide (predominantly pyrite) was noted in drill chips from the northern Cu-Sb-As target and minor anomalous gold was intersected associated with significant arsenic (As).

Given the lack of any significant mineralisation, no further work on these auger targets is considered necessary at this time.

Recovery Project (EL 9189)

A coherent 900m long x 50-200m wide Gold + pathfinder auger and surface sampling (lag) anomaly has been defined at the Swansons Gold prospect (Figure 2). Quartz veining was noted in auger and lag samples over 1,500m of strike with more intense quartz veining and silicification noted in the area of historic workings.

Reverse Circulation (RC) percussion drill testing of this target area was completed with six holes drilled for a total of 720m. Zones of intense silica-white mica-pyrite alteration with associated iron oxides (haematite/jarosite) ~10-15m wide were noted in a number of drillholes.

Results overall were considered disappointing. One thin 2m zone of significant gold mineralisation was intersected in drillhole RSRC003 within an 11m zone of anomalous gold mineralisation (Table 2). Minor anomalous gold mineralisation was recorded from three other drillholes with elevated arsenic. Note: intersections quoted are down hole length as true width not known at this time.

Given the tenor of the gold results recorded, no further work is considered necessary on this target.

Hole	From (m)	To (m)	Interval (m)	Au g/t	As ppm
RSRC002	5	6	1	0.15	554
RSRC003	25	36	11	0.34	227
inc.	*26*	*28*	*2*	*1.22*	*287*
RSRC004	49	52	3	0.12	224
RSRC006	30	31	1	0.58	

Table 2: Recovery Project – RC Percussion Drilling – anomalous Au intersections

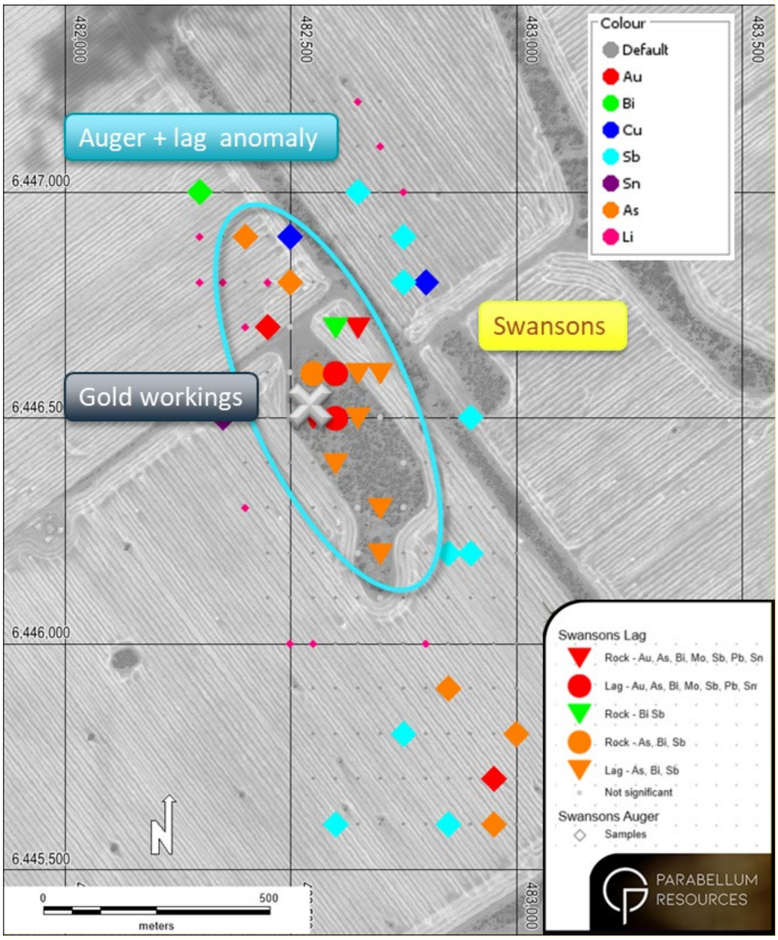


Figure 2: Recovery Project – Swansons Lag/Auger Sampling Results (Source PBL 7th October 2022)

The Company is currently finalising the H2, 2023 work plan and budget for the NSW projects including Lunns Dam, Whitbarrow and Recovery. This program will incorporate follow on work from the Q1/Q2, 2023 programs reported above and will include further data interpretation, rock and chip sampling, mapping, soil and lag sampling and potentially some additional auger drilling. It is anticipated that some of this work will commence in Q3, 2023.

Khotgor REE Project

Throughout the past quarter the Khotgor Project team has:

- continued with ongoing mining, metallurgical and engineering design work with JORC Scoping Study scheduled for Q3, 2023.
- completed construction of concentrator section of the Pilot Plant in Ulaanbaatar and first concentrate produced with the chloride circuit scheduled for Q4, 2023.
- completed all site environmental monitoring programs and commenced preparation of EIS/EIA.

Metallurgical Testwork and Engineering Design

The Q1 results from metallurgical test work on a 1.3 tonne bulk sample from Khotgor continued to be optimized during the quarter. Initial flotation test work indicated good extractions of rare earths and good filtration properties. Rare earth extraction was >85% into a concentrate and over 95% into an intermediate mixed REO chloride product. This is a very positive outcome when benchmarked against historical REE test work. Flotation variability work is ongoing to optimise REO recoveries.

Primero Engineering has commenced the Scoping Study engineering design. The Khotgor flowsheet development and engineering design work is on-going, focused on the production of an intermediate rare earth carbonate or chloride product for potential sale to a 3rd party end use or off-taker.

The concentrator and hydrometallurgical plant flow sheets are almost complete. Site layouts have been prepared and capital costs and operating costs are now being developed.

SRK have commenced work on the open pit optimisation, on-site and off-site site infrastructure, tailings storage facility and power supply.

Primero and SRK are currently scheduling to complete the JORC Scoping Study during Q3, 2023.

Pilot Plant

Construction of the front end of the pilot plant was completed during Q2, 2023 and commissioning of the concentrator on low grade commenced, with initial test batches of concentrate being produced. It is proposed to focus on the construction of the chloride section of the plant during Q3, 2023 with a strategy to commission this section of the plant by the end of 2023.

The strategy for the pilot plant is to enable PBL to achieve the following milestones:

- optimise a rare earth oxide (REO) mixed chloride process flow sheet;
- produce various stages of REO samples for ongoing metallurgical testwork for the BFS;
- produce mixed REO chloride product marketing samples for distribution to potential off-takers; and
- use the plant as a training platform for future metallurgical plant operators and technical personnel.

Figure 6: Initial floatation pilot plant work

EIS/EIA

On-going site visits were undertaken by environmental consultants as part of the Environmental Impact Assessment that is being prepared for the Khotgor Project. This work will be continued over the next 12 months, with the intention of finalising documentation during Q4, 2023.

Temarise Project Option

As announced on 23 February 2023, Temarise has exercised its exclusive option to acquire 80% of the Project (Option). The exercise price of the Option is US$15 million (Exercise Price) with such payment required to be made on or before 22 May 2023. During the quarter, MBSEA and Temarise have agreed to extend the Option payment date to 31 July 2023 to allow discussions between MBSEA 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.

Corporate

The Company held $4.98m in cash at the end of the June 2023 quarter. The Parabellum board continues to maintain strict cost controls with no large recurring general and administrative (G&A) expenses.

A summary of the expenditure incurred on exploration activities is set out below. No development or production activities were undertaken during the June 2023 quarter.

Appendix 5B reference	ASX description reference	Amount	Company Summary
2.1(d)	Exploration and evaluation	$333,000	This item relates to the drilling program, geophysical consulting, assaying, drilling support, data interpretation and associated costs of the exploration program carried out during the quarter.

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

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

Mining tenements

The Company confirms that no tenements were acquired or disposed nor was there any change in the Company's interest in the below tenements. The following tenements are held at 30 June 2023:

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

This announcement has been authorised for release by the Board.

ENDS.

For further information please contact:

Peter Secker
Executive Director
E: info@parabellumresources.com.au

Evy Litopoulos
ResolveIR (Investor Relations)
E: evy@resolveir.com

ABOUT PARABELLUM RESOURCES LIMITED (PBL)

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

FORWARD LOOKING INFORMATION

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

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to the NSW Projects was compiled by Mark Arundell, who is a Member of the Australasian Institute of Geoscientists (AIG) and Chief Geologist 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 announcement of the matters based on the information in the form and context in which it appears. Mr Arundell holds securities in the Company.

The information in this announcement that relates to mineral resources, geology and exploration results and planning of the Khotgor REE Project was compiled by Petr Osvald, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Osvald 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 Osvald consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears. Mr Osvald does not hold securities in the Company.

The information in this announcement that relates to the Company's exploration results has been extracted from the Company's previous ASX announcements including:

- "Exploration Update - NSW Projects" dated 7 October 2022;
- "NSW Exploration Update" dated 16 January 2023;
- "Assay Results from Khotgor REE Project" dated 1 February 2023;
- Khotgor JORC Minerals Resource Estimate (revised) dated 13 February 2023; and
- 'NSW Exploration Update" dated 1 June 2023.

A copy of these announcements is available at www.asx.com.au. Parabellum confirms that it is not aware of any new information or data that materially affects the information included in these announcements and that the form and context in which the Competent Persons' findings are presented have not been materially modified from the announcements.

Annexure A

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

Description	Prospectus disclosure Year 1 ($)	Prospectus disclosure Year 2 ($)	Actual Expenditure $	Commentary
Exploration expenditure	1,500,000	1,698,000	1,241,098	A.
Directors' fees	156,00	210,000	423,816	B.
General administration fees	331,000	350,000	627,278	
Future acquisition costs	350,000	375,000	376,508	C.
Expenses of the Offer	605,000	-	589,839	
Working capital	437,500	437,500	166,486	
Total	3,379,500	3,070,500	3,425,026	

Commentary:

A. Actual exploration expenditure will vary due to timing of the exploration programs on the various projects which is dependent on weather, access and availability of suppliers. The Company confirms there are no material variances to date between the proposed use and actual use of funds.
B. Directors' fees are above what was disclosed in the prospectus due to the appointment of Mr Peter Secker as an executive director in November 2022.
C. Consulting and legal fees associated with identification of new projects, due diligence and exclusivity fees.