

ASX ANNOUNCEMENT
31 JANUARY 2022

KOONENBERRY GOLD LIMITED

Quarterly Report for the Period ended 31 December 2021

HIGHLIGHTS

- Lucky Sevens prospect highlights possible repetitions, possibility of multiple lines of lode;
- Infilled and expanded gold anomalies – Lucky Sevens over 2.5km and Atlantis over 5.5km in length;
- Promising new empirical and conceptual targets identified through geochemical soils and interpretation of reprocessed seismic data;
- Recommencement of site activities after COVID-19 border restrictions.

EXECUTIVE SUMMARY

Koonenberry Gold Ltd (**ASX:KNB**) (“Koonenberry” or the “Company”) is pleased to report work has been carried out in the quarter preparing for the 2022 drilling programme.

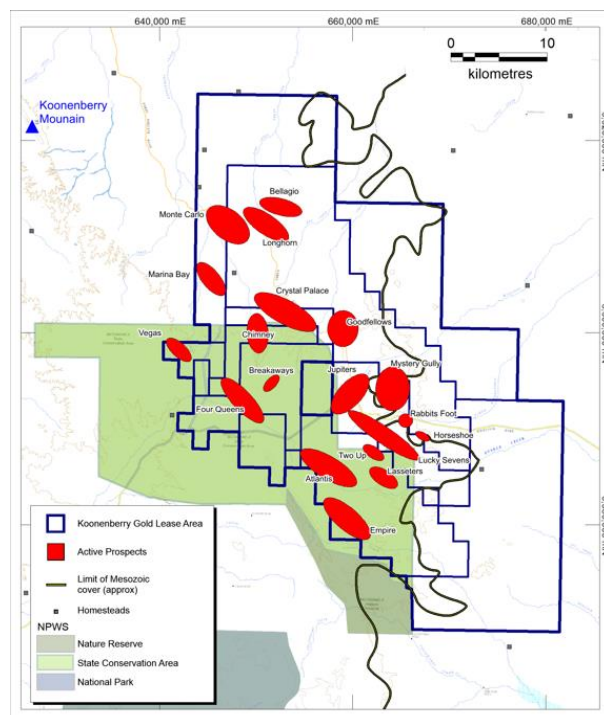
Koonenberry CEO, Karen O'Neill, said *“This quarter saw the planned exploration programme begin after the successful listing on 28 September. We also encouragingly extended our geochemical target portfolio and drill-ready target list for the programme due to start in early 2022.”*

OVERVIEW

The Company's 100% owned Koonenberry Gold Project is located in north-western New South Wales, approximately 160km northeast of the major mining and cultural centre of Broken Hill and 40km west of the opal mining town of White Cliffs.

The Project covers approximately 1,339 square kilometres in a consolidated tenement package. Koonenberry holds a dominant position along the Koonenberry Fault in NSW within the little-explored Koonenberry fold and thrust belt which is considered prospective for orogenic gold systems based on similar lithostratigraphy, structural style, mineralisation timing and tectonic setting as seen in the Victorian Goldfields, in particular, the Stawell Zone¹.

Figure 1: Koonenberry Gold Project Active Prospects.



During the quarter project exploration works have focused on target identification in readiness for the drill programme to begin in early 2022.

EXPLORATION ACTIVITIES IN THE QUARTER

Geological Desktop Study

The Company undertook a geological desktop study and interpretation of available geophysical and geochemical data relating to the primary target area, **Lucky Sevens**, where coarse gold can be observed in outcropping reef. The study uncovered the potential for multiple repetitions of the Lucky Sevens prospect, including targets buried under cover which have never been investigated. (*refer ASX Announcement of 6 October 2021*).

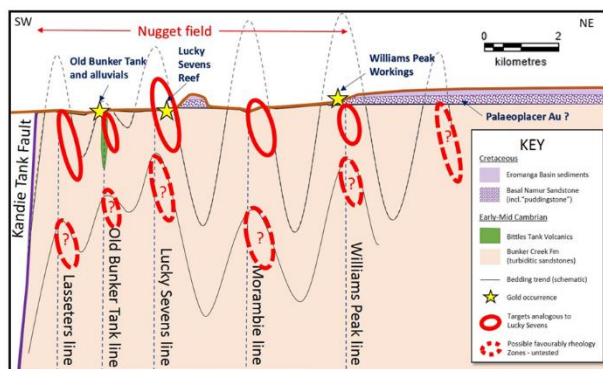


Figure 2: Lucky Sevens Schematic Geological Section.

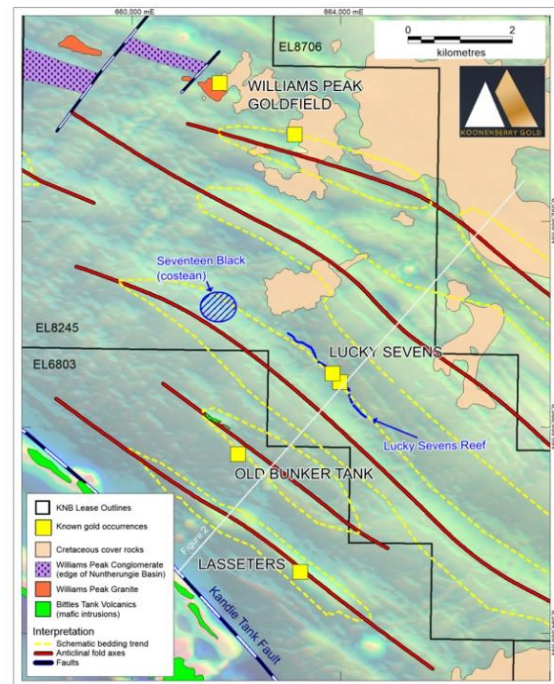


Figure 3: Lucky Sevens Area Schematic. Yellow dotted lines illustrate the interpreted bedding trend and the red lines the anticlinal fold axes.

Figures 2 and 3 illustrate the recognition of multiple anticlinal fold zones, including doubly plunging anticlinal domes which broadly have NW-SE trending axes (this is important because fold hinges make good targets for this style of mineralisation).

Reported Soil Sampling Results

Soil sampling results were reported for a programme designed to infill existing anomalies as well as to extend the regional soils programme into previously untested areas. Excellent results have been obtained which further adds to the inventory of high priority areas being delineated for drilling. (*See ASX Announcements of 14 October, 23 November and 21 December 2021*).

Prospects of particular focus included Lucky Sevens (over 2.5km long and up to 450m wide), Atlantis (over 5.5km long and up to 100m wide), Four Queens (over 4km long and up to 100m wide) and Vegas (over 1.8km long). The strong results continued to illustrate the strong prospectivity for significant discovery. Koonenberry Gold is the first Company to undertake exploration around the Atlantis, Vegas and Four Queens targets (**Figure 4**).

The anomaly extensions build the geological knowledge of the Project and with the planned detailed mapping, complemented with the multi element geochemistry data, the Company will be well placed to characterise top priority targets and design the drill programme for early 2022.

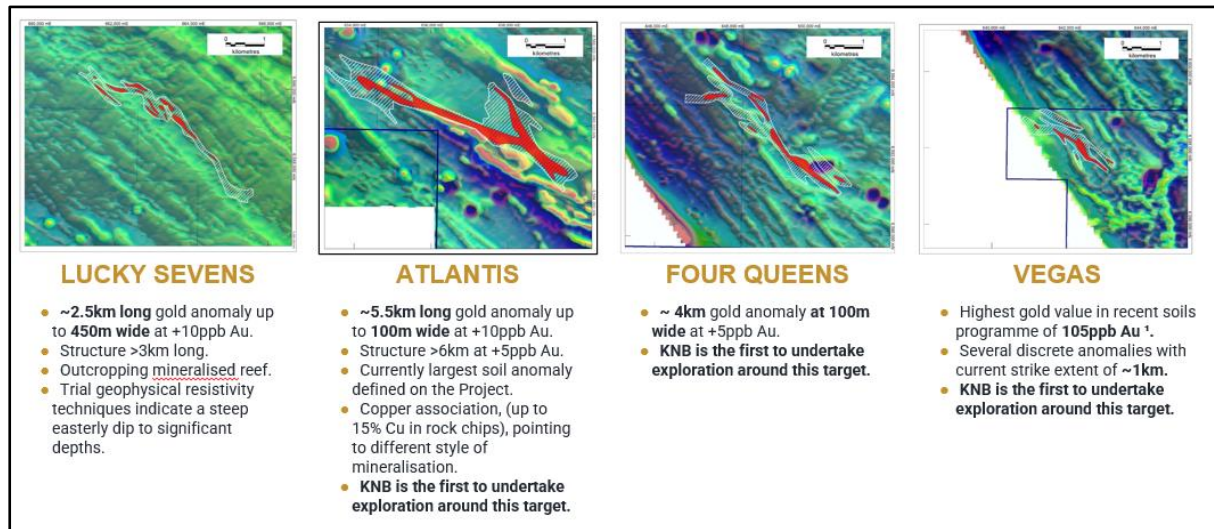


Figure 4: Koonenberry Gold Project Larger Scale Gold Anomalies. Lucky Sevens joined by new prospects never explored before.

Atlantis prospect is the strongest, most coherent soil anomaly discovered so far, at more than **5.5km in length at +10 ppb Au**, and it has showings of copper in the form of malachite at several locations. (Figure 5.)

Overall, the Atlantis anomaly appears to show excellent consistency, even at the current 400-1,000m line spacing.

It is situated in a synclinal fold surrounded by mafic rocks of the Bittles Tank Volcanics and is associated with strong silicification and hematite alteration, along with visible copper mineralisation in places. The thickest portion of the anomaly to date occurs within the fold hinge.

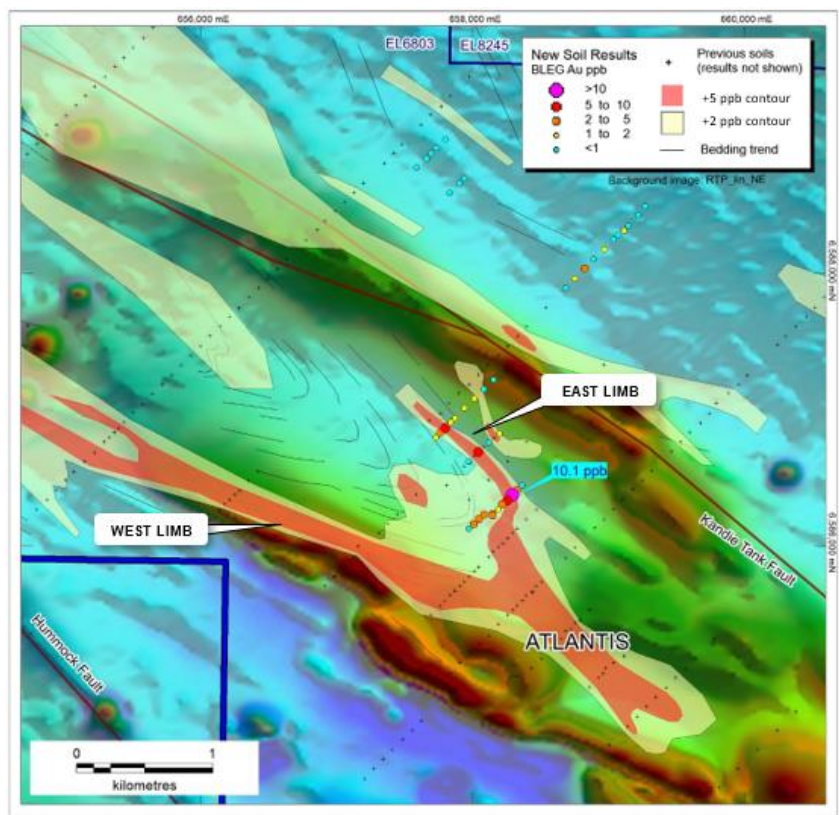


Figure 5: Atlantis prospect highlighting results on eastern limb of the anomaly.

Seismic Review

The Company shared the structural analysis of reprocessed seismic data collected by Geoscience Australia in 1999 (*see ASX Announcement 14 December 2021*). At the time of the survey, the aim was to examine for the first time the crustal structure beneath the Koonenberry Fold and Thrust Belt. Processing of this data in 2000 and 2005 by Geoscience Australia was not optimised to investigate the shallow features which are relevant to the mineral exploration search space.

The Company contracted a specialist company to reprocess a 31km long segment of this seismic line, as a means of linking existing surficial geology in the project area to the sub-surface. A well-respected consultant, Dr Nick Direen (Mitre Geophysics Pty Ltd), who had previously studied the geology and geophysics of the area, was engaged to interpret the new data and to put it into context with the Victorian Goldfields.

The reprocessing work and interpretation has identified on current evidence that there is a viable and voluminous source for the gold, there are numerous fluid transport mechanisms to transport the gold, and there are definable trap mechanisms where the gold can be concentrated. All are key ingredients for forming large gold deposits.

A mafic pile exists under the project area, most likely the subsurface extent of the outcropping Bittles Tank Volcanics, (**Figure 6**). This mafic crust is considered a key controlling feature in gold mineralisation at Stawell in the Victorian Goldfields² because it acts as a likely source for gold-bearing hydrothermal fluids during dewatering. Furthermore, the geochemical analyses of the outcropping Bittles Tank Volcanics suggest that they are back-arc basin MORB basalts – which is a good setting as a source for gold, as basalts at Stawell also have these characteristics.

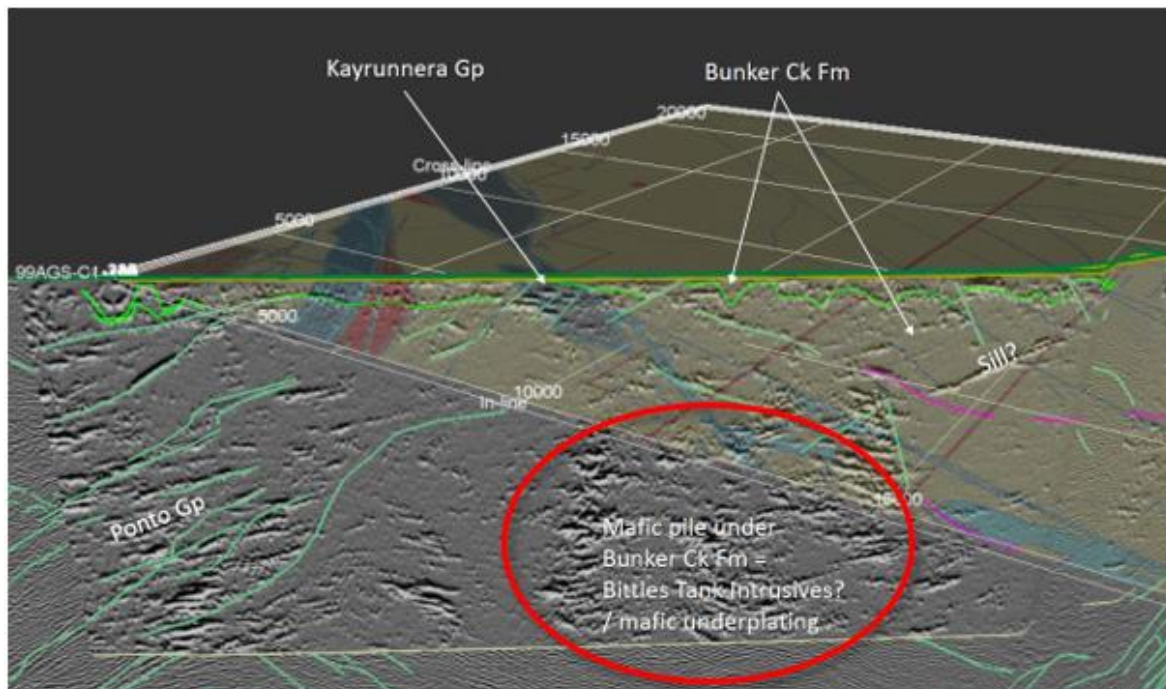


Figure 6: 3D view of reprocessed seismic line with surficial GSNSW 1:100K geology showing mafic underplating

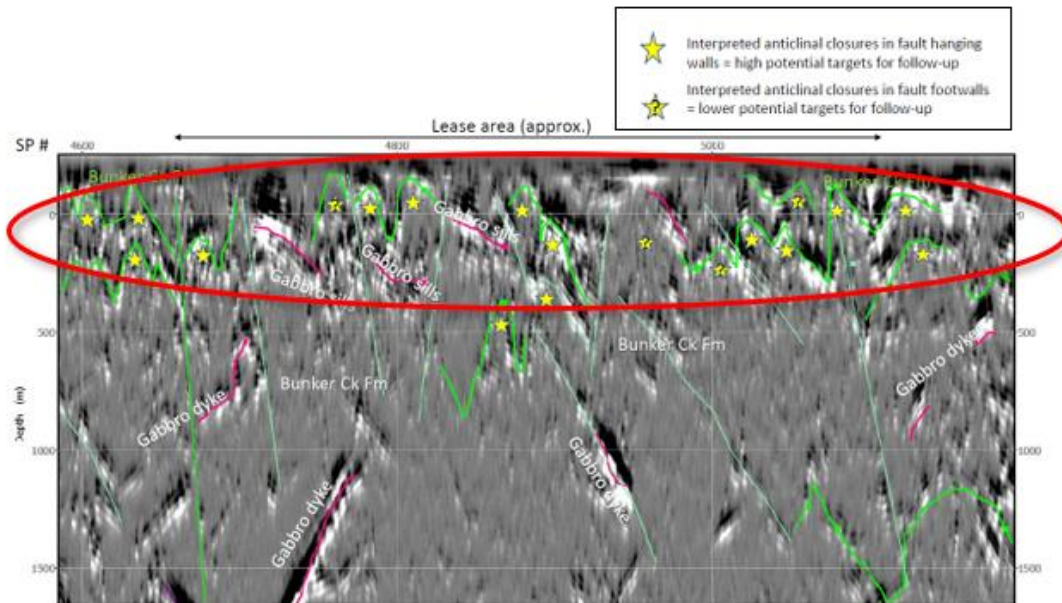


Figure 7: Detail of top 1500m showing interpreted folded sequences and faults, with targets within hanging wall anticlines highlighted

Multiply deformed turbidites sequences are observed in the seismic data with large anticlinal closures and reactivated cross-cutting high-angle reverse faults, (**Figure 7**). These features are important as they act as traps for the gold, (as they do in the Victorian Goldfields). Seven such anticlinal closures in hanging walls of faults were observed within the lease area, which are high priority targets for follow up.

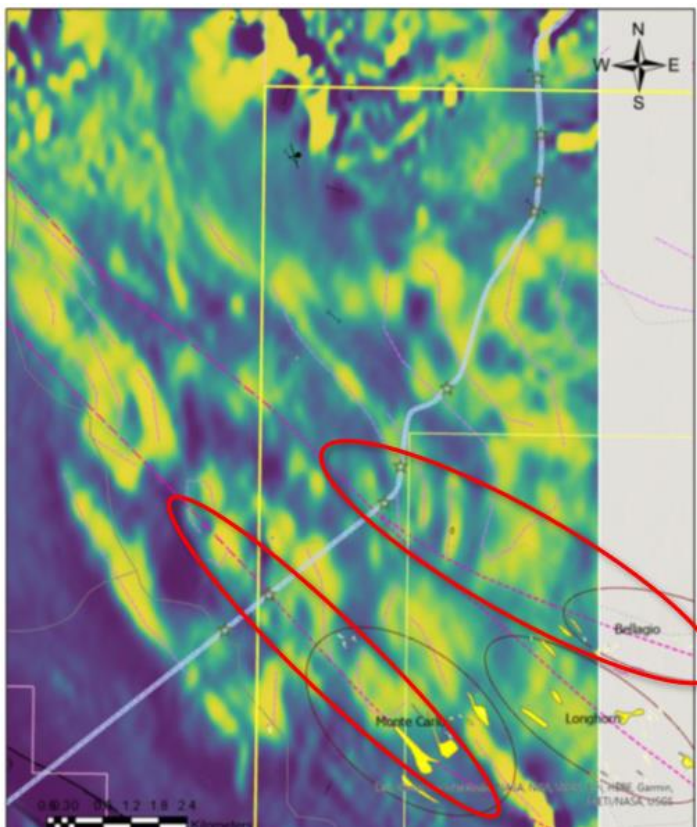


Figure 8: Magnetic image showing location of seismic line relative to existing geochemical prospect and noting that Bellagio and Monte Carlo both line up with seismically interpreted targets. Yellow stars are seismically interpreted targets (see Figure 7).

Seismically interpreted anticlines coincide with the along-strike location of the Monte Carlo and Bellagio geochemical prospects discovered by the Company, (**Figure 8**).

These occur on the projection of the Royal Oak and Gilbeys Faults respectively. Gold occurs at the surface at Bellagio, providing some validation of the concept, (**Figure 9**).



Figure 9: Coarse gold from the Bellagio prospect.

December Site Activities

After being challenged with border closures into New South Wales due to COVID-19 the team recommenced site activities in December and continue the important preparatory work for the drilling to come.

The site activities included a productive week with the NSW National Parks and Wildlife Services rangers and representatives from the Mutawintji local communities. The highly successful soil sampling campaign also resumed, with a further 439 samples delivered to the laboratory in late December.



Figure 10: Four Queens area being inspected.

UPCOMING EXPLORATION ACTIVITIES

The Company is pursuing large gold deposits and will have defined a number of clear targets for drilling in early 2022.

The Company has commenced a comprehensive structural geology study, the first phase of which involved the regional seismic re-interpretation already completed. The second phase will involve

detailed field mapping, to map the key features and assist in drill targeting. These studies are expected to generate a new 3D geological model which will be used in the definition and prioritisation for drilling in March 2022 as well as further exploration targeting.

Follow up soil and ground magnetic programmes are planned for the coming months. Soil sampling is an inexpensive and effective technique to prioritise prospects that may have the potential for hosting a large ore body. Since commencing this work, the Company has already identified at least 3 other targets that have geochemical signature equivalent to, or better than, the flagship Lucky Sevens target. Ground magnetics will be deployed over selected targets where detailed airborne magnetic data is unavailable and will be used to understand the structures in those areas.

The Company has purchased a portable XRF device and re-testing of the pulps from all past soil sampling programs is underway for multi-element geochemical characterisation. This will be used to determine possible pathfinder elements for gold mineralisation and other mineralisation styles which have never been previously investigated. Multi-element data collection using the pXRF has been completed on historical drilling pulps and similar data collection from the soil sample pulps will continue next quarter.

The Company is pursuing large gold deposits at its Koonenberry Gold Project and is encouraged not only by the geological similarities with the Victorian Goldfields, but also by the size of the geochemical anomalism generated and widespread surficial expression of gold to date.

CORPORATE UPDATE

Further Board and Management changes occurred during the quarter. On 27 November 2021 Mr John Elkington and Mr John Hobson resigned as Non-Executive Chair and Non-Executive Director respectively. On 29 November 2021 the Company appointed Mr George Rogers and Mr Ben Donovan as Non-Executive Directors. As a result of the changes Mr Anthony McIntosh was appointed as interim Chair of the Board. The newly elected board brings a wealth of experience in capital markets and finance and seeks to build on current relationships with its key stakeholders, including shareholders and landowners, and most importantly is focussed on adding value to shareholders through the discovery of economic projects.

The Chief Executive Officer, Mrs Karen O'Neill, resigned on 28 November 2021 and is working through a notice period. The Board is conducting an executive search for a replacement Chief Executive Officer and will announce the appointment in the near future.

The Exploration Manager, Mr Andrew Bennett, resigned in early December and left the Company after completing his notice period in January. The Company has undertaken an independent recruitment process, identified the preferred candidate, and is in the process of finalising the appointment.

CAPITAL MANAGEMENT

As at 31 December 2021, Koonenberry had a cash balance of \$6.1 million (Sep 21: \$7.5m) and no debt.

Exploration and evaluation expenditure incurred during the quarter was \$177,173 (Sep 21 qtr: \$109,172) (ex. GST).



After listing on the ASX on 28 September 2021 this quarter has been focused on refining and building the list of drill-ready targets at the Koonenberry Gold Project. Border closures due to COVID-19 hampered access to the NSW site for our team and consultants. Despite the challenge's management are pleased with the great progress made with existing drill targets further defined, the identification of a number of new targets and progressing more targets to drill-ready status.

RELATED PARTY PAYMENTS IN QUARTER TO 31 DECEMBER 2021

SRG Advisory and Accounting Fees	\$131,925 ¹
Andromeda Partners Corporate Advisory	\$ 12,500 ²
Director Fees	\$ 116,783 ³

¹ SRG Advisory provides accounting support services with SRG Partners, in respect of whom George Rogers (who was an executive director of the Company until 30 June 2021 and was appointed non-executive director on 29 November 2021) is a director of SRG Partners.

² Andromeda Partners provided strategic corporate advice in relation to the IPO. John Hobson (who was a Non-Executive director up to 27 November 2021) is a Director of Andromeda Partners.

³ Directors fees include payments for Non-executive Director fees of \$56,783 and an amount paid to the outgoing Managing Director for services provided to the date of listing of \$60,000.

At 31 December 2021 no other payments to, or to an associate of, a related party of the entity that the Directors are aware of.

ACTUAL EXPENDITURE SINCE LISTING COMPARED TO "USE OF FUNDS" IN PROSPECTUS

Listing Rule 5.3.4 requires the Company to provide a comparison of actual expenditure to date since listing on 28 September 2021 against the use of funds statement in the Prospectus dated 2 July 2021.

Use of Funds ¹	Use of Funds Statement \$'000's	Actual spend 28 Sep to 31 Dec 2021 \$'000's
Exploration Expenditure	4,700	284
Future Acquisition Costs	1,000	-
Expenses of the Offers	798	1,004
Working Capital	2,055	759
Total	10,553	2,047

¹ The use of funds table is a statement of current intentions at the date of the Prospectus (2 July 2021). As with any budget intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

All costs spent to date are aligned with Koonenberry's expected use of funds as outlined in the Prospectus dated 2 July 2021. The exploration costs have been lower than planned as there were access issues to site due to COVID-19 border lockdowns.

CAPITAL STRUCTURE AT 31 DECEMBER 2021

Ordinary Fully Paid Shares	119,749,088
Unlisted Options	12,978,000 (various strike prices and expiry dates)
Performance Rights	5,850,000 (various performance hurdles and expiry dates)

Of the issued ordinary shares, 45,632,860 (38.1%) of them are restricted shares.

REFERENCES

1. Greenfield and Reid (2006). Orogenic gold in the Tibooburra area north of Broken Hill- an extension of the Victorian goldfields? (AESC2006, Broken Hill).
2. Willman et al 2010. Crustal-Scale Fluid Pathways and Source Rocks in the Victorian Gold Province, Australia: Insights from Deep Seismic Reflection Profiles (Society of Economic Geologists, Inc. Economic Geology, v. 105, pp. 895–915)

This ASX release was authorised by the Board of the Company.

-ENDS-

For more information please contact:

Karen O'Neill
Chief Executive Officer
+61 8 6245 9869
info@koonenberrygold.com.au

Heidi Cuthbert
Media Contact
+61 411 272 366
Heidi.cuthbert@multiplier.com.au

For further information regarding the Company and its projects please visit www.koonenberrygold.com.au

Competent Persons Statement

The information in this announcement that relates to exploration results is based on information compiled under the supervision of Mr Andrew Bennett, who is a Member of the Australasian Institute of Mining and Metallurgy and the Exploration Manager of Koonenberry Gold Limited. Mr Bennett has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves." Mr Bennett consents to the inclusion in this report of the matter based on his information in the form and context in which it appears.

Forward looking statements

This announcement may include forward looking statements and opinion. Forward looking statements are based on Koonenberry and its Management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect Koonenberry's business and operations in future. Koonenberry does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that Koonenberry's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by Koonenberry or Management or beyond Koonenberry's

control. Although Koonenberry attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of Koonenberry. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law in providing this information Koonenberry does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any changes in events, conditions or circumstances on which any such statement is based.



APPENDIX 1 – SUMMARY OF TENEMENTS

Licence Number	Location	Title Holder	Equity Interest at Quarter End	Change in Equity Interest during Quarter
EL6803	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL6854	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL7635	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL7651	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL8245	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL8705	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL8706	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL8819	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL8918	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL8919	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL8949	NSW	Lasseter Gold Pty Ltd	100%	N/A
EL8950	NSW	Lasseter Gold Pty Ltd	100%	N/A

Koonenberry's 100% owned subsidiary company, Lasseter Gold Pty Ltd, owns a 100% interest in twelve (12) granted tenements associated with the Koonenberry Gold Project.

