



Half Year Financial Report

for the period ended
31 December 2022

KOONENBERRY GOLD LIMITED

ABN 17 619 137 576

CONTENTS

Corporate Directory	2
Directors' Report.....	3
Auditors Independence Declaration.....	9
Interim consolidated statement of profit or loss and other comprehensive income.....	10
Interim consolidated statement of financial position	11
Interim consolidated statement of changes in equity.....	12
Interim consolidated statement of cash flows.....	13
Notes to the consolidated financial statements	14
Directors' Declaration.....	24
Independent Auditor's Report	25

CORPORATE DIRECTORY
DIRECTORS

Anthony McIntosh	Non-Executive Director
George Rogers	Non-Executive Director
Paul Harris	Non-Executive Director
Dan Power	Managing Director

BUSINESS ADDRESS

Suite 6, Level 1
72-78 Carrington Street
ADELAIDE SA 5000

COMPANY SECRETARY

Brett Tucker

T + 61 8 6245 9869
E info@koonenberrygold.com.au
W www.koonenberrygold.com.au

AUDITORS

Grant Thornton
Central Park
Level 43, 152-158 St George's Terrace
Perth WA 6000

SHARE REGISTRY

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney, NSW 2000
T +61 2 9698 5414
E hello@automic.com.au

AUSTRALIAN BUSINESS NUMBER

17 619 137 576

DIRECTORS' REPORT

The Directors present their report on the consolidated Company being Koonenberry Gold Limited ("Koonenberry" or the "Company") and its Controlled Entities for the half year ended 31 December 2022.

Director Details

The names of the Directors of the Company in office at any time during the period are:

- Mr. Anthony McIntosh (*Non-Executive Director*)(Appointed 30 June 2021)
- Mr. George Rogers (*Non-Executive Director*)(Appointed 28 November 2021)
- Mr. Paul Harris (*Chairman and Non-Executive Director*)(Appointed 22 August 2022)
- Mr. Dan Power (*Managing Director*)(Appointed 1 April 2022)

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

The office of company secretary is held by Mr. Brett Tucker.

Principal activities

The principal activities for the Company during the period was to further gold and mineral exploration activities at the Koonenberry Gold Project in New South Wales, Australia on tenements held by the Company with potential for mineralisation.

There have been no significant changes in the nature of these activities during the period.

Review of operations and financial results

The Koonenberry Gold Project

The Project covers an area of approximately 2,060 km² comprising a total of fifteen (15) Exploration Licences. The licences are held by the Company's 100% owned subsidiary, Lasseter Gold Pty Ltd. The Project is located in north-western NSW, 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 lies along the Koonenberry Fault and the region is considered prospective for large scale orogenic gold mineralisation. Early-stage exploration activities were undertaken during the period funded by privately raised capital.

During the half year ended 31 December 2022 the Company incurred a loss of (\$849,807) (30 June 2022: (\$1,650,550)). Expenditure on exploration activities amounted to \$1,332,548 (30 June 2022: \$797,820).

Exploration Summary

The Koonenberry Gold Project is considered prospective for orogenic gold systems analogous to those in the Victorian Goldfields. The prospectivity is based around a number of factors including similar turbiditic host sequences; similar orogenic events and timing; extensive auriferous quartz vein systems; and known placer and palaeoplacer mineralisation which has been exploited by artisanal miners. The presence of the Koonenberry Fault is believed to be vital in having provided the first-order fluid pathways extending from deep in the crust. Despite these positive geological attributes, very little previous gold exploration has been previously attempted.

Exploration on the Koonenberry Gold Project during the half year has focused on the drilling program at Lucky Sevens Prospect comprising 11 holes for 2,258 metres, with drilling intersecting quartz veins with zones up to 30 metres in width. The drill results did not explain the extensive surface gold anomaly at the Prospect.

Lucky Sevens Prospect

RC Drilling was completed at the Lucky Sevens Prospect during the half. The program objective was to test both the anomalous gold in soil geochemistry and the resistive geophysical features mapped beneath shallow cover. The Prospect is defined by a 4km long x 450m wide gold in soil geochemical anomaly (+5ppb, max 1,400ppb Au). The soil anomaly appears to have a sigmoidal shape which is reflected in vein development mapped at outcrop scale. The resistive features are interpreted as multiple stacked quartz reefs which extend to over 250m in depth, but for the most part do not outcrop at surface.

Historically, costean SBC0501 located at the northern “tail” returned 0.25m @20.67g/t Au, whilst RAB hole KYRB032 located at the southern “tail” returned 5.0m @25.1g/t Au from 0m. These intercepts demonstrate the high-grade potential of the mineralised structures (Figure 1).

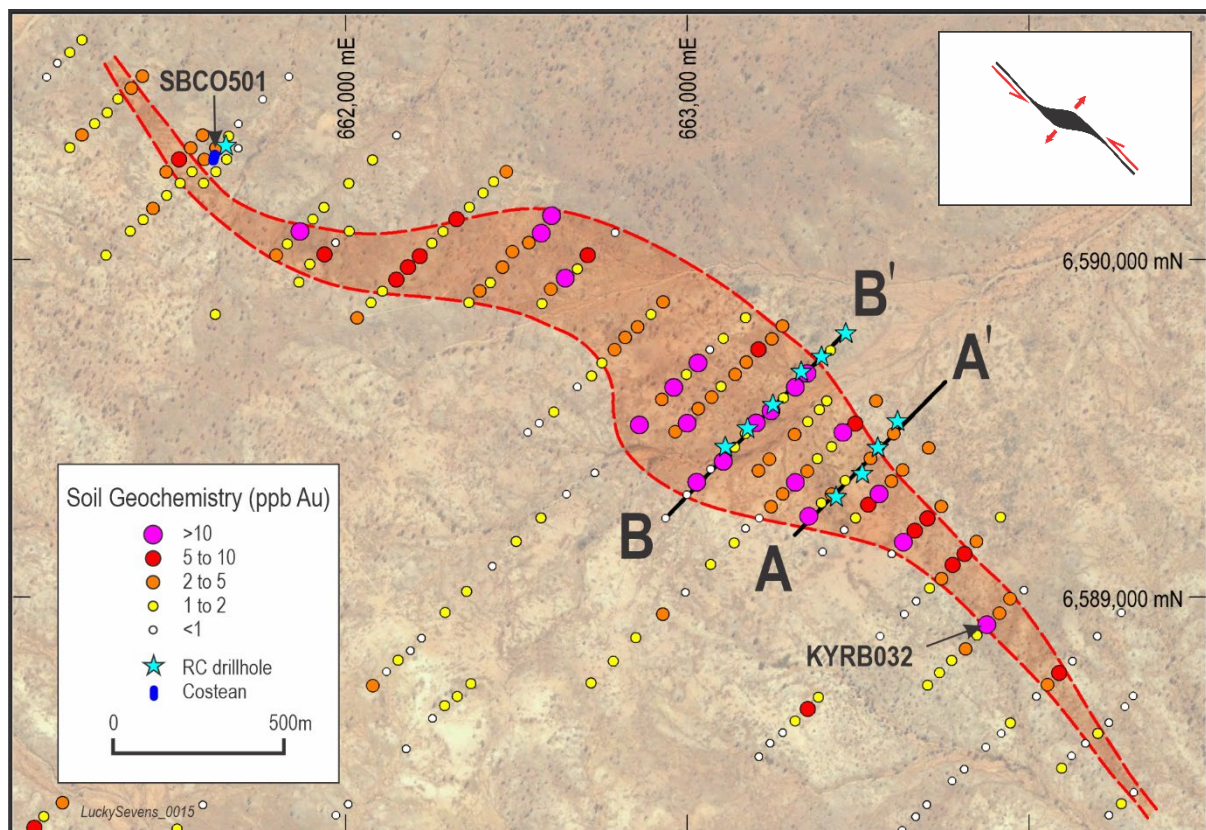


Figure 1. Plan view of the Lucky Sevens Prospect showing 4km x 450m gold in soil geochemical anomaly, drill hole locations and sections A-A' and B-B'. The “fat” or “eye” part of the soil anomaly is interpreted to coincide with a zone of maximum dilation and fluid flow and is being targeted with drilling for the first time. Historical costean SBC0501 returned 0.25m @ 20.67g/t Au and RAB hole KYRB032 returned 5.0m @25.1g/t Au from 0m at the northern and southern “tail” of the “eye” respectively.

Whilst drilling intersected stacked quartz veins with zones up to 30m in width over a +2km strike, only low tenor gold results were returned (peak 2m @ 0.13g/t Au). The drill results have not explained the extensive surface gold anomaly at Lucky Sevens. Structural complexity of the local geology, where any mineralised veins may be discontinuous (such as tension gash or boudinage style) could have been missed by the modest first-pass program. Alternatively, higher grade mineralisation could be focused elsewhere along the 4km of strike at Lucky Sevens.

Multielement data (Sb-As) is elevated in the quartz vein zones and reaffirms the exploration methodology and may provide vectors to mineralisation along strike. The multi-element data was also reviewed in cross section, with examples from line 1 shown in Figures 2 to 4. Whilst subtle in absolute concentrations, there is a clear positive correlation of Au, As and Sb with the observed and interpreted quartz veining, supporting the target methodology and pathfinder element exploration toolkit. This data also supports the interpreted dip of the veins representing areas of hydrothermal fluid flow. There is no evidence of a supergene gold blanket at the interface of the Upper-Lower Saprolite boundary in the regolith profiles and no apparent supergene depletion from leaching in the Upper Saprolite. These findings are important and will assist in future drilling program design and subsequent interpretation of results.

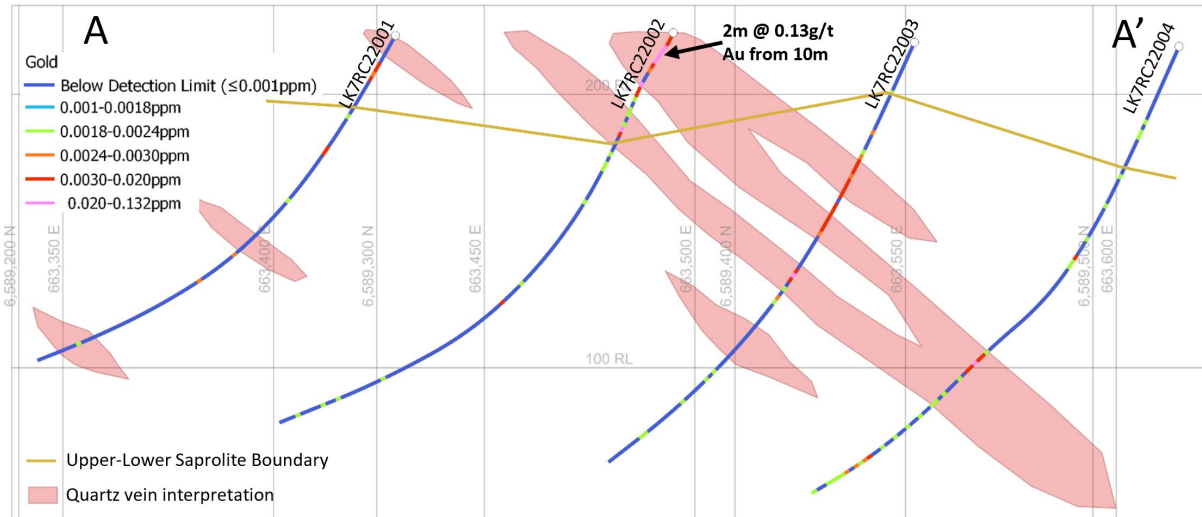


Figure 2 – Cross Section A-A' (line 1) showing down hole gold assays (ranges by standard deviations)

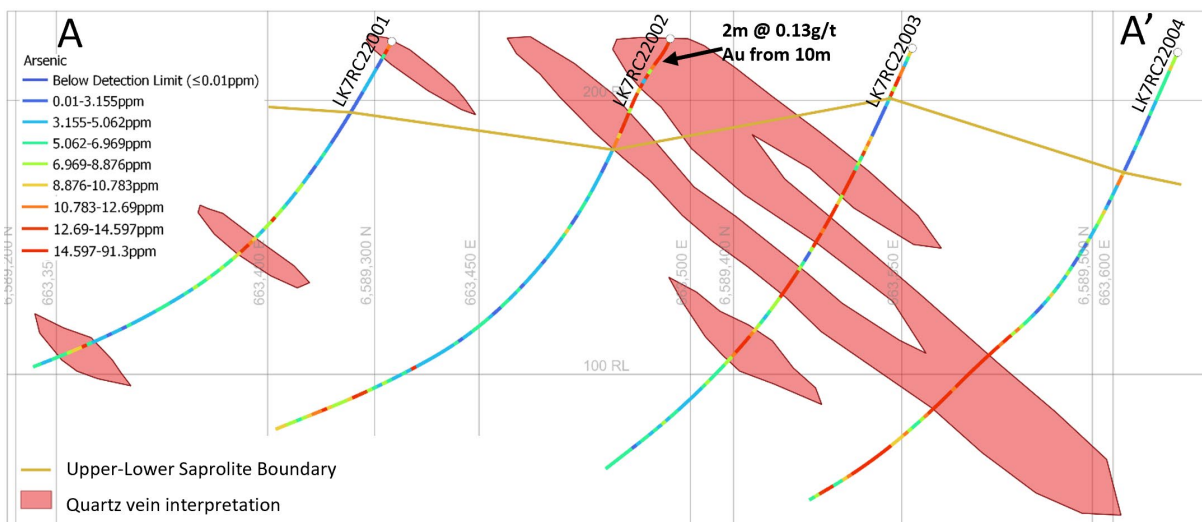


Figure 3 – Cross Section A-A' (line 1) showing down hole arsenic assays (ranges by standard deviations)

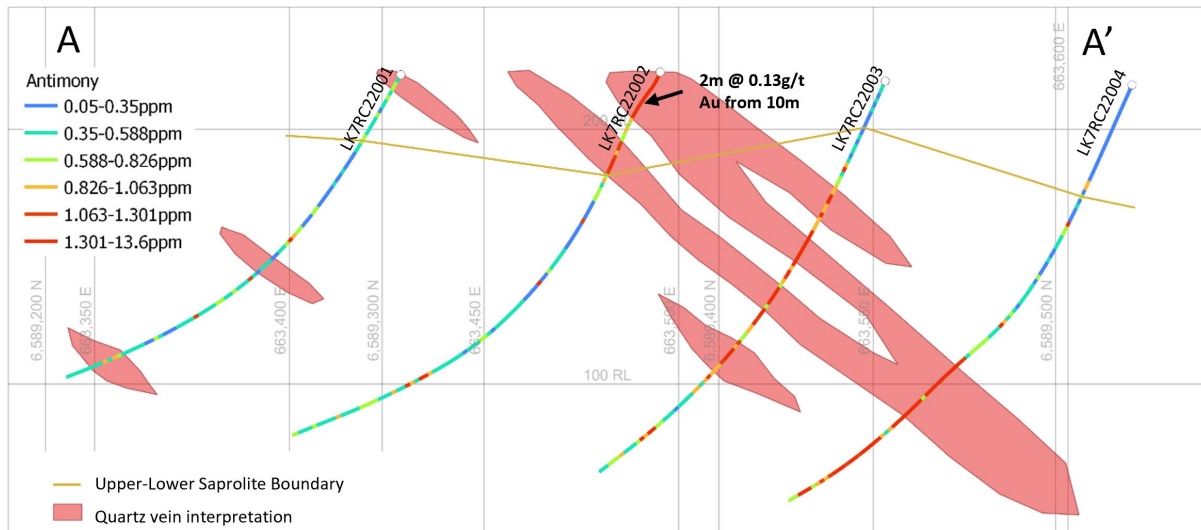


Figure 4 – Cross Section A-A' (line 1) showing down hole antimony assays (ranges by standard deviations)

The geology observed at Lucky Sevens is of a typical deep water turbidite sequence of mudstone, siltstone, matrix-supported, poorly-sorted wackes and clast-supported, better-sorted sandstone, which have been metamorphosed to lower greenschist facies. In all rock types, clastic grains are dominated by quartz accompanied by lesser feldspars, minor muscovite and trace Ti-mineral, graphite, biotite, tourmaline and zircon. The presence of graphitic clasts indicates these sediments were weakly carbonaceous and therefore reduced in redox character.

Quartz veins are generally observed on or near the contact between the grain-supported sandstone and matrix-supported wacke and/or fine-grained mudstone. In the absence of structural data (drill core) the quartz veins have been interpreted to have a moderate dip towards the east. They tend to have a milky-white colour and are filled and/or sealed by varied assemblages of quartz-chlorite, or fine-grained quartz-carbonate-graphite \pm sulphides (pyrite-chalcopyrite-sphalerite). Quartz veins were observed to have the highest abundance on section B – B', which is also coincident with the highest tenor gold in soil results.

Alteration consists of silica-sericite and chlorite which are observed to increase in intensity closer to the quartz vein zones. Sulphides are observed as very fine-grained disseminations of pyrite and rare pyrrhotite which also generally increase in abundance closer to the quartz veins. Chalcopyrite and sphalerite have been observed petrographically as described above.

The Base of Complete Oxidation (BOCO), Base of Partial Oxidation (BOPO) and Base of Fracture Oxidation (BOFO) are observed to increase slightly in the centre of the A – A' and B – B' sections, which is indicative of increased weathering along a structure/s and oxidation of sulphides. Given the proximity of the quartz veining and coincidence of alteration and sulphide mineralisation, this structure/s is likely to have been a conduit for hydrothermal fluids.

Multi element Geochemical Data

The Company reported that it had submitted historical residual soil pulps for multielement geochemical analysis. These samples covered high priority target areas at Lucky Sevens, Lasseters, Atlantis, Vegas, Four Queens, Crystal Palace, Goodfellows and large parts of the Belagio, Longhorn, Monte Carlo and Marina Bay Prospects.

Within the Koonenberry Project, soil sampling has defined a number of highly anomalous gold trends that define the Lucky Sevens, Atlantis, Four Queens, Vegas, Belagio and Longhorn Prospects and to a lesser extent the Crystal Palace and Goodfellows Prospects.

Globally, orogenic gold deposits are known to have distinct geochemical fingerprints, with mineral systems containing gold as well as varying amounts of sulphides typically in the form of pyrite (FeS_2) and arsenopyrite (FeAsS) and sometimes stibnite (Sb_2S_3), chalcopyrite (CuFeS_2), galena (PbS) and sphalerite (ZnS). Arsenic (from arsenopyrite and/or arsenian pyrite) and antimony (from stibnite) are commonly observed as pathfinder elements within orogenic gold mineral systems and this is true of those in the Victorian goldfields setting (eg. Ballarat Au-As, Bendigo Au-Sb-As, Fosterville Au-Sb-As and Stawell Au-Sb-As \pm Cu-Pb-Zn) (see Figure 5 below).

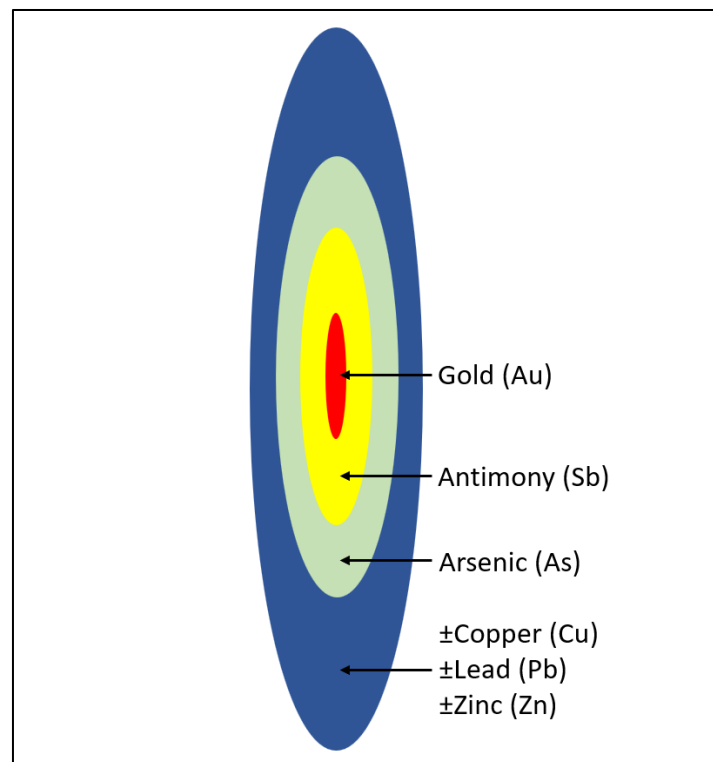


Figure 5. Schematic distribution of pathfinder elements (Sb-As \pm Cu-Pb-Zn) associated with gold mineralisation in orogenic gold deposits in Western/Central Victoria.

Analysis of multielement data at the Koonenberry Project has identified a strong correlation between gold and these important pathfinder elements, particularly Sb-As. Depending on the individual Prospect, a pathfinder element association of Sb-As \pm Cu-Mo-(Pb-Zn) can be observed. Going forward, applying this knowledge along with geological factors such as alteration, structure, lithology etc will help with the understanding of where we may be exploring within the mineral system and therefore assist with drill targeting.

Forward Program

The Company plans to complete a substantial Aircore program at a number of Prospect areas during the second half of the financial year subject to regulatory approvals. Planning for Aircore drilling at the Atlantis, Four Queens and Vegas Prospects is advanced and a number of other target areas are undergoing design for first pass drilling.

Campaign rock chip programs will be implemented along with more soil sampling surveys in locations warranted that have limited or no historical soil data. This work will aim to advance known anomalous Prospects to drill ready status. In addition, there are a significant number of areas that have not had first-pass reconnaissance exploration, including rock chip sampling and assaying. These areas will also be targeted.

Geophysical surveys are also planned (with potential follow up AC drilling) to test effectiveness for targeting underneath the Mesozoic cover and potentially at Atlantis to test for a conductive/resistive response associated with known alteration and mineralisation at surface.

At the Belagio and Longhorn Prospects, soil sample pulps will be submitted for multi-element analysis. It is expected that further multi-element soil data will help to define drill targets in these Prospect areas.

Significant changes in the state of affairs

On 22 August 2022, Paul Harris was appointed as Chairman and Non-Executive Director of the Company.

There have otherwise been no other significant changes in the state of affairs of the Company during the period.

Dividends

No dividends were paid or declared during the period (30 June 2022: Nil).

Events arising since the end of the reporting period

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Auditors Independence Declaration

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors report.

Signed in accordance with a resolution of the Directors pursuant to section 298(2)(a) of the Corporations Act 2001.



Dan Power
Managing Director

Dated at this 15th day of March 2023

Grant Thornton Audit Pty Ltd

Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000
PO Box 7757
Cloisters Square
Perth WA 6850
T +61 8 9480 2000

Auditor's Independence Declaration

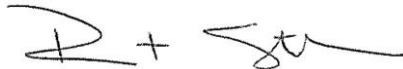
To the Directors of Koonenberry Gold Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Koonenberry Gold Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 15 March 2023

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Interest income		24,459	4,977
Legal expenses		(14,045)	(122,681)
Exploration costs		(147,894)	(29,663)
Loss on disposal of property, plant and equipment		(44,796)	(2,372)
Share based payments	8	(91,538)	(41,654)
Interest expense		(2,824)	(65,569)
Other expenses	3	(573,169)	(664,212)
Loss before income tax expense		(849,807)	(921,174)
Income tax expense		-	-
Loss for the year		(849,807)	(921,174)
Other comprehensive income (net of tax)		-	-
Total comprehensive income for the year attributable to the members of the parent entity		(849,807)	(921,174)
Earnings per share			
Basic earnings per share (cents)		(0.7)	(1.0)

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended 31 December 2022

	Note	31 Dec 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents	4	2,877,119	4,988,384
Trade and other receivables		113,065	51,136
Other current assets	5	97,177	267,917
TOTAL CURRENT ASSETS		3,087,361	5,307,437
NON-CURRENT ASSETS			
Property, plant and equipment		431,345	512,110
Exploration and evaluation assets	6	5,775,460	4,442,912
Right-of-use asset	7	125,825	-
Other non-current assets		183,000	153,000
TOTAL NON-CURRENT ASSETS		6,515,630	5,108,022
TOTAL ASSETS		9,602,991	10,415,459
CURRENT LIABILITIES			
Trade and other payables		100,290	274,971
Lease liability	7	45,133	-
Employee Entitlements		13,175	12,293
TOTAL CURRENT LAIBILITIES		158,598	287,264
NON-CURRENT LIABILITIES			
Lease liability		74,310	-
Employee Entitlements		343	186
TOTAL NON-CURRENT LIABILITIES		74,653	186
TOTAL LIABILITIES		233,251	287,450
NET ASSETS		9,369,740	10,128,009
EQUITY			
Issued capital	8	13,295,958	13,295,958
Share based payment reserve	9	202,303	110,765
Accumulated losses		(4,128,521)	(3,278,714)
TOTAL EQUITY		9,369,740	10,128,009

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2022

	Note	Issued Capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2022		13,295,958	110,765	(3,278,714)	10,128,009
Loss for the period		-	-	(849,807)	(849,807)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(849,807)	(849,807)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
Issue of shares, options & performance rights		-	91,538	-	91,538
		-	91,538	-	-
Balance at 31 December 2022		13,295,958	202,303	(4,128,521)	9,369,740
Balance at 1 July 2021		3,505,348	4,035	(1,628,164)	1,881,219
Loss for the period		-	-	(921,174)	(921,174)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(921,174)	(921,174)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
Issue of shares	8	9,790,610	-	-	9,790,610
Issue of performance rights	9	-	41,654	-	41,654
		9,790,610	41,654	-	9,832,264
Balance at 31 December 2021		13,295,958	45,689	(2,549,338)	10,792,309

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Cash flows from operating activities			
Government subsidy received		-	2,165
Receipts from other debtors		-	670
Payments to suppliers and employees		(831,961)	(1,710,292)
Interest received		27,802	(9,727)
Interest paid		(2,824)	15,731
Net cash used in operating activities		(806,983)	(1,701,453)
Cash flows from investing activities			
Payments for property, plant and equipment		(5,538)	(95,931)
Payment for exploration activities		(1,478,524)	(797,280)
Payment for tenement bonds		-	-
Refund of tenement bond deposit		-	10,000
Loans to external parties		200,000	(200,000)
Net cash used in investing activities		(1,284,062)	(1,083,211)
Cash flows from financing activities			
Proceeds from issue of shares		-	8,000,000
Payment of transaction costs		-	(833,233)
Payment of lease liabilities		(20,220)	-
Net cash provided by financing activities		(20,220)	7,166,767
Net increase/(decrease) in cash and cash equivalents		(2,111,265)	4,382,103
Cash at the beginning of the period		4,988,384	606,281
Cash at the end of the period		2,877,119	4,988,384

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Koonenberry Gold Pty Ltd and its controlled entities (the Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the financial year ended 30 June 2022, together with any public announcements made during the half year.

Significant Accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2022 unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

There are no other new standards, amendments or interpretations that are issued and not yet effective which will have a material impact on the Company in future years. None have been adopted early by the Company.

Going concern

The Company's financial statements are prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the period ended 31 December 2022 the Company recognised a loss of \$849,807 (31 December 2021: \$921,174), had net cash outflows from operating and investing activities of \$2,091,045 (31 December 2021: \$2,784,664), and had accumulated losses of \$4,128,521 (30 June 2022: \$3,278,714).

The ability of the Company to continue as a going concern and pay debts as and when they fall due is dependent of the following:

- the ability to raise additional funding either through debt or equity to meet its planned exploration programme; and
- managing all costs in line with management's forecasts.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

Management have prepared a cash flow forecast which indicates that the Company will require additional capital to meet the exploration plan proposed for the 12 months from the date of this report.

Based on the cashflow forecasts and other factors referred to above, the Directors are confident of the Company's ability to raise additional funds as and when they are required.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

NOTE 2: OPERATING SEGMENTS

The Board has considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Managing Director) in allocating resources and have concluded, due to the Company being solely focused on exploration activity, at this time that there are no separately identifiable segments. As such there is one segment being the consolidated Company.

NOTE 3: EXPENSES

	31 December 2022	31 December 2021
	\$	\$
(a) Other expenses		
Audit and accounting fees	23,190	25,324
Consultants	101,010	140,928
Directors' fees	109,933	107,617
Employment costs	217,955	176,537
Insurance	19,310	20,794
Listing fees	23,372	107,811
Other expenses	78,399	85,201
Total other expenses	573,169	664,212

NOTE 4: CASH AND CASH EQUIVALENTS

	31 December 2022	30 June 2022
	\$	\$
Cash and cash equivalents		
Cash at bank and on hand	2,877,119	4,988,384
	2,877,119	4,988,384

Cash at bank during the period comprises the sum of \$2 million which was earning interest on term deposit rates.

NOTE 5: OTHER CURRENT ASSETS

	31 December	30 June
	2022	2022
	\$	\$
Prepayments	97,177	67,917
Loans to shareholders	-	200,000
	<u>97,177</u>	<u>267,917</u>

During the period, the Company successfully recovered the \$200,000 loan payable by a shareholder. The repayment also included an interest component of \$24,294 for defaulting on the terms of the loan agreement.

NOTE 6: EXPLORATION AND EVALUATION ASSETS

	31 December	30 June
	2022	2022
	\$	\$
Exploration, evaluation and development costs carried forward in respect of mining areas of interest		
Exploration and evaluation phase	5,775,460	4,442,912
	<u>5,775,460</u>	<u>4,442,912</u>

Capitalised tenement expenditure movement reconciliation

	Total
31 December 2022	\$
Balance at beginning of period	4,442,912
Additions through expenditure capitalised	<u>1,332,548</u>
Balance at end of period	<u>5,775,460</u>
	Total
30 June 2022	\$
Balance at beginning of year	3,645,632
Additions through expenditure capitalised	<u>797,280</u>
Balance at end of year	<u>4,442,912</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

NOTE 7: RIGHT OF USE (ROU) ASSET

The Company entered into a Lease Agreement with McGees Property on 15 August 2022 for the rental of its registered office at Suite 6, 72-78 Carrington Street Adelaide. The lease term is three (3) years with two (2) years rights of renewal. The base rental will be at an initial rate of \$44,950 per annum payable monthly.

In accordance with AASB 16, the lease is recognised as a ROU asset and lease liability. The relevant journals adopting a discount rate of 5.2% (Reserve Bank of Australia cash rate at inception) are as follows:

Right of use asset*Carrying value*

	Premises
	\$
Cost	146,119
Accumulated Depreciation	(20,294)
	<u>125,825</u>

Reconciliation

	Premises
	\$
Opening balance	-
Additions	146,119
Depreciation	(20,294)
Closing balance	<u>125,825</u>

Lease liability*Fair value*

	Premises
	\$
Current liabilities	45,133
Non-current liabilities	74,310
	<u>119,443</u>

Reconciliation

	Premises
	\$
Opening balance	139,663
Principal repayments	(20,220)
Closing balance	<u>119,443</u>

NOTE 8: ISSUED CAPITAL

	31 December 2022	30 June 2022
	\$	\$
119,749,088 fully paid ordinary shares (2021: 60,014,000)	13,295,958	13,295,958

	31 December 2022		30 June 2022	
	Number	\$	Number	\$
Balance at beginning of financial year	119,749,088	13,295,958	60,014,000	3,505,348
Issue of shares (i)	-	-	41,592,420	8,318,484
Conversion of convertible notes to ordinary shares	-	-	18,142,668	2,667,541
Share issue costs	-	-	-	(1,195,415)
Balance at end of financial year	119,749,088	13,295,958	119,749,088	13,295,958

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

NOTE 9: SHARE BASED PAYMENTS

	31 December 2022	30 June 2022
	\$	\$
Share based payments reserve	202,304	110,765
	<u>202,303</u>	<u>110,765</u>
	31 December 2022	30 June 2022
	\$	\$
Reserve at beginning of period	110,765	4,035
Granting of share options to K. O’Neill	-	812
Forfeiture of share options	-	(4,848)
Granting of performance rights to J Elkington	-	57,112
Granting of performance rights to J Hobson	-	45,690
Granting of performance rights to A McIntosh	45,073	90,145
Granting of performance rights to D Power	41,242	20,621
Granting of performance rights P Harris	3,001	-
Granting of performance rights B Rava	2,222	-
Forfeiture of performance rights	-	(102,802)
Reserve at end of period	<u>202,303</u>	<u>110,765</u>

Employee Equity Incentive Plan

Under the Employee Equity Incentive Plan (EIP) performance rights, options or shares may be granted to Employee by the Board upon satisfaction of vesting conditions. The rights, options or shares may be granted to employees of the Company based on length of service, contribution to the company or as determined by the Board. The fair value in respect of a share, option or performance right and the exercise price is determined at grant date using an appropriate valuation methodology.

Options or performance rights will vest and become exercisable upon satisfaction of any vesting conditions specified in the employees offer, the first exercise date have occurred and the options or rights are exercisable in accordance with the offer terms.

Where an employee ceases employment with the company unvested shares, options and performance rights will be forfeited. Any vested options or performance rights that have not been exercised may remain exercisable at the Boards discretion until the last exercise date.

All shares issued under the EIP will rank equally with existing shares on and from their date of issue.

Performance Rights – Anthony McIntosh

On 22 September 2021, prior to the Company's admission to the Australian Stock Exchange the Company issued 5,850,000 performance rights to the Directors appointed on 30 June 2021 under the Listing Plan (Performance Rights). Each Performance Right entitles the holder to receive one Share, subject to the satisfaction of prescribed performance and time based vesting conditions.

The following is a summary of the performance rights which remain in effect for the period:

	Tranche 1	Tranche 2	Tranche 3	Total
Vesting Date	24 months post-Admission	36 months post-Admission	48 months post-Admission	
Performance Hurdle	The Company achieving a VWAP over any 20 consecutive trading days prior to the Vesting Date of \$0.40 per share or higher	The Company achieving a VWAP over any 20 consecutive trading days prior to the Vesting Date of \$0.60 per share or higher	The Company achieving a VWAP over any 20 consecutive trading days prior to the Vesting Date of \$0.80 per share or higher	
A. McIntosh	600,000	600,000	600,000	1,800,000
Total	600,000	600,000	600,000	1,800,000

Fair Value Assumptions

The fair value of the 3 tranches has been established using the Monte Carlo method based on the following inputs. The fair value will be recognised over the vesting period, in accordance with Australian Accounting Standards.

Assumption	Tranche 1	Tranche 2	Tranche 3
Grant Date	30 June 2021	30 June 2021	30 June 2021
Expiry Date			
Assumed Vesting Date	30 June 2023	30 June 2024	30 June 2025
Share Price (\$)	0.19	0.19	0.19
Exercise Price (\$)	-	-	-
VWAP Hurdle (\$)	0.40	0.60	0.80
Volatility (%)	100	100	100
Risk Free Rate (%)	0.03	0.09	0.09
Dividend Yield (\$)	-	-	-
Fair Value per right (\$)	0.1386	0.1361	0.1423

Performance Rights – Executive Director

On commencement of employment with the Company the Managing Director, Mr D. Power was granted 1,200,000 performance rights as set out in the table below. Each performance right entitles the holder to receive one Share, subject to the satisfaction of prescribed performance and time-based vesting conditions.

Vesting of the Managing Director’s performance rights is conditional on remaining employed by the Company as at the applicable vesting date.

All performance rights are unvested and have been progressively vesting over the 2 year period following grant date, subject to achievement of the performance hurdles.

The following is a summary of the performance rights which remain in effect for the period:

Holder	Grant Date	Number	FV at Grant Date
D. Power – Tranche 1	5 April 2022	600,000	58,200
D. Power – Tranche 2	5 April 2022	600,000	48,567
Total		1,200,000	106,767

Fair Value Assumptions

The fair value of tranche one has been established using the Black Scholes method as no performance condition exists. The fair value of the second tranche has been established using the Monte Carlo method. Inputs for the two methods are outlined below. The fair value will be recognised over the vesting period, in accordance with Australian Accounting Standards.

Assumption	Tranche 1	Tranche 2
Grant Date	5 April 2022	5 April 2022
Assumed Vesting Date	5 April 2023	5 April 2024
Share Price (\$)	0.097	0.097
Exercise Price (\$)	-	-
VWAP Hurdle (\$)	n/a	0.15
Volatility (%)	100	100
Risk Free Rate (%)	1.8112	1.8112
Dividend Yield (\$)	-	-
Fair Value per right (\$)	0.0970	0.0809

Performance Rights – Paul Harris

On 8 December 2022, Performance Rights were set for Paul Harris, who was appointed as Chairman and Non-Executive Director during the period. Each Performance Right entitles the holder to receive one Share, subject to the satisfaction of prescribed performance and time based vesting conditions.

The following is a summary of the performance rights which remain in effect for the Period:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Vesting Date	60 months post-Admission	60 months post-Admission	60 months post-Admission	60 months post-Admission
Performance Hurdle	The Company achieving a VWAP over any 20 consecutive trading days prior to the Vesting Date of \$0.10 per share or higher	The Company achieving a VWAP over any 20 consecutive trading days prior to the Vesting Date of \$0.18 per share or higher	The Company achieving a VWAP over any 20 consecutive trading days prior to the Vesting Date of \$0.36 per share or higher	The Company achieving a VWAP over any 20 consecutive trading days prior to the Vesting Date of \$0.54 per share or higher
P.Harris	750,000	750,000	750,000	750,000
FV at Grant Date	61,134	53,866	41,944	23,093

Fair Value Assumptions

The fair value of the 4 tranches has been established using the Monte Carlo method based on the following inputs. The fair value will be recognised over the vesting period, in accordance with Australian Accounting Standards.

Assumption	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant Date	30-Nov-22	30-Nov-22	30-Nov-22	30-Nov-22
Expiry Date	8-Dec-27	8-Dec-27	8-Dec-27	8-Dec-27
Assumed Vesting Date	30-Nov-26	30-Nov-26	30-Nov-26	30-Nov-26
Share Price (\$)	0.085	0.085	0.085	0.085
Exercise Price (\$)	-	-	-	-
VWAP Hurdle (\$)	0.10	0.18	0.36	0.54
Volatility (%)	72.33	72.33	72.33	72.33
Risk Free Rate (%)	3.223	3.223	3.223	3.223
Dividend Yield (\$)	-	-	-	-
Fair Value per right (\$)	0.0815	0.0718	0.0559	0.0308

Performance Rights – Brett Rava

On 8 July 2022, Performance Rights were set for employee Brett Rava. Mr Rava subsequently resigned and was engaged as a consultant to the Company under a service agreement entered on 15 September 2022. Mr Rava was determined to be a good leaver and the Performance Rights remain.

The following is a summary of the performance rights which remain in effect for the Period:

Holder	Grant Date	Number	FV at Grant Date
B.Rava – Tranche A	8 July 2022	200,000	16,000
Total		200,000	16,000

Fair Value Assumptions

The fair value of the Performance Rights has been established using the Black Scholes method as no performance condition exists. The fair value will be recognised over the vesting period, in accordance with Australian Accounting Standards.

Assumption	Tranche A Performance Rights
Grant Date	8 July 2022
Expiry Date	2 August 2025
Assumed Vesting Date	8 July 2023
Share Price (\$)	0.08
Exercise Price (\$)	-
VWAP Hurdle (\$)	n/a
Volatility (%)	76.36
Risk Free Rate (%)	2.951
Dividend Yield (\$)	-
Fair Value per right (\$)	0.08

NOTE 10: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 11: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date (30 June 2022 (\$nil)).

DIRECTORS' DECLARATION

The directors declare that:

- (a) In the directors' opinion that attached interim financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
 - ii Comply with Australian Accounting Standards, the Corporations Act 2001, professional reporting requirements and other mandatory requirements;
- (b) There are reasonable grounds to believe that Koonenberry Gold Ltd will be able to pay its debts as and when they become due and payable.

The interim financial statements and notes also comply with International Financial Reporting Standards issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5)(a) of the Corporations Act 2001.



Dan Power

Managing Director

Dated at this 15th day of March 2023

Independent Auditor's Review Report

To the Members of Koonenberry Gold Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Koonenberry Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Koonenberry Gold Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$849,807 and had net cash outflows from operating and investing activities of \$2,091,045 during the half year ended 31 December 2022. As stated in Note 1 these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

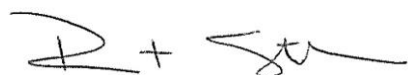
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on other legal and regulatory requirements

Form and content of this section of the auditor's review report will vary depending on the nature of the auditor's other reporting responsibilities.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 15 March 2023



KOONENBERRYGOLD

Suite 6, Level 1
72-78 Carrington Street
Adelaide
SA 5000

Phone: +61 8 6245 9869
Email: info@koonenberrygold.com.au

koonenberrygold.com.au