



Koonenberry Gold Pty Ltd

ABN 17 619 137 576

Annual Financial Report for the year ended 30 June 2020

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DIRECTORS' REPORT

The Directors present their report on the consolidated Group for the financial year ended 30 June 2020.

Director Details

The names of the Directors of the Company in office at any time during, or since the end of, the year are:

- Mr. George Rogers (*Managing Director*)(Appointed 15 May 2017)
- Mr. Neil Dunn (*Non-Executive Director*)(Appointed 22 July 2019)
- Mr. Kieran Purcell (*Non-Executive Director*)(Appointed 22 July 2019)
- Mr. Dimitris Parhas (*Non-Executive Director*)(Appointed 15 May 2017)(Resigned 28 January 2020)

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

Principal activities

The principal activities for the Group during the financial year was to further gold and mineral exploration activities in the Koonenberry Belt in New South Wales, Australia based on tenements held by the Group with potential for mineralisation.

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

Review of operations and financial results

A review of the operations of the Group during the financial year found that the Company continued to engage in its principal activity.

The loss of the Group after providing for income tax amounted to \$247,108 (30 June 2019: \$213,375).

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases globally. To date the impact on our business and results has been minimal, with site travel requirements managed through border travel exemptions. We will continue to follow the government's policies and advice, and in parallel, we will do our utmost to ensure our operations continue in a safe and practical manner.

Significant changes in the state of affairs

During the year the company undertook capital raising activities raising equity of \$1.02m and issuing 391 shares. The company raised a further \$700,000 of proceeds through the issue of convertible notes.

There have been no other significant changes in the state of affairs of the Group during the year.

Dividends

No dividends were paid or declared during the year ended 30 June 2020 (30 June 2019: Nil).

Events arising since the end of the reporting period

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases globally. To date the impact on our business and results has been minimal, with site travel requirements managed through border travel exemptions. We will continue to follow the government's policies and advice, and in parallel, we will do our utmost to ensure our operations continue in a safe and practical manner.

Karen O'Neill was appointed as Chief Executive Officer (CEO) effective 1 February 2021. On signing of employment Karen O'Neill was issued 250,000 options at an exercise price of \$0.40 with a 2 year vesting period.

Convertible notes totalling \$1,000,000 were issued post balance date. Notes issued include \$125,000 on 2 July 2020, \$299,815 on 11 November 2020, \$275,000 on 23 February 2021, and \$300,000 on 20 April 2021, resulting in total funds raised from convertible notes of \$1,700,000. Applications for a further \$283,000 have been received with proceeds expected to be received in May 2021.

Subsequent to year end Koonenberry has embarked on an initial public offering, which is expected to be completed by the end of Quarter Four FY2021.

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.

Likely Developments

The Group will continue to further exploration activities in the Koonenberry Belt in New South Wales, Australia. In addition, the Group will look to actively seek further capital to increase minerals exploration activities, including the pursuit of a listing on the Australian Securities Exchange (ASX).

There are no other likely developments in the coming year which will significantly impact the operations or results of the Group.

Unissued shares under option

In November 2019, 598 options were issued to subscribing shareholders from the May 2019 share issue. The options were issued for nil consideration as they were a stapled security of the Initial Share Subscription Agreement dated May 2019. A further 90 options were allotted on 28 June 2020. All options are free attaching and have an exercise price of \$4,320 and an expiry date 3 years from the date of their subscription agreements.

On signing of Karen O'Neill as CEO in February 2021, 250,000 options were issued to her with a 2 year vesting period and an exercise price of \$0.40.

Environmental legislation

During the course of mineral exploration activities, the Group is aware of its responsibility to impact as little as possible on the environment and, where there is any disturbance or environmental impact, to rehabilitate sites.

During the year and since the end of the financial year, the majority of mineral exploration activities have been carried in New South Wales. The Group has followed procedures and pursued objectives in line with applicable guidelines issued by the Commonwealth or of a state or territory of Australia. These guidelines include guidance in relation to the impact on owners, land users, heritage, health and safety and appropriate restoration/rehabilitation practices.

The Group has adhered to regulatory guidelines, and any local conditions applicable, both in New South Wales and elsewhere. The Group has not been found to have been in breach of any Commonwealth or State/Territory environmental rules or regulations during the period.

Indemnities given to, and insurance premiums paid for, auditors and officers

Insurance of officers

No insurance policy was in existence to insure the Group's Officers or Directors during the year.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Indemnity of auditors

The Group has agreed to indemnify its auditors, to the extent permitted by law, against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Company to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink that reads "GWRogers". The signature is written in a cursive style, with the first letters of each word being capitalized and prominent.

George Rogers

Managing Director

Dated at this 10 May 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	30 June 2020	30 June 2019
		\$	\$
Other income		-	356
Other income – cashflow boost		38,220	-
Legal expenses		(56,365)	(44,987)
Exploration costs	4	(53,875)	(146,271)
Loss on disposal of property, plant and equipment		(19,251)	-
Share based payments	22	(83,700)	-
Other expenses	4	(72,137)	(22,473)
Loss before income tax expense		(247,108)	(213,375)
Income tax expense	5	-	-
Loss for the year		(247,108)	(213,375)
Other comprehensive income (net of tax)		-	-
Total comprehensive income for the year attributable to the members of the parent entity		(247,108)	(213,375)
Earnings per share			
Basic earnings per share (cents)	6	(85.73)	(81.53)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents	7	707,635	6,891
Other current assets	8	7,170	-
TOTAL CURRENT ASSETS		714,805	6,891
NON-CURRENT ASSETS			
Property, plant and equipment	9	602,630	579,130
Exploration and evaluation assets	10	2,739,488	1,938,257
Other non-current assets	11	163,000	123,000
TOTAL NON-CURRENT ASSETS		3,505,118	2,640,387
TOTAL ASSETS		4,219,923	2,647,278
CURRENT LIABILITIES			
Trade and other payables	12	617,329	289,763
Funds received in advance	13	-	200,000
Provisions	14	24,193	21,123
TOTAL CURRENT LAIBILITIES		641,522	510,886
NON-CURRENT LIABILITIES			
Provisions	14	1,603	488
Convertible notes	15	667,756	-
TOTAL NON-CURRENT LIABILITIES		669,359	488
TOTAL LIABILITIES		1,310,881	511,374
NET ASSETS		2,909,042	2,135,904
EQUITY			
Issued capital	16	3,505,348	2,485,102
Accumulated losses		(596,306)	(349,198)
TOTAL EQUITY/(DEFICIENCY)		2,909,042	2,135,904

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 30 June 2018		1,157,590	(135,823)	1,021,767
Loss for the year		-	(213,375)	(213,375)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(213,375)	(213,375)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>				
Issue of shares	16	1,327,512	-	1,327,512
		1,327,512	-	1,327,512
Balance at 30 June 2019		2,485,102	(349,198)	2,135,904
Balance at 30 June 2019		2,485,102	(349,198)	2,135,904
Loss for the year		-	(247,108)	(247,108)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(247,108)	(247,108)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>				
Issue of shares	16	752,940	-	752,940
Share based payments issue	22	267,306		267,306
		1,020,246	-	1,020,246
Balance at 30 June 2020		3,505,348	(596,306)	2,909,042

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
Cash flows from operating activities			
Government subsidy received		38,221	-
Payments to suppliers and employees		(52,351)	(38,444)
Net cash used in operating activities		(14,130)	(38,444)
Cash flows from investing activities			
Payments for property, plant and equipment		(56,330)	(108,744)
Payment for exploration activities		(564,739)	(1,288,405)
Net cash used in investing activities		(621,069)	(1,397,149)
Cash flows from financing activities			
Proceeds from issue of shares through share purchase plan and share placement, net of transaction costs		635,943	1,188,178
Proceeds from the issue of convertible notes		700,000	-
Advances (to)/from Directors		-	33,103
Net cash provided by financing activities		1,335,943	1,221,281
Net increase/(decrease) in cash and cash equivalents		700,744	(214,312)
Cash at the beginning of the year		6,891	221,203
Cash at the end of the year	7	707,635	6,891

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 1: GENERAL INFORMATION, BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial report includes the financial statements and notes of Koonenberry Gold Pty Ltd (the 'Company') and its Controlled Entities (collectively known as the 'Group').

Koonenberry Gold Pty Ltd is the Group's Ultimate Parent Company. Koonenberry Gold Pty Ltd is a private Company incorporated and domiciled in Australia. The address of its registered office is 182 Victoria Square, ADELAIDE, SA, 5000 and its principal place of business is 167-175 Flinders Street, ADELAIDE, SA, 5000.

The Company has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The Company is a for-profit entity for the purpose of preparing the financial statements.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

The financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 19 April 2021.

Summary of accounting policies

(a) Principle of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Koonenberry Gold Pty Ltd at the end of the reporting period. The parent entity controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 18 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income.

Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- (a) a legally enforceable right of set-off exists; and
- (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

The parent entity and its Australian wholly-owned entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax consolidation group for the purposes of the tax consolidation system is Koonenberry Gold Pty Ltd.

Koonenberry Gold Pty Ltd and each of its own wholly-owned subsidiaries recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Koonenberry Gold Pty Ltd recognises the entire tax-consolidated group's retained tax losses.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line and diminishing value basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful life for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Computer equipment	3 – 5 years
Plant and equipment	1 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(d) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered 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 year 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 capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are 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 local laws and regulations and clauses of the 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 year of abandoning the site.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(f) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

(g) Employee benefits*Short-term employee benefits*

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(h) Share based payments

Share based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted at grant date.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provision for restoration and rehabilitation

No provisions for restoration and rehabilitation have been made at this stage, as there are no obligations to do so and the Group is currently in the exploration stage and have yet to start mining.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 6 months or less, and bank overdrafts.

Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(k) Revenue and Other Income

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(l) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30-90 days of recognition of the liability.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(n) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(o) Earnings per share*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit/loss attributable to the Owners of the Company, excluding any servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into accounting the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Going concern

The Group'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 year ended 30 June 2020 the group recognised a loss of \$247,108 (2019: \$213,375), had net cash outflows from operating and investing activities of \$635,199 (2019: \$1,435,593), and had accumulated losses of \$596,306 (2019: \$349,198) as at 30 June 2020. The continuation of the group as a going concern is dependent upon its ability to generate sufficient net cash inflows from operating and financing activities and manage the level of exploration and other expenditure within available cash resources.

The Directors consider that the going concern basis of accounting is appropriate, as the company has the following options:

- The ability to issue share capital by a share purchase plan, share placement or rights issue;
- The option of farming out all or part of its assets;
- The option of selling interests in the Group's assets; and
- The option of relinquishing or disposing of rights and interests in certain assets.

In the event that the group is unsuccessful in implementing one or more of the funding options listed above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

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.

(r) Financial Instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(ii) Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

(s) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost of disposal calculations which incorporate various key assumptions.

(ii) Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Changes in Accounting Policies

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new and or amended Accounting Standards and Interpretations issued by the Australian Standards Board ('AASB') that are mandatory for the current reporting period, including:

- AASB 16 *Leases*
- AASB Interpretation 23 *Uncertainty over Income Tax Treatment*

AASB 16 Leases

AASB 16 *Leases* became effective for periods beginning on or after 1 January 2019. Accordingly, the Group has applied AASB 16 for the first time for the year ending 30 June 2020. The Group has assessed the adoption of this Accounting Standard to have no material impact on the Group.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes*. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group has subsidiaries it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group applied a risk weighted measurement to the tax treatments used in the Group and has determined that there is no change required under AASB Interpretation 23 Uncertainty over Income Tax Treatments.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group

Simplified Disclosures

For periods beginning on or after 1 July 2021, Reduced Disclosure Reporting will be withdrawn and replaced with Simplified Disclosures for Tier 2 entities preparing General Purpose Financial Statements. Simplified Disclosures were issued by the AASB on 19 March 2020, and are included in a new standard, AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities. The Group intends to apply this standard for the reporting period commencing 1 July 2021 should the company not fit the definition of a reporting entity at this date.

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

Guarantees

Koonenberry Gold Pty Ltd has not entered into any guarantees, in the current or previous financial period, in relation to the debts of its subsidiaries.

Contingent Liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in Note 19. The contingent liabilities of the parent are consistent with that of the Group.

Contractual Commitments

Contractual Commitments of the parent entity have been incorporated into the Group information in Note 17. The contractual commitments of the parent are consistent with that of the Group

NOTE 2: PARENT ENTITY INFORMATION

	30 June 2020 \$	30 June 2019 \$
Assets		
Current assets	714,805	6,891
Non-current assets	3,505,118	2,640,387
	4,219,923	2,647,278
Liabilities		
Current liabilities	641,522	510,886
Non-current liabilities	669,359	488
	1,310,881	511,374
Equity		
Issued capital	3,505,348	2,485,102
Accumulated losses	(596,306)	(349,198)
	2,909,042	2,135,904
Financial performance		
Loss for the year/period	(247,108)	(213,375)
Other comprehensive income	-	-
	(247,108)	(213,375)

NOTE 3: 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 Group 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 group.

NOTE 4: EXPENSES

	30 June 2020 \$	30 June 2019 \$
(a) Exploration costs		
Contract labour	42,538	55,023
Motor vehicle expenses	7,066	28,221
Travel expenses	2,656	17,736
Other expenses	1,615	45,291
Total exploration costs	53,875	146,271

Exploration costs represents expenses incurred during the course of mineral exploration activities that have not been capitalised based on the Company's policy for the capitalisation of exploration and development expenditure during the financial year.

	30 June 2020 \$	30 June 2019 \$
(b) Other expenses		
Insurance	5,512	10,632
Other expenses	66,625	11,841
Total other expenses	72,137	22,473

NOTE 5: INCOME TAX EXPENSE

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	30 June 2020 \$	30 June 2019 \$
Accounting loss before income tax	(247,108)	(213,375)
At the Group's statutory income tax rate of 27.5% (2019: 27.5%)	(71,665)	(58,678)
Non-deductible expenses	19,307	-
Non-assessable government receipts	(10,511)	-
Timing differences and tax losses not brought to account	59,159	58,678
Current income tax expense / (benefit)	-	-

The Group has tax losses arising in Australia of \$8,080,979 (2018: \$7,133,774) that are available for offset against future taxable profits generated by the Group. These losses include \$4,695,621 tax losses transferred by members to the tax consolidated group. The utilisation of these losses will be restricted to their available fraction. No deferred tax asset has been recognised in respect of the Group's tax losses at 30 June 2020.

NOTE 6: EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	30 June 2020	30 June 2019
Net loss attributable to ordinary equity holders of the parent	(247,108)	(213,375)
Weighted average number of ordinary shares for basic earnings per share	2,882	2,617

Effect of dilution

No dilutive effect has been taken into account for the year ended 30 June 2020 and 30 June 2019 as the group generated losses for the financial years.

NOTE 7: CASH AND CASH EQUIVALENTS

	30 June 2020	30 June 2019
Cash and cash equivalents	\$	\$
Cash at bank and on hand	707,635	6,891
	707,635	6,891

Cash at bank earns interest at floating rates based on daily deposit rates.

NOTE 8: OTHER CURRENT ASSETS

	30 June 2020	30 June 2019
	\$	\$
Prepayments	7,170	-
	7,170	-

NOTE 9: PROPERTY PLANT AND EQUIPMENT

30 June 2020	Computer Equipment	Plant and Equipment	Total
<i>Cost</i>			
Opening balance	3,653	651,626	655,279
Additions	-	116,830	129,723
Disposals	-	(19,251)	(32,144)
	3,653	749,205	752,858
<i>Accumulated depreciation</i>			
Opening balance	(1,943)	(74,206)	(76,149)
Depreciation for the year	(1,121)	(85,852)	(86,973)
Disposals	-	12,894	12,894
	(3,064)	(147,164)	(150,288)
Net book value	589	602,041	602,630

30 June 2019	Computer Equipment	Plant and Equipment	Total
<i>Cost</i>			
Opening balance	3,653	542,882	546,535
Additions	-	108,744	108,744
Disposals	-	-	-
	3,653	651,626	655,279
<i>Accumulated depreciation</i>			
Opening balance	(822)	(7,701)	(8,523)
Depreciation for the year	(1,121)	(66,505)	(67,626)
Disposals	-	-	-
	(1,943)	(74,206)	(76,149)
Net book value	1,710	577,420	579,130

NOTE 10: EXPLORATION AND EVALUATION ASSETS

	30 June 2020	30 June 2019
	\$	\$
Exploration, evaluation and development costs carried forward in respect of mining areas of interest		
Exploration and evaluation phase	2,739,488	1,938,257
	2,739,488	1,938,257

Capitalised tenement expenditure movement reconciliation

	Total
30 June 2020	\$
Balance at beginning of year	1,938,257
Additions through expenditure capitalised	801,231
Balance at end of year	2,739,488

NOTE 10: EXPLORATION AND EVALUATION ASSETS continued.**30 June 2019**

Balance at beginning of year	580,092
Additions through expenditure capitalised	<u>1,358,165</u>
Balance at end of year	<u>1,938,257</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 11: OTHER NON-CURRENT ASSETS

	30 June 2020	30 June 2019
	\$	\$
Tenement bonds	163,000	123,000
	<u>163,000</u>	<u>123,000</u>

Tenement bonds represent payments made to the NSW Department of Planning, Industry and Environment in relation to exploration leases held by the Group.

NOTE 12: TRADE AND OTHER PAYABLES

	30 June 2020	30 June 2019
	\$	\$
Trade payables ⁽ⁱ⁾	335,026	125,134
GST payable	137,871	40,906
PAYG and superannuation payable	59,058	61,946
Director loan – George Rogers	-	33,103
Other payables	85,374	28,674
	<u>617,329</u>	<u>289,763</u>

- i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms.
- ii) Director loans are non-interest bearing and are generally on 12 month terms. The directors resolved to issue shares in lieu of repayment in cash for the Director Loan to George Rogers at 30 June 2020 to discharge the liability.

NOTE 13: FUNDS RECEIVED IN ADVANCE

	30 June 2020	30 June 2019
	\$	\$
<i>Current</i>		
Funds received in advance – Ordinary shares	-	200,000
	<u>-</u>	<u>200,000</u>

Funds received in advance relate to share capital received prior to share issue date.

NOTE 14: PROVISIONS

	30 June 2020 \$	30 June 2019 \$
<i>Current</i>		
Annual leave provision	24,193	21,123
	24,193	21,123
<i>Non-Current</i>		
Long service leave provision	1,603	488
	1,603	488

NOTE 15: CONVERTIBLE NOTES

During June 2020, the Company issued 700 unsecured convertible notes with a face value of \$1,000 per convertible note with a maturity date of 24 months from issue date (June 2022). Total proceeds before transaction costs, amounted to \$700,000. Transaction costs incurred to 30 June 2020 totalled \$32,244. Interest is accrued at 10% per annum and non-compounding calculated daily.

The convertible notes will convert automatically (face value plus accrued interest) in the following events:

- Initial Public Offering (IPO) – Same class of shares issued in connection with the IPO at a 30% discount to the offer price.
- Trade Sale – Convert prior to the completion of the trade sale into ordinary shares at 30% discount to the actual or implied price per share realised from the trade sale.

If the above events do not occur, the Company will redeem all convertible notes within 90 days of maturity date at face value plus accrued interest.

NOTE 16: ISSUED CAPITAL

	30 June 2020 \$	30 June 2019 \$
3,244 fully paid ordinary shares (2019: 2,844)	3,505,348	2,485,102

	2020 Number	2020 \$	2019 Number	2019 \$
Balance at beginning of financial year	2,844	2,485,102	2,503	1,157,590
Issue of shares	296	752,940	341	1,327,512
<i>Shares authorised for share based payments:</i>				
Shares issued in lieu of directors fees	31	83,700	-	-
Shares issued under employee incentive arrangements	25	67,500	-	-
Shares issued in lieu of director loan repayments	48	116,106	-	-
Balance at end of financial year	3,244	3,505,348	2,844	2,485,102

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

Capital received in advance of share issue have been recognised as a liability through funds received in advance nil (2019: \$200,000) (Refer to Note 13).

Options Issued

Pursuant to the Share Subscription Agreements issued to raise capital in May 2019, the company offered share options to subscribers at a rate of two call options per one fully paid ordinary share subscribed. 598 options were allotted to subscribing shareholders on 11 November 2019, with a further 90 options allotted on 28 June 2020. All options are free attaching and have an exercise price of \$4,320 and an expiry date 3 years from the date of their subscription agreements.

NOTE 17: COMMITMENTS FOR EXPENDITURE*Exploration licences*

In order to maintain current rights of tenure to exploration tenements the Group will be required to outlay in the year ending 30 June 2021 amounts of approximately \$479,000 in respect of exploration license leases and related items and to meet minimum expenditure requirements.

NOTE 18: CONTROLLED ENTITIES

Name of entity	Country of incorporation	Ownership interest	
		30 June 2019 %	30 June 2018 %
Parent entity			
Koonenberry Gold Pty Ltd	Australia		
Subsidiaries			
Lasseter Gold Pty Ltd	Australia	100	100
KNB Plant Pty Ltd	Australia	100	100

NOTE 19: CONTINGENT LIABILITIES AND CONTINGENT ASSETS*Exploration lease deposits*

The Group has paid a number of deposits to the NSW Department of Planning, Industry and Environment in relation to exploration leases held by the Group (Refer to Note 11). These deposits are designed to act as collateral over the tenements which the Group explores on and can be used by the relevant Government authorities in the event that Koonenberry does not sufficiently rehabilitate the land it explores on.

At the date of signing this report, the Group is not aware of any other Contingent Asset or Liability that should be disclosed in accordance with AASB 137.

NOTE 20: FINANCIAL ASSETS AND LIABILITIES

30 June 2020		Cash	Loans and Receivables	Total
Financial assets	Note	\$	\$	\$
<i>(Carried at amortised cost)</i>				
Cash and cash equivalents	7	707,635	-	707,635
		707,635	-	707,635
Financial liabilities	Note	Payables \$	Borrowings \$	Total \$
<i>(Carried at amortised cost)</i>				
Trade and other payables	12	479,458	-	479,458
		479,458	-	479,458

NOTE 20: FINANCIAL ASSETS AND LIABILITIES continued.

30 June 2019

Financial assets	Note	Cash \$	Loans and Receivables \$	Total \$
<i>(Carried at amortised cost)</i>				
Cash and cash equivalents	7	6,891	-	6,891
		6,891	-	6,891

Financial liabilities	Note	Payables \$	Borrowings \$	Total \$
<i>(Carried at amortised cost)</i>				
Trade and other payables	12	248,857	-	248,857
		248,857	-	248,857

NOTE 21: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 June 2020 \$	30 June 2019 \$
Profit/(loss) for the year	(247,108)	(213,375)
Adjustments for non-cash items included in profit/(loss)		
(Gain)/loss on sale of property, plant and equipment	19,251	-
Share based payments	83,700	-
Changes in other items:		
(Increase)/decrease in other assets	(7,171)	-
Increase/(decrease) in trade payables	137,198	174,931
Net cash used in operating activities	(14,130)	(38,444)

NOTE 22: RELATED PARTY TRANSACTIONS

The following individuals are classified as key management personnel in accordance with AASB 124 'Related Party Disclosures' during the financial period:

Directors

- Mr. George Rogers (*Managing Director*)(Appointed 15 May 2017)
- Mr. Neil Dunn (*Non-Executive Director*)(Appointed 22 July 2019)
- Mr. Kieran Purcell (*Non-Executive Director*)(Appointed 22 July 2019)
- Mr. Dimitris Parhas (*Non-Executive Director*)(Appointed 15 May 2017)(Resigned 28 January 2020)

Key Management Personnel

- Norman Gardner
- Andrew Bennett

Remuneration paid to Directors and key management personnel

	30 June 2020	30 June 2019
	\$	\$
Short term employee benefits	160,000	120,000
Long term employee benefits	15,200	11,400
Post employment benefits	-	-
Termination benefits	-	-
Share based payments (i)	122,537	28,663
Total	297,737	160,063

- i) Share payments relate to equity based employment incentives issued to Kieran Purcell (\$83,700) and Andrew Bennett (\$38,837) for services provided during the financial year.

Transactions with Directors, key management personnel and their associated entities

	30 June 2020	30 June 2019
	\$	\$
Contract labour	115,364	161,765
Professional Fees – WRP Legal (i)	4,638	27,933
Plant and equipment purchased – Second Last Chance Investments Pty Ltd (ii)	14,629	2,909
Equipment Hire – Second Last Chance Investments Pty Ltd (ii)	45,000	-
Total	179,631	192,607

- i) The Group used the professional services of Mr Dimitris Parhas (WRP Legal) for Group Secretarial purposes. Amounts were billed based on market rates for services due and payable.
- ii) Equipment purchased and hired from Second Last Chance Investments Pty Ltd, an associated entity of key management personnel, were based on market rates for assets acquired and services due and payable.

All outstanding balances with these related parties are priced in an arms length basis and are to be settled in cash.

NOTE 22: RELATED PARTY TRANSACTIONS continued.*Balances with Directors, key management personnel and their associated entities at reporting date*

	30 June 2020 \$	30 June 2019 \$
George Rogers – Director loan (i)	-	33,103
Emma Gardner – Contract labour (ii)	843	1,115
Second Last Chance – Capital purchases (ii)	100,000	-
WRP Legal – Professional Fees (iv)	51,727	-
Total Transactions	152,570	34,218

- i) The Directors resolved to issue 48 shares to George Rogers in settlement of a cash loan made during the financial year.
- ii) The Group engaged field assistant services from Emma Gardner (Complete Quarrying & Crushing), a company that is an associated entity of key management personnel. Amounts billed were based on market rates for field assistance services and were due and payable under normal payment terms.
- iii) Equipment purchased from Second Last Chance Investments Pty Ltd, an associated entity of key management personnel, were based on market rates for assets acquired and services due and payable.
- iv) The Group used the professional services of Mr Dimitris Parhas (WRP Legal) for Group Secretarial purposes. Amounts were billed based on market rates for services due and payable.

NOTE 23: SHARE BASED PAYMENTS*Share based payment transactions*

During the year the company had three share based payment arrangements with its employees and Directors.

	Number of Shares	Total \$
30 June 2020:		
Balance at beginning of year (i)	11	28,663
Share based payments during the year (ii)	93	238,643
Balance at end of year	104	267,306

30 June 2019

Balance at beginning of year	-	-
Share based payments expense during the year (i)	11	28,663
Balance at end of year	11	28,663

- i) In 2019 share based payments of \$28,663 were accrued for issue of shares in FY20. 11 shares were issued to key management personnel at an issue price of \$2,700 per share. These shares were approved for issue on 28 June 2020. These share based payments have been capitalised as part of exploration assets.
- ii) 31 shares were issued to key management personnel at an issue price of \$2,700 per share and a total transactional value of \$83,700, and was recognised through the statement of profit or loss. 15 shares were issued to employees as part of an employment incentive at an issue price of \$2,700 per share and a total transactional value of \$38,836 and has been capitalised as part of exploration assets. 48 shares were issued in lieu of cash loan repayments to Directors at an issue price of \$2,700 per share and at a total transactional value of \$116,106.

NOTE 24: POST REPORTING DATE EVENTS

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases globally. To date the impact on our business and results has been minimal, with site travel requirements managed through border travel exemptions. We will continue to follow the government's policies and advice, and in parallel, we will do our utmost to ensure our operations continue in a safe and practical manner.

Karen O'Neill was appointed as Chief Executive Officer (CEO) effective 1 February 2021. On signing of employment Karen O'Neill was issued 250,000 options at an exercise price of \$0.40 with a 2 year vesting period.

Convertible notes totalling \$1,000,000 were issued post balance date. Notes issued include \$125,000 on 2 July 2020, \$299,815 on 11 November 2020, \$275,000 on 23 February 2021, and \$300,000 on 20 April 2021, resulting in total funds raised from convertible notes of \$1,700,000. Applications for a further \$283,000 have been received with proceeds expected to be received in May 2021.

Subsequent to year end Koonenberry has embarked on an initial public offering, which is expected to be completed by the end of Quarter Four FY2021.

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.

DIRECTORS' DECLARATION

In the opinion of the Directors of Koonenberry Gold Pty Ltd:

- a The consolidated financial statements and notes of Koonenberry Gold Pty Ltd:
 - i Give a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - ii Comply with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations); and
- b There are reasonable grounds to believe that Koonenberry Gold Pty Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink that reads "GWRogers". The signature is written in a cursive, flowing style.

George Rogers
Managing Director
Dated at this 10 May 2021

Independent Auditor's Report

To the Members of Koonenberry Gold Pty Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Koonenberry Gold Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Koonenberry Gold Pty Ltd:

- a presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2020 and of its performance and cash flows for the year then ended; and
- b complies with Australian Accounting Standards – Reduced Disclosure Requirements.

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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(q) in the financial statements, which indicates that the Group incurred a net loss of \$247,108 during the year ended 30 June 2020, and as of that date, the Group had net cash outflows from operating and investing activities of \$635,199, and had accumulated losses of \$596,306. As stated in Note 1(q), these events or conditions, along with other matters as set forth in Note 1(q), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the Group's Directors' report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 management and those charged with governance for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. This responsibility also includes such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 10 May 2021