



Annual Financial Report

for the year ended
30 June 2021

Koonenberry Gold Limited
ABN 17 619 137 576

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CORPORATE DIRECTORY

DIRECTORS

John Elkington	Non-Executive Chair
John Hobson	Non-Executive Director
Anthony McIntosh	Non-Executive Director

CHIEF EXECUTIVE OFFICER

Karen O'Neill

COMPANY SECRETARY

Ben Donovan

AUDITORS

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

REGISTERED OFFICE

Ground Floor, 16 Ord Street
West Perth WA 6005

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

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 Group being Koonenberry Gold Limited ("Koonenberry" or the "Company") and its Controlled Entities for the financial year ended 30 June 2021.

Director Details

The names, qualifications, and experience of the Company's Directors in office at any time during, or since the end of, the year are:

Mr. George Rogers (CIMA, DBIB) (Resigned 30 June 2021)

Managing Director

Mr. Rogers is a founding partner of SRG Partners and has over 10 years' experience in the commercial sector specialising in mergers and acquisitions; strategic planning; feasibility studies; financial restructuring and capital raising; business & deal valuation; and debt financing.

Mr. Rogers has held no other directorships in public listed companies in the last three years.

Mr. Neil Dunn (Resigned 30 June 2021)

Non-Executive Director

Mr. Kieran Purcell (CA, BCom, GAICD, FASEA) (Resigned 30 June 2021)

Non-Executive Director

Mr. Purcell is a Chartered Accountant and GAICD with extensive financial management, compliance, structuring and corporate governance experience. Mr Purcell is currently the State Manager SA for Crestone Wealth Management. He has previously held senior Compliance roles at ASX and Merrill Lynch and has been a State Manager in Wealth Management at Citigroup, Bell Potter and Macquarie. Mr Purcell has extensive board experience in the Healthcare, Advanced Manufacturing, Mining and the Not for Profit Sector.

Mr. Purcell held no other directorships in public listed companies in the last three years.

Mr. John Elkington (MSc, FAusIMM, FAICD) (Appointed 30 June 2021)

Non-Executive Chair

Mr. Elkington is a professional company director and independent mining consultant. He has over 40 years' experience in managing and directing public companies and was founding director of Pilbara Laboratories, Ammtec Limited. and head of Snowden Mining Industry Consultants in the UK.

Mr. Elkington is currently non-executive chairman of ASX-listed TNG Limited.

Mr. Elkington has held no other directorships in public listed companies in the last three years.

Mr. John Hobson (MBA, BSC(Hons), GAICD) (Appointed 30 June 2021)

Non-Executive Director

Mr. Hobson is a capital markets and investor relations executive with extensive investment banking and corporate experience in Australia, Asia, and US. Wide ranging experience across energy, infrastructure, logistics and banking & finance. He has successfully executed large, complex acquisition funding utilising innovative structures and negotiated multiple debt refinancings.

Mr. Hobson has held no other directorships in public listed companies in the last three years.

Mr. Anthony McIntosh (BCom, GAICD) (Appointed 30 June 2021)

Non-Executive Director

Mr. McIntosh has extensive experience in investment marketing, investor relations and strategic planning, with a focus on small caps, as well as a strong and well-established network of stockbroking and investment fund managers. Mr. McIntosh currently runs the McIntosh family investment company which invests in listed and unlisted securities and property. Mr. McIntosh was a Board member of Echo Resources Limited from 2013 to 2019, which was acquired by Northern Star Resources (ASX:NST) in 2019 for \$235m.

Mr. McIntosh is currently non-executive director of ASX Listed Companies: Strategic Energy Resources Limited, Alice Queen Limited, Copper Strike Limited and K-Tig Limited.

Mr. McIntosh is a former non-executive director of Echo Resources (resigned November 2019) and Symbol Mining Ltd (resigned February 2021).

Key Management Personnel

Ms. Karen O'Neill (MBA, BCompt, FGIA, FCIS, GAICD)

Chief Executive Officer

Ms O'Neill is a highly experienced governance and finance professional with strong commercial acumen and operations management. She has significant international operational and executive experience across a variety of industries including resources and investment banking. Ms O'Neill has spent the last 13 years working in the resources sector in diverse roles including executive leadership roles, operations, project management, and acquisitions / mergers, which has provided a strong base of hands-on operational understanding. She has worked with organisations in different stages of their lifecycles from exploration assets, through development and acquisition as well as operational management.

Ms. O'Neill is a former Managing Director of ASX Listed Kingsrose Mining Limited (resigned December 2020).

Mr. Ben Donovan (AGIA, ACIS)

Company Secretary

Mr Donovan is a member of the Governance Institute of Australia and provides corporate advisory, IPO and consultancy services to a number of companies. Mr Donovan is currently a company secretary to several ASX listed and public unlisted companies and has gained experience across resources, agritech, biotech, media and technology industries.

Principal activities

The principal activities for the Group during the financial year was to further gold and mineral exploration activities at the Koonenberry Gold Project in New South Wales, Australia 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

The Koonenberry Gold Project

The Project covers an area of approximately 1,339 km² comprising a total of twelve 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 year funded by privately raised capital.

During the 2021 financial year the loss of the Group after providing for income tax amounted to \$(1,031,858) (30 June 2020: \$247,108).

Expenditure on exploration activities amounted to \$906,144 (30 June 2020: \$801,231)

Exploration Summary

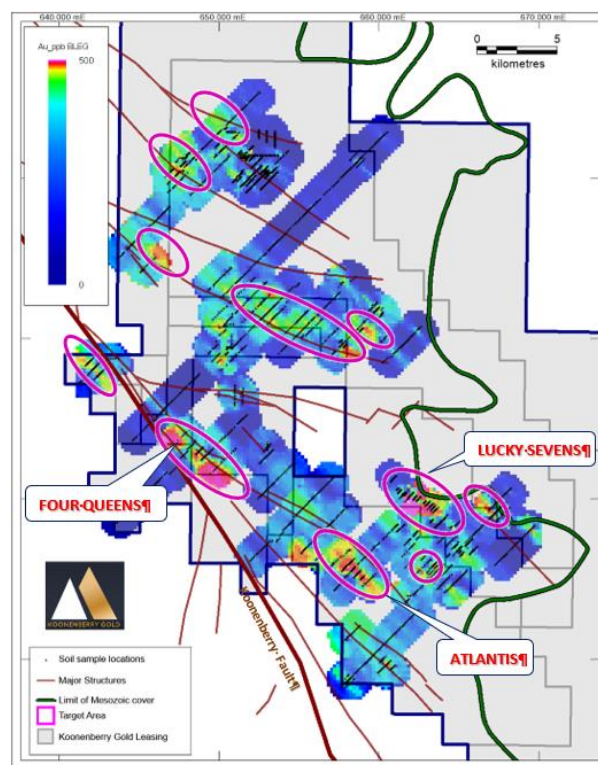
The Koonenberry Gold Project is considered prospective for orogenic gold systems analogous to those in the Victorian Goldfields. The prospectivity is based around a number of factors including similar turbiditic host

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 2021 financial year has focussed on identifying mineralised structures through surface-based exploration programs, including mapping, soil sampling and mini-bulk rock chip sampling. A number of exciting results have emanated from these programs, confirming the Company's view that there are multiple targets to explore. A very brief summary of these results is provided below.

Soil Sampling

A total of 884 soil samples were collected during the year, as part of a continuing program of regional soil sampling, which has been carried out within residual basement terrain in the western two-thirds of the project. Samples of 1kg were analysed by BLEG for gold only analysis. Having proven the technique to be effective over the known mineralised structure at Lucky Sevens, it has been applied more broadly to the remaining tenure. This has resulted in the identification of numerous new targets, many of which align closely with structures splaying off the first-order Koonenberry Fault, as illustrated below. Highlights include the identification of the Four Queens and Atlantis targets, neither of which have received any prior exploration attention.



Reconnaissance Mapping

Reconnaissance mapping has also continued during the year, focussing on outcropping quartz reefs. A variety of reef textures have been observed, including massive bucky quartz, laminated quartz-ironstone, quartz-ironstone breccia, as well as stockwork reefs. Structural and temporal relationships of these vein styles will be further investigated post-listing.

Recognition of the coarse nature of the gold within the project has led to the company constructing a small onsite sample preparation facility, which can crush, grind and gravity concentrate with a larger sample volume

than otherwise would be collected in routine sampling. The concentrate is sent to a commercial laboratory for analysis. The company experimented with laboratory tests on three known gold-bearing concentrates and discovered that the two methods used – kinetic cyanide leaching and photon assaying - produced excellent correlation on a range of grades, shown in the table below. The ability to process large samples in this way is considered an important asset in dealing with coarse gold.

Mini-bulk samples collected during reconnaissance mapping have already discovered potentially new mineralised structures, including results from outcropping reefs up to 24.1g/t Au on the Lonsdale Fault, and 31.2 g/t at Old Bunker Tank, as well as 5.6 g/t Au in a palaeoplacer target hosted within a basal conglomerate at Mystery Gully.

Sample	Concentrate assay, Au (g/t)			Comments
	Kinetic cyanide leach	Photon assay	Calculated head	
A1834 Con 1&2	3,553	3,155	107	Lucky Sevens Reef
A1834 Con 3	2.34	1.75		
A1835 Con 1&2	13,008	14,282	471	
A1835 Con 3	24	25		
B008	52	59	3.71	Breakaways Reef

Impact of Covid-19 Pandemic

The COVID-19 pandemic has continued through 2020 and 2021, 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.

During this reporting period the Company received \$61,780 in COVID-19 related support.

At time of publishing this report there are widespread travel restrictions within New South Wales and for travel into and out of New South Wales. This is likely to impact the Company's ability to complete planned studies within their forecast timeframe. Management will continue to update the plans to keep the programme moving forward within the government imposed restrictions.

Significant changes in the state of affairs

During the year the company undertook capital raising activities issuing 1,800 convertible notes raising \$1,800,000 of proceeds before transactions cost.

The latter half of the financial year was focused on pre IPO preparations for the planned Company listing in the third quarter of the 2021 calendar year.

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 2021 (30 June 2020: Nil).

Events arising since the end of the reporting period

On 2 July 2021 the Company lodged its Prospectus, for an initial public offer between 40,000,000 to 50,000,000 shares at an issue price of A\$0.20 each to raise between A\$8,000,000 to A\$10,000,000, with ASIC. The Prospectus was lodged with the ASX and offers opened on 12 July 2021. The capital raising was completed in September having achieved the minimum and official quotation on the ASX achieved on 28 September 2021.

On 20 September 2021 the Company entered into a shareholder loan agreement for \$200,000. The loan drawdown is contingent on successful IPO. Interest is payable at a 10% interest rate, and repayment is due by 20 May 2022.

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 Company's main objective on completion of the Offers is to undertake a multi-disciplinary exploration strategy to provide a thorough understanding of the mineralisation potential throughout the Koonenberry Gold Project. This is aimed at proving the potential for a new high-grade gold JORC Code Compliant resource at the Project.

The Company will continue to look for complementary and synergistic exploration opportunities and may acquire additional projects in the future in the same or different commodities.

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

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Instrument	Issue Date	No. Granted	Exercise Price	Expiry Date
Options	19 November 2019	11,063,000	0.23	19 November 2022
Options	28 June 2020	1,665,000	0.23	28 June 2023
		12,728,000		

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

Options and Share Performance Rights Issued

No share options were issued during the financial year ended 30 June 2021

No share performance rights were issued during the financial year ended 30 June 2021.

There were no securities that lapsed during the financial year ended 30 June 2021.

Corporate

In order to facilitate an Initial Public Offering and an application to list on the Australian Stock Exchange there were a number of Corporate changes.

Koonenberry Gold Proprietary Limited converted to a public Company registered under the Corporations Act 2001 on 4 June 2021 and is now Koonenberry Gold Limited. The Australian Company Number remains unchanged (619 137 576).

On 1 February 2021, Karen O'Neill was appointed Chief Executive Officer to take the lead of the listed Company and reported to the Managing Director until 30 June 2021.

On 30 June 2021, George Rogers resigned as Managing Director of the Company; Neil Dunn and Kieran Purcell resigned as Non-Executive Directors of the Company, in order to appoint the Board selected to run the proposed listed entity.

On 30 June 2021, John Elkington was appointed as Non-Executive Chair of the Company, John Hobson and Anthony McIntosh were appointed as Non-Executive Directors of the Company. The new Board brings a wealth of technical, exploration and capital markets experience to the Company.

Forward looking statements

Forward looking statements are based on Koonenberry and its Management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect Koonenberry's business and operations in future. Koonenberry does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that Koonenberry's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by Koonenberry or Management or beyond Koonenberry's control. Although Koonenberry attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of Koonenberry. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law in providing this information Koonenberry does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any changes in events, conditions or circumstances on which any such statement is based.

Competent Persons Statement

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

REMUNERATION REPORT

This report for the year ended 30 June 2021 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act 2001.

This report details the remuneration arrangements for key management personnel (KMP) of the Group who are defined as those persons who have the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company. Koonenberry Gold Limited's KMP are defined as Directors (whether Executive or otherwise) and the Chief Executive Officer.

Details of KMP of the Group during the reporting period are set out below:

Name	Position	Term as KMP
Non-Executive Directors		
N. Dunn	Non-Executive Director	Ceased 30 June 2021
K. Purcell	Non-Executive Director	Ceased 30 June 2021
Executives		
G. Rogers	Managing Director	Ceased 30 June 2021
K. O'Neill	Chief Executive Officer	Appointed 1 February 2021

On 30 June 2021 three new non-executive directors were appointed to the Board. They have not been remunerated in this 30 June 2021 reporting period.

Name	Position	Term as KMP
Non-Executive Directors		
J. Elkington	Non-Executive Chair	Appointed 30 June 2021
J. Hobson	Non-Executive Director	Appointed 30 June 2021
A. McIntosh	Non-Executive Director	Appointed 30 June 2021

Remuneration Governance

During the reporting period, the Board as a whole carried out the function of the Remuneration Committee, with remuneration matters to be discussed during meetings of the full Board, with Directors excluded from individual discussions as required. The Board will continue to assess the Company's circumstances and reinstate the Remuneration Committee when deemed appropriate.

The Board is responsible for reviewing and recommending the remuneration arrangements for the Executive and Non-Executive Directors and Key Management Personnel each year and ensuring that the Group's remuneration structures are aligned with the long-term interests of the Company and its shareholders. This includes an annual remuneration review of base salary, short-term incentives (STIs) and any long-term incentives (LTIs) including the appropriateness of performance hurdles and total payments proposed, superannuation, termination payments and service contracts.

Additional information regarding the role and function of the Remuneration Committee, which has now been assumed by the Board, can be found within the Corporate Governance Section of the Company's website.

Remuneration Overview & Strategy

The Company has adopted a remuneration strategy intended to support the delivery of long-term shareholder value and to ensure remuneration accurately reflects achievement in line with general market conditions. The strategy is designed to attract, motivate and retain high calibre individuals through the provision of remuneration packages which contain the appropriate balance of fixed remuneration, short-term incentives and long-term incentives measured against clearly defined performance hurdles aligned with the strategic and operational objectives of the Company and the creation of value for shareholders.

In accordance with good corporate governance practices, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

EXECUTIVE REMUNERATION

The table below represents the total remuneration (both fixed and variable) paid or payable to Executives of the Group during the 2021 and 2020 financial years:

		Salary & Fees \$	Annual Leave Benefits \$	Non Monetary Benefits \$	Super- annuation \$	Long Service Leave Benefits \$	Options & Rights ³ \$	TOTAL \$
Executive Directors								
G. Rogers ¹	2021	54,795	-	-	5,205	-	-	60,000
	2020	-	-	-	-	-	-	-
Other Executives								
K. O'Neill ²	2021	125,000	-	-	11,875	-	3,232	140,107
	2020	-	-	-	-	-	-	-

1. Mr. Rogers was appointed Managing Director on 15 May 2017 on a part time basis and did not take a regular salary or fee. He resigned from this role on 30 June 2021. Mr Rogers will receive director fees of \$60,000 including statutory superannuation contingent on successful Admission to the ASX.

2. Ms. O'Neill was appointed Chief Executive Officer on 1 February 2021.

EXECUTIVE EMPLOYMENT ARRANGEMENTS

Remuneration arrangements for Executives are formalised in employment agreements. Executives of the Company are employed on individual open-ended employment contracts with a three month notice of termination required by either party except in the event of summary dismissal and are entitled to termination payments in accordance with the National Employment Standards as defined in the Fair Work Act 2009 (Cth), which outline the minimum termination benefits based on years of service.

Karen O'Neill: Appointed Chief Executive Officer on 1 February 2021 with no fixed term, base salary of \$300,000 per annum plus statutory superannuation. Three months' notice of termination required by either party except in the event of summary dismissal.

The Company has granted 250,000 options in respect of unissued Shares to the Chief Executive Officer under the Listing Plan in the Prospectus. The CEO Options vest on the first anniversary of their grant date (that is, in June 2022) and have an exercise price of \$0.40 per CEO Option. The CEO Options are to be issued prior to the Company's admission to the Australian Stock Exchange. The CEO Options can be exercised any time in the two-year period following their vesting date, but are the subject of a 24 month escrow restriction period in accordance with the ASX Listing Rules.

Vesting of the CEO Options is generally conditional on the Chief Executive Officer remaining employed by the Company as Chief Executive Officer as at the applicable vesting date. However, the Board has discretion to determine that some or all of the unvested CEO Options will vest notwithstanding cessation of employment.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable ASX listed companies) for their time, commitment and responsibilities. Fees paid to Non-Executive Directors are not directly linked to the performance of the Company, however, to align Directors' interests with shareholders' interest, Directors are encouraged to hold shares in the Company and are eligible under the Listing Plan to receive Performance Rights.

Fees paid to Non-Executive Directors cover all activities associated with their role on the Board and any sub-committees. The Company does not pay additional fees to Directors who are appointed to Board Committees or to the Boards of subsidiary or associated companies. However, Non-Executive Directors may be remunerated at market rates for additional work undertaken as required on behalf of the Group. They may also be reimbursed for reasonable out of pocket expenses incurred as a result of their Directorships.

Non-Executive Director's fees are determined within an aggregate limit, which currently sits at \$400,000 per annum and was approved by shareholders at a general meeting held on 27 May 2021. Fees paid to Non-Executive Directors are reviewed annually against fees paid by comparable peer companies and general market conditions.

The table below represents the total remuneration paid or payable to Non-Executive Directors of the Group during the 2021 and 2020 financial years:

		Salary & Fees \$	Non Monetary Benefits \$	Consulting Fees \$	Super- annuation \$	Share Based Payments	Options & Rights ³ \$	TOTAL \$
Non-Executive Directors								
N. Dunn ¹	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
K. Purcell ²	2021	56,000	-	-	-	-	-	56,000
	2020	-	-	-	-	36,000	-	36,000
J. Elkington ³	2021	-	-	-	-	309	-	309
	2020	-	-	-	-	-	-	-
J. Hobson ³	2021	-	-	-	-	247	-	247
	2020	-	-	-	-	-	-	-
A. McIntosh ³	2021	-	-	-	-	247	-	247
	2020	-	-	-	-	-	-	-

1. N. Dunn resigned on 30 June 2021.

2. K. Purcell resigned on 30 June 2021.

3. J. Elkington, J. Hobson and A. McIntosh were appointed non-executive directors on 30 June 2021 and did not earn any remuneration in this reporting period but will accrue from 1 July 2021. The remuneration payable to Mr Elkington pursuant to his Letter of Appointment is \$100,000 per annum (plus statutory superannuation). The remuneration payable to each of Mr McIntosh and Mr Hobson pursuant to their Letters of Appointment is \$60,000 per annum (plus statutory superannuation). In addition, the Company intends to issue 2,250,000 Performance Rights to Mr Elkington and 1,800,000 Performance Rights to each of Mr McIntosh and Mr Hobson

prior to its Admission to the ASX. Up to a further 5,650,000 Additional Performance Rights in aggregate will also be issued to the Directors in accordance with the terms of their Letters of Appointment, subject to Shareholder approval at the Company's first annual general meeting following its Admission to the ASX.

EQUITY INSTRUMENTS HELD BY KMP

Key Management Personnel Interests

The relevant interest of each KMP in the share capital of the Company at the date of this report is as follows:

Director	Ordinary Shares \$	Options over Ordinary Shares	Option Exercise Price \$
G. Rogers	7,733,000	1,776,000	0.23
N. Dunn	3,811,000	-	
K. Purcell	666,000	-	
A. McIntosh	2,442,000	703,000	0.23
	14,652,000	2,479,000	

Performance Rights

Prior to the Company's admission to the Australian Stock Exchange as a subsequent event to this financial report, the Company intends to issue 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.

Details of the Performance Rights are set out in the table below. As shown in the table below, all the Performance Rights are unvested and will progressively vest over the 4 years following the date of grant of the Performance Rights (subject to achieving the relevant performance hurdle).

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Total
Vesting Date	24 months post-Admission	36 months post-Admission	48 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 \$0.40 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	The Company achieving a VWAP over any 20 consecutive trading days prior to the Vesting Date of \$1.00 per share or higher	
J. Elkington	750,000	750,000	750,000	2,250,000	4,500,000
J. Hobson	600,000	600,000	600,000	1,700,000	3,500,000
A. McIntosh	600,000	600,000	600,000	1,700,000	3,500,000
Total	1,950,000	1,950,000	1,950,000	5,650,000	11,500,000

Vesting of the Performance Rights is generally conditional on the holder remaining in the role of Director as at the applicable vesting date. However, the Board has discretion to determine that some or all of the unvested Performance Rights will vest notwithstanding the Director no longer holds that role.

Each Performance Right, once vested and exercised, entitles the holder to apply for one ordinary share in the Company at a \$0 exercise price, which Share will rank pari passu with all other Shares then on issue. As such, no funds will be raised from the issue of the Performance Rights.

Pursuant to their Letters of Appointment, the Directors appointed on 30 June 2021 are entitled, subject to shareholder approval once listed, to receive up to 5,650,000 Additional Performance Rights in aggregate.

Shares Issued on Exercise of Options and Share Performance Rights

There were no shares issued to any KMP upon exercise of options and share performance rights during the year.

OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Services: George Rogers (resigned as Managing Director on 30 June 2021)

Payment of \$65,400 made to SRG Partners during the 2021 financial year in respect of a Capital Raise Success Fee. Mr Rogers is a founding partner of SRG Partners.

Mr Rogers will receive director fees of \$60,000 including statutory superannuation contingent on successful Admission to the ASX. In addition, SRG Partners, a firm in which Mr Rogers is a founding partner, will receive \$100,000 (plus GST) for the provision of outsourced accounting services provided prior to listing pursuant to the SRG Advisory and Accounting Mandate Letter.

Services: John Elkington (Director appointed 30 June 2021)

Payment of \$65,700 made to Southern Mining Consultants in relation to Due Diligence requirements prior to ASX Listing. A further \$7,300 remains outstanding for payment at year end.

Services: Anthony McIntosh (Director appointed 30 June 2021)

Payment of \$7,300 was made to Mr McIntosh in relation to Due Diligence requirements prior to ASX Listing.

Services: Dimitri Parhas (Director resigned 28 January 2020)

The Group used the professional services of Mr Dimitris Parhas (WRP Legal) for Group Secretarial purposes during FY20. Payment of \$18,182 made during the financial year were for services rendered in FY20 and earlier years.

End of Remuneration Report.

Environmental Regulation and Performance

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 out 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.

Insurance of officers

During the financial year the Group paid a premium to insure the Directors and Officers of the Group and its controlled entities. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as officers of entities in the Group except where the liability arises out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

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 or auditor of the Group against a liability incurred as such by an officer.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 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.

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.



John Elkington

Non-Executive Chair

Dated at this 29 September 2021

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 audit of Koonenberry Gold Limited for the year ended 30 June 2021, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 29 September 2021

Grant Thornton Audit Pty Ltd ACN 130 913 594
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
Other income		-	-
Other income – cashflow boost		64,589	38,220
Legal expenses		(136,919)	(56,365)
Exploration costs	4	(13,597)	(53,875)
Loss on disposal of property, plant and equipment	9	(3,089)	(19,251)
Share based payments	23	(4,035)	(83,700)
Other expenses	4	(938,807)	(72,137)
Loss before income tax expense		(1,031,858)	(247,108)
Income tax expense	5	-	-
Loss for the year		(1,031,858)	(247,108)
Other comprehensive income (net of tax)		-	-
Total comprehensive income for the year attributable to the members of the parent entity		(1,031,858)	(247,108)
Earnings per share			
Basic earnings per share (cents)	6	(0.02)	(0.01)

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 2021

	Note	30 June 2021 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents	7	606,281	707,635
Other current assets	8	249,098	7,170
TOTAL CURRENT ASSETS		855,379	714,805
NON-CURRENT ASSETS			
Property, plant and equipment	9	513,276	602,630
Exploration and evaluation assets	10	3,645,632	2,739,488
Other non-current assets	11	163,000	163,000
TOTAL NON-CURRENT ASSETS		4,321,908	3,505,118
TOTAL ASSETS		5,177,287	4,219,923
CURRENT LIABILITIES			
Trade and other payables	12	681,097	617,329
Provisions	13	44,323	24,193
Convertible notes	14	700,000	-
TOTAL CURRENT LAIBILITIES		1,425,420	641,522
NON-CURRENT LIABILITIES			
Provisions	13	2,647	1,603
Convertible notes	14	1,868,001	667,756
TOTAL NON-CURRENT LIABILITIES		1,870,648	669,359
TOTAL LIABILITIES		3,296,068	1,310,881
NET ASSETS		1,881,219	2,909,042
EQUITY			
Issued capital	15	3,505,348	3,505,348
Share based payment reserve	23	4,035	-
Accumulated losses		(1,628,164)	(596,306)
TOTAL EQUITY		1,881,219	2,909,042

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 2021

	Note	Issued Capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
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	15	752,940	-	-	752,940
Share based payments issue	23	267,306	-	-	267,306
		1,020,246	-	-	1,020,246
Balance at 30 June 2020		3,505,348	-	(596,306)	2,909,042
Balance at 30 June 2020		3,505,348	-	(596,306)	2,909,042
Loss for the year		-	-	(1,031,858)	(1,031,858)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(1,031,858)	(1,031,858)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
Issue of shares	15	-	-	-	-
Share based payments issue	23	-	-	-	-
Issue of options and performance rights	23	-	4,035	-	4,035
		-	4,035	-	4,035
Balance at 30 June 2021		3,505,348	4,035	(1,628,164)	1,881,219

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
Cash flows from operating activities			
Government subsidy received		60,299	38,221
Payments to suppliers and employees		(457,386)	(52,351)
Net cash used in operating activities		(397,087)	(14,130)
Cash flows from investing activities			
Payments for property, plant and equipment		(17,259)	(56,330)
Payment for exploration activities		(1,126,919)	(564,739)
Net cash used in investing activities		(1,144,178)	(621,069)
Cash flows from financing activities			
Proceeds from issue of shares through share purchase plan and share placement, net of transaction costs		(212,054)	635,943
Proceeds from the issue of convertible notes (net of transaction costs)		1,651,965	700,000
Net cash provided by financing activities		1,439,911	1,335,943
Net increase/(decrease) in cash and cash equivalents		(101,354)	700,744
Cash at the beginning of the year		707,635	6,891
Cash at the end of the year	7	606,281	707,635

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 2021

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

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

Koonenberry Gold Ltd is the Group's Ultimate Parent Company. Koonenberry Gold Ltd is a Company incorporated and domiciled in Australia. During the year the Company has converted from a private to a public Company and subsequent to this reporting period pursued an admission to the Australian Stock Exchange which was achieved on 28 September 2021. The address of its registered office and principal place of business is Ground Floor, 16 Ord Street, West Perth WA 6005.

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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 2021 were approved and authorised for issue by the Board of Directors on 29 September 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 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.

A list of controlled entities is contained in Note 17 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 as 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 Ltd.

Koonenberry Gold 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 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.

(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.

Other share based payments

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 share capital or 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.

(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 2021 the group recognised a loss of \$1,031,858 (2020: \$247,108), had net cash outflows from operating and investing activities of \$1,541,265 (2020: \$635,199), and had accumulated losses of \$1,628,164 (2020: \$596,306) as at 30 June 2021. 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 completed an Initial Public Offer raising A\$8 million before costs. This capital raise is expected to fund the Company's activities for at least two years. The Company was admitted to the Australian Stock Exchange on 28 September 2021. Future capital can be raised through the ability to issue share capital.

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

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 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 18. 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 16. The contractual commitments of the parent are consistent with that of the Group.

NOTE 2: PARENT ENTITY INFORMATION

	30 June 2021	30 June 2020
	\$	\$
Assets		
Current assets	855,379	714,805
Non-current assets	4,321,908	3,505,118
	5,177,287	4,219,923
Liabilities		
Current liabilities	1,425,420	641,522
Non-current liabilities	1,870,648	669,359
	3,296,068	1,310,881
Equity		
Issued capital	3,505,348	3,505,348
Reserves	4,035	-
Accumulated losses	(1,628,164)	(596,306)
	1,881,219	2,909,042
Financial performance		
Loss for the year/period	(1,031,858)	(247,108)
Other comprehensive income	-	-
	(1,031,858)	(247,108)

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 Chief Executive Officer) 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 2021	30 June 2020
	\$	\$
(a) Exploration costs		
Contract labour	-	42,538
Motor vehicle expenses	6,880	7,066
Travel expenses	1,775	2,656
Other expenses	4,942	1,615
Total exploration costs	13,597	53,875

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.

NOTE 4: EXPENSES continued.

	30 June 2021 \$	30 June 2020 \$
(b) Other expenses		
Audit and accounting fees	83,631	29,914
Consultants	394,771	-
Directors fees	110,795	36,000
Insurance	13,614	5,512
Interest expense	140,783	-
Other expenses	195,213	711
Total other expenses	938,807	72,137

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 2021 \$	30 June 2020 \$
Accounting loss before income tax	(1,031,858)	(247,108)
At the Group's statutory income tax rate of 26% (2020: 27.5%)	(268,283)	(71,665)
Non-deductible expenses	1,364	19,307
Non-assessable government receipts	(16,063)	(10,511)
Timing differences and tax losses not brought to account	282,982	59,159
Current income tax expense / (benefit)	-	-

The Group has tax losses arising in Australia of \$9,618,199 (2020: \$8,080,979) 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 2021.

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 2021	30 June 2020
Net loss attributable to ordinary equity holders of the parent	(1,031,858)	(247,108)
Weighted average number of ordinary shares for basic earnings per share (i)	60,014,000	53,306,736

- (i) A share split occurred in May 2021, splitting each existing ordinary share into 18,500 ordinary fully paid shares. Earnings per share for year ended 30 June 2020 has been restated to share split.

Effect of dilution

No dilutive effect has been taken into account for the year ended 30 June 2021 and 30 June 2020 as the group generated losses for the financial years.

NOTE 7: CASH AND CASH EQUIVALENTS

	30 June 2021	30 June 2020
Cash and cash equivalents	\$	\$
Cash at bank and on hand	606,281	707,635
	606,281	707,635

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

NOTE 8: OTHER CURRENT ASSETS

	30 June 2021	30 June 2020
	\$	\$
Prepayments	33,032	7,170
Prepaid capital raise costs	212,054	-
Other current assets	4,012	-
	249,098	7,170

NOTE 9: PROPERTY PLANT AND EQUIPMENT

30 June 2021	Computer Equipment	Plant and Equipment	Total
<i>Cost</i>			
Opening balance	3,653	749,205	752,858
Additions	-	15,600	15,600
Disposals	(3,653)	(63,911)	(67,564)
	-	700,894	700,894
<i>Accumulated depreciation</i>			
Opening balance	(3,064)	(147,164)	(150,228)
Depreciation for the year	(404)	(73,900)	(74,304)
Disposals	3,468	33,446	36,914
	-	(187,618)	(187,618)
Net book value	-	513,276	513,276
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)	(150,228)
Net book value	589	602,041	602,630

NOTE 10: EXPLORATION AND EVALUATION ASSETS

	30 June 2021 \$	30 June 2020 \$
Exploration, evaluation and development costs carried forward in respect of mining areas of interest		
Exploration and evaluation phase	3,645,632	2,739,488
	3,645,632	2,739,488

Capitalised tenement expenditure movement reconciliation

	Total \$
30 June 2021	
Balance at beginning of year	2,739,488
Additions through expenditure capitalised	906,144
Balance at end of year	3,645,632
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

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 2021 \$	30 June 2020 \$
Tenement bonds	163,000	163,000
	163,000	163,000

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

	Note	30 June 2021 \$	30 June 2020 \$
Trade payables ⁽ⁱ⁾		470,765	335,026
GST payable		(30,599)	137,871
PAYG and superannuation payable		54,106	59,058
Other payables		26,825	85,374
Contingent liabilities	18	160,000	-
		681,097	617,329

i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

NOTE 13: PROVISIONS

	30 June 2021 \$	30 June 2020 \$
<i>Current</i>		
Annual leave provision	44,323	24,193
	44,323	24,193
<i>Non-Current</i>		
Long service leave provision	2,647	1,603
	2,647	1,603

NOTE 14: CONVERTIBLE NOTES

During the year ended 30 June 2021, the Company issued 1,800 unsecured convertible notes in three series with a face value of \$1,000 per convertible note and a maturity date of 24 months from issue date.

Gross proceeds from convertible notes issued by the company amounts to \$2,499,815. Transaction costs incurred to date total \$72,597.

The issue terms of each convertible note series are outlined below:

- Series A - (\$1.5m) - 30% discount to offer; 10% interest per annum accruing daily
- Series B - (\$0.5m) - 20% discount to offer; 10% interest per annum accruing daily
- Series C - (\$0.5m) - 20% discount to offer; no interest payable.

For each series 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 agreed 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.

	30 June 2021		30 June 2020	
	Number	\$	Number	\$
Notes on issue at beginning of year	700	700,000	-	-
Convertible notes issued	1,800	1,799,815	700	700,000
Notes issued at end of period	2,500	2,499,815	700	700,000
Transaction costs		(72,597)		(32,243)
Interest charged (effective interest rate)		140,783		-
Total Convertibles Notes		2,568,001		667,757

NOTE 14: CONVERTIBLE NOTES continued

	30 June 2021	30 June 2020
<i>Current</i>	700,000	-
<i>Non-Current</i>	1,868,001	667,757
Total	2,568,001	667,757

NOTE 15: ISSUED CAPITAL

	30 June 2021 \$	30 June 2020 \$
60,014,000 fully paid ordinary shares (2020: 3,244)	3,505,348	3,505,348

	2021 Number	2021 \$	2020 Number	2020 \$
Balance at beginning of financial year	3,244	3,505,348	2,844	2,485,102
Issue of shares	-	-	296	752,940
<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
Share Split	60,010,756	-		
Balance at end of financial year	60,014,000	3,505,348	3,244	3,505,348

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

Share Split

The Company converted from a private company to a public company in preparation for its initial public offer and application for admission onto the Official List of the Australian Stock Exchange. The shareholders resolved unanimously, in accordance with section 245H(1) of the Corporations Act 2001 (Cth), to convert its shares into a larger number, by splitting each existing ordinary share into 18,500 ordinary fully paid shares, which was determined on the basis of a project valuation of A\$12 million and a proposed listing share price of \$0.20 per share. The existing share capital of 3,244 ordinary fully paid shares were converted into 60,014,000 ordinary fully paid shares.

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 \$0.23 and an expiry date 3 years from the date of their subscription agreements.

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Instrument	Issue Date	No. Granted	Exercise Price	Expiry Date
Options	19 November 2019	11,063,000	0.23	19 November 2022
Options	28 June 2020	1,665,000	0.23	28 June 2023
		12,728,000		

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

Options Granted

The Company has granted 250,000 options in respect of unissued Shares to the Chief Executive Officer under the Listing Plan in the Prospectus. The CEO Options vest on the first anniversary of their grant date (that is, in June 2022) and have an exercise price of \$0.40 per CEO Option. The CEO Options are to be issued prior to the Company's admission to the Australian Stock Exchange. The CEO Options can be exercised any time in the two-year period following their vesting date, but are the subject of a 24 month escrow restriction period in accordance with the ASX Listing Rules.

Vesting of the CEO Options is generally conditional on the Chief Executive Officer remaining employed by the Company as Chief Executive Officer as at the applicable vesting date. However, the Board has discretion to determine that some or all of the unvested CEO Options will vest notwithstanding cessation of employment.

Name	Grant Date	No. Granted	Exercise Price	FV of	Expiry Date
				Options Granted	
K. O'Neill	1 February 2021	250,000	0.40	23,750	1 July 2024

Fair Value Assumptions

When determining the fair value, the company has applied the Black Scholes pricing model in accordance with AASB 2 *Share-based Payments*. The table below outlines the assumptions used as inputs into the fair value calculation of instruments granted during the period.

Assumption	Input
Spot Price (\$)	0.20
Strike Price (\$)	0.40
Volatility (%)	100
Risk Free Yield (%)	0.09
Expiry (Years)	3
Fair Value (\$)	0.095

Performance Rights

Prior to the Company's admission to the Australian Stock Exchange as a subsequent event to this financial report, the Company intends to issue 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.

Details of the Performance Rights are set out in the table below. As shown in the table below, all the Performance Rights are unvested and will progressively vest over the 4 years following the date of grant of the Performance Rights (subject to achieving the relevant performance hurdle).

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Total
Vesting Date	24 months post-Admission	36 months post-Admission	48 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 \$0.40 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	The Company achieving a VWAP over any 20 consecutive trading days prior to the Vesting Date of \$1.00 per share or higher	
Performance Rights					
J. Elkington	750,000	750,000	750,000	2,250,000	4,500,000
J. Hobson	600,000	600,000	600,000	1,700,000	3,500,000
A. McIntosh	600,000	600,000	600,000	1,700,000	3,500,000
Total	1,950,000	1,950,000	1,950,000	5,650,000	11,500,000

Vesting of the Performance Rights is generally conditional on the holder remaining in the role of Director as at the applicable vesting date. However, the Board has discretion to determine that some or all of the unvested Performance Rights will vest notwithstanding the Director no longer holds that role.

Each Performance Right, once vested and exercised, entitles the holder to apply for one ordinary share in the Company at a \$0 exercise price, which Share will rank pari passu with all other Shares then on issue. As such, no funds will be raised from the issue of the Performance Rights.

Pursuant to their Letters of Appointment, the Directors appointed on 30 June 2021 are entitled, subject to shareholder approval once listed, to receive up to 5,650,000 additional Performance Rights in aggregate.

Performance Rights Granted – Non Executive Directors

Director	Grant Date	Number	FV at Grant Date
J. Elkington	30 June 2021	750,000	103,958
J. Elkington	30 June 2021	750,000	102,085
J. Elkington	30 June 2021	750,000	106,696
J. Hobson	30 June 2021	600,000	83,167
J. Hobson	30 June 2021	600,000	81,668
J. Hobson	30 June 2021	600,000	85,357
A. McIntosh	30 June 2021	600,000	83,167
A. McIntosh	30 June 2021	600,000	81,668
A. McIntosh	30 June 2021	600,000	85,357
Total		1,950,000	813,123

Fair Value Assumptions

The fair value of the first 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
Assumed Vesting Date	30 June 2023	30 June 2024	30 June 2025
Share Price (\$)	0.19	0.19	0.19
Exercise Price (\$)	0.00	0.00	0.00
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

NOTE 16: 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 2022 amounts of approximately \$507,000 in respect of exploration license leases and related items and to meet minimum expenditure requirements.

NOTE 17: CONTROLLED ENTITIES

Name of entity	Country of incorporation	Ownership interest	
		30 June 2021 %	30 June 2020 %
<i>Parent entity</i>			
Koonenberry Gold Ltd	Australia		
<i>Subsidiaries</i>			
Lasseter Gold Pty Ltd	Australia	100	100
KNB Plant Pty Ltd	Australia	100	100

KNB Plant Pty Ltd was deregistered effective 31 October 2020.

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	30 June 2021 \$	30 June 2020 \$
Contingent Liabilities	160,000	-
	160,000	-

Director and consulting fees

The Group has agreed to pay George Rogers directors fees of \$60,000 including statutory superannuation, contingent on admission to ASX. In addition, SRG Partners, a firm in which Mr Rogers is a partner, will receive \$100,000 (plus GST) for the provision of outsourced accounting services provided prior to listing, upon lodgment of the Prospectus and successful completion of IPO Offers. At the end of the reporting period the Directors have assessed the likelihood of successful completion of IPO as probable, therefore recognising the Directors and consulting fees as at cost at year end.

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.

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS continued.*Royalty Agreements*

Lasseater (Pty) Ltd, a wholly owned subsidiary of the Company, has entered into various arrangements relating to the payment of royalties from products extracted from the land the subject of certain of its Exploration Licences. Details of these arrangements are summarised as follows:

Tenement	Perry & Armstrong	Bates	Arastra	EMX	Kayrunnera
EL 6803	-	-	2% of revenue from all products <i>less</i> allowable deductions	3% of revenue from all products <i>less</i> allowable deductions	2% of revenue from all products (ex alluvials) <i>less</i> allowable deductions AND 7.5% of EBITDA from alluvial and modern palaeo gold
EL 6854	2% of revenue from all Group 1 Minerals <i>less</i> allowable deductions	-	-	3% of revenue from all products <i>less</i> allowable deductions	
EL 7635	-	-	-	3% of revenue from all products <i>less</i> allowable deductions	7.5% of EBITDA from alluvial and modern palaeo
EL 7651	-	2% of revenue from all Group 1 Minerals <i>less</i> allowable deductions	-	3% of revenue from all products <i>less</i> allowable deductions	7.5% of EBITDA from alluvial and modern palaeo
EL 8245	-	-	-	3% of revenue from all products <i>less</i> allowable deductions	2% of revenue from all products (ex alluvials) <i>less</i> allowable deductions AND 7.5% of EBITDA from alluvials and modern palaeo
EL 8705	-	-	-	-	7.5% of EBITDA from alluvials and modern palaeo
EL 8706	-	-	-	-	2% of revenue from all product (ex alluvials) <i>less</i> allowable deductions AND 7.5% of EBITDA from alluvial and modern palaeo

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS continued.

Tenement	Perry & Armstrong	Bates	Arastra	EMX	Kayrunnera
EL 8819	-	-	-	-	2% of revenue from all product (ex alluvials) /less allowable deductions AND 7.5% of EBITDA from alluvial and modern palaeo
EL 8918	-	-	-	-	2% of revenue from all product (ex alluvials) /less allowable deductions AND 7.5% of EBITDA from alluvial and modern palaeo
EL 8919	-	-	-	-	-
EL 8949	-	-	-	-	2% of revenue from all product (ex alluvials) /less allowable deductions AND 7.5% of EBITDA from alluvial and modern palaeo
EL 8950	-	-	-	-	-

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 19: FINANCIAL ASSETS AND LIABILITIES**30 June 2021**

Financial assets	Note	Cash \$	Loans and Receivables \$	Total \$
<i>(Carried at amortised cost)</i>				
Cash and cash equivalents	7	606,281	-	606,281
		606,281	-	606,281
Financial liabilities	Note	Payables \$	Borrowings \$	Total \$
<i>(Carried at amortised cost)</i>				
Trade and other payables	12	551,696	-	551,696
		551,696	-	551,696

NOTE 19: FINANCIAL ASSETS AND LIABILITIES continued.**30 June 2020**

Financial assets	Note	Cash	Loans and Receivables	Total
		\$	\$	\$
		<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

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Interest Risk

The Company's Board of Directors has ultimate responsibility for setting the Company's risk appetite, for overseeing the risk management framework designed and implemented by management and for satisfying itself that the risk management framework is sound. The Board is also responsible for monitoring and reviewing the Company's risk profile, and for governance of risk management across the Company, leading the strategic direction regarding the management of material business risks and reviewing the effectiveness of the risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to meet all of its financial commitments and maintain the capacity to fund the exploration, evaluation, development and operation of the Koonenberry Gold Project and ancillary exploration activities.

The principal financial instruments as at the reporting date include cash, receivables, payables and loan and finance agreements.

Set out below is information about exposures to the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash at bank, term deposits as well as credit exposure to trade customers, including outstanding receivables and committed transactions. Credit risk represents the potential financial loss if companies fail to perform as contracted.

The carrying amount of financial assets represents the maximum credit exposure.

The Group limits its exposure to credit risk by only transacting with high credit quality financial institutions. During the year the Group maintained all cash and cash equivalents balances with banks and financial institutions holding a AA- rating.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Group also manages liquidity risk by producing cash flow forecasts to ensure that there is a clear and up-to-date view of the short to medium term funding requirements and the possible sources of those funds. The Group aims to maintain the level of its cash and cash equivalents in excess of expected cash outflows on financial liabilities.

Market Risk

Market risk is the risk that changes in market prices (such as commodity price, foreign exchange rates and interest rates) will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

NOTE 20: REMUNERATION OF AUDITORS

	30 June 2021	30 June 2020
	\$	\$
Audit or review of financial report – Grant Thornton	30,000	52,622
	30,000	52,622

Audit fees incurred for the year ended 30 June 2020 included audit of three consecutive financial years (30 June 2018, 30 June 2019, 30 June 2020).

NOTE 21: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 June 2021	30 June 2020
	\$	\$
Profit/(loss) for the year	(1,031,858)	(247,108)
Adjustments for non-cash items included in profit/(loss)		
(Gain)/loss on sale of property, plant and equipment	3,089	19,251
Share based payments	4,035	83,700
Convertible note issued in lieu of payment	56,000	-
Interest on convertible notes	140,783	-
Capital raising costs	30,872	-
Changes in other items:		
(Increase)/decrease in other assets	(29,873)	(7,171)
Increase/(decrease) in trade payables	419,022	137,198
Increase/(decrease) in provisions	10,843	-
Net cash used in operating activities	(397,087)	(14,130)

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) (Resigned 30 June 2021)
- Mr. Neil Dunn (*Non-Executive Director*)(Appointed 22 July 2019) (Resigned 30 June 2021)
- Mr. Kieran Purcell (*Non-Executive Director*)(Appointed 22 July 2019) (Resigned 30 June 2021)
- Mr. John Elkington (*Chairman*)(Appointed 30 June 2021)
- Mr John Hobson (*Non-Executive Director*)(Appointed 30 June 2021)
- Mr Anthony McIntosh (*Non-Executive Director*)(Appointed 30 June 2021)

Key Management Personnel

- Ms. Karen O'Neill (*Chief Executive Officer*) (Appointed 1 February 2021)

Remuneration paid to Directors and key management personnel

	30 June 2021	30 June 2020
	\$	\$
Short term employee benefits	164,000	-
Long term employee benefits	11,875	-
Post employment benefits	-	-
Termination benefits	-	-
Share based payments (i)	-	83,700
Total	175,875	83,700

- i) FY20 share payments relate to equity based employment incentives issued to Kieran Purcell (\$83,700) for services provided during the financial year.

Transactions with Directors, key management personnel and their associated entities

	30 June 2021	30 June 2020
	\$	\$
Consulting Fees (i)	80,300	-
Professional Fees – WRP Legal (ii)	18,182	4,638
Total	98,482	4,638

- i) The Group engaged John Elkington (Southern Mining Consultants) and Anthony McIntosh to assist with Due Diligence requirements prior to ASX Listing.
- ii) 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.

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

Balances with Directors, key management personnel and their associated entities at reporting date

	30 June 2021 \$	30 June 2020 \$
WRP Legal – Professional Fees (i)	-	51,727
J.Elkington – Consultancy Fees (ii)	7,300	-
Total Transactions	7,300	51,727

- 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) The Group engaged John Elkington on a monthly basis from September 2020 to assist with Due Diligence requirements prior to ASX Listing.

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

	Number of Shares	Total \$
30 June 2021:		
Balance at beginning of year	104	267,306
Share based payments during the year	-	-
Balance at end of year	104	267,306
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

- 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.

Share based payment expense

The share-based payment expense included within the Statement of Profit or Loss can be broken down as follows:

	30 June 2021	30 June 2020
	\$	\$
Ordinary shares issued	-	83,700
Share options expense	3,232	-
Performance rights expense	803	-
	4,035	83,700

Share Options

The following table shows options issued during the year ended 30 June 2021 and the value attributed to each option granted, by the category holder:

Name	Grant Date	No. Granted	Exercise Price	FV of Options Granted	Expiry Date
K. O'Neill	1 February 2021	250,000	0.40	23,750	1 July 2024

Performance Rights

The following table shows performance rights granted during the year ended 30 June 2021 and the value attributed to each right granted, by the category holder:

Holder	Grant Date	Number	FV at Grant Date
J. Elkington	30 June 2021	750,000	103,958
J. Elkington	30 June 2021	750,000	102,085
J. Elkington	30 June 2021	750,000	106,696
J. Hobson	30 June 2021	600,000	83,167
J. Hobson	30 June 2021	600,000	81,668
J. Hobson	30 June 2021	600,000	85,357
A. McIntosh	30 June 2021	600,000	83,167
A. McIntosh	30 June 2021	600,000	81,668
A. McIntosh	30 June 2021	600,000	85,357
Total		1,950,000	813,123

NOTE 24: POST REPORTING DATE EVENTS

On 2 July 2021 the Company lodged its Prospectus, for an initial public offer between 40,000,000 to 50,000,000 shares at an issue price of A\$0.20 each to raise between A\$8,000,000 to A\$10,000,000 with ASIC. The Prospectus was lodged with the ASX and offers opened on 12 July 2021. The capital raising was completed in September having achieved the minimum and official quotation on the ASX achieved on 17 September 2021.

On 20 September 2021 the Company entered into a shareholder loan agreement for \$200,000. The loan drawdown is contingent on successful IPO. Interest is payable at a 10% interest rate, and repayment is due by 20 May 2022.

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

The directors declare that:

- a. In the directors' opinion that attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of the consolidated entities financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - ii Comply with Australian Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements;
 - iii The financial statements and notes also comply with International Financial Reporting Standards; and
- 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.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the *Corporations Act 2001*.



John Elkington

Chairman

Dated at this 29 September 2021

Independent Auditor's Report

To the Members of Koonenberry Gold Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Koonenberry Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, 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 the Directors for the Financial Report

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

In preparing the financial report, the Directors are 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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website 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 P Steedman
Partner – Audit & Assurance

Perth, 29 September 2021



Ground floor
16 Ord Street
West Perth
WA 6005

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

koonenberrygold.com.au