ASX ANNOUNCEMENT
7 June 2023

Performance Rights Issue

Koonenberry Gold Ltd **(ASX:KNB)** ("Koonenberry" or the "Company") announces an upcoming issue of performance rights to the Managing Director and employees.

The Koonenberry Board has approved an incentive package of performance rights to the Company's Managing Director and employees as a reward for services to date, as well as an incentive for future performance. The issue of performance rights is intended to preserve cash of the Company, assist in the retention of employees, while aligning their interests more closely with shareholders.

The proposed issue to the Managing Director will be for the number of performance rights equalling 50% of fixed annual salary of $300,000. The issue of employee incentive rights will be in lieu of their FY23 annual cash performance bonus and will be calculated on a percentage of their fixed annual salary.

The deemed price to calculate the number of Rights offered will be calculated based on the volume weighted average traded price of the Company's shares for the 5 trading days prior to and including 30 June 2023.

The Company intends to seek shareholder approval for the issue of the rights to the Managing Director at its 2023 Annual General Meeting, unless another shareholder meeting is held sooner. The employee rights are intended to be issued in July 2023 pursuant to the Company's employee securities incentive plan.

The performance rights will have objectives linked to exploring the Koonenberry project and achieving Company share price targets. The terms of the employee incentive rights are summarised in the schedule to this announcement. The terms of the Managing Director performance rights are expected to be similar to these terms, and in any case will be included in the Notice of Meeting to seek shareholder approval.

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

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

Terms of Performance Rights

1. Performance Milestones
   Unvested performance rights will vest equally on the milestone date, being 24 months from issue date, upon each of the following events occurring prior to the milestone date:-
   1) Commencement of (follow-up) drilling at the Koonenberry project;
   2) the delivery of drill intercepts >10 g/t x m Au (or equivalent) at the Koonenberry project;
   3) the delivery of drill intercepts >20 g/t x m Au (or equivalent) at the Koonenberry project; and / or
   4) the 10 day volume weighted average price of Company shares (ASX:KNB) traded on the ASX being $0.15 or greater.

2. Vesting Conditions
   The Performance Rights will vest when the Performance Milestone in respect of that Tranche have been met by the Milestone Date, subject to being continuously employed with the Company at that date (**Vesting Condition**).
   The vesting of each of the tranches of Performance Rights, either wholly or a portion, is dependent upon the extent to which the performance conditions have been achieved over the Milestone period, at the ultimate discretion of the Board of Directors.
   The Board of Directors also retains discretion to determine achievement of the milestones in situations where the Company's priorities changes over time, and to vest part or all of the Performance Rights earlier if certain events occur.

3. Vesting
   Subject to the satisfaction of the Vesting Condition, the Company will notify the Holder in writing (**Vesting Notice**) within 5 Business Days of becoming aware that the relevant Milestone has been satisfied.

4. Exercise
   Upon receipt of a Vesting Notice, the Holder may apply to exercise Performance Rights by delivering a signed notice of exercise to the Company Secretary, in the form set out in Schedule 3 (**Notice of Exercise**) prior to the Expiry Date. The Holder is not required to pay a fee in order to exercise the Performance Rights

5. Milestone Date
   To the extent that a Milestone for a Performance Right has not been satisfied by the milestone date as specified in condition 2 (**Milestone Date**), each Performance Right will lapse on the Milestone Date.

6. Expiry Date
   Any Performance Rights that have not been exercised prior to the date 3 years from issue (**Expiry Date**) and have not lapsed in accordance with clause 5, will expire and lapse on the Expiry Date.

7. Transfer
   The Performance Rights are not transferable, except in exceptional circumstances approved by the Board.

8. Entitlements and bonus issues
   Subject always to the rights under condition 0 (Reorganisation of Capital), Holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.

9. Adjustment for bonus issue

If securities are issued pro-rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Rights to which the holder is entitled will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were converted immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Listing Rules at the time of the bonus issue.

10. Reorganisation of capital

In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.

11. Right to receive Notices and attend general meetings

Each Performance Right confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of the Company.

12. Voting rights

A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

13. Dividend rights

A Performance Right does not entitle the Holder to any dividends.

14. Return of capital rights

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

15. Rights on winding up

The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

16. Quotation

The Company will not apply for quotation of the Performance Rights on the ASX.

17. Shares issued on conversion

Shares issued on conversion of the Performance Rights rank equally with the then Shares of the Company.

18. Issue of Shares

As soon as practicable after the later of the following:

(a) the Company receives a Notice of Exercise or the Performance Rights and

(b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

(c) issue the Shares specified in the Notice of Exercise;

(d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and

(e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If the Company is unable to deliver a notice under condition 19(d), if required, or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on exercise of the Performance Rights may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

All Shares issued upon the conversion of Performance Rights will upon issue rank pari passu in all respects with other Shares.

19. Quotation

Performance Rights will not be quoted on ASX. On conversion of Performance Rights into Shares, the Company will apply for quotation.

20. No other rights

A Performance Right does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

21. Amendments required by ASX

The terms of the Performance Rights may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.