

Quarterly Activities and Cash Flow Report to 31 December 2023

Highlights

DOLPHIN TUNGSTEN MINE (DTM)- OPERATIONS

- **Quarterly Production**
 - Production ramps up to record highs
 - Saleable tungsten production of 176.17 tonnes at average grade of 54.9% WO₃
 - 7,540 mtu's of tungsten concentrate shipped resulting in cash receipts of \$2.2M
- Significantly improved quarter marked by higher ore head grade and process plant throughput
- An optimised mine plan has been finalised to bring tungsten production forward and enhance cashflows during ramp up to steady state production

TUNGSTEN MARKET

- Ammonium Paratungstate (APT) prices remain robust at US\$300 – 325 per mtu CIF Rotterdam
- Global destocking of tungsten supplies continued during the quarter and despite this trend over CY 2023, tungsten prices remain high when compared to prices over the past 5 years.

CORPORATE

- Major shareholders provided \$8 million in bridge finance facility to support ramp-up activities at DTM
- Full R&D refund approved for payment by the ATO during quarter, receiving \$14.3m including interest after the end of the quarter
- \$0.6 million in cash and \$2.6 million in undrawn debt facilities as at 31 December 2023

Group 6 Metals Limited (ASX: G6M, “Group 6 Metals” or the “Company”) is pleased to report on its activities and cashflow for the quarter ending 31 December 2023.

Group 6 Metals Managing Director & Chief Executive Officer Keith McKnight said:

“During the December 2023 quarter, the DTM site team achieved encouraging improvements in both mining and process plant operations. The head grade from the mine improved significantly as mining moves through transition areas to the main ore body. Steady supply of higher-grade ore significantly above that predicted in the geological model is enhancing the process plant production as the team continues to focus on plant throughput and recovery.

The team remains focussed on delivering stable economic production by April 2024. Optimisation of the mine plan has identified opportunities to accelerate the extraction of ultra-high-grade open cut ore, while lowering overall material movement. We are looking forward to 2024 with a great optimism as we seek to achieve positive cashflows and unlock the full potential of this exceptional high-grade ore body.

We enjoyed a strong safety record during construction and initial ramp-up at the Dolphin Mine, achieving 668 days LTI Free. However, we deeply regret experiencing two lost-time injuries in the past quarter. While our people have resumed normal duties, these incidents serve as a stark reminder that we must remain ever vigilant when performing activities on the mine site. The safety of our people must be our top priority as we continue ramping up Dolphin Mine operations.”

Dolphin Tungsten Mine Activities Update

During the quarter, the Company delivered a notable improvement in tungsten production at the DTM, achieving an increasing production rate from higher-grade ore over the course of the period.

As mining progressed through the transitional zones to the main Dolphin Ore body, there was a significant increase in head grade supplied to the process plant, with average grade mined at the end of December reaching 0.74% WO₃, which is higher than forecast of 0.56% WO₃ for the month, and significantly higher than other western world operating tungsten mines.

Despite a shorter operating month due to an unscheduled maintenance shutdown on the 22nd December, the process plant produced 61.3 tonnes of concentrate at 58% WO₃ which is equivalent to November 2023 production and is in line with forecast.

The period included a new daily ore processing record, with more than 1,000 tonnes of high-grade ore over 24 hours in early December 2023. This achievement represented DTM’s steady climb towards its nameplate production capacity. This equates to an hourly throughput of 44 tph or 73% of the design nameplate capacity. This accomplishment reflects the ongoing optimisation efforts of the site team and underscores the plant’s improving performance.

Plant utilisation improved from 40% at the beginning of the quarter to 70% at the end of the quarter, reflecting the increasing knowledge of the plant operators. As processing capabilities continue to improve, the DTM is well-positioned to consistently deliver larger volumes in the future, solidifying its role as a reliable supplier of tungsten concentrate.

Table 1 - Dolphin Tungsten Mine Production

PRODUCTION	Q1 FY2024	Q2 FY2024	YTD FY2024
Total Ore Mined/Moved (t)	60,694	50,259	110,953
Total Ore Processed (t)	39,433	44,275	83,708
Average Concentrate Grade (%)	63.9	54.9	59.4
Concentrate produced (mtu)	4,548	9,708	14,256

Table 2 - Dolphin Tungsten Mine Shipping & Sales

SHIPPING & SALES	Q1 FY2024	Q2 FY2024	YTD FY2024
Tungsten shipments (mtu)	3,657	7,540	11,197
Cash receipts from shipments (\$m) ¹	\$1.2	\$2.2 ³	\$3.4 ³
Average price (\$) ²	\$354.46	\$338.49	\$343.70

1. Cash receipts represent provisional invoicing of 85%
2. Average price represents 100% of provisional invoice value
3. Cash receipts per the Appendix 5B includes an additional \$0.1m for gravel sales to local supplier



Figure 1 - Preparation of benches on the eastern side of the Dolphin Pit for mining of high-grade ore



Figure 2 - Process team members Nathan Hinkley (L) and Crew leader Nick Julian (R) with tungsten concentrate ready for drying and bagging

The focus of the process plant team is improving recovery, primarily influenced by head grade, but also a factor of continuous operation and optimising equipment performance. Metallurgical survey of the individual equipment performance was carried out during the quarter and the findings have identified areas for immediate improvement over the first quarter of 2024.

An optimised near-term mine plan, specifically targeting the high-grade ore body and reducing overall material movements, is forecast to steadily increase head grade to an average of 1.1% WO₃ by June 2024. In December the average head grade mined increased to 0.74% WO₃ which is significantly higher than forecast.

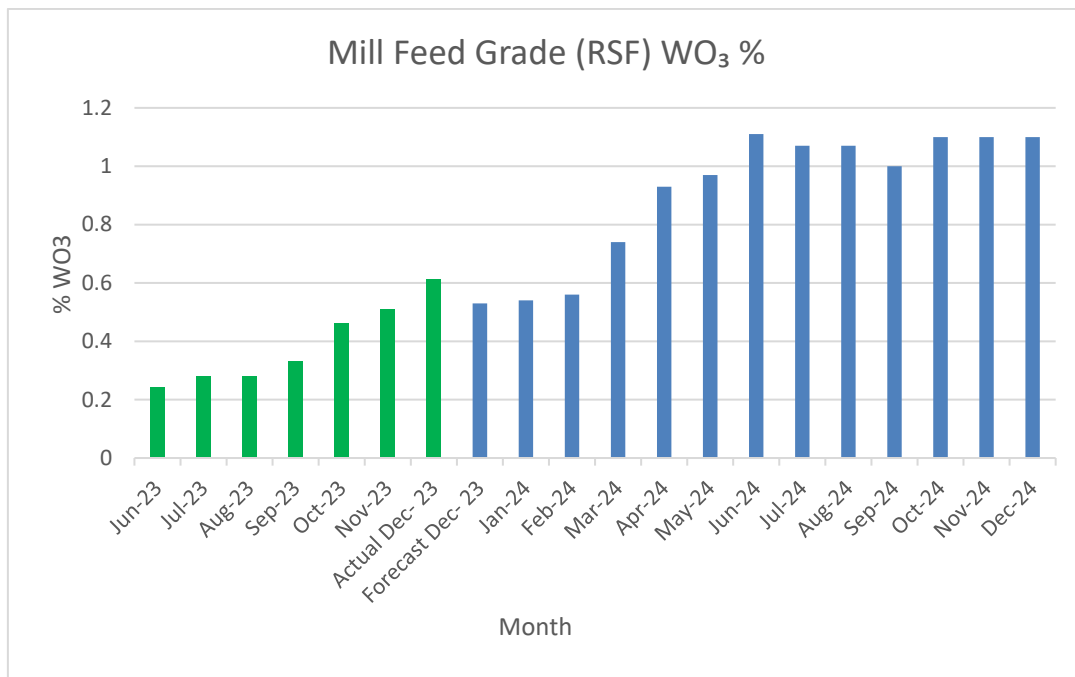


Figure 3 – Actual and Forecast Mill Feed Grade for the Dolphin Tungsten Process Plant

Actual - █ Forecast - █

Processing ultra-high head grade ore will significantly enhance plant recovery, substantially increasing concentrate production starting March 2024. This was evidenced in December, which was a shorter production month, but production remained in line with November production and forecast for December (Fig 4 & Fig 5).

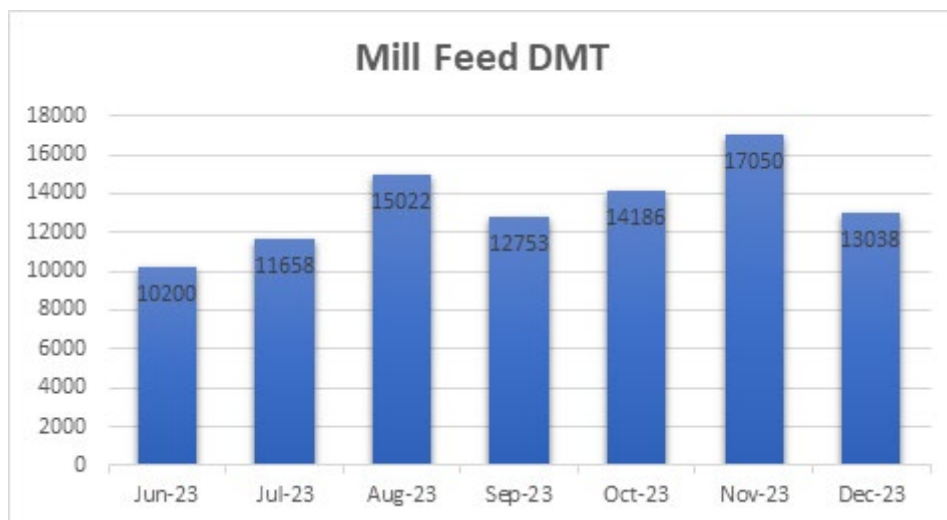


Figure 4 – Mill Feed on Dry tone Basis

In a significant production boost, the plant processed 44,274 dry tonnes (dt) of ore during the quarter, representing a 20% increase from the previous quarter.

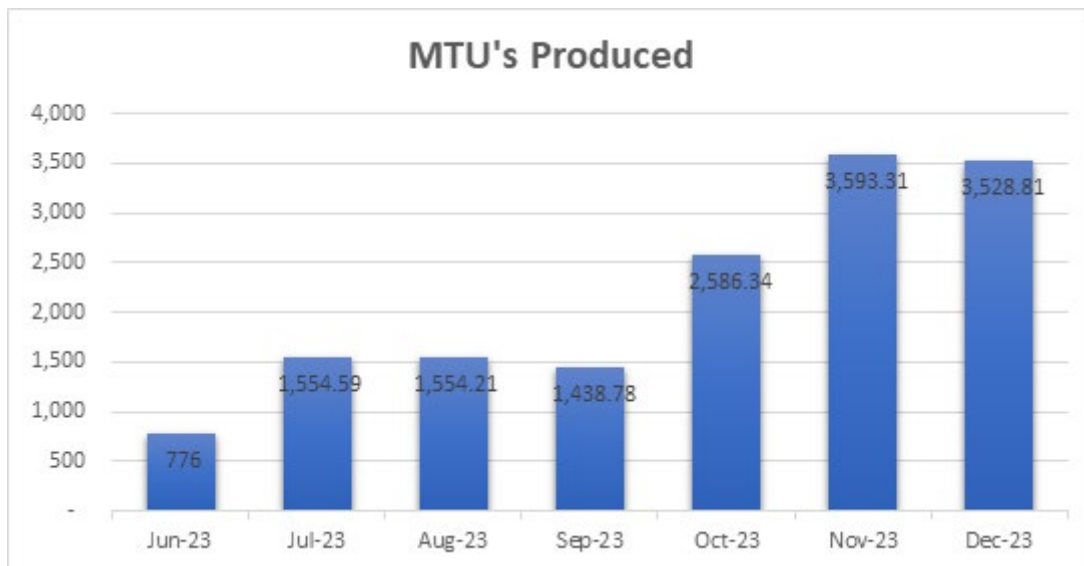


Figure 5 – Metric Tonne Units (10kg) WO₃ Produced

Approximately 9,708 mtus of concentrate were produced with an average grade of 55% WO₃, while 9,150 mtus of concentrate were shipped during the quarter at an average grade of 60% WO₃.

To continuously improve key performance characteristics of the plant, a shutdown in early January 2024 has allowed for several mechanical enhancements and repairs. This proactive maintenance, which comes on the heels of a better performance, will enhance the performance and reliability of the plant in anticipation of the higher grade ore expected early in the new year.

Safety

Following a strong safety performance during the construction and initial ramp up period, regrettably there were two (2) minor Lost Time Injuries (LTIs) recorded during the quarter. The two employees have been treated and have since returned to work. These incidents have been fully investigated and there has been a renewed focus on safety, training and hazard assessment systems.

Tungsten Market

Trading volumes for tungsten products remained lower during the 2023 calendar year, as excess stock from 2022 continues to rundown. Despite the weaker trading volumes, the Ammonium Paratungstate (APT) CIF Rotterdam prices have remained robust and currently sit at US\$300- 325 per mtu (10kg of WO₃).

APT PRICE PER MTU (EU LOW) JANUARY 2023 - DECEMBER 2023



Data sourced from Fastmarkets Metal Bulletin

Corporate

Additional Capital Attracted to Support DTM Ramp Up

During the quarter, the Company received a bridge finance facility of a total of \$8 million (“Bridge Finance Facility”) from its four major shareholders to support the Company’s cashflow as production ramps up at the Dolphin Tungsten Mine (“DTM”).

The Company secured the Bridge Finance Facility at an important time as the site team worked through the initial challenges encountered by lower-than-expected plant utilisation through the September quarter, impacting average monthly production.

The parties providing the Bridge Finance Facility included:

- Abex Limited
- CJRE Maritime Pty Ltd
- Elphinstone Holdings Pty Ltd
- D.A.CH.S Capital AG.

Research and development tax incentive

Post quarter, G6M announced that following the lodgement of its Research Development (“R&D”) Tax Incentive Application for FY2023, the Company has received a cash refund of approximately \$14.3m relating to the claim, which includes \$160k of interest.

The R&D Tax Incentive rebate is related to eligible R&D activities in FY2023 expenditure incurred in developing the Dolphin Mine on King Island, Tasmania.

G6M is pleased to have received this government support for its unique critical and strategic mineral project to supply Tungsten concentrate.

Annual General Meeting

G6M held its 2023 Annual General Meeting (AGM) of shareholders on 23 November 2023, following which the Company advised that all resolutions were passed by a poll.

Please refer to the G6M announcement dated 23 November 2023 for details of the proxy votes and votes cast in respect to each resolution.

Follow the below link to view the CEO's Presentation at the AGM.

<https://wcsecure.weblink.com.au/pdf/G6M/02744179.pdf>

Cash Position

The Company's cash position as at 31 December 2023 was \$0.6 million.

Licences and Leases

The Company holds the following licences and leases as at 31 December 2023:

	Interest
Exploration Licence EL19/2001 at Grassy, King Island (63 sq kms) (expires 14 December 2024)	100%
Mining Lease CML 2080P/M at Grassy, King Island (566 hectares) (expires 5 June 2029)	100%

There have been no mining tenements acquired or disposed during the Quarter.

Payments to related parties of the entity and their associates

The amount included in section 6.1 of the Appendix 5B includes cash payments of \$146,794 in director's fees and remuneration.

Approved by the Board of Group 6 Metals Limited.

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About Group 6 Metals

Group 6 Metals Limited (ASX: G6M), previously known as King Island Scheelite Limited (ASX: KIS), is an Australian resources exploration and development company. The Company's name honours tungsten as Group 6 Metals' first commodity project (The Dolphin Mine) under development, as tungsten is a member of Group 6 of the periodic table along with chromium and molybdenum, as well as being a critical mineral and a geopolitically strategic resource.

The Company is focused on the redevelopment of its 100%-owned Dolphin Mine located on King Island, Tasmania. Initially the focus is on producing a high grade of tungsten concentrate, however, plans are to value-add the product for supply into the upstream tungsten industry.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

GROUP 6 METALS LIMITED

ABN

40 004 681 734

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,687	3,465
1.2 Payments for		
(a) exploration & evaluation	0	0
(b) development	0	0
(c) production	-6,188	-15,462
(d) staff costs	-2,608	-5,298
(e) administration and corporate costs ¹	-1,120	-2,341
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	5	23
1.5 Interest and other costs of finance paid	-384	-1,176
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	32	284
1.8 Other (provide details if material)	0	0
1.9 Net cash used in operating activities	-7,578	-20,505
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	0	0
(b) tenements	0	0
(c) property, plant and equipment including development costs	-528	-4,108
(d) exploration & evaluation	0	0
(e) investments	0	0
(f) other non-current assets	0	0

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash used in investing activities	-528	-4,108

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	4,312
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	-126
3.5	Proceeds from borrowings	8,000	16,954
3.6	Repayment of borrowings & leases	-2,347	-4,964
3.7	Prepaid transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from financing activities	5,653	16,176

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,048	9,032
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-7,578	-20,505
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-528	-4,108
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,653	16,176

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	595	595

5. Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	944
5.2	Call deposits	2,104
5.3	Bank overdrafts	0
5.4	Other (provide details)	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,048

6. Payments to related parties of the entity and their associates	Current quarter
	\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1
6.2	Aggregate amount of payments to related parties and their associates included in item 2

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments made to Directors and their associated entities – Directors' fees \$; Consulting fees \$.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	58,800	58,800
7.2 Credit standby arrangements	0	0
7.3 Other (Mobile fleet finance facility)	10,300	7,663
7.4 Total financing facilities	69,100	66,463
7.5 Unused financing facilities available at quarter end		2,637

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Lender	Facility Type	Finance Amount	Interest Rate	Maturity date	Secured/ Unsecured
Pure Asset Management Pty Ltd	Convertible debt	\$10,000,000	8.25%	08/11/2024	Secured
Chrysalis Investments Pty Ltd ATF The Ellis Family Trust	Debt	\$4,000,000	8.25%	42 months from practical completion of the Dolphin Project	Secured
Chrysalis Investments Pty Ltd ATF The Ellis Family Trust	Convertible debt	\$4,500,000	6.50%	42 months from practical completion of the Dolphin Project	Secured
CJRE Maritime Pty Ltd	Debt	\$3,000,000	12.00%	12 months after commencement	Unsecured
CRJE Maritime Pty Ltd	Debt	\$2,000,000	12.5%	The earlier of 72 hours from receipt of the R&D refund or 31/03/2024	Unsecured
Elphinstone Holdings Pty Ltd	Convertible debt	\$5,000,000	6.25%	42 months from practical completion of the Dolphin Project	Secured
Elphinstone Holdings Pty Ltd	Debt	\$1,000,000	12.00%	12 months after commencement	Unsecured
Elphinstone Holding Pty Ltd	Debt	\$2,000,000	12.5%	The earlier of 72 hours from receipt of the R&D refund or 31/03/2024	Secured
D.A.CH.S AG	Convertible debt	\$3,000,000	6.25%	42 months from practical completion of the Dolphin Project	Secured
D.A.CH.S AG	Debt	\$2,000,000	12.5%	The earlier of 72 hours from receipt of the R&D refund or 31/03/2024	Secured
Abex Limited	Convertible debt	\$6,500,000	6.25%	42 months from practical completion of the Dolphin Project	Secured
Abex Limited	Debt	\$3,000,000	12.00%	12 months after commencement	Unsecured
Abex Limited	Debt	\$2,000,000	12.5%	The earlier of 72 hours from receipt of the R&D refund or 31/03/2024	Unsecured
Tasmanian Government Loan	Debt	\$10,000,000	variable	7 years from drawdown	Secured
Ballarat & Clarendon College Ltd (BCC)	Debt	\$800,000	Variable	10 years from drawdown	Secured
OEM Financier	Mobile mining fleet facility	\$10,300,000	Various	48 months from drawdown	Unsecured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	-7,578
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) *Capitalised development costs	0
8.3 Total relevant outgoings (item 8.1 + item 8.2)	-7,578
8.4 Cash and cash equivalents at quarter end (item 4.6)	595
8.5 Unused finance facilities available at quarter end (item 7.5)	2,637
8.6 Total available funding (item 8.4 + item 8.5)	3,232
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.43
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
No. The entity is still in a ramp-up phase and expects receipts from customers to increase in the future as the operation moves towards steady state operation.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Yes. The entity received an R&D tax refund and interest receipt in January 2024 of \$14.3m.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Yes. This is due to the R&D tax refund received in January 2024 and the anticipated increase in the revenue stream.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2024

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
 2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
 3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
 4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
 5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
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