

Quarterly Activities and Cash Flow Report to 31 December 2024

Highlights

OPERATIONS

- Safety and Environmental
 - In the December 2024 quarter the safety focus was predominantly around improving the workplace environment particularly in the processing plant area, and the recruitment of leadership and operations personnel.
 - Three Lost Time Injuries (LTIs) were recorded during the quarter.
- Quarterly Production
 - The mine produced 125kt of ore for the quarter, in line with the previous quarter.
 - End of quarter stockpiles equated to 371k tonnes at an average grade of 0.53% WO₃¹.
 - Process plant throughput in the quarter was 31,717 tonnes with an average feed grade of 0.79%.
 - Saleable tungsten production for the quarter was 11,405 mtu² at an average grade of 56% WO₃.
 - 9,332 mtu of WO₃ in tungsten concentrate was sold.
 - Cash received from customers was AU\$2.7 million for the quarter.

CORPORATE AND FINANCIAL

- Recapitalisation plan
 - Launch of a recapitalisation plan aimed at significantly reducing debt, strengthening the balance sheet, lowering funding costs, and providing necessary liquidity to determine and execute a business transformation plan.
 - Reorganisation of leadership structure, including replacement of most key management personnel positions.

¹ Tungsten trioxide, based on pit grade estimation

- Drawdown on loans of AU\$14.0m, demonstrating continued support from lenders who are participating in the recapitalisation.
- Closing cash balance of AU\$1.0m and undrawn loan facilities AU\$3.8m³.

Dolphin Tungsten Mine Activities Update

A summary of key safety, environment and production statistics relevant to the operations for the last quarter and comparative quarters are as follows:

	Unit of Measure	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
Safety and environment					
Lost time incidents	No.	1	3	3	3
Production					
Waste mined	t	309,549	267,857	250,653	108,702
Ore mined	t	117,188	119,798	132,853	124,551
Plant feed volumes	t	54,358	60,908	46,440	31,717
Average feed grade	WO ₃ %	0.60%	0.52%	0.73%	0.79%
WO ₃ produced	mtu	13,098	14,606	14,462	11,405
WO ₃ sold	mtu	13,045	12,290	17,072	9,332

From a safety perspective, the Company incurred 3 lost time incidents in the quarter, an unacceptable continuing trend. Management have assessed that these incidents were mainly due to issues with resourcing and employee turnover. These matters are now being addressed systematically including recruitment of suitably qualified supervisors.

Ore mined during the quarter was 124,551 tonnes with more favourable stripping ratios than in previous quarters. There was a reduction in comparative waste mined to a low of 108,702 tonnes. Processing feed volumes were lower as a result of several plant issues including maintenance debts, plant availability and inadequate staffing. Average feed grades improved quarter on quarter to 0.79% as higher-grade ore became available to blend. With lower throughput, however, WO₃ concentrate production decreased compared to previous quarters and correspondingly revenue was lower.

Corporate and Financial

Changes to Key Management Personnel

In December 2024, the Company reorganised its leadership and key management. The following changes occurred:

- Board Chair Johann Jacobs was replaced by Executive Chairman, Kevin Pallas.
- Managing Director Keith McKnight and Non-Executive Directors Gregory Hancock and Anthony Caruso resigned.
- New board appointments were Non-Executive Director Dale Elphinstone with Chris Ellis continuing as a Non-Executive Director.
- Chief Financial Officer Michael Zannes resigned, and an executive search is currently underway.

² A metric ton unit (mtu) is 10 Kg WO₃

Cash position

The Company held \$1.0 million in cash and \$3.8 million in undrawn debt facilities³ as at 31 December 2024.

Recapitalisation plan

As announced to ASX on 4 December 2024, the Company reached an agreement with its secured lenders and certain other major creditors on a recapitalisation plan aimed at significantly reducing debt, strengthening the balance sheet, lowering debt servicing levels and providing necessary liquidity to review, plan and execute an operational improvement program.

The proposed transaction is subject to regulatory and shareholder approvals, with completion expected within Q3 FY2025.

The Company's lenders contributed an additional AU\$14.0 million of secured debt funding during the quarter. These payments were made in advance of formal shareholder approval to be obtained at the upcoming EGM.

Options

The following options issued under the Company's Equity Incentive Plan expired during the quarter:

- 1,000,000 G6MAB options expiring 15 October 2024, exercisable at \$0.11.
- 1,000,000 G6MAC options expiring 15 October 2024, exercisable at \$0.13.
- 1,000,000 G6MAD options expiring 15 October 2024, exercisable at \$0.15.

The following options issued under the Company's Equity Incentive Plan lapsed during the quarter upon cessation of employment:

- 3,500,000 G6MAM options expiring 14 July 2026, exercisable at \$0.18.
- 3,500,000 G6MAN options expiring 14 July 2027, exercisable at \$0.20.
- 3,500,000 G6MAO options expiring 14 July 2028, exercisable at \$0.22.

Licences and Leases

The Company holds the following licences and leases as at 31 December 2024:

	Interest
Exploration Licence EL19/2001 at Grassy, King Island (63 sq km) (expired 14 December 2024) ⁴	100%
Mining Lease CML 2080P/M at Grassy, King Island (566 hectares) (expires 5 December 2029)	100%

There was no material activity at the exploration tenement. The tenement is not subject to any farm-in or farm-out agreements.

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

³Facilities are subject to shareholder approval at the upcoming EGM

⁴Application for extension has been lodged and is pending

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 \$685,039 in director's fees, remuneration and payments to related associates. Included in this figure is \$523,848 of payments to outgoing key management personnel who left the Company upon its corporate reorganisation detailed earlier in this report. In addition, \$69,776 in payments were made to William Adams Pty Ltd, a Company controlled by Director Dale Elphinstone, for the period which Mr. Elphinstone held a position as Director during the quarter. The payments were for the rental of mining equipment, spare parts and related services under an arrangement which pre-existed Mr. Elphinstone's appointment to the Board of Directors. The arrangement between William Adams and the Company is on arms' length terms.

Group 6 Metals Executive Chairman Kevin Pallas said:

"The quarter to 31 December 2024 saw the Company struggle to achieve the improvements to its process plant performance that are needed to ensure viable ongoing operations at the Dolphin Tungsten Mine. There were continued delays in decision making on key process plant component changes and configuration adjustments, coupled with poor supplier relations. Further, despite the Moelis strategic review process, the Company has not been able to source external investment on favourable terms resulting in a lack of liquidity that has led to constraints on operational improvements and essential plant maintenance. Safety performance has been disappointing. A program of safety improvement is underway which includes filling leadership roles and improving the work environment through a combination of engineering improvements and targeted safety improvement campaigns."

"It became abundantly apparent that something had to change, and a major recapitalisation plan with the Company's senior lending group was agreed by the Company. The Company is working towards being able to put the recapitalisation plans to shareholders for approval at a general meeting at the earliest opportunity. In anticipation of this, during the quarter the senior lenders have provided \$14.0M of interim funding to allow for operations at the Dolphin Tungsten mine to continue pending the approval of the recapitalisation plan."

"There have been several changes to the board and management since announcing the recapitalisation plan. Since these changes were made in early December, the board has been very active in assessing the prospects of the Company and supporting plans to remediate performance in the short-term, aimed at not only securing the future of the mine, but to allow the Company to realise the potential of tungsten mining in Tasmania. Of the \$14.0M advanced by the senior lenders in the quarter, \$4.75M was provided since the change in board and management following announcement of the recapitalisation plan at the beginning of December 2024."

A capital improvement program has commenced with goals to remediate a significant plant maintenance debt, accelerate process plant design improvements, and bolster production resilience generally. A program such as this takes time and capital to implement, but most importantly it requires strong leadership and focus. The program is now underway and steady incremental productivity improvements are becoming evident."

Mr. Pallas concluded:

“Efficient mining activities and achievement of ore delivery targets is a standout positive outcome in the quarter. We progressed well through the mining sequence in the Dolphin open cut pit and exposed the high-grade C lense ore body with excellent strip ratios, which is a great credit to the mining team.

We now look forward to positive outcomes from the upcoming EGM at which we expect the recapitalisation plan to gain shareholder approval, thus empowering further business improvement initiatives.”

Approved by the Board of Group 6 Metals Limited.

For more information, please contact:

Kevin Pallas
Executive Chairman
kpallas@g6m.com.au

Andrew Bickley
Company Secretary
abickley@g6m.com.au

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 redeveloping its 100%-owned Dolphin Mine located on King Island, Tasmania. Initially, the focus is on producing a high-grade tungsten concentrate; however, plans are to value-add the product for supply to 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 2024

Consolidated statement of cash flows	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,741	7,739
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(10,203)	(16,417)
(d) staff costs	(3,229)	(6,452)
(e) administration and corporate costs	(1,233)	(2,764)
1.3 Dividends received		
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	(212)	(478)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	6
1.8 Other (provide details if material)		
1.9 Net cash used in operating activities	(12,134)	(18,362)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment including development costs	(330)	(361)
(d) exploration & evaluation		
(e) investments		
(f) other non-current assets		

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
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received		
2.5	Other (provide details if material)		
2.6	Net cash used in investing activities	(330)	(361)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	(14,000)	(21,889)
3.6	Repayment of borrowings & leases	(1,084)	(2,965)
3.7	Prepaid transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from financing activities	12,916	18,924
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	558	809
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(12,134)	(18,362)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(330)	(361)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,916	18,924

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		
4.6	Cash and cash equivalents at end of period	1,010	1,010

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	1,010	287
5.2	Call deposits	-	271
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,010	558

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	685
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.

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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	92,363	88,550
7.2 Credit standby arrangements		
7.3 Other (Mobile fleet finance facility)	10,300	2,419
7.4 Total financing facilities	102,363	90,969
7.5 Unused financing facilities available at quarter end		11,394

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	14.35%	28/02/2025	Secured
Pure Asset Management Pty Ltd	Debt	\$2,800,000	12.00%	28/02/2025	Secured
Pure Asset Management Pty Ltd	Debt	\$2,812,500	12.00%	30/04/2027	Secured
Chrysalis Investments Pty Ltd ATF The Ellis Family Trust	Debt	\$4,000,000	8.25%	28/02/2025	Secured
Chrysalis Investments Pty Ltd ATF The Ellis Family Trust	Convertible debt	\$4,500,000	6.50%	28/02/2025	Secured
Chrysalis Investments Pty Ltd ATF The Ellis Family Trust	Debt	\$1,500,000	14.35%	28/02/2025	Unsecured - Secured upon shareholder approval
Chrysalis Investments Pty Ltd ATF The Ellis Family Trust	Debt	\$3,187,500	12.00%	30/04/2027	Unsecured - Secured upon shareholder approval
CJRE Maritime Pty Ltd	Debt	\$3,000,000	12.00%	28/02/2025	Unsecured
CRJE Maritime Pty Ltd	Debt	\$2,000,000	14.35%	28/02/2025	Unsecured - Secured upon shareholder approval
CRJE Maritime Pty Ltd	Debt	\$3,850,000	12.00%	28/02/2025	Unsecured - Secured upon shareholder approval
Elphinstone Holdings Pty Ltd	Convertible debt	\$5,000,000	6.50%	28/02/2025	Secured
Elphinstone Holdings Pty Ltd	Debt	\$1,000,000	12.00%	28/02/2025	Unsecured
Elphinstone Holding Pty Ltd	Debt	\$2,000,000	14.35%	28/02/2025	Secured
Elphinstone Holding Pty Ltd	Debt	\$4,750,000	12.00%	28/02/2025	Secured
Elphinstone Holding Pty Ltd	Debt	\$1,500,000	12.00%	30/04/2027	Secured
D.A.CH.S AG	Convertible debt	\$3,000,000	6.50%	28/02/2025	Secured
D.A.CH.S AG	Debt	\$2,000,000	14.35%	28/02/2025	Secured
Abex Limited	Convertible debt	\$6,500,000	6.50%	28/02/2025	Secured
Abex Limited	Debt	\$3,000,000	12.00%	28/02/2025	Unsecured
Abex Limited	Debt	\$2,000,000	14.35%	28/02/2025	Unsecured - Secured upon shareholder approval
Abex Limited	Debt	\$1,500,000	14.35%	28/02/2025	Unsecured
Abex Limited	Debt	\$3,850,000	12.00%	28/02/2025	Unsecured - Secured upon shareholder approval
Abex Limited	Debt	\$4,000,000	12.00%	30/04/2027	Unsecured - Secured upon shareholder approval
Ballarat & Clarendon College Ltd (BCC)	Debt	\$800,000	Variable	30/03/2025	Secured

Appendix 5B

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

Lender	Facility Type	Finance Amount	Interest Rate	Maturity date	Secured/ Unsecured
Tasmanian Government Loan	Debt	\$10,000,000	Variable	10 years from drawdown	Secured
OEM Financier	Mobile mining fleet facility	\$2,419,251	Various	48 months from drawdown	Unsecured

Proposed facilities

Lender	Facility Type	Finance Amount	Interest Rate	Maturity date	Secured/ Unsecured
Tasmanian Government	Debt	\$7,500,000	12.00%	30/04/2027	Secured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(12,134)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) *Capitalised development costs	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(12,134)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,010
8.5 Unused finance facilities available at quarter end (item 7.5)	11,394
8.6 Total available funding (item 8.4 + item 8.5)	12,404
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.02
<p><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></p>	
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?	
<p>No, the company expects that it will improve on its net operating cash flows as a result of operational improvements predominantly related to process plant remediation and optimisation.</p>	
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?	
<p>Yes. Under the Company's recapitalisation plan announced on 4th December 2024, subject to shareholder approval, the Company will raise additional funds including equity of \$5.94M and secured debt funding from the Tasmanian government of \$7.5M.</p>	

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, based on the responses to 8.8.1 and 8.8.2 above and that associated business improvements and plant remediation strategies are expected to return the Company to cashflow positive operations.

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.

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 2025

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.