

Quarterly Activities and Cash Flow Report to 31 March 2024

Highlights

OPERATIONS

- Quarterly Production
 - ✓ Production of mtu (metric tonne units) of WO₃ at record highs, exceeding the previous quarter by 35%
 - ✓ The processing plant set a new daily ore processing record of 54.7 tonnes per hour
 - ✓ Saleable tungsten production of 224.8 dry tonnes at an average grade of 57.9% tungsten trioxide (WO₃), reflecting the transition of mining to the main Dolphin Tungsten Mine (DTM) high-grade ore body
 - ✓ Record 12,976 metric tonne units (mtu) of WO₃ in tungsten concentrate shipped, resulting in cash receipts of \$3.3 million
- Review of the life of mine plan (LOM) proposes to bring forward the mining of the high-grade open cut and underground sections in the mine plan. The LOM plan also includes the Bold Head reserve and results in a revised pre-tax NPV of \$247 million and a post-tax NPV of \$207 million
- A review of ore sorting viability has commenced with an industry-leading sorter equipment manufacturer

CORPORATE

- As announced on 27 March, Tony Davis was appointed Executive General Manager of Operations effective 3 April 2024
- Following the lodgement of a Research Development (“R&D”) Tax Incentive Application for FY2023, Group 6 Metals received a cash refund of approximately \$14.3 million, including \$160,000 of interest, in January
- The Group had \$1.2 million in cash and \$3.2 million in undrawn debt facilities as at 31 March 2024
- Following the quarter end, Tony Caruso was appointed as a Non-Executive Director as announced on the 22nd of April 2024

Group 6 Metals Limited (ASX: G6M, “Group 6 Metals” or the “Company”) is pleased to report on its activities and cash flow for the quarter ending 31 March 2024.

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

“During the March 2024 quarter, the site team achieved record performance in both mining and process plant operations. Mining head grade has improved significantly as mining transitions into higher grade areas of the main ore body, and the process plant experienced a step change in performance, specifically plant utilisation and throughput.

The team remains focused on maintaining our production momentum and increasing throughput and recoveries. The last nine months have been challenging, but as we have progressed through the mining transition areas to the main ore body and improved the stability of the process plant, we are well-placed to build upon this momentum. This accumulation of know-how will be a competitive advantage as we position ourselves to become a prominent supplier of high-grade tungsten concentrate to Europe, Asia and the Americas.”

Dolphin Tungsten Mine Activities Update

During the March 2024 quarter, operations achieved record levels of production, grade and sales, reflecting the transition of mining to the main DTM ore body and improved plant performance.

Safety

One lost time injury (LTI) was recorded during the quarter. This incident occurred in March and is still under investigation.

Mining

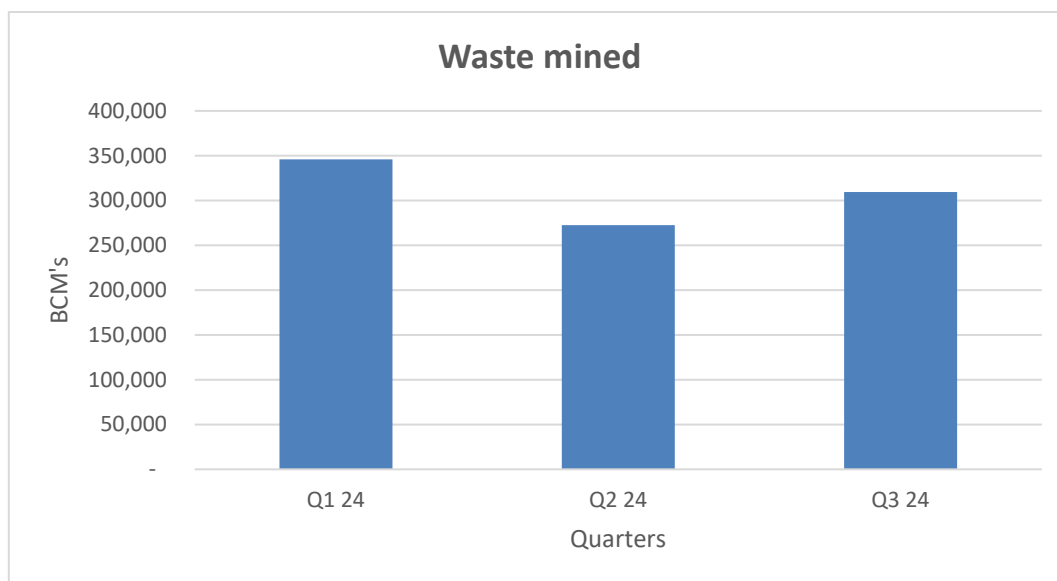


Figure 1 - Mined waste volumes at Dolphin Tungsten Mine FY 2024

Waste mined is currently proceeding in line with the updated LOM in total volumes.

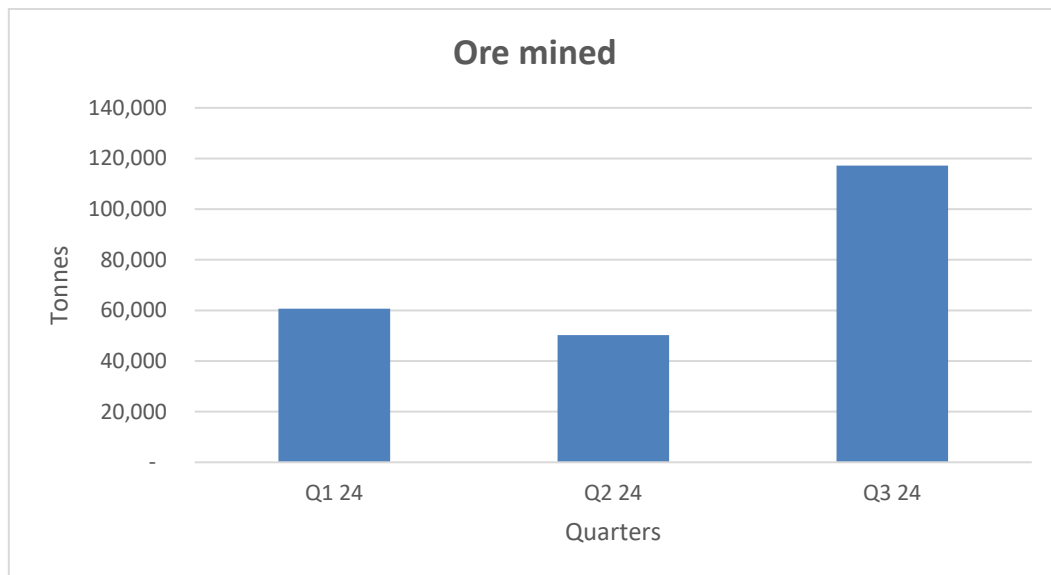


Figure 2 - Mined ore volumes at Dolphin Tungsten Mine FY 2024

The increase in ore is consistent with the plan, with the strip ratio decreasing as we progress towards the higher-grade areas deeper into the open-cut mine.

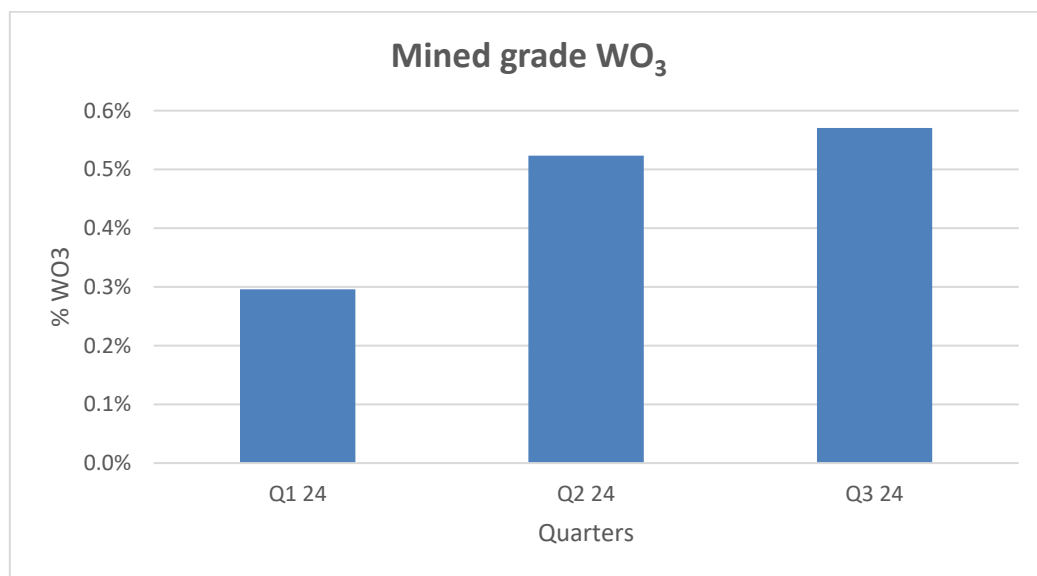


Figure 3 - Mined grade from Dolphin Tungsten Mine

The average mining grade for the March quarter was 0.57% WO_3 . This resulted in a higher average-grade ore supply to the process plant, improving the production of concentrate.

The improvement in grade reflects work undertaken in January, with comprehensive grade sampling and assaying of blast rig cuttings conducted alongside structural mapping, ultraviolet lamping, and rock sampling for Dolphin Pit Stages 01A and 01B.



Figure 4 - Photo looking east of main mining areas in Dolphin Open Cut Pit

The photo shows the split of the mining sequence for the Dolphin open-cut mine into stages 1A and 1B.

Processing

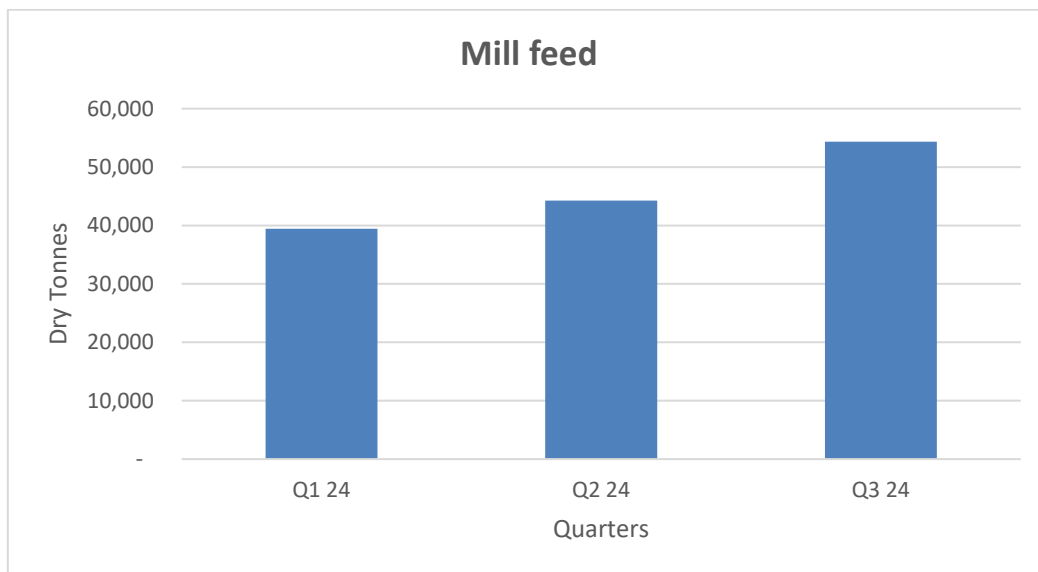


Figure 5 - Dolphin Tungsten Mine process plant feed rate

In February, the rectification of defects within the ball mill drive assemblies was completed. Upon recommencement of milling operations, a record 24-hour throughput milestone was achieved by processing of 1,313 tonnes (dry). This achievement equates to average 54.7 tonnes per hour, which is 91% of the plant's design throughput of 60 tonnes per hour.

The plant increased its daily average feed rate from 432 tonnes per day (tpd) in January to 790 tpd in March.

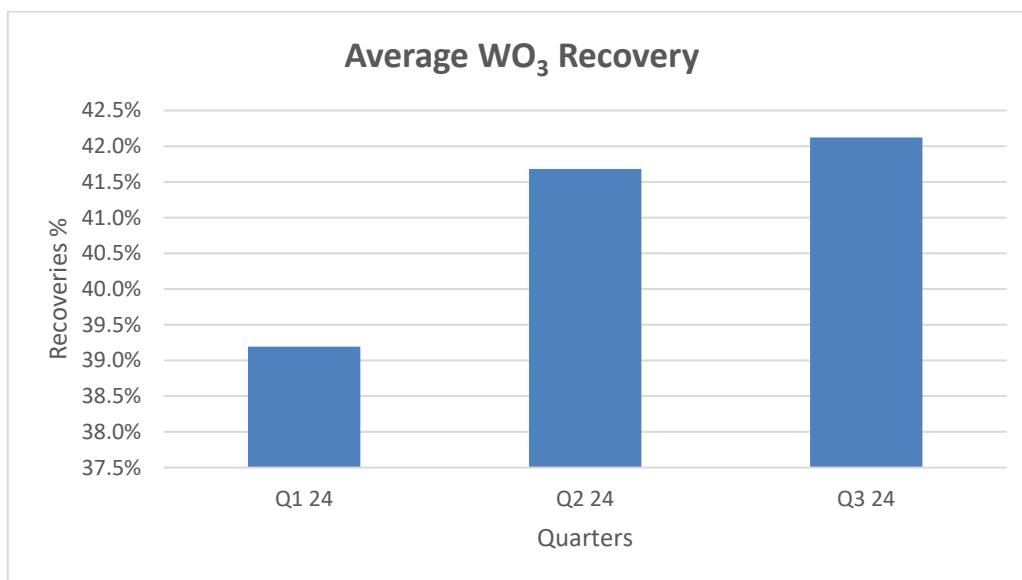


Figure 6 - Average process plant recovery per quarter

With a continuing increase in plant feed grade and more consistent plant operation, recoveries are expected to improve further over the coming months. Plant recovery remains a challenge but is expected to improve as we progress through the plant recovery optimisation work plan over the next 2 to 3 months.

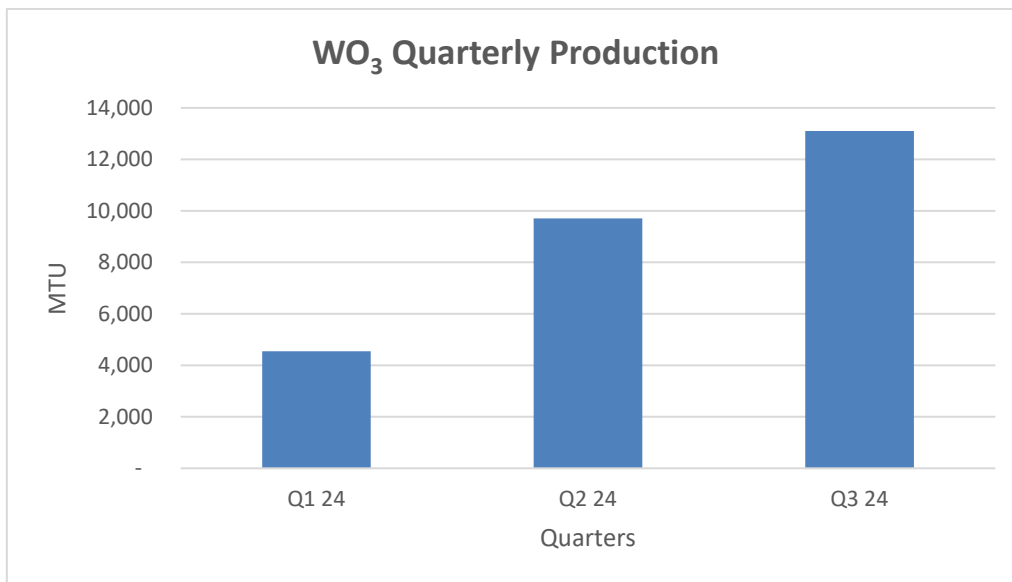


Figure 7 - WO₃ production per quarter for FY 2024

The processing of higher mined-grade ore has seen an uplift in plant recovery, particularly in February and March, which has substantially increased concentrate production over the quarter.

13k mtu of concentrate were produced, with an average grade of 57.9% of WO₃, while 13k mtu of concentrate were sold during the March quarter, with an average grade of 52.9% of WO₃.

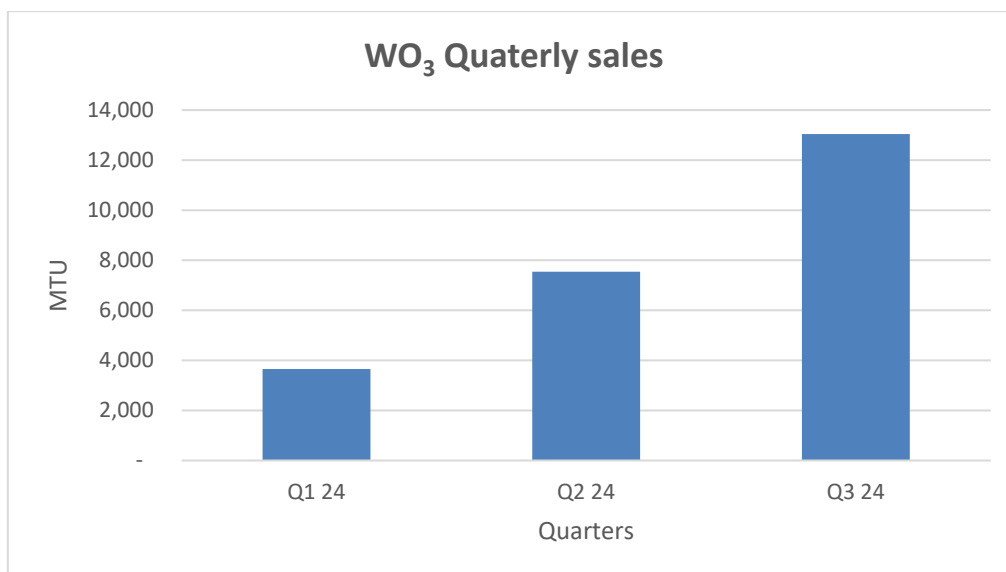


Figure 8 - WO₃ sales per quarter (mtu's)

Business Improvement

During the March quarter, the company undertook a revision of the ore sorting business case, which was initially undertaken as part of the 2019 definitive feasibility study. The review is focused on determining the potential benefits of integrating ore sorting technology into the processing circuit, specifically regarding the enhancement of feedstock grade. DTM samples have been sent to industry-leading ore sorting equipment manufacturers for comprehensive ore sorting trails. The Company will update the market on the outcomes of the ore sorting test work.

Marketing

Tungsten concentrate pricing is referenced from the Ammonium Paratungstate (APT) price. APT CIF Rotterdam prices have remained robust and stable at US\$300–\$325 per mtu (10 kg of WO₃) since early November 2023.

On 28 March 2024, industry sources indicated that the price had risen to US\$305-\$327 per mtu, the first increase since April 2022, when it reached a 10-year high of \$348-\$359 per mtu of WO₃. Subsequent to quarter end, the price increased to US\$310-\$339 per mtu of WO₃. This is reflective of increased demand from Chinese buyers.

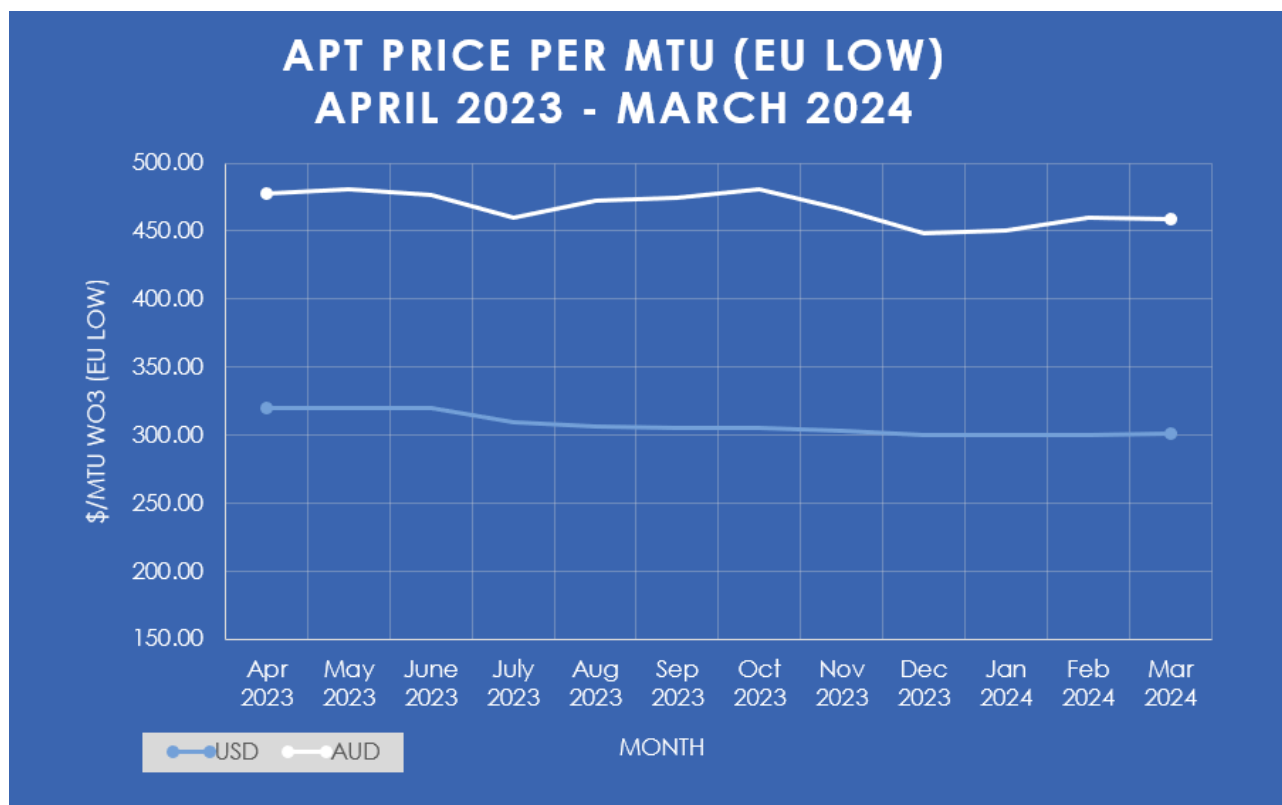


Figure 9 - 12 month price chart for Ammonium Paratungstate

Data sourced from Fastmarkets Metal Bulletin

Corporate

Research and development tax incentive

As reported to the market in January, the Company received a Research and Development (“R&D”) Tax Incentive cash refund of approximately \$14.3 million, which included \$160,000 of interest. This refund relates to eligible R&D activities in FY2023 expenditure incurred in developing the Dolphin Mine. The Company is pleased to have received this Government support for its unique critical and strategic mineral project to supply tungsten concentrate.

Debt

In March, the Company amended some terms of its debt facilities to assist in working capital management. This included extending the repayment date of the \$8 million secured bridging facility from 31 March 2024 to 31 August 2024 and implementing a waiver on some financial covenants. In

addition, a short-term standby facility of \$3 million was implemented and subsequently drawn down.

Cash Position

The Company's cash position as at 31 March 2024 was \$1.2 million.

Executive appointment

As reported to the market in March, the Company appointed Mr Tony Davis as Executive General Manager – Operations. Mr Davis' appointment, effective 3rd April 2024, is an important step for the Company as it continues the ramp up of its tungsten concentrate production and prepares for underground mining operations, scheduled to commence in 2026.

Subsequent to the end of the quarter, the Company appointed Mr Tony Caruso as Non-Executive Director to the board of the Company.

Licences and Leases

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

Licence/lease	Expiry date	Interest
Exploration Licence EL19/2001 - Grassy, King Island (63 sq kms)	14 December 2024	100%
Mining Lease CML 2080P/M - Grassy, King Island (566 hectares)	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 Appendix 5B includes cash payments of \$220,186 in director's fees and remuneration.

This Quarterly Activity Report is authorised for release to the market 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 March 2024

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	3,315	6,780
1.2	Payments for		
	(a) exploration & evaluation	0	0
	(b) development	0	0
	(c) production	-13,826	-29,288
	(d) staff costs	-2,988	-8,286
	(e) administration and corporate costs ⁱ	-975	-3,316
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	170	194
1.5	Interest and other costs of finance paid	-956	-2,132
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	14,209	14,493
1.8	Other (provide details if material)	0	0
1.9	Net cash used in operating activities	-1,049	-21,554
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	-393	-4,501
	(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 (9 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	-393	-4,501

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	3,000	19,954
3.6	Repayment of borrowings & leases	-915	-5,878
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	2,085	18,261

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	595	9,032
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-1,049	-21,554
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-393	-4,501
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,085	18,261

Consolidated statement of cash flows		Current quarter	Year to date (9 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	1,238	1,238

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	944
5.2	Call deposits	1,237	2,104
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,238	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	220
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

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 \$169,317; Consulting fees \$50,869.

Appendix 5B

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

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	61,800	61,800
7.2	Credit standby arrangements	0	0
7.3	Other (Mobile fleet finance facility)	10,300	7,132
7.4	Total financing facilities	72,100	68,932
7.5	Unused financing facilities available at quarter end		3,168

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%	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	14.35%	31/08/2024	Unsecured pending shareholder approval
CJRE Maritime Pty Ltd	Debt	\$1,500,000	14.35%	The earlier of 30/06/24 or when additional funding is received	Unsecured
Elphinstone Holdings Pty Ltd	Convertible debt	\$5,000,000	6.50%	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	14.35%	31/08/2024	Secured
D.A.CH.S AG	Convertible debt	\$3,000,000	6.50%	42 months from practical completion of the Dolphin Project	Secured
D.A.CH.S AG	Debt	\$2,000,000	14.35%	31/08/2024	Secured
Abex Limited	Convertible debt	\$6,500,000	6.50%	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	14.35%	31/08/2024	Unsecured pending shareholder approval
Abex Limited	Debt	\$1,500,000	14.35%	The earlier of 30/06/2024 or when additional funding is received	Unsecured
Tasmanian Government Loan	Debt	\$10,000,000	Variable	10 years from drawdown	Secured
Ballarat & Clarendon College Ltd (BCC)	Debt	\$800,000	5.00%	31/12/2024	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)	-1,049
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)	-1,049
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,238
8.5	Unused finance facilities available at quarter end (item 7.5)	3,168
8.6	Total available funding (item 8.4 + item 8.5)	4,406
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.20
	<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?	
	Net cash used in operating activities during the March 24 quarter includes the receipt of the Research and Development Tax Incentive cash refund of \$14.3m (including interest). This was a once off receipt during the quarter. The Company expects continued improvements in production and shipping as evident in the March 24 quarter results. As production ramps up, the Company expects its net cash used in operating activities to reduce until it reaches sustainable production.	
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 Company is in discussion with various parties for short and medium-term funding support to allow the Company to progress to sustainable production.	
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?	
	The business does expect to be able to meet its business objectives, subject to meeting production profiles and receiving interim funding.	
	<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: 30 April 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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