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GROUP6 METALS LIMITED

ASX ANNOUNCEMENT

27 APRIL 2022

Quarterly Activities and Cash Flow Report to 31 March 2022

Highlights

- **Construction commences at the Dolphin Tungsten Mine with first concentrate production on track for Q1 2023**
- **Early commitment to long lead time items in 2021 resulted in fixed price contracts and has significantly reduced delays in delivery schedules**
- **Strengthened ESG commitment at Dolphin Tungsten Mine following the receipt of several regulatory approvals and commitment to Land Conservation Covenant**
- **Ammonium Paratungstate (APT) prices continued to climb reaching 8-year highs**
- **Keith McKnight appointed Chief Executive Officer, bringing 22 years' experience in the mining and resources industry to the role**
- **Megan McPherson appointed Chief Financial Officer after being contracted to the Company since August 2020**
- **$20.8 million in cash, $10 million in debt and $32.5 million in undrawn debt facilities as at 31 March 2022**

Group 6 Metals Limited (ASX: G6M, "G6M" or the "Company") is pleased to report on its activities for the quarter ending 31 March 2022.

Construction of the Dolphin Tungsten Mine Commences

Construction of the redeveloped Dolphin Tungsten Mine on King Island, Tasmania has commenced. The Company overcame challenges in the mining equipment supply chain to secure a delivery date in the third week of January 2022 for the CAT D8T bulldozer.

Following the arrival of the first dozer to the mine site, and having obtained all the requisite regulatory approvals, stripping vegetation and stockpiling of topsoil, for the process plant area commenced on 26 January 2022. These activities were a precursor to the commencement of bulk earthworks required for the civil works on which the processing plant will be constructed.

Heavy equipment mobilisation has continued to advance and site earthworks for the process plant are nearing completion for the start of civil works. The civil contractor undertaking the civil works has been engaged and will mobilise to the project site to commence work in April. An Engineering,

Level 26, 259 George Street, Sydney NSW 2000
+61 (0) 2 8622 1402 | info@g6m.com.au

Procurement and Construction (EPC) Contract has been executed with Gekko Systems for the process plant, with mechanical construction on site due to commence in May 2022.

The Company has significantly expanded its team on site during the quarter, and is very happy to welcome several high calibre, experienced people to its site management team.

DZ01 Dozer arriving on site to start earthworks: Jan 22

Official Sod Turning Ceremony at Dolphin: pictured are Gavin Pearce MP, Guy Barnett MP, Chairman Johann Jacobs and GM Chas Murcott: February 22

Compaction rolling of process plant area: Mar 22

Process plant earthworks nearing completion: March 22

Early commitment to long lead time items

In August 2021, the Company committed to long lead time items by paying deposits to secure fixed price and timeous manufacture of critical items utilised in the processing plant. This has placed the Project in good standing given widespread price escalations and delays currently being experienced in the construction industry.

Covid however continues to impact on deliveries with much of the imported equipment being potentially delayed through Covid lockdowns and related staff shortages. The Company is continuously monitoring the situation and is implementing mitigation measures to minimise impacts of delays.

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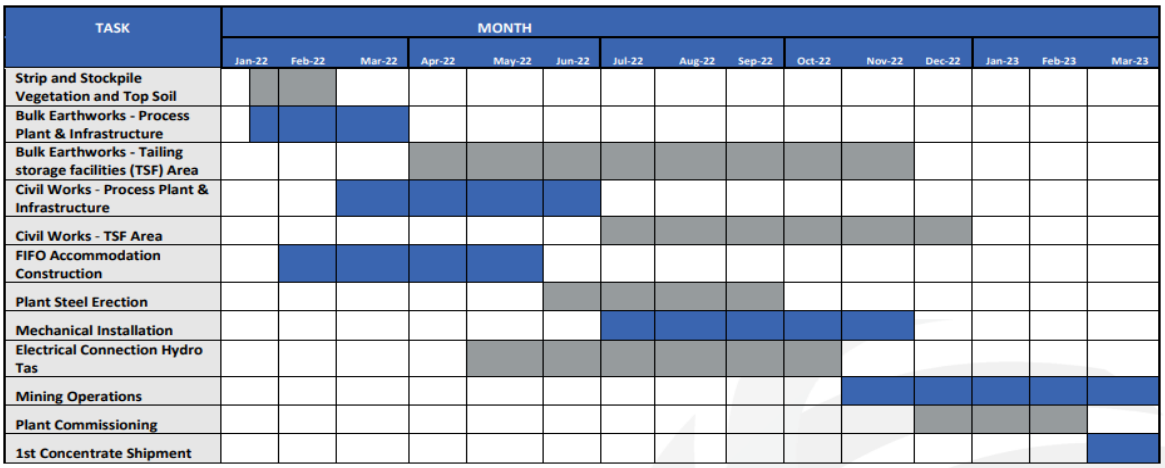
Multi Gravity Separators at the factory awaiting shipment and installation at the Dolphin Tungsten Mine

Spirals being assembled at factory and place in supporting skid for shipment to Dolphin

The following chart provides an indicative timeline of major activities planned for 2022 on the path to achieving plant commissioning in early 2023 ahead of first shipment of tungsten concentrate in Q1 2023.



Bulk earthworks at the process plant site was completed in early April and the civil contractor mobilising to site in mid-April. The Company is investigating various alternatives to make up time due to the later than anticipated start of the civil works.

FIFO accommodation is on schedule with several recently purchased houses on the Ballarat Clarendon College Campus having been renovated and occupation of the houses has commenced. This facility together with the previously purchased Grassy School House will provide significant staff accommodation and messing facilities. Additional temporary accommodation units will be shipped to Grassy in the next month.

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Dolphin Tungsten Mine ESG Commitment

Following the receipt of multiple regulatory approvals, Group 6 Metals has continued to execute its plan to redevelop the Dolphin Tungsten Mine in a responsible and sustainable manner which preserves the environment.

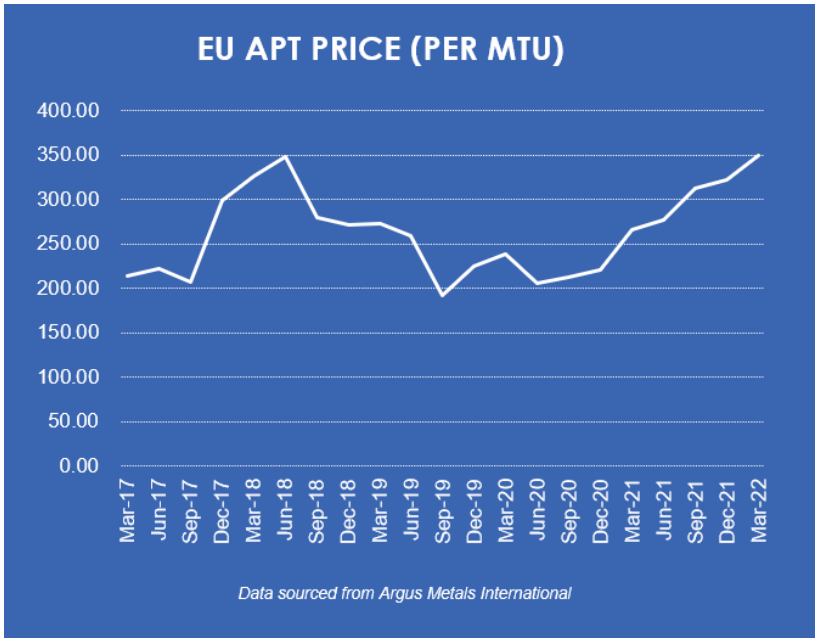
The Company has committed 33.7 Ha of land as Conservation Covenant area on its mine site at Grassy. The covenanted area will protect important stands of Blue Gum Eucalyptus Forest which provides nesting sites and habitat for some of King Island's threatened flora and fauna. This area, which is significantly more than the EPN requires, extends the existing conservation area on King Island and adds to the forested areas surrounding the upper Grassy Dam.

A grant provided by the Tasmanian government to Hydro Tasmania (ASX Announcement 2nd December 2021) for upgrading the capacity of the 11Kv line to the Dolphin Tungsten Mine will provide the mine with access to power from the King Island grid for construction and mining operations.

G6M is prioritising local residential employment where practical and will implement training programmes for local people seeking skilled employment at the mine site. Historically the Dolphin Tungsten Mine was a key economic driver of King Island's economy, and through its redevelopment, it can play a significant role again.

Tungsten Market

The value of tungsten, as referenced by the price of ammonium paratungstate (APT) traded on international markets, has continued to rise. As at March 2022, the European APT price had risen to US$345-353/mtu – the highest price in the last five years, as charted below.



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Corporate

Keith McKnight appointed Chief Executive Officer

Group 6 Metals announced the appointment of Keith McKnight as Chief Executive Officer through a consultancy agreement with Dara Advisory Pty Limited, effective 24 January 2022.

Mr McKnight joins Group 6 Metals with more than 22 years of mining and resources project delivery and company management experience in Australia and overseas in the areas of mechanical design, contract management, construction management, commissioning and operations management.

He was previously Managing Director and co-founder of Kirrama Resources Limited, a commodities development company with chromite and manganese projects in Madagascar. Mr McKnight has extensive experience spanning a range of commodities and has a Bachelor's Degree in Mechanical Engineering (Honours) from the University of Limerick.

Megan McPherson appointed Chief Financial Officer

Megan McPherson joined Group 6 Metals in a full-time capacity as Chief Financial Officer in January after being contracted with the Company in the role since August 2020.

Ms McPherson is a Chartered Accountant with more than 18 years of commercial and public practice experience across multiple jurisdictions including ASX and NASDAQ listed companies. Having commenced her career with Macquarie Bank, Ms McPherson has provided CFO/Company Secretary services as a consultant to several public and private companies in the mining industry. As CFO of G6M and the head of the finance team, Ms McPherson will manage the day-to-day operations of the division, its people and resources.

Ms McPherson is a member of the Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce (Accounting) from the University of Wollongong.

Change of Company Secretary

Ian Morgan retired as the Company's secretary and the person responsible for communication with the ASX, effective Tuesday 1 March 2022.

The Board thanks Ian for his tireless efforts and for his support of G6M over many years. Effective Tuesday 1 March 2022, Ms Megan McPherson was appointed as the Company's secretary and the person responsible for communication with the ASX.

Cash Position

The Company's cash position as at 31 March 2022 was $20.792 million.

Licences and Leases

The Company holds the following licences and leases as at 31 March 2022:

	Interest
Exploration Licence EL19/2001 at Grassy, King Island (91 sq kms) (expires 23 December 2022)	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.

There were no substantive mining exploration activities 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 $95,340 in director's fees and remuneration.

Approved by the Board of Group 6 Metals Limited.

For more information, please contact:

Johann Jacobs
Executive Chairman
johannj@g6m.com.au
+61 (0) 416 125 449

Keith McKnight
CEO
keithm@g6m.com.au
+61 (0) 410 635 251

Tim Dohrmann
Media & Investor Relations
tim@nwrcommunications.com.au
+61 (0) 468 420 846

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 to value-add the product for supply into the upstream tungsten industry.

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Appendix 5B

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

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Name of entity

GROUP 6 METALS LIMITED

ABN	Quarter ended ("current quarter")
40 004 681 734	31 March 2022

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	(1,563)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(88)	(88)
	(e) administration and corporate costs[i]	(266)	(1,791)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	(218)	(218)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	5
1.9	**Net cash used in operating activities**	**(571)**	**(3,653)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(696)	(703)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets- Capitalised development costs[ii].	(13,946)	(21,028)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $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 (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash used in investing activities**	**(14,642)**	**(21,731)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	31,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	3,235
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(1,039)
3.5	Proceeds from borrowings	-	10,000
3.6	Repayment of borrowings & leases	(45)	(210)
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**	**(46)**	**42,986**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	36,051	3,190
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(571)	(3,653)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14,642)	(21,731)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(46)	42,986

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**20,792**	**20,792**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	139	21
5.2	Call deposits	20,653	36,030
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)**	**20,792**	**36,051**

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	95
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 $25,423; Consulting fees $69,917.

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	33,000	10,000
7.2	Credit standby arrangements	-	-
7.3	Other (Mobile fleet finance facility)	10,220	716
7.4	**Total financing facilities**	43,220	10,000

7.5	**Unused financing facilities available at quarter end**	32,504

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	6.5%	42 months from practical completion of the Dolphin Project	Secured
Elphinstone Holdings Pty Ltd	Convertible debt	$5,000,000	6.25%	42 months from practical completion of the Dolphin Project	Secured
D.A.CH.S AG	Convertible debt	$3,000,000	6.25%	42 months from practical completion of the Dolphin Project	Secured
Abex Limited	Convertible debt	$6,500,000	6.25%	42 months from practical completion of the Dolphin Project	Secured
OEM Financier	Mobile mining fleet facility	$10,220,000	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)	(571)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) *Capitalised development costs	(13,946)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(14,517)
8.4	Cash and cash equivalents at quarter end (item 4.6)	20,792
8.5	Unused finance facilities available at quarter end (item 7.5)	33,220
8.6	Total available funding (item 8.4 + item 8.5)	54,012
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.72

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.

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?

Not applicable

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?

Not applicable

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?

Not applicable

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: 27 April 2022

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

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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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[i] Following is a summary of the expenditure incurred on administration and corporate costs during the quarter (Item 1.2 (e)):

Consolidated statement of cash flows	**Current quarter**	**Year to date (9 months)**
	$A'000	**$A'000**
Directors' fees	(95)	(417)
GST Received	641	159
Corporate consultants	(344)	(344)
Insurance	(201)	(201)
Legal fees	(17)	(154)
Marketing & investor relations	(27)	(113)
Share registry costs	(13)	(215)
Other	(210)	(506)
TOTAL	**(266)**	**(1,791)**

[ii] Following is a summary of the expenditure incurred on developments costs during the quarter (Item 2.1 (f)):

Consolidated statement of cash flows	**Current quarter**	**Year to date (9 months)**
	$A'000	**$A'000**
Accommodation Infrastructure	(289)	(304)
Bulk Earthworks	(372)	(372)
Mine preliminaries	(377)	(572)
Owner's costs	(427)	(568)
Permits and licensing	(2,918)	(2,918)
Process Plant	(9,563)	(16,294)
TOTAL	**(13,946)**	**(21,028)**