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GROUP6 METALS LIMITED

ASX ANNOUNCEMENT

25th August 2022

Dolphin Tungsten Mine Development Update

Key Highlights

- Mechanical Installation of the primary crushing circuit, screening, fine ore bin and associated conveyors are progressing rapidly
- Main process building successfully erected in preparation for completion of internal concrete works and equipment installation
- 80% of OEM equipment has been delivered to site, or the Gekko factory at Ballarat, and currently being prepared for installation
- Vegetation clearing works have been completed to allow installation of the Tailing Storage Facility (TSF) stage 1 drains & walls
- Permanent power solution for initial operations will be provided using a dedicated diesel power station with staged integration of renewable power, which mitigates risk of power outages and improves operating flexibility
- Plans for drilling at the Investigator prospects, located 6km west of Dolphin, are being finalised and drilling is expected to commence in October
- Activities remain on track to achieve first concentrate production in Q1 2023

Group 6 Metals Limited (ASX: G6M, "Group 6 Metals" or the "Company") is pleased to provide an update on the latest construction activities at the Company's wholly owned Dolphin Tungsten Mine, located on King Island, Tasmania.

Group 6 Metals Chief Executive Officer, Keith McKnight said:

"The Dolphin construction activities are progressing quickly and safely. To date, the project has achieved 205 Lost Time Incident Free days since the commencement of construction, which is a credit to our site management team and contractors.

Significant progress has been made on the mechanical installation for the process plant with installation of the ROM ore bin, crushing equipment, secondary screen, fine ore bin and associated conveyors being completed. The main process building has also been erected in preparation for installation of the concentrate dressing, drying and bagging equipment. Frontline have completed the low voltage underground cable installation for permanent power connection to the MCCs.

Vegetation clearing and earthworks for the TSF wall are well advanced, with the installation of the stage 1 walls having now commenced.

Market conditions remain very positive with Ammonium Paratungstate (APT) prices remaining high and demand for tungsten forecast to increase significantly in 2022. Due to high development and operating costs, several operating mines and proposed developments have either suspended

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operations or delayed development plans, which is expected to see supplies of WO3 remain tight in the near to medium term.

G6M has entered into binding offtake agreements for up 65% of the forecast production over the first 4 years of the mine life, underwriting a significant proportion of the Company's revenue over that period.

We are very pleased with the progress of activities on site and remain confident that the Dolphin Tungsten Mine has timed its re-start favourably, producing concentrate in Q1 2023 and reaching steady state production shortly afterwards".

Construction Activities Update

As the Company ramps up to peak construction activity on site at Dolphin, it is pleased to advise that activities remain on track to achieve first concentrate production in Q1 2023.

Development of the overall site is progressing well, with the haul and access roads being further developed to improve access to the process plant area for mechanical installation works. The ROM pad earthworks & wall are progressing steadily, which are set 10m above the ground level of the process plant.

Figure 1 - Arial Photo of Process Plant Area (Looking North-East)

Excellent progress has been made on the installation of the crushing, screening and material handling equipment and associated supporting structures. The main process building has been erected and is being prepared for the installation of the civil slab and plinths, prior to commencing

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installation of equipment. Most of the major OEM equipment has been delivered to site or is undergoing testing at Gekko's factory at Ballarat, ahead of being delivered to site.

Figure 2 - Installation of Primary and Secondary Crushing Equipment

Figure 3 - Installation of Secondary Screen

Figure 4 - Installation of Fine Ore Slewing Conveyor

Figure 5 - Erection of Main Process Building

Works have commenced on the construction of the Tailing Storage Facility, with vegetation clearance complete and earthworks ongoing in preparation for construction of the TSF walls. The TSF is being constructed on the historic TSF site, minimising disturbance to virgin vegetation, and using materials that are being reclaimed from the proposed mine pit shell.

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Figure 6 - Earthworks for Tailings Storage Facility

Figure 7 - Earthworks for Tailings Storage Facility

Dolphin Tungsten Mine Power Supply

Upon review of the permanent power supply solution for the site, the Company has elected to install its own dedicated diesel power station as an interim solution, to supply power to the mine and process plant.

Group 6 Metals has made this decision based on the following key points:

- Connecting to the King Island electrical grid would result in the mine receiving a small percentage of the current renewable energy capacity available on King Island, with most of the power being generated by diesel generators at the Currie Power Station.
- The transmission upgrade costs to provide the permanent demand to the mine site have significantly escalated making it an uneconomic solution for the mine.
- Reliability and operational flexibility requirements of the process plant to maintain steady state production are better achieved with a dedicated, off grind power station.

The Company has commenced work on a longer-term permanent power solution for the site, whereby a significant proportion will be sourced from renewable generation resulting in lower emissions and power costs. Further details will be provided once this work has been completed.

Exploration Activities

As previously announced (refer ASX Announcement "Group 6 Metals Awarded EDGI Grant" released 3rd August 2022), the Company has received two grants under the Exploration Drilling Grant Initiative (EDGI) totalling $75,000, for exploration drilling on the Company's Exploration Licence EL 19/2001.

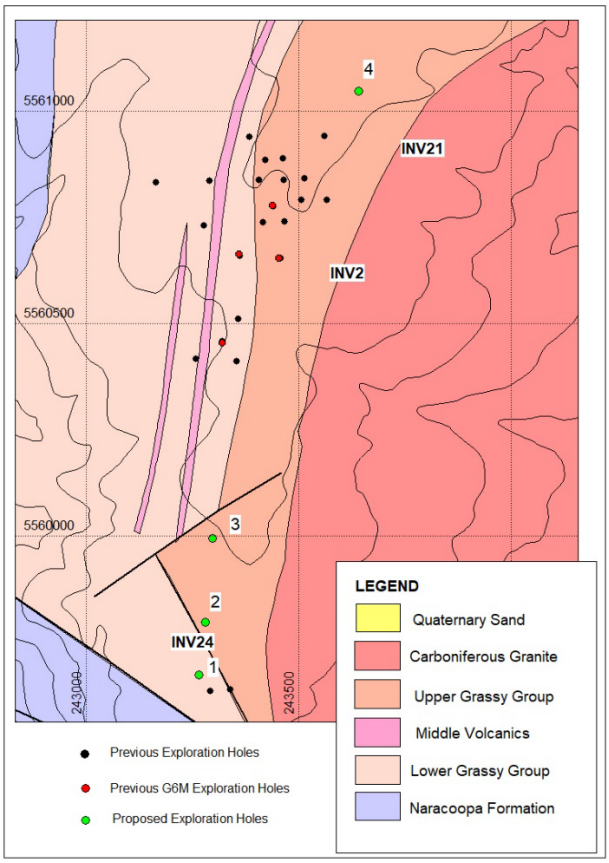

Figure 8- Proposed Drill Hole Locations at Investigator 24

Group 6 Metals is undertaking planning activities to mobilise a drill rig to King Island in October, to conduct a drill program comprising 3-4 diamond core holes to test the western margin of the Grassy Granite, north of the Investigator 21 Prospect.

Approved by the board of Group 6 Metals Limited.

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