

Quarterly Activities and Cash Flow Report to 31 December 2022

Highlights

- Construction activities at the Dolphin Tungsten Mine continue with Group 6 Metals on track to achieve first concentrate production in Q1 2023
- Mechanical installation of major OEM equipment 70% complete with remaining installation to be completed in early February 2023
- Electrical installation of main switch rooms & MCC A & D were completed, and cable terminations are progressing in line with schedule
- Commissioning of the crushing and screening circuit commenced, with bump testing of motors in anticipation for wet commissioning in February 2023
- Construction activities for the Tailings Storage Facility ("TSF") Stage 1 scheduled to be completed in time to receive tailings from the process plant in March 2023
- Comprehensive review of Dolphin Tungsten Mine project economics previously published in December 2020 completed, with updated results highlighting:
 - An increase of the Net Present Value ("NPV") of 24%, from A\$241 million to A\$300 million (pre-tax at 8% discount rate)
 - Sustained high Ammonium Paratungstate ("APT") prices and favourable foreign exchange ("FX") conditions mean prices for Dolphin tungsten concentrate achieved an all-time high during the quarter
 - Some capital cost increases have resulted from changes in scope which will result in a more efficient and sustainable operation
- Post quarter, Group 6 announced that exploration drilling recommenced at the Investigator Prospect, located 6km west of Dolphin
- The Company successfully raised \$20 million to fund the Dolphin Tungsten Mine into production at \$0.17 per share, representing a 10.5% discount to the last trading price
- Ammonium Paratungstate (APT) prices remain high, with prices holding steady at US\$335- \$340 per mtu
- \$12.1 million in cash, and \$7.9 million in undrawn debt facilities as at 31 December 2022
- No lost-time injuries (LTIs) or reportable environmental incidents were recorded during the quarter

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 2022.

Dolphin Tungsten Mine Activities Update

The Dolphin Tungsten Mine is one of the highest-grade tungsten deposits outside of China and remains on target to produce first tungsten concentrate in Q1 2023. The project has direct private access to the Port of Grassy, King Island, through which it will export high grade tungsten concentrate to its major offtake partners in Europe.

Construction of the process plant is progressing well, with a significant increase in mechanical equipment installation activities during the quarter. All the major OEM equipment has been delivered to site and the Gekko Systems construction team accelerated works late in the year in preparation for commissioning in early 2023.

Mechanical and electrical installation for the crushing and screening circuit have been completed, and power has now been turned on for the start of the pre-commissioning and testing for this area.



Figure 1 - DTM Process Plant December 2022 (looking North East)

While commissioning of the crushing and screening circuit continued, the Gekko construction team transitioned to completing the installation of the downstream grinding and fine ore screening area, motor control centres (“**MCCs**”) and control room, installation of shaking tables and final product preparation areas inside the main process building.



Figure 2 - Mechanical Installation of Ball Mills, Derrick Screens and Cleaner Spirals



Figure 3 - Installation of MCC A & Electrical Termination

In parallel, the G6M team is progressing the Stage 1 mining area pre-strip, excavating historically stockpiled rock to use for construction of the TSF and remaining mine site support infrastructure, in anticipation for processing first ore through the process plant in early 2023.



Figure 4 - Construction of South Western Wall of Tailings Storage Facility

Following the Company's successful capital raise in late November, a group of brokers and investors visited the site to inspect progress of the construction activities. The site visit was a resounding success with very positive feedback on progress made to date.



Figure 5 - Investor Group inspects tungsten ore in the open pit floor

In October, the Company reported that substantial progress had been made on the installation of the crushing, screening and material handling equipment and associated supporting structures, with mechanical installation substantially complete and electrical installation commenced. The main process building is mostly complete, and installation of internal equipment has commenced.



Figure 6 – Installation of Primary and Secondary Crushing Equipment

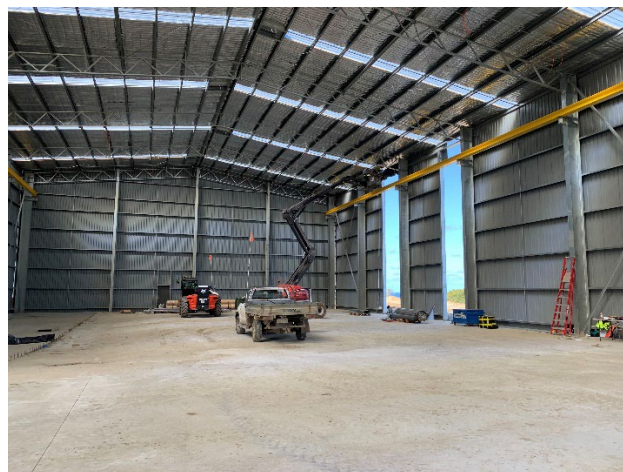


Figure 7 - Installation of Gantry Crane in Main Process Building

G6M also provided an update on construction works at the Tailings Storage Facility (“TSF”), with installation of the diversion and base drains completed, and commencement of 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 within the proposed mine open cut pit shell.



Figure 8 – Installation of Clean Water Diversion Drain

Updated Project Economics – More Robust Forecast

Group 6 provided an update to the project economics for the Dolphin Tungsten Mine. The Company advised that its team on site had undertaken a detailed review of costs associated to complete construction activities and the working capital requirements to achieve steady state production amid concerns of rising costs due to global inflationary pressures.

Economic Analysis

The updated project economics are provided following a detailed review of CAPEX cost to complete, and updated OPEX costs. Input costs have been adjusted to account for project design enhancements, increased inflation for materials and labour costs, and increased energy costs. Input costs have been updated but are based on the work completed and referred to in the Revised Feasibility Study (“RFS”) released in December 2020.

The geological and technical information contained in the RFS have not changed.

Updated Project Economics

The key metrics from the updated project economics are:

Table 1 - Updated Key Financial Outcomes

	Updated Project Economics 2022	RFS 2020
NPV- Real- pre-tax, (at 8% discount rate)	A\$300M	A\$241M
IRR- pre-tax	38%	43%
Capital payback- pre-tax- years	2.53	2.25

The increase in NPV is largely attributed to the sustained increase in APT prices and favourable drop in the USD to AUD Foreign Exchange rate. These significant benefits to the Project have been offset by an increase in CAPEX and OPEX which are largely due to inflationary costs pressure for materials, spare parts, mine and process plant consumables and fuel.

CAPEX Costs

Table 2 - Capital Costs Comparison

Item	Updated CAPEX 2022 A\$'000	RFS CAPEX 2020 A\$'000
Site Services	8.1	6.3
OC Mobile Mining Equipment	17.9	15.9
Processing Plant and Infrastructure	69.2	45.4
Contingency	2.3	5.1
Start Up CAPEX	97.6	72.7
Additional OC Equipment	4.5	4.5
UG Mining	25.5	25.5
Sustaining CAPEX	15.7	15.7
Other Deferred Capital	15.5	10.8
Deferred CAPEX	61.2	56.5
Life of Mine CAPEX	158.8	129.2
Capital Cost per mtu of WO ₃ produced	\$49/mtu	\$40/mtu

The increase in the CAPEX can be broadly summarised as follows:

Item	A\$'000
Design changes	4.8
Scope changes	12.0
Global cost inflation	6.1
Other	2.0
TOTAL	24.9

Prior to and following the commencement of construction, the Company implemented several design enhancements to improve the construction, operation and reliability of the mine and process plant operation. These included changes to the tailings storage facility, tailings pumping system, explosives storage and civil structural design.

In addition, there has also been several scope changes relating to the Gekko contract and a change in mining fleet, provision of dedicated diesel power station, modification of site electrical configuration, addition of front-end loader for material handling at process plant and stocking of additional mobile equipment and process plant spares.

There has also been unprecedented global inflation for the supply of tools, parts, consumables, fuel, tyres and equipment such electrical switchgear, batch plant, galvanising and logistics.

Other factors influencing the increase in costs include:

- Due to a global shortage of mining equipment, the project has experienced significant delays to the delivery of the Company's open cut mobile mining equipment, resulting in the Company incurring unforeseen rental costs for equipment pending the delivery of its own equipment.
- Persistent higher than average rainfall has also impacted ground conditions on site with alternate heavy equipment sourced to work efficiently in the wet conditions.
- Ongoing labour shortages crippling many industries has resulted in additional costs as contracted labour has been used to fill vacant positions.

Subsequent to this, the Company announced in January that it had been advised by its lead engineering, procurement, and construction (EPC) contractor, Gekko Systems Pty Ltd, of constraints that have caused higher than expected costs in execution of the EPC contract. These constraints relate to project-specific and market conditions impacting logistics, materials and installation costs, including inflation, shipping and transport, foreign currency exchange rates and labour constraints.

The extent of the newly anticipated construction costs is up to \$7.5 million and the Company is undertaking a detailed review of these costs prior to agreeing mitigating actions to limit the impact of these anticipated costs on the Company's cashflow while the process plant is being commissioned and ramped up to steady state production.

The Company has at all times tried to minimise CAPEX cost escalation where possible but due to the current highly inflationary cost environment, most of the escalation has been outside of the Company's control. However, the Company reiterates that if it hadn't placed orders for major OEM equipment in mid-2021, the cost escalation would have been significantly higher.

OPEX Costs

Table 3 – Average life of mine open cut operating costs comparison

Item	Updated 2022	RFS 2020
	Open Cut A\$/mtu	Open Cut A\$/mtu
Mining	59	48
Processing	44	45
Transport and Other	15	9
Royalties	29	24
Total	147	126

Table 4 – Average life of mine underground operating costs comparison

Item	Updated 2022	RFS 2020
	Underground A\$/mtu	Underground A\$/mtu
Mining	70	71
Processing	31	32
Transport and Other	13	8
Royalties	27	23
Total	141	134

The review of OPEX expenses has also identified several areas of cost escalation, the most significant being the price of Ammonium Nitrate Explosive (“**ANE**”) which has doubled and diesel fuel which has increased by approximately 55%.

Substantial increases in international shipping rates have also been factored into the updated financial model with a 57% increase applied.

Despite significant inflationary pressures, the Company is pleased to report that the design enhancements to the process plant have resulted in operating cost improvements and better overall plant reliability.

Updated Financial Model Input Assumptions

Pricing

Pricing for APT, Ammonium Paratungstate, the benchmark used to derive concentrate pricing, is based on US\$329/mtu between 2023 to 2026, thereafter prices are kept constant at US\$340/mtu.

A\$/US\$ Exchange Rate

All revenues will be US\$ denominated, so fluctuations in the exchange rates will have significant impacts on the ultimate returns. In this analysis, the exchange rate has been kept constant at A\$1.00 being equivalent to US\$0.67.

Project Financing

The updated financial model includes debt finance arrangements including interest and repayment schedules.

Recommendation of Regional Exploration at Investigator

Post quarter, Group 6 reported that an exploration rig had been mobilised to King Island to conduct a drill program comprising 3 diamond core holes to test the western margin of the Grassy Granite, south of the Investigator 21 Prospect and 1 drillhole as a step-out to the north of the Investigator 21 project. Drilling commenced in mid-January.

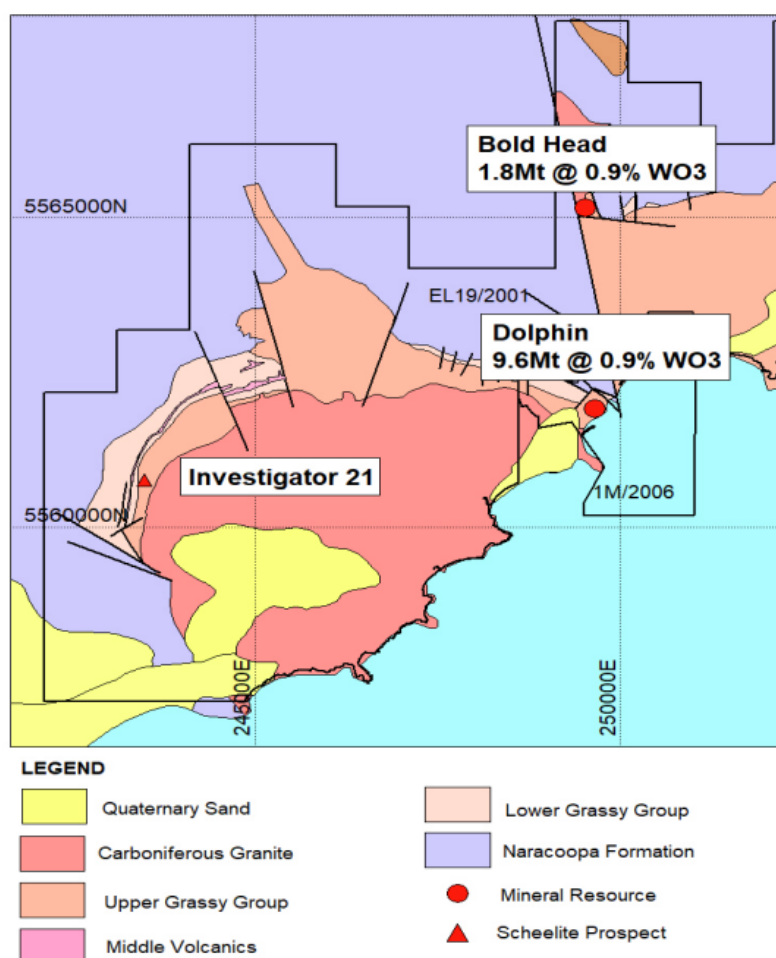


Figure 9 - Regional Geology of the Grassy District and location of Investigator 21

The planned program comprises up to 1,000m of diamond core drilling. It is estimated that the program will take approximately 6 weeks to complete. Assay results are expected to take a further six weeks following completion of drilling.

Regional geological mapping and wide spaced exploration drilling completed by historical mine operator Geopeko in the 1980's has identified a 9km strike length of geology prospective for scheelite mineralisation on the periphery of the Grassy Granodiorite (Figure 9). The primary objective of the drilling is to test the Lower Grassy Group formation which hosts the tungsten resources at Dolphin (refer ASX announcement titled "Updated Resource Statement April 2015" dated 24 September 2015) and Bold Head (refer ASX announcement titled "18% Increase in Tungsten Resources" dated 26 September 2019) where it is in contact with the Grassy Granodiorite. Scheelite skarn mineralisation has formed within the metamorphic aureole of the Grassy Granodiorite where it is in proximity to the calcareous sediments and carbonates of the Lower Grassy Group.

Mineralisation is hosted within a 100-200m thick sequence of complex skarn mineralogy with two main horizons known as B and C Lens, both of 10-30m thickness, separated by a similar thickness of skarn altered volcanic sediments. Skarn formation and mineralisation have occurred where Lower Grassy Group carbonates come into direct contact with the intrusion, or adjacent to brittle faults intersecting the intrusion.

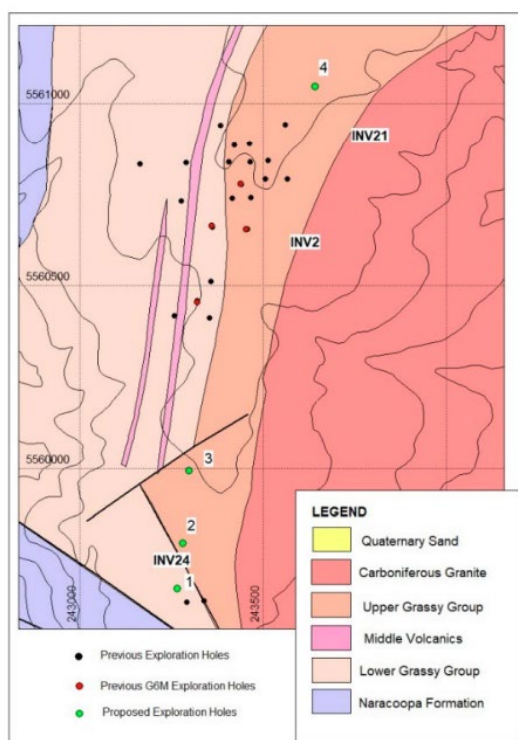


Figure 10 - Planned Exploration Program at Investigator 24

The Company drilled Investigator 21 Prospect in the first half of 2018 and successfully defined scheelite bearing skarn mineralisation in three of four holes completed with the following high-grade intersections:

Hole	From/To (m)	Intersection
KI060	103.2 – 106.3	3.0m @ 0.5% WO ₃
KI060	181.5 – 184.4	2.6m @ 0.5% WO ₃
KI062	90.4 – 93.0	3.0m @ 0.4% WO ₃
KI062	103.2 – 106.5	3.3m @ 1.7% WO ₃

The Investigator 21 Prospect is located 6km west of the DTM and has similar geology to both it and the Bold Head Resource. It is one of several priority target areas identified by the Company on its 100% owned Exploration Licence EL 19/2001 which covers approximately 63km².

The previously identified high-grade mineralisation highlights the prospectivity of the tenement, with one hole intersecting 3.3m at 1.7% WO₃ (refer ASX Announcement “Exploration Drilling Result May 2018” released on 17 May 2018). The intersection is geologically significant as it confirms the high-grade tenor of mineralisation at three separate locations on the periphery of the Grassy Granodiorite (DTM, Bold Head and Investigator) which upgrades the overall exploration potential of this large, mineralised intrusion.

Based on regional geological mapping, the metamorphic aureole for scheelite skarn mineralisation has a strike distance of at least 9km with limited exploration drilling having been undertaken to date.

Pending the success of this and future drilling campaigns, the Company would seek to delineate an economic reserve which would extend the life of mine well beyond the currently 14 years.



Figure 11 - Core Drill Rig at Dolphin Tungsten Mine



Figure 12 - Drill Support Truck

Tungsten Market

The ammonium paratungstate ("APT") price has held up strongly during 2022 achieving a decade high price of A\$355 per mtu in May. As of 31 December 2022, Tungsten APT Price CIF Rotterdam was U\$330-345, albeit on lower volumes as APT users continued to lower stockpile inventory into the end of the year.

The start of 2023 has seen a small increase in the lower end of the price from U\$335-340, and this upward trend is forecast to continue as economic activities increase in China following the loosening of Covid-19 restrictions and increase in economic stimulus.

Market conditions looks strong for 2023 with growth in demand expected to continue from the defence, construction, mining and energy sectors, and supply continuing to look subdued with Dolphin being the only new significant supply entering the market in 2023.

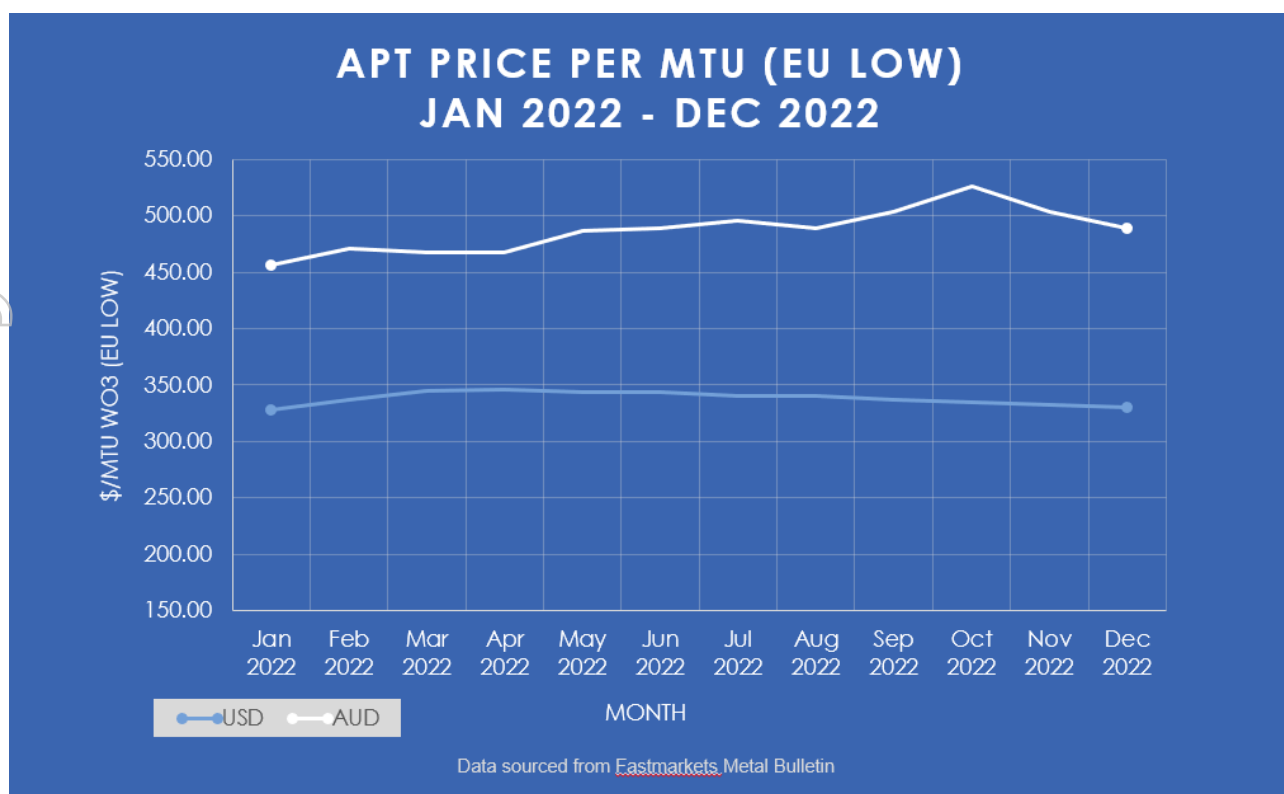


Figure 13 - APT Pricing Chart - December 2022

Corporate

Successful \$20m Placement to Fund Dolphin Mine into Production

G6M received strong support of its fundraising, securing binding commitments from new and existing investors to raise \$20 million (before costs) to primarily fund ongoing construction and operating activities at the Dolphin Tungsten Mine. The Placement was strongly supported by existing shareholders, including those among the Company's top investors with \$8.0 million in funds raised from the Company's top 4 shareholders.

Following the Placement, the Company offered existing eligible shareholders the opportunity to participate in a non-underwritten Share Purchase Plan ("**SPP**") capped at \$3.0m, on the same terms as the Placement. Due to strong demand, the cap has subsequently been increased to \$4.5m and the closing date for the offer extended to 1st February 2023 (Refer ASX Announcement titled "SPP Update and Supplementary Prospectus" released 20 January 2023).

Funds raised under the Placement & SPP will be applied towards capital expenditure (\$10 million) and pre-production costs (\$6 million) at Dolphin, and for general working capital (\$4-8.5 million).

Details of the Placement

Group 6 Metals completed a \$20 million equity raising which resulted in the issue of 117,647,059 new shares at an offer price of \$0.17 per share ("**New Shares**"). Approximately 87,764,704 New Shares were issued in accordance with the Company's placement capacity with ASX Listing Rule 7.1.

A further 15,176,472 New Shares were issued to Managing Director and CEO Keith McKnight, Chairman Johann Jacobs and Executive Director Chris Ellis, who subscribed for new shares issued

under the Placement ("**Director Placement**"), which were approved by the shareholders at an Extraordinary General Meeting ("**EGM**") held on the 17th January 2023.

The Company received pre-commitments of \$8.0 million from existing investors including \$2.5 million which is subject to Foreign Investment Review Board ("**FIRB**") approval.

Each investor in the Placement and SPP was also allocated an attaching option on a 1-for-2 basis, at a strike price of \$0.28 per share with a two-year term ("**Options**"). This price represents a 65% premium to the placement price of \$0.17 per share.

The issue price of \$0.17 per share represented a discount of:

- 10.5% to last traded price of \$0.1900 per share
- 10.2% to the 5-day VWAP of \$0.1894 per share
- 11.4% discount to the 15-day VWAP of \$0.1918 per share
- 11.4% discount to the 30-day VWAP of \$0.1918 per share

PAC Partners Securities Pty Ltd, Jett Capital Advisors LLC and Canaccord Genuity (Australia) Limited acted as Joint Lead Managers to the Placement.

Details of the Share Purchase Plan

Under the SPP, eligible G6M shareholders, being shareholders with a registered address in Australia or New Zealand on G6M register had the opportunity to apply for up to A\$30,000 of additional shares per eligible shareholder without incurring brokerage or transaction costs.

The issue price of the new shares, and terms of the options under the SPP was the same as those under the Placement.

In light of the construction cost update provided to the market on 6 January 2023, the Company elected to extend the closing date for the SPP until 1 February 2023.

Cash Position

The Company's cash position as at 31 December 2022 was \$12.1 million.

Licences and Leases

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

	Interest
Exploration Licence EL19/2001 at Grassy, King Island (63 sq kms) (expires 23 December 2022 – Renewal In Progress)	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 \$181,836 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 2022

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		
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(192)	(384)
	(e) administration and corporate costs ⁱ	(565)	(899)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	22	29
1.5	Interest and other costs of finance paid	(304)	(540)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	4
1.9	Net cash used in operating activities	(1,039)	(1,790)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(18,423)	(36,647)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets- Capitalised development costs ⁱⁱ .	(449)	(622)

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 (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash used in investing activities	(18,872)	(37,269)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	15,080	15,080
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	(925)	(925)
3.5	Proceeds from borrowings	12,150	33,000
3.6	Repayment of borrowings & leases	(162)	(301)
3.7	Prepaid transaction costs related to loans and borrowings	(20)	(250)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from financing activities	26,123	46,604

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,862	4,529
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,039)	(1,790)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18,872)	(37,269)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	26,123	46,604

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	12,074	12,074

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	197	255
5.2	Call deposits	11,877	5,607
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)	12,074	5,862

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	182
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

Payments made to Directors and their associated entities – Directors' fees \$23,069; Consulting fees \$158,767.

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	45,500	43,000
7.2	Credit standby arrangements	-	-
7.3	Other (Mobile fleet finance facility)	10,220	4,806
7.4	Total financing facilities	55,720	47,806
7.5	Unused financing facilities available at quarter end		7,914

- 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
Tasmanian Government Loan	Debt	\$10,000,000	variable	7 years from drawdown	Secured
Abex Limited	Convertible debt	\$2,500,000	0.00%	3 years from drawdown	Unsecured
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)	(1,039)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) *Capitalised development costs	(18,872)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(19,911)
8.4	Cash and cash equivalents at quarter end (item 4.6)	12,074
8.5	Unused finance facilities available at quarter end (item 7.5)	7,914
8.6	Total available funding (item 8.4 + item 8.5)	19,988
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.00
<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 does not expect to have the current level of net operating cash flows as its major EPC contract peak monthly expenditure is reducing as the activities progress through to completion and as such the net operating cash outflow is expected to reduce.	
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?	
	Subsequent to the end of the Dec 2022 quarter and following the Extraordinary General Meeting held on 17 January 2023, the entity received a further \$2.58m from Directors' participation in the Placement which included \$2.5m from Director Chris Ellis. Major Shareholder, Abex Limited ("Abex"), also committed \$2.5m under the Placement which is subject to the approval of the Foreign Investment Review Board ("FIRB"). Pending the outcome of the FIRB decision, Abex has provided a \$2.5m unsecured and interest free loan with a three year term. The loan will convert to equity on the same terms as the Placement once FIRB approval is received. The loan was fully drawn in January 2023. The entity is currently undertaking a Share Purchase Plan to raise up to a maximum \$4.5m. The entity is currently considering options to fund costs of completion, commission and ramp up costs. It is expected that this funding will be sufficient to support the entity to positive cashflows expected in Q3 2023.	
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. The entity does expect to continue its operations and to meet its business objectives. The entity has a proven track record with respect to funding its business activities.	
<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 2023

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.

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 (6 months)
	\$A'000	\$A'000
Directors' fees	(182)	(274)
GST Paid	(106)	(100)
Corporate consultants	(166)	(286)
Legal fees	(20)	(44)
Marketing & investor relations	(36)	(62)
Share registry costs	(30)	(55)
Other	(25)	(78)
TOTAL	(565)	(899)

- ii Following is a summary of the expenditure incurred on developments costs during the quarter (Items 2.1 (c) & (f)):

Consolidated statement of cash flows	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
Accommodation Infrastructure	(581)	(1,540)
Bulk Earthworks/ Civil works	(1,489)	(2,920)
Site Electrical	(865)	(2,179)
Mine equipment	(1,364)	(1,364)
Mine preliminaries	(2,676)	(5,038)
GST Paid	(867)	(867)
Owner's costs	(3,020)	(4,355)
Permits and licensing	(329)	(373)
Process Plant	(6,839)	(17,708)
TSF	(842)	(925)
TOTAL	(18,872)	(37,269)