Group 6 Metals Limited

ABN 40 004 681 734

Annual Report

For the year ended 30 June 2023

CORPORATE DIRECTORY

ABN 40 004 681 734

DIRECTORS

JOHANN JACOBS	(CHAIRMAN)
CHRISTOPHER ELLIS	(EXECUTIVE DIRECTOR)
GREGORY HANCOCK	(NON-EXECUTIVE DIRECTOR)
KEITH MCKNIGHT	(EXECUTIVE DIRECTOR)

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

KEITH MCKNIGHT

CHIEF FINANCIAL OFFICER

MICHAEL ZANNES

COMPANY SECRETARY

MEGAN MCPHERSON

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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ASX

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am pleased to present the 2023 Annual Report for Group 6 Metals Ltd (ASX: G6M).

I take this opportunity to update you on several key milestones achieved during the financial year.

In what was a transformational 12 months, the past year has seen us complete all construction activities, achieving practical completion of the processing facility and the production of the first concentrate at the Dolphin Tungsten Mine (DTM) on King Island, Tasmania.

Instrumental to the progress achieved during the year is the emphasis we place on the health and safety of our people. I am immensely proud to report that our site team has achieved 546 lost-time incidents (LTI) free days as of 30 June 2023. I commend site General Manager, Chas Murcott and Health and Safety Superintendent, John Campbell for promoting employee safety.

Pre-strip mining activities commenced with approximately 600,000 bank cubic metres (BCMs) of overburden being utilised in constructing the first stage of the tailing's storage facility. We took delivery of four CAT 777s which completed our mining fleet and assisted in the movement of over 1.5 million BCMs of overburden. In preparation for drill and blast operations, we secured additional land to construct the explosives magazine and Ammonium Nitrate Emulsion (ANE) compound.

The Tasmanian State Government continued to support the project by providing a $1.6 million grant to be applied towards implementing an interim power solution and towards a feasibility study into the potential integration of renewable energy to replace a significant portion of diesel-generated power supply. To this end, we signed a Memorandum of Understanding with Fortescue Future Industries to investigate opportunities for a renewable power solution for the DTM.

We were extremely pleased to have our offtake partner Traxys onsite in April 2023 and to host a community open day in early July 2023. The feedback from long-standing King Island residents was overwhelmingly positive.

The construction and commissioning activities, however, were challenging. Longer than anticipated lead times in procurement, complexities in managing the logistics to a remote location and industry-wide cost escalations had considerable impacts on cashflows and project schedules. The Company remained committed to addressing these challenges and, where possible, identified mitigation strategies to minimise the effect on the progress of the Project.

The Company completed two separate Placements to fund the construction phase and provide adequate working capital to see the DTM into commercial production. The Company raised $44 million via two placements, which were strongly supported by the Company's four largest shareholders. Our existing shareholders also showed strong support and confidence in the Project by participating in two Share Purchase Plans, which raised a further $4.5 million during the year and $4.3 million after year end. A further $0.4M was raised by the exercise of options.

During the financial year, we conducted a limited regional exploration program on our extensive Exploration Licence area (63 km^2) after being awarded an exploration grant of $75k by the Tasmanian State Government through the Exploration Drilling Grant Initiative. We will continue investigating the area's potential under our exploration lease.

We also announced the maiden mineral reserve estimate for Bold Head providing further evidence of the Company's commitment to exploring regional opportunities around the mine, which would extend mine operations and leverage the new infrastructure developed at DTM.

Our duty to protect the environment remains an important objective. We acknowledge our responsibility to operate sustainably to preserve the pristine environment and the diverse ecosystem of King Island. We are therefore proud to report that no environmental non-compliances were recorded during the year. We remain committed to operating sustainably to conserve the environment, protect wildlife and create economic opportunity for local people and businesses through the development and long-term operation of DTM.

I want to thank all our long-standing and new investors, the Tasmanian Government and local Council and community for their ongoing support as we transition into operations. I would also like to thank our management, employees and contractors for their hard work and dedication throughout the 2023 financial year. We would not have had such a successful year without you.

Thanks also to my fellow directors for their significant contribution, and we welcome our newly appointed Chief Financial Officer, Mr Michael Zannes, to the Executive team.

I want to acknowledge the tireless efforts of our Managing Director and Chief Executive Officer, Mr Keith McKnight. Many of the Company’s successes can be directly attributed to his leadership and unwavering determination to see DTM into production.

Whilst we take this opportunity to reflect on the past year's achievements, the hard work certainly continues beyond here. With the Project significantly de-risked, we focus on optimising the plant and ramping operations to steady state production.

With global demand for tungsten is expected to grow in the coming years, the Company is well positioned to capitalise on the increasing strategic importance of tungsten as a critical mineral and on becoming one of the leading producers of high-grade tungsten concentrate in the Western world.

We are confident that we will achieve the objectives of Group 6 Metals and look forward to keeping you updated on our progress.

Kind Regards

Johann Jacobs

Chairman

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

It gives us great pleasure to provide you with an update on Group 6 Metals' ESG and sustainability activities as we continue on our journey to becoming an environmentally and socially responsible mining company. The Company's efforts to minimise its environmental footprint, engage with the local community and uphold strong governance practices demonstrate our commitment to sustainable operations.

In what was a transformational 12 months, the past year has seen us complete all construction activities, achieving practical completion of the processing facility and the production of the first concentrate at the Dolphin Tungsten Mine (DTM) on King Island, Tasmania.

We were helped toward this goal through the Company's focus and emphasis on the health and safety of our people. It is pleasing to report that our site team has achieved 546 lost-time incidents (LTI) free days as of 30 June 2023.

We acknowledge our responsibility to operate sustainably to preserve the pristine environment and the diverse ecosystem of King Island. We are therefore proud to report that no environmental non-compliances were recorded during the year. We remain committed to operating sustainably to conserve the environment, protect wildlife and create economic opportunity for local people and businesses through the development and long-term operation of DTM.

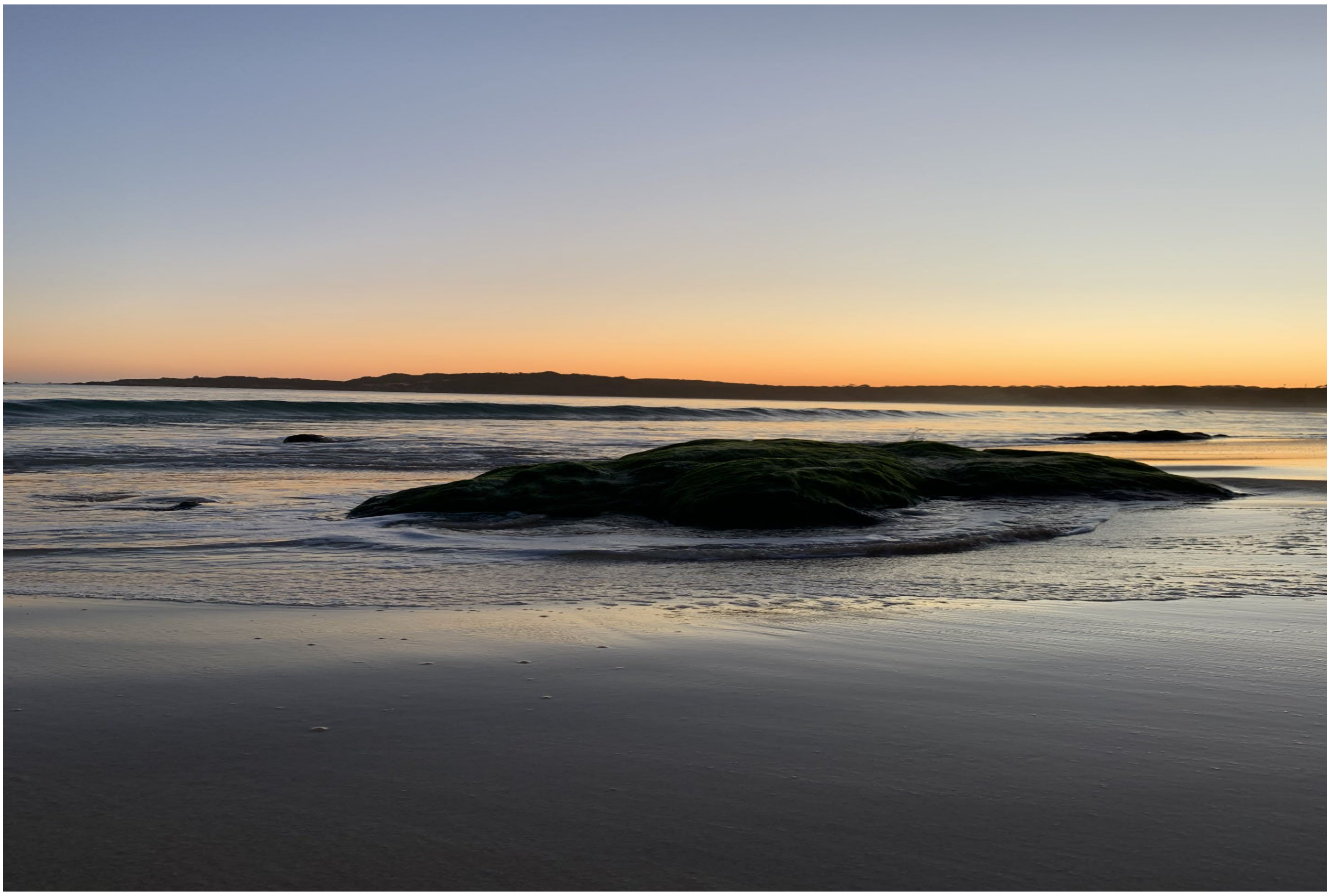

Figure 1 – Grassy Harbour

In December 2022, the Company committed 37.28Ha of land as a Conservation Covenant area. The 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.

At Group 6 Metals we are committed to creating shared value and building a strong and community focused culture. To demonstrate this commitment, the Company held an open day at DTM on Sunday, 2nd July 2023. This allowed the local community to tour the project site and inspect the progress achieved since construction started in early 2022. Over 180 local residents and stakeholders attended, and the project received a very positive response.

Figure 2 - Photos from Dolphin Tungsten Mine Open Day, 2nd July 2023

In June 2023, we made a commitment to commence reporting on the ESG disclosures of the Stakeholder Capitalism Metrics (SCM) of the World Economic Forum (WEF). We are in the process of making ESG disclosures in the form of a set of universal, comparable ESG metrics focused on people, planet, prosperity and principles of governance that organisations can report on regardless of industry or region.

The diagram outlined below represents the 21 core metrics which we intend to report against. These will be reviewed quarterly and updated periodically. By integrating ESG metrics into our governance, business strategy, and performance management process, we intend to diligently consider all pertinent risks and opportunities in running our business. We will continue to look for opportunities to provide further transparency on the topics which are material to our business.

To track our disclosure progress and demonstrate our sustainability performance against the WEF SCM framework we will utilise Socialsuite's ESG reporting disclosure platform. Socialsuite enables us to demonstrate our ongoing commitment to ESG by providing a dedicated solution to track, report and share our ESG disclosures. With Socialsuite we have started the journey of building robust ESG credentials and plan to release our inaugural ESG baseline report in Q4 2023.

The focus for the coming year is to undertake a comprehensive review of our corporate governance policies to establish a solid foundation of governance which complies with the best practice recommendations of the ASX Corporate Governance Council wherever possible. Other key objectives include defining purpose, values and measuring performance using Socialsuite's ESG reporting disclosure platform. By prioritising ESG factors, Group 6 Metals aims to create long-term value for its stakeholders while minimising potential risks associated with its operations.

DIRECTORS' REPORT

The directors present their report, together with the financial statements of the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group'), consisting of Group 6 Metals Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Johann Jacobs (Chairman)

B. Acc, MBL

Appointed on 30 November 2012.

Johann has over 40 years' experience in the resources industry in Australia, South Africa and Indonesia. He has previously been a director of a number of ASX listed companies and remains a Director of several private resource-focused companies.

Christopher Ellis (Executive Director)

B. Sc Hons

Appointed on 8 November 2012

Chris has over 40 years' experience in the exploration and mining industry in Australia and overseas. He was a founding member and Executive Director of coal mining company Excel Coal Limited, which became Australia's largest independent coal mining company before being acquired by Peabody Energy Inc. in October 2006. Chris commenced his career in the UK coal industry, followed by positions within Shell's exploration group in Southern Africa and CRAE in Western Australia. He has also held senior positions for BP Coal (London and USA), Agipcoal Australia and the Stratford Joint Venture. Chris has core geology, mining engineering and mineral processing skills, mainly in the coal industry, with some experience in tungsten, gold, base metals and diamonds. He has had overall responsibility for designing and engineering four new mines during his career with Excel. Chris is a Non-Executive Director of Ausquest Limited (ASX: AQD).

Gregory Hancock (Independent Non-Executive Director)

BA Econs, B. Ed Hons, F. Fin

Appointed on 26 February 2019.

Greg has over 25 years' experience in capital markets, practicing in corporate finance. He has extensive experience in Australia and the UK through his close links to the stockbroking and investment banking communities. His career specialised in mining and natural resources, with a background in the finance and management of listed companies. He is chairman of Ausquest Limited (ASX: AQD), BMG Resources Limited (ASX: BMG), Cobra Resources Plc (LON: COBR), Triangle Energy (Global) Limited (ASX: TEG) and Non-Executive Director of Golden State Mining Limited (ASX: GSM). Greg continues his close association with the capital markets in Australia and the UK through his private company, Hancock Corporate Investments Pty Ltd.

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Keith McKnight

BEng (Mech) (Hons)

Appointed on 24 January 2022 as CEO and appointed to the Board on 31 August 2022.

Keith has over 22 years mining and resources project delivery and company management experience in Australia and overseas in 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.

DIRECTORS' REPORT CONTINUED

CHIEF FINANCIAL OFFICER

Michael Zannes

B Bus, CPA, Grad Cert (AICD)

Appointed 6 March 2023.

Michael is a CPA with over 20 years' experience in the mining industry. He has a background in managing resource companies' operational and corporate finance functions. This includes C-suite experience in listed companies. Michael has previously held the role of Chief Financial Officer with Andromeda Metals Ltd (ASX: ADN) and also previously held various commercial positions with New Gold Inc (TSX/NYSE: NGD), including Company Director and Secretary for New Gold's Australian divisions and Whitehaven Coal Ltd (ASX: WHC) as Divisional Commercial Manager.

COMPANY SECRETARY

Megan McPherson

B Com, CA

Appointed 1 February 2022.

Megan is a Chartered Accountant and Company Secretary with over 20 years of commercial and public practice experience. She was part of the senior executive team which successfully listed Cuesta Coal Limited on the ASX in 2012 and has been a senior executive for companies with projects in Australia, Mongolia, Tanzania and Madagascar.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the continuation of construction and the redevelopment of DTM on King Island, Tasmania, culminating in the practical completion of the processing facility and project commissioning on 10 June 2023.

DIVIDENDS

The Company paid or declared no dividends to members during or since the end of the financial year (2022 $Nil).

REVIEW OF OPERATIONS

Substantial progress was made during the year on the execution of the Group's redevelopment plan at its 100% owned DTM.

Key milestones achieved included:

Dolphin Tungsten Mine

- Completed construction of the processing facility and production of the first tungsten concentrate.
- Entered a Memorandum of Understanding with Fortescue Future Industries Pty Ltd to explore opportunities for the potential provision of renewable, heat, and hydrogen energy.
- Received a $1.6 million grant from the Tasmanian Government for upgrading the power supply to the operation.
- Received an exploration grant of $75,000 by the Tasmanian State Government through the Exploration Drilling Grant Initiative to fund exploration activities on the Company's exploration licence surrounding DTM.
- Recommencement of regional exploration of the highly prospective Investigator Project, which had previous success with a grade intersection of 1.7% WO_3.
- Included the Bold Head Mine in the reserve inventory and project mine life.
- Achieved 546 lost-time incident free days as of 30 June 2023.
- No environmental non-compliances recorded during the year.
- In December 2022, the Company committed 37.28Ha of land as Conservation Covenant area. The 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.

Corporate

- Several successful capital-raising initiatives were undertaken during the year, which raised $48.5million, providing a runway to progress operations towards positive cash flows. $0.4M was also raised by the exercise of options. A further $3.0 million was raised by the granting of interest-free loans which were subsequently converted to equity during the financial year.
- Appointed CEO Keith McKnight as Chief Executive Officer on 31 August 2022.
- Appointed Michael Zannes as CFO, effective 6 March 2023.
- $9.0 million cash on hand as of 30 June 2023 (30 June 2022: $4.5 million).

CORPORATE

Financial

The Group incurred an operating loss after tax for the year to 30 June 2023 of $21,865,766 (2022: $13,648,059) as a result of the Group transforming from development into operations whilst continuing to incur expenses for operational and exploration expenditure and administrative overheads.

Capital and Debt Raising

$46.7 million (after transaction costs) was raised by way of capital raising and the exercise of options during the year ended 30 June 2023.

Share Placements

On 28 November 2022, the Company announced that capital was raised through a two-tranche Share Placement to a range of institutional and sophisticated investors, including existing major shareholders, and announced a Share Purchase Plan (SPP) to raise up to a combined maximum of $24,500,000.

Under the Placement, the Group raised $17,500,000 cash (before issue costs) upon the issue of 102,941,176 ordinary fully paid shares for $0.17 each, as follows:

1. Between 2 December and 8 December 2022, the Group issued 86,529,409 New Placement Shares at $0.17 each (Tranche 1); and

2. Between 23 January and 23 February 2023, the Group issued 16,411,766 New Placement Shares at $0.17 each (Tranche 2). The second tranche was necessary as it required shareholders approval at an Extraordinary General Meeting as the placement was to Director Chris Ellis (or to directors of the Company).

As part of the placement, $2,500,000 was raised through an interest-free loan from Abex Limited pending approval by the Foreign Investment Review Board ("FIRB"). Following approval, the loan was converted to equity on the same terms of the placement on 27 March 2023. The Group issued 14,705,883 New Placement Shares at $0.17 each upon conversion.

Each investor in the Placement was allocated an attaching option on a 1-2 basis at a strike price of $0.28 per share with a two-year term. The Group issued a total of 58,823,498 New Placement Options.

On 23 January 2023, the Group issued 29,411,765 unquoted Options to the Joint Lead Managers to the Placement with a strike price of $0.28 per share with a three-year term.

On 22 February 2023, the Group announced it had raised $4,473,615 under the Share Purchase Plan (SPP). The Group issued 26,315,179 New SPP Shares at $0.17 per share and 13,157,494 New SPP Options, each with an exercise price of $0.28, expiring 31 January 2025.

On 8 May 2023, the Group announced it had received commitments for c. $27 million placement together with a $3 million underwriting for an SPP to raise a minimum of $30 million.

The Placement comprised cash consideration of $24,040,000 and the conversion of $3,000,000 of unsecured debt provided by entities of the key shareholders Chris Ellis, Richard Chadwick and Dale Elphinstone, resulting in the issue of 193,142,856 ordinary fully paid shares for $0.14 each, as follows:

DIRECTORS' REPORT CONTINUED

1. On 15 May 2023, the Group issued 156,964,280 new shares at $0.14 each (Tranche 1); and
2. On 27 June 2023, the Group issued 36,178,575 new shares at $0.14 each (Tranche 2).

After year-end, the Group announced that it had raised a total of $4.3 million under the SPP, resulting in the issue of 30,797,893 New SPP Shares at an offer price of $0.14 per share on the same terms as the May 2023 Placement.

Each investor in the May Placement and SPP was allocated an attaching option on a 2-3 basis at a strike price of $0.21 per share with a two-year term. After year-end the Group issued a total of 149,293,952 New Placement and SPP Options.

Exercise of Unquoted Options

During the year ended 30 June 2023, capital was raised by the exercising of 4,375,000 unquoted options raising $370,000.

Debt Funding

During the first half of the 2023 financial year, the Group drew down on the $23 million in debt finance, via a group of lenders for the redevelopment of its DTM, including CJRE Maritime Pty Ltd, Abex Limited, Elphinstone Holdings Pty Ltd and D.A.C.H.S Capital AG. As at 30 June 2023, all facilities had been fully drawn.

On 27 October 2022, the Group finalised documentation for the $10 million secured loan agreement with the State of Tasmanian represented by the Department of State Growth (Tasmanian Government). As of 30 June 2023, the Tasmanian Government Loan is fully drawn. Further details regarding this loan, including the key terms, are set out in Note A22.

On 9 December 2022, the Group executed a $2.5 million unsecured loan agreement with Abex Limited (Abex) to fund ongoing construction, operating activities and working capital at DTM. The loan term was three years, with a termination date of 16 January 2026. Repayment was upon the termination date, with early repayment of the facility permitted at any time or could be converted to equity on approval of FIRB. The loan was unsecured. The loan was converted to equity on 27 March 2023, on the same terms as the placement announced on 28 November 2022, following receipt of approval by the Foreign Investment Review Board (FIRB) for Abex to increase their ownership in the Group.

Further details regarding the loan facilities, including the key terms of the facilities, are summarised in Notes A22 and A27.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Group transitioned from development to pre-production during the second half of the 2023 financial year. Construction and commissioning of the processing plant was completed on 10 June 2023 providing a clear path to achieving steady state production in the 2024 financial year.

TUNGSTEN MARKET

APT (Ammonium Paratungstate) prices are regularly quoted in industry journals and is the product pricing used as a benchmark for selling WO_3 concentrate. The concentrate acquired by the APT processors is conventionally a 65% WO_3 concentrate; therefore, the net price back to producers is somewhat lower, generally around 80% of the reported APT price, for the same quantity of contained WO_3.

Over the last decade, the APT price has achieved a high of US$469 (A$473) per mtu (metric tonne unit) in mid-2011 and again in mid-2013 and a low of US$165 (A$212) per mtu at the end of calendar 2015.

Since then, the APT price has held up firmly, with a decade-high price of U$355 per mtu in May 2023. As of 30 June 2023, Tungsten APT Price CIF Rotterdam was US$320-335, albeit on lower volumes as APT users continued to lower inventories into the end of the year.

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

DIRECTORS' REPORT CONTINUED

OUTLOOK

The short-term objective of the Group is to achieve steady-state operations at DTM on King Island. The next steps are to:

1. Increase production of high-grade concentrate and achieve budgeted shipments of concentrate.
2. Optimise the performance of the mine and processing plant.

The medium-term objective is to investigate opportunities to value-add the product for supply into the upstream tungsten industry.

GOING CONCERN

These financial statements have been prepared on a going concern basis, which contemplates the continuity of standard business activities, the realisation of assets, and the discharge of liabilities in the ordinary course of business.

The Group incurred a pre-tax operating loss of $21,865,766 during the year as a result of the Group transforming from development into operations whilst continuing to incur expenses for operational and exploration expenditures and administrative overheads.

Included in the operating loss for the year is the change in fair value, $1,040,702, of 12,000,000 performance options previously granted but not vested to directors as non-cash consideration for market-based remuneration and $2,038,529 value ascribed to 29,411,765 options granted to the Joint Lead Managers in respect to the Placement announced in November 2022.

During the year, the Group raised $46,360,888 (net of transaction costs) through capital raising. $44,040,000 was raised via two placements to various institutional and sophisticated investors and a further $4,473,615 via Share Purchase Plan. In addition, the Group raised $370,000 upon the exercise of options. The Group also raised $3,000,000 via unsecured interest free loans from three of the Group's major shareholders. The loans converted to shares and options on the same terms as the Placement announced on 8 May 2023.

At 30 June 2023, the Group had a cash balance of $9,032,167. During the year, the Group had negative operating cash flows of $17,964,946 and a net current asset deficiency of $11,078,414.

At 30 June 2023, the Group had undrawn loan facilities of $6.7 million. Total drawn debt is $43.8 million, with maturity dates of $5.0 million in financial year (FY) 2024, $20.5 million in FY25, $9.7 million in FY26, $5.8 million in FY27, $2.0 million in FY28 and $0.8 million in FY29.

Subsequent to year-end, the following events occurred which have a financial impact, or potential financial impact, on the Group:

- On 19 July 2023, the Group announced that it had dispatched its first shipment of tungsten concentrate. The value of the shipment is ~$0.3 million CIF, with an 85% provisional payment. The payment is expected to be received in the first quarter of the 2024 financial year.

- On 10 August 2023, the Group announced that a second delivery of high-grade tungsten concentrate was ready for shipment and that drill and blast operations had commenced, providing a steady supply of high-grade ore to the processing plant starting mid-August. It also confirmed that $4.3 million was successfully raised via a Share Purchase Plan.

- On 17 August 2023, the Group submitted a Research & Development (R&D) tax incentive application for the year ended 30 June 2023 with AusIndustry. The R&D tax incentive provides an 18.5% refundable tax offset on eligible R&D expenditure for companies with an aggregated turnover of less than $20 million. As the Group is in a tax loss position at 30 June 2023, the refundable offset will take the form of a cash refund which will be realised through the lodgement of the 2023 Income Tax Return. The Group intends to lodge the consolidated Income Tax Return in early September 2023.

Management recently prepared a six-year open-cut Life of Mine (LoM) model as part of the budgeting process for the financial year ending 30 June 2024. The 12-month cash flow included in the LoM underpins the basis of preparation as a going concern. Like any operating entity, there is uncertainty regarding the projected sales quantities and the associated timing of cash generated by operating activities as commercial production ramps up however the Group is focussed on executing operational strategies to achieve steady state production targets.

Management has prepared the cashflow forecast using the following assumptions:

- Securing $8.7 million of short-term financing to bring forward cash and bridge the receipt of the R&D claim.
- Securing $10 million in additional debt funding to help with liquidity management in the short to medium term while the Group is in a ramp-up period and to address the cash outflows arising from the debt maturity profile noted above; and
- Following the Group's history of successful debt financing, undertaking a review of the debt structures in the 2023/2024 financial periods to restructure the long-term debt to match the cashflow profile of the business.

The going concern basis presumes that a combination of the above funding and operational solutions, as deemed appropriate by the directors will be achieved. The combined effect of the above represents a material uncertainty as to whether the Group would continue as a going concern. The directors consider it appropriate that the Group will continue to be able to fulfil all obligations as and when they fall due for the foreseeable future and that the realisation of assets and settlement of liabilities will occur in the ordinary course of the business. Accordingly, the Group's financial statements should be prepared on a going-concern basis. No adjustments have been made to the financial information relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Judgement about the future is based on information available at the date of this report. Subsequent events may result in outcomes that are inconsistent with reasonable judgements at the time they were made.

PROSPECTS FOR FUTURE FINANCIAL YEARS

The Group expects to achieve steady state production during the 2024 financial year with the ramp up of mining activities and the processing plant reaching nameplate capacity of 60t/hour. Shipments are forecast to increase in quantity and frequency in alignment with increased production. Production of tungsten concentrate in the 2024 financial year will progress through a lower than average grade section of the ore body. The higher grade section of the ore body is expected to be reached in the 2025 financial year in accordance with the mine plan.

BUSINESS RISKS

The Group's successful development of DTM on King Island is subject to various business risks, including:

1. Approval for an extension to the Group's existing tenements
   Tenement exploration and mining licences held by the Group require periodic renewal or extension. All existing licences are current, with the latest renewals and extensions approved. There is no guarantee that the Group's licences will continue to be granted on acceptable terms or for future applications.[1]

2. Commodity prices and exchange rate risk
   Once in production, future revenue will be derived through the sale of minerals which exposes the Group to commodity price risk. Commodity prices are dependent upon several factors which are outside of the Group's control. Commodity prices are usually denominated in US dollars, whereas expenditure of the Group is denominated in Australian dollars, which exposes the Group to fluctuations and volatility of the rate of exchange between the US dollar and the Australian dollar. Fluctuations in commodity prices and the Australian dollar exchange rate could have a material effect on the financial and operating performance of the Group.

3. Land access and title risk
   The Group has obligations concerning expenditure levels, environmental matters for its tenements, and responsibilities to various government entities and any landowners affected by its activities. A contravention of these

[1] Exploration Licence EL19/2001 at Grassy, King Island (63 sq kms) expires 14 December 2024. Mining Lease CML 2080P/M at Grassy, King Island (566 hectares), which is the combined lease of 1M/2006 and 2060P/M expires 5 June 2029.

obligations could affect the right to hold mining tenements in each area. The Group's mining tenements may be affected by land access issues for any land the Group does not own.

4. Environmental risk
As part of the mining industry, the Group is subject to State and Federal legislation regarding environmental obligations and liabilities. The legislative and regulatory requirements impose significant environmental obligations on the Group in relation to its operations. Compliance with these obligations and any future obligations (such as any carbon tax or carbon pollution reduction scheme imposed by the government) could have a material adverse effect on the financial and operating performance of the Group.

5. Retention of key employees
The Group highly depends on qualified scientific, technical, and managerial personnel. There is significant competition for qualified personnel in the Group's business. The Group may be unable to attract and retain the qualified personnel necessary to develop its business. The failure to recruit additional key scientific, technical, managerial, and other personnel in a timely manner could harm the Group's business.

6. Financing Risk
The Company needs to secure additional financing to fund short-term shortfalls in the cash flow forecast in the 2024 financial year while the company processes and sells material in accordance with the mine plan sequence. There is no guarantee that the Company will successfully secure the required funding, however the directors, based on previous successful funding arrangements, are confident that this funding will be secured.

7. Risks associated with Operations.
The following risks are perceived to be associated with the redevelopment of the project and mitigating factors:

- Geological risk – There is a risk that the modelled ore tonnes and grade will not be realised during mining. Mitigating this risk, the geology and WO_3 distribution of DTM deposits is well understood from close-spaced drilling and historic underground mapping and sampling. 100% of WO_3 at DTM is in the Probable Reserve category. Scheelite ores fluoresce under UV light assisting in pit and stockpile grade control. Predicted WO_3 grades are consistent with historical production.

- Geotechnical risk – There is a risk that the membrane wall and open-cut design will require additional engineering and ground support beyond the expected outcomes. To mitigating these risks, the pit has been modified to a more conservative design with no material change to the reserve.

- Pit Wall Stability risk - There exists a risk that historic stope voids may compromise the final pit wall stability. Optimising the best combination of open-cut-underground mine design will mitigate this risk with further iterations of the combined mine design. Some additional stabilisation group support may be required.

- Under Ground (UG) Geotechnical risk - The ground condition assessment of the UG mine is based upon perceived conditions at the time of the mine closure in 1991 with minor geotechnical drill validation post-2006. It is anticipated that ground conditions may have deteriorated significantly in old stoping areas, particularly in the Mid-Wedge open on numerous horizons. This risk has been mitigated by excluding some resources from the reserve estimate in this area. Significant risk minimisation is the proposed use of cemented paste fill, allowing increased recovery and stability on completion.

- UG development/ rehabilitation risk - There is a risk that significant deterioration of mine workings has occurred both in normally supported development and, most particularly, where steel arch set development was utilised. Measures to mitigate this risk include mine design, including new decline and access development where possible, high pre-rata allowance for support materials, 25% allowance for 40mm fibre crete in development and avoiding rehabilitation of historic steel arch-supported development.

- Water ingress - There is some risk of water ingress from the proposed Open Cut (OC) through the exposure of numerous stopes and level development. To mitigate this risk, the Company proposes using a mixture of fibrecrete with an impervious lining to seal in pit stormwater sumps before pumping. Future OC/ UG (open-cut/ underground) optimisation will consider wall stability and sump positioning in mine planning.

- UG Dewatering risk - The risk associated with dewatering includes risk associated with perched/entrapped water in declines, old stopes and behind-ground failures, and the risk of mud rush from hydraulic sandfill if not adequately dewatered. To mitigate this risk, extensive probe and water cover drilling is required to drain perched water in known development water traps and to monitor old post-pillar stope drainage. Formerly stope fill barricades were either simple timber barricades or breeze block walls unlikely to sustain the significant head of water. Monitoring water in old stopes is critical to reducing the risk of any water /fill inrush.

- UG loss of access - The development of a new escape way system or the refurbishment of the old system is essential for secondary egress in the vent of temporary loss of access due to ground failure.

- UG Ventilation- A new 135m raise from the old – 150m level to the surface is planned. Assessment of ground conditions and detailed engineering has not yet been completed resulting in possible development and cost risk. Mitigating this risk are alternative low-cost ventilation systems utilising historic workings, which require planning and cost estimation.

- Metallurgical risk – There is a risk that modelled WO_3 recovery will be lower than anticipated. Extensive metallurgical test work, modelling, and historical performance have informed the assumptions used to generate costs and estimate throughput rates. Processing performance and WO_3 recoveries are well understood, with the most recent test work compared to historical results.

- Operating Cost risk – There is a risk that operating costs will be higher than anticipated, reducing free cash flow for debt servicing. Budget estimates are developed from reputable contractor tender rates, supplier and minor contractor quotes and cross-referenced with similar projects by experienced independent consultants.

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 19 July 2023, the Group announced that it had dispatched its first shipment of tungsten concentrate. The cargo of approximately thirteen (13) tonnes of tungsten concentrate, with an average grade of 69% WO_3, was loaded at the Port of Grassy, King Island. The value of the shipment is ~ $ 0.3 million CIF, with 85% provisional payment within five business days of shipment. The balance is payable upon delivery of the goods.

On 10 August 2023, the Company announced that it successfully raised $4.3 million via the Share Purchase Plan announced to the market on 8 May 2023. Under the SPP, eligible shareholders were offered the opportunity to apply for up to $50,000 of additional shares per eligible shareholder without incurring brokerage or transaction costs. The offer was partially underwritten to raise a minimum of $3 million. On 10 August 2023, the Group announced that a second delivery of high-grade tungsten concentrate was ready for shipment and that drill and blast operations had commenced, providing a steady supply of high-grade ore to the process plant starting mid-August.

On 17 August 2023, the Group submitted a Research & Development (R&D) tax incentive application for the year ended 30 June 2023 with AusIndustry. The R&D Tax Incentive provides an 18.5% refundable tax offset on eligible R&D expenditure for companies with an aggregated turnover of less than $20 million. As the Group is in a tax loss position at 30 June 2023, the refundable offset will take the form of a cash refund which will be realised through the lodgement of the Income Tax Return. The Group intends to lodge the consolidated Income Tax Return by the end of August 2023.

LIKELY DEVELOPMENTS

Ore mining will commence at the beginning of the 2024 financial year and the processing plant is expected to reach nameplate capacity of 60t/hour within the first quarter of the financial year.

The group is exploring financing options to bridge the receipt of the R&D claim and to help with liquidity management while the Group is in a ramp-up period. It is also undertaking a review of the debt structures to restructure the long-term debt to better match the cashflow profile of the business.

DIRECTORS' REPORT CONTINUED

ENVIRONMENTAL REGULATION

On 23 June 2021, the Company announced the approval by the Environmental Protection Authority ("EPA") of the Company's first Mine Closure, Decommissioning and Rehabilitation Management Plan ("MCDRMP"). The approval of the MCDRMP was one of the conditions of the EPA Environmental Protection Notice EPN 7442/2, issued on 9 October 2017 for the development of the Dolphin Tungsten Mine. The MCDRMP requires annual updating and approval by the EPA and sets the standards to be met during the mine's operations and ultimate closure.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements.

Based on the results of enquiries, the directors are unaware of any significant breaches during the period covered by this report.

DIRECTORS' MEETINGS

The numbers of directors'' meetings (including meetings of committees of directors) where directors were eligible to attend and attended in person or by alternate during the financial year by each of the directors of the Company were:

	Board Meetings		**Audit Committee Meetings**	
	Eligible	Attended	Eligible	Attended
Johann Jacobs	9	9	2	2
Christopher Ellis	9	9	2	2
Gregory Hancock	9	9	2	2
Keith McKnight	8	8	2	2

DIRECTORS' INTERESTS

The relevant, beneficial interest of each Director in the securities issued by the companies within the Group and other related bodies corporate and notified by the directors to the ASX in accordance with section 205G (1) of the *Corporations Act 2001* (Cth) at 30 June 2023 are:

Ordinary Fully Paid Shares

Director	Number of ordinary fully paid shares at 30 June	
	2023	2022
Johann Jacobs	8,741,973	6,822,855
Christopher Ellis	140,298,596	86,878,423
Keith McKnight	390,757	-

DIRECTORS' REPORT CONTINUED

Unquoted Options

Unquoted options are not listed on the Australian Securities Exchange (ASX).

Director	Grant date	The fair value per option	Exercise price per option	Expiry date	Number of options granted and vested at 30 June	
		$	$		**2023**	2022
Johann Jacobs						
	23 Jan 2023	$0.0693	$0.28	31 Jan 2025	147,059	-
	21 Dec 2017	$0.0276	$0.08	31 Dec 2022	-	375,000
	21 Dec 2017	$0.0266	$0.10	31 Dec 2022	-	1,000,000
					147,059	**1,375,000**
Christopher Ellis						
	23 Jan 2023	$0.0693	$0.28	31 Jan 2025	7,352,942	-
	21 Dec 2017	$0.0294	$0.06	31-Dec-22	-	1,000,000
	21 Dec 2017	$0.0276	$0.08	31-Dec-22	-	1,000,000
	21 Dec 2017	$0.0266	$0.10	31-Dec-22	-	1,000,000
					7,352,942	**3,000,000**
Gregory Hancock	15 Oct 2019	$0.0380	$0.11	15 Oct 2024	1,000,000	1,000,000
	15 Oct 2019	$0.0359	$0.13	15 Oct 2024	1,000,000	1,000,000
	15 Oct 2019	$0.0340	$0.15	15 Oct 2024	1,000,000	1,000,000
					3,000,000	**3,000,000**
Keith McKnight						
	23 Jan 2023	$0.0693	$0.28	31 Jan 2025	88,235	-
					88,235	**-**
					10,588,236	**7,375,000**

Each Option provides the right for the option holder to be issued one fully paid Share upon payment of the Exercise Price of each option.

Performance Options

Director	Number of performance options granted during 2020-21	Grant date	Vesting condition	Fair value at grant date	Expiry date
Johann Jacobs	3,000,000	05 Feb 2021	Development decision	$0.23	30 Sept 2026
	4,000,000	05 Feb 2021	First shipment of scheelite	$0.23	19 July 2028
	7,000,000				
Christopher Ellis	3,000,000	05 Feb 2021	Development decision	$0.23	30 Sept 2026
	4,000,000	05 Feb 2021	First shipment of scheelite	$0.23	19 July 2028
	7,000,000				
Gregory Hancock	3,000,000	05 Feb 2021	Development decision	$0.23	30 Sept 2026
	4,000,000	05 Feb 2021	First shipment of scheelite	$0.23	19 July 2028
	7,000,000				
	21,000,000				

Subject to the satisfaction of the vesting conditions, each Performance Option provides the right for the performance option holder to be issued one fully paid Share upon notification of the exercise of the Option during the exercise period. The vesting conditions are outlined on page 25.

No performance options were issued to the directors during the current year.

Unquoted Warrants

Unquoted warrants are not listed on the Australian Securities Exchange (ASX).

Director	Grant date	Fair value per warrant	Exercise price per option	Expiry date*	Number of warrants granted and vested at 30 June	
		$	$		**2023**	2022
Christopher Ellis	18 Nov 2021	$0.10	$0.196	10 Jun 2024	4,017,857	4,017,857
	18 Nov 2021	$0.11	$0.196	10 Dec 2024	4,017,857	4,017,857
	18 Nov 2021	$0.12	$0.196	10 Jun 2025	4,017,857	4,017,857
	18 Nov 2021	$0.13	$0.196	10 Dec 2025	4,017,857	4,017,857
	18 Nov 2021	$0.14	$0.196	10 Jun 2026	4,017,857	4,017,857
	18 Nov 2021	$0.14	$0.196	10 Dec 2026	4,017,858	4,017,858
					24,107,142	**24,107,142**

Each Warrant provides the right for the warrant holder to be issued one fully paid Share upon payment of the Exercise Price of each warrant.

* Expiry dates are subject to the project commissioning date, achieved on 10 June 2023.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements for key management personnel of the Group. Remuneration is referred to as compensation throughout this report.

Directors and key management personnel are responsible for planning, directing and controlling the activities of the Company and the Group.

Compensation levels for key management personnel of the Group is competitively set to attract and retain appropriately qualified and experienced directors, executives and future executives. No remuneration consultants were used to assess the remuneration of key management personnel.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creating value for shareholders. The compensation structures consider the following:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the Group's performance; and
- the Group's performance, including:
  - the Group's earnings;
  - the growth in share price and delivering constant returns on shareholder wealth; and
  - the number of incentives within each key management person's compensation.

Compensation packages include fixed and variable compensation and short-term and long-term performance-based incentives.

In addition to their salaries, the Group provides non-cash benefits to its key management personnel and, where applicable, contributes to the individual's elected post-employment superannuation plan.

Contract Terms and Conditions

The determination of directors' remuneration is made by the Board having regard to the current position of the Company, in that it is yet to achieve steady state production. It continues to preserve cash as much as possible.

The Board may award additional remuneration to directors called upon to perform extra services or make special exertions on behalf of the Company.

The Board reviews remuneration to current industry norms and generally determines remuneration policies and practices, reviews and makes specific decisions on remuneration packages and other terms of employment of its directors and senior executives.

No unquoted options or performance options were granted during the year (2022: nil) for related party remuneration.

Bonuses were paid to each of Keith McKnight and Megan McPherson per the terms of their services agreements.

No Director remuneration package includes terms for redundancy, retirement or termination benefits. No such amounts were accrued or paid to any Director during the current financial year.

Terms of Employment

Each Key Management Personnel's terms of employment are set out as follows.

Johann Jacobs (Chairman)

During the financial year ended 30 June 2023, an entity controlled by Mr Jacobs was paid at the rate of $33,931 p.a. plus statutory superannuation (2022: $30,846 p.a. plus statutory superannuation) for Mr Jacobs to be Chairman. $16,965 of the Chairman's fees was accrued at 30 June 2023. Consultancy fees incurred, totalled $ 210,870 during the year (2022: $274,069), of which $123,835 was accrued at 30 June 2023. No annual or long service leave accrues to Mr Jacobs or his related entity.

Christopher Ellis (Executive Director)

During the financial year ending 30 June 2023, Mr Ellis was paid $26,631 p.a. plus statutory superannuation (2022: $26,400 p.a. plus statutory superannuation) to be an Executive Director. No annual or long service leave accrues to Mr Ellis or his controlled entity.

Gregory Hancock (Non-Executive Director)

During the financial year ended 30 June 2023, an entity controlled by Mr Hancock was paid at the rate of $26,400 p.a. plus statutory superannuation for Mr Hancock to be a Non-Executive Director (2022: $26,400 plus statutory superannuation). No consultancy services were paid in the financial year that ended on 30 June 2023 (2022: $28,800). No annual or long service leave accrues to Mr Hancock or his controlled entity.

Keith McKnight (Managing Director and Chief Executive Officer)

During the financial year ended 30 June 2023, an entity controlled by Mr McKnight was paid a consultancy fee at the rate of $30,000 per month for the first seven months of the year and $35,000 per month after that for Mr McKnight to be the Chief Executive Officer (2022: $30,000). Consultancy services totalled $385,000 in the year (2022: $158,735). $35,000 of the Chief Executive Officer's fees was unpaid on 30 June 2023. Annual and long service leave entitlements accrue to Mr McKnight.

Michael Zannes (Chief Financial Officer)

During the financial year ended 30 June 2023, Mr Zannes was paid at the rate of $360,000 p.a. including statutory superannuation (2022: Nil) to be the Chief Financial Officer. Annual leave and long service leave entitlements accrue to Mr Michael Zannes.

Megan McPherson (Company Secretary)

During the financial year ended 30 June 2023, Ms McPherson was paid at the rate of $280,000 p.a. including statutory superannuation (2022: $280,000 p.a. including statutory superannuation) to be Company Secretary. Annual leave and long service leave entitlements accrue to Ms McPherson.

Consulting Services

The entities controlled by each Director are appointed to provide consulting work to the Company on the following terms and conditions.

Performance	Any consulting services are to be performed in a competent and professional manner with the standard of diligence and care normally employed by a properly qualified person in performing comparable duties and in accordance with generally accepted practices appropriate to the activities undertaken.
Exclusivity	Nothing prevents the entity each Director controls from providing or agreeing to provide to any other person, firm, or company services the same as or similar to the consulting services, provided that such services do not impair or hinder the performance of duties to the Company.
Consultancy Fee Rates	Consultancy services to the Company are also agreed to be payable by the Company to a Director for services provided as required, subject to approval by an independent Director. These fees are agreed to be charged at the rate of $1,600 per day plus GST.
Consultancy Fee Review	The Consultancy Fee shall be reviewed no later than one month after the end of each financial year or after such other period (being less than one year) agreed between the parties. In determining the amount of any increase in the Consultancy Fees, the Board (or any committee appointed by the Board to undertake the review) shall consider performance in the period under review, the level of remuneration of executives in an equivalent position and any other factors which it considers relevant.
Independent Contractor	The entity each Director controls is an independent contractor and is not and shall not hold itself out as an employee or partner of the Company.
Employment Status	Each Director shall at all times be an employee of the entity which the Director controls and shall not hold himself out as an employee of the Company.

Employment Costs and Entitlements	The entity controlled by each Director agrees that it shall be solely responsible for the payment of salaries and wages, holiday pay, sick pay, long service leave, any worker's compensation premiums or entitlements and all other employee benefits and entitlements (including without limitation, superannuation contributions) to or on each Director's behalf, and for the making of all tax instalment deductions in respect of his remuneration, together with the payment of any other tax or levy which may arise out of the performance of consulting services.

Unquoted Options Issued to Directors or Executives

During the year, free attaching unquoted options were granted and vested to directors, or their nominees, who participated in the Placement announced on 28 November 2022. The options issued under the Placement are on the same terms as those issued to other shareholders who participated in the Placement.

Unquoted options were previously granted to directors, or their nominees, in lieu of market-related cash remuneration. Details relating to these options are on page 23. The options were granted at no cost to the recipient.

There are no entitlements for the Company's option holders to participate in new issues of capital, which may be offered to the Company's existing ordinary shareholders.

Johann Jacobs exercised 1,375,000 unquoted options to raise $130,000 during the period commencing 1 July 2022 to the date of this report (2022: nil).

Chris Ellis exercised 3,000,000 unquoted options to raise $240,000 during the period commencing 1 July 2022 to the date of this report (2022: nil).

No unquoted options were exercised by directors, Greg Hancock and Keith McKnight, during the period commencing 1 July 2022 to the date of this report (2022: Nil).

Details of vesting profiles of the options granted as remuneration and under the Share Placement to key management person of the Group and each of the named key management persons are detailed below:

Unquoted Options

Year ended 30 June 2023

Director	Grant Date	Financial Year (FY) in which the options vested	Expiry date	Number of unquoted options issued as remuneration	Number of unquoted options issued under share placement	Vested during the year		Exercised during the year		Forfeited during the year	
						%	Number	%	Number	%	Number
Johann Jacobs	21 December 2017	FY 2018	31 December 2022	1,375,000	-	-	-	100%	(1,375,000)	-	-
	23 January 2023	FY 2023	31 January 2025	-	147,059	100%	-	-	-	-	-
				1,375,000	147,059	10%	-	90%	(1,375,000)		
Christopher Ellis	21 December 2017	FY 2018	31 December 2022	3,000,000	-	-	-	100%	(3,000,000)	-	-
	23 January 2023	FY 2023	31 January 2025	-	7,352,942	100%	-	-	-	-	-
				3,000,000	7,352,942	71.0%	-	29.0%	(3,000,000)		
Gregory Hancock	15 October 2019	FY 2020	15 October 2024	3,000,000	-	-	-	-	-	-	-
				3,000,000	-	-	-	-	-	-	-
Keith McKnight	23 January 2023	FY 2023	31 January 2025	-	88,235	100%	-	-	-	-	-
				-	88,235	100%	-	-	-	-	-
TOTAL				**7,375,000**	**7,588,236**	**51%**	**-**	**-**	**(4,375,000)**	**0.00%**	**0**

DIRECTORS' REPORT CONTINUED

Unquoted Options

Year ended 30 June 2022

Director	Grant Date	Financial Year (FY) in which the options vested	Expiry date	Number of unquoted options issued as remuneration	Vested during the year		Exercised during the year		Forfeited during the year	
					%	Number	%	Number	**%**	Number
Johann Jacobs	21 Dec 2017	FY 2018	31 Dec 2022	1,375,000	-	-	-	-	-	-
Christopher Ellis	21 Dec 2017	FY 2018	31 Dec 2022	3,000,000	-	-	-	-	-	-
Gregory Hancock	15 Oct 2019	FY 2020	15 Oct 2024	3,000,000	-	-	-	-	-	-
				7,375,000	**-**	**-**	**-**	**-**	**-**	**-**

DIRECTORS' REPORT CONTINUED

Performance Options Issued to Directors or Executives

No new performance options were issued to directors, or their nominees, in lieu of market-related cash remuneration during the year (2022: nil).

There are no entitlements for the Company's option holders to participate in new issues of capital, which may be offered to the Company's existing ordinary shareholders.

The vesting of the Performance Options is subject to certain performance milestones:

(i) A Category A Performance Option can only be exercised by the holder upon the Company (or an entity controlled by the Company) approving the redevelopment of DTM by 30 September 2021 (option Vesting Condition A) and

(ii) A Category B Performance Option can only be exercised by the holder upon the Company (or an entity controlled by the Company) first shipping scheelite (WO3) concentrate from DTM by 30 September 2023 (option Vesting Condition B).

Category A Performance Options vested during the 2022 financial year upon satisfaction of Vesting Condition A. The option Vesting Condition B of Category B performance Options was satisfied subsequent to year-end following the first shipment of WO_3 concentrate announced to the market on 19 July 2023.

The Group prohibits those that are granted unvested or restricted share-based payments, as part of their remuneration, from entering other arrangements that limit their exposure to losses that would result from share price decreases. Joining such an arrangement has been prohibited by law since 1 July 2011.

If at any time prior to the expiry date of any Options, a Director ceases to be a Director of the Company for any reason other than retirement, permanent disability, redundancy or death, all vested Options held by such Director or his permitted nominee (as the case may be), will, to the extent that they have not been exercised beforehand, automatically lapse on the date the date the Director ceases to be a Director. Unvested options lapse immediately.

Details of vesting profiles of the performance options granted as remuneration to each key management person of the Group and each of the named key management persons are detailed below:

Performance Options

Year ended 30 June 2023

Director	Grant Date	Expiry date	Number	Exercise price per option	Fair value per option at the grant date	Non-expired options vested at the end of the reporting period		Lapsed[2] during the reporting period	
						2023	2022	**2023**	2022
				$	**$**	**%**	%	**%**	%
Johann Jacobs									
	8 Feb 2021	30 Sept 2026	3,000,000	**0.00**	**0.23**	**100%**	100%	-	-
	8 Feb 2021	19 July 2028	4,000,000	**0.00**	**0.23**	**-**	-	-	-
			7,000,000	**0.00**	**0.23**	**43%**	43%	-	-
Christopher Ellis									
	8 Feb 2021	30 Sept 2026	3,000,000	**0.00**	**0.23**	**100%**	100%	-	-
	8 Feb 2021	19 July 2028	4,000,000	**0.00**	**0.23**	**-**	-	-	-
			7,000,000	**0.00**	**0.23**	**43%**	43%	-	-
Gregory Hancock									
	8 Feb 2021	30 Sept 2026	3,000,000	**0.00**	**0.23**	**100%**	100%	-	-
	8 Feb 2021	19 July 2028	4,000,000	**0.00**	**0.23**	**-**	-	-	-
			7,000,000	**0.00**	**0.23**	**43%**	43%	-	-
			21,000,000	**0.00**	**0.23**	**43%**	43%	-	-

[2] The % lapsed in the year represents the reduction from the maximum number of options available to vest due to the options not being exercised and lapsing.

MOVEMENTS IN SECURITIES HELD BY KEY MANAGEMENT PERSONNEL.

The movement during the financial year in the number of securities of Group 6 Metals Limited held, directly, indirectly or beneficially, by each specified Director and executive, including their personally related entities, is as follows:

Shares

Key Management Person	Balance of shares at 1 July or the date of appointment, as applicable	Share placement	Issued upon exercise of options	On market sale	**Balance of shares at 30 June or date of ceasing, as applicable**
	Number	Number	Number	Number	**Number**
Year ended 30 June 2023					
Johann Jacobs	6,822,855	544,118	1,375,000	-	**8,741,973**
Christopher Ellis	86,878,423	50,420,173	3,000,000	-	**140,298,596**
Greg Hancock	-	-	-	-	**-**
Keith McKnight	-	390,757	-	-	**390,757**
Michael Zannes	-	142,857	-	-	**142,857**
Megan McPherson	-	107,143	-	-	**107,143**
Year ended 30 June 2022					
Johann Jacobs	5,214,764	907,143	700,948	-	**6,822,855**
Christopher Ellis	63,358,734	18,002,919	5,516,770	-	**86,878,423**
Greg Hancock	-	-	-	-	**-**

Quoted Options

Key Management Person	Balance of options at 1 July or date of appointment, as applicable	Granted under share placement	**Exercised**	**Expired**	**Balance of options at 30 June or the date of ceasing, as applicable**
	Number	Number	**Number**	**Number**	**Number**
Year ended 30 June 2023					
Johann Jacobs	-	-	-	-	-
Christopher Ellis	-	-	-	-	-
Gregory Hancock	-	-	-	-	-
Year ended 30 June 2022					
Johann Jacobs	700,948	-	(700,948)	-	-
Christopher Ellis	5,518,449	-	(5,516,770)	(1,679)	-
Gregory Hancock	-	-	-	-	-

Unquoted Options

Key Management Person	Balance of options at 1 July or date of appointment, as applicable	Granted and vested as free attaching to Share Placement	Exercised	Expired	**Balance of options at 30 June or the date of ceasing, as applicable**
	Number	Number	Number	Number	**Number**
Year ended 30 June 2023					
Johann Jacobs	1,375,000	147,059	(1,375,000)	-	**147,059**
Chris Ellis	3,000,000	7,352,942	(3,000,000)	-	**7,352,942**
Gregory Hancock	3,000,000	-	-	-	**3,000,000**
Keith McKnight	-	88,235	-	-	**88,235**
Michael Zannes	-	-	-	-	**-**
Megan McPherson	-	-	-	-	**-**
	7,375,000	7,588,236	(4,375,000)	-	**10,588,236**
Year ended 30 June 2022					
Johann Jacobs	1,375,000	-	-	-	**1,375,000**
Christopher Ellis	3,000,000	-	-	-	**3,000,000**
Gregory Hancock	3,000,000	-	-	-	**3,000,000**
	7,375,000	-	-	-	**7,375,000**

DIRECTORS' REPORT CONTINUED

Performance Options

Key Management Person	Balance of options at 1 July or date of appointment, as applicable	Granted, but not vested as remuneration	Expired	**Balance of options at 30 June or the date of ceasing, as applicable**
	Number	Number	Number	**Number**
Year ended 30 June 2023				
Johann Jacobs	7,000,000	-	-	**7,000,000**
Chris Ellis	7,000,000	-	-	**7,000,000**
Gregory Hancock	7,000,000	-	-	**7,000,000**
Keith McKnight	-	-	-	**-**
Michael Zannes	-	-	-	**-**
Megan McPherson	-	-	-	**-**
	21,000,000	-	-	**21,000,000**
Year ended 30 June 2022				
Johann Jacobs	7,000,000	-	-	7,000,000
Christopher Ellis	7,000,000	-	-	7,000,000
Gregory Hancock	7,000,000	-	-	7,000,000
	21,000,000	-	-	21,000,000

The terms and conditions of the options granted are outlined in Note A9 to the accounts.

Warrants

Key Management Person	Balance of warrants at 1 July or date of appointment, as applicable	Granted and vested under debt finance facility	Exercised	Expired	**Balance of warrants at 30 June or the date of ceasing, as applicable**
	Number	Number	Number	Number	**Number**
Year ended 30 June 2023					
Christopher Ellis	24,107,143	-	-	-	**24,107,143**
	24,107,143	-	-	-	**24,107,143**
Year ended 30 June 2022					
Christopher Ellis	-	24,107,143	-	-	**24,107,143**
	-	24,107,143	-	-	**24,107,143**

Refer to Note A26 for further detail on the issue of warrants.

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 30 JUNE 2023

Details of the nature and amount of each major element of remuneration of each Director of the Company and other key management personnel of the Group and Company are:

		Short-term					Post-employment	Other long term	Termination benefits	Share-based payments	Total	The proportion c remuneration performance related	Value of options as a proportion of remuneration
		Salary & fees	Consulting fees	Cash bonus	Non-monetary benefits	Total	Superannuation benefits			Options			
		$	$	$	$	$	$	$	$	$	$		%
Directors													
J Jacobs	**2023**	**30,846**	**210,870**	**-**	**-**	**241,716**	**3,085**	**-**	**-**	**346,901**	**591,701**	**-**	**58.6%**
	2022	30,846	274,069	-	-	304,915	3,085	-	-	613,623	921,623	-	66.6%
C Ellis	**2023**	**26,631**	**-**	**-**	**-**	**26,631**	**2,541**	**-**	**-**	**346,901**	**376,073**	**-**	**92.2%**
	2022	26,400	-	-	-	26,400	2,640	-	-	613,623	642,663	-	95.5%
G Hancock	**2023**	**26,400**	**-**	**-**	**-**	**26,400**	**2,772**	**-**	**-**	**346,901**	**376,073**	**-**	**92.2%**
	2022	26,400	28,800	-	-	55,200	2,640	-	-	613,623	671,463	-	91.4%
KMP													
K McKnight	**2023**	**-**	**385,000**	**115,200**	**-**	**500,200**	**-**	**-**	**-**	**-**	**500,200**	**-**	**0.0%**
	2022	-	158,735	-	-	158,735	-	-	-	-	158,735	-	0.0%
M Zannes	**2023**	**107,265**	**-**	**-**	**-**	**107,265**	**8,849**	**-**	**-**	**-**	**116,115**	**-**	**0.0%**
	2022	-	-	-	-	-	-	-	-	-	-	-	0.0%
M McPherson	**2023**	**228,515**	**-**	**45,500**	**-**	**274,015**	**27,305**	**-**	**-**	**-**	**301,320**	**-**	**0.0%**
	2022	106,811	-	-	-	106,811	10,606	-	-	-	117,417	-	0.0%
Total Compensation	**2023**	**419,657**	**595,870[1]**	**160,700**	**-**	**1,176,227**	**44,552**	**-**	**-**	**1,040,703**	**2,261,482**	**-**	**46.0%**
	2022	190,457	461,604	-	-	652,061	18,971	-	-	1,840,869	2,511,901	-	73.3%

1 Of which $175,800 remains accrued and unpaid as at 30 June 2023

DIRECTORS' REPORT CONTINUED

Consequences of Performance on Shareholders' Wealth

	2023	2022	2021	2020	2019
Loss for the financial year attributable to owners of the Company	21,865,766	$13,648,059	$4,875,338	$2,746,484	$2,874,363
Working capital at 30 June	$(760,393)	($331,368)	$2,817,217	$484,164	$252,741
Net assets at 30 June	$70,968,334	$23,877,016	$6,650,621	($1,104,589)	$1,336,476
Number of Shares on issue at 30 June	972,626,827	630,754,715	376,006,725	264,381,303	261,942,279
Share price at 30 June (per Share)	13.0	20.0	23.5	6.1	7.5
Market capitalisation at 30 June	$126,441,488	$126,150,943	$88,361,580	$16,127,259	$19,645,671
Loss on capital employed for the financial year	31%	57%	73%	(249%)	215%
Options benefits of key management persons	$1,040,703	$1,840,869	$1,686,113	$107,890	-
Other compensation of key management persons	$1,220,779	$671,032	$357,181	$235,250	$341,981
Total compensation of key management persons (Group and Company) for the financial year	$2,261,482	$2,511,901	$2,043,294	$343,140	$341,981

END OF REMUNERATION REPORT (AUDITED)

DIRECTORS' REPORT CONTINUED

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITOR

Indemnification and Insurance

The Company indemnifies current and former directors and officers for any loss arising from any claim by reason of any specified act committed by them in their capacity as a director or officer (subject to certain exclusions as required by law).

The Company has paid insurance premiums in respect of directors' and officers' liability. Insurance cover relates to liabilities arising from their position (subject to certain exclusions as required by law).

Details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance are not disclosed. Such disclosure is prohibited under the terms of the policy.

The Company has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as such by an officer or auditor.

AUDIT SERVICES

During the year ending 30 June 2023, the Group expensed an amount of $120,000 (2022: $75,643) payable to its auditor, KPMG and its related practices for audit services provided.

NON-AUDIT SERVICES

The Group's auditor, KPMG, did not provide any other services in addition to their statutory audit duties during the year ended 30 June 2023.

ROUNDING OFF

The Company is not of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and as such, amounts in the Condensed Consolidated Financial Report and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration made under Section 307C of the *Corporations Act 2001* (Cth) is set out on page 84 and forms part of this Directors' Report.

COMPLIANCE STATEMENT

This report contains no new exploration results. The work referred to here can be found in numerous announcements available at www.g6m.com.au

The Company confirms that it is not aware of any new information that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Signed in accordance with a resolution of the Board of directors.

Johann Jacobs
Chairman
Sydney
6 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2023

	Note	2023 $	2022 $
Other income	A10	**1,804,834**	243,530
Operating expenses	A11	**(12,583,752)**	(126,809)
Exploration expenses		**(297,343)**	(1,284,268)
Administrative expenses		**(6,903,196)**	(9,767,826)
Depreciation and amortisation expenses	A17 & A18	**(3,421,150)**	(416,740)
Loss before interest and income tax		**(21,400,607)**	(11,352,113)
Financial income		**78,475**	(2,279,379)
Financial expense		**(543,634)**	(16,567)
Net financing expense		**(465,159)**	(2,295,946)
Loss before income tax expense		**(21,865,766)**	(13,648,059)
Income tax expense	A12	**-**	-
Loss after income tax expense for the year attributable to the owners of Group 6 Metals Limited		**(21,865,766)**	(13,648,059)
Other comprehensive loss for the year, net of tax		**-**	-
Total comprehensive loss for the year attributable to the owners of Group 6 Metals Limited		**(21,865,766)**	(13,648,059)
Losses per share			
Basic losses per share attributable to ordinary equity holders	D1	(3.0)	(2.5)
Diluted losses per share attributable to ordinary equity holders	D1	(3.0)	(2.5)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 30 JUNE 2023

	Note	2023	2022
Assets		**$**	$
Current assets			
Cash and cash equivalents	A13	**9,032,167**	4,529,465
Prepayments and other receivables	A14	**587,673**	1,851,321
Deposits	A15	**50,000**	194,878
Inventories	A16	**2,710,265**	-
Total current assets		**12,380,105**	6,575,664
Non-current assets			
Deposits	A15	**3,377,952**	2,864,600
Property, plant and equipment	A17	**99,903,667**	43,012,301
Right-of-use assets	A18	**11,167,695**	2,531,224
Mine development assets	A19	**12,802,781**	296,371
Total non-current assets		**127,252,095**	48,704,496
Total assets		**139,632,200**	55,280,160
Liabilities			
Current liabilities			
Trade and other payables	A20	**12,755,013**	6,813,237
Provisions	A21	**385,485**	93,797
Lease liabilities	A18	**5,235,731**	464,409
Secured loan payable	A22	**5,002,332**	117,534
Other current liabilities	A23	**79,958**	40,195
Total current liabilities		**23,458,519**	7,529,172
Non-current liabilities			
Derivative liabilities	A24	**-**	11,859,135
Lease liabilities	A18	**3,348,760**	1,230,322
Provisions	A21	**6,186,790**	-
Secured loan payable	A22	**35,424,810**	10,634,545
Other non-current liabilities	A23	**244,987**	153,014
Total non-current liabilities		**45,205,347**	23,877,016
Total liabilities		**68,663,866**	31,406,188
Net assets		**70,968,334**	23,873,972
Equity			
Issued capital	A9	**152,901,197**	103,100,310
Reserves	A9	**21,123,072**	1,963,831
Accumulated losses		**(103,055,935)**	(81,190,169)
Total equity		**70,968,334**	23,873,972

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2023

	Issued capital	Equity component of Compound Instrument	Share-option reserve	Accumulated losses	**Total equity**
Consolidated	$	$	$	$	**$**
Balance at 1 July 2021	**69,849,763**	**-**	**4,342,968**	**(67,542,110)**	6,650,621
Loss after income tax expense for the year	-	-	-	(13,648,059)	(13,648,059)
Other comprehensive loss for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(13,648,059)	(13,648,059)
Transactions with owners in their capacity as owners:					
Equity settled share-based payments	55,000	-	(2,379,137)	-	(2,324,137)
Capital raisings	34,234,610	-	-	-	34,234,610
Capital raising costs	(1,039,063)	-	-	-	(1,039,063)
Balance at 30 June 2022	**103,100,310**	**-**	**1,963,831**	**(81,190,169)**	**23,873,972**
Consolidated					
Balance at 1 July 2022	**103,100,310**	**-**	**1,963,831**	**(81,190,169)**	**23,873,972**
Loss after income tax expense for the year	-	-	-	(21,865,766)	**(21,865,766)**
Other comprehensive loss for the year, net of tax	-	-	-	-	**-**
Total comprehensive loss for the year	-	-	-	(21,865,766)	**(21,865,766)**
Transactions with owners in their capacity as owners:					
Movement in financial instruments	-	16,080,010	-	-	**16,080,010**
Share-based payments reserve	-	-	3,079,231	-	**3,079,231**
Capital raising	51,953,614	-	-	-	**51,953,614**
Capital raising costs	(2,152,727)	-	-	-	**(2,152,727)**
Balance at 30 June 2023	**152,901,197**	**16,080,010**	**5,043,062**	**(103,055,935)**	**70,968,334**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Note.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2023

	Note	2023 $	2022 $
Cash flows used in operating activities			
Other income received	A10	**1,804,834**	240,649
Security deposit paid	A15	**-**	(50,000)
Payments to suppliers and employees		**(18,415,971)**	(4,299,954)
Cash used in operations		**(16,611,137)**	(4,109,305)
Interest paid		**(1,432,284)**	(16,567)
Interest received		**78,475**	3,657
Net cash (used in) operating activities	A25	**(17,964,946)**	(4,122,215)
Cash flows used in investing activities			
Payments for property, plant and equipment	A17	**(45,928,775)**	(33,839,417)
Payment for capitalised mine development costs	A19	**(10,320,728)**	(296,371)
Proceeds from security deposits	A15	**144,878**	-
Payments for security deposits	A15	**(93,450)**	(2,840,000)
Net cash (used in) investing activities		**(56,198,075)**	(36,975,788)
Cash flows from financing activities			
Proceeds from issue of shares	A9	**48,883,615**	34,234,625
Payments for capital raising costs	A9	**(2,152,727)**	(1,039,079)
Repayment of lease liability	A18	**(3,815,152)**	(167,677)
Proceeds from borrowings	A22	**36,000,000**	9,834,545
Interest paid on borrowings		**(250,013)**	(425,329)
Net cash generated from financing activities		**78,665,723**	42,437,085
Net increase in cash and cash equivalents		**4,502,702**	1,339,082
Cash and cash equivalents at 1 July		**4,529,465**	3,190,383
Cash and cash equivalents at 30 June	A13	**9,032,167**	4,529,465

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

NOTES TO FINANCIAL STATEMENTS

GENERAL INFORMATION

The Consolidated Financial Statements cover Group 6 Metals Limited as a consolidated entity consisting of Group 6 Metals Limited and its subsidiaries. These Consolidated Financial Statements are presented in Australian dollars, which is Group 6 Metals Limited's functional and presentation currency.

Group 6 Metals Limited is a listed public company, limited by shares, incorporated and domiciled in Australia.

The Consolidated Financial Statements were authorised for issue, in accordance with a resolution of directors, on 6 September 2023.

The Notes to the consolidated financial statement are set out in the following main sections:

SECTION A – KEY FINANCIAL INFORMATION AND PREPARATION BASIS

SECTION B – RISK AND JUDGEMENT

SECTION C – KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

SECTION D – OTHER DISCLOSURES

SECTION A - KEY FINANCIAL INFORMATION AND PREPARATION BASIS

This section sets out the basis upon which the Group's consolidated financial statements have been prepared as a whole and explains the results and performance of the Group that the directors consider most relevant in the context of the operations of the entity.

A1 STATEMENT OF COMPLIANCE

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board **(AASB)** and *the Corporations Act 2001* (Cth). The consolidated financial statements comply with International Financial Reporting Standards **(IFRSs)** adopted by the International Accounting Standards Board **(IASB).**

A2 BASIS OF PREPARATION

The financial report is prepared on a historical cost basis other than share-based transactions that are assessed at fair value. These consolidated financial statements are presented in Australian dollars which is the Company's functional currency.

The Company is not of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and as such, amounts in the Financial Report and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group and are detailed in Section B of the report.

A3 USE OF JUDGEMENT AND ESTIMATES

The areas involving a higher degree of judgment or complexity, or areas of assumptions and estimates are:

The decision to commence development of the Dolphin Tungsten Mine

On 30 September 2021, the Group determined that it was sufficiently advanced in securing $88 million in project funding and that it would proceed with the development of the Dolphin Tungsten Mine (DTM) on King Island Tasmania.

From this date the Group commenced the capitalisation of expenditure incurred in relation to the development of DTM (refer Note A5).

Mine commissioning date

The Group assesses the stage of each mine under development to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from "Mine under development" to "Mines in production". Some of the criteria used to identify the production start date include, but are not limited to:

(1) Level of capital expenditure incurred compared with the original development cost estimate;
(2) Completion of a reasonable period of commissioning and testing the mine plant and equipment;
(3) Ability to produce WO_3 in a saleable form (within specifications);
(4) Ability to sustain ongoing production of WO_3; and
(5) Positive cash flow from operations

When a mine development project moves into the production phase, the capitalisation of certain mine development and pre-production revenues cease and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements or mineable reserve development. It is also at this point that amortisation commences. At 30 June 2023, DTM is not considered to be at this stage and therefore remains as a development asset with no amortisation charge.

Practical completion date

Construction of the processing plant was completed and handed over to the Group on 10 June 2023. Processing plant assets are considered installed and available from this date. Capitalised construction costs related to the processing plant accumulated over the construction period in Assets Under Construction have been transferred to Property, Plant and Equipment from the practical completion date. Any amounts accumulated in Assets Under Construction relating to the broader development of the mine site have been transferred to the Mine Development asset.

Recoverability of development costs

The carrying amounts of the Group's assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For intangible assets that are not yet available for use, the recoverable amount is estimated annually, or when facts and circumstances suggest the carrying amount may exceed its recoverable amount.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income unless the asset has been re-valued previously, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO FINANCIAL STATEMENTS CONTINUED

A3 USE OF JUDGEMENT AND ESTIMATES (CONTINUED)

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Assessment

Assessment of the recoverable amounts require the use of estimates and assumptions such as reserves, resources, mine life, discount rates, exchange rates, commodity prices, grade of ore mined, recovery percentage, operating performance, costs and capital estimates.

At each reporting date, the Group undertakes an assessment of these assets and considers whether there are any external impairment indicators resulting from changes in APT prices, foreign exchange, forecast operating costs and discount rate.

An impairment indicator assessment was undertaken for all operations at reporting date and it was concluded that no indicators were identified, which would give rise to impairment.

Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land is recognised when such land is disturbed. At this time, a best estimate of the total area of disturbance and present value restoration cost over the estimated mine is made. From this, an annual charge is derived which is reflected as an expense over the life of the mine and as an increase in the provision.

The balance of the provision is the accumulation of the annual charges, less any remedial work done, which is charged directly against the provision. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

Judgement has been exercised in determining the closure cost and plant dismantlement cost estimates and the discount rates used in calculating the related provisions.

Leases

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following, future lease payments arising from a change in index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalty.

A3 USE OF JUDGEMENT AND ESTIMATES (CONTINUED)

Leases (continued)

As outlined in Note A18, judgement has been exercised in determining the term and interest rate of the lease based on information available at the time of the report.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payments

Equity settled share-based payments are recorded at the fair value of the share-based payment at the grant date which is determined using the Black Scholes model.

No terms of equity settled share-based payment transactions (including options granted as compensation to employees or key management persons) have been altered or modified by the issuing entity during the year or the prior period.

The Group prohibits those that are granted share-based payments as part of their remuneration from entering other arrangements that limit their exposure to losses that would result from share price decreases. Entering such an arrangement is prohibited by law.

Fair Value of derivative financial instruments

The Group initially recognises and measures its derivative financial instruments by calculating the fair value of the instruments using the discounted cash flow method net of the fair value of warrants issued.

In order to calculate the discounted cash flows, management uses judgements in relation to the expected mine commissioning date together with the expected drawdown dates of the convertible loans.

A4 EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditures are expensed directly to the Consolidated Statement of Profit or Loss and Other Comprehensive Income when incurred until such time that the Board approves the development of a project. From this point, expenditure is considered development expenditure (refer to Note A5 for the accounting policy of development expenditure).

A5 MINE DEVELOPMENT COST

Mine development costs include aggregate expenditure in relation to mine construction and mine development where a development decision has been made.

Mine development costs are accumulated separately for each area of interest in which economically recoverable reserves have been identified, and a decision to develop has occurred. This expenditure includes direct costs, an appropriate allocation of related overheads having a specific connection with the mine development and, where applicable, borrowing costs capitalised during development.

Mine development costs are only amortised once construction is completed, and the assets are available for their intended use. This is determined by the formal commissioning of the mine for production.

Once mining commences, the aggregate capitalised costs are re-classified under non-current assets as Mines in Production or an appropriate class of property, plant and equipment.

The Group undertakes regular impairment reviews incorporating an assessment of recoverability of cash generating assets.

Cash generating assets relate to specific areas of interest in the Group's mine property assets.

The recoverable value of specific areas of interest are assessed by value in use calculations determined with reference to the project's new (net) cash flows estimated under the Life of Mine Plan. As at 30 June 2023, management determined that there were no impairment indicators present.

A6 INVENTORY

Material extracted from the mine is classified as either ore or waste. Ore represents material that, at the time of extraction, is expected to be processed into a saleable form and sold at a profit.

Stores and spares represent commodity consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items and are valued at a lower cost or net realisable value.

Overburden in Advance (OBIA) is the overburden in excess of the overburden-to-ore ratio that must be removed in order to mine the ore. It will be recognised when the overburden removal activity is performed on each block of the mine, and these costs can be reliably measured on a block-by-block basis. The cost of overburden removal in advance for each block will be determined by considering the specific costs directly related to that block's overburden removal activities.

Stockpiled ore is subsequently processed into commodities in a saleable form of tungsten concentrate. Concentrate ready for shipment is the concentrate available for sale stored on site. Concentrate shipped is concentrate that has been shipped but has yet to arrive at the destination.

The cost of OBIA, stockpiled ore, concentrate ready for shipment, and concentrate shipped is determined using a weighted average basis. Costs will include the relevant direct material, overburden removal, mining, processing, labour, freight, mine rehabilitation costs incurred in the extraction process and other fixed and variable overhead costs directly related to mining and processing activities. Stockpiles are measured by estimating the number of tonnes or bank cubic metres (BCMs) added and removed from the stockpile or OBIA. The BCMs will be based on survey data, while the mtu's (metric tonne units) of contained WO_3 are based on assay data. Estimated recovery percentage is based on the expected processing method. Periodic surveys verify stockpile tonnages.

A7 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are carried in the Parent Entity's financial statements at the lower of cost and recoverable amount.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity, with adjustments made to the "Investment in associates" and "Share of associates' net profit" accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised as the relevant assets are consumed or sold by the associate or jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the Group's interest in such entities is disposed of.

NOTES TO FINANCIAL STATEMENTS CONTINUED

A8 GOING CONCERN

These financial statements have been prepared on a going concern basis, which contemplates the continuity of standard business activities, the realisation of assets, and the discharge of liabilities in the ordinary course of business.

The Company incurred a pre-tax operating loss of $21,865,766 during the year, as a result of the Group transforming from development into operations whilst continuing to incur expenses for operational and exploration expenditure as well as administrative overheads.

Included in the operating loss for the year is the fair value of 12,000,000 performance options ($1,040,702) previously granted but not vested to directors as non-cash consideration for market-based remuneration and 29,411,765 options ($2,038,529) granted to the Joint Lead Managers in respect to the Placement announced in November 2022.

During the year, the Group raised $46,360,888 (net of transaction costs) through capital raising. $44,040,000 was raised via two placements to various institutional and sophisticated investors and a further $4,473,615 via Share Purchase Plans. In addition, the Group raised $370,000 upon the exercise of options. The Group also raised $3,000,000 via unsecured interest free loans from three of the Group's major shareholders. The loans converted to shares and options on the same terms as the Placement announced on 8 May 2023.

At 30 June 2023, the Company had a cash balance of $9,032,167. During the year, the Company had negative operating cash flows of $17,964,946 and a net current asset deficiency of $11,078,414.

At 30 June 2023, the Company had undrawn loan facilities of $6.7 million. Total drawn debt is $43.8 million, with maturity dates of $5.0 million in in financial year (FY) 2024, $20.5 million in FY25, $9.7 million in FY26, $5.8 million in FY27, $2.0 million in FY28 and $0.8 million in FY29.

Subsequent to year-end, the following events occurred which have a financial impact, or potential financial impact, on the Group:

- On 19 July 2023, the Group announced that it had dispatched its first shipment of tungsten concentrate. The value of the shipment is ~$0.3 million CIF, with 85% provisional payment. The payment is expected to be received in the first quarter of the 2024 financial year.
- On 10 August 2023, the Group announced that a second delivery of high-grade tungsten concentrate was ready for shipment and that drill and blast operations had commenced, providing a steady supply of high-grade ore to the process plant starting mid-August. It also confirmed that $4.3 million was successfully raised via a Share Purchase Plan.
- On 17 August 2023, the Group submitted a Research & Development (R&D) tax incentive application for the year ended 30 June 2023 with AusIndustry. The R&D Tax Incentive provides an 18.5% refundable tax offset on eligible R&D expenditure for companies with an aggregated turnover of less than $20 million. As the Group is in a tax loss position at 30 June 2023, the refundable offset will take the form of a cash refund which will be realised through the lodgement of the Income Tax Return. The Group intends to lodge the consolidated Income Tax Return in early September 2023.

Management recently prepared a six-year open-cut Life of Mine (LoM) model as part of the budgeting process for the financial year ending 30 June 2024. The 12-month cash flow included in the LoM underpins the basis of preparation as a going concern. Like any operating entity, there is uncertainty regarding the projected sales quantities and the associated timing of cash in-flows generated by operating activities as commercial production ramps up however the Group is focussed on executing operational strategies to achieve steady state production targets.

Management has prepared the cashflow forecast using the following assumptions:

- Securing $8.7 million of short-term financing to bring forward cash and bridge the receipt of the R&D claim;
- Securing $10 million in additional debt funding to help with liquidity management in the short to medium term while the Group is in a ramp-up period and to address the cash outflows arising from the debt maturity profile above; and
- Following the Groups' history of successful debt financing, undertaking a review of the debt structures in the 23/24 financial with a view to restructuring the long-term debt to better match the cashflow profile.

NOTES TO FINANCIAL STATEMENTS CONTINUED

A8 GOING CONCERN (CONTINUED)

The going concern basis presumes that a combination of the above funding and operational solutions, as deemed appropriate by the directors will be achieved. The combined effect of the above represents a material uncertainty as to whether the Group would continue as a going concern.

The directors consider it appropriate that the Group will continue to be able to fulfil all obligations as and when they fall due for the foreseeable future and that the realisation of assets and settlement of liabilities will occur in the ordinary course of the business. Accordingly, the Group's financial statements should be prepared on a going-concern basis. No adjustments have been made to the financial information relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Judgement about the future is based on information available at the date of this report. Subsequent events may result in outcomes that are inconsistent with reasonable judgements at the time they were made.

A9. CAPITAL AND RESERVES

Share capital

Ordinary shares issued and fully paid

	Date	Number of shares	Issue price per share (cents)	$
Balance	30 June 2021	376,006,725		69,849,763
Exercise of quoted options	07-Jul-21	1,941,712	10.0	194,170
Exercise of quoted options	14-Jul-21	4,451,714	10.0	445,170
Exercise of unquoted options	14-Jul-21	1,000,000	6.0	60,000
Exercise of unquoted options	14-Jul-21	1,000,000	8.0	80,000
Exercise of unquoted options	14-Jul-21	1,000,000	10.0	100,000
Exercise of quoted options	21-Jul-21	5,672,998	10.0	567,298
Exercise of quoted options	28-Jul-21	16,201,577	10.0	1,620,157
Exercise of quoted options	30-Jul-21	1,510,251	10.0	151,025
Exercise of quoted options	02-Aug-21	122,260	10.0	12,226
Exercise of quoted options	04-Aug-21	12,131	10.0	1,213
Exercise of quoted options	09-Aug-21	33,514	10.0	3,350
Shares placement	07-Oct-21	87,223,934	14.0	12,211,351
Shares placement	14-Oct-21	13,785,716	14.0	1,930,000
Shares placement	04-Nov-21	1,228,572	14.0	172,000
Shares placement	16-Nov-21	39,568,928	14.0	5,539,650
Shares placement	25-Nov-21	79,621,429	14.0	11,147,000
	21-Dec-21	373,254	14.7	55,000
Equity settled share-based payment				
Less costs relating to the share placement		-		(1,039,063)
		254,747,990		**33,250,547**
Balance 30 June 2022		**630,754,715**		**103,100,310**

A9. CAPITAL AND RESERVES (CONTINUED)

	Date	Number of shares	Issue price per share (cents)	$
Balance	30 June 2022	630,754,715		103,100,310
Shares placement	02-Dec-22	74,764,703	17.0	12,710,000
Exercise of unquoted options	06-Dec-22	375,000	8.0	30,000
Exercise of unquoted options	06-Dec-22	1,000,000	10.0	100,000
Shares placement	08-Dec-22	11,764,706	17.0	2,000,000
Exercise of unquoted options	09-Dec-22	1,000,000	6.0	60,000
Exercise of unquoted options	09-Dec-22	1,000,000	8.0	80,000
Exercise of unquoted options	09-Dec-22	1,000,000	10.0	100,000
Shares placement	23-Jan-23	15,176,472	17.0	2,580,000
Shares placement	22-Feb-23	26,315,179	17.0	4,473,615
Shares placement	22-Feb-23	1,235,295	17.0	210,000
Shares placement	23-Feb-23	392,018	17.9	70,000
Shares placement	27-Mar-23	14,705,883	17.0	2,500,000
Shares placement	15-May-23	156,964,280	14.0	21,974,999
Shares placement	27-Jun-23	36,178,576	14.0	5,065,001
Less costs relating to the share placement		-		(2,152,728)
		341,872,112		**49,800,887**
Balance 30 June 2023		**972,626,827**		**152,901,197**

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Ordinary shares have no par value.

No dividends have been declared or paid by the Company during or since the end of the financial year.

Subject to ASX listing rules, the Company's Board may resolve that the whole or any portion of profits, reserve or other account which is available for distribution, be distributed to shareholder in the same proportions in which they would be entitled to receive it if distributed by way of dividend, or in accordance with relevant terms of issue of any shares or securities.

If the Company is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories, as the liquidator thinks fit, in specie or in kind, any part of the assets of the Company, and may vest any part of the assets of the Company in trustees for the benefit of all or any of the contributories as the liquidator thinks fit.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation.

During the financial year, the Group issued 392,018 New Shares at $0.178563 each in consideration for government liaison consultation.

Options

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

During the financial year, 4,375,000 shares (2022: 32,946,157) were issued on the exercise of options. 71,980,992 free attaching unquoted options were granted during the year ended 30 June 2023 in relation to the Placement announced on 28 November 2022 (2022: Nil). 29,411,765 unquoted options were granted during the year to the Joint Lead Managers of the Placement announced on 28 November 2022 for nil consideration (2022: Nil). No unquoted options were granted during the year ended 30 June 2023 for employee remuneration (2022: 3,000,000). No performance options were granted during the year ended 30 June 2023 (2022: Nil) for related party remuneration. There were no vesting conditions attached to the unquoted options granted during the year ended 30 June 2023.

A9. CAPITAL AND RESERVES (CONTINUED)

Details of options over ordinary shares in the Company that were granted, vested and expired during the financial year are as follows:

Year ended 30 June 2023

Exercise Price	Vesting Date	Expiry Date	Balance 01-Jul-22 Number	Granted and vested Number	Exercised Number	Average exercise price	Expired Number	**Balance 30-Jun-23 Number**
Unquoted								
$0.06	31-Dec-17	31-Dec-22	1,000,000	-	(1,000,000)	0.06	-	**-**
$0.08	31-Dec-17	31-Dec-22	1,375,000	-	(1,375,000)	0.08	-	**-**
$0.10	31-Dec-17	31-Dec-22	2,000,000	-	(2,000,000)	0.10	-	**-**
$0.11	15-Oct-19	15-Oct-24	1,000,000	-	-	-	**-**	**1,000,000**
$0.13	15-Oct-19	15-Oct-24	1,000,000	-	-	-	**-**	**1,000,000**
$0.15	15-Oct-19	15-Oct-24	1,000,000	-	-	-	**-**	**1,000,000**
$0.10	07-Sep-21	07-Sep-24	1,000,000	-	-	-	**-**	**1,000,000**
$0.12	07-Sep-21	07-Sep-25	1,000,000	-	-	-	**-**	**1,000,000**
$0.15	07-Sep-21	07-Sep-26	1,000,000	-	-	-	**-**	**1,000,000**
$0.28	23-Jan-23	31-Jan-25	-	50,852,909	-	-	**-**	**50,852,909**
$0.28	22-Feb-23	31-Jan-25	-	13,157,494	-	-	**-**	**13,157,494**
$0.28	22-Feb-23	31-Jan-25	-	617,647	-	-	**-**	**617,647**
$0.28	27-Mar-23	31-Jan-25	-	7,352,942	-	-	**-**	**7,352,942**
$0.28	23-Jan-23	31-Jan-26	-	29,411,765	-	-	**-**	**29,411,765**
			10,375,000	101,392,757	(4,375,000)		**-**	**107,392,757**
Performance Options								
$0.00	30-Sep-21	30-Sep-26	9,000,000	-	-	-	-	**9,000,000**
$0.00	30-Sep-23	30-Sep-28	12,000,000	-	-	-	-	**12,000,000**
			21,000,000	-	-		-	**21,000,000**
Warrants								
$0.21	18-Nov-21	31-Dec-25	-	46,428,571	-	-	-	**46,428,571**
$0.20	18-Nov-21	31-Mar-26	-	101,785,715	-	-	-	**101,785,715**
			-	148,214,286	-		-	**148,214,286**

NOTES TO FINANCIAL STATEMENTS CONTINUED

A9. CAPITAL AND RESERVES (CONTINUED)

Year ended 30 June 2022

Exercise Price	Vesting Date	Expiry Date	Balance 01-Jul-21 Number	Granted and vested Number	Exercised Number	Average exercise price $	Expired Number	**Balance 30-Jun-22 Number**
Quoted								
$0.10	01-Aug-18	01-Aug-21	13,580,737	-	-	-	-	**13,580,737**
$0.10	21-Nov-18	01-Aug-21	2,000,000	-	-	-	-	**2,000,000**
$0.10	05-Feb-21	01-Aug-21	31,345,446	-	-	-	-	**31,345,446**
$0.10	09-Feb-21	01-Aug-21	3,872,000	-	-	-	-	**3,872,000**
$0.10	10-May-21	01-Aug-21	4,545,454	-	-	-	-	**4,545,454**
Options exercised during the year			(24,617,624)	-	(29,946,157)	0.10	(779,856)	**(55,343,637)**
			30,726,013	-	(29,946,157)		(779,856)	**-**
Unquoted Options								
$0.06	31-Dec-17	31-Dec-22	2,000,000	-	(1,000,000)	0.06	-	**1,000,000**
$0.08	31-Dec-17	31-Dec-22	2,375,000	-	(1,000,000)	0.08	-	**1,375,000**
$0.10	31-Dec-17	31-Dec-22	3,000,000	-	(1,000,000)	0.10	-	**2,000,000**
$0.11	15-Oct-19	15-Oct-24	1,000,000	-	-	-	-	**1,000,000**
$0.13	15-Oct-19	15-Oct-24	1,000,000	-	-	-	-	**1,000,000**
$0.15	15-Oct-19	15-Oct-24	1,000,000	-	-	-	-	**1,000,000**
$0.10	07-Sep-21	07-Sep-24	-	1,000,000	-	-	-	**1,000,000**
$0.12	07-Sep-21	07-Sep-25	-	1,000,000	-	-	-	**1,000,000**
$0.15	07-Sep-21	07-Sep-26	-	1,000,000	-	-	-	**1,000,000**
			10,375,000	3,000,000	(3,000,000)		-	**10,375,000**
Performance Options								
$0.00	30-Sep-21	30-Sep-26	9,000,000	-	-	-	-	**9,000,000**
$0.00	30-Sep-23	30-Sep-28	12,000,000	-	-	-	-	**12,000,000**
			21,000,000	-	-		-	**21,000,000**
Warrants								
$0.21	18-Nov-21	31-Dec-25	-	46,428,571	-	-	-	**46,428,571**
$0.20	18-Nov-21	31-Mar-26	-	101,785,715	-	-	-	**101,785,715**
			-	148,214,286	-		-	**148,214,286**

Share Option Reserve

	2023 $	2022 $
Balance at 1 July	**1,963,831**	4,342,968
Share - based payments reserve	**3,079,231**	-
Derivative financial instruments	**-**	(9,576,503)
Equity settled share - based payments	**-**	7,197,366
Balance at 30 June	**5,043,062**	1,963,831

A9. CAPITAL AND RESERVES (CONTINUED)

Equity Component of Compound Instrument

	2023 $	2022 $
Balance at 1 July	**-**	-
Equity component of compound instruments	**16,080,010**	-
Balance at 30 June	**16,080,010**	-

The Group measures the cost of share and performance options granted to directors and consultants by reference to the fair value of the equity instrument at the date at which they are granted.

During the year, no new performance options were granted to directors of the Company for related party remuneration. The options in the previous period were granted at no cost to the recipients. The fair value of the options at the grant date is determined using the Black Scholes model.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The performance options have no exercise price therefore the fair value of the performance options is determined to be the share price at grant date.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. Fair value is determined based on the share price at grant date.

A10. OTHER INCOME

	2023 $	2022 $
Grant income	**1,642,000**	-
Other income	**91,133**	-
R&D refund received	**71,701**	240,649
Rental income	**-**	2,881
	1,804,834	243,530

Grants and other benefits received from the Government are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income at the fair value of the cash received. Grant income represents money received from Tasmania Development and Resources during the year to assist with the costs of the energy generation project required to recommence mining operations. Other income represents refunds of freight received under the Tasmanian Freight Equalisation Scheme. R&D refund income represents money received in relation the 2022 refundable tax offset that is available on eligible Research and Development expenditure incurred by the Group.

NOTES TO FINANCIAL STATEMENTS CONTINUED

A11. OPERATING EXPENSE

	2023 $	2022 $
Support Service	**8,535,013**	-
Mining	**3,299,404**	126,809
Processing	**577,075**	-
Maintenance	**172,260**	-
	12,583,752	126,809

A12. INCOME TAX

Income tax is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary difference are not provided for:
- Goodwill;
- The initial recognition of assets and liabilities that affect neither accounting nor taxable profit; and
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset (DTA) is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets recorded at each reporting date are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

While there are plans to move into commercial production in next financial year, Management believes it is unlikely that taxable profits will be available against which the unused tax losses can be utilised as of 30 June 2023.

On this basis, Management believes there is sufficient uncertainty around the ability to utilise carry forward tax losses so a DTA on carry forward tax losses will not be recognised in the 30 June 2023 financial statements.

Tax consolidation

All members of the tax-consolidated group are taxed as a single entity from 1 July 2004. The head entity within the tax-consolidated group is Group 6 Metals Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the “stand alone taxpayer” approach for each entity, as if it continued to be a taxable entity in its own right.

Any current liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised by the Company as amounts payable / (receivable) to / (from) other entities in the tax-consolidated group. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

A12. INCOME TAX (CONTINUED)

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is only recognised by the head entity.

As the tax-consolidated group has no income tax payable, the head entity has not entered into a tax funding arrangement in conjunction with other members of the tax-consolidated group which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts.

Numerical reconciliation between tax benefit and pre-tax net profit/(loss)

	2023	2022
	$	$
Profit/(Loss) before income tax benefit	**(21,865,766)**	(13,648,059)
Tax at the statutory tax rate of 30% (2022: 30%)	**6,559,730**	4,094,418
Decrease in income tax benefit due to income tax losses not recognised	**(6,559,730)**	(4,094,418)
Income tax expense (benefit)	**-**	-

	2023	2022
	$	$
Unrecognised deferred tax assets		
Revenue tax losses	**49,239,956**	16,229,886
Capital tax losses	**1,431,355**	1,431,355
	50,671,311	17,661,241

The tax losses do not expire under current legislation though these losses are subject to testing under loss recoupment rules for them to be utilised. Deferred tax assets have not been recognised in respect of this item because, at this time, it is not probable that future taxable profit will be available against which the benefits can be offset.

A13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

	2023	2022
	$	$
Bank balances	**587,369**	282,601
Call deposits	**8,444,798**	4,246,864
Cash and cash equivalents in the Consolidated Statement of Cash Flows	**9,032,167**	4,529,465

A14. PREPAYMENTS AND OTHER RECEIVABLES

Other receivables are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition they are stated at amortised cost less impairment losses. (See Note: B3)

Prepayments are recognised at cost.

	2023	2022
	$	$
Prepayments	**165,624**	680,176
Other receivables	**422,049**	1,171,145
	587,673	1,851,321

A15. DEPOSITS

On 22 April 2022, the Group established a term deposit of $50,000 as a cash backed security against the Group's corporate credit card facility. The term deposit has a rolling 12-month term which will renew on 22 April 2024. The current interest rate 4.25% per annum

On 19 January 2022, the Group paid a cash security deposit of $2,840,000 to the Department of State Growth Mineral Resources Tasmania in respect to its mining license 2080P/M. The deposit is a requirement of the licence to ensure there will be sufficient funds available for the remediation of mining activities should the licensee default on their obligations.

The Group has paid security deposits totalling $24,600 to Mineral Resources Tasmania in relation to its mining lease and exploration licences.

The Bold Head mining licence is on Scheelite Farm managed by Whyalla Beef. On 23 February 2023, a 10% deposit of $43,388 was paid to Whyalla Beef Pty Ltd for the purchase of this land. A further $419,902 was payable at 30 June 2023 to take early possession of the land. This has been recorded as a deposit resulting in total deposits of $463,290 for the financial year.

The remaining balance of deposits represents rental and cleaning bonds paid for properties in Grassy, King Island and minor deposits paid on equipment.

	2023	2022
	$	$
Current assets		
Deposits	**50,000**	194,878
Non-current assets		
Deposits	**3,377,952**	2,864,600
	3,427,952	3,059,478

NOTES TO FINANCIAL STATEMENTS CONTINUED

A16. INVENTORIES

	2023 $	2022 $
Stores and spares	**2,611,597**	-
Concentrate ready for shipment	**98,668**	-
	2,710,265	-

A17. PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (See Note: B3)

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably.

All other costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred.

Depreciation

With the exception of processing plant and tailings assets, depreciation is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and buildings.

Processing plant and tailings assets are considered installed and available from the 10 June 2023 practical completion date. As such, plant and tailings assets commenced depreciation from 10 June 2023. Processing plant and tailings assets are depreciated on a Units of Production basis linked to throughput of the processing plant.

Land is not depreciated.

The estimated useful lives in the current financial year are as follows:

	2023	2022
Plant and equipment	**2 to 14 years**	5 to 40 years
Buildings	**2 to 14 years**	8 years
Processing plant assets	**2 to 14 years**	2 to 14 years

A17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land $	Buildings $	Plant and equipment $	Assets under construction $	Total $
Cost					
Balance at 1 July 2021	2,547,120	1,400,000	321,356	-	**4,268,476**
Additions	578,459	410,000	671,699	37,911,310	**39,571,468**
Adjustment for asset fully depreciated	-	-	(52,649)	-	**(52,649)**
Balance on 30 June 2022	3,125,579	1,810,000	940,406	37,911,310	**43,787,295**
Balance on 1 July 2022	3,125,579	1,810,000	940,406	37,911,310	**43,787,295**
Additions	164,691	48,130	4,740,221	62,617,049	**67,570,091**
Transfers from assets under construction	-	-	90,176,230	(99,905,191)	**(9,728,961)**
Transfers	-	57,906	(57,906)	-	**-**
Write off previously capitalised amounts	(27,567)	(53,929)	(240,067)	-	**(321,563)**
Balance at 30 June 2023	3,262,703	1,862,107	95,558,884	623,168	**101,306,862**
Depreciation					
Balance at 1 July 2021	-	(433,886)	(144,800)	-	**(578,686)**
Depreciation changes for the year	-	(195,642)	(53,316)	-	**(248,958)**
Adjustment for asset fully depreciated	-	-	52,649	-	**52,649**
Balance at 30 June 2022	-	(629,528)	(145,467)	-	**(774,995)**
Balance at 1 July 2022	-	(629,528)	(145,467)	-	**(774,995)**
Depreciation changes for the year	-	(248,588)	(440,769)	-	**(689,357)**
Disposals	-	16,419	44,738	-	**61,157**
Balance on 30 June 2023	-	(861,697)	(541,498)	-	**(1,403,195)**
Carrying amounts					
At 30 June 2022	3,125,579	1,180,472	794,939	37,911,310	**43,012,300**
Carrying amounts					
At 30 June 2023	3,262,703	1,000,410	95,017,386	623,168	**99,903,667**

A18. LEASES

The Group assesses at contract inception whether a contract is or contains a lease. That is, if the contract contains the right to control the use of an identifiable asset for a period in exchange for consideration.

Information about the lease for which the Group is a lessee is presented below.

A18. LEASES (CONTINUED)

i. Right-of-use-asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Movements in right of use assets

	2023 **$**	2022 $
Balance at 1 July	**2,531,224**	135,801
Additions to right-of-use assets	**11,368,264**	2,563,205
Depreciation charge for the year	**(2,731,793)**	(167,782)
Balance at 30 June	**11,167,695**	2,531,224

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease. Where the interest rate is not readily determinable, the incremental borrowing rate is used. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Maturity analysis - contractual cash flows

	2023 **$**	2022 $
Within one year	**3,985,252**	498,154
One year or later and not later than five years	**5,669,152**	1,398,234
Later than five years	**-**	-
	9,654,404	1,896,388

Lease liabilities included in the Consolidated Statement of Financial Position

	2023 **$**	2022 $
Current	**5,235,731**	464,409
Non-current	**3,348,760**	1,230,322
	8,584,491	1,694,731

NOTES TO FINANCIAL STATEMENTS CONTINUED

A18. LEASES (CONTINUED)

iii. Amounts recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2023 $	2022 $
Depreciation on right of use asset	**2,731,793**	167,782
Interest on lease liabilities	**398,008**	16,567
	3,129,801	184,349

iv. Amounts recognised in the Consolidated Statement of Cash Flows

	2023 $	2022 $
Interest payments	**361,329**	16,567
Lease payments	**3,815,152**	167,678
	4,176,481	184,245

A19. MINE DEVELOPMENT COST

Movements in mine development costs

	2023 $	2022 $
Balance at 1 July	**296,371**	-
Additions	**3,173,756**	296,371
Transfers from assets under construction	**9,332,654**	-
Balance at 30 June	**12,802,781**	296,371

In the year ended 30 June 2022, the Group determined that it was sufficiently advanced in securing $88 million in project funding and would proceed with developing the Dolphin Tungsten Mine on King Island, Tasmania. From this point, mine development costs have been capitalised to the Consolidated Statement of Financial Position and will continue to be held on the Consolidated Statement of Financial Position until production commences.

Once production commences in the 2024 financial year, the asset will move from mine development to mine properties, and amortisation will commence. The amortisation will be calculated over the expected total production of the mine on a Units of Production basis.

Refer to Note A5 for further details about the accounting policy for mine developments costs.

A20. TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs.

Subsequent to initial recognition, these transactions are measured at amortised cost.

	2023 $	2022 $
Trade payables	**5,569,276**	5,766,437
Accruals and other payables	**7,185,737**	1,046,800
	12,755,013	6,813,237

A21. PROVISIONS

	2023 $	2022 $
Provisions - Current		
Employee benefits	**385,485**	93,797
Provisions - Non-Current		
Plant dismantlement	**3,982,188**	-
Mining restoration and site rehabilitation	**2,193,434**	-
Employee benefits	**11,168**	-
	6,186,790	-
	6,572,275	93,797

A22. BORROWINGS

The balance of loans together with interest payable as at 30 June 2023 are detailed below.

Secured loans	2023 $	2022 $
Current liability	**5,002,332**	117,534
Non-Current Liability	**35,424,810**	10,634,545
	40,427,142	10,752,079

On 15 September 2021, the Group executive a secured $10,000,000 loan agreement with Pure Asset Management (PURE). The purpose of the loan is to assist the Group with the development of DTM at Grassy on King Island. The loan was fully drawn in one tranche on 11 November 2021.

NOTES TO FINANCIAL STATEMENTS CONTINUED

A22. BORROWINGS (CONTINUED)

Key terms of the PURE loan agreement are:

Terms	Pure Asset Management Facility (PURE)
Borrower	Australian Tungsten Pty Ltd, a wholly owned subsidiary of Group 6 Metals Limited.
Facility	Interest only, cash advance facility of $10,000,000.
Term	Three years.
Termination Date	10 November 2024.
Repayment	On Termination Date. Early repayment of the facility is permitted at any time.
Interest rate	8.25% per annum. Interest is payable quarterly.
Security	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity.
Purpose	The development of DTM, Grassy, King Island including fees and expenses in connection with the Pure loan facility, working capital in connection with the mine and capitalization of interest and fees.

On 3 February 2022, the Group purchased the Ballarat Clarendon College Grassy campus for $1,000,000 plus GST. The purchase was partly funded by an $800,000 loan provided by the vendor, with an interest rate of 5% pa and repayable on 31 December 2024. The loan effectively provides the Group with a deferred settlement arrangement, with interest only payments required up to the date of repayment. The purchase of the campus provides the Group with property suitable for the construction of accommodation facilities for its construction and operational workforce.

Key terms of the BCC loan agreement are:

Terms	Ballarat & Clarendon College Ltd
Borrower	Australian Tungsten Pty Ltd, a wholly owned subsidiary of Group 6 Metals Limited.
Facility	Interest only, cash advance facility of $800,000.
Termination Date	31 December 2024.
Repayment	On Termination Date. Early repayment of the facility is permitted at any time.
Interest rate	5.00% per annum. Interest is payable monthly
Security	First ranking charge over property.
Purpose	The purchase of the Campus provides the Group with property suitable for the construction of accommodation facilities for its construction and operational workforce.

On 27 October 2022, the Group executed a $10,000,000 secured loan agreement with the State of Tasmanian represented by the Department of State Growth (Tasmanian Government). The loan will be used to meet the costs of procuring and installing infrastructure. The loan was fully drawn in two tranches of $5 million each in October and November 2022.

Key terms of the Tasmanian Government Loan agreement are:

Terms	The Government of Tasmania
Borrower	Australian Tungsten Pty Ltd, a wholly owned subsidiary of Group 6 Metals Limited.
Facility	Interest only, cash advance facility of $10,000,000.
Termination Date	28 October 2029.
Repayment	Repayable in monthly instalments of $167,000 either two years after the first draw down date or three months after the production of 200t of saleable product from the mine.

NOTES TO FINANCIAL STATEMENTS CONTINUED

A22. BORROWINGS (CONTINUED)

Interest rate	Variable rate set quarterly. Interest is payable monthly.
Security	A second ranking general security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity.
Purpose	To meet the costs of procuring and installing infrastructure for the DTM.

On 7 September 2021, the Group entered into a series of loan agreements with some of its major shareholders to secure funding to assist with the re-development and recommencement of mining at the Dolphin Tungsten Mine. The loans were fully drawn in three equal tranches during the period July to October 2022. The key terms of the loan agreements are set out as follows:

Key terms of the Abex Limited Loan agreement are:

Terms	Abex Limited
Borrower	Australian Tungsten Pty Ltd, a wholly owned subsidiary of Group 6 Metals Limited.
Facility	Convertible debt facility plus capitalised interest of $6,500,000.
Termination Date	42 months from commissioning date
Repayment	Repayable in semi-annual repayments of $1,083,333 due 12 months from project commissioning with final payment due after 42 months.
Interest rate	6.50% per annum. Interest is payable quarterly
Security	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity
Purpose	To assist with the re-development and recommencement of mining at DTM.

Key terms of the CJRE Maritime Loan agreements are:

Terms	CJRE Maritime - Facility 1
Borrower	Australian Tungsten Pty Ltd, a wholly owned subsidiary of Group 6 Metals Limited.
Facility	Debt facility plus capitalised interest of $4,000,000.
Termination Date	42 months from commissioning date
Repayment	Repayable in semi-annual repayments of $666,666 due 12 months from project commissioning with final payment due after 42 months.
Interest rate	8.25% per annum Interest is payable quarterly
Security	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity.
Purpose	To assist with the re-development and recommencement of mining at DTM.

Terms	CJRE Maritime - Facility 2
Borrower	Australian Tungsten Pty Ltd, a wholly owned subsidiary of Group 6 Metals Limited.
Facility	Convertible debt facility plus capitalised interest of $4,500,000.
Termination Date	42 months from commissioning date
Repayment	Repayable in semi-annual repayments of $750,000 due 12 months from project commissioning with final payment due after 42 months.

NOTES TO FINANCIAL STATEMENTS CONTINUED

A22. BORROWINGS (CONTINUED)

Interest rate	6.50% per annum Interest is payable quarterly
Security	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity.
Purpose	To assist with the re-development and recommencement of mining at DTM.

Key terms of the Elphinstone Holdings Pty Ltd Loan agreement are:

Terms	**Elphinstone Holdings Pty Ltd**
Borrower	Australian Tungsten Pty Ltd, a wholly owned subsidiary of Group 6 Metals Limited.
Facility	Convertible debt facility plus capitalised interest of $5,000,000.
Termination Date	42 months from commissioning date
Repayment	Repayable in semi-annual repayments of $833,333 due 12 months from project commissioning with final payment due after 42 months.
Interest rate	6.50% per annum. Interest is payable quarterly
Security	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity.
Purpose	To assist with the re-development and recommencement of mining at DTM.

Key terms of the D.A.CH.S Capital AG Loan agreement are:

Terms	**D.A.CH.S Capital AG**
Borrower	Australian Tungsten Pty Ltd, a wholly owned subsidiary of Group 6 Metals Limited.
Facility	Convertible debt facility plus capitalised interest of $3,000,000.
Termination Date	42 months from commissioning date.
Repayment	Repayable in semi-annual repayments of $500,000 due 12 months from project commissioning with final payment due after 42 months.
Interest rate	6.50% per annum Interest is payable quarterly
Security	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity
Purpose	To assist with the re-development and recommencement of mining at DTM.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled, or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income and expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Interest associated with the capitalised borrowing costs has been disclosed as interest paid in the consolidated statement of cashflows.

A23. OTHER LIABILITIES

	2023 $	2022 $
Current liability - Toyota Finance Australia	**79,958**	40,195
Non-current liability - Toyota Finance Australia	**244,987**	153,014
	324,945	193,209

On 18 January 2022, the Group was approved for a credit facility of $480,000 for the purchase of light vehicles for DTM. Finance is available in tranches when each vehicle is available for purchase. Each tranche to be repaid over 60 months with interest fixed at the time of drawdown.

A24. DERIVATIVE LIABILITIES

Movement in financial assets	2023 $	2022 $
Balance at 1 July	**11,859,135**	-
Additions	**-**	9,576,503
Change in fair value of derivative financial instrument	**-**	2,282,632
Derecognised	**(11,859,135)**	-
Balance at 30 June	**-**	11,859,135

On 6 September 2021, the Group announced that it had secured an additional $33 million in debt finance via a group of financiers for the redevelopment of DTM. Four of the Group's major shareholders have provided finance by way of convertible debt facilities.

The loans could be converted to equity via the exercise of warrants issued on 18 November 2021. Under the loan agreements, the exercise of warrants could only be applied to the repayment of the loans. This requirement was subsequently removed following shareholder approval at an Extraordinary General Meeting in January 2023. As the loans are now fully drawn at 30 June 2023, the derivative liabilities have been derecognised through equity.

The key terms of the derecognised derivative financial instruments are summarised in the table below:

NOTES TO FINANCIAL STATEMENTS CONTINUED

A24. DERIVATIVE LIABILITIES (CONTINUED)

	CJRE Maritime Pty Ltd	Abex Limited	Elphinstone Holdings Pty Ltd	D.A.CH.S Capital AG
Commitment	Convertible debt facility of $4,500,000 plus capitalised interest Debt only facility of $4,000,000	Convertible debt facility of $6,500,000 plus capitalised interest	Convertible debt facility of $5,000,000 plus capitalised interest	Convertible debt facility of $3,000,000 plus capitalised interest.
Term	42 months from project commissioning	42 months from project commissioning	42 months from project commissioning	42 months from project commissioning
Repayment	Semi-annual repayments of $750,000 commencing 12 months after project commissioning (convertible debt) and semi-annual repayments of $666,666 commencing 12 months after project commissioning (debt)	Semi-annual repayments of $1,083,333 commencing 12 months after project commissioning	Semi-annual repayments of $833,333 commencing 12 months after project commissioning	Semi-annual repayments of $500,000 commencing 12 months after project commissioning
Applicable Interest rate	6.5% per annum (convertible debt) 8.25% per annum (debt only)	6.5% per annum	6.5% per annum	6.5% per annum
Default Interest rate	5% per annum above the applicable interest rate	5% per annum above the applicable interest rate	5% per annum above the applicable interest rate	5% per annum above the applicable interest rate
Warrants	24,107,143 warrants (exercise price $0.196, expiry over 42 months from project commissioning date)	34,821,429 warrants (exercise price $0.196, expiry over 42 months from project commissioning date)	26,785,714 warrants (exercise price $0.196, expiry over 42 months from project commissioning date)	16,071,429 warrants (exercise price $0.196, expiry over 42 months from project commissioning date)
Security	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity.	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity.	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity.	General security agreement (GSA) given by Group 6 Metals Limited and its two wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd over all assets of each entity.
Purpose	The development of Dolphin Tungsten Mine, Grassy, King Island including fees and expenses in connection with the Pure loan facility, working capital in connection with the mine and capitalisation of interest and fees.	The development of Dolphin Tungsten Mine, Grassy, King Island including fees and expenses in connection with the Pure loan facility, working capital in connection with the mine and capitalisation of interest and fees.	The development of Dolphin Tungsten Mine, Grassy, King Island including fees and expenses in connection with the Pure loan facility, working capital in connection with the mine and capitalisation of interest and fees.	The development of Dolphin Tungsten Mine, Grassy, King Island including fees and expenses in connection with the Pure loan facility, working capital in connection with the mine and capitalisation of interest and fees.

NOTES TO FINANCIAL STATEMENTS CONTINUED

A24. DERIVATIVE LIABILITIES (CONTINUED)

The Group initially measures and recognises derivative financial instruments by calculating the fair value of the instruments using the discounted cash flow method net of the fair value of warrants issued.

The Group has utilised a combination of the discounted cash flow (DCF) method together with the fair value of the warrants issued. The DCF involves the projection of a series of cash flows and to this an appropriate market derived discount rate is applied to establish the present value of the income stream.

The Group determines the fair value of warrants issued using the Black Scholes option valuation methodology which considers the risk-free interest rate and share price volatility. Expected volatility is estimated by considering historic average share price volatility. The risk-free interest rate is based on government bonds.

At each reporting date, a revaluation of the fair value of the financial asset is undertaken with any change to the fair value going to the profit and loss.

A25. CASH FLOW RECONCILIATION

Cash flows from operating activities	2023 $	2022 $
Loss after income tax expense for the year	**(21,865,766)**	(13,648,059)
Adjustments for:		
Depreciation and amortisation	**3,421,150**	416,739
Non-cash expense from granting of warrants/options	**3,079,231**	7,197,366
Accrued deposit for land acquisition	**(419,902)**	-
Net loss on disposal of property, plant and equipment	**197,444**	-
Non-cash share based payment	**70,000**	-
Unwinding of the discount/premium on provisions	**7,751**	-
Change in fair value of financial derivatives	**-**	2,282,632
Non-cash employee expenses	**-**	30,344
Corporate advisory fee	**-**	55,000
Change in prepayments and other receivables	**1,163,648**	(194,174)
Change in inventories	**(2,710,265)**	-
Change in trade and other payables	**(1,572,423)**	-
Change in provisions	**302,856**	(262,063)
Change in interest on lease liabilities	**361,330**	-
Net cash (used in) operating activities	**(17,964,946)**	(4,122,215)

A26. NON-CASH EXPENSE FROM THE GRANTING OF WARRANTS/OPTIONS

	2023 $	2022 $
Non-cash expense from the granting of warrants/options to third parties	**2,038,529**	4,946,036
Non-cash employee expense from granting of options to directors/employees	**1,040,702**	2,251,330
	3,079,231	7,197,366

A26. NON-CASH EXPENSE FROM THE GRANTING OF WARRANTS/OPTIONS (CONTINUED)

On 5 February 2021, the Group issued 21,000,000 unlisted performance options to directors. Tranche 1 issued 9,000,000 options with an expiry date of 30 September 2026 and Tranche 2 issued 12,000,000 options with an expiry date of 19 July 2028. Both tranches have an exercise price of $0.00 per option.

On 7 September 2021, the Group issued 3,000,000 unlisted options (1,000,000 ex price $0.10, expiry 7 Sept 2024), (1,000,000 ex price $0.12, expiry 7 Sept 2025), and (1,000,000 ex price $0.15, expiry 7 Sept 2026) to an employee under the Employee Incentive Scheme.

On 18 November 2021, the Group issued 46,428,571 warrants to Pure Asset Management Pty Ltd ATF Pure Resources Fund (PURE) in connection with the PURE loan facility (refer Note A22). The warrants have an exercise price of $0.21 and expire on 31 December 2025.

On 23 Jan 2023, the Group issued 29,411,765 unlisted options to the Joint Lead Managers of the capital raise. The options have an exercise price of $0.28 and expire on 31 January 2026.

The Group measures the cost of share warrants/options granted by reference to the fair value of the equity instrument at the date at which they are granted.

The fair value of the warrants/options at the grant date is determined using the Black Scholes model.

A27. COMMITMENTS

Exploration expenditure commitments

	2023 **$**	2022 $
One year or later and not later than five years	**2,657**	150,000
Later than five years	**-**	-
	2,657	150,000

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Tasmanian Government. These obligations are subject to renegotiation when an application for a mining lease is made and at other times. The Group's application for an extension of term for the exploration tenement was granted on 28 February 2023 on the basis that minimum expenditure of $300,000 is spent on exploration by 31 December 2024. At 30 June 2023, the Group had spent $297,343 leaving an outstanding commitment is $2,657.

Borrowing commitments

The Group's borrowing commitments are detailed further in Note A22.

	2023 **$**	2022 $
Within one year	**8,377,783**	825,000
One year or later and not later than five years	**38,916,636**	11,243,151
Later than five years	**-**	-
	47,294,419	12,068,151

NOTES TO FINANCIAL STATEMENTS CONTINUED

A27. COMMITMENTS (CONTINUED)

The Group's commitment in respect to the purchase of Ballarat Clarendon College is detailed further in Note A22.

	2023	2022
	$	$
Within one year	**40,110**	40,000
One year or later and not later than five years	**820,164**	860,274
Later than five years	**-**	-
	860,274	900,274

Right-of-use asset commitments

The Group's right of use asset commitments is detailed further in Note A18.

A28. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities whose operating results are reviewed regularly by the Group's Board and for which discrete financial information is available.

The Group is involved solely in the development and commissioning of the Dolphin Tungsten Mine and thus has a single operating segment.

Business and geographical segments

The results and financial position of the Group's single operating segment are prepared on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures in relation to the Group's product and services and geographical areas are detailed below.

Products and services

The Group is in the process of developing and commissioning the Dolphin Tungsten Mine and, as such, currently provides no products for sale.

Geographical areas

The Groups' activities are located solely in Australia.

A29. CONTINGENCIES

Purchase price and royalty

North Mining Limited and Australian Tungsten Pty Ltd entered into a Sale Agreement on 18 February 2002 to purchase the Dolphin tenement. The Sale Agreement was subsequently assigned to BCKP Limited (BCKP) by a Deed of Assignment dated 28 December 2012. A Deed of Variation was signed on 11 December 2015 which revised the purchase price to be the lesser of $500,000 and 2% of capital expenditure to mine minerals from the tenement, payable 12 months after the commencement of mining of any mineral from the tenement. The $500,000 has been recorded as a current liability in the 30 June 2023 Financial Statements. Under the Deed of Variation, the Group has a contingent liability as BCKP may elect to relinquish the purchase price in return for an amount payable of $250,000 if the decision to mine is taken and there is receipt of sufficient finance (at least $1,000,000) plus, an additional royalty of 1.5% on tungsten sale amounts received, after selling costs, transport costs for delivery to the buyer, and any taxes (other than income tax).

NOTES TO FINANCIAL STATEMENTS CONTINUED

A29. CONTINGENCIES (CONTINUED)

Hunan Nonferrous Metals Corporation Ltd

Under the agreed terms relating to the termination of the Dolphin Joint Venture, effective 17 December 2010, the Group's wholly owned subsidiary, Australian Tungsten Pty Ltd, has a liability to Hunan Nonferrous Metals Corporation Ltd, which is contingent on the successful extraction of tungsten ore or concentrate from the Dolphin Project on King Island. The amount payable is a 2% royalty on gross revenue and the maximum royalty amount payable is $3,900,000.

King Island Council

On 1 July 2011, the Group entered into two agreements with King Island Council that have since been registered under Part 5 of the Land Use Planning Approvals Act 1993 (TAS). These agreements provide that the Group pay, upon commencement of operations, in each financial year, the amounts of $50,000 inclusive of GST to the King Island Council for upgrading and improvement of Grassy infrastructure; and $50,000 inclusive of GST to a Trust Fund, mainly for the purpose of upgrading and developing the community facilities in Grassy and surrounding areas. The Group paid the first instalments of these in advance, a total of $100,000 inclusive of GST, on 1 July 2011. These advances are to be deducted from future payments over five years at the rate of $20,000 per annum inclusive of GST. Future payments will be made over the operational life of the mine.

A30. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this Financial Report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, except for the following:

- On 19 July 2023, the Group announced that it had dispatched its first shipment of tungsten concentrate. The shipment of approximately thirteen (13) tonnes of tungsten concentrate, with an average grade of 69% WO_3, was loaded at the Port of Grassy, King Island. The value of the shipment was $0.3M CIF, with an 85% provisional payment. The payment is expected to be received in the first quarter of the 2024 financial year.

- On 10 August 2023 the Group announced that it successfully raised $4.3 million via the Share Purchase Plan announced to market on 8 May 2023. Under the SPP, eligible shareholders were offered the opportunity to apply for up to $50,000 of additional shares per eligible shareholder without incurring brokerage or transaction costs. The offer was partially underwritten to raise a minimum of $3 million.

- On 10 August 2023, the Group announced that a second delivery of high-grade tungsten concentrate was ready for shipment and that drill and blast operations had commenced which will provide a steady supply of high-grade ore to the process plant starting mid-August.

- On 17 August 2023, the Group submitted a Research & Development (R&D) tax incentive application for the year ended 30 June 2023 with AusIndustry. The R&D Tax Incentive provides an 18.5% refundable tax offset on eligible R&D expenditure for companies with an aggregated turnover of less than $20 million. As the Group is in a tax loss position at 30 June 2023, the refundable offset will take the form of a cash refund which will be realised through the lodgement of the Income Tax Return. The Group intends to lodge the consolidated Income Tax Return in early September 2023.

SECTION B - RISK AND JUDGEMENT

This section outlines the key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. This section also outlines the significant financial risk the Group is exposed, to which the directors would like to draw the attention of the readers.

B1 FINANCIAL RISK MANAGEMENT

Overview

This Note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

Exposure limits are reviewed by management on a continuous basis. The Group does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Presently, the Group is in a pre-production phase, therefore does not earn revenue from sales and therefore has no accounts receivables. At the reporting date, there were no significant credit risks in relation to trade receivables.

For the Group, credit risk arises from receivables due from subsidiaries.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

Interest-bearing financial instruments	**2023**	2022
	$	$
Current		
Cash and cash equivalents	**9,032,167**	4,529,465
Prepayments and other receivables	**587,673**	1,851,321
Deposits	**50,000**	194,878
	9,669,840	6,575,664
Non-current		
Deposits	**3,377,952**	2,864,600

Impairment losses

None of the Group's other receivables are past due (2022: Nil).

B1 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

The decision on how the Group will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $	Contractual cash flows $	6 months or less $
30 June 2023			
Trade and other payables	12,755,013	12,755,013	6,386,629
Borrowings	40,427,142	40,427,142	167,000
Lease liabilities	8,584,491	8,584,491	3,567,540
	61,766,646	**61,766,646**	**10,121,169**
30 June 2022			
Trade and other payables	6,813,237	6,813,237	6,813,237
Derivatives	11,859,135	19,000,000	-
Borrowings	10,634,545	12,968,425	436,164
Lease liabilities	1,694,731	1,694,731	249,077
	31,001,648	**40,476,393**	**7,498,478**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is not currently exposed to any material currency risk and at the reporting date the Group holds no financial assets or liabilities which are exposed to foreign currency risk.

B1 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash, cash equivalents and loans), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 30-day rolling periods.

Profile

At the reporting date the interest rate profile of the Group's and the Group's interest-bearing financial instruments was:

	2023 **$**	2022 $
Fixed rate instruments		
Financial assets	**50,000**	50,000
Financial liabilities	**(39,436,580)**	(12,522,485)
	(39,386,580)	(12,472,485)
Variable rate instruments		
Financial assets	**9,032,167**	4,529,465
Financial liabilities	**(9,900,000)**	-
	(867,833)	4,529,465

Fair value sensitivity analysis for fixed rate instruments

The Group has accounted for interest-bearing financial instruments at fair value through the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Therefore, a change in interest rates at the reporting date would affect profit or loss.

A change of 100 basis points in interest rates at the end of the financial year would have increased / decreased profit and loss by $332,238 / ($330,497) (2022: $80,392). This analysis assumes that all other variables remain constant.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the financial year would have increased / decreased profit and loss by $121,644 / ($177,618) (2022: $45,295). This analysis assumes that all other variables remain constant.

Commodity Price Risk

As at reporting date, the Group is not exposed to significant commodity price risk as it operates primarily in the development phase of the Dolphin Tungsten Mine and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

NOTES TO FINANCIAL STATEMENTS CONTINUED

B1 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital and Reserves Management

The Group's objectives when managing capital and reserves are to safeguard the Group's ability to continue as a going concern, to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital and reserve structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity and debt to fund exploration and development activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

B2 DETERMINATION OF FAIR VALUES

Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress but including any service concession receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

Derivative financial liabilities

The Group initially measures and recognises derivative financial instruments by calculating the fair value of the instruments using the discounted cash flow method net of the fair value of warrants issued.

The Group utilises a combination of the discounted cash flow (DCF) method together with the fair value of the warrants issued. The DCF involves the projection of a series of cash flows and to this an appropriate market derived discount rate is applied to establish the present value of the income stream.

The Group determines the fair value of warrants issued using the Black Scholes option valuation methodology which considers the risk-free interest rate and share price volatility. Expected volatility is estimated by considering historic average share price volatility. The risk-free interest rate is based on government bonds.

At each reporting date, a revaluation of the fair value of the financial asset is undertaken with any change to the fair value being recorded in the Consolidated Statement of Profit or and Loss and Other Comprehensive Income.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

NOTES TO FINANCIAL STATEMENTS CONTINUED

B2 DETERMINATION OF FAIR VALUES (CONTINUED)

Share-based payment transactions

The fair value of the share options is measured using the binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

B3 IMPAIRMENT

The carrying amounts of the Group's assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

For intangible assets that are not yet available for use, the recoverable amount is estimated annually, or when facts and circumstances suggest the carrying amount may exceed its recoverable amount.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income unless the asset has been re-valued previously, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Management undertook an impairment indicators assessment on 30 June 2023 and concluded that no impairment indicators were present.

B4 FINANCIAL INSTRUMENTS

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice.

NOTES TO FINANCIAL STATEMENTS CONTINUED

B4 FINANCIAL INSTRUMENTS (CONTINUED)

	Effective interest Rate	**Total**	6 months or less	6-12 months	1-2 Years	2-5 Years	More than 5 years
	%	**$**	$	$	$	$	$
2023							
Cash and cash equivalents	2.22%	**9,032,167**	9,032,167	-	-	-	-
Borrowings – Tasmanian Government	7.74%	**9,900,000**	167,000	1,002,000	2,004,000	6,012,000	715,000
Borrowings – Pure Asset Management	8.25%	**9,814,545**	-	-	9,814,545	-	-
Borrowings – Abex	6.50%	**5,365,704**	-	1,083,333	2,166,666	2,115,705	-
Borrowings – CJRE Maritime 1	8.25%	**4,242,344**	-	666,666	1,333,332	2,242,346	-
Borrowings – CJRE Maritime 2	6.50%	**3,735,346**	-	750,000	1,500,000	1,485,346	-
Borrowings – Elphinstone	6.50%	**4,105,783**	-	833,333	1,666,666	1,605,784	-
Borrowings – D.A.CH.S	6.50%	**2,463,422**	-	500,000	1,000,000	963,422	-
Borrowings – Ballarat Clarendon College	5.00%	**800,000**	-	-	800,000	-	-
Lease Liabilities	7.54%	**8,584,491**	3,567,712	1,668,019	1,694,175	1,654,585	-
Other liabilities	7.22%	**324,945**	28,958	37,169	78,084	180,734	-
		58,368,747	12,795,837	6,540,520	22,057,468	16,259,922	715,000
2022							
Cash and cash equivalents	0.11%	**4,529,465**	4,529,465	-	-	-	-
Borrowings – Pure Asset Management	8.25%	**10,000,000**	-	-	10,000,000	-	-
Borrowings – Ballarat Clarendon College	5.00%	**800,000**	-	-	800,000	-	-
Derivatives	8.25%	**11,859,135**	11,859,135	-	-	-	-
Lease liabilities	6.31%	**1,694,731**	274,765	249,078	498,156	672,732	-
Other liabilities	7.22%	**193,209**	28,570	28,570	57,140	78,929	-
		29,076,540	16,691,935	277,648	11,355,296	751,661	-

B4 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value

The fair values, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows:

	Carrying amount 2023 $	**Fair value 2023 $**	Carrying amount 2022 $	Fair Value 2022 $
Cash and cash equivalents	**9,032,167**	**9,032,167**	4,529,465	4,529,465
Trade and other receivables	**587,673**	**587,673**	1,851,321	1,851,321
Trade and other payables	**(12,755,013)**	**(12,755,013)**	(6,813,237)	(6,813,237)
Derivative liabilities	**-**	**-**	(11,859,135)	(11,859,135)
Lease liabilities	**(8,584,491)**	**(8,584,491)**	(1,694,731)	(1,694,731)
Secured loan payable	**(40,427,142)**	**(40,427,142)**	(10,752,079)	(10,752,079)
Other liabilities	**(324,945)**	**(324,945)**	(193,209)	(193,209)
	(52,471,751)	**(52,471,751)**	**(24,931,605)**	**(24,931,605)**

SECTION C – KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

This section includes information about key management personnel's remunerations, related parties' information and any transactions key management personnel or related parties may have had with the Group during the year.

C1 KEY MANAGEMENT PERSONNEL EXPENSES

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Wages, salaries, and annual leave

Liabilities for benefits such as wages and salaries represent present obligations resulting from services provided to the reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the reporting date.

	2023 $	2022 $
Salaries and fees	**419,657**	190,457
Consulting charges	**595,870**	461,604
Cash bonus	**160,700**	-
Superannuation	**44,552**	18,971
	1,220,779	671,032
Non-cash key management personal expense from granting of options to directors	**1,040,703**	1,840,869
Key management personnel expenses	**2,261,482**	2,511,901

C2 KEY MANAGEMENT PERSONNEL DISCLOSURES

Individual directors and executive compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures are required by Corporation Regulation 2M.3.03 and provided in the remuneration report section of the directors' Report.

Apart from the details disclosed in this Note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors interests existing at year-end.

Executives' and directors transactions with the Company or its controlled entities

Aggregate amounts payable to executives', directors and their director related entities for unpaid directors' fees, statutory superannuation owed to each superannuation fund, and consulting fees at the reporting date were as follows:

	Transaction value for 12 months ended **30 Jun 2023** **$**	Transaction value for 12 months ended 30 Jun 2022 $	Balance outstanding **30 Jun 2023** **$**	Balance outstanding 30 Jun 2022 $	**Terms**
Johann Jacobs	**244,800**	308,000	**140,800**	56,800	Payable at call
Christopher Ellis	**29,172**	29,040	**-**	-	Payable at call
Gregory Hancock	**29,172**	57,840	**-**	-	Payable at call
Keith McKnight	**500,200**	158,735	**35,000**	30,150	Payable at call
Michael Zannes	**116,115**	-	**-**	-	Payable at call
Megan McPherson	**301,320**	117,416	**-**	-	Payable at call
	1,220,779	671,031	**175,800**	86,950	

The terms and conditions of the transactions with directors or their director related entities, outlined above, were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director-related entities on an arm's length basis.

C3 RELATED PARTY DISCLOSURES

Identity of related parties

The Group has a related party relationship with its subsidiaries (see Note C4) and with its directors and executive officers (see Note C2).

Other related party transactions
The classes of non-director related parties are:

- Wholly owned subsidiaries;
- Partly owned subsidiaries;
- Commonly control subsidiaries;
- Joint ventures;
- Associates; and
- Directors of related parties and their personally related entities.

NOTES TO FINANCIAL STATEMENTS CONTINUED

C3 RELATED PARTY DISCLOSURES (CONTINUED)

The following related party transaction charges for directors' fees, consulting fees, underwriting fees and loans advanced to the Group were made with the Group on normal terms and conditions and in the ordinary course of business:

Johann Jacobs

The Group continues to utilise consulting services through a company related to Mr Jacobs, effective from 1 August 2013. The material terms of this agreement are:

(a) Provision of executive services to the Group by Mr Jacobs.
(b) Mr Jacobs' services are required to be requested by the Group.
(c) Consulting fees are payable to the company related to Mr Jacobs at the rate of $2,200 per day (excluding GST). Notwithstanding this agreement, Mr Jacobs is charging the Company at the rate of $1,600 per day. Consulting fees charged by the company related to Mr Jacobs for the year ending 30 June 2023 total $210,870 (2022 $274,069).
(d) These fees are in addition to Mr Jacobs' Chairman fees paid at $33,931 for the year, including statutory superannuation.

On 6 December 2022, 375,000 fully paid ordinary shares at $0.08 per share and 1,000,000 fully paid ordinary shares at $0.10 per share were issued to an entity related to Mr Jacobs to raise $130,000 upon the conversion of unquoted options.

On 23 January 2023, 294,118 fully paid ordinary shares were issued to an entity related to Mr Jacobs at $0.17 per share to raise $50,000 under the share placement announced to market on 28 November 2022 with 147,059 free attaching unquoted options (exercise price $0.28, expiry date 31 January 2025). Shareholder approval of the issue of the shares and options was obtained at the Company's Extraordinary General Meeting held on 17 January 2023.

On 27 June 2023, 250,000 fully paid ordinary shares were issued to an entity related to Mr Jacobs at $0.14 per share to raise $35,000 under the share placement announced to market on 8 May 2023. Shareholder approval of the issue of the shares was obtained at the Company's Extraordinary General Meeting held on 15 June 2023.

Subsequent to the period end, a further 166,667 free attaching unquoted options (exercise price $0.21, expiry date 30 June 2025) were issued following the closure of the Share Purchase Plan. Shareholder approval of the issue of the unquoted options was obtained at the Company's Extraordinary General Meeting held on 15 June 2023.

The option Vesting Condition B of 4,000,000 Category B performance Options was satisfied subsequent to year-end following the first shipment of WO_3 concentrate announced to the market on 19 July 2023.

Christopher Ellis

During the period, the Group issued drawdown notices on a debt facility of $4,000,000 and a convertible debt facility of $4,500,000 from CJRE Maritime Pty Ltd, a company related to Mr Ellis. The two facilities are fully drawn on 30 June 2023.

The loans were negotiated on an arm's length basis. On 18 November 2021, 24,107,143 warrants were issued to CJRE Maritime Pty Ltd in relation to the convertible loan. The terms of the loan agreements and warrants are detailed in Note A17.

This is in addition to Mr Ellis' Director fees paid of $29,172 for the year, including statutory superannuation.

On 9 December 2022, 1,000,000 fully paid ordinary shares at $0.06 per share, 1,000,000 fully paid ordinary shares at $0.08 per share and 1,000,000 fully paid ordinary shares at $0.10 per share were issued to an entity related to Mr Ellis to raise $240,000 upon the conversion of unquoted options.

NOTES TO FINANCIAL STATEMENTS CONTINUED

C3 RELATED PARTY DISCLOSURES (CONTINUED)

On 27 March 2023, 14,705,883 fully paid ordinary shares were issued to an entity related to Mr Ellis at $0.17 per share to raise $2,500,000 under the share placement announced to market on 28 November 2022 with 7,352,942 free attaching unquoted options (exercise price $0.28, expiry date 31 January 2025). Shareholder approval of the issue of the shares and options was obtained at the Company's Extraordinary General Meeting held on 17 January 2023.

In April 2023, an entity related to Mr Ellis provided $1,000,000 to the Group by way of an interest free unsecured loan to assist with the cashflow requirements of the Group. On 27 June 2023, 7,142,862 fully paid ordinary shares were issued to an entity related to Mr Ellis at $0.14 per shares upon the conversion of the loan. Shareholder approval of the issue of the shares was obtained at the Company's Extraordinary General Meeting held on 15 June 2023.

On 27 June 2023, 28,571,428 fully paid ordinary shares were issued to an entity related to Mr Ellis at $0.14 per share to raise $4,000,000 under the share placement announced to market on 8 May 2023. Shareholder approval of the issue of the shares was obtained at the Company's Extraordinary General Meeting held on 15 June 2023.

Subsequent to the period end, a further 23,809,527 free attaching unquoted options (exercise price $0.21, expiry date 30 June 2025) were issued following the closure of the Share Purchase Plan. Shareholder approval of the issue of the unquoted options was obtained at the Company's Extraordinary General Meeting held on 15 June 2023.

The option Vesting Condition B of 4,000,000 Category B performance Options was satisfied subsequent to year-end following the first shipment of WO_3 concentrate announced to the market on 19 July 2023.

Gregory Hancock

The Group also utilises consulting services through a company related to Mr Hancock, effective from 11 July 2019. The material terms of this agreement are:

(a) Provision of consulting services to the Group by Mr Hancock.
(b) Mr Hancock's services are required to be requested by the Group.
(c) Consulting fees are payable to the company related to Mr Hancock at the rate of $2,200 per day (excluding GST) on an as-required basis. No consulting fees were charged by the company to Mr Hancock for the year ending 30 June 2023 (2022: $28,800).
(d) Mr Hancock's Director fees paid for the year ending 30 June 2023 was $29,172, including statutory superannuation.

The option Vesting Condition B of 4,000,000 Category B performance Options was satisfied subsequent to year-end following the first shipment of WO_3 concentrate announced to the market on 19 July 2023.

Keith McKnight (Managing Director and Chief Executive Officer)

During the financial year ended 30 June 2023, an entity controlled by Mr McKnight was paid a consultancy fee at the rate of $30,000 per month for the first seven months of the financial year and $35,000 per month for the remainder of the financial year for Mr McKnight to be the Chief Executive Officer (2022: $30,000 per month). Consultancy fees charged by the entity controlled by Mr McKnight for the year ended 30 June 2023 total $385,000 (2022: $158,735). $35,000 of the Chief Executive Officer's fees were unpaid at 30 June 2023. Mr McKnight was paid a short-term incentive bonus of $115,200. Annual and long service leave entitlements accrue to Mr McKnight.

On 23 January 2023, 176,471 fully paid ordinary shares were issued to entities related to Mr McKnight at $0.17 per share to raise $30,000 under the share placement announced to market on 28 November 2022 with 88,235 free attaching unquoted options (exercise price $0.28, expiry date 31 January 2025). Shareholder approval of the issue of the shares and options was obtained at the Company's Extraordinary General Meeting held on 17 January 2023.

NOTES TO FINANCIAL STATEMENTS CONTINUED

C3 RELATED PARTY DISCLOSURES (CONTINUED)

On 27 June 2023, 214,286 fully paid ordinary shares were issued to entities related to Mr McKnight at $0.14 per share to raise $30,000 under the share placement announced to market on 8 May 2023. Shareholder approval of the issue of the shares was obtained at the Company's Extraordinary General Meeting held on 15 June 2023.

Subsequent to the period end, a further 142,857 free attaching unquoted options (exercise price $0.21, expiry date 30 June 2025) were issued following the closure of the Share Purchase Plan. Shareholder approval of the issue of the unquoted options was obtained at the Company's Extraordinary General Meeting held on 15 June 2023.

On 14 July 2023, 2,500,000 unquoted options (exercise price of $0.18, expiry 2026), 2,500,000 unquoted options (exercise price of $0.20, expiry 2027) and 2,500,000 unquoted options (exercise price of $0.22, expiry 2028) were issued an entity related to Mr McKnight as non-cash remuneration for being the Chief Executive Officer of the Group. Shareholder approval of the issue of the unquoted options was obtained at the Company's Extraordinary General Meeting held on 15 June 2023.

Michael Zannes (Chief Financial Officer from 6 March 2023)

During the financial year ended 30 June 2023, Mr Zannes was paid $116,114 for the year including statutory superannuation (2022: $Nil) to be the Chief Financial Officer. Annual leave and long service leave entitlements accrue to Mr Zannes.

Megan McPherson (Chief Financial Officer and Company Secretary to 5 March 2023 and Company Secretary thereafter)

During the financial year ended 30 June 2023, Ms McPherson was paid $255,820 for the year including statutory superannuation (2022: $280,000 p.a.) to be the Chief Financial Officer and Company Secretary. Ms McPherson was paid a short-term incentive bonus of $45,500. Annual leave and long service leave entitlements accrue to Ms McPherson.

Summary of related party transactions

The following related party transaction charges for director's fees, consulting fees, underwriting fees and loans advanced to the Group were made with the Group on normal terms and conditions and in the ordinary course of business:

	Transaction Value for 12 months ended 30 Jun 2023 $	Transaction Value for 12 months ended 30 Jun 2022 $	**Balance Outstanding 30 Jun 2023 $**	Balance Outstanding 30 Jun 2022 $	Terms
Directors' Fees	**83,877**	92,011	**16,965**	8,483	Payable at call
Consulting Fees	**595,870**	461,604	**158,835**	78,467	Payable at call
Cash Bonus	**160,700**	-	**-**	-	Payable at call
Executive Salary	**335,780**	117,417	**-**	-	Payable at call
Underwriting Fees	**-**	110,793	**-**	-	Payable at call
	1,176,227	781,825	**175,800**	86,950	
Non-cash remuneration					
Options remuneration	**1,040,702**	1,840,870	**-**	-	
	1,040,702	1,840,870	**-**	-	
Loan funding					
Derivative liabilities	**-**	2,282,632	**-**	-	Refer note A24
	-	2,282,632	**-**	-	

C4 CONSOLIDATED ENTITIES

	Country of incorporation	Ownership interest 2023 %	2022 %
Parent entity			
Group 6 Metals Limited	Australia	**-**	-
Subsidiaries			
Scheelite Management Pty Ltd	Australia	**100**	100
GTN Tanzania Pty Ltd	Tanzania	**100**	100
GTN Operations Pty Ltd	Tanzania	**65**	65
Australian Tungsten Pty Ltd	Australia	**100**	100

In the financial statements of the Group, investments in controlled entities and associates are measured at cost and included with other financial assets.

There are no amounts attributable to non-controlling interests in GTN operations Pty Ltd.

SECTION D – OTHER DISCLOSURES

This section includes information that the directors do not consider to be significant in understanding the financial performance and position of the Group but must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* (Cth) or the Corporations Regulations.

D1 LOSS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit or loss attributable to members of the parent entity for the financial year, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after-tax effect of financial costs associated with dilutive ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary and dilutive potential ordinary shares adjusted for any bonus issue. The calculation of basic and diluted losses per share for the year ended 30 June 2023 was based on the net loss attributable to ordinary shareholders of $21,865,766 (2022: loss $13,648,059) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2023 of 723,064,081 (2022: 553,101,884), calculated as follows:

	2023 $	2022 $
Loss for the financial year attributable to ordinary shareholders	**(21,865,766)**	**(13,648,059)**
Weighted average number of ordinary shares		
	2023 Number	2022 Number
Undiluted Number of Shares		
Issued ordinary shares at 1 July	**630,754,715**	376,006,725
Effect of shares issued 7 July 2021	**-**	1,904,474

NOTES TO FINANCIAL STATEMENTS CONTINUED

D1 LOSS PER SHARE (CONTINUED)

	2023 Number	2022 Number
Effect of shares issued 14 July 2021	-	4,280,963
Effect of shares issued 14 July 2021	-	961,644
Effect of shares issued 21 July 2021	-	5,346,606
Effect of shares issued 28 July 2021	-	14,958,716
Effect of shares issued 30 July 2021	-	1,386,121
Effect of shares issued 2 August 2021	-	111,206
Effect of shares issued 4 August 2021	-	10,968
Effect of shares issued 9 August 2021	-	29,841
Effect of shares issued 7 October 2021	-	63,565,935
Effect of shares issued 14 October 2021	-	9,782,193
Effect of shares issued 4 November 2021	-	801,096
Effect of shares issued 16 November 2021	-	24,500,213
Effect of shares issued 25 November 2021	-	47,336,576
Effect of shares issued 21 December 2021	-	195,319
Effect of shares issued 2 December 2022	**43,015,309**	-
Effect of shares issued 6 December 2022	**211,644**	-
Effect of shares issued 6 December 2022	**564,384**	-
Effect of shares issued 8 December 2022	**6,575,343**	-
Effect of shares issued 9 December 2022	**556,164**	-
Effect of shares issued 9 December 2022	**556,164**	-
Effect of shares issued 9 December 2022	**556,164**	-
Effect of shares issued 23 January 2023	**6,569,541**	-
Effect of shares issued 22 February 2023	**9,228,337**	-
Effect of shares issued 22 February 2023	**433,199**	-
Effect of shares issued 23 February 2023	**136,401**	-
Effect of shares issued 27 March 2023	**3,827,559**	-
Effect of shares issued 15 May 2023	**19,781,800**	-
Effect of shares issued 27 June 2023	**297,358**	-
	723,064,082	553,101,884

	Cents	Cents
Basic losses per share attributable to ordinary equity holders	**(3.0)**	(2.5)
Diluted losses per share attributable to ordinary equity holders	**(3.0)**	(2.5)

D2 AUDITOR'S REMUNERATION

The auditors of the Group, KPMG Australia, did not perform other non-audit assurance services for the Group during the year (2022: Nil).

	2023 $	2022 $
Auditors of the Group, KPMG Australia		
Audit and review of financial reports	**120,000**	75,643

D3 PARENT ENTITY DISCLOSURES

The Group has applied amendments to the *Corporations Act 2001* (Cth) that remove the requirements for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the following specific parent entity disclosure.

As at, and throughout, the financial year ending 30 June 2023 the parent company of the Group was Group 6 Metals Limited.

	2023	2022
	$	$
Results of the parent entity		
Loss for the year	**(6,913,141)**	(9,667,300)
Other comprehensive income	**-**	-
Total comprehensive income/(loss) for the financial year	**(6,913,141)**	(9,667,300)
Financial position of parent entity at year end		
Current assets	**9,223,028**	4,704,338
Non-current assets	**91,802,667**	49,715,633
Total assets	**101,025,695**	54,419,971
Current liabilities	**12,873,639**	12,236,083
Non-current liabilities	**1,192**	-
Total liabilities	**12,874,831**	12,236,083
Net Assets	**88,150,864**	42,183,888
Total equity of the parent entity comprising of:		
Share capital	**152,901,197**	103,100,311
Share Option Reserve	**14,619,565**	11,540,333
Accumulated Losses	**(79,369,898)**	(72,456,757)
Total equity	**88,150,864**	42,183,887

Parent entity capital commitments for acquisition of property, plant & equipment

There are no parent entity capital commitments for acquisition of property, plant and equipment as at 30 June 2023 (2022: Nil)

Contingencies

Refer to Note A29 for contingencies related to the parent entity.

NOTES TO FINANCIAL STATEMENTS CONTINUED

D4 FINANCING INCOME AND EXPENSES

Interest income is recognised as it accrues taking into account the effective yield on the financial asset.

Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

D5 GST

Revenue, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

D6 NEW ACCOUNTING STANDARDS

A number of new standards and amendments to standards are effective for annual periods beginning 1 July 2022. These new standards and amendments have been applied in preparing these financial statements, and they have yet to have a significant effect on the financial statements of the Group.

AASB 17 Insurance Contracts – When this standard is first adopted for the year ending 30 June 2024, there will be no material impact on the transactions and balance recognised in the financial statements.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale and Contribution of Assets between and Investor and its Associate or Joint Venture – When these amendments are first adopted for the year ending 30 June 2026, there will be no material impact on the financial statements.

AASB 2014-10 Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current – When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.

AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants - When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.

AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts - When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates – When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction - When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS CONTINUED

D6 NEW ACCOUNTING STANDARDS (CONTINUED)

AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Accounting Standards - When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.

AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (AASB 17 editorials) – When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.

AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information - When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.

AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback - When these amendments are first adopted for the year ending 30 June 2025, there will be no material impact on the financial statements.

AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards - When these amendments are first adopted for the year ending 30 June 2025, there will be no material impact on the financial statements.

AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments - When these amendments are first adopted for the year ending 30 June 2025, there will be no material impact on the financial statements.

AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector - When these amendments are first adopted for the year ending 30 June 2027, there will be no material impact on the financial statements.

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities - When these amendments are first adopted for the year ending 30 June 2025, there will be no material impact on the financial statements.

AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements - When these amendments are first adopted for the year ending 30 June 2025, there will be no material impact on the financial statements.

AASB 2023-3 Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2 - When these amendments are first adopted for the year ending 30 June 2025, there will be no material impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS CONTINUED

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described into the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Johann Jacobs
Chairman

6 September 2023
Sydney

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Group 6 Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Group 6 Metals Limited for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Shane O'Connor

Partner

Sydney

6 September 2023

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KPMG

Independent Auditor's Report

To the shareholders of Group 6 Metals Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Group 6 Metals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** comprises of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note A8, "Going Concern" in the financial report. The events or conditions disclosed in Note A8, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to renegotiate existing debt facilities and obtain additional debt funding to address going concern;
- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the history of loss making operations;
- Determining the completeness of the Group's going concern disclosures for the principal matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Mine development assets capitalised $12,802,781

Refer to Note A19 to the financial report

Key Audit Matter	How the matter was addressed in our Audit
Mine development assets capitalised is a key audit matter due to: • The significance of the activity to the Group's business and the balance ($12,802,781); and • The greater level of audit effort to evaluate the Group's application of the accounting standards, in particular the conditions allowing capitalisation of mine development assets and presence of impairment indicators In assessing the conditions allowing capitalisation of mine development assets, we focussed on:	Our procedures included: • Evaluating the Group's accounting policy to recognise mine development assets using the criteria in the accounting standards. • We assessed the Group's current rights to tenure by checking the ownership of the relevant licence to underlying documents, including tenement register and mining development permit. We also tested for compliance with conditions. • We tested the Groups additions to mine development assets for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation

• The determination of the area of interest • Documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest • The Group's determination of whether the mine development costs are expected to be recouped through the successful development and exploitation of the area of interest In assessing the presence of impairment indicators, in addition to the assessments above, we paid particular attention to: • The ability of the Group to fund the continuation of activities • Results from latest activities regarding the existence or otherwise of economically recoverable and commercially viable quantity of WO3.	requirements of the Groups accounting policy and the requirements of the accounting standards • We evaluated group documents, such as minutes of Board meetings, ASX announcements and cashflow forecasts, for Group's stated intentions for continuing mine development activities • We analysed the Group's determination of recoupment through successful development and exploitation of the mine by evaluating the Groups documentation of planned future activities including cashflow forecasts • We obtained the mine development expenditure requirements and assessed evidence of the ability to fund continued activities, including board minutes and budgets • We assessed the ability of the Group to secure the funding required to complete the development of the mine, in light of the material uncertainty related to going concern and access the funding needs more broadly • We assessed the disclosures in the financial report against the requirements of the accounting standards.

KPMG

Other information

Other Information is financial and non-financial information in Group 6 Metal Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Group 6 Metals Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 20 to 33 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Shane O'Connor

Partner

Sydney

6 September 2023

ADDITIONAL SHAREHOLDER INFORMATION

Shares

At a general meeting on a show of hands, each shareholder present in person or by proxy has one vote and on a poll each shareholder present in person or by proxy has:

(i) one vote for each fully paid share held; and
(ii) for each share which is not fully paid a fraction of a vote equivalent to the proportion which the amount paid up, but not credited as paid up, on that share bears to the total of the amounts paid and payable (excluding amounts credited) on that share.

At 31 August 2023, issued capital was 1,003,424,720 ordinary fully paid shares held by 6,432 holders and 436,400,995 unquoted options (with various exercise prices and expiry dates - refer below).

20 Largest Holders by Name of Ordinary Shares and their Share Holdings at 31 August 2023:

Rank	Beneficial Shareholder	Number of Shares	% of Issued Capital
1	MR RICHARD CHADWICK AND MRS GWENDA CHADWICK	151,304,877	15.08%
2	MR CHRISTOPHER ELLIS (DIRECTOR)	140,298,596	13.98%
3	D.A.CH.S. CAPITAL AG	91,693,710	9.14%
4	ELPHINSTONE HOLDINGS PTY LTD <ELPHINSTONE HOLDINGS A/C>	61,880,406	6.17%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,524,801	2.15%
6	MR ANTHONY JAMES HAGGARTY	18,540,960	1.85%
7	CITICORP NOMINEES PTY LIMITED	12,840,007	1.28%
8	MRS CATHERINE JEANE MORRITT	11,752,299	1.17%
9	BELGRAVIA STRATEGIC EQUITIES PTY LTD	9,862,000	0.98%
10	MR JOHANN JACOBS (DIRECTOR)	8,741,973	0.87%
11	MR GIUSEPPE CORONICA + MRS YVONNE PRICE <G CORONICA PTY S/F A/C>	8,446,470	0.84%
12	INVIA CUSTODIAN PTY LIMITED <AJ & LM DAVIES FAMILY A/C>	7,208,011	0.72%
13	NATIONAL NOMINEES LIMITED	6,980,925	0.70%
14	GEKKO SYSTEMS PTY LTD	6,401,210	0.64%
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,838,854	0.58%
16	BNP PARIBAS NOMS PTY LTD <DRP>	5,797,143	0.58%
17	INVIA CUSTODIAN PTY LIMITED <THE RANAMOK FAMILY A/C>	5,170,590	0.52%
18	HUNAN NONFERROUS METALS CORPORATION LIMITED	4,450,000	0.44%
19	DUKETON CONSOLIDATED PTY LTD	4,200,000	0.42%
20	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	4,200,000	0.42%
	Totals: Top 20 holders of ORDINARY SHARES (TOTAL)	**587,132,832**	**58.53%**

Distribution of Share Holders and Share Holdings at 31 August 2023

Range	Total holders	Number of Shares	% of total Issued Capital
1 - 1,000	75	9,127	0
1,001 - 5,000	1,786	5,842,273	0.58
5,001 - 10,000	1,069	8,596,366	0.86
10,001 - 100,000	2,629	96,987,292	9.67
100,001 Over	873	891,989,662	88.89
Rounding	-	-	-
Total	**6,432**	**1,003,424,720**	**100**

Unmarketable Parcels	Minimum Parcel Size	Holders	Number of Shares
Minimum $500.00 parcel at $0.1150 per Share	4,348	1,486	4,045,887

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Substantial Shareholders at 31 August 2023

	Number of Shares	% of Issued Capital
MR RICHARD CHADWICK AND MRS GWENDA CHADWICK	151,304,877	15.08%
MR CHRISTOPHER ELLIS (DIRECTOR)	140,298,596	13.98%
D.A.CH.S. CAPITAL AG	91,693,710	9.14%
ELPHINSTONE HOLDINGS PTY LTD <ELPHINSTONE HOLDINGS A/C>	61,880,406	6.17%

Unquoted Options

At 31 August 2023 there were 16,500,000 unquoted options with various exercise prices and expiry dates issued in respect to remuneration of KMP and employees, held by four holders.

			Gregory Hancock	**Keith McKnight**	**Charles Murcott**	**Megan McPherson**	**Total**
Exercise Price per share	Vesting Date	Expiry Date	Number		Number		**Number**
11 cents	15 Oct 2019	15 Oct 2024	1,000,00	-	-	-	**1,000,000**
13 cents	15 Oct 2019	15 Oct 2024	1,000,00	-	-	-	**1,000,000**
15 cents	15 Oct 2019	15 Oct 2024	1,000,00	-	-	-	**1,000,000**
10 cents	7 Sept 2021	7 Sept 2024	-	-	1,000,000	-	**1,000,000**
12 cents	7 Sept 2021	7 Sept 2025	-	-	1,000,000	-	**1,000,000**
15 cents	7 Sept 2021	7 Sept 2026	-	-	1,000,000	-	**1,000,000**
18 cents	14 Jul 2023	14 Jul 2026	-	2,500,000	-	1,000,000	**3,500,000**
20 cents	14 Jul 2023	14 Jul 2027	-	2,500,000	-	1,000,000	**3,500,000**
22 cents	14 Jul 2023	14 Jul 2028	-	2,500,000	-	1,000,000	**3,500,000**
			3,000,00	**7,500,000**	**3,000,000**	**3,000,000**	**16,500,000**

At 31 August 2023 there were 250,686,709 unquoted options with various exercise prices and expiry dates issued in respect to the Placements and Share Purchase Plans announced on 28 November 2022 and 8 May 2023.

Exercise Price	**Vesting Date**	**Expiry Date**	**Holder**					**Total**
			Abex Limited	Chrysalis Investments Pty Ltd	D.A.CH.S Capital A G	Elphinstone Holdings Pty Ltd	Others	
			Number	Number	Number	Number	Number	**Number**
$0.21	Various	30 Jun 2025	23,809,527	23,809,527	13,333,333	23,809,527	64,532,038	**149,293,952**
$0.28	Various	31 Jan 2025	7,352,942	7,352,942	5,882,353	2,941,176	48,451,579	**71,980,992**
$0.28	24 Jan 2023	31 Jan 2026	-	-	-	-	29,411,765	**29,411,765**
TOTAL			**31,162,469**	**31,162,469**	**19,215,686**	**26,750,703**	**142,395,382**	**250,686,709**

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Performance Options

At 31 August 2023 there were 21,000,000 performance options with various vesting and expiry dates, held by three holders.

Exercise Price	Vesting Date	Expiry Date	Holder			Total
			Finmin Solutions Pty Ltd	Chrysalis Investments Pty Ltd	Hancock Corporate Investments Pty Ltd	
			Number	Number	Number	**Number**
$0.00	30 Sept 2021^	30 Sept 2026	3,000,000	3,000,000	3,000,000	**9,000,000**
$0.00	19 Jul 2023	19 Jul 2028	4,000,000	4,000,000	4,000,000	**12,000,000**
TOTAL			**7,000,000**	**7,000,000**	**7,000,000**	**21,000,000**

^ Vested

* Vesting is subject to the satisfaction of certain performance hurdles

Each performance option provides the right for the option holder to be issued one fully paid share by the Company, upon satisfaction of the vesting conditions and election by the holder to exercise the option.

Warrants

At 31 August 2023 there were 148,214,286 warrants with various vesting and expiry dates, held by five holders.

Exercise Price	Vesting Date	Expiry Date	Holder					Total
			Pure Asset Management Pty Ltd	Elphinstone Holdings Pty Ltd	D.A.CH.S Capital A G	Abex Limited	Chrysalis Investments Pty Ltd	
			Number	Number	Number	Number	Number	**Number**
$0.210	18 Nov 2021	31 Dec 2025	46,428,571	-	-	-	-	**46,428,571**
$0.196	18 Nov 2021	Various	-	26,785,714	16,071,429	34,821,42	24,107,143	**101,785,71**
TOTAL			**46,428,571**	**26,785,714**	**16,071,429**	**34,821,42**	**24,107,143**	**148,214,28**

Distribution of Unquoted Option/ Warrant Holders and Unquoted Option/ Warrant Holdings at 31 August 2023

Range	Total holders	Number of Shares	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	155	575,758	0.13
5,001 - 10,000	152	1,162,365	0.27
10,001 - 100,000	531	22,368,796	5.13
100,001 Over	222	412,294,076	94.48
Rounding	-	-	-0.01
Total	**1,060**	**436,400,995**	**100.00**

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Mining Exploration Tenements

The Company holds the following licence and lease:

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

Securities Exchange Listing

The Company's ordinary shares are listed on the Australian Securities Exchange.

The Company's ASX codes for ordinary shares is G6M.

On-Market Buy Back

There is no on-market buy-back.

Corporate Governance Statement

The Company's Corporate Governance statement for the financial year ended 30 June 2023 is available for members to download and access from Corporate Governance - Group 6 Metals Limited (g6m.com.au).