

03 December 2024

G6M REACHES AGREEMENT ON RECAPITALISATION PLAN

Key Points

- **Group 6 Metals has reached agreement with its secured lenders and certain other major creditors on a recapitalisation plan, aimed at significantly reducing debt, strengthening the balance sheet, lowering debt servicing levels, and providing necessary liquidity to review, plan and execute an operational improvement plan.**
- **The recapitalisation plan is also aimed at providing funding to support extensive capital improvements on the processing plant necessary to drive profitable operations.**
- **The plan includes changes to the existing board and executive management team.**
- **Senior secured lenders and subordinated lenders continue to support the ongoing operations of the company.**

Group 6 Metals Limited (**ASX: G6M**, “**Group 6 Metals**” or the “**Company**”) advises that it has reached agreement with its senior secured lenders, subordinated lenders and some of its larger unsecured creditors to undertake a substantial recapitalisation, involving the conversion of the Company’s debt and other creditor liabilities into ordinary shares. Comprehensive details of the transaction will be made available in a further announcement which will follow.

As announced in the September 24 quarterly report, released to the ASX on 31 October 2024, the Board and Management undertook multiple initiatives to address the necessary funding requirements and restructure the Company’s balance sheet. These included:

- **Equity Raise**: The Company engaged with two brokers to conduct an equity raise. Feedback from potential investors was that market conditions together with the performance and current capital structure of the Company made the offer unattractive to new equity.
- **Agreed Indicative Terms for limited Credit Facility**: Negotiated indicative terms with the Company’s trading partner, though the Company was unable to progress to binding terms due to the level of existing senior debt.
- **Strategic Investor Engagement**: In September, Moelis Australia (MA) was appointed to conduct a strategic review to determine the Company’s optimal capital structure and to consider potential M&A activities to reposition the business and enhance the shareholder value proposition. While receiving positive interest in the project albeit at a low valuation, feedback reinforced the need for a significant capital restructure.

Throughout this period, the Company has benefited from the ongoing support of existing senior lenders most of whom are also major shareholders and who have contributed approximately \$24.25 million in short term funding since the beginning of 2024, whilst also agreeing to short-term extensions of loan repayment dates which could not be met by the company.

Following these extensive efforts, the Board concluded that a sustained reliance on temporary funding is unsustainable and not in the best interests of shareholders, lenders, or creditors. As a result, the Company has reached agreement for a significant recapitalisation package to provide necessary financial stability and allow the Company to proceed to profitable operations.

As part of the recapitalisation plan, there will be several changes to the G6M Board and Executive Management team. Mr. Johann Jacobs will retire as Chairman. An Executive Chairman will be appointed following the departure of Mr. Keith McKnight, the current MD and CEO. Further Board changes include the resignation of Non-Executive Directors Mr. Greg Hancock and Mr. Tony Caruso. Additionally, Mr. Michael Zannes will step down as Chief Financial Officer, with a replacement to be appointed to take over the role.

“Over the past seven months, the Company has diligently explored various options to resolve the financial difficulties facing the Company. The Company’s poor financial performance and high debt levels proved prohibitive to attracting third-party investment. As a result, the Company has engaged in lengthy negotiations with existing lenders and creditors to achieve a significant recapitalisation plan that represents the best path forward for all of the Company’s stakeholders,” said outgoing Group 6 Metals Chairman Johann Jacobs. “The independent board of Directors overseeing this process unanimously supports the recapitalisation, recognising it as the best available option to serve the interests of all our stakeholders.”

The outgoing Board members wish to thank all shareholders for their past support and encourages them to continue supporting the Company whilst advancing its world class Dolphin Mine to its full potential.

Approved by the board of Group 6 Metals Limited.

About Group 6 Metals

Group 6 Metals Limited (ASX: G6M), previously known as King Island Scheelite Limited (ASX: KIS), is an Australian resource exploration, development, and production company. The Company’s name honours tungsten as Group 6 Metals’ first commodity project (The Dolphin Mine) in production, as tungsten is a member of Group 6 of the periodic table along with chromium and molybdenum, as well as being a critical mineral and a geopolitically strategic resource.

The Company is focused on producing high-grade tungsten concentrate from its 100%-owned Dolphin Mine located on King Island, Tasmania. The Company’s medium-term objective is to investigate opportunities to value-add the product for supply into the upstream tungsten industry.