

SHARE PURCHASE PLAN UPDATE AND RELEASE OF SUPPLEMENTRY PROSPECTUS

Group 6 Metals Limited (**ASX: G6M**, “**Group 6**” or the “**Company**”) attaches a Supplementary Prospectus prepared on the request of the Australian Securities and Investments Commission (**ASIC**).

ASIC has requested that the Company provide further guidance, in the form of a supplementary prospectus, on the differences between the Company’s updated project economics announcement that was lodged with the Australian Securities Exchange (**ASX**) on 31 October 2022 and the information included in the Investor Presentation that was lodged with the ASX as part of the Equity Raising on 9 May 2023 (**Investor Presentation**).

The Company has elected to extend the Share Purchase Plan (“**SPP**”) for a further two weeks to allow eligible G6M shareholders the opportunity to consider the information contained in the Supplementary Prospectus. The SPP will now close at 5pm on Thursday 6 July 2023.

Under the SPP, eligible G6M shareholders, being shareholders with a registered address in Australia or New Zealand on the G6M register as at 7.00pm (Sydney time) on Friday 5 May 2023, will have the opportunity to apply for up to A\$50,000 of additional shares per eligible shareholder without incurring brokerage or transaction costs.

The issue price of the new shares and terms of the options under the SPP will be the same as those under the recently completed Placement.

G6M may accept applications (in whole or in part) that result in the SPP raising up to \$5.0 million in its absolute discretion. Applications may be subject to scale-back. Full details of the SPP are set out in the Prospectus, which was dispatched to eligible shareholders on Monday, 15 May 2023.

Updated Timetable for SPP

The timetable set out below is an updated indicative timetable for the SPP. The Company may change these dates and times at its discretion, subject to the ASX Listing Rules and Corporation Act.

TIMETABLE		
Description	Date	Activity
Closing Date	Thursday 6, July 2023	Applications must be received by 5.00pm Sydney time
Announce results	Tuesday 11, July 2023	Announcement date of funds raised and shares to be issued
Allotment Date	Tuesday 11, July 2023	New Shares and Options allotted
Trading Date	Wednesday 12, July 2023	New Shares commence trading on the ASX
Dispatch Date	Wednesday 12, July 2023	New Shares and Option Statements sent to Shareholders

The Company also attaches a Supplementary Prospectus in relation to the SPP.

Group 6 Metals has engaged Peloton Shareholder Services to assist Eligible Shareholders with any questions they may have in relation to the offer. For further questions relating to the offer, or 'how to subscribe' please email shareholder@pelshare.com.au (Peloton Shareholder Services), or Stevan Adzic on stevan.adzic@pelshare.com.au

Copy of the SPP prospectus and supplementary prospectus can be found on the Company's website www.g6m.com.au

Approved by the Board of Group 6 Metals Limited.

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About Group 6 Metals

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

The Company is focused on the redevelopment of its 100%-owned Dolphin Mine located on King Island, Tasmania. Initially the focus is on producing a high grade of tungsten concentrate, however, the Company plans to value-add the product for supply into the upstream tungsten industry.

SUPPLEMENTARY PROSPECTUS

GROUP 6 METALS LIMITED ACN 004 681 734

Important information

This Supplementary Prospectus is dated 20 June 2023 (**Supplementary Prospectus**) and is intended to supplement the information contained in the Prospectus dated 11 May 2023 (**Prospectus**) issued by Group 6 Metals Limited ACN 004 681 734 (**Company** or **G6M**) for a \$5 million securities purchase plan and a placement options offer (**Equity Raising**).

This Supplementary Prospectus has been prepared on the request of the Australian Securities and Investments Commission (**ASIC**) upon review of the Company's updated project economics announcement that was lodged with the Australian Securities Exchange (**ASX**) on 31 October 2022, which is attached as Appendix 1 (**2022 Project Economics Update**), and the information included in the Investor Presentation that was lodged with the ASX as part of the Equity Raising on 9 May 2023 (**Investor Presentation**). ASIC has requested that the Company provide further guidance, in the form of a supplementary prospectus, on the differences between the 2022 Project Economics Update and the information contained in the Investor Presentation. This is provided in the paragraphs below.

Neither ASIC nor the ASX takes responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus. This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

The Company has issued an electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions of both may be accessed at www.g6m.com.au.

Comparative economic analysis

In the lead-up to the Equity Raising, the Company undertook a comprehensive internal review of the Dolphin Tungsten Mine project economics previously published in the 2022 Project Economics Update. The review was undertaken in April 2023 following the appointment of the Company's new Chief Financial Officer. Given his substantial experience in mining operations and financial analysis, the new CFO lead a review of the model with the relevant senior managers, which led to a revision of the operational, rather than economic, assumptions underpinning the mine plan and processing forecasts.

The analysis undertaken by the Company included a review of the Dolphin Tungsten Mine projects:

- (a) Remaining capital cost forecast,
- (b) Operating cost assumptions,
- (c) Revenue assumptions,
- (d) Foreign exchange assumptions,
- (e) Mine plan assumptions,
- (f) Processing forecast and assumptions.
- (g) Project schedule and mine ramp up assumptions

The key results of that review were outlined in the Investor Presentation (**2023 Updated Project Economics**), including:

- (a) The optimised mine plan for earlier access to the underground area resulted in an accelerated 13-year mine plan in place of the previously reported 14-year mine plan. Earlier access to the underground area provides access to higher grade ore, which is expected to bring forward higher cashflows.
- (b) The new mine plan resulted in three phases of mining total probable reserves of 4.4Mt at 0.93% WO₃ replacing the two phases as disclosed in an Investor Presentation released to market on 23 March 2023. The volume of ore remains materially unchanged, however the revised mine plan brings forward the higher grade underground ore which in turn is expected to bring forward higher cashflows.
- (c) The proportion of production under offtake agreements was revised from 65%, reported by the Company in a Presentation released to the market on 3 November 2022, to 59% due to the optimisation of the mine plan. The reduction in percentage of offtake reflects the changes in the mine plan, increasing production in the first four-year period. There have been no underlying changes in the commercial relationships with the offtake partners.
- (d) Life of Mine capex development costs were revised from A\$153.9m to A\$168.9m, which resulted from increased labour, material, logistics and an extended project schedule. The increase in CAPEX includes the increased construction costs under the EPC contract released to market on 16 January 2023.
- (e) Average life of mine operating costs were revised from A\$144 per mtu to A\$174 per mtu due to significant cost escalations in labour, maintenance, materials and blasting costs following updates based on recent contract pricing.
- (f) The Company elected to disclose "All in Cost" of A\$246 per mtu in the 2023 Updated Project Economics which includes sustaining capital, working capital movements and Federal and State taxes, as it provides an all-in cost of the project's economics.

The geological and technical information, excluding the mine plan, contained in the 2022 Project Economics Update has not changed.

Updated project economics

The key metrics from the 2023 Updated Project Economics are:

	2023 Updated Project Economics	2022 Project Economics Update
NPV- Real- pre tax, (at 8% discount rate)	A\$252M	A\$300M
IRR- pre-tax	28%	38%
Capital payback- pre-tax- years	5.5	2.53

The changes in NPV and IRR are materially driven by;

- the increased Capital costs.
- Increases in Mining costs.
- Increases in Processing costs.
- Increases in Support Service costs.

CAPEX costs

	2023 Updated Project Economics CAPEX A\$M	2022 Project Economics Update CAPEX A\$M
Site Establishment and Project Management	20.3	16.5
Processing Plant	71.2	47.5
Land Buildings Plant & Equipment	15.3	15.9
TSF and Water Infrastructure	3.1	4.6
Spares	3.3	4.3
Accommodation	1.2	1.1
Bonds	2.8	2.8
Sub Total	117.2	92.7
Additional Mining ¹ Equipment		4.5
Project Start-up Capital ²		5.0
Other Deferred Capital	36.0	36.0
Sustaining Capital	15.7	15.7
Total Deferred and Sustaining Capital	51.7	61.2
Total Capital	168.9	153.9
Capital Cost per mtu of WO3 produced	\$52/mtu	\$48/mtu

Note: 1 Additional Mining Equipment is now included in Land Buildings Plant & Equipment.

Note 2: Project Start-up Capital is now included in Site Establishment and Project Management

As noted in the Prospectus, although construction of the mine and the processing plant is almost complete, the capital expenditure required to develop the Company's tungsten project to economic operation may differ from the current expectations of the Company. This is because developing the Company's Dolphin Tungsten Mine to economic operations requires completion of remaining construction activities, commissioning and performance testing of the newly constructed process plant and ramp-up of operations to steady state production. While the risk of cost escalations associated with construction has now significantly reduced, there is risk associated with commissioning and ramp-up activities, which, in a high inflation environment, could increase costs.

The Company has carefully considered the requirements for commissioning and ramp-up in its planning activities, but there are also potential risks due to unforeseen equipment failures, delays and engineering rectification that cannot reasonably be forecast by the Company.

As noted in the Company's announcement to the ASX on 1 June 2023, it has successfully produced its first tungsten concentrate at the Company's wholly-owned Dolphin Tungsten Mine. The site team will now focus on the completion of the remaining commissioning activities and performance testing to ramp up throughput and tune performance to maximise concentrate grade and recovery.

OPEX costs

Average life of mine operating costs comparison

	2023 Updated Project Economics	2022 Project Economics Update
	A\$/mtu	A\$/mtu
Mining	78	64
Processing	49	38
Support Services ¹	15	-
Transport/Shipping and Other	5	14
Royalties	27	28
Total	174	144

Note: 1 Support services have been separated from "Transport/Shipping and Other" in the 2023 Updated Project Economics.

The review of the OPEX expenses has identified further areas of cost escalation with one of the most significant being blasting costs due to escalation in materials, transport and contractor services.

Subsequent to the October 2022 Project Economics Update, the Company increased its labour cost estimates following the negotiation of an Enterprise Bargaining Agreement ("EBA"). The EBA was designed to attract the necessary skill, knowledge and experience in an extremely competitive employment environment that was not anticipated at the time of the 2022 Project Economics Update.

Updated financial model input assumptions

Pricing

Pricing for APT, Ammonium Paratungstate, the benchmark used to derive concentrate pricing is based on US\$345/mtu and remains for the Life of the mine.

A\$/US\$ Exchange Rate

All revenues will be US\$ denominated, so fluctuations in the exchange rate will have a significant impact on the ultimate returns. In the 2023 Updated Project Economics, the exchange rate has been kept constant at A\$1.00, being equivalent to US\$0.67, which is the same rate used in the 2022 Project Economics Update.

Project Economics

The increase in the payback period to 5.5 years is primarily driven by the increases in both operating and capital expenditures.

Update to Share Purchase Plan timetable

This is a supplementary prospectus intended to be read with the prospectus dated 11 May 2023 issued by Group 6 Metals Limited ACN 004 681 734

The Company has elected to extend the SPP close date by two weeks. The SPP will now close at 5pm on Thursday 6 July 2023. The extension is considered appropriate to allow Eligible Shareholders to consider the information provided in this Supplementary Prospectus.

Event	Date
Closing Date for SPP and Placement Options Offer	Thursday, 6 July 2023
Issue of New Shares and New Options under the SPP (subject to shareholder approval)	Tuesday, 11 July 2023
Issue of New Options under the Placement Options Offer (subject to shareholder approval)	Tuesday, 11 July 2023
Despatch of Holding Statements for Shares under SPP	Wednesday, 12 July 2023
Normal ASX trading for New Shares issued under the SPP commences	Wednesday, 12 July 2023

All dates and times are subject to change and are indicative only. All times are to Sydney time. The Company reserves the right to vary these dates and times without notice. Group 6 Metals may close the Offer early, withdraw the Offer, or accept late applications. In that event, the relevant Application Money (without interest) will be returned in full to Applicants.

Authorisation

This Supplementary Prospectus is issued by the Company. In accordance with section 720 of the *Corporations Act 2001* (Cth), each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.



Johann Jacobs
Chairman
Group 6 Metals Limited

Updated Project Economics More Robust Returns Forecast Dolphin Tungsten Mine

Key Highlights

Following a comprehensive review of the Dolphin Tungsten Mine project economics previously published in December 2020¹, the updated results highlight:

- An increase of the Net Present Value (“**NPV**”) of 24%, from A\$241 million to A\$300 million (pre-tax at 8% discount rate)
- Sustained high Ammonium Paratungstate (“**APT**”) prices and favourable foreign exchange (“**FX**”) conditions mean, prices for Dolphin tungsten concentrate are currently at an all-time high
- Capital Cost increases have resulted from changes in scope which will result in a more efficient operation
- Largely due to the significant increases in energy costs, both capital and operating cost have been the subject of inflationary pressures
- Due to expected higher revenues, Royalties payable to the Tasmanian Government are anticipated to increase significantly

Group 6 Metals Limited (**ASX: G6M**, “**Group 6 Metals**” or the “**Company**”) is pleased to provide an update to the project economics for the Company’s wholly owned Dolphin Tungsten Mine, located on King Island, Tasmania.

The Company advises that its team on site has undertaken a detailed review of costs associated to complete construction activities and the working capital requirements to achieve steady state production amid concerns of rising costs due to global inflationary pressures.

The review has identified several areas of cost escalation, however pleasingly, these increased costs are more than offset by sustained higher APT prices and favourable FX rates.

¹ Group 6 Metals ASX Announcement titled “Revised Feasibility Study Provides Significant Increase in NPV and Mine Life Extended to 14 Years” released 16th December 2020

Group 6 Metals Managing Director and CEO, Keith McKnight said:

“Despite the challenges faced by many mining projects under construction over the last 12 months, primarily due to escalating capital and operating costs, logistical challenges and labour shortages, we are very happy with the progress achieved at Dolphin to date and with the updated project financial metrics. The NPV for the project has increased significantly from \$241 million to \$300 million pre-tax after factoring in all of these factors.

The project is tracking well against schedule, with commissioning of the process plant still expected to be completed by the end of March 2023, as all the major OEM equipment has now been delivered to site to complete the construction of the process plant. In parallel, the mine infrastructure is also progressing well with construction of the tailings storage facility underway and expected to be available in March 2023 when needed for commissioning.

The market fundamentals for tungsten continue to look increasingly positive. There is an anticipated shortage of tungsten concentrate in 2023 due to increasing demand and limited new supply coming online. The price for APT has remained stable at U\$335 – 340 per mtu WO₃, for much of the last 6 months and given the current AUD: USD exchange rate, is the highest APT price in Australian dollar terms since the mine last operated.

While there has been cost escalation in capital and operating costs, by overcoming these challenges the Company can take advantage of very favourable market conditions to maximise returns from one of the highest-grade tungsten projects in the western world.”

Group 6 Metals Chairman, Johann Jacobs added:

“Our team on site has worked tirelessly to overcome the challenges presented during the construction period. The Board commends the efforts of the team and their demonstrated ability to overcome these challenges by adapting quickly to implement mitigation strategies to keep the Project on track. It is testament to the leadership and dedication of our Managing Director & CEO Keith McKnight and General Manager Chas Murcott.”

The latest drone flyover is available at the following link: <https://youtu.be/monA49lGtGg>

Economic Analysis

The Company is currently undertaking construction of the Dolphin Tungsten Project, which is planned to commence production of tungsten concentrate for sale to its offtake partners in Q2 2023, following commissioning of the concentrate plant in Q1 2023.

The updated project economics are provided following a detailed review of CAPEX cost to complete, and updated OPEX costs. Input costs have been adjusted to account for project design enhancements, increased inflation for materials and labour costs, and increased energy costs. Input costs have been updated but are based on the work completed and referred to in the Revised Feasibility Study (“RFS”) released in December 2020¹.

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

Updated Project Economics

The key metrics from the updated project economics are:

Table 1 - Updated Key Financial Outcomes

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

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

CAPEX Costs

Table 2 - Capital Costs Comparison

Item	Updated CAPEX 2022 A\$'000	RFS CAPEX 2020 A\$'000
Site Services	10.3	6.3
OC Mobile Mining Equipment	17.9	15.9
Processing Plant and Infrastructure	62.2	45.4
Contingency	2.3	5.1
Start Up CAPEX	92.7	72.7
Additional OC Equipment	4.5	4.5
UG Mining	25.5	25.5
Sustaining CAPEX	15.7	15.7
Other Deferred Capital	15.5	10.8
Deferred CAPEX	61.2	56.5
Life of Mine CAPEX	153.9	129.2
Capital Cost per mtu of WO3 produced	\$48/mtu	\$40/mtu

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

Item	A\$'000
Design changes	4.8
Scope changes	7.1
Global cost inflation	6.1
Other	2.0
TOTAL	20.0

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

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

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

Other factors influencing the increase in costs include:

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

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

OPEX Costs

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

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

Table 4 – Average life of mine underground operating costs comparison

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

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

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

Despite significant inflationary pressures the design enhancements to the process plant have resulted in operating cost improvements and better overall plant reliability.

Updated Financial Model Input Assumptions

Pricing

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

A\$/US\$ Exchange Rate

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

Project Financing

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

Approved by the board of Group 6 Metals Limited.

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