

Quarterly Activities Report for the Period Ended 30 June 2023

Highlights

- *DY6 commenced trading on ASX on 29 June 2023, following a successful \$7m IPO*
- *Funds raised will be allocated towards aggressive exploration of the Company's 100% owned heavy rare earths ("HREE") and critical metals projects in southern Malawi*
- *Machinga, the Company's flagship project, is particularly enriched with high-value heavy rare earth elements dysprosium and terbium. The project also holds significant niobium and tantalum potential as well. Machinga is only 40km east of Lindian Resources' Kangankunde carbonatite discovery*
- *Six targets have been identified to date within the Machinga North concession and the Company will be following up on previous high grade intercepts from a previous 2010 campaign undertaken by Globe Metals and Mining (ASX:GBE)*
- *The Company's maiden drilling program at Machinga (consisting of a combined ~5,000m of RC and DD) commenced with RC drilling in late June 2023. RC Drilling is continuing, with 19 holes for 2162 metres drilled so far. DD drilling commenced mid-July 2023 with a total of 1 hole for 110 metres having been completed to date with drilling ongoing*
- *The first batch of RC samples are being cleared for despatch to Intertek's laboratory in Zambia, prior to transit to Perth for analysis. First assay results from the ongoing drilling are expected in late Q3, 2023*

Heavy rare earths and niobium explorer DY6 Metals Ltd (ASX: DY6) ("**DY6**", "the **Company**") is pleased to present its quarterly activities report for the June 2023 quarter.

Corporate

The Company commenced trading on ASX on 29 June 2023, following a successful \$7m IPO. As part of this, the Company attracted a combined \$2.5 million from Hong Kong-based strategic investors, Zhensi Group (HK) Heshi Composite Materials Co., Limited and Zhong Nam New Material Company Limited.

The funds raised from the IPO are being used primarily for exploration at the Company's three 100%-owned REE and critical metals projects located in southern Malawi, a stable and attractive African jurisdiction with proven potential for hosting major mineral deposits.

Machinga North

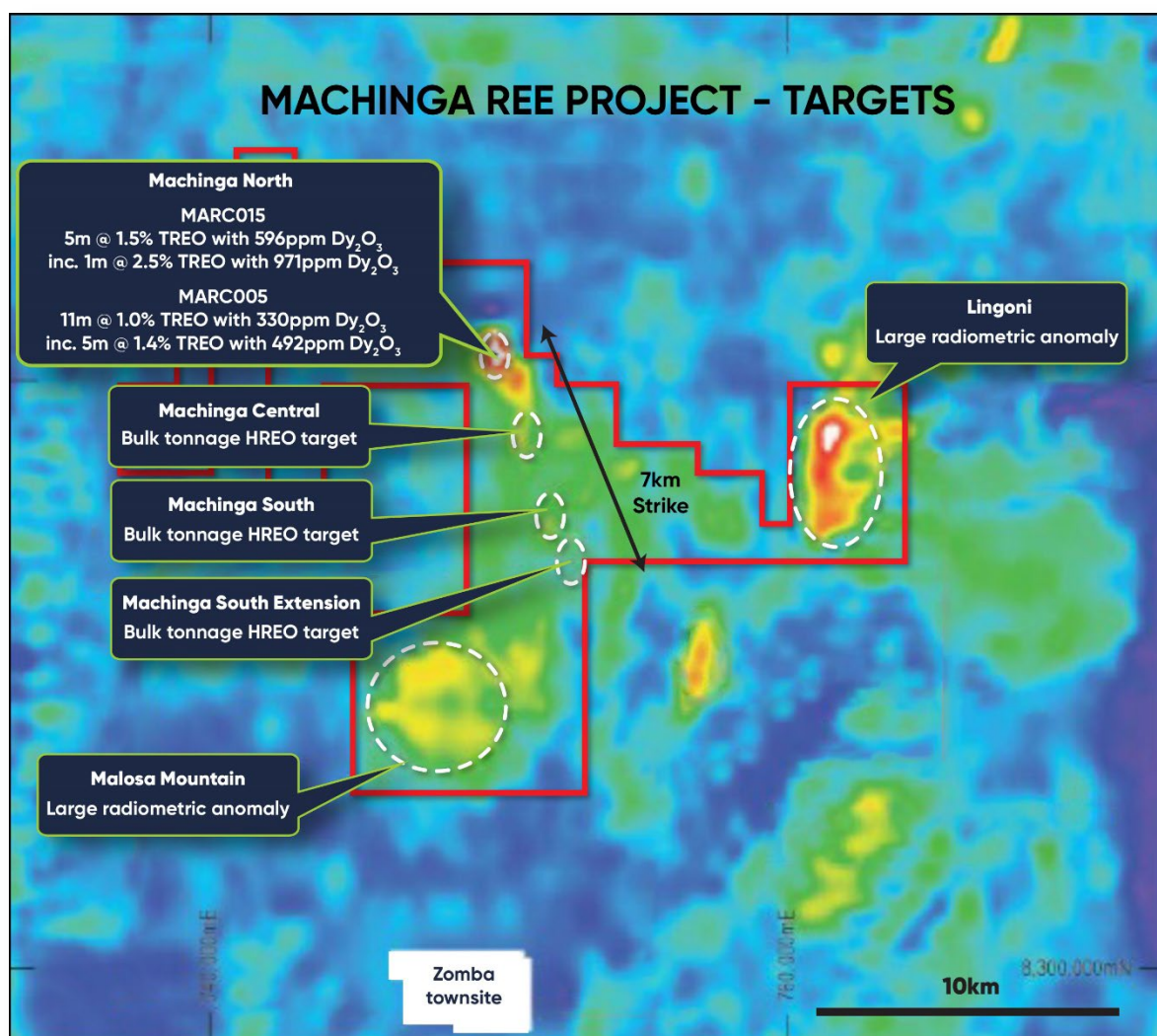


Image 1: Machinga North Targets

DY6 is currently undertaking a 5,000m program of reverse circulation and diamond drilling at its flagship Machinga project, only **40km east of Lindian Resources' Kangankunde carbonatite discovery**, which is widely regarded as the world's best undeveloped rare earths project.

Drilling at the Machinga North target – one of six targets identified to date within the Machinga concession – in 2010/12 returned intercepts of **11m @ 1.0% TREO with 330ppm dysprosium oxide (Dy₂O₃)** from 12m (MARC005), **5m @ 1.5% TREO with 596ppm Dy₂O₃** from 26m (MARC015) and **3m @ 2.2% TREO with 295ppm dysprosium oxide (Dy₂O₃)** from 66m (MARC033) including **1m @ 5.1% TREO with 584ppm dysprosium oxide (Dy₂O₃)** from 67m.

Previous trenching in 2010 included: MATR001: **7m @ 1.26% TREO**, MATR002: **33m @ 0.71% TREO (inc: 11m @ 1.00% TREO with 0.46% Nb₂O₅)** and MATR003: **inc: 15m @ 0.45% with 0.75% Nb₂O₅, incl: 5m @ 0.54% TREO and 1.34% Nb₂O₅**.



Image 2: DD Drilling at Machinga HREO + Nb Project

Machinga is particularly enriched with high-value heavy rare earth elements dysprosium and terbium. The project also holds significant niobium and tantalum potential as well.

The Company's maiden drilling program at Machinga (consisting of a combined ~5,000m of RC and DD) commenced with RC drilling in late June 2023. RC Drilling is continuing, with 19 holes for 2162 metres drilled so far. DD drilling commenced mid-July 2023 with a total of 1 hole for 110 metres having been completed to date with drilling ongoing.

The first batch of RC samples are being cleared for despatch to Intertek's laboratory in Zambia, prior to transit to Perth for analysis. First assay results from the ongoing drilling are expected in late Q3, 2023.

Diamond drilling will provide the Company with a better understanding of the geological controls of the mineralisation at Machinga, as well as provide material for initial metallurgical test work.

In addition to the above, a 200m by 50m soil sampling program has been completed over and to the north of known mineralisation at the Machinga North prospect, with the aim to delineate extension of mineralisation for follow-up drill testing. Soil samples have been despatched to ALS laboratories in Johannesburg for preparatory work prior to full suite analysis in Perth.



Image 3: Soil Sample locations and Planned Collars for RC Drill Program at Machinga North

Machinga – Extension Area (under application)

As noted in the Company's IPO prospectus, additional ground (APL0251) has been applied for at Machinga (being for an additional 157.5km²) which, if granted, will extend the total exploration area at Machinga to ~200km². The Company expects to receive confirmation from the Department of Mines in Malawi with respect to this additional ground during Q3 2023.

If the additional licence at Machinga is granted, the Company would look to undertake a detailed soil sampling program and follow up on previous exploration results and radiometric anomalies.

Salambidwe and Ngala Hill

DY6's other projects in southern Malawi, Salambidwe and Ngala Hill, have also been subject to previous exploration: rock chips from Salambidwe returned high grade values of TREO and Nb while soil samples from Ngala Hill and limited previous drilling by Phelps Dodge returned high grade results of Pd, Pt, Au and Cu.

The Company plans to carry out detailed geophysical and geological sampling programs at the Salambidwe REE project to aid in defining targets for a maiden drilling campaign towards the end of the year. RC drilling at the Ngala Hill PGE Project is scheduled for around the same time.

Finance and Use of Funds

Pursuant to ASX Listing Rule 5.3.4, the Company provides a comparison of its actual expenditure against the estimated expenditure on items set out in Section 1.6 of the Company's IPO prospectus:

Activity Description	Funds allocated in Prospectus from commencement (assume from 1 June 2023)	Actual payments from commencement to 30 June 2023 (1 month)
Exploration – Machinga (2 years)	\$2,450,000	\$82,731
Exploration – Salambidwe (2 years)	\$1,000,000	-
Exploration – Ngala Hill (2 years)	\$475,000	-
Administration (2 years)	\$750,000	\$91,434
Working Capital (2 years)	\$1,565,000	\$742
New Project Evaluation	\$800,000	-
Expenses of the Offer	\$665,000	-
TOTAL	\$7,705,000	\$174,908

**Excludes brokerage on \$7m capital raising which was paid after 30 June 2023*

Note 6 to Appendix 5B

Payments to related parties of the entity and their associates: during the June quarter a total of \$71,500 was paid to a director/related party for outstanding consulting fees for the period up to listing.

-ENDS-

This announcement has been authorised by the Board of DY6.

More information

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Chairman	Director & Company Secretary	Investor Relations
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Compliance Statement

The exploration results contained in this announcement were first reported by the Company in its prospectus dated 3 April 2023 and announced to ASX on 27 June 2023 and 6 July 2023. The results were reported in accordance with the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus.

Annexure 1: DY6 Metals Ltd – tenements held directly by DY6 Metals Ltd or subsidiary companies as at 30 June 2023:

Project	Tenement Details	Acquired during quarter	Disposed of during quarter	Held at end of quarter	State/Country
Machinga	EL0529, APL0251	100%	-	100%	Malawi
Salambidwe	EL0518	100%	-	100%	Malawi
Ngala Hill	EL0510	100%	-	100%	Malawi

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

DY6 Metals Limited

ABN

91 663 592 318

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(283)	(576)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(274)	(567)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	(138)	(138)
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(168)	(273)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(306)	(411)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,500	7,705
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,500	7,705

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,807	-
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(274)	(567)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(306)	(411)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,500	7,705

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,727	6,727

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,727	2,807
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,727	2,807

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	72
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
- Consulting fees of approximately \$71,500		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(274)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(306)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(580)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,727
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,727
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	11.60
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 July 2023

The board of directors
 Authorised by:
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.