

22 December 2023

# Dolphin Tungsten Mine To Receive Cash Injection as Tungsten Output Ramps Up

## Key Highlights

- **Dolphin Tungsten Mine sets new daily ore processing record**
- **Monthly concentrate production climbs to a new record high**
- **Finalising an optimised mine plan to bring tungsten production forward**
- **R&D Tax Incentive of \$14.1M has proceeded to processing for refund by ATO**

Group 6 Metals Limited (**ASX: G6M**, “**Group 6 Metals**” or the “**Company**”) is pleased to provide an update on its operational activities at the Company’s wholly-owned Dolphin Tungsten Mine (“**DTM**”), located on King Island, Tasmania.

The DTM achieved a new daily ore processing record, more than 1,000t of high-grade ore over 24 hours, marking a steady climb towards its nameplate production capacity. This equates to an hourly throughput of 44 tph or 73% of the design nameplate capacity. This accomplishment reflects the ongoing optimisation efforts of the site team and underscores the plant’s improving efficiency. In parallel to this, the plant achieved 70% utilisation for November, reflecting the increased knowledge of the plant operators. As processing capabilities continue to improve, the DTM is well-positioned to consistently deliver larger volumes in the future, solidifying its role as a reliable supplier of tungsten concentrate.



Figure 1 - Preparation of benches on the eastern side of the Dolphin Pit in preparation for mining of high-grade ore



Figure 2 - Process team members Nathan Hinkley (L) and Crew leader Nick Julian (R) with tungsten concentrate ready for drying and bagging

Due to more stable plant operations and consistent ore quality, concentrate production increased 112% month on month, resulting in 60 dry tonnes (dt) of concentrate (average grade 60% WO<sub>3</sub>) produced in November 2023.

The current focus of the process plant is improving recovery, primarily influenced by head grade, but also a factor of continuous operation and optimising equipment performance. An optimised near-term mine plan, specifically targeting the high-grade ore body and reducing overall material movements, is forecast to steadily increase head grade to an average of 1.1% WO<sub>3</sub> by June 2024.

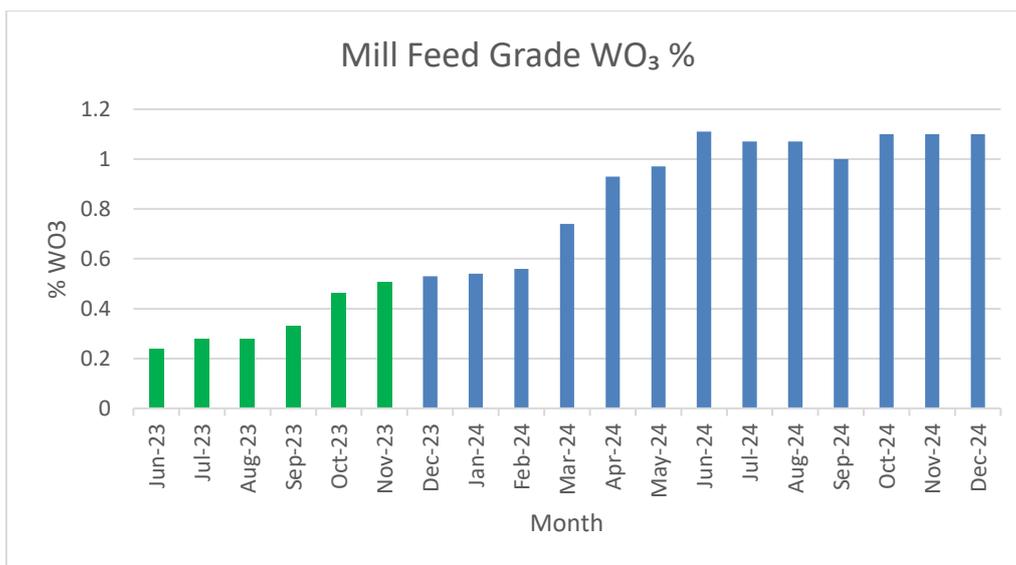


Figure 3 - Actual and Forecast Mill Feed Grade for the Dolphin Tungsten Process Plant

Actual - █ Forecast - █

Processing ultra-high head grade ore will significantly enhance plant recovery, substantially increasing concentrate production starting March 2023 (Fig 4).

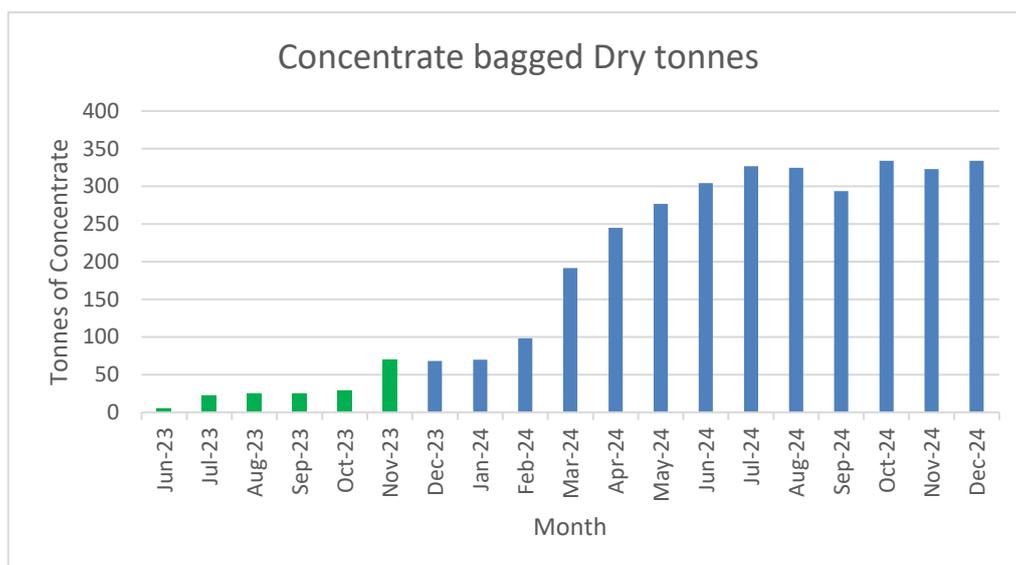


Figure 4 - Actual and Forecast Concentrate Bagged Tonnes for the Dolphin Tungsten Project

Actual - █ Forecast - █

In November, the mining operation transitioned from discrete ore bodies on the periphery of the Dolphin pit to the main ore body located on the pit floor and eastern side. During this transition, 18,768 tonnes of ore with an average grade of 0.56% WO<sub>3</sub> and 120,250 BCM of surveyed waste material was mined.

In November, the process team made significant strides, setting new monthly records for process plant average throughput (34 tph) and plant utilisation (70%).

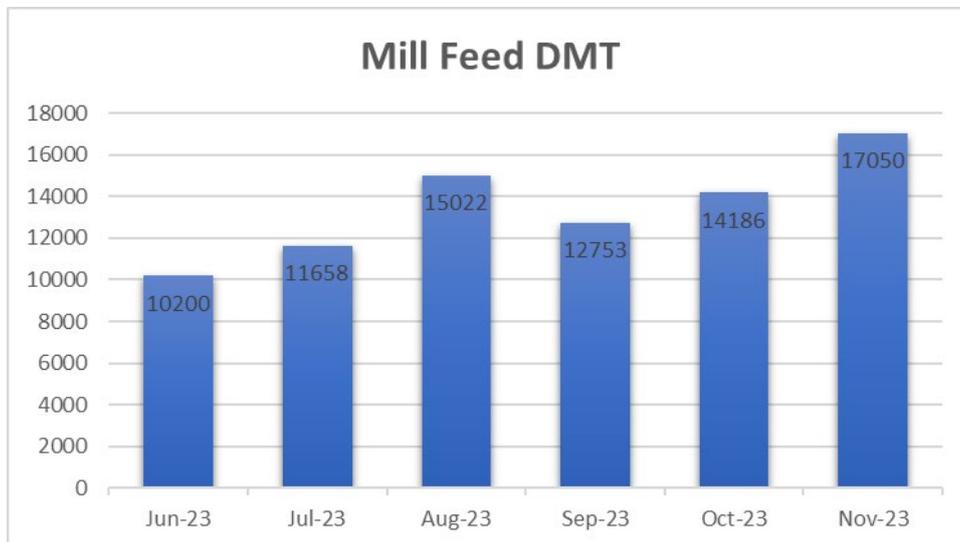


Figure 5 - Mill Feed on Dry tonne Basis

In a significant production boost, the plant processed 17,050 dry tonnes (dt) of ore in November, representing a 20% increase from the previous month and exceeding the previous best month achieved in August 2023 by 13.5%.

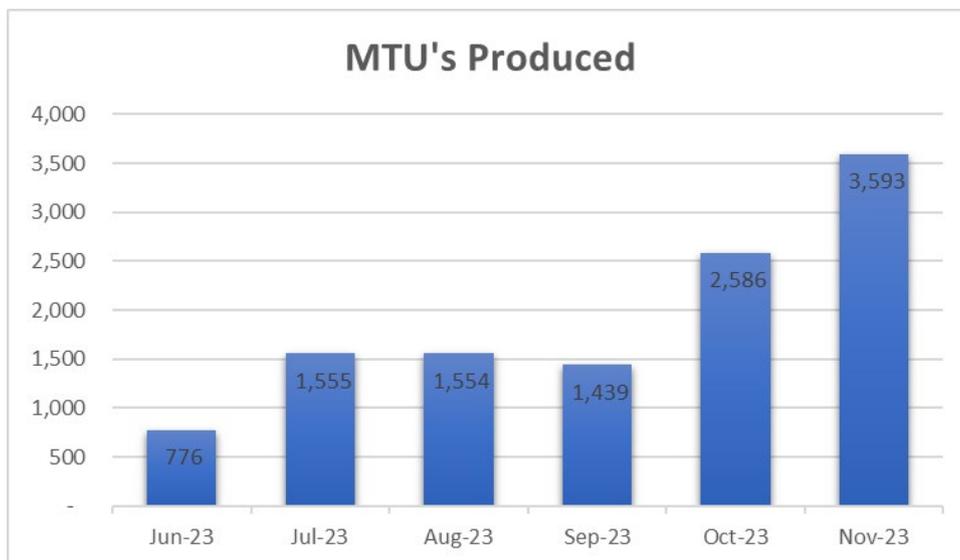


Figure 6 - Metric Tonne Units (10kg) WO<sub>3</sub> Produced

Approximately 60 dry tonnes of concentrate were produced with an average grade of 60% WO<sub>3</sub>, while 70 dry tonnes of concentrate were shipped during the month at a slightly higher grade of 61% WO<sub>3</sub>.

To continuously improve key performance characteristics of the plant, a planned 5–6-day shutdown in early January will allow for several mechanical enhancements and repairs. This proactive maintenance, which comes on the heels of a better performance in November, will enhance the performance and reliability of the plant in anticipation of ultra-high-grade ore expected early in the new year.

**Group 6 Metals Managing Director & Chief Executive Officer Keith McKnight said:**

*“While June saw a promising start following the commissioning of the process plant, September proved challenging with unexpected mechanical issues in the process plant. The team’s dedication to stabilising operations in October led to significant improvement in November. Plant utilisation is approaching the assumed 75%, and the recent daily ore processing record of 44 tph in early December indicates that the process plant is on the right track”.*

*“Meanwhile, the mining team has identified opportunities to accelerate the extraction of ultra-high-grade open-cut ore. This ore will be available for processing starting in March, leading to a significant increase in concentrate volumes while requiring less ore to be processed. This change will lower operating unit costs and mitigate potential risks to the concentrate production forecast for the next 12 months”.*

*“The continued improvement in October and November across mining and process plant operations is encouraging. This progress speaks volumes about the dedication and unwavering commitment of the G6M team. As we enter 2024, we are excited for the project to capitalise on this momentum and looking to achieve stable economic production by April and unlock the full potential of this exceptional high-grade ore body”.*

Tungsten is a critical mineral used in various applications, including steelmaking, mining, construction, electronics and defence. The global demand for tungsten is expected to grow significantly in the coming years, driven by demand from the construction, mining and defence sectors.

While trading volumes for tungsten products have remained lower over the year, as excess stock from 2022 continues to be rundown, the Ammonium Paratungstate (APT) CIF Rotterdam prices have remained robust and currently sit at US\$300 – 325 per MTU (10 kg of WO<sub>3</sub>).

**Keith McKnight continued,** *“Despite weaker trading volumes, the APT price has shown remarkable resilience in 2023. This suggests that the current price might represent a new “lower benchmark” established amidst global cost increases in mining and APT production. As tungsten inventories deplete into the end of the year and early 2024, coupled with anticipated demand increases in the US and Europe, the stage is set for a renewed positive price trend.”*

## Research and development tax incentive

The Company is pleased to announce the successful approval of our Research & Development (R&D) tax incentive application for the year ending June 30, 2023. This approval translates to a \$14.1 million cash refund, expected to be paid mid-January.

The Australian R&D Tax Incentive significantly supported our commitment to innovation and operational excellence. At DTM, we've implemented a series of novel innovations in our processing flowsheet, aiming to enhance recovery rates and reduce the costs of concentrate production. The success of these innovations holds immense potential for future projects on King Island and beyond.

**Keith McKnight continued**, *“The R&D Tax Incentive scheme is a powerful tool for Australian companies to drive innovation, gain a competitive edge, attract talent, and ultimately contribute to our nation's economic prosperity and global reputation.*

*The refund provides a timely injection of cash as production ramp at DTM gathers pace.”*

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 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.

## Forward-looking statements

Statements in this Announcement may be forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as, but not limited to, 'may', 'will', 'expect', 'anticipate', 'estimate', 'would be', 'believe' or 'continue' or the negative or other variations of comparable terminology.

Certain statements made in this announcement contain or comprise certain forward-looking statements regarding Group 6 Metal's Mineral Resources and Reserves, exploration and project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Group 6 Metals believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions. They are subject to inherent risks and uncertainties that could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements. No assurance can be given that such expectations will prove correct.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, the success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in commodity prices and exchange rates and business and operational risk management.