

GROUP 6 METALS Limited

ABN 40 004 681 734

Interim Financial Statements

Six Months Ended 31 December 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Six months interim period ended 31
December 2021

	2021 \$	Up / Down	Movement %
Revenue from operating activities	-	-	-
Loss before interest and income tax	9,592,153	Up	772.2
Net financing loss/ (gain)	(2,163,794)	Up	1,236.0
Income tax benefit	-	-	-
Loss from ordinary activities after tax attributable to members of the parent	7,428,359	Up	475.7
Net loss for the period attributable to members	7,428,359	Up	475.7

Cents

Loss per share – basic	1.3	Up	155.2
Loss per share – diluted	1.3	Up	155.2

Dividends	Amount per security (cents)	Franked amount per security (cents)
2022 interim dividend	-	-
2021 final dividend paid	-	-
Record date for determining entitlements to the interim dividend:	-	-

Brief explanation of any figures reported above or other items of importance not previously reported to the market:

Refer to the Directors' Report included in the interim financial statements for explanations.

Discussion and Analysis of the results for the six months ended 31 December 2021:

Refer to the Directors' Report included in the interim period financial report for commentary.

	Current Period	Previous corresponding period
Net Tangible Assets (Deficiency) per ordinary share -- NTA Shortfall	2.8 cents	(0.1) cents

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DIRECTORS' REPORT

The directors of Group 6 Metals Limited (**Company**) and its subsidiaries (together referred to as the **Group**) present their report together with the consolidated financial report for the six months ended 31 December 2021 and the auditor's review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Johann JOOSTE-JACOBS	(Executive Chairman)	Appointed 30 November 2012
Christopher ELLIS	(Executive Director)	Appointed 8 November 2012
Gregory HANCOCK	(Non-Executive Director)	Appointed 26 February 2019

REVIEW OF OPERATIONS

Dolphin Tungsten Project

Key Points

- Confirmation of the redevelopment of the Dolphin Tungsten Project after securing full funding and shareholder approval for those funding arrangements
- Executed construction contract with Gekko Systems Pty Ltd for the design, procurement, construction and commissioning of the processing plant and related facilities for the redevelopment of the Dolphin Tungsten Project
- Tasmanian Government provision of \$2million grant to Hydro Tasmania for upgrading the capacity of the 11kv transmission line to the Dolphin Tungsten Project.
- Regional exploration of the Company's extensive Exploration Licences planned for 2022
- The Company name change from "King Island Scheelite Limited" to "Group 6 Metals Limited" and ASX code from "KIS" to "G6M" completed in November 2021
- \$10.2 million mobile mining fleet financing approved with OEM Financier

Tungsten Market

APT (Ammonium Paratungstate) is the product pricing used as a benchmark for the sale of WO₃ concentrate and is regularly quoted in industry journals. Concentrate acquired by the APT processors is conventionally a 65% WO₃ concentrate, therefore the net back price to producers is somewhat lower, generally around 80% of the reported APT price for the same quantity of contained WO₃.

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

Since then and despite the negative pressure on prices resulting from the initial outbreak of COVID-19, the price has steadily increased during the six months to 31 December 2021 from US\$280/mtu in June 2021 to US\$320/mtu at the half year end.

DIRECTORS' REPORT (continued)

Capital Raising

During the interim period to 31 December 2021, capital was raised by way of a two-tranche share placement to a range of institutional and sophisticated investors, and an underwritten Share Purchase Plan (SPP).

The Company raised \$31,000,000 cash (before issue costs) upon the issue of 221,428,579 ordinary fully paid shares for \$0.14 each, as follows:

1. Between 7 October and 4 November 2021, the Company issued 102,238,222 new shares at \$0.14 each (Tranche 1);
2. On 25 November 2021, the Company issued 79,621,429 new shares at \$0.14 each (Tranche 2);
3. The underwritten share purchase plan raised \$5,539,650 cash (before issue costs) with the Company issuing 39,568,928 ordinary fully paid shares for \$0.14 each to existing eligible shareholders after shareholder approval was obtained at the Company's Annual General Meeting held on 8 November 2021. The SPP was underwritten by existing shareholders Chris Ellis and Elphinstone Group.

Exercise of Quoted Options

During the interim period to 31 December 2021, capital was raised by way of the exercise of 29,946,157 quoted options raising \$2,994,616.

Exercise of Unquoted Options

During the interim period to 31 December 2021, capital was raised by way of the exercise of 3,000,000 unquoted options raising \$240,000.

Further details of capital raisings are set out in Note A6.

Loan Funding

On 6 September 2021, the Group announced that it had secured an additional \$33 million in debt finance via a group of lenders for the redevelopment of its Dolphin Tungsten Project. The key terms of the facilities are summarised as below;

	Pure Asset Management Pty Ltd ATF Pure Resources Fund (PURE)	Chrysalis Investments ATF the Ellis Family Trust	Abex Limited	Elphinstone Holdings Pty Ltd	D.A.CH.S Capital AG
Commitment	Interest only, cash advance facility of \$10,000,000.	Debt facility of \$4,000,000 and convertible debt facility of \$4,500,000 plus capitalised interest	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	Three years.	42 months from project commissioning	42 months from project commissioning	42 months from project commissioning	42 months from project commissioning
Termination Date	10 November 2024	42 months from project commissioning	42 months from project commissioning	42 months from project commissioning	42 months from project commissioning

DIRECTORS' REPORT (continued)

Repayment	On Termination Date. Early repayment of the facility is permitted at any time.	Semi annual repayments of \$666,666 commencing 12 months after project commissioning (debt only) Semi annual repayments of \$750,000 commencing 12 months after project commissioning (convertible 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	8.25% per annum	8.25% per annum (debt only) 6.5% per annum (convertible debt)	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	5% per annum above the applicable interest rate
Security	Fixed and floating charge over all of the assets of the Group 6 Metals Limited and its wholly owned subsidiaries Australian Tungsten Pty Ltd and Scheelite Management Pty Ltd.				
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.				

As at 31 December 2021, the Pure loan is fully drawn. All other facilities are available but not drawn. Further details regarding these loan funds are set out in Notes A11 and A12.

OUTLOOK

The key objective remains to bring the high-grade Dolphin tungsten deposit on King Island into production.

Next steps are:

1. Continue with construction and redevelopment of the Dolphin Tungsten Mine in line with the indicative timetable announced to the ASX on 19 January 2022
2. Finalise legal documentation on Tasmanian Government Loan

DIRECTORS' REPORT (continued)

SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the interim period 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 Company, 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:

1. On 11 January 2022, the Group purchased a used D8 Dozer under the \$10.2 million Equipment Finance Facility as announced on 8 November 2021. The lease-purchase finance of \$515,685 is 75% of the purchase price of the dozer, including interest, and is repayable in equal monthly instalments over 48 months.
2. 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.
3. On 23 January 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 purchase of the Campus provides the Group with property suitable for the construction of accommodation facilities for its construction and operational workforce.
4. On 24 January 2022, the Group announced the appointment of Keith McKnight as its Chief Executive Officer. It was considered necessary to engage an executive with the appropriate skills as the Group enters the next phase of its development.

DIRECTORS' REPORT (continued)

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 34 and forms part of the Directors' Report for the six months ended 31 December 2021.

ROUNDING OFF

The Company is not of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and as such, amounts in the interim financial statements and directors' report have been reported to the nearest dollar, unless otherwise stated.

COMPETENT PERSON'S STATEMENT

The information in this report relating to Mineral Reserves, Resources and Exploration Results is extracted from reports lodged as market announcements and available to view on the Company's web-site 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 announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements 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 announcements.

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



Johann Jacobs
Chairman
Sydney
15 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SIX MONTHS ENDED 31 DECEMBER 2021

	Note	2021	2020
		\$	\$
Other income	A13	2,880	55,102
Employee expenses		(482,392)	(300,125)
Non-cash employee expense from granting of options to Directors/ employees	A8	(1,735,256)	-
Non-cash expense from the granting of warrants	A8	(4,946,036)	-
Administration expenses		(1,193,598)	(353,507)
Depreciation expense- property, plant & equipment	A9	(94,027)	(93,983)
Depreciation expense- right-of-use-asset		(58,200)	-
Exploration & evaluation expenses		(1,085,524)	(407,259)
Loss before interest and income tax		(9,592,153)	(1,099,772)
Financial income - interest		958	340
Financial income- change in fair value of financial asset	A11	2,165,443	-
Financial expense - interest		(2,607)	(190,819)
Net financing income/ (loss)		2,163,794	(190,819)
Loss before income tax		(7,428,359)	(1,290,251)
Income tax benefit		-	-
Net loss attributable to members of the parent		(7,428,359)	(1,290,251)
Other comprehensive income for the interim period, net of income tax		-	-
Total comprehensive income for the interim period		(7,428,359)	(1,290,251)
		Cents	Cents
Loss per share – basic		(1.3)	(0.5)
Loss per share – diluted		(1.3)	(0.5)

The condensed notes on pages 13 to 32 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31 December 2021	30 June 2021
		\$	\$
Current assets			
Cash and cash equivalents		36,051,202	3,190,382
Prepayments and other receivables		2,048,739	290,425
Total current assets		38,099,941	3,480,808
Non-current assets			
Prepayments and other receivables		24,600	24,600
Property, plant and equipment	A9	3,603,095	3,689,790
Right-of-use assets		77,600	135,801
Mine development assets	A10	12,665,669	-
Total non-current assets		16,370,964	3,850,191
Total assets		54,470,905	7,330,999
Current liabilities			
Trade and other payables		7,461,339	580,670
Lease liabilities		67,580	82,921
Interest payable	A12	117,534	-
Total current liabilities		7,646,453	663,591
Non-current liabilities			
Derivative liabilities	A11	7,411,060	-
Lease liabilities		-	16,787
Secured loan payable	A12	9,834,545	-
Total non-current liabilities		17,245,605	16,787
Total liabilities		24,892,058	680,378
Net assets		29,578,847	6,650,621
Equity			
Issued capital	A5	103,101,559	69,849,763
Reserve	A8	1,447,757	4,342,968
Accumulated losses		(74,970,469)	(67,542,110)
Total Equity		29,578,847	6,650,621

The condensed notes on pages 13 to 32 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 31 DECEMBER 2021

	Note	Ordinary fully paid shares \$	Share option reserve \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2020		60,202,192	1,359,991	(62,666,772)	(1,104,589)
Proceeds from capital raising	A6	2,179,398	-	-	2,179,398
Capital raising costs	A6	(150,368)	-	-	(150,368)
Total comprehensive income for the interim period		-	-	(1,290,251)	(1,290,251)
Balance at 31 December 2020		62,231,222	1,359,991	(63,957,023)	(365,810)
Balance at 1 July 2021		69,849,763	4,342,968	(67,542,110)	6,650,621
Equity settled share-based payments	A6	55,000	(2,895,211)	-	(2,840,211)
Capital raisings	A6	34,234,610	-	-	34,234,610
Capital raising costs	A6	(1,037,814)	-	-	(1,037,814)
Total comprehensive income for the interim period		-	-	(7,428,359)	(7,428,359)
Balance at 31 December 2021		103,101,559	1,447,757	(74,970,469)	29,578,847

The condensed notes on pages 13 to 32 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Cash flows used in operating activities			
Other income received		5,210	-
Cash paid to suppliers and employees		(919,960)	(990,661)
Cash used in operations		(914,750)	(990,661)
Interest paid		(2,607)	(3,155)
Interest received		957	340
Net cash used in operating activities		(916,400)	(993,476)
Cash flows used in investing activities			
Payments for property, plant and equipment		(7,332)	(209,147)
Payments for mine development costs		(8,637,084)	-
Other deposits paid		(586,479)	-
Net cash used in investing activities		(9,230,895)	(209,147)
Cash flows from financing activities			
Proceeds from capital raisings	A6	34,234,625	2,162,993
Payments for capital raising costs	A6	(1,037,829)	(150,368)
Payment of lease liabilities		(23,227)	-
Proceeds from borrowings	A12	9,834,545	250,000
Receipt of government grant		-	55,102
Net cash generated from financing activities		43,008,114	2,317,727
Net increase in cash and cash equivalents		32,860,819	1,115,104
Cash and cash equivalents at 1 July		3,190,383	651,163
Cash and cash equivalents at 31 December		36,051,202	1,766,267

The condensed notes on pages 13 to 32 are an integral part of these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

SECTION A KEY FINANCIAL INFORMATION AND PREPARATION BASIS

A1 REPORTING ENTITY

Group 6 Metals Limited (**Company**) is a company domiciled in Australia. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily focused on redeveloping the well-understood and high-grade Dolphin tungsten deposit on King Island.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2021 is available upon request from the Company's registered office at Level 26, 259 George Street, Sydney NSW 2000, or the Company's website at www.g6m.com.au.

A2 BASIS OF PREPARATION

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for a full annual financial report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated annual financial report of the Group as at and for the year ended 30 June 2021.

These interim financial statements were approved by the Board of Directors on 15 March 2022. The Company is not of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and, in accordance with the Class Order, amounts in these interim financial statements and directors' report have been rounded to the nearest dollar, unless otherwise stated.

A3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, the Company's management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated annual financial report of the Group as at and for the year ended 30 June 2021 other than those outlined below.

Fair Value of Derivative Financial Instruments

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

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

The Group assess 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. Some of the criteria used to identify the production start date include, but are not limited to:

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 WO₃ in a saleable form (within specifications);
4. Ability to sustain ongoing production of WO₃; and
5. Positive cash flow from operations.

A4 GOING CONCERN

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

A5 ISSUED CAPITAL

	Note	31 December 2021	30 June 2021
		\$	\$
Ordinary fully paid shares	A6	<u>103,101,559</u>	69,849,763

A6 ORDINARY FULLY PAID SHARES

	Note	Number	\$
Balance 1 July 2020		264,381,303	60,202,192
Share issue (consultants)- 15 October 2020		328,100	16,405
Capital raising – 29 July 2019		39,327,271	2,162,993
Capital raising costs		-	(150,368)
Balance 31 December 2020		<u>304,036,674</u>	<u>62,231,222</u>
Balance 1 July 2021		376,006,725	69,849,763
Exercise of quoted options		29,946,157	2,994,609
Exercise of unquoted options		3,000,000	240,000
Shares placement		221,428,579	31,000,001
Equity settled share-based payment		373,254	55,000
Capital raising costs		-	(1,037,814)
Balance 31 December 2021	A5	<u>630,754,715</u>	<u>103,101,559</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A7 OPTION MOVEMENTS

	Exercise Price per share	Expiry Date	Opening 1 July Number	Issued Number	Exercised Number	Expired Number	Closing 31 December Number
Half year ended 31 December 2020							
Unquoted	28 cents	31 Dec 2002	4,000,000	-	-	(4,000,000)	-
Unquoted	6 cents	31 Dec 2022	3,000,000	-	-	-	3,000,000
Unquoted	8 cents	31 Dec 2022	3,000,000	-	-	-	3,000,000
Unquoted	10 cents	31 Dec 2022	3,000,000	-	-	-	3,000,000
Unquoted	11 cents	15 Oct 2024	1,000,000	-	-	-	1,000,000
Unquoted	13 cents	15 Oct 2024	1,000,000	-	-	-	1,000,000
Unquoted	15 cents	15 Oct 2024	1,000,000	-	-	-	1,000,000
			16,000,000	-	-	(4,000,000)	12,000,000
Quoted	10 cents	1 Aug 2021	15,580,737	-	-	-	15,580,737
			31,580,737	-	-	(4,000,000)	27,580,737
Half year ended 31 December 2021							
Unquoted	6 cents	31 Dec 2022	2,000,000	-	(1,000,000)	-	1,000,000
Unquoted	8 cents	31 Dec 2022	2,375,000	-	(1,000,000)	-	1,375,000
Unquoted	10 cents	31 Dec 2022	3,000,000	-	(1,000,000)	-	2,000,000
Unquoted	11 cents	15 Oct 2024	1,000,000	-	-	-	1,000,000
Unquoted	13 cents	15 Oct 2024	1,000,000	-	-	-	1,000,000
Unquoted	15 cents	15 Oct 2024	1,000,000	-	-	-	1,000,000
Unquoted	11 cents	7 Sept 2024	-	1,000,000	-	-	1,000,000
Unquoted	13 cents	7 Sept 2025	-	1,000,000	-	-	1,000,000
Unquoted	15 cents	7 Sept 2026	-	1,000,000	-	-	1,000,000
			10,375,000	3,000,000	(3,000,000)	-	10,375,000
Quoted	10 cents	1 Aug 2021	30,726,013	-	(29,946,157)	(779,856)	-
			41,101,013	3,000,000	(32,946,157)	(779,856)	10,375,000

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A8 RESERVE

	31 December 2021 \$	30 June 2021 \$
Share option reserve	<u>1,447,757</u>	<u>4,342,968</u>
Share option reserve movements	31 December 2021 \$	31 December 2020 \$
Balance at 1 July	4,342,968	1,359,991
Derivative financial instruments	(9,576,503)	-
Equity settled share-based payments for the interim period	<u>6,681,292</u>	<u>-</u>
Balance at 31 December	<u>1,447,757</u>	<u>1,359,991</u>

Director's Options

No new options were granted to Directors during the six months to 31 December 2021. The options in the previous period were granted at no cost to the recipient. The fair value of the options at the Grant Date is determined using the Black Scholes model. The options expense relating to Director options for the interim period to 31 December 2021 totals \$1,324,796 (2020 \$Nil).

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

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 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 arrangement is prohibited by law.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Details of the total options held by directors in the Company are shown in the following table.

Group 6 Metals Limited Unquoted Options

Group 6 Metals Limited Unquoted Options			Johann Jacobs	Chris Ellis	Gregory Hancock	Total
Exercise Price per share	Vesting Date	Expiry Date	Number	Number	Number	Number
30 June 2021						
28 cents	1 Jan 2016	31 December 2020	2,000,000	-	-	2,000,000
6 cents	21 Dec 2017	31 Dec 2022	1,000,000	1,000,000	-	2,000,000
8 cents	21 Dec 2017	31 Dec 2022	1,000,000	1,000,000	-	2,000,000
10 cents	21 Dec 2017	31 Dec 2022	1,000,000	1,000,000	-	2,000,000
11 cents	15 Oct 2019	15 Oct 2024	-	-	1,000,000	1,000,000
13 cents	15 Oct 2019	15 Oct 2024	-	-	1,000,000	1,000,000
15 cents	15 Oct 2019	15 Oct 2024	-	-	1,000,000	1,000,000
			5,000,000	3,000,000	3,000,000	11,000,000
31 December 2021						
6 cents	31 Dec 2017	31 December 2022	-	1,000,000	-	1,000,000
8 cents	31 Dec 2017	31 December 2022	375,000	1,000,000	-	1,375,000
10 cents	31 Dec 2017	31 December 2022	1,000,000	1,000,000	-	2,000,000
11 cents	15 Oct 2019	15 Oct 2024	-	-	1,000,000	1,000,000
13 cents	15 Oct 2019	15 Oct 2024	-	-	1,000,000	1,000,000
15 cents	15 Oct 2019	15 Oct 2024	-	-	1,000,000	1,000,000
			1,375,000	3,000,000	3,000,000	7,375,000
Performance Options						
0 cents	30 Sept 2021^	30 Sept 2026	3,000,000	3,000,000	3,000,000	9,000,000
0 cents	30 Sept 2023*	30 Sept 2028	4,000,000	4,000,000	4,000,000	12,000,000
			7,000,000	7,000,000	7,000,000	21,000,000

[^] Vested

^{*} Vesting is subject to the satisfaction of certain performance hurdles

On 5 February 2021, 21,000,000 unquoted performance options were issued to the Company's three directors (7,000,000 unquoted options each) for no consideration as follows:

- Vesting subject to certain performance hurdles;
- An exercise period of five (5) years commencing from the vesting date;
- Nil exercise price; and
- otherwise on the terms and conditions set out in the AGM's explanatory memorandum.

after shareholder approval was obtained at the Company's Annual General Meeting held on 8 January 2021.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Share based payments

On 7 September 2021, the Group issued 3,000,000 unquoted options to a Key Management Personnel.

The options were granted at no cost to the recipient. The fair value of the options at the Grant Date is determined using the Black Scholes model. The options expense relating to KMP options for the interim period to 31 December 2021 totals \$410,460 (2020 \$Nil).

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

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 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 arrangement is prohibited by law.

On 18 November 2021 the Group issued 46,428,571 warrants to Pure Asset Management Pty Ltd ATF Pure Resources Fund. The warrants were issued in consideration for the issue of the \$10,000,000 loan facility.

The warrants were granted at no cost to the recipient. The fair value of the warrants at the Grant Date is determined using the Black Scholes model. The options expense relating to the Pure warrants for the interim period to 31 December 2021 totals \$4,946,036 (2020 \$Nil).

No terms of equity settled share-based payment transactions have been altered or modified by the issuing entity during the interim period or the prior period.

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

Group 6 Metals Limited Unquoted Options & Warrants

Exercise Price per share	Vesting Date	Expiry Date	KMP	Pure	Total
			Number	Number	Number
31 December 2021					
11 cents	7 Sept 2021	7 Sept 2024	1,000,000	-	1,000,000
13 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
			3,000,000	-	3,000,000
Warrants					
21 cents	18 Nov 2021	31 Dec 2025	-	46,428,571	46,428,571
			-	46,428,571	46,428,571

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Derivative financial instruments

On 18 November 2021 the Group issued 101,785,715 warrants to four providers of convertible loan facilities. The warrants were issued as part of the total convertible loan facilities of \$19,000,000.

The warrants were granted at no cost to the recipient. The fair value of the warrants at the Grant Date is determined using the Black Scholes valuation model. Refer to Note A11 for further details.

No terms of warrants have been altered or modified by the issuing entity during the interim period or the prior period.

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

Group 6 Metals Limited- Unquoted Warrants

Exercise Price per share	Vesting Date	Expiry Date	Chrysalis	Abex	Elphinstone	D.A.CH.S	
			Number	Number	Number	Number	TOTAL
31 December 2021							
19.6 cents	18 Nov 2021	Various	24,107,143	34,821,429	26,785,714	16,071,429	101,785,715
			24,107,143	34,821,429	26,785,714	16,071,429	101,785,715

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A9 PROPERTY, PLANT AND EQUIPMENT

	31 December 2021	30 June 2021
	\$	\$
Property, plant & equipment	3,603,095	3,689,790
	3,603,095	3,689,790

Acquisitions and disposals

During the six months to 31 December 2021, the Group made acquisitions of property, plant and equipment totalling \$7,332 (2020: \$286,147).

Commitments

On 8 November 2021, the Company announced that it had secured a \$10.22 million Equipment Finance Facility. The facility was not drawn at 31 December 2021.

A10 MINE DEVELOPMENT COSTS

	31 December 2021	30 June 2021
	\$	\$
Mine development costs	12,665,669	-
	12,665,669	-
Movements in mine development costs	31 December 2021	31 December 2020
	\$	\$
Balance at 1 July	-	-
Additions	12,665,669	-
Balance at 31 December	12,665,669	-

On 1 October 2021, Group 6 Metals Limited determined that it was sufficiently advanced in securing \$88 million in project funding and that it would proceed with the development the Dolphin Tungsten Project on King Island Tasmania.

Refer to Note D1 for further details about the accounting policy for mine development costs.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A11 DERIVATIVE LIABILITIES

	31 December 2021	30 June 2021
	\$	\$
Derivative financial instruments	7,411,060	-
	<u>7,411,060</u>	<u>-</u>
Movements in financial assets	31 December 2021	31 December 2020
	\$	\$
Balance at 1 July	-	-
Additions	9,576,503	-
Change in fair value of derivative financial instrument	(2,165,443)	-
Balance at 31 December	<u>7,411,060</u>	<u>-</u>

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 its Dolphin Tungsten Project. Four of the Group's major shareholders have provided finance by way of convertible debt facilities.

The loans which are available but undrawn at 31 December 2021, can be converted to equity via the exercise of warrants issued on 18 November 2021.

The key terms of the derivative financial instruments are summarised as below;

NOTES TO THE INTERIM FINANCIAL STATEMENTS

	Chrysalis Investments ATF the Ellis Family Trust	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)	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.			
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.			

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 takes into account 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A12 NON-CURRENT LIABILITIES

Borrowings

The balance of the loan together with interest payable as at 31 December 2021 are detailed below.

	31 December 2021	30 June 2021
Secured loan by Pure Asset Management Pty Ltd (PURE)		
Current Liability – Interest payable	117,534	-
Non-Current Liability – Loan balance	9,834,454	-
	9,952,079	-

During the half year ended 31 December 2021, secured loan funding of \$10,000,000 less transaction costs was provided to the Group by Pure. The purpose of the loan is to assist the Group with the development of the Dolphin mine at Grassy on King Island.

Key terms of the PURE loan agreements 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 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 capitalization of interest and fees.

During the half year ended 31 December 2021, the Company also secured finance from four of the Company's major shareholders. Refer to Note A11 for details of undrawn derivative financial instruments.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A13 OTHER INCOME

	Note	31 December 2021	31 December 2020
		\$	\$
ATO cash boost stimulus received		-	55,102
Rental income		2,880	-
Other income		2,880	55,102

A14 DIVIDENDS

No dividends were paid by the Company during the six months to 31 December 2021 (2020 \$Nil).

A15 COMMITMENTS

Office Lease

The Group continues to occupy office space at Level 26, 259 George Street, Sydney with no fixed lease term and no other lease commitments.

Exploration

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.

Details of mining tenements held at 31 December 2021 and their location are:

Tenement Reference	Details	Expiry Date	Location	Interest Held	Expenditure Commitments
				%	\$
EL 19/2001 Exploration Licence	Exploration for minerals over 67 square kilometres	14 December 2029	Grassy, King Island, Tasmania	100	\$200,000 by 24 Dec 2022
CML 2080P/M Mining Lease	Mining operation approved over 566ha of combined Mining Lease ML 1M/ 2006 and ML 2060 P/M	5 June 2029	Grassy, King Island, Tasmania	100	-

All Dolphin Project licences are in good standing at the date of this report.

Security Bond

In order to maintain current rights of tenure to its mining licence, the Group is required to pay a security deposit to ensure there will be sufficient funds available for the remediation of mining activities should the licensee default on their obligations.

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A16 SEGMENT REPORTING

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 currently explores for tungsten and is in the exploration and evaluation phase of bringing into development the King Island tungsten deposit and, as such, currently provides no products for sale.

Geographical Areas

The Group's exploration activities are located solely in Australia.

A17 CONTINGENCIES

Purchase price and royalty

The Dolphin Tungsten Project has a liability to a third-party in respect of the acquisition of the tenements. If the decision to mine is taken and there is receipt of sufficient finance (at least \$1,000,000), the amount payable to the third party is \$250,000 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).

Adjoining land

On 12 July 2005 the Company entered into an agreement with a third-party vendor to acquire a 5-hectare block of land immediately on the northern boundary of the mine lease to ensure that an appropriate buffer zone is in place between the planned mine and Grassy township. The terms of this purchase were an initial payment of \$700,000 plus an additional \$100,000 payable upon the Company obtaining a permit for planning and development approval to carry on an extractive industry, both of which have been paid in full. There is a further \$100,000 payable to the third-party vendor contingent upon the commencement of operations.

Hunan Nonferrous Metals Corporation Ltd

Under the agreed terms relating to termination of the Dolphin Joint Venture, effective 17 December 2010, the Company'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 Company 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 Company pay, 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 Company 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A18 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the interim period 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 Company, 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:

1. On 11 January 2022, the Group purchased a used D8 Dozer under the \$10.2 million Equipment Finance Facility as announced on 8 November 2021. The lease-purchase finance of \$515,685 is 75% of the purchase price of the dozer, including interest, and is repayable in equal monthly instalments over 48 months.
2. 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.
3. On 23 January 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 purchase of the Campus provides the Group with property suitable for the construction of accommodation facilities for its construction and operational workforce.
4. On 24 January 2022, the Group announced the appointment of Keith McKnight as its Chief Executive Officer. It was considered necessary to engage an executive with the appropriate skills as the Group enters the next phase of its development.

SECTION B RISK AND JUDGEMENT

B1 FAIR VALUES

Certain provisions of the Group's accounting policies and disclosures require the measurement of fair values for share based payment arrangements, and financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

SECTION C KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

C1 RELATED PARTY TRANSACTIONS

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 \$2,100 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 six months ending 31 December 2021 total \$163,834 (2020 \$82,234).
- (d) These fees are in addition to Mr Jacobs' Chairman fees payable at \$30,987 per annum, plus statutory superannuation.

On 16 November 2021, 214,286 fully paid ordinary shares were issued to an entity related to Mr Jacobs at \$0.14 per share to raise \$30,000 under the SPP. On 25 November 2021, a further 692,857 fully paid ordinary shares were issued to an entity related to Mr Jacobs at \$0.14 per share to raise \$97,000 under the tranche two share placement. Shareholder approval of the issue of the shares was obtained at the Company's Annual General Meeting held on 8 November 2021.

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 \$1,600 per day (excluding GST) on an as-required basis. Consulting fees charged by the company related to Mr Hancock for the six months ending 31 December 2021 total \$28,800 (2020 \$6,400).
- (d) These fees are in addition to Mr Hancock's Director fees payable at \$26,400 per annum, plus statutory superannuation.

Christopher Ellis

On 4 October 2021, the Group announced that it would undertake a Share Purchase Plan (SPP) to raise \$5,500,000. Mr Ellis, via his nominated entity, Chrysalis, entered into an underwriting agreement to subscribe for up to \$2,769,825 of any shortfall arising under the SPP. On completion of the SPP, the Group was required to pay an underwriting fee of \$110,793.

On 16 November 2021, 7,288,633 fully paid ordinary shares were issued to an entity related to Mr Ellis at \$0.14 per share to raise \$1,020,409 under the SPP. On 25 November 2021, a further 10,714,286 fully paid ordinary shares were issued to an entity related to Mr Ellis at \$0.14 per share to raise \$1,500,000 under the tranche two share placement. Shareholder approval of the issue of the shares was obtained at the Company's Annual General Meeting held on 8 November 2021.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

During the half year ended 31 December 2021, the Group secured a debt facility of \$4,000,000 and a convertible debt facility of \$4,500,000 from Chrysalis Investments Pty Ltd a company related to Mr Ellis. The two facilities are available but not drawn at 31 December 2021.

The loans were negotiated on an arm's length basis. On 18 November 2021, 24,107,143 warrants were issued to Chrysalis Investments Pty Ltd in relation to the convertible loan. The terms of the loan agreements and warrants are detailed in Note A11.

This is in addition to Mr Ellis' Director fees payable at \$26,400 per annum, plus statutory superannuation.

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

	Transaction Value for six months ended		Balance Outstanding		Terms
	31 Dec 2021	31 Dec 2020	31 Dec 2021	30 June 2021	
	\$	\$	\$	\$	
Directors' Fees	46,007	45,874	18,163	19,375	Payable at call
Consulting Fees	192,634	88,634	69,917	151,034	Payable at call
Underwriting Fees	110,793	-	-	-	Payable at call
	349,434	134,508	88,080	170,409	
Non-cash consideration					
Option remuneration	-	107,890	-	-	Refer Note A6
	-	107,890	-	-	
Loan funding					
Principal	-	250,000	-	-	Refer Note A11
Interest	-	175,024	-	-	
Derivative liability	1,755,251	-	1,755,251	-	
	1,755,251	425,024	1,755,251	-	

Refer to Note A11 for further details about the loan funding.

On 5 February 2021, 21,000,000 unquoted performance options were issued to the Company's three directors (7,000,000 unquoted options each) for no consideration as follows:

- Vesting subject to certain performance hurdles;
- An exercise period of five (5) years commencing from the vesting date;
- Nil exercise price; and
- otherwise on the terms and conditions set out in the AGM's explanatory memorandum.

after shareholder approval was obtained at the Company's Annual General Meeting held on 8 January 2021. During the six months to 31 December 2021, 9,000,000 performance options vested.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

SECTION D OTHER DISCLOSURES

D1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2021 other than those outlined below;

Mine Development Costs

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

Expenditure in constructing a mine by, or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable reserves and resources have been identified. This expenditure includes direct cost of construction and an appropriate allocation of attributable overheads.

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 specific connection with the mine development and where applicable borrowing costs capitalised during development. Mine development costs are not amortised until 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 of the area of interest can commence, the aggregate capitalised costs are 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 projects new cash flows estimated under the Life Of Mine Plan. As at 31 December 2021, the Group determined that there were no impairment indicators.

Significant judgements and estimates

Mine commissioning date

The Group assess 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 WO3 in a saleable form (within specifications);
4. Ability to sustain ongoing production of WO3; and
5. Positive cash flow from operations.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 31 December 2021, the Dolphin Tungsten Mine is not considered to be at this stage and therefore remains as a development asset with no amortisation charge.

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 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 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.

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.

Assessment of the recoverable amounts require the use of estimates and assumptions such as reserves, resources, mine life, discount rates, exchange rates, commodity process, 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.

DIRECTORS' DECLARATION

In the opinion of the directors of Group 6 Metals Limited and its subsidiaries ("the Group"):

- (a) the condensed consolidated financial statements and notes set out on pages 9 to 32, are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the six-month period ended on that date; and
 - ii. complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Johann Jacobs
Chairman

Sydney
15 March 2022



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 review of Group 6 Metals Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Shane O'Connor'.

Shane O'Connor

Partner

Sydney

15 March 2022

Independent Auditor's Review Report

To the shareholders of Group 6 Metals Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Group 6 Metals Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Group 6 Metals Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes A1 to D1 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Group 6 Metals Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2021.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Shane O'Connor

Partner

Sydney

15 March 2022

SECURITY HOLDER INFORMATION

At 21 February 2022 issued capital was 630,754,715 ordinary fully paid shares held by 4,750 holders and 31,375,000 unquoted options (with various exercise prices and expiry dates – refer SECTION C below).

SECTION A Quoted Shares

The 20 largest shareholders at 21 February 2022 were:

Rank	Beneficial Shareholder	Number of Shares	% of Issued Capital
1	MR RICHARD CHADWICK AND MRS GWENDA CHADWICK	100,884,704	15.99%
2	MR CHRISTOPHER ELLIS (DIRECTOR)	86,680,423	13.74%
3	D.A.CH.S. CAPITAL AG	59,929,004	9.50%
4	ELPHINSTONE HOLDINGS PTY LTD	20,283,763	3.22%
5	MR ANTHONY JAMES HAGGARTY	18,570,381	2.94%
6	CITICORP NOMINEES PTY LIMITED	13,510,663	2.14%
7	MRS CATHERINE JEANNE MORRITT	11,802,299	1.87%
8	MR GIUSEPPE CORONICA & MRS YVONNE PRICE	8,270,000	1.31%
9	INVIA CUSTODIAN PTY LIMITED <AJ & LM DAVIES FAMILY A/C>	7,208,011	1.14%
10	BELGRAVIA STRATEGIC EQUITIES PTY LTD	7,142,858	1.13%
11	MR JOHANN JACOBS (DIRECTOR)	6,822,855	1.08%
12	MR ANDREW PLUMMER	5,170,590	0.82%
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,168,448	0.82%
14	HUNAN NONFERROUS METALS CORPORATION LIMITED	4,450,000	0.71%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,011,508	0.64%
16	TYNONG PASTORAL CO PTY LTD	4,000,000	0.63%
17	SERLETT PTY LTD	3,007,670	0.48%
18	MR DEAN ANDREW KENT	2,850,006	0.45%
19	GEKKO SYSTEMS PTY LTD	2,653,310	0.42%
20	MRS WEN LIN	2,299,253	0.36%
Totals: Top 20 holders of ORDINARY SHARES (TOTAL)		374,715,746	59.39%

Distribution of shareholders and holdings at 21 February 2022:

Range	Total holders	Number of Shares	% of total Issued Capital
1 - 1,000	69	7,883	0.00
1,001 - 5,000	1,372	4,369,334	0.69
5,001 - 10,000	884	7,012,351	1.11
10,001 - 100,000	1,853	67,211,472	10.66
100,001 Over	572	552,153,675	87.54
Rounding	-	-	0.00
Total	4,750	630,754,715	100.00

Unmarketable Parcels	Minimum Parcel Size	Holders	Number of Shares
Minimum \$500.00 parcel at \$0.1550 per Share	3,226	809	1,718,792

SECURITY HOLDER INFORMATION (continued)

SECTION B Unquoted Options

Unquoted option holders at 21 February 2022 were:

			Johann Jacobs	Chris Ellis	Gregory Hancock	Charles Murcott	Total
Exercise Price per share	Vesting Date	Expiry Date	Number	Number	Number	Number	Number
6 cents	31 Dec 2017	31 Dec 2022	-	1,000,000	-	-	1,000,000
8 cents	31 Dec 2017	31 Dec 2022	375,000	1,000,000	-	-	1,375,000
10 cents	31 Dec 2017	31 Dec 2022	1,000,000	1,000,000	-	-	2,000,000
11 cents	15 Oct 2019	15 Oct 2024	-	-	1,000,000	-	1,000,000
13 cents	15 Oct 2019	15 Oct 2024	-	-	1,000,000	-	1,000,000
15 cents	15 Oct 2019	15 Oct 2024	-	-	1,000,000	-	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
			1,375,000	3,000,000	3,000,000	3,000,000	10,375,000

SECTION C Performance Options

At 21 February 2022 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	30 Sept 2023 [*]	30 Sept 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

SECURITY HOLDER INFORMATION (continued)

SECTION D Warrants

At 21 February 2022 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	34,821,429	24,107,143	101,785,715
TOTAL			46,428,571	26,785,714	16,071,429	34,821,429	24,107,143	148,214,286