

Group 6 Metals Limited

Developing Dolphin- an old metal for a new world

Group 6 Metals Limited (ASX:G6M) is a soon-to-be-miner and producer, with the development of its 100%-owned Dolphin Tungsten Mine on King Island now underway, targeting first concentrate in Q1 FY23. The company describes the Dolphin Tungsten Projects as hosting '...the highest-grade tungsten deposit of significant size in the western world'. The initial focus of the project is to produce a high-grade tungsten concentrate, however, the company will also look to explore opportunities for value-added product. Although tungsten may not be drawing the focus and attention of next-gen battery metals, the metrics for tungsten are only getting better in a supply-constrained world.

Dolphin construction underway

Earthworks commenced in early in 2022 with civil works commencing in April and plant construction from July. Completion of the plant and mining start-up are scheduled for November...the time-line is aggressive and likely subject to some risk on persisting, post-COVID supply chain issues, but we'd expect delays to be small. First concentrate is planned for March-2023. Importantly the company has secured development costs under turn-key contracts reducing the risk of any significant capital over-runs in the current global inflationary environment. With a net cash position of \$10.8mn (31-Mar) and undrawn debt facilities of \$32.5mn, the company appears well financed through the construction phase and into first production.

A long mine-life with exploration upside

The Dolphin project has JORC defined resources of 11.2Mt @0.9%WO₃ of which 4.43MT @ 0.92% WO₃ are classified as reserves. The project is modelled as delivering ~220,000mtu pa over a mine life of 14 years, initially in an open cut operation (eight years) before progressing to a higher grade underground phase for the remaining mine life. The company has identified a number of exploration targets in proximity to the proposed mine area which may, upon success provide mine-life extension opportunities. The descriptions suggest these are very early-stage targets with commerciality subject to extensive on going evaluation. Despite the higher risk nature of the plays, we would suggest on balance there is reasonable potential for resource additions to the project as currently defined.

The 'tungsten economy' looks very supportive

Management has secured offtake agreements for ~125,000mtu pa across the first four years of production with high-quality European buyers with negotiations on going for further commitments. We do not see offtake as a critical risk to the project. The tungsten market is undergoing a paradigm shift, with the metal now considered as a 'critical mineral' in the US, Canada and through Europe and diversification of supply away from China and Russia being actively encouraged. World tungsten demand is expected to expand supported by strong growth in the cemented carbides sector, for superalloys and other alloys along with increasing demand in the chemicals (*and technology*) sectors. Global tungsten fundamentals are positive for the industry with supply chain issues, rising production costs and significantly stronger global infrastructure spending likely to support prices over the next three-five years with, we suggest, some short-term upside on supply tightness.

Share Details

ASX code	G6M
Share price	\$0.205
Market capitalisation	\$129.3M
Number of shares	630.8M
Options on issue (unlisted)	119.6M
Net cash at 31 Mar	\$10.8M

Share Price Performance (12 months)



Upside Case

- Global demand remains favourable for tungsten...we expect metals prices to remain strong across the cycle.
- Continuing strength in APT pricing.
- Delivery of first concentrate ahead of schedule.

Downside Case

- Delays to first concentrate production through cost increases or supply chain impacts.
- Below model output upon start-up and commissioning.
- Capped or lower APT prices.

Catalysts

- On schedule delivery of project construction and mining
- Announcements on additional value-added opportunities

Comparative companies (Australia & NZ)

All, STM, NVA, ZNC

Company Contacts

Keith McKnight (CEO)	+61 410 635 251
keithm@g6m.com.au	
Johann Jacobs (Exec Chair)	+61 416 125 449
johannj@g6m.com.au	

RaaS Contacts

Andrew Williams	+61 417 880 680
andrew.williams@raasgroup.com	
Finola Burke	+61 414 354 712
finola.burke@raasgroup.com	

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- **who we are**
- **our services**
- **how we transact with you**
- **how we are paid, and**
- **complaint processes**

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- **provide general advice to retail and wholesale clients in relation to**
 - **Securities**
- **deal on behalf of retail and wholesale clients in relation to**
 - **Securities**

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2022 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.