EQUITY RESEARCH

Group 6 Metals (G6M)

Initiation of coverage: Tonnes at the right time

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KEY POINTS: THE RIGHT COMMODITY

With global tungsten supply declining while demand growing, G6M is poised to deliver the right commodity at the right time. We initiate our coverage of Group 6 Metals with a BUY rating and Target Price at $0.32/share (diluted) as production approaches in 2023.

VIEW: CRITICAL EX-CHINA TUNGSTEN SUPPLY ALTERNATIVE

In this critical minerals era, G6M's Dolphin Mine is set to offer a reliable alternative source of supply to counter China's 80% market dominance in tungsten supply. The dependence on China is only being exasperated by European producers idling production due to elevated energy prices and other new mines experiencing development setbacks. As the highest grade tungsten mine outside China and with a proven operating history through to the 1990s, the Dolphin Mine is a critically important scarce asset that should gain the attention of the global industry as it ramps up in 2023 to supply approximately 10% of the ex-China tungsten market.

VALUATION

Our base case DCF valuation is $0.32/share (diluted) using average tungsten price US$340/mtu (in-line with spot) and the 14 year mine life as defined by current JORC reserve. Our upside scenario assumes exploration success (Investigator prospect / Dolphin underground extensions) adding an additional 10 years and $0.11/share of valuation. Our estimated break-even tungsten price is US$215/mtu, approximately 35% below today's prices.

CATALYSTS

The key to closing the share price and valuation gap is the successful commissioning and ramp up of the Dolphin Mine in 2023. Step catalysts along this path include:

1) Mining preproduction phase to commence in January 2023.
2) Process plant commissioning over Feb-March.
3) EPC contractor handover of working plant end of March.
4) Commercial production from April.
5) Ramp up to nameplate mining and processing capacity by July.

Other catalysts include:

1) Higher priced offtake contracts. 35% of forecast production remains uncontracted in a tight market providing the opportunity to sign additional agreements at higher payability levels (~78% currently).
2) Rapid debt repayment. On our forecasts, all debt should be paid back within 2-3 years of commercial production.
3) Exploration to a) Provide a satellite deposit ore feed into spare process capacity from year nine b) Extend mine life and add to valuation support.

RISKS

1) As first production approaches, commissioning risks need to be managed.
2) Tungsten prices. As a critical mineral experiencing positive demand and negative supply growth we expect tungsten prices, to remain well supported. However tungsten will not be immune to a global industrial downturn given overall 40% industrial use as a wear resistant material in tooling.
3) Capex and cost metrics remain a risk. G6M is redeveloping the Dolphin Mine during inflationary times and has recently updated capex and opex guidance factoring this in with contingency.
4) Transition to underground mining from year eight.
5) Failure of the exploration program to extend 14-year mine life would disappoint.

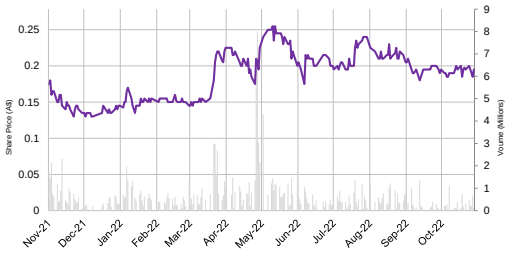
Recommendation	BUY
Previous Recommendation	Initiating Report
Risk Rating	High
Current Share Price	$0.17
12 Month Price Target	$0.32/share
Price target Methodology	DCF
Total Return (Capital + Yield)	89%
DCF Valuation	$0.32/share
Market Capitalisation	$116m (undiluted)
Liquidity	$71k/day

Financial Forecasts & Valuation Metrics

Y/e Jun ($m)	FY21A	FY22A	FY23F	FY24F
WO3 (kmtu)	0	0	64	198.3
EBITDA	-4.4	-10.9	11.7	18.5
EPS (cps)	(1.6)	(2.5)	1.1	1.3
DPS (c)	0.0	0.0	0.0	0.0
EV / EBITDA (x)	N/A	N/A	13.3	7.5
PER (x)	N/A	N/A	15.7	14.0
Dividend Yield	0%	0%	0%	0%
Gearing		26%	168%	69%
Interest Cover (x)	Low	low	11x	4x

Source: PAC Partners Analysis

G6M 12-month Share Price and Volume



Source: CapIQ

Key Milestones

- *Jan-2022 – Pre production mining to commence.*
- *Jan-March 2023 - Process plant commissioning.*
- *Q3 2023 - Commercial production to commence.*
- *2024/2025 – Exploration success to extend mine life.*

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Financial Summary

Group 6 Metals Ltd (G6M)	
Ticker	G6M
Price	$ 0.17
Year end:	30-Jun
IPO	12/06/1994

Valuation	A$m	A$/share	A$/dil. share
Dolphin & Bold Head	261.9	0.34	0.33
Net Cash (Debt)	(6.9)	(0.01)	(0.01)
Cash from options, ITM at val.	1.1	0.00	0.00
G6M Equity Valuation	**256.1**	**0.33**	**0.32**
Upside exploration (+10 yrs)	85.8	0.11	0.11
Potential Valuation	**341.8**	**0.45**	**0.43**
APT Price +/- 10% impact on valuation	+/-27%		
WACC	10%		

Market data	
APT spot US$ per mtu	345
A$ per mtu	515
FX USD:AUD	0.67
Realiseable WO3 Conc. Price (WO3 contained) A$	396

NB: Payability 77% / 10kg = 1 mtu and 100 mtu = 1 tonne

Key Management	
Keith McKnight	MD (& CEO since Jan-2022)
Megan McPherson	CFO and Secretary
Charles Murcott	GM of Project Management and Ops

Board	
Johann Jacobs	Non Exec Chair (Previously Exec Chair)
Chris Ellis	Executive Director
Greg Hancock	NED (Independent)
Keith McKnight	MD (& CEO since Jan-2022)

F'cast->

Key Drivers (June YE)	FY22A	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
W price (Erpe APT US$/mtu (88.5% min)	**345**	**305**	**320**	**363**	**362**	**344**	**350**	**350**	**350**	**350**
WO3 Concentrate (benchmark 65%)		63.5%	63.5%	63.5%	63.5%	63.5%	63.5%	63.5%	63.5%	63.5%
Guided payability (W in concentrate)		77%	77%	77%	77%	77%	77%	77%	77%	77%
W price realised US$/mtu		**235**	**246**	**279**	**278**	**265**	**270**	**270**	**270**	**270**
Cost in US$/mtu		101	102	102	102	102	102	102	105	106
Profit US$/mtu		**134**	**145**	**178**	**177**	**163**	**168**	**168**	**165**	**164**
USD:AUD Forex		0.67	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
AUD Metrics:										
Realised price A$/mtu		**350**	**352**	**399**	**398**	**379**	**385**	**385**	**385**	**385**
Op cost per mtu A$mtu	Cost guide:	151	145	145	145	145	145	145	150	151
3-year Avg. OpEx A$/mtu	147	147	147	147	145	145	145	145	147	149
Profit per mtu A$/mtu		**200**	**207**	**254**	**253**	**234**	**240**	**240**	**235**	**234**
Margin		57%	59%	64%	64%	62%	62%	62%	61%	61%
Reserves of Ore Mt (2P)	4.43	4.43	4.28	3.87	3.46	3.06	2.64	2.23	1.78	1.43
Reserves (contained WO3) Kmtu	4,087	4,004	3,750	3,340	3,124	2,905	2,600	2,079	1,753	1,408
Grade	**0.92%**	**0.92%**	**0.93%**	**0.95%**	**0.97%**	**0.99%**	**1.03%**	**1.08%**	**1.16%**	**1.24%**
Mine life		14.0	13.0	12.0	11.0	10.0	9.0	8.0	7.0	6.0
Reserves: Resource Ratio		34%	34%	33%	31%	29%	26%	23%	20%	17%
Open cut mining Mt		150	410	406	400	422	412	449	281	-
Underground Mt		-	-	-	-	-	-	-	70	300
Metal recovery (guided range 70-85%)		75%	77%	81%	76%	75%	79%	82%	81%	82%
Production WO3 concentrate (kmtu)		**64**	**198**	**320**	**168**	**171**	**238**	**406**	**255**	**269**
Production guidance avg (kmtu)			220	220	220	220	220	221	222	223
Offtake contracts kmtu			125	125	125	125	125	125		
Offtake contracts % of production			63%	39%	74%	73%	53%	31%		

Source: PAC Partners analysis and forecasts / Company announcements

Financial Summary (continued)

		F'cast ->								
Cash Flows A$m (June YE)	**FY22A**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**
Income	0.2	22.5	69.8	127.7	67.0	64.8	91.6	156.3	98.1	103.6
Payments	(4.3)	(9.7)	(29.9)	(47.5)	(25.6)	(26.0)	(35.6)	(60.0)	(39.4)	(41.8)
Other	(0.1)	(2.2)	2.1	(1.7)	(2.6)	(0.2)	0.9	2.4	(2.1)	0.2
Net Cash used in Operating	**(4.1)**	**10.6**	**42.0**	**78.5**	**38.8**	**38.6**	**56.8**	**98.7**	**56.7**	**62.1**
Capex and other investing CF	(37.0)	(60.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(62.7)
FCF	**(41.1)**	**(49.9)**	**40.5**	**77.0**	**37.3**	**37.1**	**55.3**	**97.2**	**55.2**	**(0.6)**
FCF per share (cents per share)	*(6.5)*	*(6.5)*	*5.3*	*10.0*	*4.9*	*4.8*	*7.2*	*12.7*	*7.2*	*(0.1)*
FCF yield			*31%*	*59%*	*29%*	*28%*	*42%*	*75%*	*42%*	
Capital raising / options / dividends	33.2	21.9	6.3	6.3	6.3	(32.5)	(50.4)	(91.5)	(54.2)	(57.4)
Net borrowings	9.8	38.0	(11.0)	(16.3)	(11.3)	(5.0)	(5.0)	0	0	0
Financing cashflow	**42.4**	**59.0**	**(11.1)**	**(15.7)**	**(9.5)**	**(41.0)**	**(57.6)**	**(91.5)**	**(54.2)**	**(57.4)**
Net Increase in Cash	1.3	9.1	29.4	61.3	27.8	(3.9)	(2.3)	5.7	1.0	(58.0)
Ending cash (covenant = $2m cash)	**4.5**	**13.6**	**43.0**	**104.2**	**132.1**	**128.2**	**125.9**	**131.5**	**132.6**	**74.5**
Cumulative capex	*(34)*	*(95)*	*(96)*	*(98)*	*(99)*	*(101)*	*(102)*	*(104)*	*(105)*	*(168)*
Net debt (-ve = cash)	6.1	24.1	(21.6)	(94.2)	(127.1)	(128.2)	(125.9)	(131.5)	(132.6)	(74.5)
ND:Capital	20%	30%	0%	0%	0%	0%	0%	0%	0%	0%
ND/EBITDA	High	2.1x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x

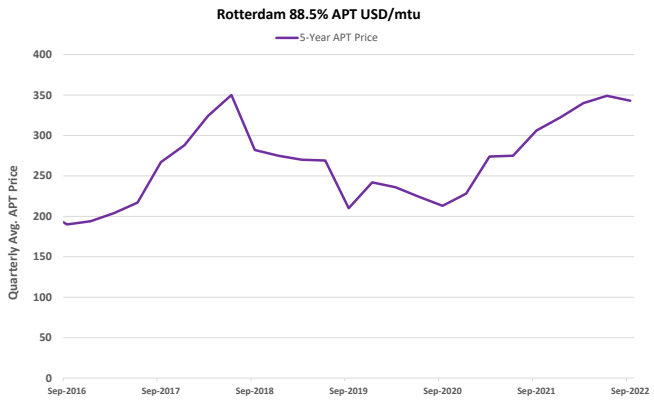
Profit & Loss A$m (June YE)	**FY22A**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**
Revenue	0	22.5	69.8	127.7	67.0	64.8	91.6	156.3	98.1	103.6
EBITDA	**(10.9)**	**11.7**	**39.9**	**80.2**	**41.4**	**38.8**	**55.9**	**96.3**	**58.8**	**61.8**
EBITDA margin		52%	57%	63%	62%	60%	61%	62%	60%	60%
EBIT	(11.4)	9.4	34.2	74.7	36.2	33.7	51.0	91.5	54.2	57.4
NPBT	(13.6)	8.4	29.5	71.0	33.8	32.5	50.4	91.5	54.2	57.4
Tax expense	0	0	0	0	0	0	0	0	0	0
NPAT	(13.6)	8.4	29.5	71.0	33.8	32.5	50.4	91.5	54.2	57.4
NPAT margin		37%	42%	56%	50%	50%	55%	59%	55%	55%
No. of Shares Ending	630.8	766.0	766.0	766.0	766.0	766.0	766.0	766.0	766.0	766.0

Balance Sheet A$m (June YE)	**FY22A**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**
Cash & Cash Equivalents	5	14	43	104	132	128	126	132	133	75
Total Current Assets	**7**	**14**	**43**	**104**	**132**	**128**	**126**	**132**	**133**	**75**
PPE	43	101	98	94	91	88	85	82	80	138
Mine Development Assets	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	**55**	**131**	**156**	**213**	**237**	**230**	**224**	**227**	**224**	**225**
Trade & Other Payables	7	3	6	5	2	2	3	6	4	4
Total Current Liabilities	**8**	**16**	**25**	**19**	**10**	**9**	**3**	**6**	**4**	**4**
Lease Liabilities	1	9	7	4	2	0	0	0	0	0
Loans	11	38	21	10	5	0	0	0	0	0
TOTAL LIABILITIES	**31**	**75**	**65**	**45**	**29**	**21**	**16**	**18**	**16**	**16**
Net Assets	**24**	**55**	**91**	**168**	**209**	**209**	**209**	**209**	**209**	**209**
Reserves	2	2	2	2	2	2	2	2	2	2
Accumulated Losses	(81)	(73)	(43)	28	62	62	62	62	62	62
TOTAL EQUITY	**24**	**55**	**91**	**168**	**209**	**209**	**209**	**209**	**209**	**209**

Source: PAC Partners analysis and forecasts / Company announcements

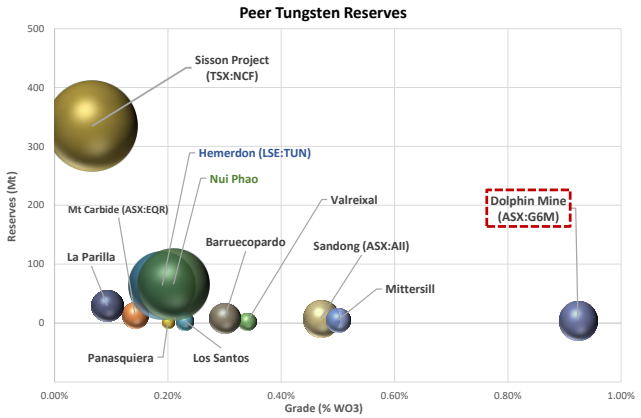
Key Charts

Figure 1: Tungsten Prices 5-Yr (Rotterdam 88.5% APT)
(APT= Ammonium Paratungstate, tungsten's most common tradable form)



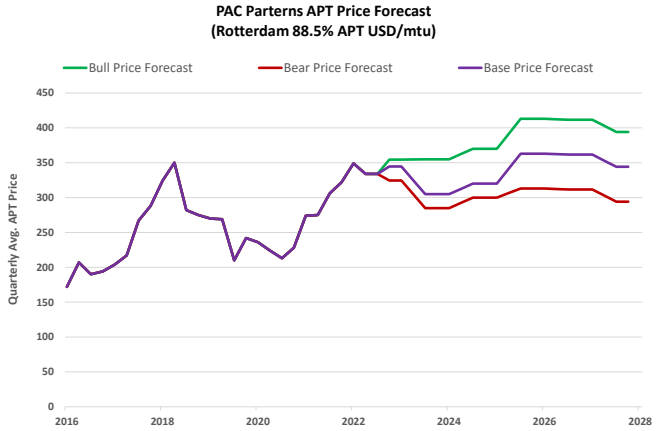
Source: Almonty Industries Company Reports, Asia Metals

Figure 2: G6M ore body unique in the western world... sits well beyond peers with its superior grade



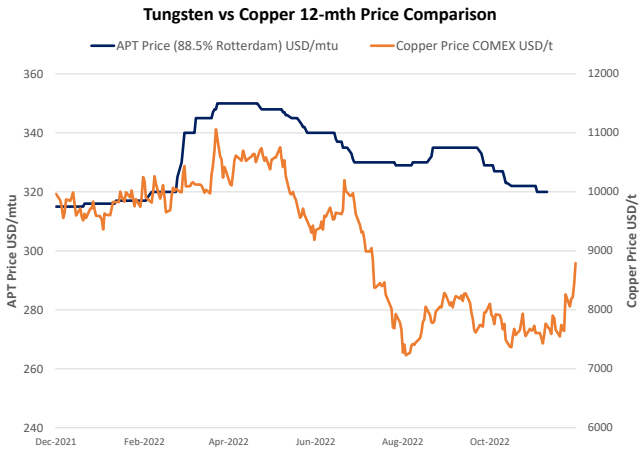
Source: Company Presentations

Figure 3: Tungsten Price Forecasts



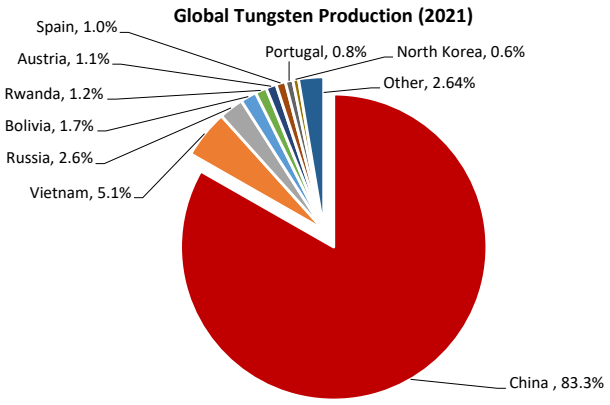
Source: PAC Partners Analysis, Asian Metals

Figure 4: Tungsten less volatile/liquid but outperforming Dr Copper



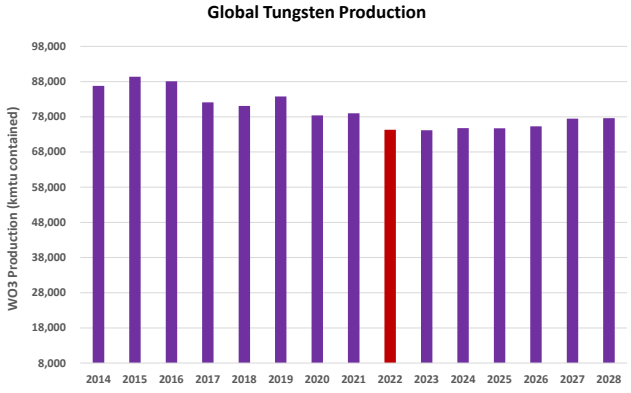
Source: Macro Trends, Asian Metals

Figure 5: Global Tungsten Production (2021), dominated by China, second-tier of supply is non-OECD located



Source: US Geological Survey 2022, Mineral Commodity Summaries 2021, Almonty Inc

Figure 6: Global supply has declined significantly, even with optimistic outlook, supply response looks to be 2026+



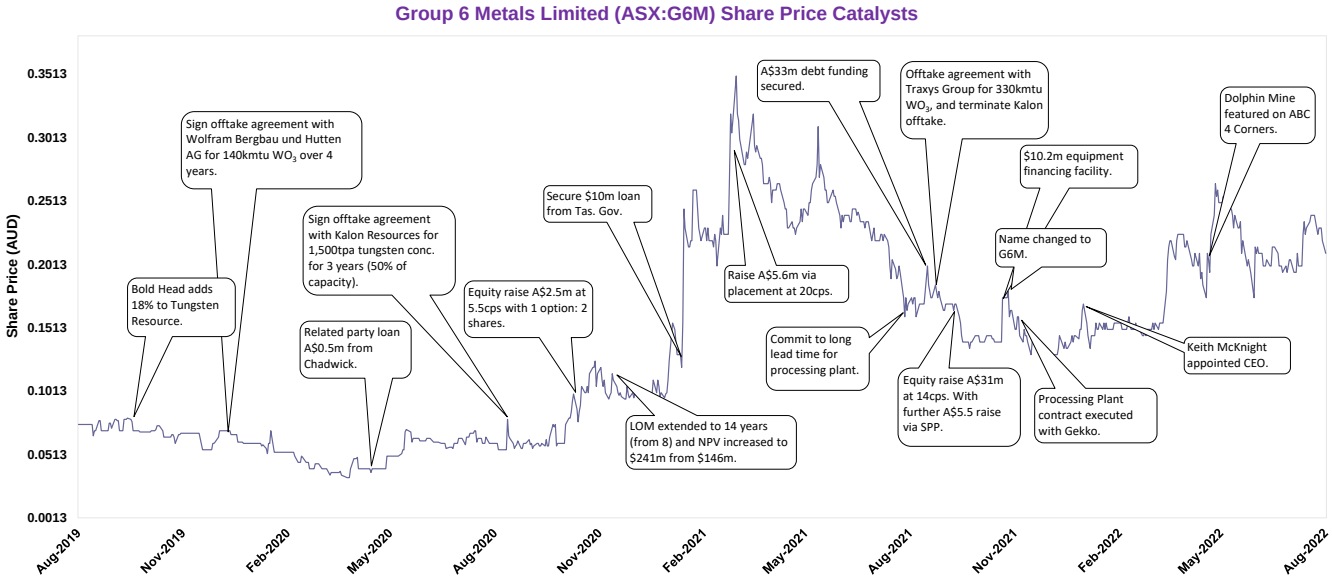
Source: US Geological Survey, Mineral Commodities Summary, January 2022, PAC Partners Analysis

Figure 7: Tungsten Peer Group

Company	Ticker		$	Share Price (local)	Mkt Cap (A$m or local)	Mkt Cap (US$m)	Net Debt ($m)	EV (A$m or local)	EV (US$)	Resource (MT)	Grade WO_3%	Resource WO_3 Contained (kt)	EV/WO_3 Resource (Mt) (US$)	2025F Prod'n rate (mtu WO_3 contained)	Project Details
Group 6 Metals	G6M	ASX	AUD	0.17	116.4	74.5	6.9	123.4	78.9	11.2	0.90%	101	781.9	237	King Island Sheetlite/Dolphin Mine in Australia. Production starts in Q1 2023. High grade mine.
EQ Resources	EQR	ASX	AUD	0.05	68.6	43.9	5.0	73.6	47.1	32.3	0.23%	76	622.7	227	Mount Carbine Australia, redevelop historical mine, tailings processing then o/c, explore u/g opition. Mining to start Q2 2023. Includes LGS 10Mt @ 0.075% in production.
Almonty Industries	AII	ASX, TSE	CAD	0.70	127.3	93.0	60.1	187.5	136.8	80.4	0.36%	289	472.9	299	Tungsten Asset Portfolio: flagship project: Sandong (Korea), others: Los Santos (Spain, stopped production), Panasqiera (small-scale production), Valtreixal (exploring). Sandong constructionis 25% complete. Production forecasted in 2025
Tungsten Mining NL	TGN	ASX	AUD	0.09	70.8	45.3	-15.3	55.5	35.5	354.0	0.12%	425	83.6	N/A	5 Australian tungsten projects, discovery and development. Watershed acquired from Vital Metals in May 2018 for A$15m.
Tungsten West Plc	LSE:TUN	LSE	GBP	0.25	44.2	47.3	-27.3	16.9	18.1	328.0	0.12%	394	46.0	182	Hemerdon Tungsten-Tin Deposit located in South Devon, UK. $30M royalty investment with global (2.375% rate). Planning restart. Previously owned by Wolf Minerals.
Northcliff Resources	TSX:NCF	TSX	CAD	0.06	7.5	5.5	-1.7	5.8	4.3	334.4	0.07%	221	19.3	557	Owns 88.5% of Sisson Tungsten-Molybdenum Project in New Brunswick Canada. All permitting in place. Updated BFS underway. Needs funding.
Rafaella Resources	RFR	ASX	AUD	0.05	17.5	11.2	-1.0	16.5	10.6	10.3	0.18%	19	569.5	1083	Developer and explorer, 2 tungsten deposits in Spain: PFS Dec 2022 for Santa Comba (NPV US$43.5m). 2 Projects in Canada. San Finx acquired Jan 22, produced in 2017.
W Resources	LSE:WRES	LSE	GBP	0.03	3.9	N/A	57.9	61.8	N/A	53.5	0.11%	61	N/A	50	La Parilla Project, Western Spain. Delisted in April 2022 due to high LNG prices, poor production, poor recoveries. Production closed.
Fireweed	FWZ	TSX	CAD	0.91	83.0	63.8	-6.0	89.0	67.4	44.8	0.80%	359	187.7	N/A	Owns zinc and tungsten projects including Mactung high grade Tungsten project, Indicated 33Mt @ 0.88% and inferred 118mt at 0.78% W03.
Saloro SLU	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.26	7	N/A	257	Barrauecopardo Spain 260kmtupa, since 2019. Oaktree owned.

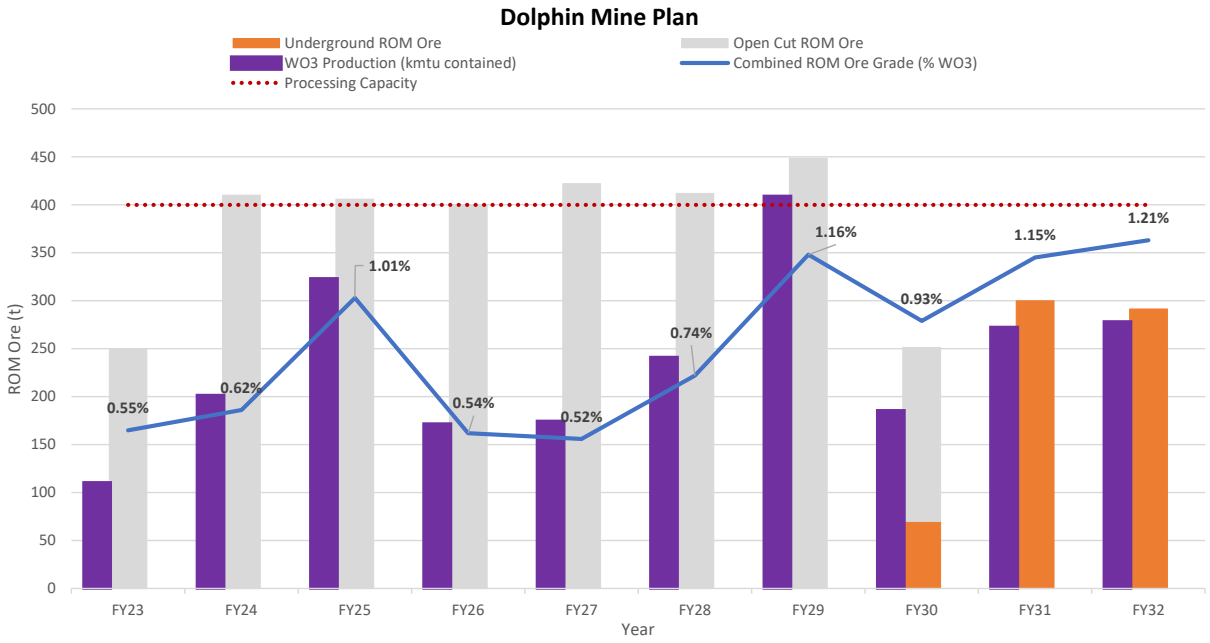
Source: PAC Partners, Company announcements, priced 5-Dec-2022, IRESS price data. G6M market cap taken from IRESS pre adjustment.

Figure 8: A long journey to Dolphin Mine redevelopment is about to culminate in first production since 1990. G6M share price with significant developments: funding, offtake and partnership agreements.



Source: G6M Company Reports, CapIQ, PAC Partners Analysis

Figure 9 :Production Profile. Production varies with grade....



Source: PAC Partners Analysis

Poised to deliver the right tonnes at the right time

A good time to enter the market

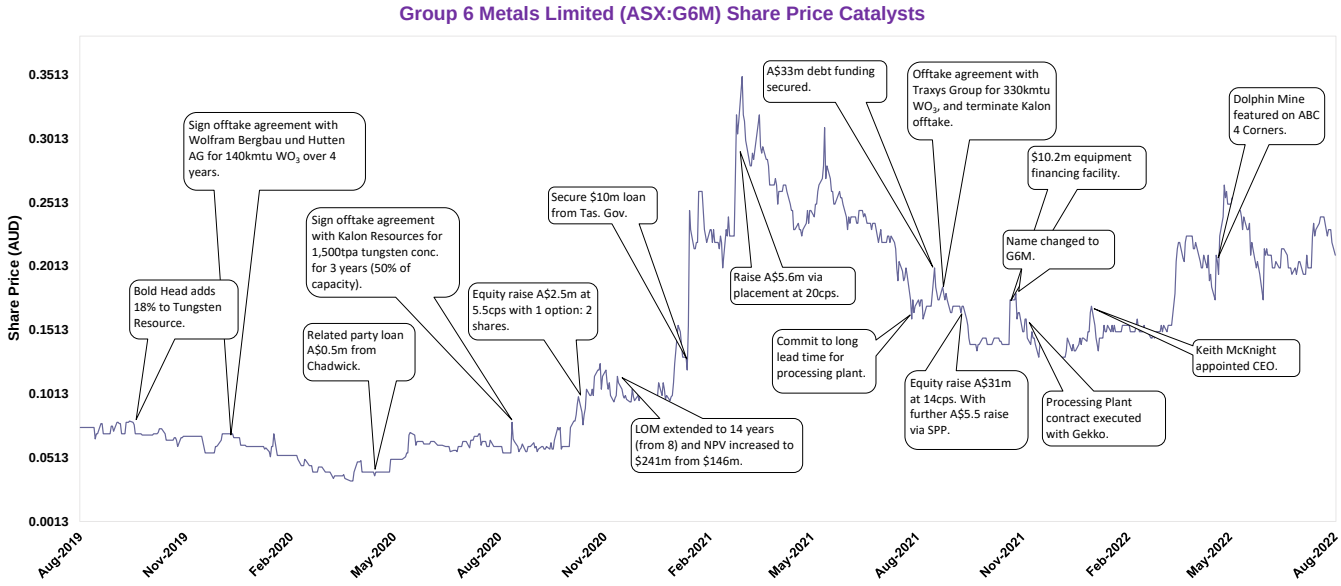
Much needed new supply. Needed in this critical minerals era, G6M's Dolphin Mine is set to deliver new tungsten into a market facing supply shortages with peer producers facing production challenges due to elevated European gas prices, sanctions on Russian producers and the inability to bring on new mine supply in a timely fashion. The industry's dominant geographic supplier is China, with 80% share of global production, but it too is experiencing declining production due to a structural depletion in higher grade tungsten resources, business interruption (COVID) and a more restrictive regulatory regime stamping out previously common small scale artisanal mines.

Operating history & brownfields project reduces risks

Dolphin Mine is superior in grade and located in a desirable jurisdiction. As the highest grade tungsten mine outside China, and proven operating history until as recently as 1990, the Dolphin Mine is a critically important and scarce asset that should gain the attention of the global industry as it ramps up to supply 12% of the ex-China market over the medium term.

Despite its high grades and operating track record up to 1990, getting the Dolphin mine up and running again has involved many strategic reiterations. Initial redevelopment involved joint ventures with one and then another Chinese entity over 2006 and 2007. The Chinese partners withdrew in 2010, and the mining capex downturn of 2012 stalled plans for a larger mine that would have seen it produce 25% of ex-China supply. However, ***since then the world has moved to secure vulnerable supply chains and one of G6M's unique propositions is as a supply chain solution for a western world seeking to rebuild secure critical minerals channels.***

Figure 10: A long journey to Dolphin Mine redevelopment is about to culminate in first production since 1990. G6M share price with significant developments: funding, offtake and partnership agreements.



Source: G6M Company Reports, CapIQ, PAC Partners Analysis

With the appointment of Chris Ellis and Johann Jacobs to the board in 2012, the company has been driven by a core executive director / shareholder team who have provided leadership and invested their own capital in the debt and equity of the company to help traverse the tungsten industry's most pressing problem: financing early-stage mines.

The team remains in place today, but in a largely non-executive role, given the early 2022 appointment of the first full time CEO since mid-2013, when Managing Director Keith McKnight took up the role, and who brings leadership experience in mining developments in large island locations.

Risks – largely ramp up and commissioning in nature

With the Dolphin Mine enjoying industry leading grades and low costs relative to today's tungsten prices, key near term risks for the company, in our view, pertain to the mine and process plant commissioning.

At this juncture, we see project commissioning as the key risk to manage.

1) **Commissioning and ramp up.** As first production approaches, commissioning risks need to be managed. A timeline slip from first production in March 2023 from any minor issues should not have significant implications for the long term value of the company.

2) **Tungsten (APT Concentrate) prices.** We expect tungsten prices to remain well supported in a falling supply and positive demand environment. While a divergent narrative is building in critical minerals, Chinese and European tungsten prices remain in lockstep. The interdependency is clear with China ~80% of global supply but only ~30% of global consumption. While prices remain on equal terms, new mine developments in Australia (G6M) and South Korea (Sandong) enjoy downside price protection in offtake contracts to underpin the long term viability. Nevertheless a fall in Chinese domestic tungsten demand, say from a downturn in manufacturing and industrial activity, would have spill over negative consequences for global tungsten prices. G6M incorporate downside price protection into offtake agreements to help mitigate this risk.

3) **Capex and cost metrics.** G6M is constructing and commencing operations during inflationary times. While key project items were locked in early, the island location makes G6M vulnerable to labour availability and freight costs, on top of market wide consumables inflation. G6M updated its capex guidance to $92.7m to first production in October 2022 including $2.7m of contingency.

G6M is constructing and commencing operations during inflationary times.

4) **Transition to underground.** The mining plan proposes a smooth production profile as the company transitions from open cut mining to underground. There is a risk the transition to underground is not as smooth as assumed. Access to the underground workings and ore body is currently limited as the whole system is flooded. It shall be dewatered over coming years providing access and allowing planning for early underground works and further exploration (the open cut pit was drained in recent years prior to open cut works being able to take place). Underground mining is by its nature higher cost and therefore targets higher grade ore (underground mining reserve is 1.5Mt @1.24% WO3 with cut off grade 0.7%).

5) **Mine life may not be extended.** Any failure of the exploration program to extend current planned 14-year mine life would have a negative impact on investor perceptions and market value of the company in our view. We do not expect to see significant newsflow on this front until into FY25 when a more fulsome exploration program can be undertaken with available internally generated funding.

6) **Island location.** The Dolphin Mine is located on King Island, Tasmania Australia. While not as remote as many other mining operations, the island does experience regular high winds and heavy rainfall that may at times impact production and may impact the ability to recruit workers willing to reside at site.

7) **Realised price and molybdenum.** As with any mining operation, impurities in the final product need to be carefully managed to avoid unexpected negative impact on price realisations. For the Dolphin Mine this mainly pertains to molybdenum which will need to be controlled within offtake specifications. A future specific molybdenum separation unit added to the processing plant should not be ruled out given its potential high return on investment as higher price realisations on tungsten and a second molybdenum revenue stream offset capital outlay (A$5-A$15m our estimate).

8) **Funding to FCF.** We forecast the company to be strongly FCF positive from FY24. Any unexpected delays to mine commissioning or unexpected capital costs may result in G6M requiring additional debt or equity funding to complete the mine development.

9) **Debt covenants** do not appear particularly onerous, at this stage, and include:
    a. Project completion by 31-August;
    b. Min cash balance of $2m at all times;
    c. Specific terms relating to production and recoverability of WO3, against the model.

Key Guidance

G6M recently updated its capex and opex guidance after assessing inflationary pressures and scope changes.

In October 2022, G6M updated key guidance for the Dolphin Project:

- **Capital Expenditure:**
  - Total development capex A$153.9m comprising:
    - **A$92.7m** is for the open cut mine (including $2.7m contingency) and
    - A$61.2m for the underground mine extension.

- **Operating Costs:**
  - Open cut: A$147/mtu produced (RFS 2020: A$126/mtu)
  - Underground: A$141/mtu produced (RFS 2020: A$134/mtu)

- **Annual Production:**
  - Open cut: 400kt/yr of ore fed to the processing plant for final concentrate production averaging **220kmtu/yr** WO_3 after **recovery rate ~78%.**
  - Underground mining: 300kt/yr mined ore for final product of **220kmtu/yr** WO_3 after recovery rate ~82%.

- **Target Timeline**:

  We have adapted the company's previous timeline guidance based on our understanding of general workflows:

  - January 2023 – Pre-production mining to commence
  - Mid-January 2023 – Electrical switchboard and power generators online
  - January through March 2023 - Process plant commissioning
  - Start of March 2023 – first ore to be processed
  - End of March 2023 – EPC handover / Commercial production to commence.
  - July 2023 – Steady state mining and processing to be achieved.

Dolphin Mine

Open cut then Underground mining gives LOM 14 yrs

The Dolphin mine is a scheelite deposit (CaWO4), and with an average grade of 0.92% is the highest grade mine outside of China. It is therefore a significant source of tungsten as the western world seeks to shore up supply of this critical metal.

A proven historical operation should mean lower risk restart. The mine first operated in 1917 as an open pit operation for total 67,710 tonnes at an average grade of 0.82%. It operated as an underground mine from 1972 to 1990. Upon its closure in 1992, tungsten prices were ~US$50/mtu, compared to over US$300+/mtu today.

The feasibility study underpinning the current redevelopment of the Dolphin Mine was published in 2020 and envisages a 14 year mine life, and largely sticks to methods historically proven to work at the Dolphin Mine. Two phases of mining underpin total reserves 4.43Mt at 0.92%:

- Years 1 to 8, Open-cut, 2.93Mt at 0.76% WO3 (0.2% WO3 cut-off grade),
- Years 8 to 14, Underground, 1.503Mt at 1.24% WO3 (0.7% WO3 cut-off grade).

Figure 11: Resources and Reserves

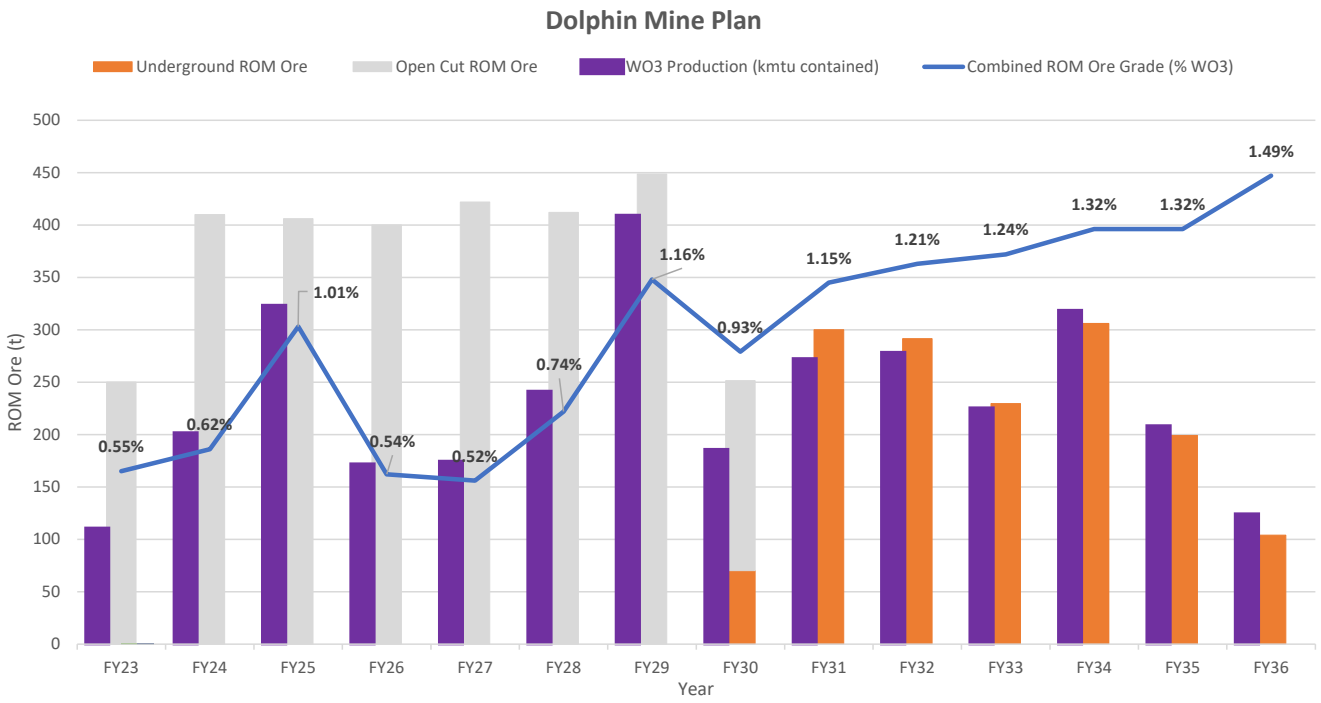
Mineral Resource	Mineral Reserve
Dolphin – 9.6M tonnes @ 0.90% WO_3 (0.20% cut-off)	**Open-cut** – 2.9M tonnes @ 0.76% W03 (0.20% cut-off)
Bold Head – 1.6M tonnes @ 0.91% W03 (0.50% cut-off)	**Underground** – 1.5M tonnes @ 1.24% WO_3 (0.70% cut-off)

Source: Company presentation

The new Dolphin mine operation is to be:

- Owner operated truck and shovel fleet for the open cut mining,
- Mining rate 400kt/yr ore at grade 0.76%, yielding 220kt mtu of WO3 concentrate on average (at a concentrate grade 63.5%).
- From year 8, underground mining at higher grades (1.24%) and a lower 300kt/yr, for a similar 250kt mtu of WO3 concentrate output on average.

Figure 12: Dolphin mine plan starts with the open cut mine at lower grades, then phases in the higher grade underground ore at FY30... variability in ore grade is reflected in production each year



Source: PAC Partners analysis

Construction & Development

Construction is progressing towards commissioning from end of March 2023.

Construction commenced in October 2021 and project commissioning and first concentrate production is due late Q1 2023. The company entered into agreements to purchase long lead items in August 2021 which meant that inflationary pressures and supply chain delays were mitigated to some extent. The capital estimates were last revised in October 2022 when additional capital was raised for the project.

Figure 13: Process Plant under Construction from August 2022

Source: Company Announcement

The company remains confident for commencement of commercial production from April 2023.

King Island is between TAS and VIC in the Bass Straight

Location

The mine is located in a unique position on the southern end of King Island in the state of Tasmania, Australia. The benefits of the island location include strong local support amongst the 1,500 or so island residents (see ESG discussion later), but the location also makes the operation vulnerable to labour availability issues, freight costs and power costs/availability (diesel near term, potential for green energy longer term).

Figure 14: King Island location, and Dolphin Mine location

Source: Company Report

Processing Plant: Innovative methodology using multi gravity separation

Historic process resulted in 72% recovery rate. This based on previous process plant technology from the 1970's and 1980's, including crushing and grinding, gravity separation, flotation and pressure alkali leaching. This resulted in two tungsten products:

- A scheelite concentrate, and
- A high-grade, low-molybdenum Artificial Scheelite (from the alkali leach circuit)

Minor quantities of molybdenum disulphide (a by-product of the leach process) were also produced and sold.

Enhancements to the processing plant improves recoveries, with further downstream processing an option to yield higher playabilities

The new processing plant targets an uplift to an average 78% recoveries. The new has been designed by G6M's metallurgist in conjunction with ALS (ALQ:ASX) over some 4 to 5 years of refinement at ALS's Burnie laboratory. The new plant, building on the previous proven process but with latest technology, is primarily based on a series of spirals, shaking tables and enhanced fine gravity separators including Multi Gravity Separation.

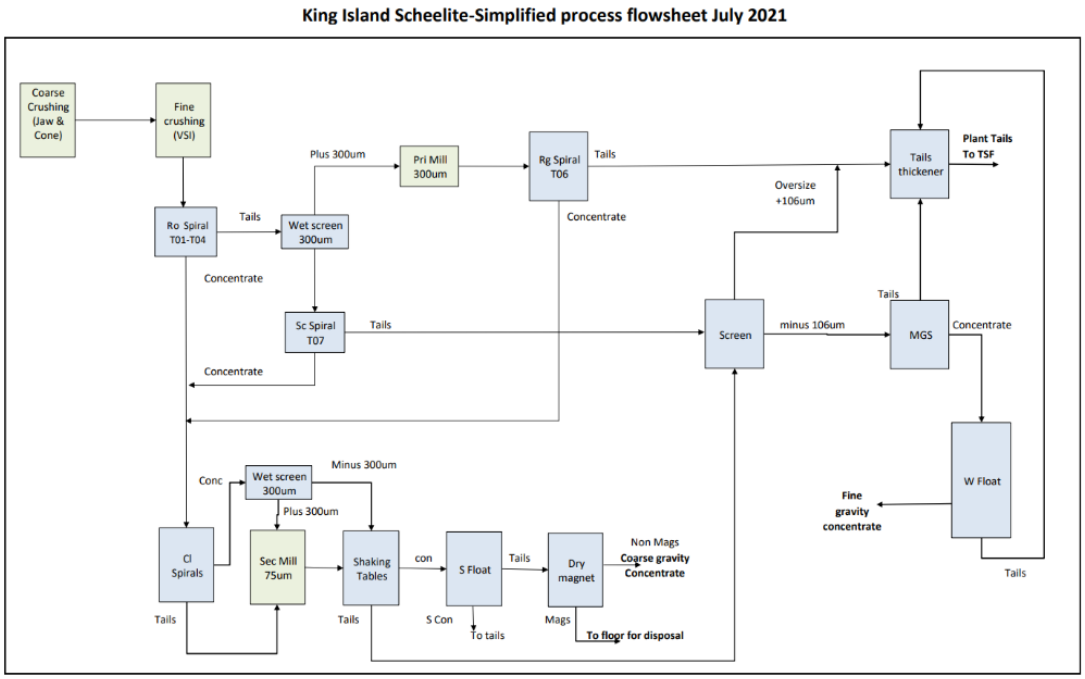
The addition of MGS reduces the requirement for flotation, simplifying the circuit and resulting in the production of a coarse gravity concentrate and a fine gravity concentrate.

Critically important aspects of the new process include:

- **The introduction of VSI (Vertical Shaft Impact) crushers**. These break apart the ore lumps along with natural mineral boundaries to liberate higher-particle size Scheelite from the gangue. In turn, this results in higher metal recovery in the coarse gravity circuit.
- **Two stages of scavenger spirals** targeting different particle size distributions which further enhances the metal recovery in the coarse gravity circuit.
- **The introduction of the MGS (Multi Gravity Separator)** to process coarse gravity circuit rejects, which are then subject to further grinding (see chart below).

  The ability of the MGS to produce low grade intermediate scheelite concentrate was a major breakthrough in the flow sheet design.

Figure 15: Dolphin Mine Process Flowsheet: Both concentrates are combined for bagging and shipping



Source: Com Company Dec-2020 Feasibility Study

Simplistically, every grain of scheelite is processed **through 3 sequential gravity separators**. Each targets smaller and smaller grains of scheelite before the final tail is deemed unrecoverable and reports to the plant tailings.

The gravity concentrates are cleaned by various dressing circuits including

- scheelite flotation of the MGS concentrate,
- sulphide flotation of both concentrates (fine and coarse gravity concentrates) and
- magnetic separation of the coarse concentrate.

The historic flowsheet processed the coarse gravity tails by flotation meaning it was **large and expensive**. Due to high calcite content in the coarse gravity tails, it was not possible to produce a marketable WO_3 grade in the flotation circuit. The previous operator's only solution was to resort to an even more expensive alkali leach circuit for flotation product to remove the Molybdenum content and achieve the marketable WO_3 grade.

MGS a key improvement and developed in close conjunction with Gekko over last few years

Engineering of the plant is by Gekko Systems, who are regarded for their experience for building small to medium metallurgical processing plants.
The key requirements of the plant are:

- Feed rate to crusher: 150tph (10-hr day) provides up to 547,000t crushed ore per year
- Fine ore stored in a fine ore bin and emergency stockpile
- Reclaim from the bin or stockpile is 60tph (nameplate capacity). This feeds the coarse gravity circuit via the tertiary VSI crusher
- ***G6M's production target requires the processing plant to operate 6,700hr/year to achieve targeted 400,000t/pa of feed to the plant.*** If the plant can achieve 90% mechanical availability, it has capacity to process 17.5% more ore per annum

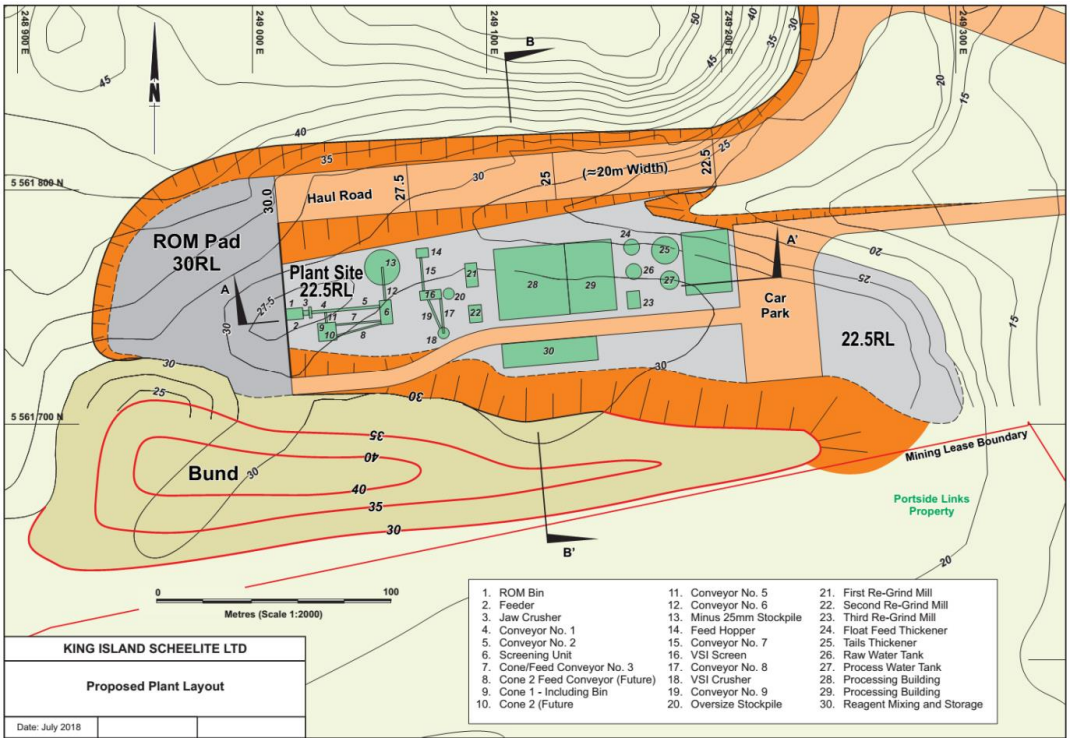
Two product streams are combined for a final concentrate. Under normal operations the two product streams (coarse and fine concentrate) will be blended proportionally at the final stages to produce a saleable concentrate of 63.5% grade WO3. The plant will also have the flexibility to bag the two product streams separately if markets conditions warrant.

Based on pilot-scale processing of various samples from the Dolphin orebody, the proposed process flow sheet has delivered between 73%-85% metal recovery (for a LOM average of 78%, with higher recoveries targeted during the underground mining phase).

Of the numerous enhancements to the process design since the prior life of the mine, the Multi-Gravity Separator (MGS) is the most significant step change for the overall performance improvement. This being where final concentrate from the MGS circuit is recovered from a small floatation circuit which produces both high metallurgical recovery and high WO3 grade which has not been previously feasible from floatation concentrates alone. The methodology retains the scheelite in a coarser size range for

longer, allowing recovery using more cost effective methods (as opposed to extensive floatation). Floatation is only used in the latter part of the process resulting in a smaller floatation footprint and less use of chemical reagents.

Figure 16: Dolphin Mine Process Plant Layout



Source: Company Dec-2020 Feasibility Study

Molybdenum recovery can be further enhanced. Additional Molybdenum recovery can be done by integrating a Sodium Tungstate circuit (added to the end of the plant) which improves recoveries, produces a higher-grade product and extracts molybdenum which could then be sold as a by-product.

Off-take agreements in place (with a price floor)

Off-Take: An uncontracted 35% of production could benefit in tight spot markets

Despite China being geographically closer and dominant in terms of refineries for tungsten concentrate processing, G6M has secured offtake agreements with western world metals processors and traders covering 65% of planned production initially:

- Wolfram Bergbau (Sanvik) - 35k mtu of WO3 per year for 4 years, signed April 2019, priced relative to prevailing APT price and under take-or-pay principles with downside protection for G6M,
- Traxys Group, - 90k mtu of WO3, signed Sept-2021, at prices relative to the prevailing prices for APT also with downside protection.

While the downside protection has not been specified, for comparison peer producer Almonty has locked in an offtake agreement with a floor price US$235/mtu with no upside cap relative to current prices over US$300/mtu. Given Dolphin is a smaller operation, we expect the downside price to be 20-30% below this level, and a level of US$180/mtu would ensure overall profitability but a low return on investment.

The current tight concentrate market should lead to more favourable terms for G6M and additional offtakes on the remaining 35% of uncontracted production are expected to be pursued.

Valuation

32c per share target price.

Our base case DCF valuation is approximately $0.32/share diluted. Our key inputs largely reflect the recently updated capex and opex from the company, 14 years mine life as per current reserves, as well as our own view on tungsten (APT) prices that include near term moderation to US$300/mtu over 2023, followed by a stronger medium term outlook peaking in 2026 at US$360/mtu (continued demand growth against on-going global mine supply challenges).

A 10% move in long term tungsten (APT) prices has a ~27% impact on valuation.

Our calculated break-even price of US$215/mtu, and would represent a 35%+ fall from current prices.

Figure 17: G6M valuation on sum-of-parts basis

Valuation	A$m	A$/share	A$/dil. share
Dolphin & Bold Head	261.9	0.34	0.33
Net Cash (Debt)	(6.9)	(0.01)	(0.01)
Cash from options, ITM at val.	1.1	0.00	0.00
G6M Equity Valuation	**256.1**	**0.33**	**0.32**
Upside exploration (+10 yrs)	85.8	0.11	0.11
Potential Valuation	**341.8**	**0.45**	**0.43**
APT Price +/- 10% impact on valuation	+/-27%		
WACC	10%		

Source: PAC Partners Analysis

Strong economics in the base case, with potential for more upside from exploration

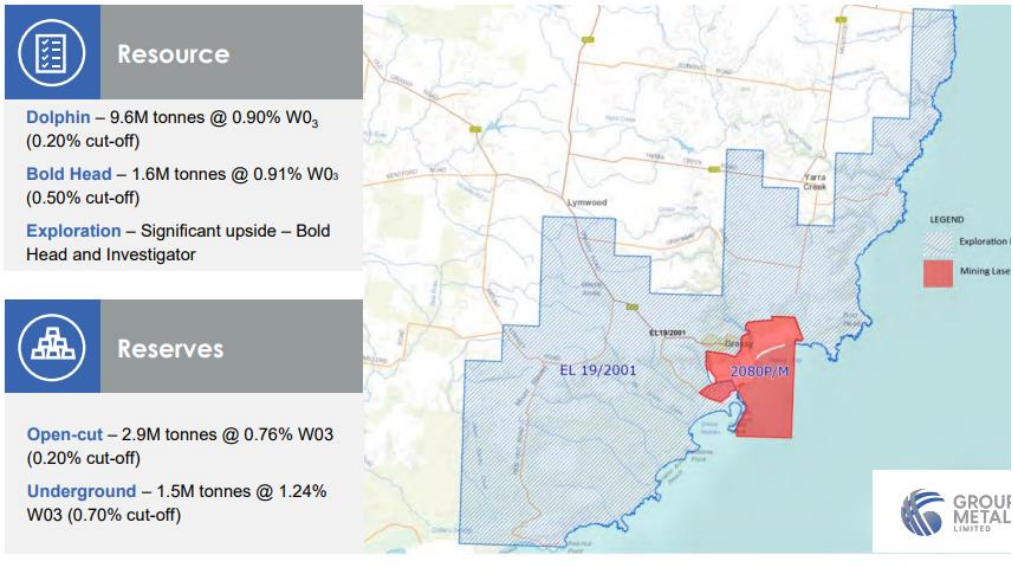
Valuation Upside – Successful exploration would to add to mine life and valuation

Open cut Dolphin is the 1st ore body, which is subsequently followed by Bold Head underground. Both ore bodies have previously been mined (Dolphin most recently as an underground mine up until 1990, Bold Head underground until 1984).

The development of Dolphin and Bold Head form our base case model. However once the company has the available cash resources, we expect a significant focus on exploration.

- To this end, the Company received a modest government contribution towards this with 2 grants totalling $75k.
- The company is planning a 4 hole exploration program later in 2022 at the Investigator prospect to confirm the presence of scheelite bearing rock.
- The lower rate of mining and processing from year 8 (300ktpa v capacity 400ktpa) provides a potential window for supplementary ore feed from identified satellite deposits.

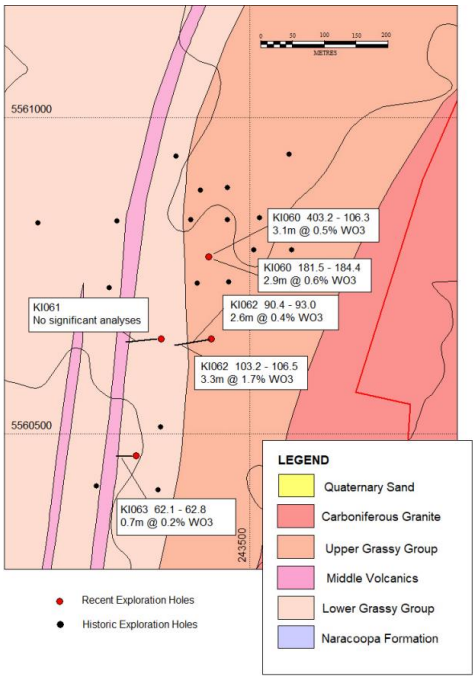
Figure 18: Resource and reserve upside in significant exploration potential



Source: Revised Feasibility Study, 16 December 2020, and Revised Mineral Resource, 3 June 2019

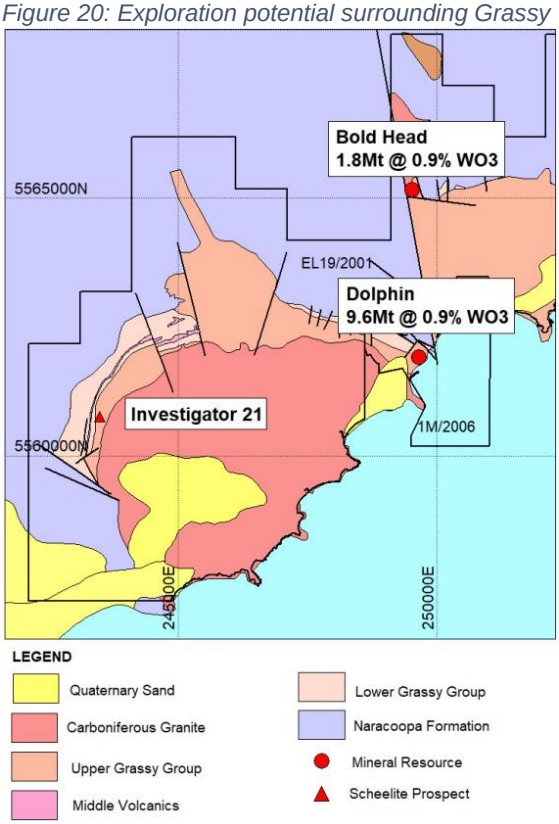
Source: Company Presentation

Figure 19: Grassy exploration ambitions



Source: Company Report

Figure 20: Exploration potential surrounding Grassy

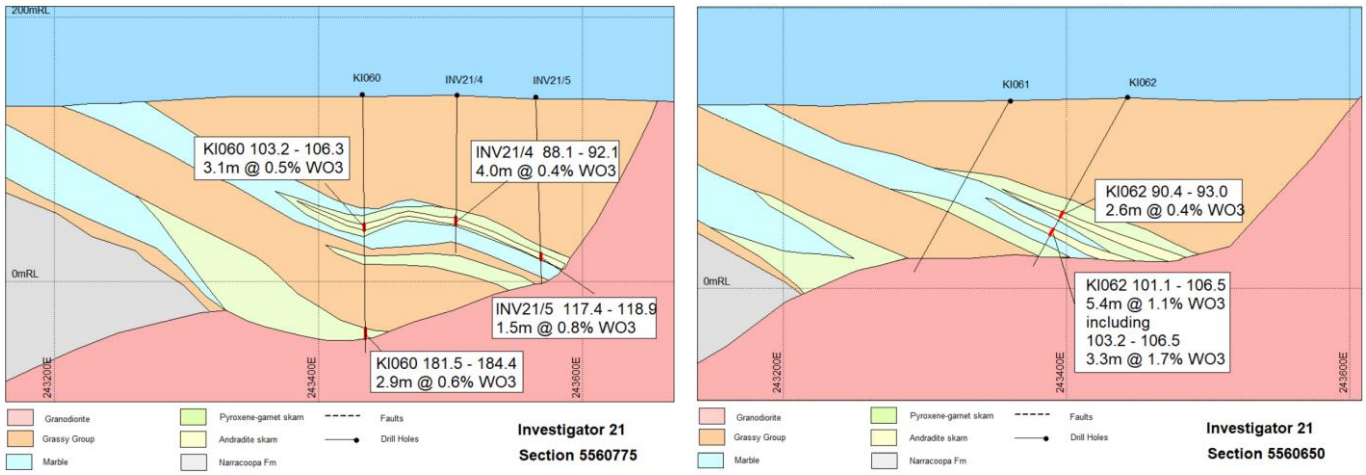


Source: Company Report

Previous Drilling at Investigator 21

In May 2018 the company completed a 4-drill hole exploration program, which was successful for Scheelite 3 out of 4 drillholes. The key to the drilling program was in confirming the exploration potential of the Investigator 21 Prospect (located in the Grassy District on King Island). The Investigator 21 prospect is located approximately 6km to the West of the Dolphin Project. It features similar geology to the 2 existing mines (Dolphin and Bold Head).

Figure 21: 2018 Exploration at Investigator 21 showed promising results, and this forms the basis for our upside scenario



Source: Company Announcement

ESG – Environmental social governance considerations

G6M enjoys considerable local community support.

G6M is ESG aware and has made commitments via their ESG Committee and ESG Committee Charter. This includes a commitment to ESG reporting and other local initiatives to support the community and environment in which they operate.

As a brownfield redevelopment project it enjoys unique ESG advantages, particularly social support. The mine development project also benefits from its previous incarnation as a historical tungsten mine that as recently as 1991 provided the main source of livelihood for many locals. The island therefore as a whole has generally viewed the idle Dolphin Mine as an anomaly and something they desire to be operational and employing locals.

Specifically from an ESG perspective:

G6M has adopted an ESG reporting framework.

- Adoption of ESG reporting framework including reporting against the United Nations Sustainable Development Goals.
- Redeveloping the Dolphin Mine in a responsible and sustainable manner taking steps to preserve the environment while positively impacting the society by generating local jobs.
- Committed to prioritising local residential employment and provide skilled training for locals on the island (90 full-time equivalent jobs during construction and circa 60 full-time equivalent jobs on King Island when fully operational).
- G6M is committed to a strict adherence to project environmental and monitoring plans which includes water, tailings and overburden.
    - **38 Ha have been committed for land conservation to minimise the impact on King Island threatened animals and vegetation.**
    - The area will protect Blue Gum eucalyptus forest (a nesting site and habitat for some threatened species).
    - At 33.7Ha the amount of area is significantly more than required by the Environmental Protection Notice (EPN), and adds to already existing conservation areas on King Island.
- Long term investigation of green renewable energy input for the operations (wind), with potential to reduce carbon emissions on the Island.
- The redevelopment of the mine is addressing a social gap where the previous operations brought significant economic activity to the Island, and can be expected to play a similarly significant role again as the redeveloped mine comes into production.

Historical operation of the mine also yielded strong economic and social results for King Island. An economic impact assessment conducted in 2006 evaluated the economic benefits of the Dolphin Mine Redevelopment proposal with the following findings:

- The Dolphin mine is expected to contribute some A$155 million to the country's GDP.
- An approximately 20% increase in employment on King Island, an island of only 1,564 people according to the 2016 census.
- It is anticipated that the mine will yield some increase in house prices which may put stress on some, however, initiative has been taken to employee a local workforce.
- G6M will prioritise the employment of local residents, as well as taking the initiative to provide training programmes for locals seeking skilled employment with the mine.

Local and national support is evident even in the mainstream media. In the media the mine development project was featured within a current affairs news report on the Australian Broadcasting Network back in May-2022 and unlike many other mine developments globally, the article reflected favourably on the development and what it is expected to deliver for the local community and the island (refer:https://www.abc.net.au/4corners/digging-in:-why-powering-a-green-future-means-more/13873540).

From a governance perspective the board has characteristics akin to many other smaller capitalization companies. As the mine and company gain success over coming years, and has the capital resources available to it, we expect G6M's board to consider reviewing the size, independence, and use of committees within its governance. The board has recently been increased to 4 directors, 1 of which is classed as independent under ASX standards. It should be noted the members of the board have been instrumental in getting the Dolphin Mine and the company to its current position from not only a governance perspective, but also providing their own capital and financial support to the company.

Debt and Capital Structure – convertible debt currently non-dilutive.

Significant shareholders have supported G6M's capital efforts.

The debt facilities include those provided by director/shareholders, state government, equipment providers and others at rates ranging from 8.25% to 5%. The main feature of the majority of the debt facilities is the convertible nature of much of the debt and which is included in our diluted market cap calculations. The warrants attaching to the convertible debt have an expiry 3.5 years after commissioning (around Sept-2026 on current guidance).

On our calculations if the share price increased to $0.40/share, a ~100%+ increase from current, the debt warrants and other options would have a dilutive effect of ~25%.

Covenants related to the debt do not appear particularly onerous at this stage and include:

- Project completion by 31-August;
- Min cash balance of $2m at all times;
- Specific terms relating to production and recoverability of WO3, against the model.

The earliest debt repayment date is by end 2024 when $10m (or the remainder after a portion converted into equity) is due to Pure Asset Management.

What is in the name?

Group 6, is a group of elements in the periodic table, made up of chromium, molybdenum, tungsten, and seaborgium. These are all transition metals and chromium, molybdenum and tungsten are also refractory metals. The electron configuration of these elements do not follow a unified trend, though the outermost shells do correlate with trends in chemical behaviour.

On site photos

Figure 22: We recently visited the Dolphin Mine site for an update on development and construction

Civil works being undertaken including pre-strip

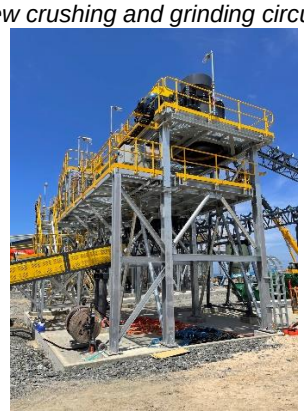
Floor of open cut pit

Historic entry to underground mine

Ore rocks identified at night under UV light

EPC contractor in front of ore bin

Brand new crushing and grinding circuit



Indoor floation circuit area

Panoramic: Open cut mine and port in horizon

Source of all photos: Investor site trip Dec-2022

Appendix – A long on-again off-again operating history

Date	Event

The Story of King Island

1801 The first known explorer of the Island was William Campbell, who had raced down to the island following reports of large seal populations. After a successful season of seal hunting, the crew returned to Port Jackson with 3000 seal pelts and 2500 gallons of oil. And since those early days of seal-hunters, the island has caught the attention of many others, including the tungsten market and the US government.

1911 Initial discovery of Tungsten was some almost 120 years after the discovery of KI, when a famous prospector picked up tungsten bearing rock off the beach, and later found a deposit 15m below the sand. The deposit was one of the best in the Western world, superior in grade by at least 0.5% (double) compared to similar sized deposits.

The 1st-Phase of Operation: 1917-1920

1917 The First World War heightened demand for hardened steel products, and with that, a license to build a mine as well as the water rights were acquired and shortly after, capacity for 200t/week was established.

1920

The mine closed, having extracted 67,710 tonnes of ore via manual mining and sluicing, the mine had produced 589t if scheelite concentrate. With the end of the war, demand reduced, and so the buildings and plant were all removed for salvage.

The 2nd-Phase of Operation: 1937-1958

1937 The mine reopened demand for hardened steel products increased as Europe armed militaries.

1938 Mine was now capable of producing 500t/week

1942 The Commonwealth Government assisted to survey the mine finding a potential 1Mt-3.175Mt of reserves. The Govt hurriedly approved the development of the mine and devoted significant resources to accelerating production.

1946 Production increased over 4-fold from 30.5kt in 1943 to 129kt in 1946 to help support the war effort.

1950 The Korean War helped buoy demand for Tungsten following the end of WW2. The US also built a 'United States Strategic Stockpile' which saw the wartime power guarantee its demand for strategic supplies of tungsten by entering into fixed price contracts (including with King Island).

1958 These contracts began to lapse and prices sink. King Island mine closed.

The 3rd-Phase of Operation: 1960-1991

1960 The mine was reopened, experimentally, but quickly expanded to pre-closure levels of the 50's.

1969 Peko Wallsend acquired the mine, expanded production to 300ktpa and peaked at 420ktpa

1972 The Bold Head underground mine was established

1973 Underground mining commences

1974 Operations in the main open cut mine ceased

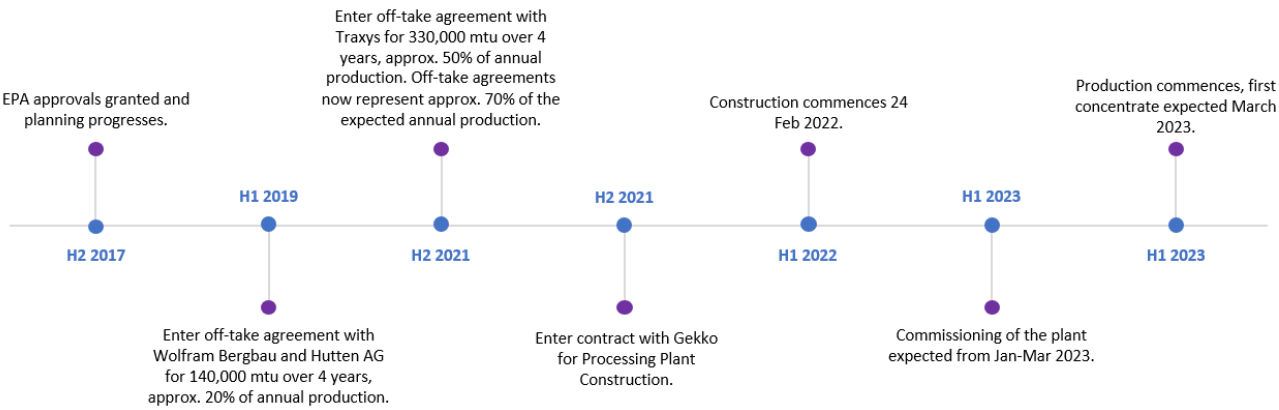
1978 Second underground mine was opened: Dolphin mine

An artificial scheelite plant commenced production of high purity calcium tungstate.

1984 Bold Head was closed and declining commodity prices saw the overall operation decline.

1990 The Dolphin mine was also closed, and the mine was no longer considered a going concern.

Figure 23: Development timeline for Dolphin Phase 3



Source: PAC Partners Analysis, Company Presentations

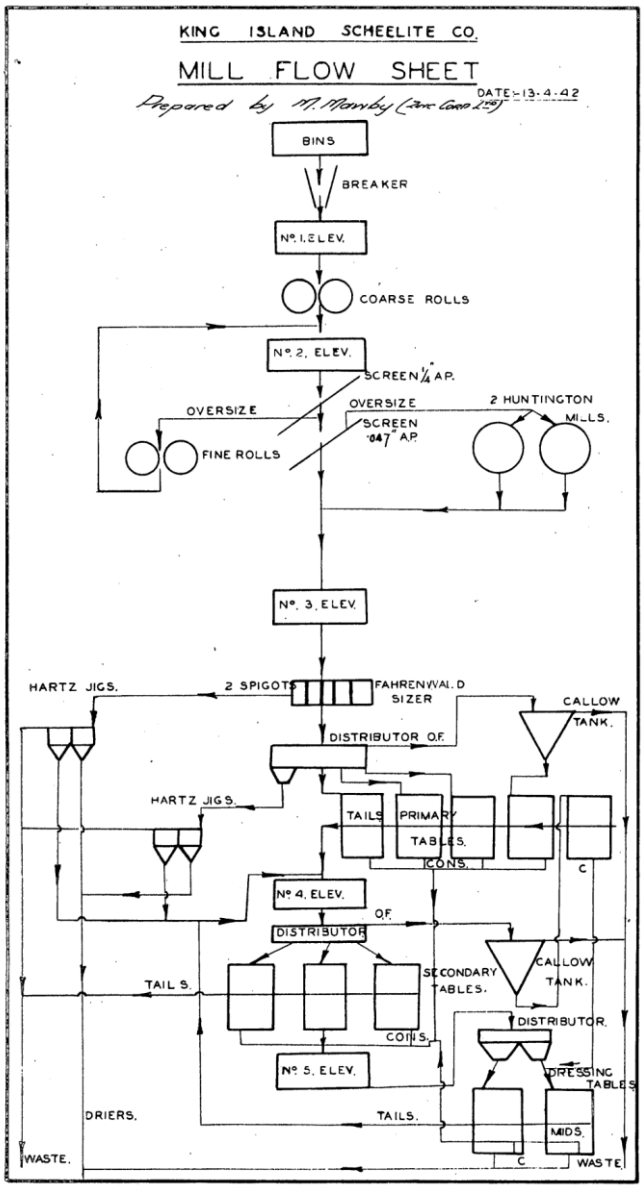
Appendix – Key developments to Dolphin Mine redevelopment

The coming phase of Operation: 2022

May-05	GTN Resources NL acquires the project. Redesign, with 600,000tpa to produce approx. 3,000tpa of WO3
8-Sep-06	September 2006 King Island Scheelite enters non-binding Letter of Intent with Chinese tungsten company Xiamen Tungsten Ltd, as 1st step in establishing the 50/50 JV to develop the project
3-Oct-06	KIS Feasibility Study: 600ktpa ore to produce 300kmtu WO3 pa. CapEx A$95 and Cash Operating Costs are A$85-100/mtu WO3 produced.
27-Mar-07	Enter in the non-binding Letter of Intent with Hunan Nonferrous Metals Corp (HNC) for the redevelopment of KIS. HNC to produce offtake and finance.
17-Dec-10	MinMetals Corp acquires HNC, and KIS JV terminated given not a strategic fit for MinMetals. HNC forgave the loan in exchange for 2% royalty capped at $3.9m. HNC transfers all interest to KIS.
Feb-12	**Definitive Feasibility Study for 350kt/yr ore at 1.04% WO3. Whole ore floatation to recover 91% of WO3 into a standard 65% concentrate supplying up to 25% of the world's non-China tungsten for 10 years. Capex required $133m AUD.**
9-Nov-12	Tony Haggarty resigns as Chair and Director. Chris Ellis appointed as Director. Both are significant shareholders. Mr Ellis has vast experience in coal sector.
30-Nov-12	**Johann Jacobs appointed as Independent Chair and director**
31-Dec-12	The mining downturn of 2012 makes progressing the project difficult. A revised FS to be completed with a more economic project/plan
16-May-13	Value Engineering Study completed as a pre-cursor to revise the 2012 FS. Plan cuts tailings processing, defers underground mining, defers Bold Head, capex savings $63m. Revised FS outcomes: 56.5kt/yr concentrate, 13 year mine life, $70m capex, $69m NPV. IRR 21%
30-Sep-13	Johann Jacobs takes on executive role under consultant contract $2.1k/day 2 days per week.
13-Jun-14	Mining Lease Granted by Tasmania Govt
5-Dec-14	Completion of the Updated Reserve Statement: 1.9Mt @0.55% WO3, suggesting 10.5kt of WO3, and total indicated resource: 10.82Mt @0.81% WO3 for 87.4kt WO3 concentrate. Revised development plan: open-cut mine viability is reassessed, extended LOM from 4-8 years, lower mining costs, higher extraction %
2-Oct-17	Tasmania EPA approved the Dolphin Project EER, allowing for an 8-year open cut mine
9-Oct-18	100% acquisition of the Portside Links
8-Apr-19	Enter off-take agreement for concentrate with Wolfram Bergbau and Hutten AG for 140k mtu over 4-years or 2200t
3-Jun-19	Feasibility study extends the LOM of the Dolphin project beyond 8-years, and further expands Dolphins resource by 18% - includes re-establishing an underground mine at Bold Head deposit.
16-Dec-20	Completed the revised Feasibility Study and Updated Mineral Reserve Estimate: increased NPV by 65%
2-Feb-21	$10m loan package from the Tasmanian Gov: secure supply chain of critical metals, re-payable over 10-years.
17-Aug-21	Commit to long lead time purchases
6-Sep-21	Raises $33m in debt ($4m debt 8.25% rate, $29m convertible debt 6.5%) from a syndicate of lenders including Pure Asset Management ($10m), Abex, Chrysalis (Ellis), DACHS Capital AG and Elphinstone Holdings. 148.2m warrants issued as part of loan package with strikes 19.6c and 21c (Pure).
13-Sep-21	New Tungsten Offtake Agreement with Traxys: 90kmtu pa of WO3 for a total of 330kmtu WO3. Since financial milestones were not met by 31 August 2021, KIS elected to serve notice of termination of the agreement with Kalon Resources.
4-Oct-21	A$31m equity raise, $25.5m placement to institutional investors ($14.3m per 15%+10% ASX 7.1 listing rules, $11.2m to existing shareholders subject to approval, $5.5m share purchase plan). New shares represent 44.5% of current. A$.014c price is 19.4% disc to 15 day VWAP (17.4c).
15-Nov-21	Ticker changed from KIS to G6M
24-Nov-21	Executed construction contract with Gekko for the design, procurement, construction and commissioning of the processing plant and related facilities.
2-Dec-21	Tas Gov provides $2million grant to Hydro Tasmania for upgrading the capacity of the transmission line to the Dolphin Tungsten Mine
31-Jan-22	Megan McPherson appointed CFO
24-Jan-22	Keith McKnight appointed CEO
24-Feb-22	Construction Commences
31-Aug-22	Keith McKnight appointed as Managing Director and CEO. Johann relinquishes Exec Chair role, and to remain non-exec Chair. Board now comprises 4 persons, 1 independent under ASX classifications.
31-Oct-22	**Updated Project Economics & NPV (A$300m) - increases to CapEx(A$93m for Stage 1 O/C and A$61m for Stage 2 U/G mining --> Total: A$154m) and OpenX increased to A$147/mtu produced. Accompanied with APT price increase to LR price at US$340/mtu**

Appendix – Not a new mine: Flow sheet and Production data 1917-1942

Figure 24: King Island Scheelite Company process flowsheet during its second phase of operation (1937-1958)... capacity to produce 500t/week in 1938, in 1942 (dated) the Commonwealth assisted in upgrading reserves and by 1946 production had increased 4-fold



Source: Geoscience Australia: The King Island scheelite mine, King Island, Tasmania

Figure 25: Production figures for 1917-1920 production, the first stage of production during WW1, producing 58,900 mtu WO3 from 67.710kT at an average grade of 0.87%. The mine repones for 1938, 1939, 1940, 1941 under the King Island Scheelite NL company to now produce (within a 4-year period) 62,700 mtu WO3 from 98.305kT ore at an average grade of 0.64%.

Year	Ore Treated (tons)	Concentrate Produced (tons)	Approx. Value of Concentrate (£)	Yield Concentrate (per cent)	Dividends (£)
1917	4937	69	12130	1.40	5,000
1918	21088	216	39352	1.02	10,000
1919	27832	199	43181	0.71	5,000
1920	13853	105	17903	0.76	5,000
Total	67710	589	112566	(Av.) 0.87	25,000

Operations ceased in 1920 owing to the fall which occurred in the price of tungsten ores after the war period.

In 1934, Mr.W.E.Hitchcock was considering the re-opening of the mine and an examination was made by Mr.P.B.Nye, Government Geologist of Tasmania. A drilling campaign was drawn up and was carried out during the latter half of the year. The drilling campaign was successful in proving the continuation of the lode system.

A new Company - King Island Scheelite N.L. was formed and commenced operations during 1938 and results of their operations to the 31st October, 1941 show -

Year Ended	Crude Ore Milled (tons)	Concentrate Produced (tons)	Approx. Value of Concentrate £	Yield of Concentrate (per cent)	Nett Profit (without depreciation & Income Tax Charges) £
31/10/38	5845	27	6092	0.46	1065
31/10/39	27670	168	38330	0.61	14680
31/10/40	35600	228	53484	0.64	24970
31/10/41	29190	204	44295	0.70	11191
	98305	627	142201	0.64	51906

In addition a tailings retreatment mill recovered -

	Tailings Retreated (tons)				
31/10/40	22390	35	7944	0.16	5724
31/10/41	18870	17	3741	0.09	1996
	41260	52	11685	0.12	7720

Source: Geoscience Australia: The King Island scheelite mine, King Island, Tasmania

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Buy	Hold	Sell
>20%	20% – 5%	<5%

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