

Laying the foundations

Sustainability Report 2022





▲ CEO Paul Cronin discusses operational developments with the construction team

“We are not only laying these physical foundations but also the highest standards of social and environmental responsibility”

Dear Stakeholder,

When we started on this project five years ago, we were determined to do things the right way. That meant being respectful of our host community and helping them show the world what this incredible country can do.

Before commencing any operations, it was imperative that we put down roots and embed ourselves in the community. Whilst we had a very good idea of the commercial potential of our assets, we also needed to understand what impact a development of this kind would have on the people of Vareš, wider municipalities and Bosnia as a whole.

What we found more than surpassed our expectations. Despite a tragic recent history that destroyed communities and led to many – especially young – people leaving the region, we discovered a warm and welcoming society with a proud history of mining, which was passionate about building back economically and culturally whilst reversing the displacement of the past 20 years.

Welcome

Our geological assessment of the ore body in Rupice determined that there was an excellent case for a modern, world class and high-grade Polymetal mine that could provide strategic metals to Europe and the rest of the world for many years.

This was equally matched by a region eager for investment with the capability and capacity to deliver much of the talent and supply chain to support production.

Following a multi-million-pound exploration and development programme supported by investment from the international finance community, excellent local and national authorities and our host communities, we are on the verge of turning this concept into reality. We are 75% way through the construction of a 21st century, low-carbon operation and not only laying these physical foundations but also the highest standards of social and environmental responsibility.

This inaugural sustainability report captures the work we have done to ensure that we meet internationally recognised sustainability standards and also go beyond these expectations when we can. Wherever possible, our objective is to drive real value not only for investors but also for our largely local workforce, supply chain partners and communities.

This means maintaining and restoring our environment, launching community healthcare, education and infrastructure initiatives to help support both our operations and those who live and work nearby and regenerate a historic mining region to deliver industry, commerce and even tourism.

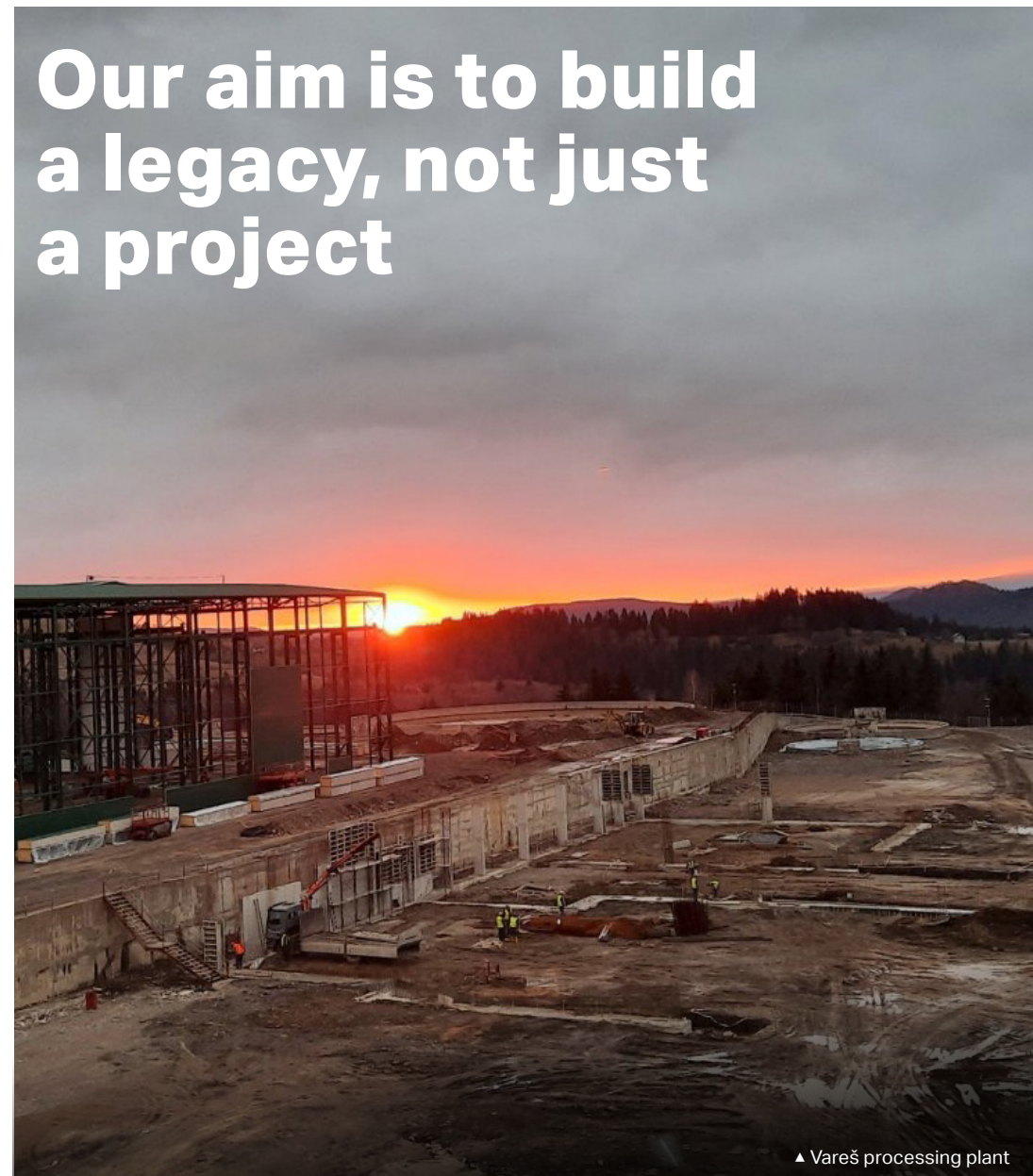
As we progress into production, we must and will be transparent. Following our previously published Environment and Social Impact Assessment that set out an understanding of our operational effects and our corresponding commitments, this first formal report discloses our sustainability strategy, performance and future priorities.

We are keen for you to understand what we have delivered to date, plus our ambitions to ensure our activities only add further responsibly produced value for many, many years to come.

Lastly, I'd like to say how proud and appreciative I am of the Adriatic Metals and Eastern Mining team as well as our operational partners who have put their hearts and souls into realising this venture. I know it will make a material difference both within and beyond our immediate area of operations and I look forward to us growing and thriving together.

Paul Cronin

Managing Director and CEO
April 2023



▲ Vareš processing plant

Assessing and managing our operational impacts

Sustainability priorities

Context

Setting progressive targets and priorities

See p. 05



Colleagues

Building capability

See p. 18



Community

Driving shared prosperity

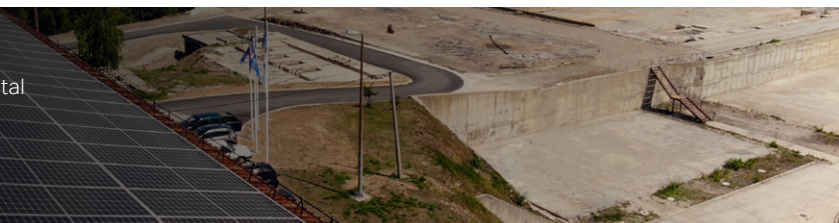
See p. 32



Climate

Meeting environmental challenges

See p. 40



Company

Transparency & accountability

See p. 55



Highlights

Employees

192

FDI

25%

Contractors

138

National employees

91%

LTIFR

1.03*

Hours of training

2,511

TRIFR

4.10*

Female diversity

29%

Visits to Information Centre

2,418

Senior management hired from local community

20%

Target reduction in scope 1 and scope 2 by 2027

30%

Processed water use per day

55m³

Sustainability Committee meetings

4 x per year

Concession fees, insurance and taxes paid so far

£1.5million

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* per 200,000 hours worked

Context

Setting progressive targets and priorities

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Employees

192

Contractors

138

National employees

91%

Foreign Direct Investment

25%

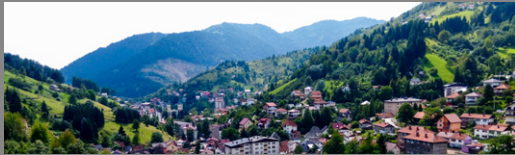


◀ Worker on site at Rupice

Company overview

Europe's new source of strategic metals

Adriatic Metals plc, headquartered in London, is a precious and base metals developer advancing the world-class Vareš Silver project in Bosnia as well as the Raška Zinc-Silver project in Serbia.



Bosnia: A modern-day jurisdiction

Candidate for EU membership

Population and both local and federal government are supportive of mining industry

Strong mining history

Clear and concise mining code in a stable democracy

10% corporate tax and favourable royalty regime

Business friendly environment

Extensive access to rail networks linking European smelters and the seaborne market

Our project

The Company's flagship Vareš project is located in the municipality of Vareš, within the Zenica-Doboj canton, approximately 50km north of the Bosnian capital of Sarajevo. The town has a long history of mining. State-owned iron ore mining operations and associated steelworks operated there from the 1890s until the late 1980s, and as a result, there remains existing road, rail, water and power infrastructure.

The Project's underground deposit, called Rupice, has high-grade silver and zinc dominant polymetallic mineralised widths of up to 65m from 250-300m deep. The Company is confident that the land package has significant exploration potential to add to the current 11-year life of the mine.

Our operations and European smelter locations

- 📍 Vareš Silver Project
- 📍 Activities in Raška
- 📍 Potential customers in northern Europe

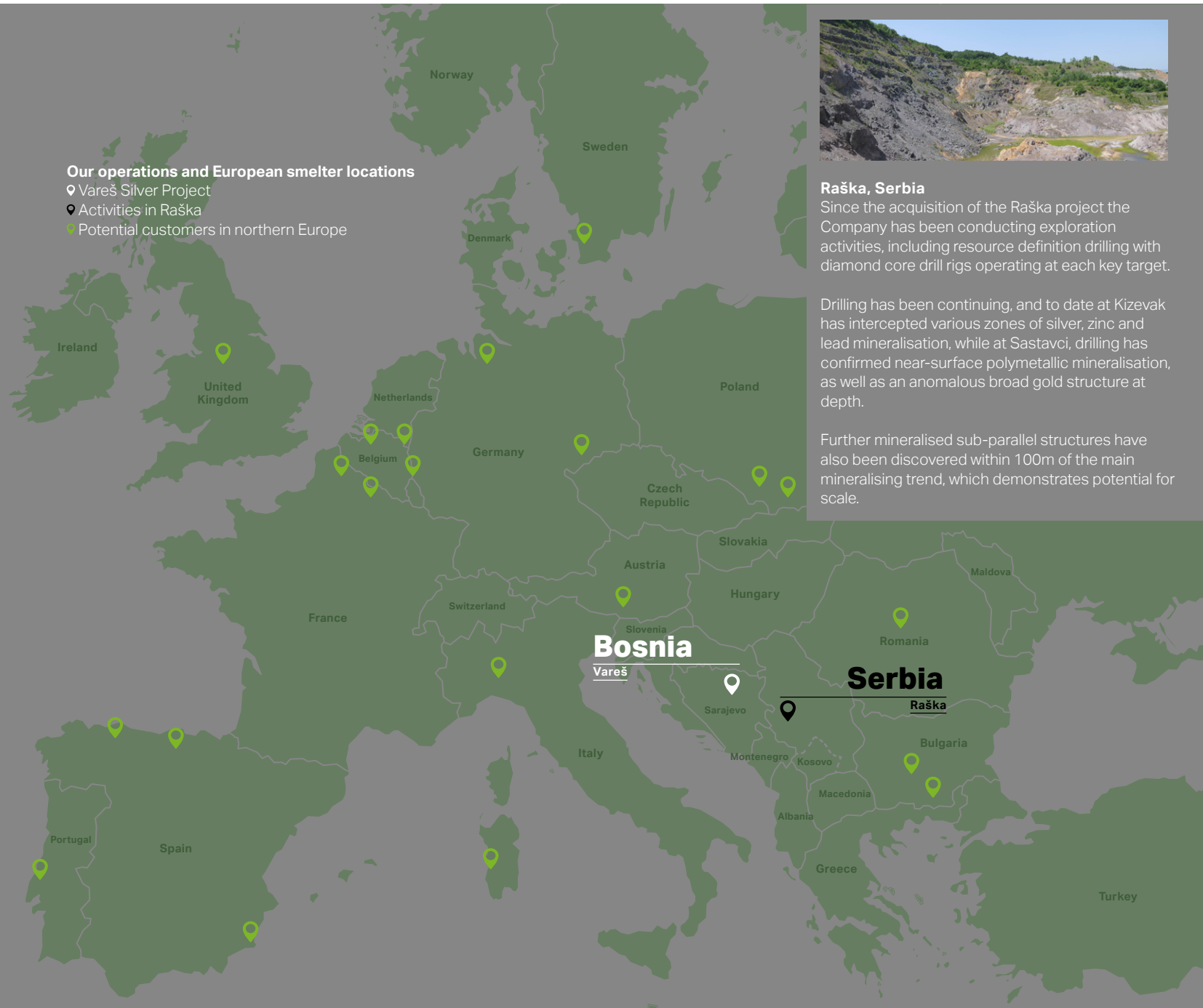


Raška, Serbia

Since the acquisition of the Raška project the Company has been conducting exploration activities, including resource definition drilling with diamond core drill rigs operating at each key target.

Drilling has been continuing, and to date at Kizevak has intercepted various zones of silver, zinc and lead mineralisation, while at Sastavci, drilling has confirmed near-surface polymetallic mineralisation, as well as an anomalous broad gold structure at depth.

Further mineralised sub-parallel structures have also been discovered within 100m of the main mineralising trend, which demonstrates potential for scale.



Basis of preparation

Aligning to leading global sustainability standards



Vildana Mahmutovic
Head of Sustainability

Our approach to sustainability

This report presents Adriatic Metals PLC's sustainability performance in 2022. Information is provided that demonstrates how sustainable development contributes to our long-term success and how we create value for our stakeholders, including employees, local communities, contractors and shareholders.

The report covers the operations of Adriatic Metals PLC and its various subsidiaries, which carry out our business. Adriatic Metals is a public limited company. The Company's principal assets are its investment, via Adriatic Metals Holdings BIH Limited, in the group's wholly-owned subsidiary Eastern Mining d.o.o. and its direct holding in Adriatic Metals Jersey Limited, the subsidiaries of which comprise the Raška project in Serbia. The reporting period was from 1 January 2022 through 31 December 2022. The next report will be published in Q2 2024.

Sustainability Policy

Adriatic's Sustainability Policy regulates and provides guidance for the Company and its subsidiaries, management of activities to minimise adverse workforce, community or environmental impacts and to realise opportunities in these areas. The Company recognises that its principal concern must be the well-being of its people, whether employees, contractors, consultants, affected near-mine persons and communities, or other stakeholders.

The health and safety of those persons, and the sustainability of the environment in which they work or live, are critical factors in measuring the long-term success of the Company's business and, therefore, also for its investors. The Company is committed to implementing and maintaining the best practical standards of governance and transparency. The Company also recognises the importance of the impact of its operations on climate change, use of land, water quality and availability and biodiversity. Our overall objective is to ensure that the communities where we work are ultimately enhanced by our presence.

Basis of preparation

We have developed this report in accordance with legal requirements such as Streamlined Energy and Carbon Reporting ('SECR'), Task Force on Climate-Related Financial Disclosures ('TCFD'), Companies Act and Bosnian Mining Law. References to the recommended TCFD disclosures are incorporated throughout this report (where you can see the logo); a full index table can be found in the appendix on page [67](#).

Our disclosures have largely been shaped by the Environmental, Social Impact Assessment (ESIA) that was carried out in 2021; developed in accordance with the World Bank's International Finance Corporation (IFC) guidelines and Equator Principles, and the benchmark reporting standard agreed with the European Bank for Reconstruction and Development (EBRD).

This report is further guided by leading voluntary sustainability disclosures, including the Global Reporting Initiative ('GRI'), Carbon Disclosure Project ('CDP'), Net Zero, Science Based Targets initiative ('SBTi') and the sector-specific International Council on Mining and Metals ('ICMM').

Unless clearly stated, all sustainability disclosures are related to our operations in Bosnia, where our impacts are most evident and material.

For any questions regarding this report or its contents, please contact:

vildana.mahmutovic@adriaticmetals.com.



Global Reporting Initiative (GRI)

Standards enable understanding and reporting on impacts on the economy, environment and people in a comparable and credible way, thereby increasing transparency on their contribution to sustainable development.



Sustainability Accounting Standards Board (SASB)

SASB Standards identify the subset of environmental, social and governance issues most relevant to financial performance and enterprise value. SASB is now part of the IFRS Foundation and integration agenda of sustainability.



International Finance Corporation (IFC)

ESIA delivered in conformance with IFC's performance standards as agreed with EBRD



International Council on Metals & Mining (ICMM)

10 principles for sustainable development to set a standard of ethical performance. Adopted by London Metals Exchange as certified standards as well as Boliden.



Carbon Disclosure Project (CDP)

A not-for-profit-charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.



Equator Principles

Voluntary guidelines adopted to ensure that large scale development or construction projects appropriately consider the associated potential impacts on the natural environment and the affected communities.



Task Force on Climate-Related Financial Disclosures (TCFD)

Task Force on Climate-Related Financial Disclosures, a guidance framework that helps companies disclose climate-related financial risks to investors, lenders and insurers.



European Bank for Reconstruction & Development (EBRD)

EBRD finance projects which are expected to be designed and operated in compliance with good international practices relating to sustainable development. They have defined ten performance requirements covering the key areas of environmental and social issues and impacts.

Our business model

Generating positive stakeholder outcomes

We fully believe that economic development should underpin the prosperity and well-being of stakeholders at both local and national levels.

From our inception, we have been committed to driving a culture that puts our host community at the centre of our objectives. Demonstrating these embedded values and principles, the development and production of our mineral resources have the potential to deliver long-term value for all our stakeholders.

Value outcomes

Investors

US\$1,062 NPV8
134% IRR

Employees

91% National employees
89% Employee satisfaction

Environment

575,357.22 kg CO₂e Emissions (GHG)
30MW MoU* Renewables investment

Community

\$1.5m Taxes, royalties
1.6% Contribution to Bosnian GDP (over LOM)

Development life cycle

Portfolio Development

Targeting Pan-European, value accretive assets to diversify the portfolio

Asset Development

Continued exploration to add ore reserves to existing Vareš concession

Operational Development

Construction, production, workforce development and high operational standards

Sustainable Development

Reducing our environmental impact whilst increasing our positive social impacts

Restoration Development

Rehabilitation to ensure that biodiversity impacts are more than replaced



Resources & relationships

Leadership expertise

Strong ethics and clear policies
Robust governance framework
Experienced in-country team

Strong financial position

Ample financing capacity to complete development and commence production
Strong cash flow projections
Stable balance sheet

High grade deposits

Premium products can drive a higher valuation
Quality source material can lower processing costs and environmental impacts meeting supply chain requirements

Supportive community

Historic mining region with strong links to industry
Existing industrial infrastructure
Stable geo-political environment

Local capability and capacity

A source of committed employees
Established supply chain partnerships

Sustainable development goals



Sustainable cities & communities

Realising the commercial and environmentally sustainable development of critical raw materials



Industry innovation & infrastructure

Driving highly technical and remunerated roles and skills development for the local workforce



Responsible consumption & development

Developing local renewable sources of energy as a primary resource can minimise the carbon profile of the mine



Decent work & economic growth

Generating a significant increase in local tax revenues through royalties, concessionary fees, local employment and procurement

* With Norwegian energy supplier

Stakeholder identification and engagement

Working and communicating with our stakeholders

Refining our responsible business practices involves engaging with our stakeholders to refine our strategy.

We aim to communicate effectively and transparently with all our stakeholders, thereby building strong relationships which assist us in maintaining trust in our business, upholding our social licence to operate and creating shared value.

We have identified our most important stakeholder groups and we use a variety of methods of engagement in order to maintain consistent two-way communication throughout 2022.

Feedback from these stakeholder groups on key issues or impacts as a result of our operations is relayed to management and the Board and are taken into account in strategic discussions and decisions.

Stakeholder	Key topics raised	How and why we engage	Engagement outcomes
<p>Shareholders Current or potential individuals or entities that may own shares of the Company's stock and have a financial interest in its performance through changes in share price or payment of dividends. Shareholders also have the right to vote on certain important matters, such as the election of directors and approval of major corporate actions, such as mergers and acquisitions.</p>	<p>As the Company progresses through the development cycle and into production, shareholders have raised the following topics:</p> <ul style="list-style-type: none"> Construction progress on the Vareš project Geo-political impacts on supply chain and sourcing of materials Inflationary impact on cost of materials Climate change / TCFD reporting Board diversity Executive remuneration versus targets 	<p>The Company maintains a regular dialogue with investors, providing them with information on the Company's progress as commercial confidentiality, market abuse rules and other legal requirements permit. The Company typically holds meetings with institutional investors and other large shareholders following the release of major news flow, interim and financial results. The key mechanisms of engagement include:</p> <ul style="list-style-type: none"> The Annual General Meeting Annual, Interim and Sustainability Reports Investor roadshows and presentations One-on-one investor meetings with the Chairman, CEO and CFO Regular news and project updates Social media posts Site visits for existing and potential investors and equity analysts 	<p>The Company has engaged with investors on topics of strategy, governance, project updates and performance. In addition to a number of investor roadshows and one-to-one meetings, the Company conducted a Capital Markets site visit in October 2022 that hosted over 30 investors and analysts for them to directly experience the progress of the Vareš project and understand more about the development process.</p> <p>Please see Capital Markets Site Visit on page 12.</p>
<p>Existing and potential future debt providers Individuals or entities that provide loans to fund operations and finance growth in exchange for fixed income payments, such as interest and principal repayments.</p>	<p>The Orion Debt Financing agreement contains a number of financial and non-financial reporting obligations that the Company must comply with.</p>	<p>The Company has US\$20 million of convertible bonds in place which it issued to Queens Road Capital Limited on 1 December 2020. The Company also has a US\$142.5 million debt financing package with Orion Resource Partners (UK) LLP ("Orion") that was completed in January 2022. During the year, one-to-one meetings with the CEO and/or CFO were undertaken on a regular basis to provide regular updates on the progress of the Vareš project.</p>	<p>The debt financing package from Orion includes a donation to the Adriatic Foundation comprising one payment of \$100,000 (prorated where relevant) from the repayments of the Senior Secured Debt during the repayment period.</p>
<p>Workforce Employees are critical to Adriatic's culture and have a vested interest in the Company's success.</p> <p>Employees have a direct impact on the Company's performance and can also be impacted by its decisions.</p>	<p>Employees have raised a number of topics during the course of the year, including:</p> <ul style="list-style-type: none"> Compensation and benefits Health and safety protocols and training Professional career growth and personal development Diversity and inclusion Opportunities for female empowerment 	<p>Adriatic maintains an open line of communication between its employees, senior management and the Board. The Group monitors health and safety on a daily basis and reports performance of lost time injury and frequency rates. The Group undertakes annual group-wide employee surveys to capture important insights and monitor workforce satisfaction.</p> <p>Our Board regularly visits the operations in Bosnia and Serbia and engage with its employees through one-on-one and staff meetings, employee events and project updates.</p> <p>Adriatic can benefit from engaging with and prioritising the needs of employees. This can lead to increased employee satisfaction, motivation, and loyalty, which can positively impact the Company's performance and success.</p>	<p>In 2022, we introduced a formalised HR system and team to build capability and support the workforce.</p> <p>Health & safety: The Company maintained an excellent safety record during the year.</p> <p>Training: 2022 included a focus on upskilling employees, including culture and competence training.</p> <p>Diversity: The Company has maintained a strong level of female representation in the workforce of 29%.</p> <p>Employee survey outcome: In October 2022, an Employee Survey found that 91% of respondents were proud to work for the Company and 89% would recommend Adriatic as a great place to work.</p>

Stakeholder identification and engagement

Working and communicating with our stakeholders



▲ Geologist talking through core samples with Michael Rawlinson, Chairman

Stakeholder

Governmental and NGO bodies

Adriatic maintains strong working relationships with governmental representatives at all levels in the host regions where we operate to foster continual dialogue and build trust.

Governmental bodies are critical in determining local regulations and can influence decision-making through their input, feedback, advocacy and policies.

We also engage with independent, non-governmental organisations that focus on socio-political and environmental goals such as human rights, education, business ethics, health, safety and biodiversity preservation.

Suppliers

Suppliers are fundamental in ensuring that Adriatic Metals can construct the Vareš project on time and on budget.

Using quality suppliers ensures that the Company can meet the highest standards of performance and safety across all areas of the business, including contractors and sub-contractors.

Key topics raised

A number of areas were raised and discussed during the course of the year, including:

Construction progress at the Vareš project

Socio-economic development in the Vareš region including concessionary payments

Environmental impacts associated with construction, including the remediation of water quality in local river courses resulting from haul road construction

Regional business benefits resulting from local procurement

Both during and after the construction phase of the Vareš project, Adriatic will engage with key suppliers under commercial engineering and supply contracts to deliver the mine and plant equipment and support ongoing production. Key areas of discussion currently include:

Supplier code of conduct

Procurement opportunities

Supplier screening criteria

Material cost inflation

How and why we engage

The Company engages with local (Municipal), regional (Cantonal) and national (Federal) government in Bosnia.

In Serbia, the Company engages with local (Municipal) and national government.

In addition to statutory reporting, the Company regularly updates the government departments and that open, continuous engagement is key to developing a successful permitting regime.

The Country Managers regularly report to the Board on progress with obtaining licences and permits.

The Group Adriatic is committed to being a long-term actor in both Bosnia & Serbia, with a firm commitment to each country's sustainable development. We are committed to conducting our relationships based on transparency, partnership and integrity.

The procurement team has undertaken the pre-qualification of several engineering providers and mining contractors, with engagement including:

One-on-one meetings between management and suppliers

Contact with procurement department and accounts payable

Membership of Cantonal and National Chambers of Commerce

Presentations at national trade events and forums

At a local level, the Company has also engaged with and partnered with smaller companies, some of which are independent or family-run businesses.

Engagement outcomes

Bosnia: The Company announced on 28 January 2021 that it had been awarded the Exploitation Permit for Veovaca (covering both the historic open pit and the processing plant location).

On 9 February 2021, the Company received its Environmental Permit for Rupice.

On 3 June 2021, the Company announced the issuance of the Urban Planning Permit for Rupice.

On 19 July 2021, the Company announced that it had been awarded the Exploitation Permit for Rupice.

On 28 October 2021, the Company was issued a revised Environmental Permit for Veovaca, incorporating the redesigned Tailings Storage Facility requirement (increase in LoM tailings after removal of the barite processing circuit).

Serbia: The Company was awarded in December 2021, the 37 km² Kazenovice license, extending its exploration activities further east.

Bosnia: We commenced a series of workshops with local vendors with the purpose of addressing business experience gaps, providing motivational sessions, business plan support, and introductions to potential funding partners.

Adriatic hosted EBRD, World Bank, Swiss and British Embassies, British-Bosnian Chamber of Commerce and the UNDP to promote confidence in investing in local businesses.

Stakeholder identification and engagement

Working and communicating with our stakeholders



▲ Engagement with the local community

Stakeholder

Community

Establishing and maintaining good relations with the local community throughout the development, operation and ultimately the closure of the mine, is vital for the Company's social license to operate.

Principally, the Company needs to engage with its affected communities to build trust. Community engagement will inform better decision making, particularly during the project development stage.

Bosnia: The near-mine communities in Vareš and Kakanj and the wider population of the municipalities and Canton of Zenica-Doboj.

Serbia: The near-mine communities in the Municipality of Raška, the national park of Kopaonik (which borders the North-eastern extremities of the license area) and the wider population of both Southwest Serbia and Northern Kosovo.

Key topics raised

As Adriatic is progressing through the project development process, the Company is starting to have significant social, economic and environmental impacts on the local community and surrounding area, leading to questions around:

Employment opportunities

Community development plans, including provision of local services

Local supplier enquiries

Applications to the Adriatic Foundation
Donations and other initiatives

How and why we engage

Bosnia: Following earlier household surveys as part of the ESIA consultation, Adriatic management continues its engagement using the Vareš Information Centre and Public Liaison Committee. It's proving to be an excellent forum for community feedback.

This includes dissemination of project developments, the advertisement of the public consultations and the Company's approach to sustainability.

Social, print, radio and television media platforms have all been utilised. A bi-weekly interview with members of staff is broadcast on Radio Bobovac, which is listened to by approximately 80% of the residents of Vareš.

Serbia: The blueprint of Community Engagement developed in Bosnia is being rolled out in Serbia. Following an initial public consultation and the opening of the Information Centre in the town of Raška, a Public Liaison Committee was created in 2022.

Procurement and contracting: The Company employs the majority of its current (and future) staff from the municipality of Vareš and as the Company approaches the build phase of the project a Local Business Development Officer has been appointed to engage with local suppliers and contractors.

Engagement outcomes

Bosnia: The information centre has received over 2400 visits in 2022, doubling the ratio from 2021, with visits predominately about job opportunities and for funding local initiatives.

The 2021 household survey identified a clear lack of sufficient healthcare provision. In May 2022, Adriatic, therefore, opened the Eurofarm Polyclinic in Vareš for the use of both employees and the community.

Our Media Coordinator has been responsible for the increase in social media flow associated with the project

The Public Liaison Committee, a panel of 28 community volunteers met 4 times during the year. A project site visit provided attendees with a detailed presentation of the findings and proposed mitigation measures identified during the ESIA.

Serbia: The Company, through its local engagement with the Raška community has yet to experience any "spill-over" from the environmental campaign that has so publicly targeted Rio Tinto's Serbian operations. As a historic mining town, the continued feedback is of a strong desire for operations to re-start and provide employment opportunities that will reverse the migration of young people away from Raška to Belgrade and further afield.

Stakeholder engagement and identification

Capital Markets site visit to our Vareš project

In October 2022, Adriatic and their financial communications advisor, Buchanan, organised a site visit to the Vareš project for Capital Markets participants. They provided the first opportunity for investors, analysts, equity sales and bankers from the UK, Europe, Australia and North America, to see the project up close.

The visit aimed to:

1. demonstrate that Adriatic remains on track to complete the construction of the Vareš project on time and on budget;
2. assure shareholders that the project will deliver returns similar to those included in the feasibility study;
3. build confidence in Adriatic's strategy of developing a high-return polymetallic asset; using the Vareš project as a springboard for further growth in the Company's current and prospective asset portfolio; and
4. increase confidence in the operational management of Adriatic, reduce the perceived risks towards the Vareš project and address the significant discount the market is currently attributing to the Company.

The site visit took place during what has been a period of volatility in global markets, driven by rising interest rates to combat global inflationary pressures, falling metal prices, as well as significant redemptions in equity funds, particularly within the small- and mid-cap sector.

Investor feedback

The site visit was a significant success. Feedback from the visit was very positive, including a strong sense of community support, employment of locals and the extension of the water pipeline to the community. For investors already invested in Adriatic, the visit significantly reduced any concerns about development risk.

As is common with all projects of this kind, health and safety was raised as the primary consideration of the visiting party.

This is an area of significant investment as the project has moved through the development cycle, with the Company conducting 2,511 hours of health and safety training and implemented fit-for-purpose occupational health and safety procedures, objectives and measurable targets.

Positive research notes were published by attendee analysts, stimulating interest in the stock and an improved share price performance.

"Thank you to Adriatic Metals for hosting a brilliant site visit. It was great to see the excellent progress made in developing the mine and building the processing plant. We are looking forward to seeing the fully commissioned plant and the project in full operation."

Edward Gooden

Mining Research Analyst, Panmure Gordon



▲ Capital Markets participants on site

Materiality & risk

Managing risk and opportunity

We define principal issues as those with the potential to have a long-term strategic impact on the Company and a significant impact on our key stakeholder groups.

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board acknowledges it is responsible for reviewing the effectiveness of the systems in place to manage risk and that relevant control procedures are implemented.

The Board has delegated certain authorities of risk management to the Audit & Risk Committee, which meets at least twice a year to consider presentations by the Auditors and drafts of the Annual and Interim Financial Statements. The Audit & Risk Committee is chaired by Sandra Bates, who has relevant financial and business experience.

All of the members of the Committee are Non-Executive.

The responsibility for undertaking and assessing day-to-day risk management and internal control effectiveness is delegated to management. The Board reviews assessments of the effectiveness of risk management and internal compliance and control at least annually.

Processes for identifying and assessing sustainability-related risks:



The Environmental — and Social Impact Assessment ("ESIA") for the Vares Project commissioned by the Group and completed with international consultants Wardell Armstrong considered the Vares Project baseline and identified potential sources of impact from across the mine life (construction, operation and closure).

An assessment of the magnitude of impact was made and methods of avoidance, mitigation and management determined to limit the environmental and social impacts arising as a result of the Vares Project development. Climate change impacts are considered from two environmental perspectives, the impact of the Vares Project on the climate and the effect of global change on the Project. On the Raska Project, a programme of exploration work is ongoing and climate related risks will be identified and assessed as part of the future scoping study stage of the Raska Project.

Materiality Matrix

Given the importance of maintaining our social licence to operate, Adriatic Metals has undertaken a process to identify and prioritise the most significant environmental, social and governance issues facing the organisation.

The company was keen to understand the potential impacts of our operations and provide a framework for prioritising and addressing these issues.

As part of our broader risk assessment, we conducted a review of the ESG topics that were most relevant to the company and its stakeholders, assigning a level of importance to each issue based on its potential impact and the level of concern expressed by both internal and external stakeholders. A list of 26 key topics has been identified and is presented in the ranking assessment as displayed to the right.

This materiality model is used to guide the development of our sustainability strategy, identify initiatives for improvement, integrate sustainability into our decision-making processes, achieve long-term business success and help us to communicate progress to stakeholders.

To support this, we have assigned the management of each material issue to key functional areas of the business, establishing clear lines of responsibility and accountability.

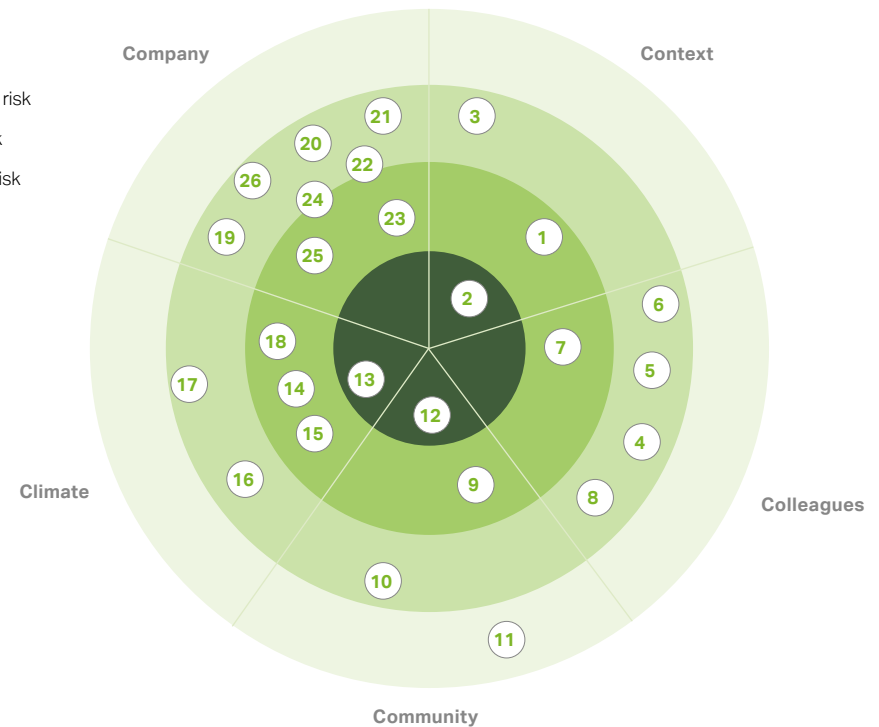
Material issues

Context	1. Climate change and the energy transition
	2. Political instability
	3. Global pandemic
Colleagues	4. Employee engagement
	5. Employee health and safety
	6. Training and development
	7. Recruitment and retention
Community	8. Emergency preparedness
	9. Community engagement
	10. Community development
	11. Resettlement
	12. Land acquisition

Climate	13. Environmental compliance
	14. Energy consumption and efficiency
	15. Emissions
	16. Water and wastewater discharge
	17. Waste and tailings management
	18. Biodiversity and land use
Company	19. Business ethics
	20. Responsible payment of taxes
	21. Anti-bribery and corruption
	22. Human rights
	23. Regulation and permitting
	24. Financing
	25. Cybersecurity
	26. Contractor management

Ranking

- Low risk
- Medium risk
- High risk
- Critical risk



Materiality & risk

Processes for managing climate-related risks



▲ A forested environment at Vares

The Company has developed an Environmental and Social Management System (“ESMS”), which guides the implementation and monitoring of the mitigation and management methods identified in the ESIA. The ESMS comprises corporate policies, the ESIA, and environmental and social management plans and action plans.

The Board and management team have been committed to developing a mining project in harmony with the local environment and communities, taking appropriate and robust steps in the process to meet this objective. Bosnia’s electricity grid is powered increasingly by renewable energy sources, but a significant proportion still comes from coal powered energy sources. The assessment of these risks in the context of strategic planning and capital allocation informed the approval and development of a small-scale solar project at Eastern Mining’s Vares administrative building.

The Company considers that the most material climate-related risks will occur once the mine and Processing Plant are operational. Therefore, the greatest opportunity to reduce those risks (including emissions risk, carbon taxes and other associated transitional risks) is during the design and construction phase of the Project. Energy supply for powering mining and processing activities is deemed a material area of climate-related focus, as well as fuel types for powering the mobile fleet. Hydrogen powered trucks have also been considered for the mobile fleet and the Company will continue to assess investment into low-emission operating technologies.

How the identification, assessment and management of climate-related risks are integrated into overall risk management:

The ESIA was developed alongside and in close collaboration with the definitive feasibility study for the Project. This means that environmental and social aspects have been integrated into the overall design, avoiding many potential significant adverse impacts.

TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Sustainability strategy

Our sustainability priorities

The Company is committed to setting a high standard in responsible extraction of its mineral resources.

Core to this strategy is setting a high benchmark for Environmental, Social and Governance (ESG) standards, not only in comparison to its European peers but also across the global mining industry.

Sustainability focus areas

Colleagues & opportunity

Occupational Health & Safety
Training & professional development
Diversity & equal opportunity
Culture & values

Community & contribution

Community Health, Safety and Security
Community development
Local employment
Local supply chain

Climate & environment

Climate change resilience
Greenhouse gas emissions
Biodiversity care, rehabilitation and land use
Wastewater management

Company & commitments

Strong governance and stewardship

Long-term success criteria

Zero life altering injuries (this would include fatalities, physical and health injuries)
Total recordable injury frequency < 8
25% of women employed to 2024
Build capacity and capability in local workforce

Zero degradation in public health from our activities
Socioeconomic contribution
Community engagement and development
Social investments
Build capacity in local supply chain

Zero serious environmental incidents
Rehabilitate at least 110 ha of degraded forest together with local forestry authorities
Reduce fresh water use through recycling
Design and achieve 100 % of recycling waters in process plant and underground mining

Corporate governance and business ethics
Zero tolerance for anti bribery and corruption
ISO9001, 14001 and 45001 certification

2022 performance

LTIFR

1.03*

Training hours

2631

TRIFR

4.10*

Female diversity

29%

Grievances

11

Local employees

91%

Information Centre visits

2,418

Local contractor employees

348

GHG emissions

575,357.22
kg CO₂e
(Scope 1&2)

Target reduction by 2027

30%

Processed water use per day

55m3

Sustainability committee meetings

4

Direct investment

25%

Priorities for 2023

Quality education plan for workers
Supporting young, non-experienced locals to get a chance for employment
Cooperation with universities in BiH and region
Critical control management
Safe supervision and safe management training
Contractor collaboration and management
Introduce health and hygiene plan

Promote health and safety culture in community
Promote healthy lifestyle
Improve primary health care in host community for employees, but also for community needs too

Decarbonisation and GHG emission reduction
Clean and renewable energy (net zero strategy)
Develop Tailings Management Plan (GISTM)
Responsible rehabilitation and closure planning
ARD control for waste water treatment and reuse
Prevent pollutions and harmful activities
Deliver all ESIA and ESMS commitments

% of increased export from Bosnia
Achieve ISO certifications
Deliver energy transition metals

* per 200,000 hours worked

Project development

Sustainability considerations during construction

2022 was yet another transformable year. We moved through the construction phases of the Vareš project continued our exploration activities, and extended our concession area boundaries along strike to broaden the strategic land package.



Mine site
Rupice



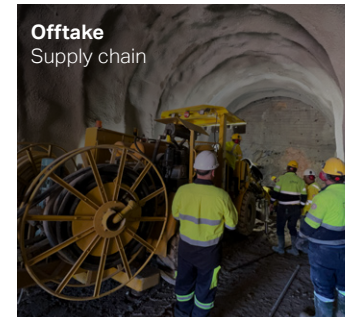
Processing facility
Vareš



Utilities
Power supply



Public haul road, logistics
Rail head



Offtake
Supply chain



Exploration
Drilling

Sustainability considerations

Emergency clinic: Earthworks at Rupice are progressing well and to date, approximately 65% of earthworks have been completed.

Temporary facilities have been constructed to support safe operations, including offices, change-rooms for employees and contractors, an emergency clinic, a workshop and lay-down areas for consumables.

Reuse and regeneration:

The Vareš Processing Plant is located on a brownfield site. The historical tailings thickener and some other smaller thickeners will be repurposed for future use, including reuse as the process water tank.

Renewable energy: To support our lower-carbon commitments, we are developing a net zero strategy which will determine the location of sites suitable for renewable energy projects, underpinned by a signed MoU with Norwegian renewable energy supplier, Emergy, for cooperation on the development of a 30 MW solar facility for direct supply to the Vareš Processing Plant.

Community safety: A new haul road of 24.5 km will transport crushed ore and de-watered tailings between the Rupice Surface Infrastructure and the Vareš Processing Plant, as well as transporting concentrate containers between the Vareš Processing Plant to the Vareš Railhead. The haul road will crucially bypass villages, dwellings and the town of Vareš.

International ESG standards: In 2022, Adriatic agreed on a heads of terms (HoT) for the purchase of concentrate production with Boliden AB, and international commodities trading and smelting company. As part of an initial screening process, Adriatic was asked to conduct a sustainability assessment; to be followed by further investigation into water management, tailings management, community relations and GHG performance.

Brownfield exploration:

Rupice will remain the focus of exploration activities in the Vareš region and many existing deposits remain open and are still to be fully defined. Significant potential remains across brownfield exploration drilling zones, reducing greenfield exploration.

Specialist contractor support and management

Ausenco

A multinational engineering, procurement, construction management, and operations service provider to the energy and resources sectors.

Çiftay

Conducts mining and construction works across international operations, meeting the highest standards of labour safety and quality.

Wardell Armstrong

A multidisciplinary environmental, engineering, and mining consultancy with global expertise in the whole mine life cycle.

Mining Plus

A leading mining technical services provider, consisting of professionals specialising in geology, mining engineering, geotechnical engineering, mine ventilation and operational management.

Alfa Energy

An international energy, sustainability and technology consultant partner supporting with carbon emissions calculations, reduction and net zero planning.

Workforce Group

Provides workforce consulting and solution services for the Mining Industry, advising on people management and practices across the employee life cycle at any stage of a mining project.

Chair of Sustainability Committee

Transparency and accountability



Sanela Karic
Non-Executive Director & Chair
of Sustainability Committee

“Our objective this year was to ensure effective independent sustainability oversight of our operations and set out clear principles”

On behalf of Adriatic's Board of Directors, it is with great pleasure that I endorse our inaugural Sustainability Report.

I am honoured to have been part of the Adriatic team for the past three years and I am delighted with the evolution of the Committee as we progress from exploration to development. We have ensured that we have integrated social and environmental considerations that are most important to our stakeholders into our planning and decision-making which will mean that Adriatic is well-placed to maintain and build upon its strong track record.

Culture

We believe that ESG considerations must be built into the foundations of what we do. We expect the function of the Sustainability Committee will develop over time, but we have set out the core role, remit and responsibilities of the committee which will remain consistent throughout all stages of our corporate life cycle.

Our commitment to sustainability and ESG starts at the Board and permeates through the whole company. While it is early in Adriatic's journey, we recognise the importance we can play in creating a thriving and sustainable local community. A key role of our Sustainability Committee is setting and maintaining a culture in which everyone is in unison and feels empowered to raise concerns on ESG issues. Our mission is to enable the use of materials needed for a thriving planet and we are excited to be a part of this journey.

Key focus areas of the Committee in 2022

Development of sustainability framework and strategy

Implementation of ESIA commitments

Definition of sustainability targets and goals

Target decarbonisation & net zero strategy and commitment through SBTi

Sustainability risk management; addressing and mitigating priority areas such as OH&S, community health safety and security and energy security

Workforce development plans

Community development plans, including healthcare services and supply chain capacity

Safeguard cultural heritage

Preparing international disclosure standards sustainability reporting is an important tool for gradually improving the management of the operational impacts of our company, with the necessary transparency influencing our monitoring and management. When effectively applied, the process of reporting generates important insight into our performance and helps us set targets and meet the increasing expectations of all stakeholder groups.

A major focus of the Sustainability Committee in 2022 was to provide strategic guidance on setting, measuring and reviewing objectives and targets that aim to drive continuous improvement in our ESG performance. Our current priorities are fit for purpose for a development company, and we are now beginning to put the information management systems in place to track the additional performance data that will be required once we are in production. Environmental and social data points will evolve significantly once we are dealing with waste, tailings, water and emissions on a far greater scale than we are now.

Task Force on Climate-Related Financial Disclosures (TCFD) Reporting

In order to better understand the risks presented by climate change, the Sustainability Committee has considered and approved the methodology and draft disclosures under the TCFD. Supported by external consultancies, we have utilised the following methodology for TCFD implementation:

1. Governance and oversight: Board and management oversight to ensure that climate issues are embedded in the strategic planning and risk management

2. Assess the materiality of climate-related risks: Understand potential climate-related risks and opportunities for the business involving all relevant stakeholders

3. Develop and define scenarios: Construct appropriate scenarios to develop relevant narratives according to our context and business model

4. Identify potential responses: Use the results to identify realistic strategic responses to manage risks and opportunities

5. Document and disclose: Communicate to relevant parties – the inputs, assumptions, methods, outputs, and potential management responses.

The company's second-year reporting disclosure under TCFD can be found throughout this report and within the appendix on page 67.

Outlook

As we progress through 2023 and into production, the company will start to understand its sustainability performance in a greater context, enabling us to set baselines against which future progress can be measured. Our stakeholders may also expect us to align with higher standards of environmental management, such as biodiversity frameworks and we are continually consulting with partners and stakeholders to understand those areas that present both risk and opportunity for the company.

This maiden sustainability disclosure not only delivers a significant measure of shared value creation, it establishes a blueprint for responsible development that characterises our corporate behaviours and culture. I look forward to reading the next chapter in Adriatic Metal's story.

Colleagues

Building capability

- Workforce management system 19 →
- Employee cycle 20 →
- Benefits and recruitment 21 →
- Training and development 22 →
- Employee relations and engagement 24 →
- Diversity and equality 25 →
- Health and safety 27 →

LTIFR

1.03*

TRIFR

4.10*

Hours of training

2,511

Female diversity

29%

* per 200,000 hours worked



◀ Geologists examining the characteristics of the deposit

Workforce management system

Creating a ready workforce



Lachlan Spicer
Head of Human Resources

“By doing the preparatory work now to ensure we are ahead of the curve with regards to stakeholder expectations, we are setting the business up for success and supporting our overriding objective of getting a ready workforce for day one of operations.”

By laying the right foundations, we can build a business that will see long-term success.

We have addressed this by developing a robust management structure that considers all facets of our organisation and follows best practice when

establishing the required policies and procedures. This enables us to minimise potential risks and future-proof our business.

Human resources (HR) in the mining sector has traditionally been treated as an adjacent, non-core support function. We do things differently at Adriatic; we believe that HR is an integral business function and, as such, should be incorporated into the central business strategy, directly aligned with corporate objectives. By embedding HR functions into the business in this way, we can develop a collective understanding of the company vision and ensure that everyone is working towards the same goal.

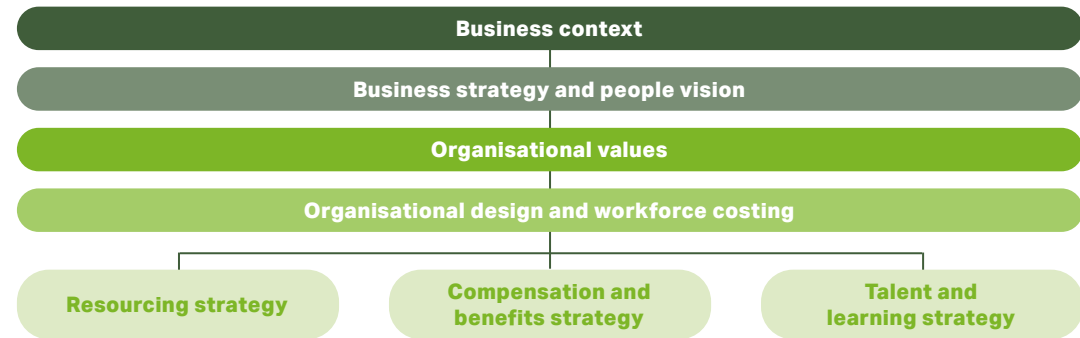
To build our HR function and team, we drew on years of industry experience, appreciating some of the common pitfalls in this area, and created a workforce strategy that addressed all stages of the employee life cycle.

This strategy helps the business to achieve its objectives by assessing the existing talent in the business and anticipating future staffing needs. Adriatic’s HR team created a workforce ‘cost model’ for the direct employment of the ‘planned’ positions (as per the pre-feasibility plan), setting a framework for long-term recruitment.

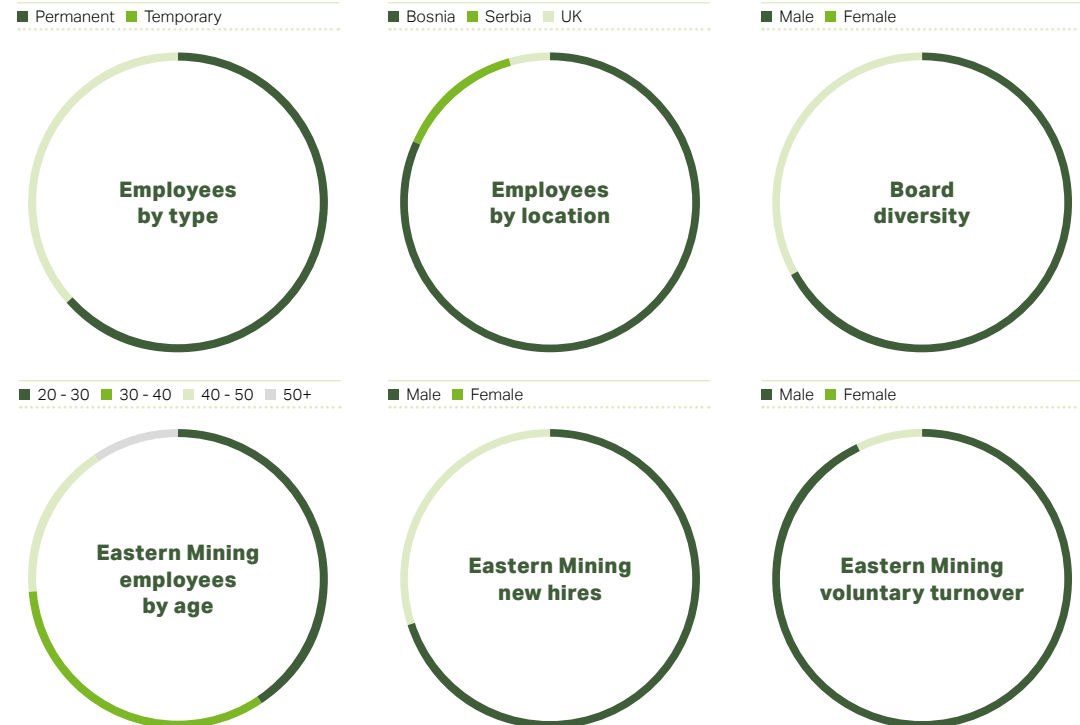
All relevant senior leaders have taken part in the strategy development sessions to ensure Adriatic can access the right talent pool to achieve its objectives and drive consensus regarding the vision and culture of the company. From here, we were able to generate an informed organisational design and budget to deliver our core strategies: Resourcing, Compensation and Benefits, and Talent and Learning.

By approaching this project in a considered and methodical manner, we have created a solid foundation upon which we can rely and have established an environment of proactivity rather than reactivity. This will become increasingly important as the production phase of our project begins and management time and resources will be focused on execution.

Workforce management system



Employee statistics



The employee cycle

Transforming capabilities



Hanadi Željo
Senior HR Consulting Partner

“There is an enthusiasm and energy that makes it such a great environment to work in. By having a modern approach with each of us being responsible for our own aspect of HR, I think we have created a dynamic and effective function.”

Building a team
Equipped with a clear understanding of the corporate objectives and the role of HR in achieving them, we have assembled a team of individuals who are best placed to deliver our workforce vision.

Rather than recruiting a group of HR professionals, we enlisted experienced specialists who possess the required depth of understanding in areas such as teaching, psychology and law.

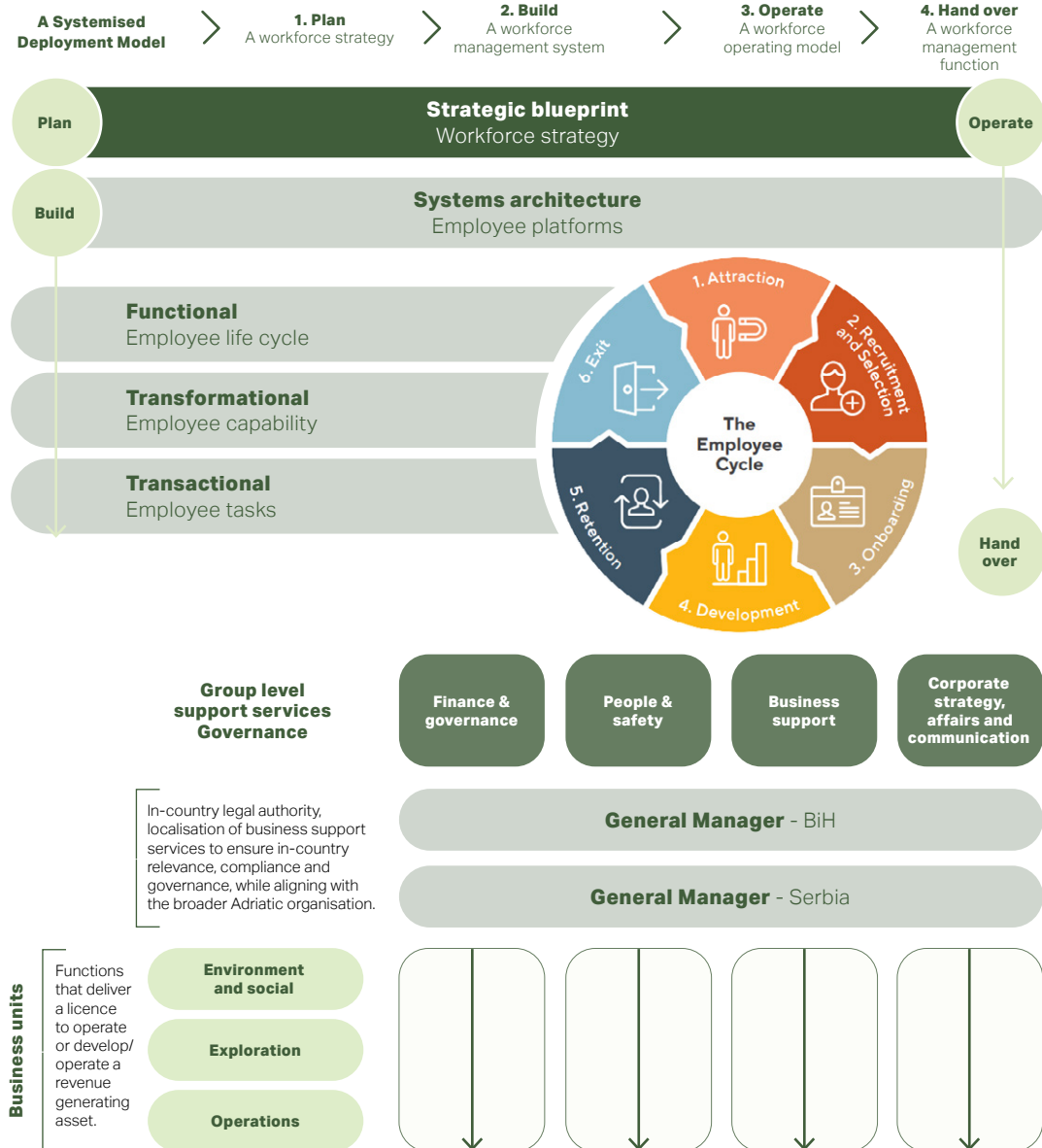
This allows Adriatic to address key areas of the HR function in turn, assigning a team member to lead on a specific objective and avoid overstaffing or overlapping skill sets.

We placed the HR team on a professional development programme which provides relevant information and training that enables them to leverage their existing knowledge and skill sets. Each team member also had an individual mentor with expertise in their assigned area to provide ongoing one-to-one coaching.

Whilst team members possess the necessary qualifications and competencies, they lacked industry-specific experience and the ability to apply that knowledge. In light of this, a coaching framework was designed and implemented by expert HR professionals to upskill and develop new team members.

Our local Senior HR Consulting Partner regularly consults with the coaches to assess progress and ensure that mentoring is meeting the needs of each team member. The objective is to ensure that the on-site HR team are upskilled to manage the site independently whilst maintaining exceptional client services.

As the hub of our operations is in Bosnia, it is important that the HR function, along with the other business units, is based there, comprised of Bosnian employees and provides functional support for the whole company in all locations. This supports our matrix organisational structure to prepare us for future growth in both Bosnia and beyond.



Benefits and recruitment

A holistic approach

The central objective of our Resourcing Strategy is to enable identification, attraction and selection of the best talent for the roles required. Our recruitment process is grounded in our principles of fairness and transparency, with the objective of finding the best candidates whilst also encouraging diversity.

The process has been formalised and covers all enrolment stages, including the approval of the job description, appropriate channels for disseminating the job opportunity, criteria for shortlisting, the interview process, and final personnel checks.

Recruitment opportunities are open to internal as well as external candidates to ensure we are both accessing the widest pool of available talent and providing our current employees with the opportunity to progress within the company. In 2022, we hired 20% of senior management from the local community, including our Head of Sustainability.

We have a strong compensation structure. In Bosnia, our strategy was to offer highly competitive salaries with the aim of attracting the best talent. Remuneration reviews are conducted annually and take into account, among other factors, individual performance, market conditions and the cost of living.

We also offer a range of benefits, including private medical insurance for our staff and their family members, a housing allowance for those moving to Vareš and transportation. Transportation to and back from work is arranged or paid for by the company. We also provide meals or applicable compensation for the allowance.

As part of our Community Development Plan, we are keen to promote more job opportunities in Vareš and the surrounding areas, with the objective of enabling young Bosnians to stay in the country rather than having to seek employment elsewhere in Europe.

A key element of our recruitment strategy has therefore been targeted job opportunity advertising in the local cantons and hiring individuals that may not have previous mining experience but have the right aptitude to learn and develop in these roles.

This strategy enables us not only to create opportunities that deliver a positive legacy in Bosnia, but also to develop and retain talent for the long-term.

We have established links with a number of universities in Bosnia, to provide another key recruitment channel for the company. We have also hired a Student Program Coordinator to join our HR team this year in order to effectively manage relationships and intake from schools and universities in the region.

We have also started a programme of internships, with some individuals subsequently joining Adriatic in permanent roles.

■ Vareš ■ Zenica ■ Sarejevo ■ Breza ■ Kakanj



Q&A with

Nikola Andrić

HR Consulting Partner



What does your current role at Adriatic encompass?

Within our team of seven, we are each responsible for a key area of the HR function; I focus on the legal and compliance aspects of people management and am responsible for all employment contracts and legal documentation, ensuring we comply with relevant confidentiality standards and labour laws.

From your own experience, how does the internship help prepare candidates for future roles?

During my six-month internship, I was able to experience every aspect of the HR function, from working within recruitment and talent development to culture and organisational development.

This wide-ranging experience has served me well in my current role as, despite focussing principally on legal and compliance, I have a good understanding of the whole HR function and I am able to support projects outside of my primary remit.

How does Adriatic's culture and approach enable employees to develop and progress?

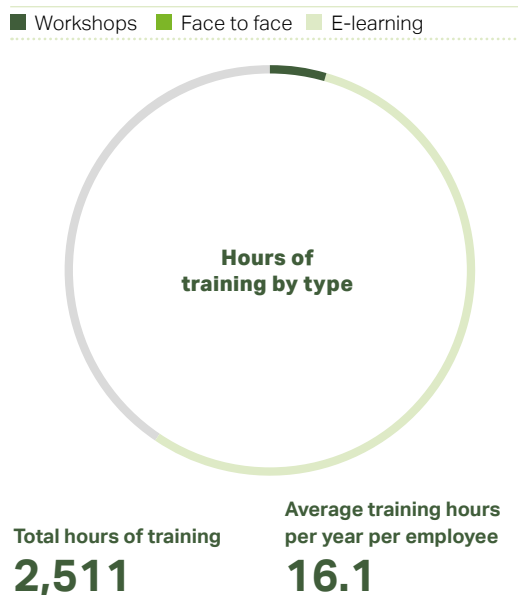
I have been given great opportunities to continue to develop my skills following my promotion into the team. I received one-to-one coaching as part of the HR Team creation process and the sessions were a great source of motivation.

Our Senior Consulting Partner is incredibly supportive and a fantastic advocate for our progression – she empowered me to seek a PhD in Business Law which I hope to begin next year.

I think the culture here is a very positive one. We all share the same values and everyone feels integrated into the business; even though I am in a junior role, I really feel like I am bringing value to the company.

Training and development

Support and opportunity



By focusing on hiring young, highly qualified individuals, we have been building a self-driven and educated workforce.

The focus of our Talent and Learning Strategy has therefore been to provide the specific technical and behavioural skills training that individuals require - when having limited or no previous mining experience - and to create learning opportunities that will enable employees to develop and fulfil their potential. In 2022, 93% of employees were 'extremely satisfied' with training content, facilitation process and material.

Every new joiner goes through our induction training programme, 'Welcome to Adriatic Metals', covering workplace behaviour, environmental and social responsibility, and safe working practices. If an individual is new to the world of business, they are assigned a mentor to support them throughout their first few months in their new role and during their probation.

During this period, a manager provides specific, measurable, achievable, relevant and timely goals for the employee. Currently the manager serves as a coach and guides the individual to achieve their goals and prepare them for their future role. Each employee is assessed in their English language proficiency as this linguistic capability can benefit overall career progression, and employees can enrol in lessons at the appropriate level.

Our Talent and Learning partner, Lejla Selimovic, ensures that every individual in the organisation has a development plan. This is formulated during the annual Performance Management Process, wherein each employee will work with their manager to establish their objectives for the year and identify their training needs.

Where there is high demand for a specific type of skills training, Adriatic offers the opportunity for large-scale training. All our training modules are available through our online Learning Management System and each employee has a profile on the platform which tracks their progress.

Beyond this structured training, we also encourage employees to pursue external development opportunities. Many employees undertake higher education courses to increase their skillset and knowledge, and there is a process through which employees can apply for course funding. We encourage our employees to take part in other learning interventions, such as driver's licences, English language training, and professional development sessions that aim to assist line leaders in creating a motivating and enjoyable workplace for all employees. We firmly believe that by investing in our employees, we create internal talent pipelines and strengthen the company.

All our line leaders are encouraged to give regular feedback through the Performance Management System. In 2023, we will introduce a formal initiative that begins to provide career development reviews that we intend to rollout to all our employees.

"It is fantastic to see just how many of my colleagues have taken it upon themselves to further their education and are working towards another degree or a Masters. I think the culture here really inspires that ambition to progress and improve. Every employee is truly valued and our management team is incredibly supportive. I think this has fostered an environment in which employees know they can share their goals with us and we will do our best to help them realise those ambitions."

Lejla Selimovic
Talent and Learning Partner

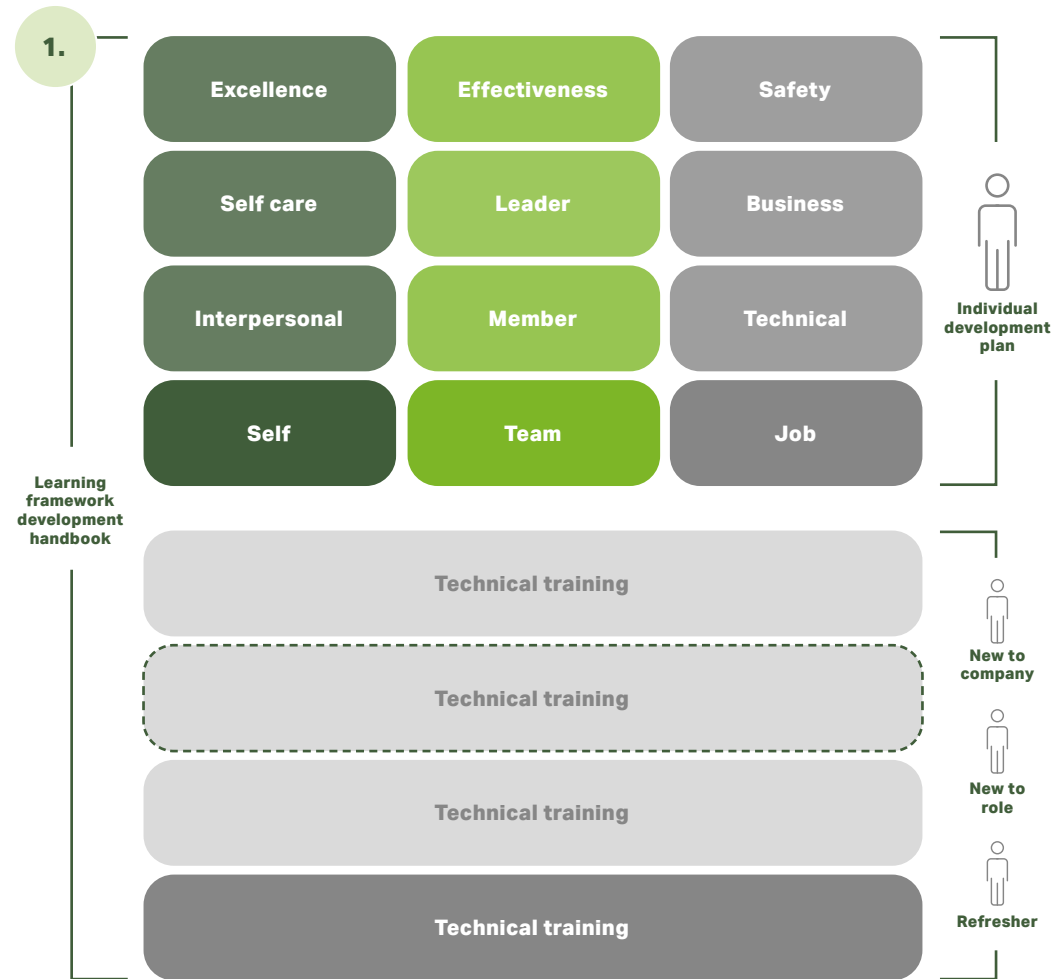


◀ The Adriatic Metals team on training

Training and development

Support and opportunity

Eastern Mining's Learning Framework



VR training

'Not all classrooms have four walls'

- Hazard identification
- Office hazard
- Manual handling
- Working at heights



VR training is proven to increase employee engagement by up to 85%. Gamification of learning achieves higher assessment scores of 93% compared to 73% with conventional learning methods and can increase productivity through optimised learning outcomes and minimising downtime due to injury from ineffective training methods.

Adriatic Metals sourced ten headsets from a leading VR training provider, Next World Enterprises. Next World is a Virtual Reality training ecosystem that has developed the world's first VR Learning Management System (LMS), containing an extensive library of ready-to-go training that we will have access to.

The LMS is designed around the unique power of VR, combining game-changing eye-tracking technology with immersive, memorable training realities.

The system will allow the learning and talent team to easily identify knowledge gaps and trends across the organisation and deploy scheduled training with ease. The hardware and software provided are best in class and user-friendly.

This training is creating better reporting and management across our teams. Additionally, our local high school students have since taken to VR training, demonstrating our ability to embed safety knowledge and culture into our future leaders.



Employee relations and engagement

Dialogue with employees

To motivate our workforce to strive for excellence, we have focused on founding a culture where every individual feels included and valued. Our company values set out the guiding principles and we look to demonstrate them in everything we do.

In 2022, we rolled out 'culture competence' training to raise awareness of cross-cultural communication and to assimilate employees of all nationalities to the local culture. This involved completing of four e-learning courses, a face-to-face session, 'Lunch and Learn' sessions and culture talks. The program was made available to all Adriatic Metals employees as well as our subcontractors Nova Mining, who are leading our mine construction.

To track effectiveness, we conducted an employee survey to gauge workforce sentiment. From the responses gathered, identified initiatives that are working well, what improvements could be made, and where changes should be implemented. These actions are to be set out at the beginning of the year and, in recognition of the importance of having an engaged workforce, the results of the survey are to be linked to corporate bonuses. We believe that the efficacy of our cultural approach is evidenced in the strong engagement scores we record from our employee survey.

In 2022, participation in the survey was 84%, with 80% of employees providing favourable feedback and 14% providing neutral. 91% of respondents were proud to work for Adriatic Metals and 89% would recommend Adriatic as a great place to work. Following this year's survey, we will be setting up a working group in order to develop and launch our engagement initiatives.

People vision

We value a diverse and motivated workforce that thrives on seeking responsibility for excellence.

Values

Performance

We are responsible for outcomes

We work together as a team to optimise performance and achieve outcomes that benefit all of our stakeholders.

Environment

We respect and enhance our environment

We look after the environment on behalf of our stakeholders and we act on opportunities to positively impact the environment.

People & Stakeholders

We connect through integrity

We act with equity, fairness and transparency for employees and our stakeholders.

We empower our people

We support and enable our people to learn, grow, develop and reach their full potential.

We align with the aspirations of our communities

We understand and align with the aspirations and expectations of our communities so that our impact on their lives is positive.



◀ Nadža Bešič, Recruitment Partner

Diversity and equality

Ensuring opportunity for all

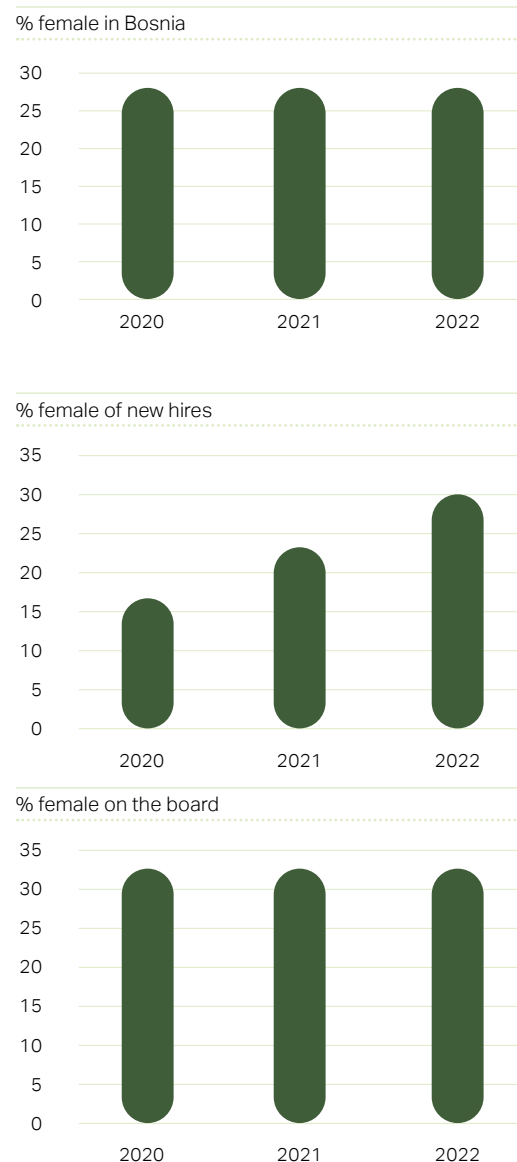
We are committed to creating a diverse workplace and firmly believe in the benefits that arise from cultivating a multi-demographic environment. We want to appeal to the broadest pool of high-quality candidates, to access different societal perspectives and ideas, and improve employee retention.

This commitment is enshrined in our Diversity Policy which provides a framework for a workplace culture characterised by inclusive practices and behaviours for the benefit of all employees.

A particular focus at Adriatic has been on supporting female employees and bringing more women into the industry. We have committed to achieving improved employment and career opportunities for women in an industry that has historically been dominated by men and have adopted the target of greater than 20% female representation across the organisation. We are very pleased to have exceeded that target for a third year running with 28% female employees at the end of 2022.

The Board is also committed to workplace diversity at senior levels of the Company – including the Board - and supports the representation of women where appropriate. The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates and using external experts where necessary.

The Company's Diversity Policy has set out initiatives that assist the Company in maintaining and improving the balance of its workforce. The Board has also set formal diversity objectives which are included as KPIs in the Company's Short Term Incentive Plan (STIP). The Company achieved the following diversity in the workplace in 2022:



Diversity Policy

As stated in our Diversity Policy, the Company and all its related bodies are committed to workplace diversity.

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high-quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Diversity Policy provides a framework for the Company to achieve:

- (a) a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- (b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- (c) improved employment and career development opportunities for women;
- (d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- (e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.



◀ Geologists at the core shed

Diversity and equality

Ensuring opportunity for all

Women at Adriatic

Case study

There are so many inspirational women working across our business who are excelling in their respective fields and challenging the gendered stereotypes about working in mining. It was an honour and a privilege to see our valued team member Almedina Likić included in Women in Mining's "100 Global Inspirational Women" this year.

The publication celebrates trailblazing women who show resilience, empower their colleagues and bring about positive change. Almedina has proved herself worthy of this recognition by demonstrating a determination to contribute to her local community and acting as an advocate for her female peers.



Binasa Smajilović
Mining Engineer

"I studied mining at university, but when I graduated two years ago, I found myself unable to get a role in the mining industry as no one wanted to hire a female engineer. Then a year ago, I got this amazing opportunity to work for Adriatic. There has been a real commitment to getting more women into the company – I was the only woman on site, to begin with, but now there are five of us, and I was recently promoted from the junior role I started in. The hardest thing for me now is how cold it can be here!"



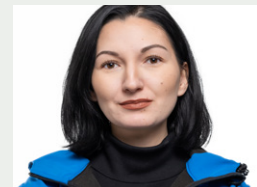
Almedina Likić
Information Centre Associate and Adriatic Foundation Secretary

"I have lived in Vareš since I was seven years old and decided after university to return home because I wanted to contribute to the re-development of my local community. My primary responsibility is to manage relations with residents, ensuring they are getting the right information and receiving any feedback. It can be daunting being the first point of contact for the surrounding communities, but I have only ever had positive experiences in my role, and I think that is because the company really believes in operating responsibly and we work hard to maintain a positive engagement with the local people."



Nedžma Zubača
Purchase Leader Accountant

"I moved back to Vareš having previously worked at a Bosnian company in Sarajevo. The challenges with my current role are completely different to what I had experienced before, but I am really enjoying the opportunity of working for an international company that is actually based in my home town. You can really feel that the local atmosphere has changed a lot – it feels like there is more life here now, with more businesses and people, and people that left to work elsewhere are coming back because there are more job opportunities now."



Alma Puljic
Metallurgical Project Engineer

"When I first got the job in Vareš and moved here, it was very different to be living and working in such a small town – everyone knows everyone's name! But the community here are so welcoming and kind, and I can say the same for my colleagues at work who are always willing to help each other out. As a young team, we are very enthusiastic and keen to collaborate, and our managers, who are mainly ex-patriates with years of experience in the industry have been very willing to share their expertise and provide guidance on working to international standards."



Nadža Bešić
Recruitment Partner

"I graduated from the University of Sarajevo as a psychologist and joined Adriatic last year as the Recruitment Partner in the HR team. The training and support I have received since joining has been excellent. I was paired with a mentor who is a specialist in recruitment, I received general HR training as well as more specific training to support the psychological testing we carry out on candidates, and was provided with support on how to develop job descriptions. The biggest challenge is that my role requires me to communicate with people from all around the world in English and two years ago, I was unable to speak any – but since attending lessons offered by Adriatic, I am proud to be able to now speak English fluently and use it every day."



Health & safety

Embedding safety in everything we do

Adriatic is committed to protecting the safety, occupational health and welfare of our workforce. We strive to achieve zero harm and to eliminate the potential for accidents and injury in the workplace.

We also ensure that our operations do not impact negatively on the safety or health of associated communities.

“I understand my health and safety responsibilities”

95% of Adriatic employees agree...

Q&A with

Varnava Petrovic

Health & Safety Manager



We are a young, innovative and ambitious organisation operating in challenging markets that need a strategic focus on safety.

Why is health & safety so critical to mining operations?

Mining companies are responsible for ensuring that their employees, contractors, and visitors are protected from harm on site. This requires a continual risk assessment to support hazard identification and develop measures to address them, such as improved safety gear, training, emergency response, equipment maintenance, substance control and ventilation.

By implementing these and other measures, mining companies can help to reduce the risk of injury and illness to their employees and contractors and ensure that everyone on site is working in a safe and healthy environment. It is my job to ensure that this happens.

How would you describe the safety culture at Adriatic Metals?

Our aim is simple – to embed health & safety into everything we do. Our goal is for everyone to adopt the ‘One Adriatic Metals’ mindset and believe that safety isn’t someone else’s job; it’s everyone’s job. We want to create and maintain a culture where a highly informed workforce demonstrates individual and collective responsibility for work-related safeguards. I will go as far as to say that not having incidents doesn’t make us safe. They just haven’t happened yet. So that is the awareness that I want to instil. In short, I want safety to be something you do when no one is watching.

What has informed your approach?

We have looked globally at best practices to improve our safety processes, as we already have the highest standards in the region. There are several international safety standards that are widely recognised and adopted by the mining industry to ensure the health and safety of workers. Some of the most commonly used standards include the International Labour Organization (ILO) Conventions and Recommendations, International Organization for Standardization (ISO) Standards, including ISO 45001, which provides a framework for an Occupational Health and Safety (OHS) management system. And the Mining Industry Safety and Health Council (MISHC) Guidelines, whose guidelines cover a range of topics, including hazard identification, risk assessment, emergency response, and training.

What have been the main health & safety achievements of 2022?

As part of our overall review of critical project risks, the focus has been on building our health and safety function and setting the right management framework. This has included creating safety ambassadors within the leadership team to develop awareness, which helps us to establish the right culture. In addition to our directly employed workforce, we have been working closely with our contractors during the procurement and onboarding phases to ensure our health and safety protocols are understood and aligned with these contractual expectations. And to support our project execution, we have developed site medical facilities and established emergency response processes in the event of incident scenarios.

What new developments are making mining safer?

Whilst there is no substitute for a positive safety culture, technology can really help provide tools that help track performance, generate decision-useful data and help inform operational improvements. These technologies range from wearable devices that monitor vital signs (and alert emergency services in case of a health emergency), to fatigue management systems, emergency simulations and virtual training. I think VR is where technology will improve over the next several years and we have started to explore the use of these types of training modules to transport staff into those high-intensity situations before they are needed to do it in reality.

The goal of health and safety technology is to prevent injuries and illnesses, provide immediate and effective responses in case of emergencies, and improve the overall quality of life for individuals and communities. If technology can help achieve this, I will look at it.

What are your plans for the year ahead?

The focus is on ensuring that we complete all the planning training sessions and make sure they are rolled out to all staff. I am keen to ensure that this includes feedback on the use, relevancy and adequacy of any new procedures so we can implement any further changes as needed. I am conscious that the risk related to environmental health can only increase as we progress through construction and into production, so my focus will be on reducing exposure to environmental toxins and what can be done to improve air quality.

Given the last two years, we do need to ensure pandemic preparedness and safeguards against any other public health emergencies. And with the recognition of mental health as a critical component of overall happiness and wellbeing, we will continue to develop our support systems.

Ultimately, the most important KPI is to do with recordable injury events, so my intention is to drive this statistic down even further. Our objective of obtaining the ISO 45001 accreditation will be a key factor in achieving our zero-harm approach.

Health & safety

Embedding safety in everything we do

Our safety culture

A scenario typical with fast-growing companies, Adriatic is working to align its various internal systems by breaking down silos and bringing processes and departments together.

Health and safety are being embedded into line management responsibilities rather than being owned by a single 'department' and we need to expand everyone's knowledge to achieve personal accountability and a 'One Adriatic Metals' mindset.

Adriatic's safety culture program was launched in November 2022. Our exploration and geology teams who are most at risk will go through the training first, with the aim of having all employees finish the training early Q2 2023.

We are committed to creating a company-wide culture of care and trust, where managers lead by example and ensure that where significant incidents do occur, including high-potential situations/near misses, an investigation is undertaken to identify root causes and to ensure that learning points are identified and disseminated, to prevent repetition.

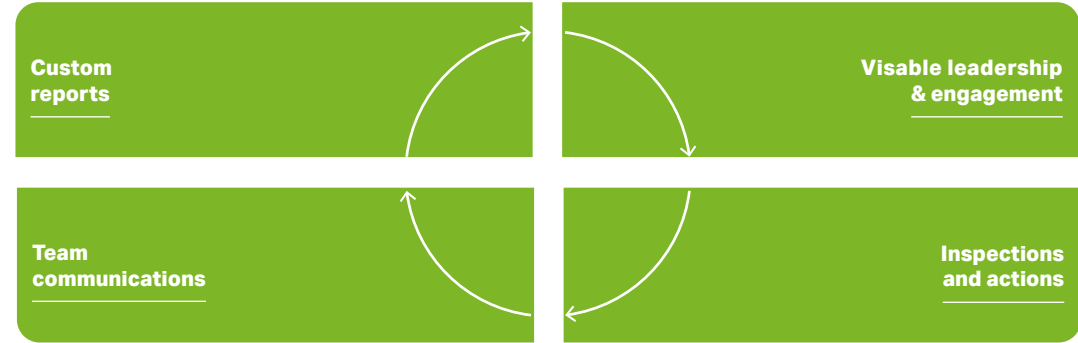
We engage with internal and external stakeholders, including employee representatives, on health and safety-related issues in an open, collaborative and transparent manner.

We have defined a range of initiatives that take us forward over the course of the next 12 months based on four key areas:

1. Visible leadership & engagement
2. People & training
3. Standards & systems
4. Governance & risk

In September 2022, Adriatic signed an agreement with a specialist organisation called Safety Culture to use their iAuditor platform (right). This mobile application allows us to digitise all the elements of incident and inspection management and provide better analytics for analysis of key behaviours that are driving safety outcomes.

As an inspection management software, iAuditor allows our team to capture consistent data, identify areas of improvement, share reports and collaborate across teams. The platform was launched in November and progressive uptake will take place over the next 3-5 months, as content is developed within the platform.



iAuditor safety platform



Health & safety

A zero harm approach

Creating safe work

All employees are undergoing training with the safety culture programme 'Creating Safe Work'. The program has been developed to better align employees on Adriatic's Health and Safety Model, safety leadership, risk management and the psychology of safety.

We are committed to:

Providing a workplace that is safe, secure and does not adversely affect the health of our people, business partners, and the communities where we operate;

Creating a company-wide culture of care and trust, where managers lead by example and demonstrate visible, felt leadership;

Continually improving health and safety performance through appropriate systems, leadership, training and use of personal protective equipment and the implementation of fit-purpose occupational health and safety procedures, objectives and measurable targets;

Monitoring the health of our workforce on an ongoing basis, continually identifying, assessing and avoiding or minimising occupational health and safety risks, and assessing our health and safety protocols and strengthening them where gaps are identified;

Ensuring that where significant incidents occur that impact adversely upon safety and health, including high potential/near misses, an investigation is undertaken to identify root causes and ensure that learning points are identified and disseminated so as to prevent repeats;

Engaging with internal and external stakeholders including employee representatives, on health and safety related issues in an open, collaborative and transparent manner.

Health and safety communications

Adriatic employs a range of channels within which to connect with the workforce on health and safety-related matters:

Company intranet: Adriatic's intranet serves as a central point for all safety information. It comprises a repository of information, systems, procedures and records for all work. Our employees use the intranet page as a first port for information, problem-solving and generating ideas.

All information posted on the intranet is reviewed and updated every two weeks and the platform refreshed every six months to maintain employee engagement.

Lessons learnt sessions: On a fortnightly basis, we conduct lessons learnt sessions and share ideas surrounding new practices to continually improve our safety performance.

Rewards and recognition: The purpose is to showcase and reward employees and contractors who perform 'beyond compliance' when dealing with health and safety matters. This includes an award for 'Care, Share and Dare' that showcases what best practice looks like and creates an environment where safety is celebrated.



Emergency response training on site

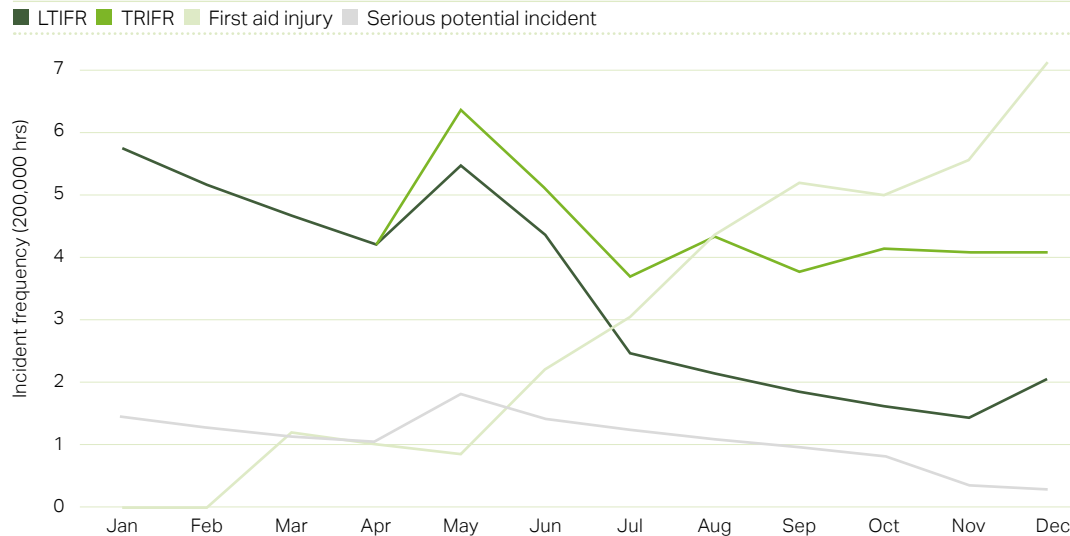
Health & safety

A zero harm approach



▲ Mine rescue training

Health and safety performance



During 2022 we experienced substantial improvement across our operations and positive change in our safety culture across employee and contractor base. Our focus on leadership and engagement, people, standards and systems and critical risk management has placed us in good stead for future operations and growth. We have experienced a decrease across our lag indicators and seen positive increases across lead indicators.

For instance, the rise in first-aid injuries is attributable to a better reporting culture and user-friendly systems to report incidents. Our first-aid injuries are fairly minor in nature, i.e. minor cuts/abrasions – and these would not have been reported previously.

We are incredibly proud of the Adriatic Metals community who have embraced our vision and values (and health and safety are at the core of these), and it is that passion that helps us to maintain the momentum for even more successful years to come.

Healthcare cover

Adriatic provides occupational health programs for all employees and that contributes to the identification and elimination of hazards and the minimisation of risks. All employees have been provided with health insurance and we have formed a partnership with an independent company whereby employees have access to private health services up to 2,500BAM. Regular internal communications occur through our toolbox talks.

Adriatic maintains formal processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system through our health and safety communications and participation procedure. A joint management-worker health and safety committee will be formed in the first quarter of 2023. We take an active approach towards preventing significant negative occupational health and safety impacts that are directly linked to our operations.

ISO 45001 Health and safety management standard

ISO 45001 is the world’s international standard for occupational health and safety issued to protect employees and visitors from work-related accidents and diseases. The certification was developed to mitigate any factors that can cause employees and businesses irreparable harm.

Geared toward senior management, ISO 45001 has the ultimate goal of helping businesses provide a healthy and safe working environment for their employees, as well as anyone else who visits the workplace. This goal can be achieved by controlling factors that could potentially lead to injury, illness and — in extreme situations — even death. As a result, ISO 45001 is concerned with mitigating any factors that are harmful or that pose a danger to workers’ physical and mental well-being. In 2023 we will be working towards gaining ISO 45001 accreditation.

Hazard identification:

A structured Risk Management Procedure has been developed which factors in both the employee and engineering life cycles, including incident reporting, classification and investigation procedure.

Crisis management and emergency response:

Adriatic has developed its emergency and crisis management policies and responses. We engaged Technical Rescue International (TRI), a London-based company specialising in emergency and crisis management. TRI developed a strategic risk register and a short-term crisis management procedure, with a particular focus on contractor management, throughout the life cycle of operations. In 2023, we will be carrying out our first crisis scenario exercise to prepare for any potential event.

Community consultation on health and safety:

Adriatic maintains a community health and safety management plan. Key planned initiatives for 2023 include Road Safety, Men’s Health Week and Women’s Health Week.

Health & safety

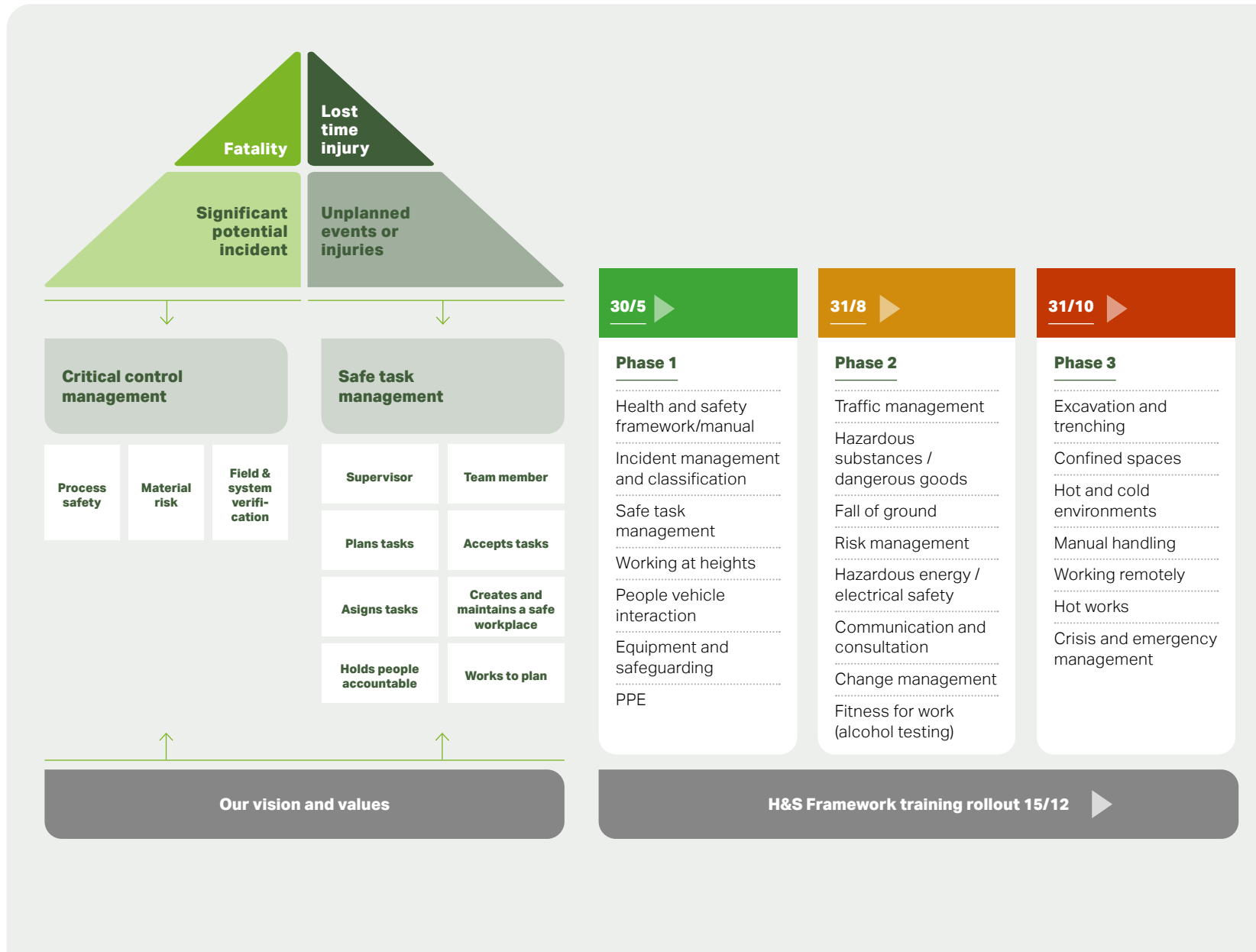
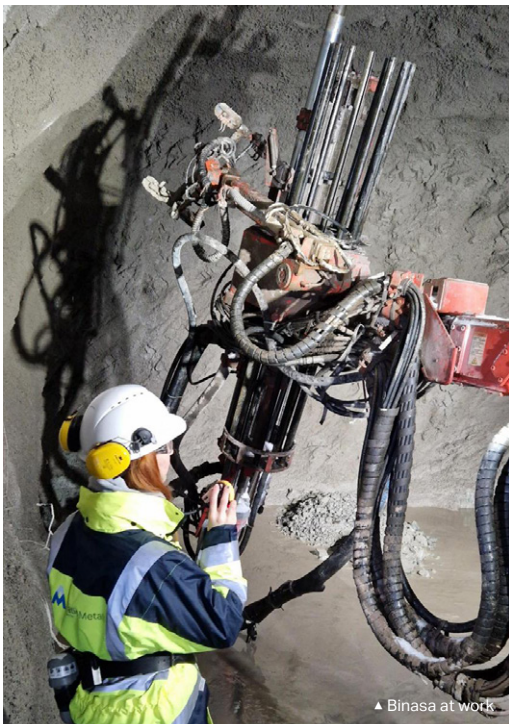
Establishing international safety standards

Health and safety framework

We approach health and safety through the lens of continuous improvement and in 2022, we established a robust health and safety framework that includes policies, procedures, training and company standards.

The system has been developed to recognise operationally-relevant risks and the key material hazards identified using 'fault tree and bow-tie' analysis. The systems cover the entirety of Adriatic's organisation and include exploration and associated activities, mining operations, processing facility, transportation and administration.

All health and safety information exists in both Boshnian and English.



Community

Driving shared prosperity

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- Traffic management 38 →
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Visits to Information Centre

2,418

Investment over LOM

\$1bn

Senior management hired from local community

20%

Local contractor employees

348



◀ Truck driver on site

Community relations and engagement

Maintaining our social licence to operate

We are committed to creating a lasting positive legacy in the regions where we operate by uplifting the life chances of local people and supporting sustainable socio-economic development. Active and inclusive consultation and engagement with the communities associated with our operations are critical to delivering on these commitments.

Cultivating collaborative local relationships based on honest and transparent communication is, therefore, at the heart of our community strategy and we employ a number of channels of communication to gather feedback, understand local needs, and provide clarity on the Company's activities.

One of the first engagements we had with the surrounding communities in Bosnia was through the household survey we conducted as part of the ESIA. This comprised over 100 questions covering all aspects of life in the region and was sent to all the villages which our arrival would impact. There was a high level of engagement, with 95% of households responding, and we were, therefore, confident in utilising the survey results as the basis for our community strategy in Vareš.

During the ESIA process, it was particularly important to keep everyone informed of progress. We hosted multiple focus group sessions on different topics; one session addressed biodiversity and attendees were local fishermen and hunters, while another combined international regulatory expectations with local legislation requirements and involved representatives from government institutions. Once completed, we organised over 30 presentations of our ESIA to various stakeholder groups.

Public Liaison Committee (PLC)

To ensure structured, regular communication, we established the PLC. It comprises a group of individuals representing a range of demographics in the locality; members are selected or reappointed every two years and the Chairperson is elected with a mandate of two years. The purpose of the Committee is to continually inform the local community about current and future Company activities, provide a forum for discussion, a place to share views or concerns, and an opportunity for locals to advise the Company on how best to serve the needs of the community.

As well as quarterly meetings, Committee members have been invited for site visits, have met with the CEO, and are provided with information before it is made more widely public. This has created a symbiotic relationship: members are pleased to have this access to the Company and in turn they act as ambassadors for the project in their community by helping to facilitate the dissemination of accurate information. The success of the forum has not gone unnoticed – other mining companies have reached out to us to understand how they can replicate this model for their own operations.

Vareš information centre

We have implemented a number of other methods of community engagement. In the centre of Vareš we installed an Information Centre where information can be accessed regarding the project, community meetings and job applications, and residents can submit any grievances through a formal process.

There are hundreds of physical visits to the centre every month, but residents can also contact the Company via phone or email.

Our appreciation for the demographics in the surrounding region, where many of the residents are over 65, has meant that we have adapted our communications to best ensure our messages reach everyone.

Rather than relying purely on social media, we set up notice boards in the local communities, distributed quarterly activity newsletters, created leaflets covering all technical details of our operations and organised management interviews on the local radio station.

Visit reason	Visitors number
Adriatic Foundation	370
Job application	251
Employment information	156
Donations/Initiatives	77
Post services	327
Meetings	76
Employees	777
Investor visits	41
Other	343
TOTAL	2,418

Information centre visits



◀ Public Liaison Committee meeting at Vareš Municipality

Community relations and engagement

Maintaining our social licence to operate

This year we undertook a Living History project to preserve the mining history for which Vareš is known.

We captured conversations with members of the local community who had previously worked in mining, getting their view on the industry and their expectations for the opening of the new mine in Vareš, and included these encounters in our newsletter.

In order to track our progress in local community engagement, we established a Commitments Register to list all the actions that need to be undertaken by the Company concerning environmental and social issues. We also have formal policies on donations and sponsorships and a process for recommending and approving the support of local causes.

“Since our inception, we have focused on creating and strengthening connections between companies and communities. Ensuring alignment with community aspirations through a deep understanding of expectations and incorporating them into our business strategy is key to creating true trust.”

Aida Ahmedovic
Social Corporate Responsibility manager



Celebrating local culture and history

Case study

Jasmina has been living in Vareš since 1993 and works at the library. She was pleased to see the efforts made by Adriatic to inject more life into the town and has been heartened by their willingness to reach out and understand local traditions and culture.

“Adriatic first got in touch with us at the library when they were conducting their ESIA. They wanted to get a good understanding of the local history here and the legacy mining had left and they knew we had a collection on the town’s history that they could use for their research. We’ve since developed a great, cooperative relationship with Adriatic. They appreciate the value of the library to the local community and that it provides a lot of learning resources for students, and they have even donated several laptops.”

Jasna is the President of the Pržići Community and has overseen a lot of progressive initiatives during her tenure.



Establishing a Community Centre, which hosts a museum and event space and acts as a cultural, educational and social hub, has been a key achievement.

“The Company have been really supportive of our Centre. They donated sample ore and maps for the geology exhibit in the museum, provided funding for renovations and supported the hosting of traditional community events. By repairing and developing local infrastructure Adriatic also helped open up our village to visitors.”

Jasmina has just been elected as the new Chair of the Public Liaison Committee and is looking forward to engaging with Adriatic more and communicating the needs of residents.

“Through my role at the library, I have really strong connections with young people in Vareš, so I think I can be a strong advocate for them as Chair of the PLC and work with Adriatic to motivate more young people to stay here.”



◀ Jasmina and Jasna are both community leaders in the region

The Adriatic Foundation

Enabling our community to help themselves



▲ Sustainability Committee Chair, Sanela Karic at the Adriatic Foundation scholarships award

The Adriatic Foundation is an independent not-for-profit charitable initiative established by Adriatic Metals plc in 2021 to support local communities around the Vareš project and create a positive long-term legacy.

The Foundation is managed by a Board of Trustees, which includes four independent representatives from the region surrounding the Vareš project and meets quarterly to discuss and approve submitted proposals that meet the Foundation's objectives.

Focus

Following surveys with local residents to understand the areas of primary local need, the Foundation has chosen to focus on supporting education, health, culture, and environmental projects in order to directly address:

1. concerns for the local environment as a result of the experience of poor mining practices in the past;
2. inadequate primary health care provision in the region;

3. a scarcity of employment opportunities and the fear this would not be alleviated by Adriatic as locals lacked relevant experience.

Funding and independence

The Foundation is entirely funded by the donations of benefactors who pledge their support to enable the financing of new projects, avoiding the possibility of any direct benefit.

In accordance with the law on associations and foundations in Bosnia, the organisation implements its goals through an independent board of directors comprised of prominent members of the communities of the municipalities of Kakanj and Vareš.

Regular board sessions foster an independent and transparent rapport to drive continual awareness of local opportunities.

Initiatives

The flagship education initiative in 2022 offered free English lessons to residents in Vareš. Adriatic Metal's operations are bringing a number of international people to the town, and it is recognised that conversing in English will enable residents to further capitalise on this increased economic activity.

The initiative was a huge success, with 227 individuals taking the six-month language course, including all age groups from 7 to 70 years old.

The Foundation also launched a scholarship programme. Research has uncovered that there were many such schemes at university level but few for high school students. So the Foundation established a programme to provide much-needed funding for the education of children from disadvantaged backgrounds, through which a year's school funding was provided for 25 local students.

The programme in 2021 had 47 applicants; in 2022, another 47 people applied, reflecting the increased awareness of the Foundation's activities and efforts to raise its profile in the local region.

Under the environmental focus, a grants programme was set up for sustainable projects. Residents and organisations are invited to apply for funding for projects that they feel will have a positive impact on local ecology.

Applications from two environmental projects have been approved to date: one for the installation of solar panels to provide electricity for the Hikers' Association in the mountains – to support their conservation activities; the second for the Fishermen's Association's project to breed fish and reintroduce them to the local rivers to increase the population.

Adriatic employees have also supported a number of environmental initiatives, including road clearing and afforestation activities. For some of the projects, scholarship holders were invited to develop their environmental awareness skills, to encourage a culture of environmental responsibility amongst attendees.

Despite only being founded last year, the Foundation has already been able to deliver some community-focused projects. To address the target health objectives, the Foundation is planning a number of activities to improve the understanding of mental health and also raise road safety awareness. Interactions with the local community continue to inform the strategy for delivering programmes that will provide the greatest benefit.

Many of Adriatic's contractors are currently contributing towards these initiatives, and a percentage of the profits from Adriatic Metal's revenues are set aside as a source of continual funding once operations begin, in addition to the seed funding already provided.

This scholarship means a lot to me in terms of helping with the cost of studying. I feel delighted that I was able to participate in such a positive experience."

Scholarship holder from Kakanj

The Adriatic Foundation

Enabling our community to help themselves

New projects

Projects that have received support have focused on taking actions that reduce the negative impact on the environment and promote sustainable practices. These initiatives can bring together both individuals and businesses to demonstrate ecological responsibility by conserving energy, reducing waste and protecting natural habitats.

1. Zvijezda Scout Association Vareš - project "I love nature, I love Vareš."
2. Zvijezda Hunting Club Vareš project: "Technical modernisation of hunting and breeding infrastructure."
3. Sports Fishing Society project: Preservation, protection and improvement of the fish stock through actions to preserve natural and artificial stocking.
4. Association for the Protection of Animals Skitnica Kakanj project: 'Don't throw garbage on nature and flowers'.
5. Eco Association Medena Dolina Kakanj project: 'Let's protect nature - treasure that is disappearing'.
6. Association Center for Ecology and Sustainable Development (CEKOR) Kakanj project: 'Celebrating Earth Day 2023'.
7. GSS Kakanj Rescue Club Association project: 'Cleaning, arrangement and marking of the hiking trail Bukovica – Bobovac'.

New scholarships for Vareš, Kakanj and Breza municipalities:

During 2022 and into 2023, 29 scholarships are being awarded to students from both secondary schools and higher education institutions, with the objective of providing assistance to children who have achieved exceptional results and who face severe social barriers, including financial hardship.

New project: The latest initiative is the funding of a cultural centre in Vareš that is dedicated to linking and developing local projects, collaborating and sharing knowledge with other NGOs, providing cultural events, adult education courses, and training in small business skills.



▲ Adriatic English class

Community

Understanding the needs of our community



▲ Vareš town centre

Sustainable Community Development Plan

As a joint venture with the Municipality of Vareš, we created a Sustainable Community Development Plan (SCDP), which focuses on responsible long-term initiatives to support the increase in entrepreneurial activity, build capacity and resilience in the local supply chain, and work with local government to best prepare them for future revenues from the mining project. To ensure the effectiveness of the SCDP, it was created with consideration for local realities, culture, and capacities, and to complement the municipality's pre-existing vision and strategy for the development of Vareš.

To generate future employment opportunities, we have reinstated an underground mining technician course at Vareš High School that had previously been offered pre-1992. By providing this training and equipment to educate students about mining, we are also fostering a strong pool of potential future talent for the Company.

Supply chain and procurement

Critical in creating a synergy between Adriatic and the community has been the engagement of businesses in Vareš to work on the project. Local procurement is prioritised where possible, seeking contractors and suppliers from within the Municipality of Vareš, neighbouring municipalities and at a national level, in that order.

Much of the construction phase has necessitated the engagement of larger international companies as local contractors have lacked the experience and scale, but we have encouraged these companies to set up regional offices and facilities and employ locally to make sure the economic benefits are still felt in Vareš.

Furthermore, once the project moves into the operational phase, the demands will change significantly and the ability of local businesses to fulfil contracts will increase. Thus, much of the work we have been conducting this year has been focused on preparing local businesses' capacity and capability to meet our future needs, ensuring they have the procedures and policies in place to satisfy our due diligence requirements.

We have regular supplier relationship meetings, conduct site visits and invite visits to our own site, and encourage businesses to seek internationally recognised accreditations.

In building capacity and improving internal processes, opportunities for these businesses to work more widely than the region will increase.

As well as engaging people to work with us directly, the objective of the SCDP is to create more employment opportunities outside of the mining industry.

We recognised there were two key barriers for people seeking to set up new enterprises; lack of funding and lack of prior business experience. We, therefore, began a series of workshops with the purpose of addressing these gaps.

The first was a 'project briefing day' we hosted representatives from a number of international organisations, including the EBRD, World Bank, Swiss and British Embassies, British-Bosnian Chamber of Commerce and presented on the Sustainable Community Development Plan. The intention was to demonstrate how Adriatic is working in partnership with the municipality to promote development, build cooperation between Vareš and the international community, and give these organisations the confidence to invest in local businesses.

Subsequent workshops have provided motivation and guidance for residents interested in starting their own businesses. Local needs and gaps in services were highlighted, advice was given on how to develop ideas and business plans, and introductions were made to local foundations that could provide funding or support.

“We are more than willing to help local contractors and suppliers. By helping them to meet our own requirements, we are ensuring they have the recognised practices and standards in place to work with other international businesses. It's also fantastic to see, where a single business is unable fulfil a service for the project alone, they are forming consortiums with other local businesses to meet the brief.”

Mark Richards

Procurement and Logistics Manager

Community

Understanding the needs of our community

Celebrating local culture and history

Case study



▲ Kabir Likić

Kabir, born and raised in Vareš, is a professional driver by vocation; however, he has held a lifelong ambition to open a restaurant in his hometown. It was only with the arrival of Adriatic Metals that the opportunity to do so arose.

Kabir attended the Company's Initiative for Sustainable Development of the Local Community workshop in July 2022; he was able to build a better understanding of how to start a business and subsequently wrote a project plan which saw him awarded 2,000 BAM.



▲ Dario Dodik

Kabir put this knowledge and funding towards making his dream a reality and, in August 2022, opened his first restaurant.

"We have needed more businesses in town for a long time, but there has not always been the financial capability to pursue such ambitions. However, having Adriatic here, people are recognising the opportunities that are now available with more people coming into our community. Employees at the Company have become loyal patrons at the restaurant and it makes me incredibly proud that they want to support my business and that they enjoy the food!"

Dario opened his hotel and restaurant four years ago and has seen significant growth in his business over the last couple of years. As well as having repeat business from Adriatic employees at his restaurant and being the first choice of accommodation for all contractors and consultants working at or visiting the mine, Dario credits the Company as being a catalyst for positive change in the community.

"Following the war, the arrival of Adriatic is the most important thing that has happened in Vareš. It has been a key motivation for other locals to open businesses in town and it has also resulted in more young people wanting to stay here as they see the employment opportunities and the chance for a better life. My own workforce has grown to 14, and four of those individuals previously worked abroad but have since returned to Vareš to live and work here."

Despite achieving his dream of becoming Head Chef of his own restaurant, Kabir is continuing to push himself and is undertaking training to improve his cookery skills.

"Everything has changed here. It's not just that there are more people; the whole atmosphere in the community is more positive. People really want to do something here now and there are so many ideas about how we can improve our town."

Land acquisition

Land Acquisition is required for the development of Rupice Infrastructure, the haul road and the tailings storage facility (TSF). Adriatic are committed to aligning with relevant regulation and comply with EBRD's PR5, which encompasses Land Acquisition, Involuntary Resettlement and Economic Displacement requirements, as well as other applicable international best practice standards that guide land acquisition.

At present, six plots of land have been identified as requiring acquisition in the first instance for Rupice. A single plot will be required for acquisition in relation to the first phase of the TSF, which is municipality owned.

An additional five plots of land will be required at a later stage of development. The haul road route will be encapsulated within the municipal 'Spatial plan', therefore, land acquisition for this will be the responsibility of the municipality. No residential properties will require expropriation.

A Land Acquisition, Compensation and Livelihood Restoration Plan has been developed in accordance with BiH legislation and international requirements. So far, Full Replacement Cost has been achieved for all parcels that have been acquired, alongside land valuations undertaken by certified valuers from Sarajevo.

Vehicle tracking and telemetry

To provide important management information regarding drivers' standards, the haulage fleets for ore, tailings and concentrate will be equipped with GPS tracking and dashcams recording road activity. In addition, they will be fitted with driver fatigue monitoring and alarm systems.

The haulage vehicle movements will be constantly tracked in the haulage control centre as part of a proactive safety initiative. The light vehicle fleet will also be equipped with GPS tracking and dashcams.

Community health and safety

Investing in community wellbeing

New Healthcare facilities open in Vareš

Case study



▲ CEO Paul Cronin, Zdravko Marosevic, Mayor of Vareš and Sukrija Huseinovic, Eurofarm Director.

Our community health and safety management plan has been in place for two years and includes strategies to prevent illness and injury, as well as the promotion of healthy lifestyles and behaviours. As well as providing access to healthcare, we are looking to provide health screenings to help detect illnesses early in order to deliver an improved quality of life.

As well as contributing to economic development, we are committed to working with the municipality to deliver much-needed social projects. Following the household survey, the lack of sufficient healthcare provision was clear. In May this year, we opened the Eurofarm Polyclinic in Vareš; the clinic was established to provide healthcare not only to the Company employees and their families but also to the entire community.

We also donated funds for the renovation of the children's playground in the town.

We will continue to work alongside the municipality to create beneficial social impacts wherever possible. Eastern Mining, the Company's wholly-owned local subsidiary, made an agreement with Eurofarm d.o.o. (a Bosnia-based healthcare facility,) to provide private medical services for all its staff and family members. As a result, Eurofarm recently opened the first private healthcare facility in Vareš.

The new facility is also open to local residents and will complement the existing primary healthcare facilities in Vareš. The new facility was opened by Paul Cronin, CEO of Adriatic Metals and Zdarko Marosevic, the Mayor of Vareš. All local residents that attended the opening were invited to have a free blood test.



Miner's day

Case study



▲ Employees and members of the community celebrating Miner's Day

On 21st December 1920, the Husino Rebellion began. It was the resistance of 7,000 miners who wanted to defend their labour rights with their lives against the violence of the state government, which did not respect the agreement on the level of wages for miners. The brutal confrontation between the police and the gendarmerie against the miners in Bosnia caused a general revolt and protest actions by workers throughout the country. The Husino rebellion concluded in a large court trial conducted in Tuzla in January and February 1922. The indictment charged 350 miners, and 20 participants were tried.

Commemoration of Miner's Day in Vareš has been a popular social event throughout the years. Celebrations in the past have included ceremonial activities, sports competitions, and awards to the best work units, the best individuals for achieved work results, the best sports teams at competitions, and awards in the field of occupational safety.

In addition, plaques, silver badges and gold badges were awarded for outstanding work achievements; however as the years went by, the day passed with less recognition.

In 2021, in cooperation with the Municipality of Vareš, Adriatic Metals reinvigorated the celebration of Miner's Day. The ceremony was attended by dignitaries from the mining industry in Vareš, raising hopes for the new operations. On 21st December 2022, the celebration of Miners' Day was repeated at the Vareš Culture and Education Center. On this occasion, the construction works at the Rupice mine were presented, as well as the planned activities for the next period of development, including the enhanced role of women in mining and the wishes and hopes of young people.

Climate

Meeting environmental challenges

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Scope 1 and 2 emissions

575,357kg CO2e

Target reduction in scope 1 and scope 2 by 2027 of

30%

Tailings

1.6Mm3

Processed water use per day

55m3



◀ Solar panels at the administrative building

Environmental impacts

Understanding global risks

Adriatic is committed to the responsible stewardship of natural resources and aims to operate in a sustainable manner that eliminates, minimises, mitigates or compensates for adverse impacts and maximises positive environmental and socio-economic impacts.

We recognise that mining is often associated with significant environmental impacts and intensive resource use and that these factors create a significant responsibility that exists from exploration through to closure.

By producing the metals which are essential for the European Green Deal, we contribute positively to the transition to clean energy and aim to play our part global decarbonisation. We expect to produce the following transition metals in the next five years:

concentrate of zinc

450,000t

concentrate of lead/silver

300,000t

Operating in line with all applicable environmental laws and regulations is an essential prerequisite for Adriatic. We are continuing to establish, implement and maintain best-practice, externally certified environmental management systems. We conducted high-quality baseline studies in order to understand the nature of our environmental and social impacts and we continue to put in place management plans and systems.

As stated in our Environment Policy, we require all contractors and suppliers to abide by our standards and associated relevant plans and procedures. In 2022, we had zero non-compliance incidents in line with environmental laws and regulations.



▲ Brownfield site ahead of Processing Plant construction

Environmental impacts

Life Cycle Assessment

A Life Cycle Assessment (LCA) is a science-based methodology used to assess the potential environmental impacts of a product, process, or service throughout its entire life cycle, from raw material acquisition to end-of-life treatment.

It is a systematic and extensive approach that considers all four stages of a product/service's life cycle, including raw material extraction, manufacturing/processing, use stage, and end-of-life treatment. Considerations such as energy, water, and material consumption, manufacturing processes, emissions, and waste generation are examined and the consequent environmental impacts are assessed.

Adriatic Metals has begun the process of LCA for its Vareš project, using a framework that is based on ISO 14040 standard and involves four separate phases:

- Goal and scope definition**

- Impact assessment**

- Inventory analysis**

- Interpretation**

LCAs are utilised to compare the environmental performance of different products, processes, or services across the supply chain boundary. By identifying environmental and economic hotspots/intervention points, Adriatic can assess opportunities for improving its sustainability.

Goal and scope definition

This is the first stage of the LCA and a crucial one that defines the objectives, boundaries, and functional unit of the study. The two main concentrates extracted are Silver-Lead and Zinc concentrate. As such, the functional units for the LCA service are 1 kg of Silver, 1 kg of Lead, and 1 kg of Zinc.

The system boundary considered was a cradle-to-grave one. This is an extension of the more commonly adopted and more simple cradle-to-gate approach, which assesses all the environmental impacts of the metals from raw material acquisition extraction to the point of sale or delivery. The cradle-to-grave approach extends the assessment beyond the point of sale or delivery and including all four stages of LCAs.

Our assessment will include the engagement with a major customer end supply chain actor, Boliden. This provides the much-needed downstream data transparency to help establish what happens to the concentrates once they leave Adriatic's gates.

LCA under this study consists of the following different life cycle stages:

- Mining of ore in Rupice
- Processing of ore (production of concentrates at Vareš process plant)
- Transportation
- Extraction of metals (from concentrates)
- Use stage of products (which contain specific metals)
- End-of-life treatment

Adriatic is conducting this assessment at an early stage to ensure that we have effective baselines to provide critical management information as we progress through commissioning and into production.

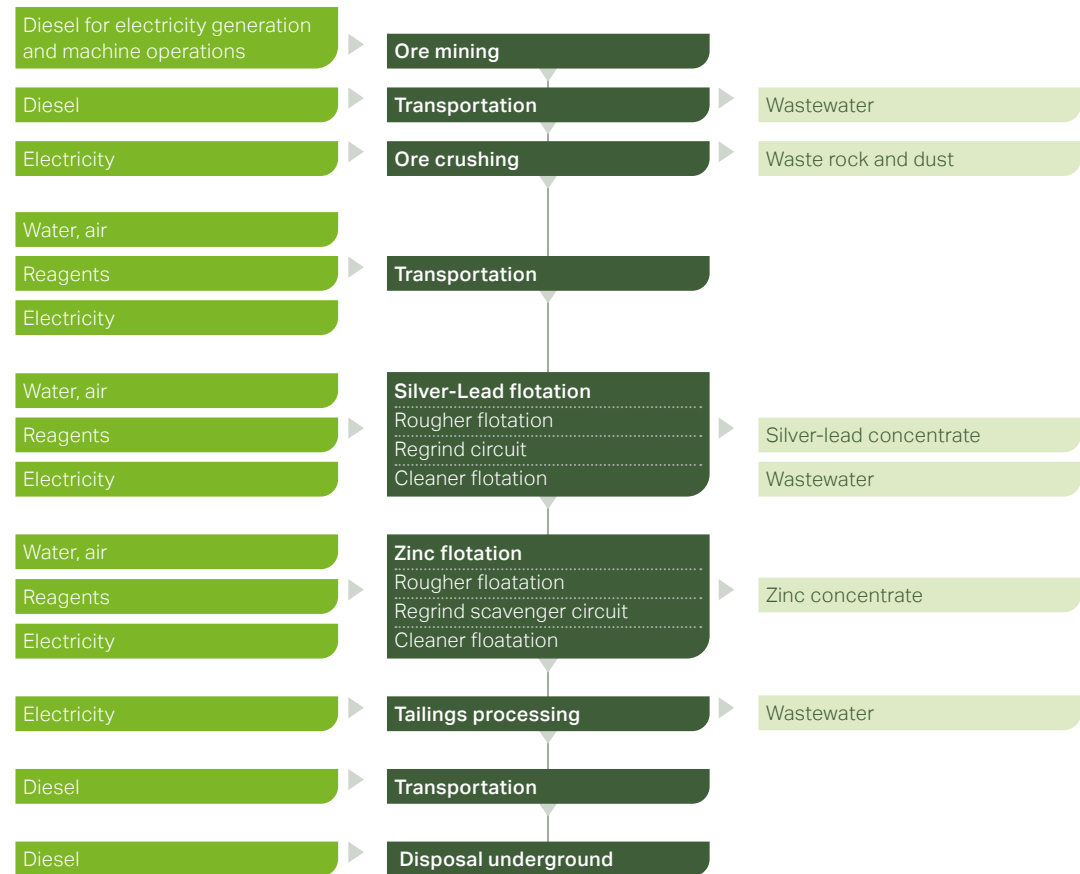
Inventory analysis

In the inventory analysis stage, data is collected, quantified, and compiled on the energy/material inputs and outputs that are related to the production of metal concentrates (Zinc) under study. This is then organised into an inventory of environmental impacts.

The remaining part of the supply chain will be targeted using the gate-to-grave approach.

The delivery of extracted metal to Boliden and the main sectors that will make use of these metals (automotive, electronics, aviation), as well as the end-of-life treatment, will form this side of the LCA boundary.

The inventory analysis of Adriatic Metals LCA is still in progress; hence all life cycle stages are not fully mapped.



Environmental impacts

Impacts and analysis

Impact assessment

Impact assessment is the third phase of the LCA study. In this phase, the data collected in the inventory analysis steps are characterised and evaluated against a set of predetermined impact categories. This includes climate change, human health, biodiversity, and resource depletion, among others. The impacts are assessed using environmental indicators, which are numerical measures of environmental performance.

The environmental impacts under this LCA service were extracted from the Ecoinvent database and will be used as the method to review and compare the models. The impacts chosen were based on several discussions with experts in the mining sector, a review of prior literature, and the use of international associations. The table below highlights the most significant impact categories that could affect different institutional pressures in the mining sector, including selected midpoint impact categories for the Adriatic Metals LCA study:

Impact category	Unit
Acidification Potential	mol H+-eq
Global Warming Potential	kg CO2-eq
Freshwater Ecotoxicity Potential	CTUe
Abiotic Depletion Potential, fossil fuels	MJ
Eutrophication Potential, freshwater	kg P-eq
Eutrophication Potential, terrestrial	mol N-eq
Human Toxicity Potential, carcinogenic	CTUe
Abiotic Depletion Potential, ultimate reserves	kg SB-eq
Stratospheric Ozone Depletion Potential	kg CFC-eq
Photochemical Ozone Creation Potential	kg NMVOC-eq
Water use	m3e

Interpretation

The interpretation is the final phase of an LCA, where the results of the third phase are analysed and implications considered. Results will be expressed per functional unit (e.g., kg CO2-eq/kg of Zinc).

Impact greater than or equal to 10%	Impact between 5% and 10%	Impact between 1% and 5%	Impact less than or equal to 1%
-------------------------------------	---------------------------	--------------------------	---------------------------------

The identified hotspots – depending on their severity – are then viewed as intervention points.

Life cycle costing (LCC)

Life cycle costing maps the total cost of ownership of our products throughout their entire lifespan (cradle-to-grave costs). LCC is best used to provide informed decision-making on how and where Adriatic can reduce costs throughout the different stages of the product life cycle.

LCC used in parallel with LCA can provide the company with important information required when substituting or comparing a high energy-intensive material or manufacturing process with alternatives. This can be fed back to the research and development team and used in future procurement and design decisions.

Scenario modelling

Scenario modelling is a method of substitution of an input or output (material, energy, water, or manufacturing process) and modelling 'what if' scenarios to find an optimum solution.

This could provide Adriatic with significant insights that are required when substituting or comparing a high energy-intensive material or manufacturing process with alternatives and how that impacts environmental bottom lines in accordance with financial ones.

Timings

Inventory analysis will be complete by the end of May 2023, with a full Impact Assessment at the end of July. This will provide a clear sensitivity analysis to inform upstream resource balancing and downstream offtake performance.



Biodiversity field research

Climate change

Assessing the impact

Climate change represents one of the most significant challenges facing the world today and as declared in our climate change policy, we support the goals of the Paris Agreement.

Our aim is to minimise our contribution to greenhouse gas emissions, to consider and plan for the physical risks of climate change on our operations and to work with our host communities to build an understanding of our resilience to the physical impacts of climate change.

Management's role in assessing and managing climate-related risks and opportunities: At executive-level, the CEO is ultimately responsible and accountable for the Company's approach to environmental and climate change management, supported by the Head of Sustainability.

The Head of Sustainability leads the operational level working group that is responsible for delivering the Company's sustainability strategy, including climate-related activities that mitigate risk and drive opportunities.

Responsibility for the application of the Company's climate change policy rests with, but is not limited to, all Company employees and contractors engaged in relevant activities under the Company's operational control.

The Company's managers are responsible for promoting and ensuring compliance with this policy and any related individual site level policies and practices.

On the Vareš project stakeholder engagement is well advanced with the implementation of a stakeholder engagement plan. Several activities, including the establishment of a public liaison committee, provide an invaluable platform for information dissemination.

Climate-related risks and opportunities:

We have conducted assessments to consider the way in which the climate is expected to vary over the life of the mine based on local projections for Bosnia. The projections have been used to help undertake a vulnerability assessment as to potential risks to the project itself from changing climatic patterns.

The most significant potential climate vulnerabilities are considered to relate to increased temperature and increased snowfall. Increased peak temperatures could adversely affect the workforce (through dehydration, heat stroke etc.) and cause plant and machinery to overheat. Since most of the Project area is surrounded by forestry, increased temperatures may result in increased risk of forest fires. Consideration will be needed to ensure explosive store and fuel stores are safely maintained at higher temperatures and fire risk will need to be routinely monitored, with active steps to remove possible fuel and ignition sources, particularly during intense periods of dry weather. Increased snowfall could cause flooding and extreme cold could adversely affect employees.

Adriatic has engaged Alfa Energy to provide a detailed life cycle analysis ("LCA") for the Vares Project. This assessment will incorporate the operational climate-related risks and opportunities that are likely to impact the business, which will in turn help inform a robust view on the transitional and physical risks and opportunities over the short, medium and long term. This assessment will be completed during 2023. Adriatic intends to provide a detailed risk and opportunity analysis during 2023.

Impact of climate-related risks and opportunities for businesses strategy and financial planning:

The Sustainability Committee considers climate-related issues when reviewing and guiding strategy.

The main sources of greenhouse gas ("GHG") emissions associated with the project relate to fuel combustion and electricity usage. GHG emissions have already been reduced through the design of the project as follows:

Minimising the land clearance for project facilities;

Adopting mitigation strategies for preserving integrity of soil stockpiles;

Minimising tree felling (only trees needing to be removed for safety reasons above the haul road will be felled);

Providing improved materials for buildings to minimise heat losses as well as reducing noise impacts;

The use of modern, energy efficient electrical equipment and mobile plant with fuel efficient engines; and

In 2021 installing a 23kW solar facility on the roof of the Tisovci administration building for existing electricity usage.

GHG mitigation opportunities are also being explored further as the project design is advanced and operational activities are further developed.

Although haulage works are likely to be undertaken by contractors, consideration will be given to the choice of vehicles used for both the mine fleet and the haulage fleet. Where possible, fuel efficiency will be a factor in the selection of vehicles as this will not only reduce GHG emissions but also reduce operating costs. There is currently considered to be limited potential for the use of biodiesel to help reduce emissions, however, the project will continue to monitor potential options;

In addition to the efficiency of the fleet itself, opportunities will be sought to improve the use of the vehicles. Scheduling of excavation and haulage activities to optimise activities and avoid double handling, where this is operationally practical. As the mine's logistics and scheduling are progressed, consideration will be given to the optimisation of vehicle and equipment movements to improve efficiency and reduce overall CO2 emissions;

Over time the upgrading of energy intensive machinery during the operational phase is expected to improve efficiency and reduce CO2 emissions compared to plant that has been removed. Further energy efficiency opportunities will also be investigated; and

Onsite renewable energy projects are also being identified to increase energy security supply, whilst simultaneously providing independence from unpredictable price jumps in the electricity market. Locations have been identified for ground mounted photovoltaic power plants, wind power plants and lakes for eventual floating photovoltaic power plants, or a pumping-hydro power plant implementation.

During 2023, the Sustainability Working Group, guided by its advisers Buchanan and Alfa Energy, will clearly define risks and opportunities identified over the short, medium and long term.

Following conclusion of the LCA, the Company will disclose its business model resilience testing, as well as climate-related time horizons for various scenarios and how the outcomes of the scenario analysis influenced strategic planning and any actions taken as a result.

Climate change

Assessing the impact

Resilience of strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario:

Although overall precipitation rates are expected to decrease, higher intensity events may occur and increased temperatures in winter mean that snowfall melts more quickly than was previously the case and this, in turn, could increase the risk of flooding. The design of both Rupice and Vareš Processing Plant allows for accommodating drainage and storage from intense stormwater events. However, the haul road may be at increased risk of surface damage, wash outs and landslides.

Upon conclusion of the LCA, the Company will assess its direct operating base under various climate scenarios to test the resilience of the business model. It will also provide climate-related time horizons related to the scenarios and disclose how the outcomes of the scenario analysis influenced strategic planning and any actions taken as a result.

In conjunction with its efforts to define a Net Zero pathway to satisfy the requirements of the SBTi, the Company will also conduct a financial resilience test of its supply chain to assess energy source cost implications as well the associated emissions implications.

Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process:

Carbon emissions will be reported in Streamlined Energy and Carbon Reporting ("SECR"), Net Zero, and Carbon Disclosure Project ("CDP") reports. Since SECR is energy-related, the Company will also report its energy reduction and document its energy efficiency measures. It has also committed to using LCA, to assess its impacts on the environment during the operational lifetime of its mines and process plants. This will map all energy and manufacturing inputs and associated emissions throughout the product life cycle (i.e. raw material acquisition, processing/manufacturing, use, and

end-of-life treatment). Besides global warming, other potential relevant environmental performance indicators will also be adopted as appropriate (e.g. acidification potential, human toxicity, freshwater aquatic ecotoxicity).



▲ Brownfield site pre-construction

Streamlined Energy & Carbon Report

Calculating our impacts

Scope 1, Scope 2 greenhouse gas (GHG) emissions, and the related risks

Scope 1 and Scope 2 GHG emissions for projects are calculated and reported as part of our Streamlined Energy and Carbon Report (SECR) and as part of CDP.

The Group has assessed its energy fuel consumption and has determined that energy consumption is above the 40 MWh threshold set by the SECR for reporting in the comparative period, and as such, the Group reports its greenhouse gas on an annual basis in kg of carbon dioxide equivalent resulting from:

The combustion of fuel (direct Scope 1 emissions)

And that resulting from the purchase of electricity (indirect Scope 2 emissions).

The kg emissions for the year ending 31st December 2022 are significantly higher than the prior year due to the intensive construction works that have been undertaken to bring the Vareš project into production. Once the mine site, processing plant and logistics activities are operational, we envisage setting a new baseline upon which to better measure performance and drive carbon efficiencies.

Location-based reporting	Emissions Scope	Total	UK	Non UK	Total	UK	Non UK
		01/01/2022 - 31/12/2022 t CO2e	01/01/2022 - 31/12/2022 t CO2e	01/01/2022 - 31/12/2022 t CO2e	01/01/2021 - 31/12/2021 t CO2e	01/01/2021 - 31/12/2021 t CO2e	01/01/2021 - 31/12/2021 t CO2e
Emissions from combustion of gas	1	0.0	0.0	0.0	2.1	0.0	2.1
Emissions from combustion of fuel for transport purposes	1	45.4	0.0	45.4	0.0	0.0	0.0
Emissions from other activities which the company own or control including operation of facilities	1	920.5	0.0	920.5	117.6	0.0	117.6
Emissions from purchased electricity	2	303.3	2.1	301.2	163	1.8	161.1
Scope 1 + 2		1,269.1	2.1	1,267.0	282.6	1.8	280.8
Underlying energy (kWh)		3,733,065	10,667	3,722,398	746,938	8,550	738,388
t CO2e / FTE (Scope 1 + 2)		8.75			2.59		
Average headcount		145			109		

Methodology

For the financial year 2022, a location-based calculation of CO2 equivalent emissions was made in line with the GHG Protocol. This was based on energy data collected from Adriatic Metals. Energy and emissions from company-owned transport were modelled using litres of fuel consumed by the company vehicles and data on kilometres driven by those vehicles. Energy and emissions from company vehicles were modelled using an average vehicle.

The methodology is consistent with the 2022 edition of the UK Government GHG Conversion Factors for Company Reporting, Ecoinvent database for conversion factors, and recognised public sources.

Please refer to previous reports for the 2021 methodology.

Disclaimer:

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Streamlined Energy & Carbon Report

Calculating our impacts

Total GHG Emissions during the mine's life cycle have been estimated as follows:

	CO ₂ tonnes	CH ₄ tonnes	N ₂ O tonnes	CO ₂ e ⁽ⁱⁱ⁾ tonnes
Scope 1				
Tree Felling at Rupice & TSF	N/A	N/A	N/A	18,494.9
Rupice underground	40,861.86	2.29	15.77	45,105.3
Rupice surface	46,857.10	2.62	18.09	51,723.2
VPP operations	6,149.97	0.34	2.37	6,788.6
Ore haulage	7,490.96	0.42	2.89	8,268.9
Tailings haulage	6,448.74	0.36	2.49	7,118.4
Container transport to rail	18,830.31	1.05	7.27	20,785.8
Explosives	N/A	N/A	N/A	1,104.3
Staff bus service	N/A	N/A	N/A	9,403.1
Scope 2				
Rupice electric load	N/A	N/A	N/A	85,884.59
VPP electric load	N/A	N/A	N/A	320,680.09
Total Scope 1 & Scope 2				575,357.22

Notes:

- CO₂, CH₄, N₂O, emissions have been estimated based on IPCC National Inventory Methodology, Volume 2, Chapter 1 and IFC's Carbon Emissions tool
- CO₂e emissions were estimated based on a global warming potential of 1, 28 and 265 for CO₂, CH₄ and N₂O, respectively (IPCC AR5, 2015).



We are committed to using energy and resources efficiently and sustainably. We proactively evaluate options, where this is a commercially viable approach, to increase our use of non-fossil fuel sources of energy and to optimise the energy efficiency of our operations.

We have incorporated energy-efficient elements into the design of the mine and the plant, including energy-saving systems, insulation and recycling of energy and heat in ore processing.

By submitting Science Based Target initiative (SBTi), Adriatic Metals will have to reduce and report its emissions. If the company intends to stay on track in achieving net zero, the company will have to measure its reduced emissions every financial year.

Targets used to manage climate-related risks and opportunities:

30%

Target a 30% reduction in combined Scope 1&2 GHG emissions by 2027, from a 2024 baseline (i.e. start of metal production).

Net Zero

Develop a net zero strategy (measures for emission reduction and shape boundaries of an eventual effective net zero target, including Scope 1, 2 and 3 evaluation and workshop, develop and publish strategy document) during 2022 and 2023.

SBTi

Commit to emissions reduction through SBTi (Science Based Targets initiative) for external verification of sustainability strategy and defined goals during 2022 and 2023.

Carbon and the supply chain

Targetting emissions reduction

Case study: Partnership with Boliden AB

Carbon and the supply chain

In 2022 Adriatic agreed to a heads of terms (HoT) with four international commodities trading and smelting companies (or 'offtakers') for the purchase of concentrate production from the Vareš project including a zinc concentrate to Boliden AB.

Boliden is a Swedish multinational metals, mining, and smelting company headquartered in Stockholm and has a strategic focus on reducing its CO2 emissions since 2016 to advance zero-emissions mining.

To address global climate change objectives, natural resources supply chains are rapidly aligning to ensure efficient extraction, processing, shipping and refinement/smelting of products as part of a full life cycle assessment that monitors and manages waste and energy efficiency.

Boliden has established a clear sustainability policy and supply chain agenda that looks to address these key areas of operational impact and drive improved performance in line with the targets of the Paris Accord and international climate risk frameworks such as TCFD.

As part of the initial 'ESG Evaluation of Business Partners' screening process, Adriatic was asked to conduct a thorough self-assessment followed by the Boliden teams' investigation into specific potential risk factors, such as water management, tailings management, community relations, GHG performance and country risk. These focus areas will be key areas for further review as part of stage 3 and 4 assessments.

As part of the supplier assessment process, Adriatic was required to:

1. Undergo an initial assessment process that confirmed that Adriatic had in place the necessary policies and commitments to safeguard responsible business practices, such as human rights, working conditions, environmental responsibility, systematic environmental work, and anti-corruption

2. Completion of satisfactory ESIA and associated ESAP (as required by investor EBRD)

As Adriatic progresses towards commissioning of the Vareš project and ahead of producing a commercial concentrate, the company will:

3. Undergo an on-site assessment, informed by Boliden's Copper Mark alignment, a natural resources performance standard with ICMM equivalency

3. Demonstrate increasing alignment with Boliden's soon-to-be-launched carbon reduction strategy to meet their Scope 3 emissions strategy which will be underpinned by SBTi

CO2 assessment and decarbonisation

As a vertically integrated resources business operating both the production and processing of raw materials, Boliden's strategy is to actively work with its supply chain partners to share knowledge regarding effective decarbonisation strategies.

Boliden Metals Carbon Footprint

Scope 1

Mines & Smelters direct emissions

Scope 2

Mines & Smelters emissions from the grid

Scope 3

Production of external raw materials

Production of explosives, fuels, reduction agents & other auxiliaries

Transportation from suppliers to Boliden

Purchased transports

Boliden Corporate Reporting

Carbon intensity and supply chain dynamics

There are three factors that position Adriatic as able to help offtake partners to achieve their climate targets across all three scopes:

Scope 3

A lower carbon intensity required to produce their concentrate (benefitting from high grade ores and renewable power supply)

Scope 3

A lower carbon intensity to ship their product to Boliden smelters (benefitting from distance proximity and lower carbon logistics)

Scope 1 & 2

A lower carbon intensity to process their concentrate (benefitting from higher grade ores)

In addition to supporting Boliden's objectives, these potential scope reductions could also deliver a likely commercial advantage to Adriatic – as they would be able to offer a lower carbon product that Boliden can subsequently sell as refined product at a premium.

Adriatic Metals planned programme of carbon assessment – CO2 emissions per tonne of concentrate produced

2022: existing activities contribute towards assessment of carbon profiles establishing a pre-production baseline

2022/23: construction activities will be included in the carbon profiles of 2023 production output

2023/24: production profiles will include largely mining and processing emissions, with additional capture of ore-body extension exploration

As part of Adriatic's work to assess its carbon footprint across S1, S2 and S3 emissions, the company will be releasing its net zero pathway programme by the end of 2023.

Environmental management

Responsible resource use

Adriatic's Environmental Management Policy is implemented through the Environmental and Society Management System (ESMS), a framework consisting of:



Biodiversity and rehabilitation

We are aware of the importance of preserving biodiversity, the need for the proper management of protected areas and integrated land-use planning.

We address potential adverse impacts on biodiversity by applying a mitigation hierarchy that aims to achieve 'no net loss' of priority biodiversity features or critical habitats, to contribute to a 'net gain' of biodiversity as a result of our activities.

We are developing goals and actions to support this ambition by establishing responsible activities related to climate, water, materials, use of resources and chemicals. These practices seek to improve environmental wellbeing by increasing soil fertility, water retention and cleanliness, contributing to community sustainability and livelihoods.

Biodiversity desk-based and field-based studies were undertaken by metallurgical specialists at the Zenica Metallurgical Institute in accordance with EBRD's PR6, which provides requirements on Biodiversity Conservation and Sustainable Management of Living Natural Resources.

In order to reduce soil degradation, including loss of bulb soil resources and loss of soil structure, all works involving the extraction, handling, moving and storage will be undertaken following appropriate soil handling guidance. These procedures are outlined in the soils, contaminated and erosion control management plan.

Biodiversity Action Plan (BAP): The goal of the BAP is to have a positive impact on biodiversity through responsible management and conservation efforts. The BAP is a key component of the project's ESMS and is managed by the Environmental and Social Management Manager and their team of experts.

The BAP outlines the environmental management policies for the project and details how they align with the EBRD's Performance Requirements (PR6) on Biodiversity Sustainability, as well as national and international legal standards regarding priority biodiversity features and areas of critical habitat.

The BAP also defines specific measures to mitigate the project's impact on biodiversity within the project area and outlines the responsibilities, general timelines and monitoring requirements necessary to minimise overall losses and achieve net gains in biodiversity in the long term.

The BAP will be regularly reviewed and updated throughout the project's different phases. Monitoring will be conducted by qualified ecologists and experts and the findings will be used to make adjustments and take corrective measures as necessary.

Hierarchy of mitigation – ICMM 7.2

1. Avoidance

We applied this strategy during the design and preparation phase, we avoided grasslands, amphibians, invertebrates and plants in order to prevent and minimise net losses.

2. Minimisation

The BAP includes specific measures to adequately address the impacts of project activities on priority biodiversity features to be undertaken and implemented before, during and after project implementation, together with responsibilities, general timelines and biodiversity requirements.

3. Restoration and regeneration

This strategy includes key principles, goals and concrete actions for implementation of restorative measures in the off-set area, together with guidelines and measures on restoration practice and restoration area a management based on developed action plan, including monitoring and evaluation of performance with the goal of compensating net losses and securing net profits in accordance with EBRD performance requirements (PR6) on biodiversity.

4. Transformation

We have taken the first steps of transformation in an ecologically suitable off-set area in accordance with a special action plan for restorative management in order to compensate for the net losses of forests and mountain meadows. This action plan has been agreed with local authorities, forest management and other participants. Our goal is that all these action plans and all our activities contribute to the protection and improvement of biodiversity in the area of operations and the region.

Environmental management

Responsible resource use

Protected areas: Our operational and concessional areas do not fall within any protected areas. We respect legally protected areas and are committed to avoiding these areas, as well as areas that are planned to be placed under protection. Where our operations have the potential to impact an area with high biodiversity value, we implement measures and activities in a specific action plan under the supervision of a suitably qualified ecologist.

Our fundamental goal is to ensure ecosystem protection and to avoid and prevent or minimise impacts on biodiversity and areas of critical habitat or qualified species from the International Union for Conservation of Nature's Red List and the National Protection List.

We will not explore or mine in World Heritage Areas or protected areas under national regulations and will respect legally designated protected areas as well as areas of high biodiversity value.

Our impact profile in each operational area is affected by the change of land use from a natural ecological function to a technical function for mining, and thus, directly and indirectly on sensitive areas or areas of high biodiversity value. Direct impacts of our operations on biodiversity include logging and deforestation, habitat loss and fragmentation, land devastation, and disturbance of fauna due to noise, light and vehicle movement.

Indirect impacts include the discharge of wastewater and impacts on the quality of watercourses and aquatic habitats, soils and water pollution, habitat disturbances of PBF species, wildlife disorders, the carrying and spreading of invasive species, etc.

Habitats: Through our ESIA, we made an inventory of flora and fauna, as well as all-natural habitat types within areas of operations in order to determine the initial condition of biodiversity and assess the risks of our activities. In the spring of 2020, we initiated detailed baseline surveys of the natural habitats within our operational areas and a thorough biodiversity risk assessment of our project's activities, which included community consultation.

The surveys were repeated in the spring of 2021 and now continue through each season. We have concluded to date that no restored habitats are present within the areas of our operations.

In 2022, we began the restoration of harmed acidophilic spruce forests and abandoned mountain meadows near areas impacted by the project. This restoration is aimed at reducing overall losses and ensuring a long-term net profit based on our plan for restorative management.

In line with the ICMM's goal 7.1, we avoid any world heritage sites through our operations and no world heritage sites have been registered in Vareš. There are eight cultural heritage properties of medium sensitivity in the region, but none of them are located within or in the immediate vicinity of the project areas.

In the habitat of acidophilic spruce forests, the total loss within the operational area is 78.3 hectares. Our action plan includes the restoration and restorative management of 115 hectares of degraded acidophilic spruce forests, which is 15 hectares more than was originally planned. The area for restorative management also takes into account the need to protect the planned natural reserve at Trstionica and the Bukovica watercourse.

The loss of mountain meadow habitat due to the construction of a haul road is 2.5 hectares, and our action plan includes the restoration and restorative management of 6.0 hectares of degraded mountain meadows, which is 1 hectare more than was originally planned. This will help us minimise overall losses and ensure a net benefit throughout the duration of the project.

Protecting local species: The project is aligned with the protection requirements for listed species from the IUCN Red List and the national protection list PR6, as well as national regulations. These areas are avoided as much as possible. As part of the changes to the project, the route of the haul road was moved outside the habitat of identified amphibians, invertebrates, and plants of the Zagarski Potok watercourse, as well as the habitat of hydrophilic tall herb vegetation and the area of mountain meadows where species of plants are present.

Land use

We utilise an integrated approach to land-use planning, which includes seeking to minimise adverse impacts on the livelihoods of other land-users

We apply the same high-level standards for operations and closure processes to protect the surrounding environment and communities from being unduly impacted by our operations and work together to achieve long-term positive impacts.

We plan for the social and environmental aspects of mine closure in consultation with authorities and other relevant stakeholders and make appropriate financial provision for the closure.



◀ Protecting local species

Environmental management

Responsible resource use

Noise

Industrial noise assessment is a measure of the sounds from industrial processes that can be heard nearby. The rural nature of the region means that ambient noise in the project area is extremely low and, for the most part, far below applicable standards. Noise modelling was undertaken early in the Feasibility Study and ESIA process to ensure that noise impacts are avoided as far as possible within the project design. Most notably, this focused on the Vareš Processing Plant site and resulted in the movement of the primary crushing circuit from this site to Rupice, where there are minimal receptors. The noise measurement has never exceeded the limit values allowed by local and national legislation.

Mitigations during operations: Workers will be trained in noise abatement best practices, including avoiding unnecessary 'revving' of engines, the switching off of equipment when it is not required, as well as the drop height for materials, will be minimised. Complaints related to noise associated with any of the project activities will be monitored through the stakeholder engagement activities and the Project's complaints and grievance process, including feedback 'drop boxes' to encourage comments on performance.

Water as a shared resource

We are committed to the responsible and efficient use of water. We apply strong water governance measures that adopt a collaborative approach with other water users. We are putting in place activities to achieve 100% of water recycled in the processing plant and during underground mining, and systems for wastewater treatment and acidic rock drainage are in the phase of detailed design and commissioning.

Several watercourses were found adjacent to or within project activity areas and mitigation has been incorporated into the project design to avoid any potential negative impacts.

The following measures have been implemented to ensure that residual impacts on surface water and groundwater will not be significant:

1. No discharge effluent from Vareš processing plant

2. Establishment of site-wide drainage and settlement ponds

3. Active treatment of contact water contaminated by acid rock drainage

4. Implementation of a water and wastewater management plan

The quality of water within the surrounding hydrological system is monitored during the construction and operations phases in order to ensure against potential pollutants entering the drainage system.

Water storage: The projected water demand from the project is variable, and therefore, it is necessary to provide sufficient storage space to be able to ensure supply and to meet both short-term and long-term high-demand requirements.

Specific assumptions for the sizing of storage facilities are given below and may be subject to revision and changes through detailed design and selection of water infrastructure.

Minimum requirements for key water storage facilities

Item	Minimum storage
Raw water supply to treatment plant	1 day
Potable water	2 days
Fire water	120 m3

Water discharge management: The project will develop and maintain control of water use in accordance with the project's ESMP system, which will include monitoring and recording key indicators for each functional area.

Water that has been treated and is of suitable quality for release into the environment is termed a 'controlled' release of water. It is important to note that the project has chosen not to facilitate natural dilution in surrounding watercourses as a means of reducing potentially harmful pollutants.

Treatment systems include sediment control of contact water, purification in accordance with the World Health Organization guidelines, wastewater treatment and a treatment plant for oily water and acidic rock drainage.

Monitoring: In line with our environmental management plans, water demand will be continuously measured and monitored. Adriatic Metals will estimate monthly usage needs, review requirements on a monthly basis and compare them to the estimated projections.

For all distribution pipelines and equipment, an inspection regime has been established to visually check for possible leaks.

Regular quality testing will be performed on the water distribution network and procedures have been established for periodic water quality sampling of all drainage routes within our facilities to determine the hydrocarbon/contaminant content.

Water must meet the requirements of relevant legislation, standards and guidelines and our sampling will monitor levels of BTEX, phenol, gasoline, diesel, fuel oil, kerosene, heat transfer fluid, transformer oil, lube oil and hydraulic oil.

Whenever possible, wastewater will be reused or recycled. The application of this - as set out in the development plan as part of the project (Construction environmental management plan) - is the responsibility of our mine construction company (Nova Mining), and it will establish procedures to monitor any greywater and blackwater flows at the site.

They will also undertake water quality testing of recycled greywater and blackwater to ensure compliance with legal requirements, standards and guidelines.

Dye experiment

Case study:

To better assess the potential impact of wastewater on local watercourses, we have conducted tests on natural stormwater flows. The experiment was performed using a coloured tracer which was added into the water flow using sodium-fluorescein as a marker.

This diagnostic tool does not affect the chemical composition of water and is not harmful to animal or human health if they come into contact with it. Due to the likely visual appearance of this temporary staining, the surrounding population was informed about the assessment beforehand.

Environmental management

Responsible resource use

Compliance: EBRD grievance mechanism

In late 2022, EBRD received a submission from an NGO to the Bank's Independent Project Accountability Mechanism (IPAM), alleging a breach of compliance relating to the haul road construction. Having been contacted by concerned local people from Kakanj, on 6 November 2022, representatives of Bankwatch Network visited Kakanj and the project access road for the Vareš mining project.

The grievance alleges that the access road to the mine has been built in a different location to the one detailed in the ESIA and Biodiversity Action Plan with potential environmental impacts on a local river course - Vruci Potok - and surrounding habitation.

Whilst this representation has not been made directly to Adriatic Metals, in our duty towards EBRD, we have supported their subsequent investigation regarding these claims and provided the following clarification:

The project's haul road remains as presented in the ESIA, although the route thereof is currently being optimised to avoid unsuitable ground conditions (identified through geotechnical investigations), minimise the use of and impacts of private land, and to further avoid and reduce impacts on biodiversity and water protection zones.

The road to the Rupice mine site through Kakanj municipality and adjacent to the Vruci Potok is a access route for construction purposes. Use thereof will cease once the main haul road is complete. The access route utilises existing sealed roads and unsealed forestry roads and tracks. The forestry roads and tracks are public access but do not lead to any residential areas or homesteads. In order to ensure safe access for construction vehicles and equipment, various improvements and upgrades to the roads and tracks were necessary.



▲ Water sample testing

The use of this access route was determined during pre-construction planning after completion and disclosure of the ESIA. Nevertheless, the use of this access road was assessed and mitigation measures defined in the respective management plans - noting the status of the Vruci Potok as critical habitat - were implemented through a management of change approach.

The project is in the process of updating select ESIA/ESMP documentation to reflect the access route and also how the haul road route is being optimised. These documents, including an updated Biodiversity Action Plan, will be disclosed during Q1 2023.

Waste management plans have been developed in accordance with the Waste Management Law of BiH and EU environmental directives including the Waste Framework Directive. Non-mining waste created by the project is collected and disposed of by licensed carriers.

In 2022, we recycled 300kg of paper and cardboard and 400kg of plastic.

Environmental management

Responsible resource use

Q&A with

Danira Zanočić

Environmental Manager at Eastern Mining

**What is your role at Eastern Mining, and what do your day-to-day activities and responsibilities look like?**

In February 2020, I joined Eastern Mining as an Environmental Associate and I have since progressed to Environmental Manager. Prior to joining the company, I was a Chemical Engineer by profession and I have recently embarked upon my Master's degree at the Faculty of Mechanical Engineering at Zenica University in Engineering Ecology, which I believe will greatly support my role.

My day-to-day responsibility is to help strengthen our management of environmental risks and opportunities. I believe that by being proactive towards our management and interactions with the environment, we can reduce risk and gain access to critical resources. My role also involves close dialogue with the project team to ensure that the inputs from the ESIA are included in the mine design and are respected through the construction phase.

How are you using technology to drive current and future efficiencies and improve your environmental performance?

In this region in Bosnia, we are dealing with a combination of old and new technology. Given we are at the design stage, we have the ability to implement new technologies and systems to create long-term benefit for both the environment and the company's bottom line. For example, we will recycle waste into backfill to reduce land use and reduce the quantity of waste from our mining activities.

How do you stay up-to-date with the best practises in environmental management?

Keeping abreast of the latest environmental management practices requires a commitment to continuous learning. We ensure that our environmental and social management plans and strategies are dynamic documents that are constantly being updated to reflect changes. Environmental monitoring is critical; we monitor water, air, soil, and biodiversity quality, and any significant changes in the collected data prompts immediate action.

How can the mining sector continue to improve its environmental practices?

Continuously integrating the best global techniques available and incorporating innovative approaches will lead to an overall improvement in environmental performance.

Developing and implementing environmental management plans that cover all aspects of the mining operations can also help minimise the impact of mining activities on the environment.

Regular reviews and updates of policies, procedures, and technologies are essential to ensure that the mining sector remains current with the latest best practices and innovations.

At Adriatic, we take a proactive approach to design that includes cultural change and environmental awareness while ensuring that all engineering fields are aligned. The environment should be the driving force for change.



◀ Monitoring field equipment maintenance

Tailings management

Preservation and protection

We are committed to managing tailings and waste responsibly in conformance with national legislation and international codes of best practice.

Tailings are a by-product of mining. After ore containing the desired recoverable commodity is mined from the earth, that commodity is extracted in our mill and processing plant. After the metal is extracted from the ore material, the resultant waste stream is termed 'tailings'. Waste tailings from our processing will be de-watered and filtered prior to being transported via truck to the Rupice mine for use as backfill with crushed waste rock and cement in the mine, as required.

Depending on the volume of the ore processed, we predict approximately 39,000 tonnes per month of tailings will be generated. Excess tailings not required for backfill will be disposed of in the new dedicated 'tailings storage facility' (TSF). The TSF has a 14-year life-of-mine, 2.5Mm³ capacity and will be lined and designed to collect and dispose of in accordance with local regulations.

Total production as of July 2022, was 2.79Mt with a tailings volume of 1.6Mm³

Tailing storage facility (TSF) design

The design concept is based on providing a 'dry stack' facility with sufficient capacity in exceedance of the life of mine via a phased development, which allows progressive closure of the facility.

The maximum stack height is limited to the surrounding area ridge lines providing a maximum storage capacity of 1.6Mm³, which is in excess of the required tonnage, assuming a 95% dry density is achieved.

The facility will be developed in 5 phases, set out below:



▲ Engineer assessing progress of the haul road construction

Phase 1

Providing sufficient capacity for approximately 33 months of production

Phase 2

Will have sufficient capacity for 17 months production

Phase 3

Will have sufficient capacity for 19 months

Phase 4

Has sufficient capacity for 23 months

Phase 5

Will have capacity in excess of the end of mine life

The variation in phase development reflects the initial narrow valley shape followed by the wider upper valley area. Further test work and studies are ongoing and the relevant parameters will be updated as the design work continues.

Company

Transparency & accountability

- Group corporate governance 56 →
- Sustainability framework 56 →
- Supply chain management 57 →
- Ethical behaviour and grievances 58 →
- Role of the Board of Directors 60 →
- Activities in Serbia 62 →

Sustainability Committee meetings

Four times yearly

Concession fees, insurance and taxes

£1.5million



← Employee on site in winter

Company

Robust oversight

We consider a corporate culture based on strong ethical values and clear sustainability commitments to be in the best interests of all stakeholders.

The Board believes in the value of good corporate governance to improve performance and mitigate risk and acknowledges its duty to take into account in its decision-making the view of all stakeholders in Adriatic, and not just shareholders. As a company with a standard listing on the London Stock Exchange, Adriatic has decided to apply the Quoted Company Alliance's (QCA) Corporate Governance Code.

The code is based on ten principles and a set of supporting disclosures as a guide to help companies deliver value for shareholders over the medium and long term. It sets out what the QCA considers appropriate arrangements for growth companies and asks them to explain how they are meeting those principles. We have considered how we apply each principle and a full description of our compliance with the QCA code can be found on our [website](#).

Within the code, there is a requirement for companies to take into account wider stakeholder and social responsibilities and their implications for long-term success and to promote a corporate culture that is based on ethical values and behaviours.

The Board is committed to ensuring these elements - that align with sustainable development strategy - deliver on our commitments to shareholders, clients, employees, partners and other stakeholders. We believe that transparency and fair dealing, particularly in relation to environmental and community issues are essential to the Company's ultimate success.

Sustainability Committee

The role of the Sustainability Committee is to assist the Board of Directors in fulfilling its

oversight responsibilities by reviewing and monitoring any matters relating to the management of social and environmental impacts in accordance with the Sustainability Policy, the management of stakeholder relationships (including relevant aspects of human resources), and permitting and relevant regulatory risks.

The Sustainability Committee will also seek to identify opportunities to strengthen the Company's 'license to operate' and the sustainability and resilience of the communities and regions where Adriatic Mining companies operate, providing scrutiny of and guidance to executive management on these issues.

The Sustainability Committee is supported by a working group which is responsible for the operational implementation of the different elements of the Sustainability Policy and specialist external sustainability consultants.

Board oversight of climate risk and opportunities: The Board recognises climate change presents a range of risks and opportunities that are critical for the business to address.

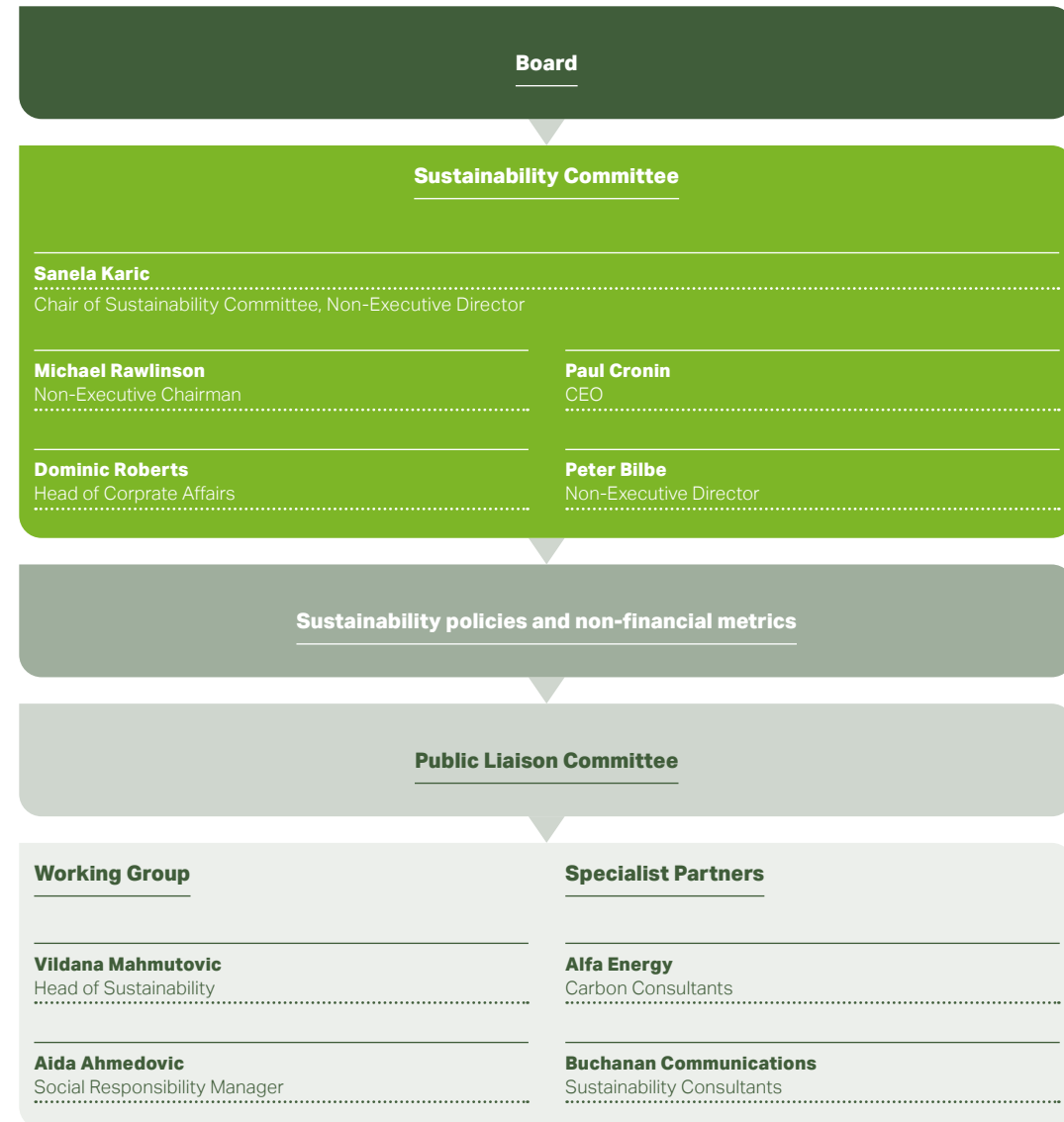
The Board has oversight of climate-related issues through its Sustainability Committee, which reports to the Board half-yearly. Key climate-related elements during the year include:

Assessment and approval of construction and operational ESG KPIs, including the commitment to a 30% emissions reduction by 2027

Target a strategy and commitment for decarbonisation and Net Zero through Science Based Targets initiative ("SBTi")

The Sustainability Committee has implemented the climate change policy and monitors the content, effectiveness and implementation of this policy on a regular basis. Material breaches of this policy will be reported to the Sustainability Committee and the Board.

Sustainability framework



Supply chain management and local procurement

Contractor relations

Adriatic is committed to managing our supply chain in a lawful, ethical and responsible manner that meets the expectations of all stakeholders. Our objective is to only engage with suppliers that share our values regarding human rights, safety and sustainability.

Our Supplier Code of Conduct also states our commitment to adhering to the standards of human rights and responsible workplace practices across our supply chain. Through responsible sourcing initiatives or requiring suppliers to adopt similar standards as the Company, the commitment to “do the right thing” is robust and permeates from the Board down to its most junior members of staff.

As stated in our Procurement Policy, responsibility for the application rests with, but is not limited to, all Company employees and contractors engaged in activities under the Company’s operational control. The Board monitors the content, effectiveness and implementation of the policy on a regular basis. There are also independent reviews undertaken from time to time with findings, updates or improvements identified and addressed as soon as possible. Material breaches of the Procurement Policy are reported to the Company’s Board and the Sustainability Committee.

Screening and selection: We select suppliers through transparent procedures and on the basis of a balanced assessment and continue to monitor them to ensure compliance with the Company’s Code of Conduct and Anti-Bribery and Anti-Corruption Policy.

We conduct rigorous due diligence and screen all new suppliers on environmental, social and human rights risks. We monitor these on an ongoing basis and implement measures to avoid or mitigate them.

All suppliers go through a pre-qualification questionnaire (PQQ) applications and must align with ADT policies, including those focused on operational health and safety, environment and social matters. Overall, 422 new suppliers have been screened in total, with 179 screened in 2022.

Building local capacity: We are committed to conducting our business affairs in an ethical and responsible manner, including through our sourcing of goods and services. We aim to minimise any adverse social or environmental impacts arising from our supply chain and to ensure that the communities associated with our operations are left with a positive legacy, including through the development of new enterprises capable of generating sustainable skills, livelihoods and capacities.

We have developed outreach processes to communicate procurement opportunities and support local suppliers to build capacity and compete for suitable contracts, including supporting them in completing the contract process⁵. In 2022, 68% of Adriatic Metal’s group spending was on local suppliers and 94% of our subsidiary Eastern Mining’s spending was on local suppliers.

Contractor management

We require our suppliers and contractors to comply with environmental, social and governance policies equivalent to our own, including our Code of Conduct, Human Rights Policy and Anti-Bribery and Corruption Policy. In 2022, we had 348 local contractors supporting a range of activities within Vareš.

Q&A with

Ahmed, a local contractor



How do you feel about Adriatic coming to Vareš?

I feel like this is the best period of my life right now; getting to work for a company like Adriatic in my hometown. They have made a big investment here and given people opportunities to engage with different projects related to mining activities. While I did live aboard for a period, I returned to Vareš to start my business, and I now own a construction company and have been contracted by Adriatic for quite a bit of work. I am also immensely proud of my daughter who is a National Skiing Champion, and last year the Company sponsored her attendance at a skiing school in France.

So if I could rate Adriatic out of 10, I would give them a 10!

Do you think that there has been a change in community attitudes since Adriatic arrived?

Absolutely. For example, the Employees Association in Vareš was established years ago with the purpose of promoting entrepreneurial spirit and local business development. But for a long time, there was very little activity.

Having Adriatic here has really revitalised enthusiasm for the purpose of the Association, and myself and other members decided to restart the meetings. Last year, we even set up a meeting with the Executive Director at Adriatic to understand what companies in Vareš could offer the project. I think there is definitely more optimism and proactivity now.

In what way has the Company helped the local economy?

In order for local companies to be allowed to work with Adriatic, they have encouraged us all to get the right permits and certifications in place, which has added rigour to our processes. By using our services, Adriatic has enabled local companies to grow.

When I started out, I had three employees – now I have 26. Young people who had previously moved away for employment now realise there are job opportunities opening up here. Seven of my staff are locals who have returned to Vareš after working abroad.

Company

Clear ethical standards

Ethical behaviour and grievances

The Company maintains a Code of Conduct which underpins its commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The document sets out the principles covering appropriate conduct in various contexts and outlines the minimum standard of behaviour expected from employees.

Our Corporate Code of Conduct provides a framework for decisions and actions in relation to ethical conduct in employment.

All employees are responsible for undertaking their duties in a manner that is consistent with the provisions of the Code of Conduct.

Employees are encouraged to raise any matters of concern in good faith with the head of their business unit or with the Company Secretary without fear of retribution.

The Code of Conduct is included in the Corporate Governance Manual on the Company's website.

Anti-bribery and corruption

Corrupt conduct involves the dishonest or partial use of power or position resulting in one person/ group being advantaged over another. As set out in our Code of Conduct, corrupt conduct will not be tolerated by the Company and disciplinary action, up to and including dismissal, will be taken in the event of any employee participating in corrupt conduct.

It is the responsibility of every employee to avoid any conflict that could compromise the ability to perform duties impartially and all employees must report any potential or actual conflicts of interest to their manager. Potential conflicts of interest arise when it is likely that an employee could be influenced or it could be perceived that they are influenced by a personal interest when carrying out duties. Conflicts of interest that lead to biased decision-making may constitute corrupt conduct.

Our operations at Vareš and Raška are not at significant risk for incidents of child labour or for incidents of forced or compulsory labour and we do not operate in a country in the 20 lowest rankings in Transparency International's Corruption Perception Index.

Human rights

We are committed to respecting human rights and as stated in our Human Rights Policy, Adriatic supports the Universal Declaration of Human Rights and the United Nations' Guiding Principles on Business and Human Rights.

We also recognise the International Labour Organization's core labour standards and strive to ensure that the rights of every individual within our workforce, and every individual or community with whom we interact, are upheld and respected.

We appreciate that in many situations, economic development and environmental responsibility are fundamental to the realisation of rights and the importance of working, where appropriate and feasible, in partnership with governments, civil society and other businesses.

As the Vareš project construction commenced and the start of its procurement program, these rights were placed at the core of policy development.

The Company is committed to embedding these values in both its corporate culture and practices as it ramps up the recruitment of the workforce for the construction phase of the project, and life as an operating mine. Our operations are not within or near any indigenous land or people and are not near any areas of conflict.



▲ Employees working at the entrance to the lower decline at Rupice

Company

Clear ethical standards

Approach to tax and concessionary payments

The construction and operational phases of the project will positively impact the national economy through payments of value-added tax on construction supplies, including materials and equipment, fuel, food, and advisory services and through construction workforce income tax contributions. Project royalties and taxes are paid according to BiH legislation (at the state and cantonal levels) and then distributed to the municipality level.

In 2022, Adriatic Metals and its subsidiaries paid a total of over £1.5million in concession fees, insurance and taxes.

In addition to these statutory payments - and to provide a more direct form of community funding - the company established an independent charity, the Adriatic Foundation, to support and promote local, sustainable socio-economic development, focusing on the communities associated with Adriatic's operations (see pages 35 and 36).

Public affairs

Adriatic seeks to maintain positive and mutually beneficial relationships with various bodies, including government agencies, non-government organisations, and the public, through communication initiatives that facilitate that relationship.

The goal is to build and maintain trust between Adriatic and its stakeholders and to ensure that information is accurately communicated and understood. This can involve proactively sharing information, responding to inquiries and concerns and working to address any issues that may arise.

Governmental bodies are critical in determining local regulations and can influence decision-making through their input, feedback, advocacy and policies. The Company engages with local (municipal), regional (cantonal) and national (federal) governments in Bosnia. In Serbia, the Company engages with local (municipal) and national governments.

In addition to statutory reporting, the Company regularly updates relevant government departments and we believe that continuous engagement is key to developing successful development outcomes.

We also engage with independent, non-governmental organisations that focus on socio-political and environmental goals such as human rights, education, business ethics, health, safety and biodiversity preservation.

As we have progressed through the construction process, a number of areas have been raised and discussed, including socio-economic development in the Vareš and Kankanj region, concessionary payments, environmental impacts associated with the works, remediation of water quality in local river courses resulting from haul road construction and regional business benefits resulting from local procurement.



▲ Engagement with local schools

Role of the Board of Directors

Leadership skills and experience

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution. The Board is explicitly responsible for driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance.

The experience and knowledge of each of the Directors enables them to challenge management and scrutinise performance in a constructive way. The Board believes it has achieved a good balance of experience in financial and operational matters. Board members have diverse national, cultural and career backgrounds and gender diversity.

The Board does not consider that any of the Directors is in danger of "over-boarding" by holding too many directorships at other listed companies to be able to devote sufficient time to Adriatic's business, and Directors are required to consult the Board before accepting any new appointment that might cause a conflict of interests or prevent them from discharging their responsibilities to Adriatic effectively. New Directors receive a formal induction to the Company, including a briefing discussion with existing Directors and a site visit to the project as soon as practicable.

Directors are also provided with a memo on the continuing obligations of a company admitted to the London Stock Exchange (Standard Segment), a copy of the QCA Code and the ASX Governance, Principles and Recommendations Guide from the Company Secretaries. Directors also have full access to the Company's management and advisors.

The Board has delegated specific responsibilities to the Audit & Risk, Sustainability and Remuneration & Nominations Committees. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. It is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice.

In appointing new members to the Board, consideration must be given to the demonstrated ability and also future potential of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company. The composition of the Board is to be reviewed regularly against the Company's Board skills matrix prepared and maintained by the Nominations Committee to ensure the appropriate mix of skills and expertise is present to facilitate a successful strategic direction.

Board's governance attributes: Having independent directors as opposed to those through family business puts Adriatic Metals in a better position to effectively monitor corporate sustainability and limit unwanted opportunistic behaviour of top management. Based on the stakeholder theory, with a diverse Board.

Adriatic Metals is more likely to share broader triple bottom-line opinions and experiences on climate-related risks and their impact on business as usual.

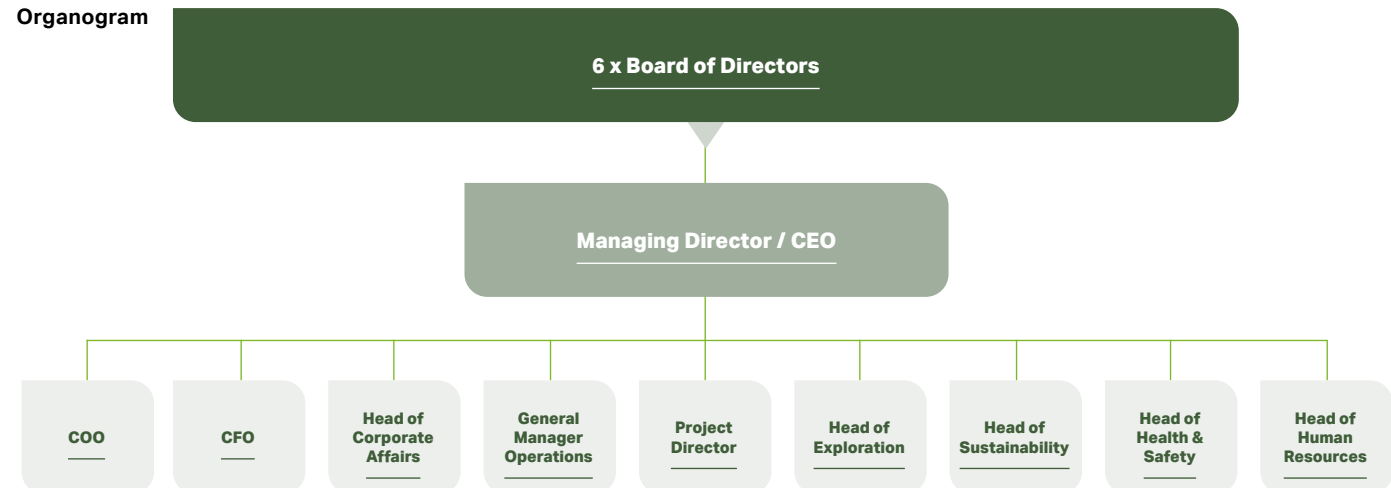
As climate-related risks can affect a diverse group of stakeholders with conflicting social, environmental and financial interests, having Board diversity is crucial in understanding these different stakeholder risks and planning accordingly for appropriate intervention strategies.

Lastly, Adriatic Metals' good level of Board maturity, measured in terms of the number of years, experience, and knowledge the Directors have in mining could also help the business to better appreciate the short-term, mid-term, and long-term socio-environmental challenges (transitional and physical) and its effect on business as usual.

Adriatic Metals benefits from having in place a Board of Directors that have been in this business for decades and have carried out cradle-to-grave mining projects across different geographical provenances.

This enables a better understanding of what it means to protect the social and environmental requirements of distinct stakeholders in Vareš, and how that could be translated into the ultimate financial sustainability of mining taking place in this region.

Organogram



Board of Directors

Leadership skills and experience

As of 31 December 2022, the Board comprised a Non-Executive Chairman, a Managing Director and Chief Executive Officer, and four other Non-Executive Directors (NEDs).

As part of its annual performance evaluation process, the Board, in conjunction with the Remuneration and Nominations Committee, keeps its structure under review in order to maintain an appropriate balance of Executive and Non-Executive experience and skills.



Michael Rawlinson
Non-Executive Chairman

Mr Rawlinson was the Global Co-Head of Mining and Metals at Barclays investment bank between 2013 and 2017 having joined from the boutique investment bank, Liberum Capital, a business he helped found in 2007. He is currently a Senior Independent Non-Executive Director at Hochschild Mining, Independent Non-Executive Director at Capital Drilling and Non-Executive Director at Andrada Mining Limited.



Peter Bilbe
Non-Executive Director

Mr. Bilbe is a mining engineer with over 40 years Australian and international mining experience in gold, base metals and iron ore in operational, CEO and board positions. He is currently a Non-Executive Director of Horizon Minerals Ltd, an emerging gold producer and until November 2021 was Chair/Non-Executive Director of IGO Ltd, an ASX100 company.



Paul Cronin
Managing Director and CEO

Mr Cronin is a co-founder and Director of Adriatic and is Non-Executive Chairman of ASX listed Black Dragon Gold Corp and a Non-Executive Director of ASX Listed Taruga Minerals Limited. Mr Cronin has over 20 years of experience in corporate finance, investment banking, funds management, and commodity trading, with a strong European mining focus.

Notwithstanding Mr. Cronin's additional commitments, the Board is of the opinion that Mr. Cronin is not "over-boarded" and is able to adequately perform his role with the Company.



Julian Barnes
Non-Executive Director

Dr. Barnes is a geologist with extensive experience in major exploration and development Projects. Previously, he was Executive Vice President of Dundee Precious Metals with a strong focus on Balkan mining and development. Dr. Barnes founded and led Resource Service Group for nearly two decades, which ultimately became RSG Global and has since been sold to Coffey Mining. He is also Non-Executive Director of Zinc of Ireland N.L. and Thor Explorations Limited.



Sandra Bates
Non-Executive Director

Ms Bates is a commercial and strategic international lawyer with over 20 years' experience advising management teams and boards of both listed and private companies in the UK and internationally. She is a risk assessment specialist and brings extensive experience of guiding clients in the natural resources sector through complex negotiations often with a cross-cultural element. Ms Bates is General Counsel & Corporate Secretary for Elemental Altus Royalties Corp, a Non-Executive Director of ASX Listed Predictive Discovery Limited and a member of Women in Mining UK.



Sanela Karic
Non-Executive Director

Ms.Karic, a Bosnian national, brings a wealth of experience, with 20 years of experience as a lawyer and a career spanning corporate affairs, mergers and acquisitions, and human resources. Ms Karic is a graduate of the University of Sarajevo. After passing the bar exam, she built her career as a lawyer, public notary deputy, and for five years as an Executive Director for Legal Affairs at the Prevent Group, Bosnia's largest diversified industrial corporation with businesses in the EU. Currently, she is the shareholder and CEO of Legal Solutions d.o.o. a law firm in Bosnia, providing legal and consultancy services mainly for foreign investors. Ms Karic has also provided consultancy services to Eastern Mining d.o.o. providing advice in the year in respect of permitting the haul road.

Activities in Raška, Serbia

Our near-term asset in Serbia

Since the acquisition of the Raška project the Company has been conducting exploration activities, including resource definition drilling with diamond-core drill rigs operating at each key target.

Drilling has continued, and to date, at Kizevak has intercepted various zones of silver, zinc and lead mineralisation, while at Sastavci, drilling has confirmed near-surface polymetallic mineralisation, as well as an anomalous broad gold structure at depth.

Further mineralised sub-parallel structures have also been discovered within 100m of the main mineralising trend, which demonstrates the potential for scale.

Community engagement: Though our operations in Serbia are not as extensive, we still take our commitment to social responsibility seriously. We have therefore set up an information centre and maintain regular communications with community representatives and key stakeholders in Raška to ensure timely, easy-to-understand and efficient delivery of information to residents and businesses and effective communication of community concerns represented by the Committee to the Company.

To contribute to the sustainable development of the surrounding communities, we are committed to collaborating with local partners and developing resources to benefit residents. We have made several donations to associations and organisations in the locality, including medical, sports and school equipment, and financial aid for less advantaged families.



Inspirational women

"I have years of experience in exploration and I worked at mines all across Serbia before I moved to Raška."

When I first started working in an underground mine after university, everyone I knew was surprised I wanted to go into this line of work – it's really unusual in the Balkans for women to take on such roles and there's an expectation that they will do administration jobs instead.

I'm really pleased that Adriatic tries to include women in all areas of the business. Seeing more women joining and being treated as equals by our male colleagues is unusual in this industry and I am so glad to be a part of Adriatic's story."

Tijana Momcilovic
Senior Project Geologist

▲ Raška, Serbia

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International disclosure benchmarks

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◀ Setting standards for transparent and accurate reporting

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Reporting standards and frameworks

TCFD recommended disclosure	Location
Governance	
Describe the board's oversight of climate-related risks and opportunities.	See page 56
Describe management's role in assessing and managing climate related risks and opportunities.	See page 44
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	See page 44
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	See page 44
Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	See page 45
Risk management	
Describe the organisation's processes for identifying and assessing climate related risks.	See page 13
Describe the organisation's processes for managing climate related risks.	See page 14
Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management.	See page 14
Metrics and targets	
Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	See page 46
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	See page 46
Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	See page 47

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SASB

Topic	Accounting Metric	Category	Unit of Measure	Code	Page reference or response
Greenhouse gas emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	Metric tons (t) CO ₂ -e, Percentage (%)	EM-MM-110a.1	See page 46
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	EM-MM-110a.2	See page 47
Air quality	Air emissions of the following pollutants: (1) CO, (2) NO _x (excluding N ₂ O), (3) SO _x , (4) particulate matter (PM ₁₀), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	Quantitative	Metric tons (t)	EM-MM-120a.1	See page 47
Energy management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	EM-MM-130a.1	See page 46
Water management	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m ³), Percentage (%)	EM-MM-140a.1	(1) 4 l/s from Borovički water supply Catchment and 4 l/s from Vrući potok water supply Catchment. (2) Less than 1,9 m ³ - none in any water stressed areas
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Quantitative	Number	EM-MM-140a.2	0
Waste & hazardous materials management	Total weight of non-mineral waste generated	Quantitative	Metric tons (t)	EM-MM-150a.4	
	Total weight of tailings produced	Quantitative	Metric tons (t)	EM-MM-150a.5	1.6Mm ³
	Total weight of waste rock generated	Quantitative	Metric tons (t)	EM-MM-150a.6	
	Total weight of hazardous waste generated	Quantitative	Metric tons (t)	EM-MM-150a.7	Oiled waste: 900 kg Processed oil: 3000 l Drilling muds and sludges: 72m ³
	Total weight of hazardous waste recycled	Quantitative	Metric tons (t)	EM-MM-150a.8	
	Number of significant incidents associated with hazardous materials and waste management	Quantitative	Number	EM-MM-150a.9	
	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Discussion and Analysis	n/a	EM-MM-150a.10	See page 52
Biodiversity impacts	Description of environmental management policies and practices for active sites	Discussion and Analysis	n/a	EM-MM-160a.1	See page 49
	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	Quantitative	Percentage (%)	EM-MM-160a.2	(1) Not yet calculated (2) 8,200 tons (3) 0%
	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Quantitative	Percentage (%)	EM-MM-160a.3	(1) 41.66% (2) Not yet calculated

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SASB

Topic	Accounting Metric	Category	Unit of Measure	Code	Page reference or response
Security, human rights & rights of indigenous peoples	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Quantitative	Percentage (%)	EM-MM-210a.1	None
	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Quantitative	Percentage (%)	EM-MM-210a.2	None
	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Discussion and Analysis	n/a	EM-MM-210a.3	See our ethical standards on page 58
Community relations	Discussion of process to manage risks and opportunities associated with community rights and interests	Discussion and Analysis	n/a	EM-MM-210b.1	See our community section starting on page 32
	Number and duration of non-technical delays	Quantitative	Number, Days	EM-MM-210b.2	None
Labour relations	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	Quantitative	Percentage (%)	EM-MM-310a.1	
	Number and duration of strikes and lockouts	Quantitative	Number, Days	EM-MM-310a.2	
Workforce health & safety	(1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	Quantitative	Rate	EM-MM-320a.1	See pages 30, 22 and 23
Business ethics & transparency	Description of the management system for prevention of corruption and bribery throughout the value chain	Discussion and Analysis	n/a	EM-MM-510a.1	See page 57
	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	Metric tons (t) saleable	EM-MM-510a.2	None
Tailings storage facilities management	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP	Quantitative	Various	EM-MM-540a.1	See page 54
	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	Discussion and Analysis	n/a	EM-MM-540a.2	See page 54
	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	Discussion and Analysis	n/a	EM-MM-540a.3	

Activity metric	Category	Unit of measure	Code	Adriatic Response
Production of (1) metal ores and (2) finished metal products	Quantitative	Metric tons (t) saleable	EM-MM-000.A	See Annual Report
Total number of employees, percentage contractors	Quantitative	Number, Percentage (%)	EM-MM-000.B	See Annual Report

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ICMM

Principle	Performance expectation	Page reference or response
1 - Ethical business	1.1 – Establish Systems for Legal Compliance	Throughout this report, Adriatic refer to numerous laws in which we, and our contractors, must comply.
	1.2 – Prevent Bribery and Corruption	As stated in our Anti-Bribery and Corruption Policy, Adriatic has zero tolerance for bribery and corruption.
	1.3 – Align Policies and Standards to ICMM	See page 7 for a list of voluntary disclosure standards.
	1.4 – Assign Accountability for Sustainable Development at Board/ExCo level	See page 17 for an introduction from our Chair of the Sustainability Committee.
	1.5 – Disclose Financial Contributions	See page 59.
2 - Decision making	2.1 – Integrate Sustainability into Decision-Making	See page 13.
	2.2 – Support Responsible Business Partners	See page 57.
3 - Human rights	3.1 – Respect Human Rights	See page 58 and our Human Rights Policy.
	3.2 – Avoid Involuntary Resettlement	In line with EBRD's PR5, no residential properties require expropriation. More information can be found on page 38.
	3.3 – Manage Security While Protecting Human Rights	In line with EBRD's PR5 expectations, we do not compromise on Health, Safety or Security.
	3.4 – Respect the Rights of Workers	Adriatic Metals is committed to respecting human rights and supports the Universal Declaration of Human Rights and the United Nations' Guiding Principles on Business and Human Rights.
	3.5 – Provide Fair Pay and Working Hours	Adriatic equitably remunerate employees in line and exceeding legal requirements.
	3.6 – Respect Indigenous Peoples	Adriatic's operations are not within or near any indigenous land.
	3.7 – Work to Obtain Free, Prior and Informed Consent	Adriatic's operations are not within or near any indigenous land.
	3.8 – Promote Workplace Diversity	As stated in our Diversity Policy, Adriatic is committed to workplace diversity and recognise the benefits including a broader pool of high quality employees.
	3.9 – Promote an Inclusive Workplace	As stated in our Diversity Policy, Adriatic aim to achieve a workplace culture characterised by inclusive practices.
4 - Risk management	4.1 – Assess Environmental and Social Risks	See page 13.
	4.2 – Apply Due-Diligence in Conflict-Affected or High-Risk Areas	Adriatic do not operate within high risk areas.
	4.3 – Systematically Manage Health, Safety and Environmental Risks	Adriatic has implemented controls to prevent or minimise health, safety and environmental impacts.
	4.4 – Carry Out Emergency Response Planning	Adriatic has developed, maintained and tested emergency response plans.
5 - Health & safety	5.1 – Continually Improve Health and Safety	See page 28.
	5.2 – Provide Health and Safety Training	See pages 22 and 23.

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Principle	Performance expectation	Description
6 - Environmental performance	6.1 – Plan for Closure	Adriatic apply the same high-level standards for operations and closure processes to protect the surrounding environment and communities from being unduly impacted by our operations and work together to achieve long-term positive impacts.
	6.2 – Implement Water Stewardship Practices	See page 51.
	6.3 – Effectively Manage Tailings	See page 54.
	6.4 – Prevent Pollution and Manage Releases and Waste	See page 49.
	6.5 – Improve Energy Efficiency and Reduce GHG Emissions	See page 48.
7 – Conservation of biodiversity	7.1 – Avoid World Heritage Sites and Respect Legally Designated Protected Areas	See page 50.
	7.2 – Apply Mitigation Hierarchy with Ambition of No-Net-Loss	See page 49.
8 – Responsible production	8.1 – Recover, Re-Use and Recycle	See page 52.
	8.2 – Assess Product Hazards	See page 51.
9 – Social performance	9.1 – Contribute to Community Development	See our community section starting on page 32.
	9.2 – Support Local Economic Opportunities	See page 35.
	9.3 – Conduct Local Stakeholder Engagement	See page 33.
	9.4 – Collaborate on Artisanal Mining Challenges	Not yet reported.
10 – Stakeholder engagement	10.1 – Engage Corporate Stakeholders Transparently	See page 9.
	10.2 – Support EITI	Not yet reported.
	10.3 – Report Annually to GRI	Not yet reported.
	10.4 – Conduct Assurance and Validation	Not yet reported.

Contact us

We welcome
engagement
from all our
stakeholders

If you would like to connect with us regarding our operations, please contact our media team at media@adriaticmetals.com



◀ Lower portal at Rupice



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