

13 September 2023

Adriatic Metals PLC
("Adriatic Metals" or the "Company")

Interim results for the six months to 30 June 2023

Highlights of the six months ended 30 June 2023

Vares Project, Bosnia & Herzegovina

- 88% of total Project construction complete and 94% of capital awarded, pending award or recently quoted.
- First ore mined at Rupice and stockpiled on 15 July.
- Lower decline and upper decline development increasing; first ore drive reached at the end Q2, and stockpiling has commenced.
- All long lead items ordered and key project delivery on schedule. First concentrate production anticipated in November 2023.
- 24.5km haul road construction and refurbishment of the rail head and railway line on track for completion by the end of Q3.
- Adriatic published its inaugural Sustainability Report on 24 April.
- In Q1 the Vares Project was awarded the status of Project of Special Importance by the State of Bosnia and Herzegovina.

Exploration

- Drilling continued on Rupice Northwest ('RNW'), significantly adding to the already expected increase in the Vares Project life-of-mine ('LOM').
- Newly identified RNW 'Lower Zone' confirmed as a copper gold rich body with high grade lead, zinc, silver and antimony and reduced barium.
- Drilling in the gap between the Rupice and RNW deposits supports the mineralised bodies as overlapping rather than connecting, presenting opportunities in mine development.
- Mineral Resource Estimate ('MRE') update for Rupice and RNW was announced on 27 July 2023. New MRE is 21.1 Mt at 156 g/t Ag, 1.2 g/t Au, 4.3% Zn, 2.8% Pb, 0.4% Cu, containing 105 Moz Ag, 789koz Au, 913kt Zn, 581kt Pb, 88kt Cu and 39kt Sb. The MRE includes a 93% increase in Indicated Resource tonnes compared with the 2020 Rupice MRE.
- The updated MRE will be the basis for an update to the Rupice Ore Reserve estimate expected in October 2023. The Ore Reserve will include new metallurgical test work, mining studies and inclusion of the new RNW deposit in the life-of-mine plan.
- Fourth diamond drill rig has been mobilised to accelerate 2023 exploration programmes on regional targets such as Rupice West.

Financial

- Final Project cost estimate is \$182m.
- The Company remains fully funded to Project completion, with the final Orion debt drawdown of \$30m available for draw down in the second half of 2023 as required.
- Cash balance at 30 June 2023 was \$85.6m, with \$75.7m of capex and exploration outflows expected pre-production.
- Capital raise of \$32m (before costs) on 8 August to finance an expanded and accelerated exploration programme at Rupice and RNW.
- All \$ amounts are US dollars.

MARKET ABUSE REGULATION DISCLOSURE

The information contained within this announcement is deemed by the Company (LEI: 549300OHAH2GL1DP0L61) to constitute inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014

as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended ("UK MAR"), and Article 7 of the Market Abuse Regulation (EU) No. 596/2014 ("EU MAR"). The person responsible for arranging and authorising the release of this announcement on behalf of the Company is Paul Cronin, Managing Director and CEO.

Authorised by Paul Cronin, Managing Director & CEO

For further information please visit: www.adriaticmetals.com; email: info@adriaticmetals.com, [@AdriaticMetals](https://twitter.com/AdriaticMetals) on Twitter; or contact:

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ABOUT ADRIATIC METALS

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) is a precious and base metals developer that is advancing the world-class Vares Silver Project in Bosnia & Herzegovina, as well as the Raska Zinc-Silver Project in Serbia.

The Vares Silver Project is fully funded to production, which is expected in Q4 2023. The 2021 Project Definitive Feasibility Study shows robust economics of US\$1,062 million post-tax NPV₈, 134% IRR and a capex of US\$168 million. Concurrent with ongoing construction activities, the Company continues to explore across its highly prospective 44km² concession package.

The Mineral Resource estimate for the Rupice underground deposit comprising part of the Vares Silver Project was updated in accordance with ASX Listing Rule 5.8 on 27 July 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

The Ore Reserve estimate for the Rupice deposit comprising part of the Vares Silver Project was announced in accordance with ASX Listing Rule 5.9 on 19 August 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

In accordance with ASX Listing Rule 5.19, the Company confirms that the production targets and forecast financial information for the Vares Project were first disclosed in accordance with ASX Listing Rules 5.16 and 5.17 in the Company's announcement dated 19 August 2021. The Company confirms that all the material assumptions

underpinning the production target and the forecast financial information in the previous announcement continue to apply and have not materially changed.

COMPETENT PERSONS REPORT

The information in this report which relates to exploration results is based on and fairly represents information and supporting documentation compiled by Mr Sergei Smolonogov, who is a member of the Australian Institute of Geoscientists (AIG). Mr Smolonogov is an employee of Adriatic Metals PLC and has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Smolonogov consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

DISCLAIMER

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)", "potential(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.



Adriatic Metals

ADRIATIC METALS PLC

**INTERIM REPORT AND CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 30 JUNE 2023

Registered Number: 10599833

COMPANY DIRECTORY

Board of Directors	<p>Michael Rawlinson* (Chairman)</p> <p>Peter Bilbe* (Non-Executive Director)</p> <p>Paul Cronin (Managing Director & Chief Executive Officer)</p> <p>Julian Barnes* (Non-Executive Director)</p> <p>Sandra Bates* (Non-Executive Director)</p> <p>Sanela Karic (Non-Executive Director)</p>
Chief Financial Officer	Mike Norris
Company Secretary	Jonathan Dickman, Gabriel Chiappini (joint secretaries)
Registered Office	Regent House, 65 Rodney Road, Cheltenham GL50 1HX +44 (0) 20 7993 0066
Australian Office	Level 1, 10 Outram Street, West Perth WA 6005, Australia +44 (0) 20 7993 0066
Brokers	RBC Europe Limited, 100 Bishopsgate, London EC2N 4AA Stifel Nicolaus Europe Limited, One Broadgate, London EC2M 2QS
Auditor	BDO LLP, 55 Baker Street, London W1U 7EU
Stock Exchange Listings	London Stock Exchange (LSE:ADT1) Australian Securities Exchange (ASX:ADT) OTC Market (OTCQX:ADMLF)
Share Registrars	<p>Computershare UK: The Pavilions, Bridgwater Road, Bristol BS13 8AE +44 (0) 370 702 0003</p> <p>Computershare Australia: Level 11, 172 St George's Terrace, Perth, WA 6000 +61 08 9323 2000</p>
Country of Incorporation	England & Wales
Registered Number	10599833
Website	www.adriaticmetals.com

* Determined by the Board to be independent in accordance with the Quoted Company Alliance's Corporate Governance Code (QCA Code).

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DIRECTORS' REPORT

Introduction

The Directors of Adriatic Metals PLC ("Adriatic" or "Company") present their interim report and condensed consolidated financial statements of the Group for the six months ended 30 June 2023 ("Period"). This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the most recent annual report and accounts and announcements made by the Company, including details of the Vares Project ("the Project"), which can be found on the website www.adriaticmetals.com.

Business Review

Highlights of the six months ended 30 June 2023

Vares Project, Bosnia & Herzegovina

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- All long lead items ordered and key project delivery on schedule. First concentrate production anticipated in November 2023.
- 24.5km haul road construction and refurbishment of the rail head and railway line on track for completion by the end of Q3.
- Adriatic published its inaugural Sustainability Report on 24 April.
- In Q1 the Vares Project was awarded the status of Project of Special Importance by the State of Bosnia and Herzegovina.

Exploration

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- Newly identified RNW 'Lower Zone' confirmed as a copper gold rich body with high grade lead, zinc, silver and antimony and reduced barium.
- Drilling in the gap between the Rupice and RNW deposits supports the mineralised bodies as overlapping rather than connecting, presenting opportunities in mine development.
- Mineral Resource Estimate ('MRE') update for Rupice and RNW was announced on 27 July 2023. New MRE is 21.1 Mt at 156 g/t Ag, 1.2 g/t Au, 4.3% Zn, 2.8% Pb, 0.4% Cu, containing 105 Moz Ag, 789koz Au, 913kt Zn, 581kt Pb, 88kt Cu and 39kt Sb. The MRE includes a 93% increase in Indicated Resource tonnes compared with the 2020 Rupice MRE.
- The updated MRE will be the basis for an update to the Rupice Ore Reserve estimate expected in October 2023. The Ore Reserve will include new metallurgical test work, mining studies and inclusion of the new RNW deposit in the life-of-mine plan.
- Fourth diamond drill rig has been mobilised to accelerate 2023 exploration programmes on regional targets such as Rupice West.

Financial

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- All \$ amounts are US dollars.

Eastern Mining change of name

On 14 April 2023, the Group's operating entity in Bosnia and Herzegovina changed its name from Eastern Mining d.o.o. to Adriatic Metals BH d.o.o. in order to better align with the rest of the Group.

Chairman's statement

During the first half of 2023 Adriatic delivered on significant progress towards completing the construction of the Vares Project, Europe's new strategic metals mine, with construction [88%] complete. During this period Adriatic also accelerated its growth strategy through a highly successful exploration and definition drilling campaign around our existing Rupice orebody with an updated MRE announced in July. We believe this new MRE will enable a significant extension of the life of mine of the Vares Project to over twenty years. Through the delivery of our growth strategy Adriatic is looking to provide significant and sustainable returns to all of our stakeholders, from the communities and jurisdictions within which we operate, through to our shareholders and all of our employees and contractors.

Financial position

During the period Adriatic invested \$46.1m, which included \$43.2m on construction of the Vares Project with the remainder largely relating to exploration and further delineation drilling at Rupice and elsewhere in the Vares licences, and \$8.1m on operating activities. This has been funded through existing cash facilities and \$112.5m drawn down to date under the Orion Debt Finance Package.

During the period the \$10m contingency was released as it has been utilised for identified cost increases. With a Project budget of \$182m and 94% of the construction pricing confirmed, Adriatic remains in a healthy financial position to bring Vares into production in November, with ramp up to nameplate targeted by April 2024. By the end of the period Adriatic had \$85.6m in cash, with \$75.7m of capex and exploration out-flows expected before commencement of production and \$30m of Orion debt still available to finance the remainder of the Project. The Company remains in a strong financial position to achieve first concentrate production and revenue cashflows by the end of the year.

Over the past six months Adriatic's share price has remained relatively flat, though outperforming the majority of our peer group of development companies. The Company has performed well while navigating the challenge of commodity price volatility, which saw zinc and lead fall by 12% and 10% respectively, with silver, copper and gold remaining broadly flat during the period. As we approach the generation of free cash flows from the Project in 2024, we would anticipate that the discount in Adriatic's share price to its net present value will decrease further as the construction risk profile continues to reduce substantially.

Subsequent to the end of the period, in August the Company raised \$32m in an oversubscribed equity raise. We were pleased to have been able to execute the transaction at such a tight discount to the market and welcome our new shareholders from Australia, Europe and the US. The funds will be used primarily to accelerate and expand our exciting exploration programme.

Construction

It is a tribute to the determination and quality of our staff that the Vares Project is scheduled to enter production in November 2023, despite the considerable headwinds faced over the past few years from the Covid-19 pandemic, the impact of the Russian invasion of the Ukraine, and the global economic effect of rising inflation and supply chain challenges.

Over the past few months the development rates at Rupice have improved significantly. The accelerated development improvement plan put in place at the end of June has increased productivity through; the appointment of eight experienced underground operators; electrical power connectivity; and the completion of the construction of the shotcrete plant. We expect further improvement in Q3. I am very proud that in July we mined the first ore from Rupice and we are now stockpiling ore ahead of plant commissioning.

The construction of the Vares Processing Plant has also progressed significantly, with the flotation, filtration and workshop buildings nearing completion, and all long-lead equipment either on site or in transit to Vares. The plant will undergo wet commissioning in October and process first ore in November.

The construction of the 24.5km haul road, as well as the refurbishment of the rail head in Vares and railway line to Ploce Port, are progressing very well and remain on track to be completed on schedule ahead of plant commissioning.

Exploration

Of significance for the longer-term sustainability of the business, the drilling campaigns to both increase the mineral resource tonnes and the proportion of indicated resources, have been highly successful with the intention to at least double the life of mine of Vares from the current ten year reserve. The recent upgrade of the MRE, announced on 27 July 2023 saw an increase of 93% in the current resource to 21.1 million tonnes of high-grade polymetallic ore. This included the first publicly disclosed resource for the new Rupice Northwest discovery, which remains open at depth and along strike, and will form the basis of a new Rupice Ore Reserves estimate. Following the announcement of the MRE, an equity raise of \$32m was launched on 8 August to fund an accelerated and expanded exploration programme in 2023 and 2024. It is the intention of Adriatic to conduct an exploration programme not only around Rupice and Rupice Northwest, but also within the broader concession

area, including regional targets of Droskovac, SP1 and SP2 that look extremely encouraging from exploration activities completed to date.

People

The significant progress of the Company is testament to our people. The team continues to rapidly expand and at the end of the period Adriatic's head count had increased to 267, with the contractor head count rising to 398. Adriatic has continued to attract high quality talent with the hiring of experienced senior personnel for the mining, processing, logistics operations and administration area. Key appointments include Matthew Hine as Chief Operating Officer, Joel Leddra as Mine Manager, Sanette Harley as Head of Human Resources and Ben Huxtable as Head of Risk Management. Adriatic has also succeeded in attracting local graduates and has been focused on the training and promotion of junior staff. The Company has clear commitments to hiring local employees, wherever possible, and providing professional development, including education and training for all staff.

Sustainability, Health and Safety & Governance

We are extremely pleased that Adriatic produced its inaugural Sustainability Report in April. The report sets out the Company's responsible business commitments and discloses key areas of non-financial performance. Following publication, we have engaged with stakeholders to discuss its materiality and transparency and the report has been very well received for a company at this stage of its development cycle. Nonetheless, Adriatic is conscious that its social and environmental footprint is evolving rapidly, and the depth and range of sustainability measures will broaden in impact and importance over the coming months and years. We will continue to develop and evolve our sustainability commitments as our product lifecycle is better understood and we assess our resource management and processing efficiency post commissioning.

Our intention is to deliver Europe's most modern and environmentally sustainable mine and Adriatic remains fully committed to its immediate and long-term social obligations. Our investment in employee training has positively impacted our safety performance during the last six months, with our LTIFR and TRIFR rates decreasing substantially even in a period of operational intensity in the construction of the Vares Project. We also continue to make progress towards our gender diversity targets, reaching a key milestone of 28% female staff at the end of June 2023. Adriatic's objective has always been not just to build a mine but to build a legacy. The execution of the Vares Project will accomplish one of the fastest rates of development for any junior mining company. This achievement is due in great part to the support we have enjoyed from our local stakeholders and the Government and Ministries in Bosnia and Herzegovina. In Q1 this was reflected in the Vares Project being awarded the status of Project of Special Importance by the State of Bosnia and Herzegovina.

The Board remains fully committed to good corporate governance, including the Corporate Governance Code published by the Quoted Company Alliance, of which the Company is a member. The Board continues to align the skills and experience of the Directors and management with the needs of the Vares Project as it advances toward production.

Adriatic remains firmly on track to deliver the first new strategic metals mine for many years in mainland Europe. The environment in Europe is now changing with the publishing of the European Critical Minerals Act in March 2023 which set targets for the exploitation, refinement, recycling and stockpiling of specific strategic and critical raw materials. Our offtakers and customers recognise that Europe will need to source more of its raw materials from Europe and from responsible and transparent suppliers. This provides the Board with confidence as Adriatic is well positioned to take advantage of this shift in European resource strategy and strengthens the longer-term strategy to develop a European focused multi-asset, mid-tier diversified miner.

On behalf of the Board, I would like to thank our management, employees, and stakeholders at local, regional and national level, for their ongoing hard work and commitment during this highly successful period. We look forward with excitement over the coming months as the Company moves into operation and begins to fulfill its strategy of revenue generation and long-term sustainable growth. I would also like to thank our new and long-term investors for their confidence and commitment and we look forward to delivering significant returns for many years to come.



Michael Rawlinson

Chairman of the Board

Operational Review

The Company's asset portfolio consists of two polymetallic projects in southeast Europe, which are both situated on the Tethyan Metallogenic Belt. Adriatic's flagship asset is the Vares Project in Bosnia and Herzegovina, which is currently in construction. The Company also has an exploration project in Serbia called the Raska Project.

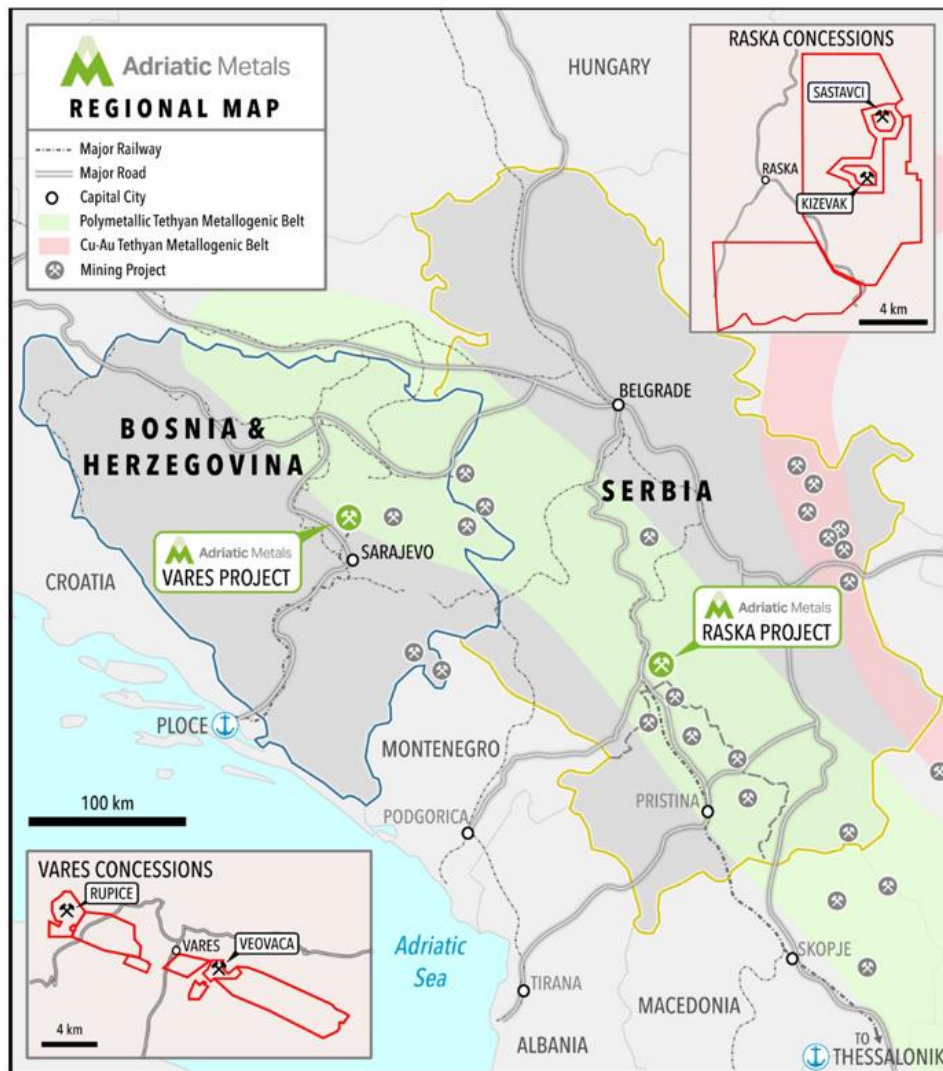


Figure 1: Regional Map

THE VARES PROJECT

Vares Project, Bosnia and Herzegovina

The Company's flagship Vares Project is located in the municipality of Vares, 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 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 mineralized widths of up to 65m from 250-300m deep. The Company is confident that the predominantly greenfield land package has significant exploration potential to add to the current 10-year life of mine, as demonstrated by the recent upgrade of the MRE, announced on 27 July 2023.

The Vares Project is now over 88% through construction. Mining development at Rupice is progressing well and construction at the Vares Processing Plant is nearing completion. The haul road, mine site infrastructure and additional infrastructure at the railhead and port are on track for completion in Q3 2023. The Project is fully funded and remains on schedule for first concentrate production in November 2023.

In 2023, Rupice has remained the focus of exploration activities as the deposits remain open and still to be fully defined. Exploration activity will continue to realise the resource and reserve potential of this existing by extending the current life of mine of the Vares Project.

In the wider Vares region, significant potential remains across the range of greenfield, brownfield and advanced exploration targets. Adriatic is committed to advancing exploration regionally to find the next economic-grade deposit that will diversify the current production profile and capitalise on the existing tenement holding.

Adriatic owns 100% of the Vares Project concession, an area which covers a total of 44km², along a mineralized strike length of 22km. The concession area includes an area between Veovaca and Rupice (Semizova Ponikva & Brezik), as well as an area to the south-east of Veovaca (Vares East) as shown in the diagram below.

The concession area layout for the Vares Project, including pending new concession applications, is shown below.

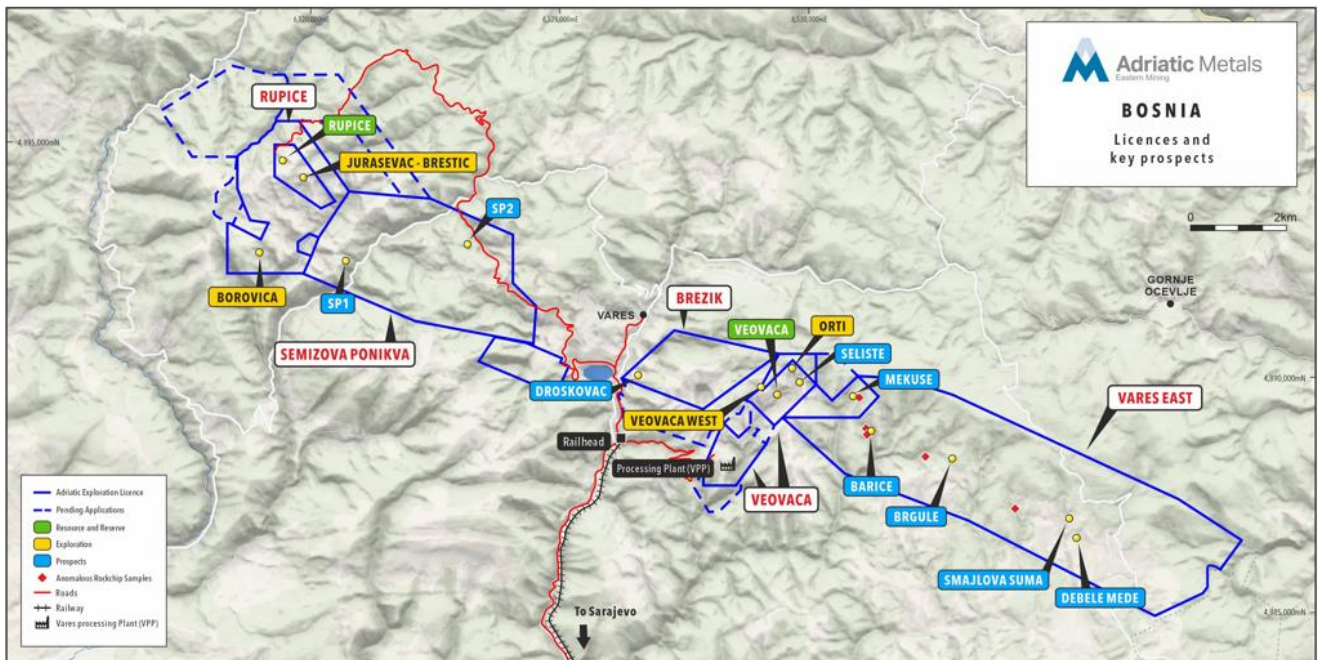


Figure 2: Map of licences in Bosnia and Herzegovina

Vares Project Construction Activities update

Rupice Underground Mine and Infrastructure

- The first ore drive at the 1075 level was turned out end of June and mineralisation intersected on 15 July 2023. Decline development and cycle times have improved since the accelerated development improvement plan was put in place end of June.
- Lower decline and upper decline development are progressing well. First ore drive was reached at the end Q2 and stockpiling has commenced.
- Eight experienced operators with international experience in high-productivity development were onboarded in June in partnership with the mining contractor. A further four experienced operators remain to be onboarded throughout Q3.
- The construction of the shotcrete plant is complete and the plant was commissioned and in operation in July.
- The water treatment plant has been commissioned and continuous operation achieved with 4.7 million litres treated to design specification. The construction of a 2,600m³ settling pond continues to advance with completion expected in Q3.
- The lower decline electrical substation is in operation and the upper decline substation has been installed, with commissioning expected in Q3.
- Further improvements to upgrade the fleet are underway with two development drill rigs purchased by the contractor.
- Construction of the Rupice run-of-mine stockpile is 90% complete. Mined ore is currently being stockpiled at a nearby site until completion.
- Installation of the footings for the primary crusher commenced in July and will be completed in Q3. A new location for the backfill plant has been established and design work commenced.



Figure 3: Lower Decline Portal



Figure 4: First ore, July 2023

Haul Road

Construction work on the 24.5km haul road that connects Rupice to the Vares Processing Plant is progressing to schedule and completion is expected in September 2023.

LOT 1 – Construction 100% complete, maintenance is ongoing.

LOT 2 – Construction 60% completed.

LOT 3 - Construction has commenced and completion is scheduled for September.

LOT 4 – All permits received; work commenced, and completion is scheduled for September.

LOT 5A - Summer maintenance ongoing.

LOT 5B – Construction 100% complete, maintenance is ongoing.



Figure 5: Haul road

Vares Processing Plant

Installation of the Vares Processing Plant ('VPP') equipment has progressed well, with completion of commissioning remaining on track for November 2023. The mine and processing plant nameplate capacity are expected to be reached by April 2024.

The VPP buildings construction is now complete. The grinding mill installation is progressing well with the vendor on site and structural steel and piping under way in the area.

The filtration building installation is complete, civil work has commenced and is progressing well. The conveyor system is being installed.

In the flotation building the construction is complete, the civils are ongoing, the piping and structural steel installation has commenced, and the cyclones and lime silo are installed. The workshop building is now complete, and civils are underway.

The VPP concrete equipment foundations are underway and on schedule for completion in September.

The four E-rooms are now complete, and the electrical equipment is also installed.



Figure 6: Flotation building, July 2023



Figure 7: Ball mill, grinding building, July 2023



Figure 8: Lime system, flotation building, July 2023

Railhead, Rail Line & Port

In the first half of 2023 significant progress was made with the rail and port authorities. The proposed agreement on transportation with Federation of Bosnia and Herzegovina Railways, including cost of transport, was signed on 31 July. The railhead civil works design is advancing with Adriatic's technical consultant, the Zagreb Institute of Design ('ZGI'). The railhead and rail line are being refurbished, with the clearing of vegetation complete and further improvement activities continuing in Q3.

Adriatic made a number of site visits to Ploce Port over the past six months and held several positive meetings with the port's senior management to agree construction and costs. ZGI visited the port in July and produced a technical report, which is now under discussion with port management. Draft agreements for the handling of containers and bulk cargo at the port have been received. The priority is the container agreement with finalisation planned in September.

Marketing

The Company has agreed offtake contracts with four international commodities trading and smelting companies ("Offtakers") for the purchase of concentrate production from the Vares Project. The concentrates will be allocated to the Offtakers as follows:

- Zinc concentrate to Boliden AB, Trafigura Pte Ltd, Transamine SA; and
- Silver-lead concentrate to Glencore International AG and Transamine SA.

The Offtakers have been allocated 82% of the total projected concentrate production over the first 24 months. The remaining 18% of concentrate production has been intentionally reserved either for advantageous spot market sales or additional long term offtake agreements to be agreed at a later date.

Post-production working capital will benefit from favourable offtake terms, including the early issuance of provisional invoices for between 90% and 95% of concentrate value, the rights to export smaller lot sizes and to ship a proportion of initial zinc production by container. During the first six months of commercial production Adriatic will benefit from the possibility of exporting off-spec concentrates during VPP commissioning.

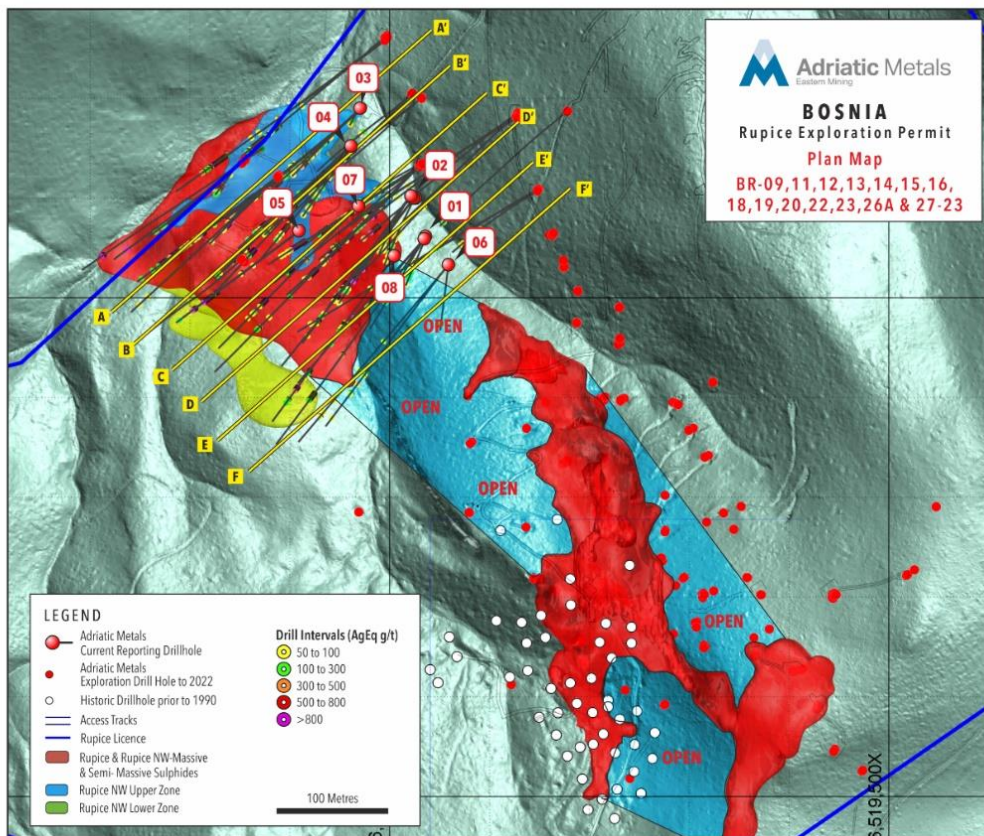
VARES EXPLORATION

In the first half of 2023 Adriatic had significant drilling and exploration success across the RNW deposit. The following objectives were met and exceeded:

- the definition of the high-grade RNW Lower Zone;
- resolving RNW to be a separate but overlapping mineralized body;
- the extension of mineralization westward; and
- the extension of mineralization to the south-west towards Rupice

The RNW Lower Zone was confirmed as a copper gold rich body with high grade lead, zinc, silver, antimony and reduced barium. New significant assays from the RNW Lower Zone were reported through the period e.g., **9.30m @ 2,624.8 g/t AgEq or 84.40% ZnEq** including *816.6g/t Ag, 28.90% Zn, 14.96% Pb, 6.85g/t Au, 2.66% Cu, 7.3% BaSO₄, 0.62% Sb* in hole BR-22-23. Elevation in copper and gold in the western extent of RNW was also noted as on par with the RNW Lower Zone e.g., **13.00m @ 3,064.3g/t AgEq or 98.53% ZnEq** including *989.2 g/t Ag, 29.18% Zn, 22.19% Pb, 6.36 g/t Au, 4.25% Cu, 2.1% BaSO₄, 1.21% Sb* in hole BR-22-23.

Drilling in the gap between the Rupice and RNW deposits supports the mineralized bodies as overlapping rather than connecting, presenting opportunities in mine development and continued growth of RNW.



<p>01 BR-09-23 (NW Main Zone) 4.80m @ 355.6g/t AgEq, 11.43% ZnEq (151.8g/t Ag, 1.32% Zn, 1.82% Pb, 1.08g/t Au, 0.12% Cu, 28.9% BaSO₄, and 0.07% Sb) from 203.60m</p>	<p>04 BR-14-23 (NW Main Zone) 5.40m @ 840.7g/t AgEq, 27.03% ZnEq (396.4g/t Ag, 4.79% Zn, 3.73% Pb, 1.95g/t Au, 0.38% Cu, 51.3% BaSO₄, and 0.14% Sb) from 240.80m</p>	<p>05 BR-22-23 (NW Extension Zone) 9.30m @ 2,624.8g/t AgEq, 84.40% ZnEq (816.0g/t Ag, 28.90% Zn, 14.96% Pb, 6.85g/t Au, 2.66% Cu, 7.30% BaSO₄, and 0.62% Sb) from 261.20m</p>
<p>01 BR-09-23 (NW Lower Zone) 14.60m @ 327.1g/t AgEq, 10.52% ZnEq (59.9g/t Ag, 4.52% Zn, 2.04% Pb, 0.92g/t Au, 0.38% Cu, 0.1% BaSO₄, and 0.07% Sb) from 271.80m</p>	<p>04 BR-18-23 (NW Upper Zone) 2.70m @ 168.9g/t AgEq, 5.43% ZnEq (25.88g/t Ag, 1.36% Zn, 0.50% Pb, 0.44g/t Au, 0.11% Cu, 18.8% BaSO₄, and 0.33% Sb) from 146.60m</p>	<p>06 BR-20-23 (NW Strike Extension Zone) 4.00m @ 109.9g/t AgEq, 3.53% ZnEq (68.7g/t Ag, 0.41% Zn, 0.18% Pb, 0.09g/t Au, 0.22% Cu, 0.90% BaSO₄, and 0.09% Sb) from 255.80m</p>
<p>01 BR-12-23 (NW Main Zone) 5.10m @ 71.9g/t AgEq, 2.31% ZnEq (34.4g/t Ag, 0.58% Zn, 0.29% Pb, 0.11g/t Au, 0.09% Cu, 0.7% BaSO₄, and 0.03% Sb) from 140.70m</p>	<p>04 BR-18-23 (NW Main Zone) 6.50m @ 158.3g/t AgEq, 5.09% ZnEq (35.7g/t Ag, 1.56% Zn, 0.17% Pb, 0.11g/t Au, 0.01% Cu, 21.8% BaSO₄, and 0.54% Sb) from 243.60m</p>	<p>07 BR-27-23 (NW Upper Zone) 3.00m @ 359.0g/t AgEq, 11.54% ZnEq (103.9g/t Ag, 0.72% Zn, 1.67% Pb, 0.55g/t Au, 0.53% Cu, 46.4% BaSO₄, and 0.70% Sb) from 114.90m</p>
<p>01 BR-15-23 (NW Upper Zone) 5.10m @ 461.6g/t AgEq, 14.84% ZnEq (123.0g/t Ag, 2.30% Zn, 1.25% Pb, 3.27g/t Au, 0.21% Cu, 1.2% BaSO₄, and 0.06% Sb) from 129.90m</p>	<p>04 BR-18-23 (NW Main Zone) 23.90m @ 661.9g/t AgEq, 21.28% ZnEq (145.0g/t Ag, 8.67% Zn, 4.43% Pb, 0.74g/t Au, 0.23% Cu, 68.3% BaSO₄, and 0.06% Sb) from 258.60m</p>	<p>07 BR-27-23 (NW Main Zone) 15.80m @ 1,486.3g/t AgEq, 47.79% ZnEq (505.1g/t Ag, 13.71% Zn, 8.60% Pb, 3.86g/t Au, 1.63% Cu, 14.8% BaSO₄, and 0.44% Sb) from 203.80m</p>
<p>02 BR-11-23 (NW Main Zone) 12.75m @ 1,183.4g/t AgEq, 38.05% ZnEq (416.7g/t Ag, 10.35% Zn, 5.61% Pb, 3.13g/t Au, 0.70% Cu, 62.7% BaSO₄, and 0.13% Sb) from 209.95m</p>	<p>04 BR-23-23 (NW Upper Zone) 4.00m @ 954.5g/t AgEq, 30.69% ZnEq (100.8g/t Ag, 16.23% Zn, 9.32% Pb, 0.74g/t Au, 0.67% Cu, 50.7% BaSO₄, and 0.17% Sb) from 256.80m</p>	<p>08 BR-19-23 (NW Main Zone) 6.90m @ 333.5g/t AgEq, 10.72% ZnEq (145.6g/t Ag, 2.25% Zn, 1.74% Pb, 0.97g/t Au, 0.15% Cu, 6.10% BaSO₄, and 0.13% Sb) from 207.70m</p>
<p>02 BR-16-23 (NW Main Zone) 8.20m @ 527.9g/t AgEq, 16.97% ZnEq (229.7g/t Ag, 1.82% Zn, 2.77% Pb, 1.63g/t Au, 0.14% Cu, 44.1% BaSO₄, and 0.08% Sb) from 213.60m</p>	<p>04 BR-23-23 (NW Main Zone) 26.95m @ 625.5g/t AgEq, 20.11% ZnEq (95.0g/t Ag, 8.63% Zn, 4.73% Pb, 0.76g/t Au, 0.26% Cu, 67.9% BaSO₄, and 0.05% Sb) from 235.05m</p>	<p>08 BR-19-23 (NW Lower Zone) 8.30m @ 1,446.3g/t AgEq, 45.50% ZnEq (303.3g/t Ag, 19.00% Zn, 7.94% Pb, 2.46g/t Au, 3.05% Cu, 22.0% BaSO₄, and 0.37% Sb) from 238.50m</p>
<p>03 BR-13-23 (NW Upper Zone) 7.20m @ 226.2g/t AgEq, 7.27% ZnEq (52.1g/t Ag, 2.07% Zn, 0.87% Pb, 0.19g/t Au, 0.04% Cu, 6.4% BaSO₄, and 1.01% Sb) from 196.50m</p>	<p>04 BR-26A-23 (NW Main Zone) 14.10m @ 1,415.6g/t AgEq, 45.51% ZnEq (434.7g/t Ag, 18.26% Zn, 9.20% Pb, 2.22g/t Au, 0.99% Cu, 37.0% BaSO₄, and 0.17% Sb) from 231.7m</p>	

Note 1: Sections A-A', B-B', C-C', D-D', E-E' and F-F' offset to southeast of section lines to not obscure drill holes traces.

Note 2: BaSO₄ results capped at 84.94% on holes returning and waiting return of high range results

Figure 9: Plan view map of Rupice and location of drill collars from recent drilling activity.

On 27 July 2023 Adriatic announced its updated MRE for the Rupice Deposit. The MRE was completed and peer-reviewed by AMC Consultants Pty Ltd (“AMC”) in Perth and Melbourne, Australia.

The Indicated and Inferred MRE for Adriatic’s Rupice silver-zinc-lead-gold-copper deposit now stands at: 21.1 Mt at 156 g/t Ag, 1.2 g/t Au, 4.3% Zn, 2.8% Pb, 0.4% Cu, 27% BaSO₄ (reported above a cut-off grade of 50 g/t AgEq) containing 105 Moz Ag, 789koz Au, 913kt Zn, 581kt Pb, 88kt Cu and 39kt Sb.

This includes a 93% increase in Indicated Resource tonnes compared with the 2020 Rupice MRE (using a 50 g/t AgEq cut-off). In total, 87% of the updated Mineral Resource is classified as Indicated.

The updated Rupice MRE includes the first public resource disclosure for the new RNW discovery. The estimates do not include new drilling completed since the end of May 2023. Exploration drilling continues successfully identifying further high-grade mineralization at Rupice and RNW that is additional to the currently reported Rupice MRE inventory.

The updated Rupice MRE will be the basis for an update to the Rupice Ore Reserve estimate. The Ore Reserve will include new metallurgical test work, mining studies and inclusion of the new RNW deposit in the life-of-mine plan.

For the 2023 MRE (Rupice and RNW), a total of 287 diamond drill holes for a total of 76,935m define the current limits of the known mineralization. The Rupice portion of the 2023 MRE includes a total of 207 diamond drill holes for a total of 51,228m to define the current limits of known Rupice mineralization. The RNW portion of the 2023 MRE includes a total of 80 diamond drill holes from the Company’s drilling programmes in 2021 to May 2023 for 25,708m to define the current limits of the known RNW mineralization.

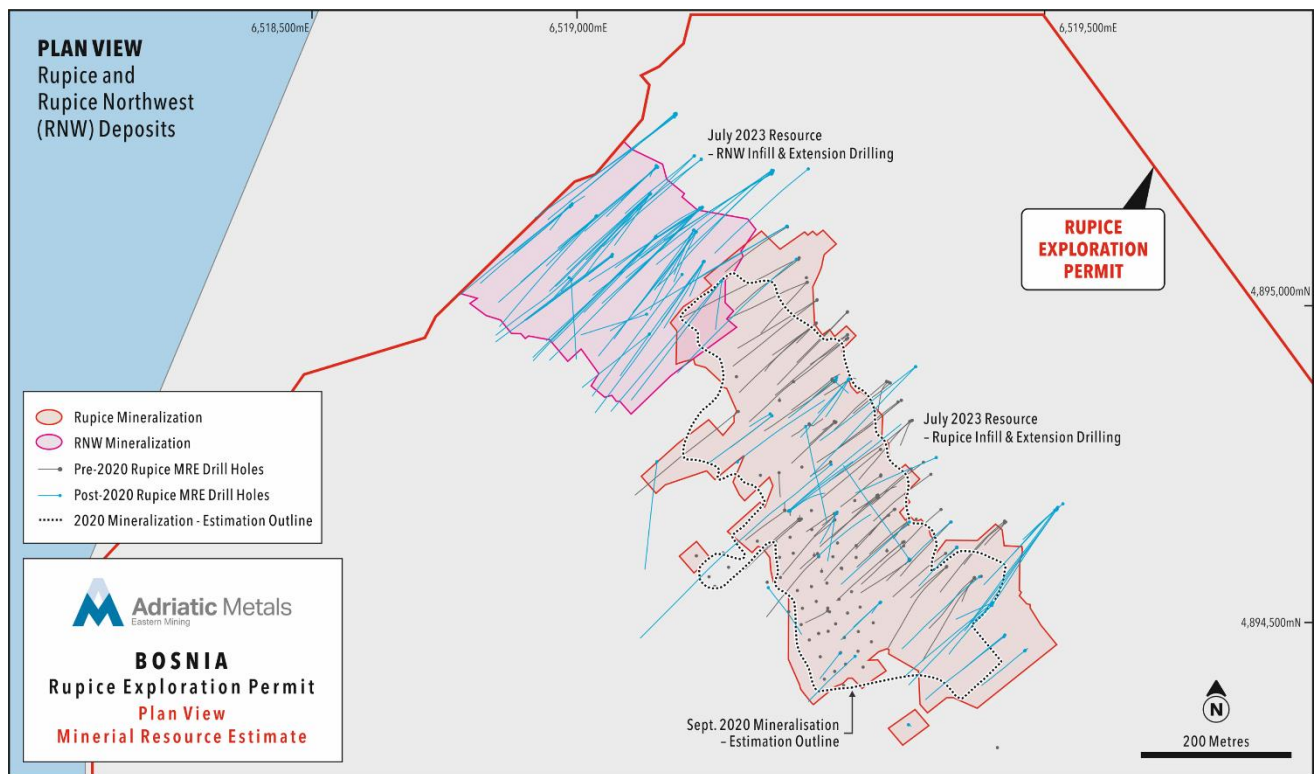


Figure 10: Plan View of Rupice 2023 Mineral Resource Outline vs 2020 Outline

To date, the massive sulphide mineralization at Rupice has a defined strike length of >600m, with a maximum true-width thickness of around 65m and a minimum of 0.3m. Mineralization at Rupice still remains open to the northwest and to the southeast along strike. In the existing areas drilled, the up-dip portions of Rupice are yet to be closed-off to the southwest. This presents a significant opportunity for further resource growth at Rupice over its strike length.

To date, the massive sulphide mineralization at RNW has a defined strike length of >300m, with a maximum true-width thickness of around 40m and a minimum of 0.4m. The mineralization increases in width, grade and thickness from southeast to northwest. RNW has been drilled to the northern extent of the Rupice Exploitation Permit boundary. There is no geological reason to believe mineralization does not extend beyond the Exploitation Permit boundary to the northwest. Adriatic Metals plc has applied to the Zenica-Doboj Canton to expand the Concession Agreement along strike of RNW. Mineralization also remains open up-dip to the southwest. The deposit south-eastward is narrowing with increasing base metal content, higher grades, elevation in copper and gold values, and a reduction in barium content.

Over the next six months, the focus of drilling will shift to Rupice with a staged redeployment of three surface drill rigs to start the Rupice Up-Dip step-out (extension) drilling program. The aim of drilling in Q3 and Q4 is to infill Rupice drilling gaps to increase resources and reserves, provide data for optimised mine planning and to complete the definition of the Rupice orebody while access to surface drilling platforms remains.

A fourth diamond drill rig commenced drilling in June. The fourth rigs' focus is regional exploration and in Q3 drilling will continue over the Rupice West prospect 1.5km west of Rupice. Drill holes will be targeting a soil and coincident ground gravity anomaly. Regional exploration drilling will then advance onto the Semizova Ponikva prospect following completion of holes at Rupice West. A ground gravity survey was completed across the Droskovac prospect in Q2. Results will be processed in Q3 and results incorporated into the planning of the 2023 Droskovac development drilling programme. An exciting programme targeting known lead-zinc mineralization left behind following historic underground and open pit mining of sideritic iron ores.

On 8 August 2023, following the updated MRE, Adriatic raised \$32m (before costs) in equity to fund an expanded and accelerated exploration programme. The net proceeds of the raise are intended to be used as follows:

- \$20 million to fund an expanded and accelerated exploration programme at Rupice and RNW, including an additional 40,000m of drilling, and associated facilities and equipment;
- \$5 million for general working capital associated with exploration; and
- \$5 million for growth opportunities, general corporate purposes and fees.

2023 RUPICE MRE UPDATE

The updated Indicated and Inferred Mineral Resource estimate was prepared by AMC as set out in Table 1. The effective date is 21 July 2023.

Table 1 - Rupice updated 2023 MRE by Classification – Total (using AgEq cut-off of 50 g/t)

Rupice Mineral Resource estimate, 21 July 2023																	
Deposit(s)	Domains	Resource Classification	Tonnes (Mt)	Grades							Contained metal						
				Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄	Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄
				g/t	%	%	g/t	%	%	%	Moz	Kt	Kt	Koz	Kt	kt	Kt
Rupice + RNW	All	Indicated	18.3	168	4.6	2.9	1.3	0.4	0.2	30	98.6	844	535	742	81	36	5,426
		Inferred	2.8	75	2.4	1.6	0.5	0.2	0.1	13	6.8	69	46	47	7	4	353
	Total	Indicated + Inferred	21.1	156	4.3	2.8	1.2	0.4	0.2	27	105.4	913	581	789	88	39	5,779

Table 2 - Rupice updated MRE by Classification and Deposit (using AgEq cut-off of 50 g/t)

Rupice Mineral Resource estimates, 21 July 2023																	
Deposit(s)	Domains	Resource Classification	Tonnes (Mt)	Grades							Contained metal						
				Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄	Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄
				g/t	%	%	g/t	%	%	%	Moz	Kt	Kt	Koz	Kt	kt	Kt
Rupice	All	Indicated	11.0	169	4.0	2.6	1.4	0.4	0.2	27	60.1	443	285	503	46	25	3,020
		Inferred	1.7	52	1.1	0.8	0.3	0.2	0.1	9	2.9	19	13	17	3	2	154
		Total	12.8	153	3.6	2.3	1.3	0.4	0.2	25	62.9	462	298	520	48	27	3,174
RNW	All	Indicated	7.2	166	5.6	3.5	1.0	0.5	0.2	33	38.5	401	250	239	35	11	2,406
		Inferred	1.1	111	4.6	3.0	0.9	0.4	0.1	18	3.9	50	32	30	4	1	199
		Total	8.3	159	5.4	3.4	1.0	0.5	0.2	31	42.5	452	283	269	39	13	2,605
	Total	Indicated + Inferred	18.3	168	4.6	2.9	1.3	0.4	0.2	30	98.6	844	535	742	81	36	5,426
			2.8	75	2.4	1.6	0.5	0.2	0.1	13	6.8	69	46	47	7	4	353

Table 3 - Rupice updated MRE by Classification, and Deposit by Domain (using AgEq cut-off of 50 g/t)

Rupice Mineral Resource estimates, 21 July 2023																	
Deposit(s)	Domains	Resource Classification	Tonnes (Mt)	Grades							Contained metal						
				Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄	Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄
				g/t	%	%	g/t	%	%	%	Moz	Kt	Kt	Koz	Kt	kt	Kt
Rupice	Upper	Indicated	0.4	55	1.0	1.0	0.4	0.2	0.1	6	0.7	4	4	5	1	1	21
		Inferred	0.2	74	1.3	1.0	0.3	0.2	0.2	10	0.6	3	2	2	0.5	0	24
		Total	0.6	62	1.1	1.0	0.3	0.2	0.1	7	1.3	7	6	7	1	1	46

Rupice	Main	Indicated	10.2	180	4.3	2.7	1.5	0.4	0.2	29	58.8	436	278	495	44	23	2,984
		Inferred	1.0	50	1.1	0.7	0.3	0.1	0.1	11	1.7	12	8	12	2	1	112
		Total	11.2	168	4.0	2.6	1.4	0.4	0.2	28	60.5	448	286	506	46	25	3,097
Rupice	Lower	Indicated	0.5	35	0.7	0.5	0.2	0.1	0.1	3	0.6	3	2	4	1	1	14
		Inferred	0.4	44	0.9	0.8	0.2	0.1	0.1	4	0.6	4	3	3	0.4	0	17
		Total	0.9	39	0.8	0.6	0.2	0.1	0.1	3	1.2	7	6	7	1	1	31
RNW	Upper	Indicated	1.3	75	1.5	0.8	0.2	0.1	0.2	13	3.1	19	11	9	1	3	161
		Inferred	0.2	65	1.0	1.4	0.2	0.2	0.1	10	0.5	2	3	2	0.4	0.3	23
		Total	1.5	74	1.4	0.9	0.2	0.1	0.2	12	3.6	21	14	11	2	3	184
RNW	Main	Indicated	4.5	214	7.4	4.7	1.4	0.6	0.20.1	47	30.8	332	211	199	26	7	2,113
		Inferred	0.4	145	7.9	4.9	1.5	0.5	0.1	36	1.9	33	20	20	2	0.5	148
		Total	4.9	209	7.5	4.7	1.4	0.6	0.1	46	32.7	365	231	219	29	7	2,261
RNW	Lower	Indicated	1.5	98	3.4	1.9	0.7	0.5	0.1	9	4.7	55	29	31	7	2	2,406
		Inferred	0.4	105	3.4	2.1	0.5	0.4	0.1	6	1.5	15	9	8	1.6	1	199
		Total	1.9	100	3.4	2.0	0.6	0.4	0.1	8	6.2	66	38	39	9	2	2,605
Total	Indicated + Inferred	21.1	156	4.3	2.8	1.2	0.4	0.2	27	105.4	913	581	789	88	39	5,779	

Notes:

- The Mineral Resource estimate has been reported in accordance with the requirements of ASX Listing Rule 5.8 and the JORC Code.
- A cut-off grade of 50 g/t silver equivalent has been applied.
- Silver equivalent (AgEq) –was calculated using conversion factors of 31.1 for Zn, 24.88 for Pb, 80.0 for Au, 1.87 for BaSO₄, 80.87 for Cu, 80.87 for Sb, and recoveries of 90% for all elements. Metal prices used were US\$2,500/t for Zn, US\$2,000/t for Pb, US\$150/t for BaSO₄, US\$2,000/oz for Au, US\$25/oz for Ag, US\$6,500/t for Sb and US\$6,500 for Cu.
- The applied formula was: $AgEq = Ag(g/t) \times 90\% + 31.1 \times Zn(\%) \times 90\% + 24.88 \times Pb(\%) \times 90\% + 1.87 \times BaSO_4(\%) \times 90\% + 80 \times Au(g/t) \times 90\% + 80.87 \times Sb(\%) \times 90\% + 80.87 \times Cu(\%) \times 90\%$
- It is the opinion of Adriatic Metals and the Competent Persons that all elements and products included in the metal equivalent formula have a reasonable potential to be recovered and sold.
- Metallurgical recoveries of 90% have been applied in the metal equivalent formula based on recent and ongoing test work results.
- A bulk density (BD) was calculated for each model cell based on its domain, using regression formulas. For the Main zone: $BD = 2.66612 + BaSO_4 \times 0.01832 + Pb \times 0.03655 - Zn \times 0.02206 + Cu \times 0.09279$ for the barite high-grade domain, $BD = 2.72748 + BaSO_4 \times 0.02116 + Pb \times 0.04472 + Zn \times 0.01643 - Cu \times 0.08299$ for the barite low-grade domain; and for the NW zone: $BD = 2.92581 + BaSO_4 \times 0.01509 + Pb \times 0.04377 - Zn \times 0.02123 + Cu \times 0.10089$ for the barite high-grade domain, $BD = 2.74383 + BaSO_4 \times 0.01731 + Pb \times 0.04573 + Zn \times 0.02023 - Cu \times 0.06041$ for the barite low-grade-domain (the barite domains were interpreted using 30% BaSO₄ cut-off).
- Rows and columns may not add up due to rounding.

THE RASKA PROJECT

Raska Project, Serbia

Since the acquisition of the Raska Project, the Company has been conducting exploration activities including 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 mineralization, while at Sastavci drilling has confirmed near-surface polymetallic mineralization, as well as an anomalous broad gold structure at depth. Further mineralized sub-parallel structures have also been discovered within 100m of the main mineralizing trend, which demonstrate the potential for scale.

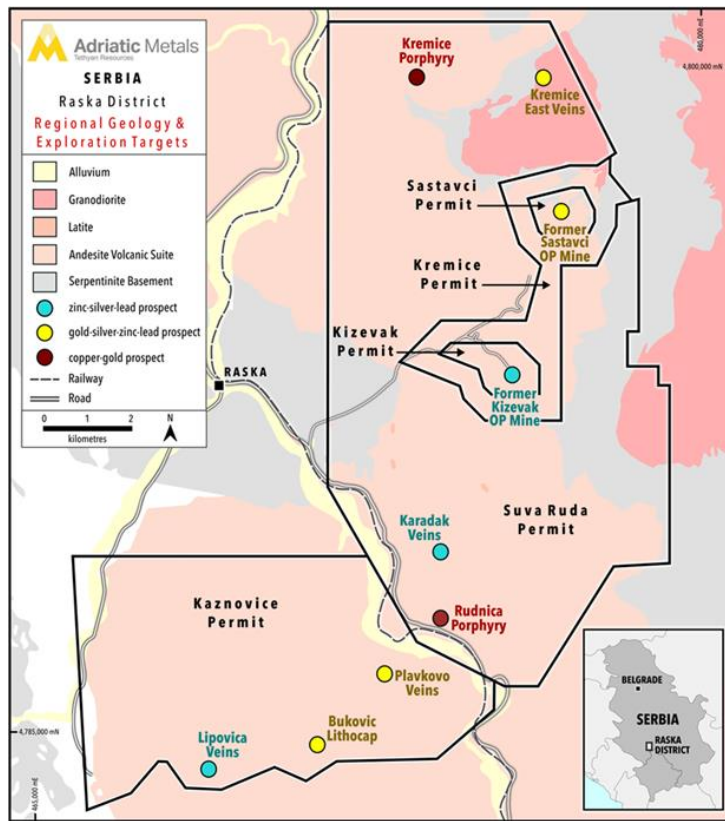


Figure 11: Map of Raska District, Serbia

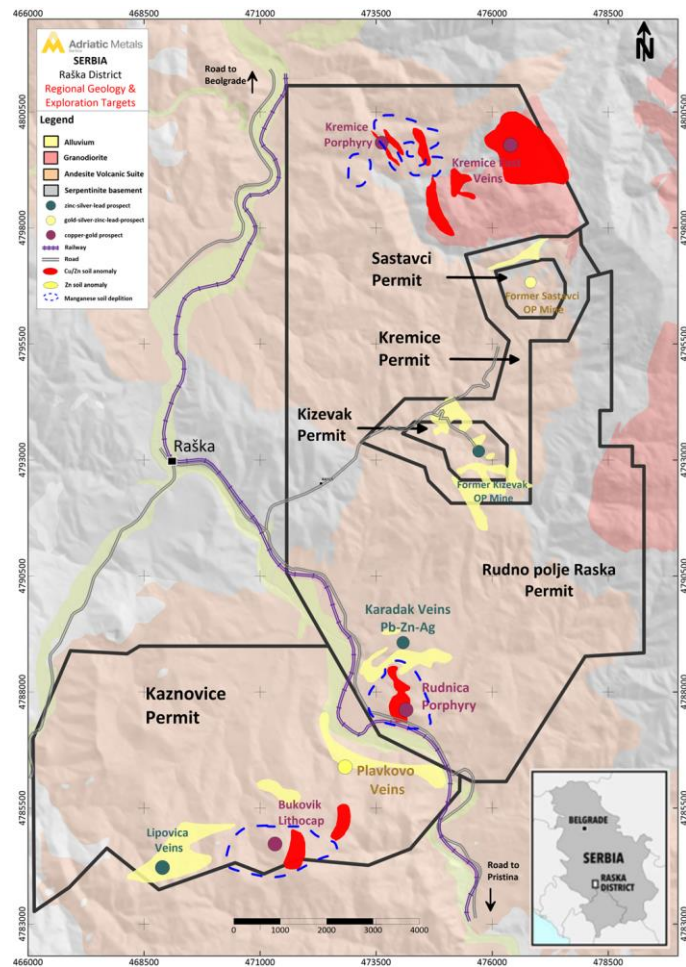


Figure 12: Map of Raska District, Serbia with geological targets

Raska Project Developments

During the first half of 2023, extension approvals were granted for the Kizevak and Sastavci permits on 29 May 2023, and for Kremice permit on 7 July 2023.

Exploration has continued at Raska during 2023 with one diamond core drilling rig. The drilling started on 1 April 2023, over the Rudnica prospect at the Rudno polje Raska (Deep Research d.o.o.) permit. Due to delays in exploration period permit extensions with the Serbian Ministry of Mining and Energy there was a general shuffle of priorities set in 2022. The 2023 drilling campaign started on time at the Rudnica Porphyry target. In total 3.608,8m of diamond core drilling was completed during Q1 and Q2 2023. The focus during Q1 and Q2 2023 was on the field work and definition of the drill targets at the Kozja Glava prospect. This included extensive trenching in the accessible areas. Work included ground magnetic survey over Plavkovo prospect (Kaznovice permit), rock, channel and exploration pits sampling over the Rudnica North prospect (Rudno polje Raska permit) and the Kozja Glava prospect (Rudno polje Raska, Kremice and Kiževak permit). There were also environmental studies that covered various prospects within the Raska project area.

At the Rudnica prospect the first phase drilling campaign was completed in June 2023. In total 3,547m of diamond core drilling was completed (in 10 drill holes). The drilling program successfully confirmed extension of supergene mineralisation up to 60 metres in length in southeast direction from the last intercept, based on the partial assays received and visible chalcocite in the drill core. Additionally, the visible copper enrichment in drill core has been intercepted in several extension drill holes in the northwest direction and assays are pending. The partial assays and visible chalcocite seen in the single Rudnica North drillhole that was part of the 2023 program has confirmed the supergene enrichment in this prospect situated well over 350 metres to the north from the last Rudnica intercept.

At the Kozja Glava prospect drilling started at the end of Q2. The drilling programme is aiming to test the 2023 trenching intercepts and the unearthed base metal vein and fault hosted mineralization across coincident Pb, Zn and Ag soil anomaly. Drilling is ongoing.

In the remainder of 2023, exploration work will continue to advance the Kozja Glava (over Kizevak, Kremice & Rudno Polje Raska permits), and Plavkovo (Kaznovice permit) prospects. Each of the projects has been ranked as having potential to advance up the exploration pipeline based on results to date and/or proximity or association with existing known mineralisation, as a complement to Kizevak and Sastavci.

Engagement in Raska

Since its opening at the end of 2021, the Adriatic Information Centre in Raska has provided a space where all interested parties can communicate with the team to ask questions and express any opinions or concerns. The centre offers a wide range of services, including information about the Company's history, commitment to sustainability, mission, vision and values, and local community engagements and initiatives. In the first half of 2023, the Information Centre had 233 visits. The most common questions were regarding job opportunities, donations, and Adriatic's operations and field activities.

In 2023, Adriatic continued to publish public newsletters that are displayed at the Information Centre and on the Company website. These newsletters serve as a means of keeping local stakeholders informed about latest developments, including updates on sustainability initiatives, community engagement activities and interviews from the local community.

Adriatic representatives visited the local high school and students visited the Company's Information Centre as part of an educational project to present the Company and its key priorities, as well as the geological exploration process. During the period Adriatic was also involved in, and made donations to, many local community projects and initiatives in Raska that align with the Company's values.

Environmental studies

The planning and commencement of environmental work have already been expanded at prospects Rudnica, Kozja Glava, and Kremice, and initiated at prospects Kizevak and Sastavci. The environmental baseline study, which covers these areas, began in early 2023. The expanded environmental work includes laboratory testing of air quality, surface water, and groundwater and conducting archaeological surveys. These measures are essential in assessing the environmental impact of the operations and ensuring that all necessary precautions are taken to preserve the natural and cultural heritage of the region.

HEALTH AND SAFETY

At the end of the period, the Lost Time Injury Rate ('LTIFR') and Total Recordable Injury Rate ('TRIFR') are 0.23 and 2.08 respectively. These are very positive safety results when compared to Q1 2023 where LTIFR and TRIFR were 0.25 and 2.22 respectively.

Adriatic has continued to focus on managing critical health and safety risks. The Company has continued with the roll out of risk management procedures and "Creating Safe Work" (Adriatic's safety culture program). The new standards, systems and processes continue to have a positive impact on risk management and safety. The Company has focused on growing its emergency and crisis management capabilities.

Adriatic is working closely with Technical Rescue International, a London-based company specialising in emergency and crisis management. In January, the Company completed a workshop with senior management to develop a greater understanding and awareness of the key health and safety risks of operating in Vares. Crisis management plans are now in place to manage these risks.

SUSTAINABILITY

Adriatic remains wholly committed to its shared prosperity and zero harm philosophy. In April, Adriatic published its inaugural Sustainability Report, titled "Laying the Foundations". The report demonstrates the Company's commitment to community engagement, its social and environmental performance through the development cycle from developer to producer, as well as its vision for the future as a sustainable, multi-asset metals producer. The report was prepared in accordance with the primary ESG metrics, including Task Force on Climate-Related Financial Disclosures, Sustainability Accounting Standards Board and International Council on Metals & Mining frameworks.

In Q1 the Environmental Social Management System ('ESMS') was amended to reflect changes in the Project, which included a traffic management plan for the construction phase and for the operational phase. There were also updated designs and plans for five year sustainability targets. In addition, the environmental monitoring plan for 2023 was prepared and the ISO 9001 standardisation initiated. The Biodiversity Action Plan ("BAP") and Water and Wastewater Management Plan was updated to reflect changes on haul road design and include results of 2022 research. An operational plan was prepared for spring activities related to compensation to nature, in accordance with the ESIA, BAP, and EBRD PR6. In addition, Streamlined Energy and Carbon Reporting ('SECR') was completed in Q1 2023.

In June 2023, a "Green Plan" was made, which includes afforestation and greening of the haul road area with indigenous species of trees and plants. It is predicted that in the first phase about 2,500 seedlings will be planted and about 55 tonnes of CO2 footprint will be reduced. This plan is included in Adriatic's biodiversity action plan.

In Q2 Adriatic published its updated Stakeholder Engagement Plan ("SEP"), which is available on the Company website. The document considers the most recent project design (Definitive Feasibility Study dated September 2021) and is developed with the aim of guiding stakeholder consultations and communications throughout the life of the Project, including closure. The SEP will be monitored, reviewed and updated on a regular basis by Adriatic providing a roadmap for engagement and monitoring the effectiveness of impact mitigation measures. The plan has been developed to meet best practice as exemplified by the standards of the Equator Principles financial institutions, including the sustainability frameworks of the International Finance Corporation and EBRD's Performance Requirements 1 & 10.

In Q1 Adriatic received confirmation from the Government of Bosnia and Herzegovina that the Vares Project has been granted the status of Project of Special Importance. This acknowledgement validates the significance of the Project to the country in terms of its contribution to GDP, FDI, employment and education. This important recognition of the economic impact of the Project will ensure that state institutions will prioritise their support to the successful realisation of the Project, accelerating procedural timelines and, where applicable, allocating additional resources and capital.

Adriatic continues to work closely and engage with all local stakeholders, with regular ongoing communication with the Vares and Kakanj communities. Regular sessions of the Public Liaison Committee have taken place over the past six months and the stakeholder newsletter was published. The Public Liaison Committee is a key platform for engagement and enables the Company to share project information and updates with local communities.

FINANCIAL REVIEW

Income statement

(In USD)	Period ended 30 June 2023	Period ended 30 June 2022	Change
Operating loss	(7,810,327)	(4,943,792)	(2,866,535)
Net finance expense	(2,313,803)	(5,538,698)	3,224,895
Fair value movements	772,516	1,666,441	(893,925)
Loss before taxation	(9,278,044)	(8,816,049)	(535,565)

Operating loss

The Group made an operating loss of \$7.8m in the Period compared with an operating loss of \$4.9m in the six months ended 30 June 2022 ("prior year").

The increase is primarily due to \$2.6m higher administrative expenses. Remuneration costs totaled \$3.5m compared with \$2.2m in the prior year due to higher headcount, with the average number of employees in the Period having risen to 216. The remaining increase of \$1.3m reflected higher levels of activity associated with the Group's growth in Bosnia and Herzegovina, including professional fees, marketing, property and IT costs, and transport expenses.

The share-based payment expense of \$395k (prior year: \$305k) was higher because no options expired or were cancelled in the Period whereas the prior year expense was reduced by expiry and cancellations totaling \$110k.

Expensed exploration costs of \$615k in respect of the Raska Project in Serbia were \$169k higher than the prior year when the focus was on developing a detailed understanding of the Raska Project's potential and a revised development plan.

Net finance expense

The net finance expense of \$2.3m (prior year: \$5.5m) was lower mainly as a result of a reduced foreign exchange loss in the Period of \$0.5m (prior year: loss of \$4.6m) on revaluation of cash held in Euros for the Vares Project construction. Net finance expense excludes accrued interest on the Orion Debt Finance Package as this is capitalised within additions to mine under construction asset.

Fair value movements - revaluation of derivatives and fair value of liabilities

The conversion feature of the QRC convertible debt is accounted for as a derivative liability which, together with the Orion Copper Stream, is fair valued at each balance date and movements are taken to the income statement. The \$0.8m revaluation gain in the Period comprised a gain of \$1.0m on the Copper Stream net of a loss on the QRC derivative liability, compared with a gain of \$1.5m in the prior year on the QRC derivative liability.

In the prior year, following settlement of the remaining cash and share consideration for the Ras Metals acquisition in 2021, the Company recognised a revaluation gain of \$0.2m in the year in respect of deferred consideration. No revaluation occurred in the Period as the deferred consideration was settled during 2022.

Cash Flow

(In USD)	Period ended 30 June 2023	Period ended 30 June 2022	Change
Net cash used in operating activities	(8,099,520)	(11,149,517)	3,049,997
Net cash used in investing activities	(46,135,720)	(12,384,151)	(33,751,569)
Net cash inflows from financing activities	79,120,599	(1,845,307)	80,965,906
Net (decrease)/increase in cash and cash equivalents	24,885,359	(25,378,975)	50,264,334

Net cash used in operating activities during the Period was \$8.1m compared with \$11.1m in the prior year due to more favourable changes in working capital in the Period.

Investing activities in the Period of \$46.1m related to the Vares Project construction, including \$1.3m of advance payments for plant equipment. The prior year amount of \$12.4m was lower as the Project was at an earlier stage.

Net cash inflows from financing activities in the Period of \$79.1m primarily reflect draw downs under the Orion Debt Finance Package of \$81.1m, net of fees and transaction costs, less QRC interest paid of \$0.9m. Net cash outflows from financing activities in the prior year of \$1.8m reflect QRC interest of \$0.9m, deferred consideration of \$0.5m and capital lease payments of \$0.3m.

Working capital

(In USD)	At 30 June 2023	At 31 December 2022	Change
Receivables and prepayments	23,754,508	18,830,315	4,924,193
Accounts payable and accrued liabilities	(7,772,329)	(5,341,740)	(2,430,589)
Working capital	15,982,179	13,488,575	2,493,604

The Group had a positive working capital position at 30 June 2023 of \$16.0m, compared with \$13.5m at 31 December 2022, mainly due to further advance payments made during the Period in respect of processing plant equipment for the Vares Project construction.

Net cash

(In USD)	At 30 June 2023	At 31 December 2022	Change
Cash and cash equivalents	85,602,299	60,585,277	25,017,022
Borrowings (including embedded derivative liability)	(146,818,959)	(48,867,271)	(84,660,564)
Net (debt)/cash	(61,216,660)	11,718,006	(59,643,542)

The cash balance at 30 June 2023 was \$85.6m, an increase of \$25.0m compared with 31 December 2022, reflecting Vares Project construction outflows more than compensated by draw downs under the Orion Debt Finance Package.

Borrowings at 30 June 2023 totaled \$146.8m (31 December 2022: \$48.9m), comprising \$89.5m Orion Senior Secured Debt (31 December 2022: \$26.2m), \$34.6m Orion Copper Stream (31 December 2022: nil), and \$22.7m Queens Road Capital convertible debt, including embedded derivative liability (31 December 2022: \$22.7m).

The net debt position (cash and cash equivalents minus borrowings) at 30 June 2023 was \$61.2m compared with a net cash position at 31 December 2022 of \$11.7m, a change of \$72.9m reflecting draw down of debt and Copper Stream net of cash increase.

Non-current assets

(In USD)	At 30 June 2023	At 31 December 2022	Change
Property, plant and equipment	128,426,692	77,860,563	50,566,129
Right-of-use assets	9,035,117	8,953,835	81,282
Exploration and evaluation assets	8,500,000	8,500,000	-
Other assets	10,891,866	-	10,891,866
Total non-current assets	156,853,675	95,314,398	61,539,277

Total non-current assets increased to \$156.9m at 30 June 2023 (31 December 2022: \$95.3m) mainly due to further progress on the Vares Project construction. The other assets in the Period represent the asset recognised on deferral of the Copper Stream day one fair value adjustment.

Orion Project Finance Package

In the prior year the Company completed a \$244.5m project finance package (“Orion Project Finance Package”) to provide the Group with sufficient funding through to first concentrate production at the Vares Project. The package consists of:

- \$142.5m project finance debt package from Orion, comprising \$120m in Senior Secured Debt and a \$22.5m Copper Stream deposit (together, the “Orion Debt Finance Package”); and
- An equity raise of \$102m, including a \$50m subscription from Orion.

To date all conditions precedent for draw down of the first, second and third tranches of \$30m of the Senior Secured Debt were satisfied and these funds were received in December 2022, February 2023 and April 2023 respectively.

All conditions precedent for receipt of the \$22.5m Copper Stream deposit were satisfied during the Period and these funds were received in February 2023.

The fourth tranche of the Senior Secured Debt will be drawn down in the second half of 2023 as required.

Vares Project development budget

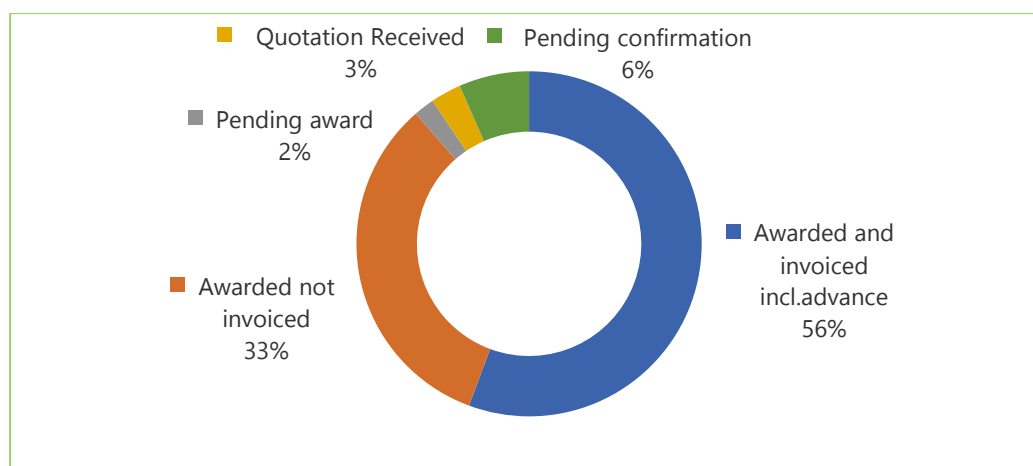
The final Project cost estimate is \$182m, with the \$10m contingency having been released during the Period after a comprehensive analysis of the remaining works to complete the construction.

The Company is fully funded to production and maintains significant financial flexibility to absorb any unexpected delays in plant ramp up.

Post-production working capital will benefit from favourable offtake terms, including the early issuance of provisional invoices for between 90% and 95% of concentrate value, the rights to export smaller lot sizes and to ship a proportion of initial zinc production by container. During the first six months of commercial production Adriatic will benefit from the possibility to export off-spec concentrates during VPP commissioning.

During the Period the Company rebalanced its cash holdings to align more closely with the expected currency profile of Project expenditure, as a hedge against the Euro and Bosnian Mark strengthening against the US dollar and thereby preventing adverse impacts on the Group’s finances.

Of the total Project cost estimate a total of 94% of capital expenditure excluding contingency is awarded, pending award, or recently quoted, as shown below:



Mike Norris

Mike Norris

Chief Financial Officer

Principal risks and uncertainties

The Board is responsible for putting in place a system to manage risk and implement internal controls. The Board has considered mechanisms by which the business and financial risks facing the Group are managed and reported to the Board. The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges it has the responsibility for reviewing the effectiveness of the systems that are in place to manage risk.

The Board has delegated certain authorities for risk management to the Audit & Risk Committee, which has its own formal terms of reference. The Audit & Risk Committee meets at least twice a year to consider presentations by the auditors and drafts of the Annual and Interim Financial Statements and to assess the effectiveness of the Group's system of internal controls. The Audit & Risk Committee is chaired by Sandra Bates, who has recent and relevant financial and business experience. All of the members of the Committee are Non-Executive and Independent.

The Audit & Risk Committee is responsible, inter alia, for:

- Reviewing the Company's risk management framework at least annually in order to satisfy itself that the framework continues to be sound and to determine whether there have been any changes in the material business risks the Company faces;
- Ensuring that the material business risks do not exceed the risk appetite determined by the Board; and
- Overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management, and compliance with internal guidelines and external requirements.

Principal Risks

The Board has determined that the principal risks and uncertainties are unchanged since the year end. Set out below is a summary of the risks and uncertainties as reported at the year end:

- The Company has yet to commence production and is exposed to development risk in respect of the Vares Project, including unforeseen cost escalation and construction delays;
- Operation of the Vares Mine, including operational and technical difficulties;
- Reliance on infrastructure;
- Reliance on third-party contractors;
- Mineral resource and ore reserve estimates differing from actual results;
- Environmental and climate change risks;
- Health and safety risks;
- Foreign exchange risk;
- The historic tailings storage facility is the legal responsibility of the Municipality of Vares and is not located inside the area covered by the Veovaca Exploitation Permit, but the Company's standing within the local community may be adversely affected if it were considered or perceived to be the responsibility of the Company;
- Community/NGO concerns affecting exploration/operational activity;
- Bribery and corruption;
- Political instability;
- Mining concessions in Bosnia and Herzegovina and Serbia not being granted or renewed, or being expropriated;
- Other country risks; and
- Loss or diminution of the services of the Company's Directors or senior managers.

Corporate Governance

Results and dividends

The Group results for the six months ended 30 June 2023 are set out in the Consolidated Interim Statement of Financial Position on page 32. The Company's aim is to generate long term value for its stakeholders and design a shareholder distribution policy that reflects the growth prospects and profitability of the Company while maintaining appropriate levels of operational liquidity in due course. However, due to the early-stage nature of the Company and the Vares Project, no final dividend was paid for the year ended 31 December 2022 and no interim dividend is recommended for the 6 months ended 30 June 2023.

Auditor

BDO LLP (Chartered Accountants) have been the auditor of Adriatic Metals PLC since 2020 and were re-appointed at the 2023 Annual General Meeting. Please refer to page 30 for the Auditor Independent Review Report to Adriatic Metals PLC.

Governance Matters

There were no changes to the Board of Directors or composition of the committees of the board during the Period.

Subsequent events

On 8 August 2023 the Company completed announced the results of an equity fund raise of \$32m (before costs) to finance an expanded and accelerated exploration programme at Rupice and Rupice Northwest.

There were no further events subsequent to 30 June 2023 required to be included in this report.

Directors' Responsibilities Pursuant to DTR4

The Directors confirm to the best of their knowledge the consolidated interim financial statements have been prepared in accordance with:

- DTR4.2.7 of the Disclosure and Transparency Rules in the United Kingdom, being an indication of important events during the first six months of the current financial year and their impact on the half-year financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year, and
- DTR4.2.8 of the Disclosure and Transparency Rules in the United Kingdom, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the last annual report that could have such a detrimental effect.

Signed in accordance with a resolution of the Directors



Paul Cronin

Managing Director and CEO

12 September 2023

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF ADRIATIC METALS PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the consolidated interim statement of financial position, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows and the related explanatory notes.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the interim financial statements of the group are prepared in accordance with UK-adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK-adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

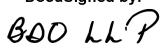
Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly

authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

DocuSigned by:

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BDO LLP
Chartered Accountants
London, UK
12 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2023

(In USD)	Note	30 June 2023	31 December 2022
Assets			
Current assets			
Cash and cash equivalents		85,602,299	60,585,277
Receivables and prepayments	5	23,754,508	18,830,315
Other Assets	6	1,537,329	-
Total current assets		110,894,136	79,415,592
Non-current assets			
Property, plant and equipment	7	128,426,692	77,860,563
Right-of-use assets	11	9,035,117	8,953,835
Exploration and evaluation assets	8	8,500,000	8,500,000
Other Assets	6	10,891,866	-
Total non-current assets		156,853,675	95,314,398
Total assets		267,747,811	174,729,990
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities	10	7,772,329	5,341,740
Lease liabilities	11	2,190,664	2,379,000
Borrowings	6	13,291,124	-
Total current liabilities		23,254,117	7,720,740
Non-current liabilities			
Lease liabilities	11	5,684,027	5,807,741
Provisions	21	5,211,580	4,431,212
Borrowings	6	126,978,274	42,498,052
Derivative liability	6	6,549,561	6,369,219
Total non-current liabilities		144,423,442	59,106,224
Total liabilities		167,677,559	66,826,964
Capital and reserves attributable to shareholders of the parent			
Share capital	14B	5,460,907	5,376,349
Share premium	14B	144,802,044	143,829,631
Merger reserve	14B	23,497,730	23,497,730
Warrants reserve	14D	2,743,303	2,743,303
Share-based payment reserve	14E	2,476,379	4,943,436
Foreign currency translation reserve	14H	1,476,766	1,260,333
Retained earnings		(80,386,877)	(73,747,756)
Total equity		100,070,252	107,903,026
Total liabilities and equity		267,747,811	174,729,990

The accompanying notes on pages 37 - 63 are an integral part of these condensed consolidated interim financial statements.

FINANCIAL STATEMENTS

These condensed consolidated interim financial statements of Adriatic Metals PLC, registered number 10599833, were approved and authorised for issue by the Board of Directors on 12 September 2023 and were signed on its behalf by:

Paul Cronin

Managing Director & Chief Executive Officer



Mike Norris

Chief Financial Officer



CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

(In USD)	Note	Six Months Ended 30 June 2023	Six Months Ended 30 June 2022
Exploration costs	15	(614,576)	(446,033)
General and administrative expenses	16	(6,802,928)	(4,194,671)
Share-based payment expense	14F	(395,265)	(305,321)
Other income	19	2,442	2,233
Operating loss		(7,810,327)	(4,943,792)
Finance income	17	329,468	-
Finance expense	17	(2,569,701)	(5,538,698)
Revaluation of derivative liability	6	772,516	1,510,002
Revaluation of deferred consideration	9	-	156,439
Loss before taxation		(9,278,044)	(8,816,049)
Tax charge		-	-
Loss for the period		(9,278,044)	(8,816,049)
Other comprehensive gain that might be reclassified to profit or loss in subsequent periods:			
Exchange gain arising on translation of foreign operations		216,433	505,094
Total comprehensive expense for the period		(9,061,611)	(8,310,955)
Loss for the period attributable to:			
Owners of the parent		(9,278,044)	(8,816,049)
		(9,278,044)	(8,816,049)
Total comprehensive expense attributable to:			
Owners of the parent		(9,061,611)	(8,310,955)
		(9,061,611)	(8,310,955)
Net loss per share	Basic and diluted (cents)	14G	(3.43)
			(3.31)

The accompanying notes on pages 37-63 are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(In USD)	Note	Share Capital	Share Premium	Merger Reserve	Share-based Payment Reserve	Warrants Reserve	Other Equity	Foreign Currency Translation Reserve	Retained Earnings	Capital and Reserves Attributable to Owners of the Parent	Non-Controlling Interest	Total Equity
31 December 2021		5,279,546	143,829,631	23,019,164	5,778,882	2,743,303	-	1,073,214	(28,735,676)	152,988,064	-	152,988,064
Comprehensive income for the prior period:												
Loss for the period		-	-	-	-	-	-	-	(8,816,049)	(8,816,049)	-	(8,816,049)
Other comprehensive income		-	-	-	-	-	-	505,094	-	505,094	-	505,094
Total comprehensive loss		-	-	-	-	-	-	505,094	(8,816,049)	(8,310,955)	-	(8,310,955)
Contributions by and distributions to owners:												
Share issue costs		-	(46,125)	-	-	-	-	-	-	(46,125)	-	(46,125)
Exercise of options and performance rights	14E	2,538	-	-	(243,096)	-	-	-	243,098	2,540	-	2,540
Issue of options and performance rights	14E	-	-	-	415,378	-	-	-	-	415,378	-	415,378
Expiry/cancellation of options	14E	-	-	-	(110,058)	-	-	-	-	(110,058)	-	(110,058)
Acquisition of subsidiary	14B	2,972	-	245,683	-	-	-	-	-	248,655	-	248,655
30 June 2022		5,285,056	143,213,550	23,264,847	5,841,106	2,743,303	-	1,578,308	(37,308,627)	145,187,499	-	145,187,499

FINANCIAL STATEMENTS

(In USD)	Note	Share Capital	Share Premium	Merger Reserve	Share-based Payment Reserve	Warrants	Other Equity	Foreign Currency Translation Reserve	Retained Earnings	Capital and Reserves Attributable to Owners of the Parent	Non-Controlling Interest	Total Equity
31 December 2022		5,376,349	143,829,631	23,497,730	4,943,436	2,743,303	-	1,260,333	(73,747,756)	107,903,026	-	107,903,026
Comprehensive income for the Period:												
Loss for the Period		-	-	-	-	-	-	-	(9,278,044)	(9,278,044)	-	(9,278,044)
Other comprehensive income		-	-	-	-	-	-	216,433	-	216,433	-	216,433
Total comprehensive loss		-	-	-	-	-	-	216,433	(9,278,044)	(9,061,611)	-	(9,061,611)
Contributions by and distributions to owners:												
Share issue costs		-	(73,516)	-	-	-	-	-	-	(73,516)	-	(73,516)
Exercise of options and performance rights	14E	84,558	1,045,929	-	(2,862,322)	-	-	-	2,649,049	917,214	-	917,214
Issue of options and performance rights	14E	-	-	-	395,265	-	-	-	(10,126)	385,139	-	385,139
Expiry/cancellation of options	14E	-	-	-	-	-	-	-	-	-	-	-
30 June 2023		5,460,907	144,802,044	23,497,730	2,476,379	2,743,303	-	1,476,766	(80,386,877)	100,070,252	-	100,070,251

The accompanying notes on pages 37-63 are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

(In USD)	Note	Six Months Ended 30 June 2023	Six Months Ended 30 June 2022
Cash flows from operating activities			
Loss for the period		(9,278,044)	(8,816,049)
Adjustments for:			
Depreciation of property, plant and equipment	7	308,325	84,712
Depreciation of right-of-use assets	11	146,158	146,468
Share-based payment expense	14F	395,265	305,321
Finance income	17	(329,468)	-
Finance expense	17	2,569,701	5,538,696
Revaluation of derivative liability	6A	(772,516)	(1,510,000)
Revaluation of deferred consideration	9	-	(156,439)
Changes in working capital items:			
(Increase) in receivables and prepayments		(1,297,697)	(4,845,674)
Increase/(decrease) in accounts payable and accrued liabilities		1,075,923	(1,896,552)
Net cash used in operating activities		(7,182,353)	(11,149,517)
Cash flows from investing activities:			
Purchase of property, plant and equipment	7	(44,322,875)	(12,384,151)
Prepaid property, plant and equipment		(3,626,496)	-
Interest received on cash holdings	17	896,981	-
Net cash used in investing activities		(47,052,390)	(12,384,151)
Cash flows from financing activities:			
Gross proceeds from the issue of ordinary shares		541,678	2,538
Transaction costs arising from equity financing	14B	(73,516)	(46,125)
Proceeds from draw down of borrowings, net of transaction costs	6A	81,060,421	-
Settlement of deferred consideration	9	-	(525,786)
Interest paid on loans and borrowings	6	(945,000)	(850,000)
Capital payments on leases	11	(781,733)	(343,816)
Interest paid on leases	11	(681,251)	(82,119)
Net cash inflows/(outflows) from financing activities		79,120,599	(1,845,308)
Net increase/(decrease) in cash and cash equivalents		24,885,856	(25,378,976)
Exchange gain/(loss) on cash and cash equivalents		131,166	(3,691,237)
Cash and cash equivalents at beginning of the period		60,585,277	112,506,468
Cash and cash equivalents at end of the period		85,602,299	83,436,255

The accompanying notes on pages 37-63 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Corporate information

The condensed set of financial statements (“consolidated interim financial statements”) for the period ended 30 June 2023 comprises the consolidated interim statement of financial position, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cashflows, which present the financial information of Adriatic Metals PLC and its subsidiaries. Adriatic Metals PLC (the “Company” or the “parent”) is a public company limited by shares and incorporated in England & Wales. The registered office is located at Ground Floor, Regent House, 65 Rodney Road, Cheltenham GL50 1HX, United Kingdom.

The Group’s principal activity is precious and base metals exploration and development. The Group owns the Vares Project in Bosnia and Herzegovina and the Raska Project in Serbia.

Bosnia and Herzegovina and Serbia are well-positioned in central Europe and boast strong mining history, pro-mining environment, highly skilled workforce as well as extensive existing infrastructure and logistics.

2. Basis of preparation

A. Statement of compliance

The consolidated interim financial statements were prepared in accordance with IAS 34 ‘Interim Financial Reporting’. They are unaudited and do not constitute a statutory set of financial statements in accordance with the meaning of Section 434 of the Companies Act 2006 (the “Companies Act”). The annual consolidated financial statements will be prepared in accordance with UK adopted International Accounting Standards. The statutory accounts for the year ended 31 December has been delivered to the registrar and the audit report was unqualified (s435 Companies Act 2006).

The consolidated interim financial statements were authorised for issue by the Board of Directors on 12 September 2023.

B. Basis of preparation

The consolidated interim financial statements have been prepared on a historical cost basis, except for the QRC debt and copper stream arrangement that have been measured at fair value.

The consolidated interim financial statements are presented in United States Dollars (“USD” \$). This reflects the fact that the USD is a more widely recognised currency for the mining sector in which the Group operates and that its Project Finance Debt Package, offtake agreements and mining services contract are denominated in USD. Unless otherwise stated, all amounts indicated by “\$” represent USD.

C. Going concern

The Vares Feasibility Study was completed in August 2021 with a Project NPV of \$1.1 billion and build cost of \$168.2m. An equity raise was successfully closed on 29 October 2021 and Orion Debt Finance Package documents were executed to provide the Group with sufficient funds to complete the Vares Project construction and cover ongoing owner’s costs until production commences in Q4 FY23 and the business becomes self-sustaining from cash flows from operations.

Definitive documentation executed for the \$142.5m Debt Finance Package with Orion was announced on 10 January 2022. Of this total, the first two tranches of \$30m of the \$120m Senior Secured Debt were drawn down in December 2022 and February 2023 and the third tranche was drawn down in April 2023. The \$22.5m Copper Stream deposit was received in February 2023. The remaining fourth \$30m tranche of the Senior Secured Debt remains undrawn at the signing date of these consolidated interim financial statements. The Company has considered each of the condition’s precedent to the remaining draw down and is confident that it will be able to satisfy them when required for the Vares Project development.

As announced in the Company’s Quarterly Activity Report for the quarter ended 30 June 2023, the Project cost estimate is \$182m. Sensitivity analysis of uncommitted construction costs and potential project delay indicates that the Group and Company have sufficient cash resources to continue in operation for a period in excess of 12 months from the date of signing the consolidated interim financial statements. The sensitivity has considered the effect of both time delays and construction cost increases in completing the Project as well as the measures available to the Company to mitigate these impacts.

A Debt-Service Coverage Ratio (“DSCR”) covenant is included in the Orion Debt Finance Package, with the first DSCR testing period expected to be mid-2024. The DSCR is required to be above 1.25x and the Company’s forecasts show substantial headroom above this. Delays to the project ranging from one to three months as well as cost increases up to 10% have been used as inputs to the stress test model.

The Directors therefore believe there is not a material uncertainty regarding going concern and that it is appropriate to prepare the financial statements on a going concern basis.

3. Significant accounting policies

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022 except for the following new accounting policy for the Orion Copper Stream set out in note 6C:

As at 13 February, the date on which the Company received the \$22.5m Copper Stream prepayment deposit, a day one fair value evaluation of the Copper Stream was performed in accordance with IFRS. The day one fair value adjustment was deferred at 30 June 23 by recognising an asset equal to the fair value adjustment split between non-current and current assets which will be amortised to the income statement over the expected life of the mine. In future periods further fair value adjustments to the Copper Stream will be taken to the income statement.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

A. Standards, amendments and interpretations adopted

During the Period, the following amendments have been implemented with effect from 1 January 2023.

- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and

Adoption of the above amendments did not have a material impact on the consolidated interim financial statements.

B. Standards, amendments and interpretations effective in future periods

At the date of authorisation of these Consolidated financial statements, the following new standards, amendments, and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Group.

The following amendments are effective for the year beginning 1 January 2024:

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants)

The Group anticipates that the above amendments will be adopted in its accounting policies for the first period beginning after their effective date and does not have a material impact on the consolidated financial statements.

4. Critical accounting estimates and judgements

The preparation of the consolidated interim financial statements in accordance with IFRS requires management to make certain judgements, estimates, and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from these estimates. The significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income, and expenses are highlighted below.

A. Estimates

a. Exploration and evaluation asset impairment testing

The Group reviews and tests the carrying amount of assets when it judges that an indicator of impairment has occurred, including events or changes in circumstances that suggest that the carrying amount may not be recoverable.

When such indicators exist, management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs. The key estimates include discount rates, including the Group's weighted average cost of capital, future prices, future exploration and evaluation costs, production levels and foreign currency exchange rates.

Exploration and evaluation assets at 30 June 2023 comprised the Raska Project of \$8,500,000. In late 2022 the Company carried out a strategic review of the Raska Project which resulted in an impairment of \$23,186,959, reducing the project's carrying amount to \$8,500,000. See note 8 for details of the estimates made in establishing the revised carrying value.

b. Mine under construction impairment testing

The mine under construction asset refers to the Vares Project in Bosnia and Herzegovina.

Property, plant and equipment and intangible assets with finite lives are reviewed for impairment if there is an indication that the carrying amount may not be recoverable. No changes in circumstances or other indicators of impairment occurred during the Period in respect of the Vares Project mine under construction and therefore no impairment review or estimates of value in use and fair value were required.

c. Deferred consideration

The Group accounts for deferred consideration within financial liabilities at fair value through profit and loss. See note 9 for further details of the deferred consideration in respect of the acquisition of Tethyan Resource Corp.

d. Convertible debt

The Group issued \$20m 8.5% convertible debt through a deed of covenant dated 30 November 2020. The debt is convertible into fully paid equity securities in the share capital of the issuer, subject to and in accordance with the conditions and the deed of covenant. The valuation of the debt holder’s call option embedded within this agreement is carried out by a third party expert using management’s estimates and assumptions. See note 6 for further details.

B. Judgements

a. Functional currency

The Group transacts in multiple currencies. The assessment of the functional currency of each entity within the consolidated Group involves the use of judgement in determining the primary economic environment in which each entity operates.

The Group first considers the currency that mainly influences sales prices for its concentrates, goods and services, and the currency that mainly influences labour, materials and other costs of providing goods or services. In determining functional currency, the Group also considers the currency in which funds from financing activities are generated, and the currency in which receipts from operating activities are usually retained.

When there is a change in functional currency, the Group exercises judgement in determining the date of change. This assessment is driven by the primary economic environment of each entity including products, labour, materials and professional services and the currency in which they are primarily transacted.

The functional currencies of each Group entity for the Period are unchanged from the prior year and are set out below:

Name of entity	Country of incorporation	Functional currency
Adriatic Metals plc	England and Wales	USD
Adriatic Metals BH d.o.o.	Bosnia and Herzegovina	USD
Adriatik Metali d.o.o	Bosnia and Herzegovina	BAM
Adriatic Metals Jersey Ltd	Jersey (originally Canada)	USD
Adriatic Metals Services (UK) Limited	England and Wales	USD
Adriatic Metals Trading and Finance Ltd	Jersey	USD
Adriatic Metals Trading & Finance BV	Netherlands	USD
Adriatic Metals Holdings BIH Limited	England and Wales	USD
Tethyan Resources Jersey Ltd	Jersey	GBP
RAS Metals d.o.o.	Serbia	RSD
Taor d.o.o.	Serbia	RSD
Tethyan Resources d.o.o.	Serbia	RSD
Global Mineral Resources d.o.o.	Serbia	RSD

b. Capitalisation of exploration costs

The Group uses its judgement to determine whether costs meet the capitalisation requirements in accordance with IFRS 6 and its accounting policy on exploration and evaluation assets, including whether the activities performed are directly attributable to increasing the value of the project.

Upon the establishment of a JORC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the licence as exploration

and evaluation assets. There is an element of judgement involved by management as to which costs are directly attributable to increasing the value of the project. Broadly, activities in relation to scoping, exploration and development are deemed directly attributable, whilst activities in relation to supporting and administrative duties are deemed not to be directly attributable.

c. Indicators of impairment

The Group uses its judgement in assessing whether indicators of impairment have occurred.

The Group reviews and tests the carrying amount of exploration and evaluation assets when events or changes in circumstances suggest that the carrying amount may not be recoverable in accordance with IFRS 6. Indicators of impairment are as follows:

- i. the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- ii. substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;
- iii. exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and in late 2022 the Company carried out a strategic review of the Raska Project involving changes in the project's development plan that the Group judged to be an indicator of impairment. See note 8 for details of the resulting impairment of \$23,186,959, reducing the project's carrying amount to \$8,500,000 at 31 December 2022. There have been no further indicators of impairment during the Period.
- iv. sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Group also reviews property, plant and equipment and intangible assets with finite lives for impairment if there is an indication that the carrying amount may not be recoverable.

In assessing whether an indicator of impairment has occurred, the Group considers external sources of information including observable indications of decline in market value, actual or expected negative changes in the technological, market, economic or legal environment, changes in market interest rates or other market rates of return on investments, and whether the carrying amount of its net assets is greater than its market capitalisation. External sources of information will typically be broader and less clearly linked to a specific asset or cash generating unit, for example, a decline in market capitalisation below the carrying value of the entity's net assets. This may then require the use of judgement to determine which assets or cash generating unit should be tested in response to an external source of information.

The Group also considers internal sources of information including changes in planned development of the assets, evidence of obsolescence or damage, changes in the expected use or life of an asset, and evidence from internal reporting that an asset's economic performance is, or will be, worse than expected.

No changes in circumstances or other indicators of impairment occurred during the Period in respect of the Vares Project mine under construction.

d. Rehabilitation Provision

The Group recognises provisions for contractual, constructive or legal obligations, including those associated with the reclamation of mineral interests and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for the rehabilitation is recognised at its present value in the period in which it is incurred. Upon initial recognition of the liability, an amount equal to the liability is added to the carrying amount of the related asset and this amount is amortised as an expense over the economic life of the asset. Following the initial recognition of the rehabilitation provision, the carrying amount of the liability is increased for the passage of time by unwinding the discount, and adjusted for changes to the current market-based discount rate and to the amount or timing of the underlying cash flows needed to settle the obligation.

Management uses its judgement and experience to determine the potential scope of closure rehabilitation work required to meet the Group's legal, statutory and constructive obligations, and any other commitments made to stakeholders, and the options and techniques available to meet those obligations and estimate the associated costs and the likely timing of those costs.

Significant judgement is also required to determine both the costs associated with that work and the other assumptions used to calculate the provision. External experts support the cost estimation process where appropriate but there remains significant estimation uncertainty. The key judgement in applying this accounting policy is determining when an estimate is sufficiently reliable to make or adjust a closure provision.

Management engaged with experts Ausenco and Wardell Armstrong as part of the feasibility study to determine total costs of closure, restoration, and environmental costs over the life of the mine. Management applied judgement to determine the impact of activity on the Vares Project in the period ended 30 June 2023, which is a key factor in calculating the provision, and the Group recorded a provision based on the discounted value of the expected cashflows. See note 23 for further details.

e. Entities not consolidated

The Adriatic Foundation (the “Foundation”) is a not-for-profit trust which was created in Bosnia and Herzegovina with the objective of supporting the communities around the Vares Project. The Company provided the initial funding required for the formation of the Foundation.

The Company has the ability to appoint the Board of Trustees of the Foundation and hence transactions between the Company and the Foundation have been classified as related party on the basis of the company yielding significant influence.

An assessment has been performed to determine whether the Company controls the Adriatic Foundation in accordance with IFRS 10. The conclusion of this assessment is that whilst the company is able to yield significant administrative influence over the Foundation, it is not able to affect returns to the Company. The Foundation statute prevents the Company as the founder, and any other person associated with the Foundation, from directly or indirectly deriving profit, or any other material or financial benefit, from the activities of the Foundation. For the purposes of IFRS 10, the Directors have therefore concluded that the Company does not control the Foundation and as a result the Foundation is not included in the consolidated financial statements of the Group.

Deep Research d.o.o. (“DR”) is determined to be outside of the control of the Group because although Adriatic Metals Jersey Ltd (the option agreement holder) has the ability to control DR via exercise of the option it does not have the intent to do so at present until further exploration work has been completed to determine the economic value of DR to the Group relative to the consideration that would be payable on exercise of the option.

F. Copper Stream

The Group entered into an agreement with Orion Partners under which it received a prepayment of \$22.5m on 13 February 2023 in respect of future deliveries of copper warrants under the Copper Stream. Consideration as to the substance of the agreement and the value of the Copper Stream has been made in line with the requirements of IFRS. Regarding the accounting treatment reference has been made to IAS16, IAS32, IAS39, IFRS9, IFRS15 as the nature and substance of the agreement with the conclusion that IFRS9 is the most appropriate treatment of financial liability because the liability can be settled by cash or delivery of another financial instrument.

The fair value of the Copper Stream obligation was valued by a third party expert using a Monte Carlo simulation model. The significant assumptions developed by management used in the Monte Carlo simulation included the LME cash copper price, long term copper price volatilities and a discount rate of 14.7% based on the Company’s weighted average cost of capital, which was considered to most closely reflect the risks associated with the Vares Project’s cash flows. Sensitivities of the discount rate compared with the weighted cost of capital are shown in note 6C showing the impact of using 5% and 10% instead of the Company’s 14.7% as inputs to the Monte Carlo simulation.

5. Receivables and prepayments

(In USD)	30 June 2023	31 December 2022
Accrued interest income	60,750	57,114
Prepayments and deposits	20,745,693	17,119,197
Taxes receivable	2,940,319	1,618,066
Other receivables	7,746	35,938
Total	23,754,508	18,830,315

Vares Project prepayments and deposits mainly represent advance payments in respect of equipment purchases.

Taxes receivable primarily represent VAT receivable in Bosnia, including Vares Project construction and other expenditure during the Period.

The segmental analysis of receivables and prepayments is as follows:

30 June 2023

	Bosnia	Serbia	Corporate	Total
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Accrued interest income	-	-	60,750	60,750
Prepayments and deposits	20,170,108	320,108	255,477	20,745,693
Taxes receivable	2,833,861	63,881	42,577	2,940,319
Other receivables	1,209	4,097	2,440	7,746
Total	23,005,178	388,086	361,244	23,754,508

31 December 2022

	Bosnia	Serbia	Corporate	Total
Accrued interest income	-	-	57,114	57,114
Prepayments and deposits	16,802,323	114,756	202,118	17,119,197
Taxes receivable	1,468,539	75,343	74,184	1,618,066
Other receivables	608	3,105	32,225	35,938
Total	18,271,470	193,204	365,641	18,830,315

6. Borrowings and Derivative Liability

A. Total borrowings and derivative liability

(In USD)	Orion Senior Secured Debt	Copper Stream	QRC Convertible Debt	Total Borrowings	Derivative Liability on QRC Convertible Debt
At 31 December 2022	26,212,369	-	16,285,683	42,498,052	6,369,219
Additions	58,560,421	22,500,000	-	81,060,421	-
Interest expense	4,743,423	-	859,141	5,602,564	-
Payment of Interest	-	-	(945,000)	(945,000)	-
Revaluation of fair value embedded option	-	-	-	-	180,342
Day one fair value adjustment	-	13,006,219	-	13,006,219	-
Fair Value Revaluation at 30 June 2023	-	(952,858)	-	(952,858)	-
At 30 June 2023	89,516,213	34,553,361	16,199,824	140,269,398	6,549,561

The \$4,743,423 interest expense on the Orion Senior Secured Debt represents interest accrued which will be paid over the same period as the debt repayment, starting from mid-2024. During the Period this accrued interest was capitalised within additions to mine under construction. See note 7 for further details.

Balances at 30 June 2023 and 31 December 2022 are analysed below:

At 30 June 2023	Orion Senior Secured Debt	Copper Stream	QRC Convertible Debt	Total Borrowings	Derivative Liability on QRC Convertible Debt
Current liability	9,474,342	3,816,782	-	13,291,124	-
Non-current liability	80,041,871	30,736,579	16,199,824	126,978,274	6,549,561
	89,516,213	34,553,361	16,199,824	140,269,398	6,549,561

At 31 December 2022	Orion Senior Secured Debt	Copper Stream	QRC Convertible Debt	Total Borrowings	Derivative Liability on QRC Convertible Debt
Current liability	-	-	-	-	-
Non-current liability	26,212,369	-	16,285,683	42,498,052	6,369,219
	26,212,369	-	16,285,683	42,498,052	6,369,219

B. Orion Senior Secured Debt

On 10 January 2022, the Group announced the completion of a \$142.5m debt financing package ("Orion Debt Finance Package"), with Orion Resource Partners (UK) LLP ("Orion") comprising:

- \$120m Senior Secured Debt; and
- \$22.5m Copper Stream

The Senior Secured Debt maturity date is 30 June 2027. Interest accrues daily at an annual rate equal to a margin of 7.5% plus the greater of (i) a floor of 0.26161% plus the CME Term SOFR for a period equal to three months and (ii) the floor of 0.26161%.

Secured Overnight Financing Rate ("SOFR") is a secured interbank overnight interest rate used as a reference rate by parties in commercial contracts, as an alternative to LIBOR which was discontinued in 2021. The CME SOFR is administered by the CME Group. During the Period, the average of the applicable CME Term SOFR was 5.05008%, meaning that the average total interest rate was 12.55008%.

The First Repayment Date is the earlier of the Project Completion Longstop Date being 30 June 2024 and the last business day of the quarter following the quarter in which the Project Completion Date falls.

The repayment schedule provides for the repayment of the loan in 10 equal quarterly installments in each of the 10 successive quarters, with the first such quarterly repayment occurring on the First Repayment Date and the repayment in each successive quarter occurring on the last Business Day of the relevant quarter.

Interest accrues daily and is payable on each interest repayment date, on the final maturity date, and on any earlier date on which a loan is prepaid in full or in part.

The Orion Debt Finance Package contains covenants and restrictive covenants typical for project financing, including in relation to financial reporting. It also contains security customary for project financing, principally security over the assets of Adriatic Metals BH and material project-related contracts held by the Adriatic Group.

A Debt-Service Coverage Ratio (“DSCR”) covenant is included in the Orion Debt Finance Package, with the first DSCR testing period expected to be mid-2024, and six months thereafter. The DSCR is required to be above 1.25x and the Company’s forecasts show substantial headroom above this.

The Orion Senior Secured Debt first tranche of \$30,000,000 was drawn in December 2022 net of associated \$1,767,075 legal and other fees incurred by Orion as lender, with a net amount of \$28,232,925 received. At 31 December 2022, these Orion fees and a further amount of transaction fees totaling \$2,056,040 incurred by the Group were recognised as a deduction from the value of borrowings in accordance with IFRS 9, on the basis that they represented transaction costs directly attributable to the acquisition of the borrowings.

During the Period, legal and other fees totaling \$1,439,579 incurred by Orion as lender were similarly deducted from the value of the second and third tranches of Senior Secured Debt drawn down in February and April 2023, as transaction costs directly attributable to the acquisition of the borrowings, with a total net amount of \$58,560,421 received.

As a result of the cumulative total IFRS 9 deductions of \$4,062,494 which will be amortised over the life of the facility using the effective interest rate method, the Orion Senior Secured Debt balance before interest is reduced from \$90,000,000 drawn down to date to \$84,737,306. This impact will be reversed over the life of the facility as the deduction is unwound through amortisation of the deduction. Including cumulative accrued interest of \$4,778,907, the Orion Senior Secured Debt balance at 30 June 2023 amounted to \$89,516,213.

The Group is entitled to deduct the amount of any payment it makes to the Adriatic Foundation on behalf of the Lenders from any interest accrued in the last quarter of each year.

C. Copper Stream

On 13 February the Company announced that all conditions precedent for the \$22.5m Copper Stream had been satisfied and that the Copper Stream deposit funds had been received as a prepayment of the Copper Stream.

In accordance with the Copper Stream agreement signed on 8 January 2022, the Group will deliver to Orion copper warrants purchased on the London Metal Exchange with a value equal to 24.5% of the payable copper in concentrates sold at the official LME copper cash price. Orion will pay 30% of the value of copper warrants with the remaining 70% being credited to the prepayment. The agreement will be effective for an initial term of 40 years from the signing date and thereafter will automatically be extended for any successive 20 year additional periods unless there have been no active mining operations during the last 20 years of the initial term or throughout such additional periods, in which case the agreement will terminate at the end of the initial term or such additional period, as applicable. The agreements may also be terminated by the parties on mutual written consent or in the event of default.

The Group’s obligations under the Copper Stream agreement are accounted for as a financial liability at fair value through profit or loss and comprise the following at 30 June 2023:

(In USD)	30 June 2023
Deposit funds received during the Period	22,500,000
Day one fair value adjustment in respect of future delivery of copper warrants	13,006,219
Fair value at initial recognition	35,506,219
Fair value adjustment at 30 June 2023	(952,858)
Balance at the end of the Period	(34,533,361)

As the fair value of copper warrants depends on copper price volatilities and a risk-adjusted discount rate which are unobservable inputs, the financial liability above is classified within Level 3 of the fair value hierarchy.

A day one fair value adjustment has been made to recognize the initial fair value at the date on which the Copper Stream deposit was received during the Period. This adjustment has been deferred at 13th February 2023 to reflect the fact that it will be amortised over the Vares Mine production period which had not yet started at that date.

The valuation of the Copper Stream financial liability was prepared by an independent valuation specialist on behalf of the Company, using a Monte Carlo simulation model. The significant assumptions used in the Monte Carlo simulation model included: the life of mine copper production, the copper forward price curve, the long-term price volatility, and the discount rate based on the Company's weighted average cost of capital.

The following table contains sensitivities showing the impact of a 5% and 10% discount factor compared with the companies weighted average cost of capital (WACC).

Discount Rate	WACC 14.70%	10.00%	5.00%
Day one fair value adjustment	35,506,219	42,020,213	51,082,549
At 30 th June 2023	34,553,361	40,261,964	48,107,090

D. QRC convertible debt

The Group issued \$20m 8.5% convertible debt through a deed of covenant dated 30 November 2020. The debt is convertible into fully paid equity securities in the share capital of the issuer, subject to the conditions of the debt issue.

Modification

In December 2022, concurrently with the first draw down of the Orion Senior Secured Debt, Adriatic and QRC executed an amendment to the 30 November 2020 deed of covenant, providing that the cash coupon had been increased from 8.5% to 9.5% per annum effective from 10 January 2023. The amendment also confirmed that Adriatic was not required to redeem the debt following completion of the Orion project financing. This was a change from the original conditions of the debt issue which stated that where the Company secures a project financing before the final maturity date of the debt, the bondholder can require the issuer to redeem the debt at its principal amount together with the accrued but unpaid interest to such date. All other terms of the original deed remain unchanged.

Management considered the quantitative and qualitative nature of the amendment and concluded the changes constituted a non-substantial modification under IFRS 9 accounting standards.

The carrying amount of the liability was adjusted to the present value of the modified cashflows and a loss was recognised in the profit or loss in the year ended 31 December 2022. Subsequent interest expense will be calculated based on the updated internal rate of return.

Key terms and conditions of the debt agreement dated 30 November 2020 between the Company and Queens Road Capital ("QRC") are provided below.

Voluntary conversion

The debt shall be convertible into equity securities of the Company at the option of the bondholder at any time from the issue date 1 December 2020 until 30 November 2024. The number of equity securities to be issued will be determined by the conversion price in effect on the relevant conversion date. The initial conversion price is AUD 2.7976 per ordinary share.

Redemption and Purchase

a) Final redemption: where the debt is not converted, redeemed, purchased, or cancelled by the Company prior to the final maturity date, the debt shall be redeemed by the Company at its principal amount;

b) Redemption at the option of the issuer: option to the issuer to redeem all the debt outstanding, prior to the final maturity date, at its principal amount together with accrued but unpaid interest to such date if:

- At any time prior to maturity date, the volume weighted average price of the equity securities for 20 consecutive days has exceeded 125% of the conversion price. The strengthening of the Company's share price subsequent to 31 December 2022 means that this condition was satisfied during the Period; or
- The issuer delivers an optional redemption notice that contains an optional redemption date which falls on or after the third anniversary of the issue date;

c) Redemption at the option of bondholder if a change of control event occurs: the bondholder receives an option to require the issuer to redeem the debt prior to the final maturity date. In the event of a change of control, the debt shall be redeemed at:

- 130% of the principal amount, if the change of control event occurs on or prior to the second anniversary of the issuance date, together with accrued and unpaid interest till such date. This redemption ratio is no longer applicable as no change of control event occurred on or prior to the second anniversary of the issuance date; or
- 115% of the principal amount, if the change of control event occurs after the second anniversary of the issuance date, together with accrued and unpaid interest until such date.

d) Redemption at the option of the debt holder in the event of project financing: in any event where the Company secures a project financing before the final maturity date of the debt, the debt holder can require the issuer to redeem the debt at its principal amount together with the accrued but unpaid interest to such date. The amendment in December 2022 removed this option.

E. Derivative liability on QRC convertible debt

QRC’s option to convert the debt into equity and the associated potential issue of shares give rise to a variable amount of cash receivable by the Company and therefore the debt fails to meet the requirements to be classified as equity. The conversion feature of the debt has therefore been accounted for as a derivative liability, with the value of the conversion feature dependent on factors as set out below.

Management engaged external experts to review the terms of the agreement and perform a valuation. It was concluded that the call option in the hands of the bondholder satisfied the conditions stipulated by IFRS 9 Financial Instrument - Recognition and Measurement for the recognition of a derivative liability in the Group and Company accounts and required a separate fair valuation.

The redemption options in the hands of the bondholder were concluded to fall outside the exemptions of IFRS 9 and to be closely related to the debt host contract. Therefore, the redemption options need not be separated from the debt host contract and hence need not be valued separately. The Group has elected to account for the embedded derivative at fair value.

Valuation Model

The Black Scholes model was chosen as the most appropriate pricing model to value QRC’s option to convert the debt into equity and the valuation was updated at 30 June 2023. The main assumptions and inputs used in the options pricing model were as follows:

- Dividend yield - assumed to be nil because the Company has not declared or paid any dividends in prior years on ordinary shares.
- Strike price - the initial conversion price of AUD 2.7976 per ordinary share.
- Expected term - judgement applied to assign probability to the various redemption and put options in the contract. Expected term of redemption calculated as 1.42 years from the valuation date.
- Expected volatility - weekly volatility over the 1.42 years (74 weeks) was calculated as 46.94% prevailing on ASX as of the valuation date.
- Risk-free rate - risk free yield obtained from Australian Treasury bond issues converted into continuous compound yields.
- Value of underlying common stock price - the closing price of ordinary shares AUD 3.18 on the valuation date on the ASX.

Using the assumptions set out above, the Black Scholes value of the call option in the hands of the debt holder is \$6,549,561.

Sensitivity Analysis

Inputs to the Black Scholes model are based on management estimates regarding probabilities of future events. The results are sensitive to changes in key assumptions, namely the expected term of the debt and the volatility of the Company’s share price.

Sensitivity of the debt value to reasonably possible changes in the assumptions of expected term and volatility of the Company’s share price are as follows:

		Change in volatility of Company’s share price		
		35%	Unchanged (44.67%)	55%
Change in expected term	52 Weeks	\$1.57m Decrease	\$0.83m Decrease	\$0.03m Decrease
	Unchanged (74 weeks)	\$0.87m Decrease	-	\$0.95m Increase
	130 Weeks	\$0.58m Increase	\$1.71m Increase	\$2.91m Increase

7. Property, plant and equipment

Cost (In USD)	Land & Buildings	Plant & Machinery	Mine under Construction	Total
31 December 2022	4,780,817	2,026,139	71,803,862	78,610,818
Additions	-	1,458,972	49,414,293	50,873,265
Disposals	-	-	-	-
Reclassification	(163,253)	-	163,253	-
Foreign exchange difference	-	897	292	1,189
30 June 2023	4,617,564	3,486,008	121,381,700	129,485,272

Mine under construction amounts relate to the Vares Project, located in Bosnia and Herzegovina. Mine under construction additions during the Period of \$49,414,293 include the capitalisation of \$4,175,910 accrued interest expense on the Orion Debt Finance Package, as set out in note 6, and \$1,019,817 of depreciation on mining equipment delivered by Nova Mining & Construction d.o.o. prior to 30 June 2023, as shown in note 11. Additions to mine under construction also include creditor balances of \$1,354,663 at 30 June 2023 (31 December 2022: \$1,535,702).

The investment in purchase of property, plant and equipment of \$44,322,875 in the consolidated interim statement of cash flows is lower than the additions amount of \$49,414,293 above as it excludes both the capitalised interest, which is accrued and not yet paid, and the capitalised depreciation, which is a non-cash item.

Depreciation (in USD)

31 December 2022	61,119	497,062	192,074	750,255
Charge for the Period	12,283	296,042	-	308,325
Foreign exchange difference	-	-	-	-
30 June 2023	73,402	793,104	192,074	1,058,580

Net Book Value (in USD)

31 December 2022	4,719,698	1,529,077	71,611,788	77,860,563
30 June 2023	4,544,162	2,692,904	121,189,626	128,426,692

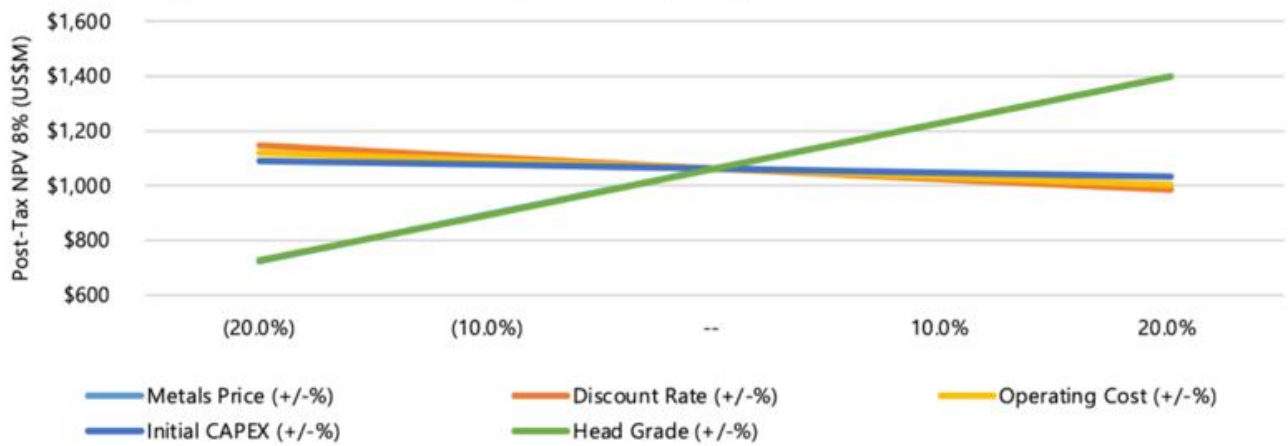
The segmental analysis of property, plant and equipment net book value is as follows:

Cost (In USD)	Land & Buildings	Plant & Machinery	Mine under Construction	Total
31 December 2022				
Bosnia and Herzegovina	4,703,342	1,420,191	71,611,788	77,735,321
Serbia	-	89,837	-	89,837
Corporate	16,356	19,049	-	35,405
Total	4,719,698	1,529,077	71,611,788	77,860,563
30 June 2023				
Bosnia and Herzegovina	-174,359	1,077,945	49,578,338	50,481,924
Serbia	(1,178)	(2,363)	-	(3,541)
Corporate	-	88,247	-	88,247
Total	4,544,162	2,692,064	121,189,626	128,426,691

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The sensitivity of the Vares Project to key project inputs is considered within the Feasibility Study, which showed a post-tax NPV₈ of \$1,062m. The chart below includes sensitivities to key input.

s, demonstrating that significant headroom exists over the \$120,604,852 net book value of the Vares Project mine under construction:



8. Exploration and evaluation assets

Cost (In USD)	Raska Project in Serbia	Total Exploration and Evaluation Assets
30 June 2022	31,686,959	31,686,959
Foreign exchange difference	-	-
Impairment	(23,186,959)	(23,186,959)
31 December 2022	8,500,000	8,500,000
30 June 2023	8,500,000	8,500,000
30 June 2022	-	-
Net Book Value		
31 December 2022	8,500,000	8,500,000
30 June 2022	8,500,000	8,500,000

Exploration and evaluation assets relate to the Raska Project in Serbia. The balance at 30 June 2022 of \$31,686,959 mainly reflects the \$31,804,990 value recorded on the acquisition of the Tethyan group, by which the Company acquired the Kremice, Kizevak and Sastavci licences (see note 9 for further details).

The Group is developing the Raska Project over a longer horizon, including advancing new prospects in the Company's tenement area during 2023 to complement Kremice, Kizevak and Sastavci. During the first half of 2023 extension approvals were granted for Kizevak and Sastavci permits on 29 May 2023 while the Kremice permit extension was granted on 7 July 2023. Drilling continued during the Period with positive results and there have been no indicators of impairment during the Period.

The Raska Project is managed as a single project and if advanced to the production stage, it is anticipated that there would be a single processing plant. The project is therefore treated as a single cash generating unit, with the post-impairment value of \$8,500,000 attributed to the Raska Project as a whole instead of to specific tenements.

9. Deferred consideration

On 8 October 2020 the Company finalised the acquisition of Tethyan Resource Corp. ("Tethyan"). Prior to its acquisition Tethyan entered into an option agreement with EFPP d.o.o. the holder of the Kizevak and Sastavci licences in Serbia, with first closing completed on 14 May 2020 to acquire 10% equity in EFPP d.o.o. Immediately prior to the completion of the acquisition of Tethyan by the Company the Kizevak and Sastavci licences were spun out to a newly formed company called Ras Metals d.o.o. ("Ras") in which Tethyan also held a 10% equity interest. The spin out was a condition precedent to closing of the Tethyan acquisition.

At any time within 12 months of the Ras transaction first closing, the Company was able to acquire the remaining 90% ownership stake in Ras by providing the following deferred consideration:

- making a payment of €1,365k to the sellers of Ras;
- granting a 2% NSR over the licences
- issuing 664,000 shares of the Company to the sellers in four equal tranches every six months commencing on second closing; and
- making a €0.5m payment on the two-year anniversary of the first closing.

With the exception of the 2% NSR grant over the licences which could not be reliably estimated at that time, the fair value of remaining consideration payable under the Ras Option agreement was estimated at \$3,436,991 at 31 December 2020.

On 23 February 2021, the Company completed the acquisition of the remaining issued share capital of Ras making payment of €1,365k to the sellers and issuing the first tranche of 166,000 shares.

On 24 August 2021 the second tranche of 166,000 shares was issued in line with the agreement. The third tranche of 166,000 shares was issued on 2 March 2022 and €0.5m was also paid to sellers on 11 May 2022. The fourth and final tranche of 166,000 shares was issued on 22 August 2022.

The fair value of the 2% NSR over the licences, which is the remaining element of deferred consideration, continues to be estimated at the balance sheet date to be nil, on the basis that it will not be possible to make a reliable estimate until a feasibility study has been prepared. The Company has not yet defined a JORC-compliant resource.

Movements in the deferred consideration are shown below:

(In USD)	Deferred Consideration
30 June 2020	-
Acquisition first close 8 October 2020	3,436,991
31 December 2020	3,436,991
Payments to sellers	(1,635,268)
Value of shares issued to sellers	(612,744)
Revaluation of fair value liability	(27,710)
31 December 2021	1,161,269
Value of shares issued to sellers	(248,655)
Payments to sellers	(525,785)
Revaluation of fair value liability	(156,439)
30 June 2022	230,390
Value of shares issued to sellers	(235,490)
Revaluation of fair value liability	5,100
31 December 2022	-
30 June 2023	-

10. Accounts payable and accrued liabilities

(In USD)	30 June 2023	31 December 2022
Trade payables	1,655,513	2,585,755
Accrued liabilities	6,036,442	2,617,585
Other payables	80,374	138,400
	7,772,329	5,341,740

Other payables include amounts payable in relation to PAYE.

11. Right-of-use assets and lease liabilities

Set out below are the carrying amounts of right-of-use assets accounted for in accordance with IFRS 16 and the movements during the Period:

(In USD)	Land & buildings	Plant & Machinery	Total
31 December 2022	793,579	8,160,256	8,953,835
Additions	484,898	695,736	1,180,634
Modification	26,404	-	26,404
Depreciation	(125,955)	(1,035,803)	(1,161,757)
Foreign Exchange Difference	36,001	-	36,001
30 June 2023	1,214,927	7,820,189	9,035,117

The largest right of use asset relates to mining equipment delivered prior to 30 June 2023 under a five-year mining services contract with Nova Mining & Construction d.o.o., which is included in plant and machinery above. Depreciation of \$1,019,817 on this mining equipment is capitalised within additions to mine under construction asset. See note 7 for further details.

The remaining leases relate to other machinery, administrative buildings and coresheds.

Set out below are the carrying amounts of lease liabilities and the movements during the Period:

(In USD)	Land & buildings	Plant & Machinery	Total
31 December 2022	884,361	7,302,380	8,186,741
Additions	484,898	695,736	1,180,634
Modifications	16,849	-	16,849
Interest expense	56,685	(63,583)	(6,898)
Payments	(227,351)	(1,235,633)	(1,462,984)
Foreign Exchange difference	(39,651)	-	(39,651)
30 June 2023	1,175,791	6,698,900	7,874,691

Of this amount at 30 June 2023, \$2,190,664 (31 December 2022: \$2,379,000) is recognised as a current liability and the remainder \$5,684,027 is shown within non-current liabilities (31 December 2022: \$5,807,741).

The following are the amounts recognised in statement of comprehensive income:

(In USD)	6 months ended 30 June 2023	6 months ended 30 June 2022
Depreciation expense of right-of-use assets	1,161,757	146,468
Interest expense on lease liabilities	6,898	66,135
Total amount recognised in profit or loss	1,168,655	212,603

The following are the amounts recognised in statement of cashflow:

(In USD)	6 months to 30 June 2023	6 months to 30 June 2022
Capital payments on lease liabilities	781,733	343,816
Interest paid on lease liabilities	681,251	82,119
Total amount paid in respect of lease liabilities	1,462,984	425,935

12. Financial instruments

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy, depending on whether the fair value measurements are derived from:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); or
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction. Set out below are the financial instruments held at amortised cost and fair value through profit or loss and their fair value measurement hierarchy.

See note referenced for further detail on inputs to fair value for each financial instrument.

At 30 June 2023 (In USD)	Note	At amortised cost	At fair value through profit or loss	Total	Fair Value Hierarchy
Financial assets					
Cash and cash equivalents		85,602,299	-	85,602,299	N/A
Other Assets			12,429,195	12,429,195	N/A
Accrued interest receivable		60,750	-	60,750	N/A
Total financial assets		85,663,049	12,429,195	98,092,244	
Financial liabilities					
Accounts payable and accrued liabilities	10	7,772,329	-	7,772,329	N/A
Borrowings	6	-	140,269,398	140,269,398	Level 3
Derivative liability	6	-	6,549,561	6,549,561	Level 3
Total financial liabilities		7,772,329	146,818,959	154,591,288	
Net financial assets/(liabilities)		77,890,720	(134,389,764)	(56,499,044)	

At 31 December 2022 (In USD)	Note	At amortised cost	At fair value through profit or loss	Total	Fair Value Hierarchy
Financial assets					
Cash and cash equivalents		60,585,277	-	60,585,277	N/A
Accrued interest receivable		35,938	-	35,938	N/A
Total financial assets		60,621,215	-	60,621,215	
Financial liabilities					
Accounts payable and accrued liabilities	10	5,341,740	-	5,341,740	N/A
Borrowings	6	42,498,052	-	42,498,052	Level 3
Derivative liability	6	-	6,369,219	6,369,219	Level 3
Total financial liabilities		47,839,792	6,369,219	54,209,011	
Net financial assets/(liabilities)		12,781,423	(6,369,219)	6,412,204	

13. Financial risk management

A. Credit risk

Credit risk arises from the risk that a counter party will fail to perform its obligations. Financial instruments that potentially subject the Group to concentrations of credit risk consist of cash and cash equivalents and receivables (excluding prepayments).

Due to the nature of the business, the Group's exposure to credit risk arising from routine operating activities is currently inherently low. However, the Audit & Risk Committee considers the risks associated with new material counterparties where applicable to ensure the associated credit risk is of an acceptable level.

The total amount of cash and cash equivalents and receivables represents the Group's maximum credit exposure.

The Group's cash is held in major UK, Jersey, Australian, Serbian and Bosnian financial institutions, and as such the Group is exposed to credit risks of those financial institutions. The Group's main cash holdings are located in UK and Jersey A1 or A2 rated institutions and as such are considered to have low credit risk.

The Group's receivables include value added tax receivables due from governments in the UK and Bosnia and Herzegovina. These amounts are excluded from the definition of financial instruments in the accounts and in any event are considered to have low credit risk. Of the remaining receivables and prepayments, any changes in management's estimate of the recoverability of the amount due will be recognised in the period of determination and any adjustment may be significant.

The Board of Directors, with input from the Audit & Risk Committee, is ultimately responsible for monitoring exposure to credit risk on an ongoing basis and does not consider such risk to be significant at this time. The Group therefore considers all of its financial assets to be fully collectible.

B. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The following table illustrates the maturity analysis of the Group's contractual gross financial liabilities based on exchange rates at the reporting date. The contractual gross financial liabilities shown below are undiscounted estimated cash outflows which, where applicable, include estimated future interest payments, and certain amounts therefore differ from the amounts presented in the consolidated interim financial statements and elsewhere in the accompanying notes.

At 30 June 2023 (In USD)	Within 30 days	30 days to 6 months	6 to 12 months	Over 12 months
Accounts payable and accrued liabilities	7,772,329	-	-	-
Borrowings	-	-	13,291,124	126,978,274
Derivative liability	-	-	-	6,549,562
Lease liabilities	182,555	991,250	1,189,500	5,511,386
	7,954,884	991,250	14,480,624	139,039,222

At 31 December 2022 (In USD)	Within 30 days	30 days to 6 months	6 to 12 months	Over 12 months
Accounts payable and accrued liabilities	5,341,740	-	-	-
Borrowings	-	-	-	46,316,489
Derivative liability	-	-	-	6,369,219
Lease liabilities	198,250	991,250	1,189,500	7,995,030
	5,539,990	991,250	1,189,500	60,680,738

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the value of the Group's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximising long term returns.

The Group conducts development and exploration projects in Bosnia and Herzegovina and in Serbia. As a result, a portion of the Group's expenditures, receivables, cash and cash equivalents, accounts payable and accrued liabilities are denominated in Bosnian Marks, Serbian Dinar, Great Britain Pounds, Australian Dollars, and Euros and are therefore subject to fluctuation in exchange rates.

At 30 June 2023, a 10% change in the exchange rate between USD and the Euro, Bosnian Mark and Serbian Dinar, which is a reasonable estimation of volatility in exchange rates, would have an impact of approximately \$1.3m on the Group's total comprehensive loss, and approximately \$0.02m on the balance of cash and cash equivalents.

D. Fair values

The fair value of cash, receivables, accounts payable and accrued liabilities approximate their carrying amounts due to the short term nature of the instruments.

As set out in note 12, fair value measurements recognised in the consolidated statement of financial position subsequent to their initial fair value recognition can be classified into Levels 1 to 3 based on the degree to which fair value is observable.

There were no transfers between any levels of the fair value hierarchy in the current or prior years.

E. Capital management

The Group's objectives in managing capital are to safeguard its ability to operate as a going concern while pursuing exploration and development and opportunities for growth through identifying and evaluating potential acquisitions of assets or businesses. The Company defines capital as the equity attributable to equity shareholders of the Company which at 30 June 2023 was \$96,660,977 (31 December 2022: \$107,903,026).

The Group sets the amount of capital in proportion to its risk and corporate growth objectives. The Group manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets.

See note 6 for details of the Group's borrowings and derivative liability.

14. Equity

A. Authorised share capital

The authorised share capital of the Company consists of an unlimited number of voting ordinary shares with a nominal value of £0.013355.

B. Common shares issued.

	Shares	Share Capital (In USD)	Share Premium (In USD)	Merger Reserve (In USD)
31 December 2021	266,073,240	5,279,546	143,259,675	23,019,164
Shares issued on acquisition of subsidiary	166,000	2,972	-	245,683
Share issue costs	-	-	(46,125)	-
Shares issued on exercise of options and performance rights	140,000	2,538	-	-
30 June 2022	266,379,240	5,285,056	143,213,550	23,264,847
31 December 2022	272,746,292	5,376,349	143,829,631	23,497,730
Shares issued on acquisition of subsidiary	-	-	-	-
Share issue costs	-	-	(73,516)	-
Shares issued on exercise of options and performance rights	5,130,495	84,558	1,045,929	-
30 June 2023	277,876,787	5,460,907	144,802,044	23,497,730

The average price paid for shares issued in the Period was \$0.17 per share (30 June 2022: \$0.82 per share).

Share issue costs in the period ended 30 June 2022 related to the issue of 49,350,000 shares during November 2021, for which some costs were recorded in the following period.

C. Share options and performance rights

All share options and performance rights are issued under the Group's share option plans.

The following table summarises movements of the Company's share option plans:

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	Weighted average exercise price of options (USD)	Number of options	Number of performance rights	Total options and performance rights
31 December 2021	0.39	12,212,480	990,000	13,202,480
Issued	0.02	-	548,012	548,012
Exercised	0.02	-	(140,000)	(140,000)
Expired	0.02	-	(250,000)	(250,000)
30 June 2022	0.39	12,212,480	1,148,012	13,360,492

	Weighted average exercise price of options (USD)	Number of options	Number of performance rights	Total options and performance rights
31 December 2022	0.46	5,174,300	941,594	6,115,894
Issued	-	-	891,583	891,583
Exercised	0.13	(5,018,260)	(538,194)	(5,556,454)
Expired	1.21	(14,940)	-	(14,940)
30 June 2023	2.41	141,100	1,294,983	1,436,083

On exercise, holders of performance rights are required to pay £0.013355 for each performance right exercised, being the nominal value of one ordinary share.

No options were granted during the year or prior year. Performance rights granted in the year were valued using the Black-Scholes method (see note 14F).

Options outstanding:

At 30 June 2023

Grant date	Options outstanding	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
8 October 2020	91,300	GBP £1.80	0.7	28 February 2024	91,300
8 October 2020	24,900	GBP £2.22	0.7	7 March 2024	24,900
8 October 2020	24,900	GBP £1.20	1.1	19 August 2024	24,900
	141,100				141,100

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At 30 June 2022

Grant date	Options outstanding	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
27 April 2018	9,000,000	A\$0.20	1.0	1 July 2023	9,000,000
29 November 2019	1,000,000	A\$1.00	0.4	28 November 2022	1,000,000
29 November 2019	1,000,000	A\$1.25	0.4	28 November 2022	1,000,000
8 October 2020	41,500	GBP £1.06	0.4	5 December 2022	41,500
8 October 2020	29,880	GBP £1.06	0.5	3 January 2023	29,880
8 October 2020	91,300	GBP £1.80	1.7	28 February 2024	50,630
8 October 2020	24,900	GBP £2.22	1.7	7 March 2024	7,470
8 October 2020	24,900	GBP £1.20	2.1	19 August 2024	7,470
6 November 2020	1,000,000	A\$2.20	1.4	7 November 2023	1,000,000
	12,212,480				12,136,950

Performance rights outstanding:

At 30 June 2023

Grant date	Performance rights outstanding	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
17 February 2022	100,000	0.5	31 December 2023	-
17 February 2022	100,000	1.0	30 June 2024	-
17 February 2022	28,400	2.5	31 December 2025	672
5 April 2022	100,000	0.5	31 December 2023	-
5 April 2022	25,000	1.5	31 December 2024	-
5 April 2022	50,000	2.5	31 December 2025	-
23 February 2023	314,533	3.5	31 December 2026	-
24 May 2023	142,778	4.5	1 January 2028	-
24 May 2023	434,272	4.8	24 May 2028	-
	1,294,983			672

At 30 June 2022

Grant date	Performance rights outstanding	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
29 November 2019	50,000	0.4	28 November 2022	50,000
6 August 2020	500,000	2.5	31 December 2024	-
1 July 2021	150,000	1.0	30 June 2023	-
17 February 2022	100,000	1.5	31 December 2024	-
17 February 2022	100,000	2.0	30 June 2024	-
17 February 2022	48,012	3.5	31 December 2025	-
5 April 2022	100,000	1.5	31 December 2023	-
5 April 2022	50,000	2.5	31 December 2024	-
5 April 2022	50,000	3.5	31 December 2025	-
	1,148,012			50,000

D. Warrants reserve.

Warrants were issued as part of Tethyan Resource Corp acquisition.

The following table presents movements in the Group's warrants reserve:

(In USD)	Warrants reserve
31 December 2021	2,743,303
Expired	-
Exercised	-
30 June 2021	2,743,303
31 December 2022	2,743,303
Expired	-
Exercised	-
30 June 2023	2,743,303

At 30 June 2023

Grant date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
8 October 2020	2,651,020	£0.88	0.6	30 January 2024	2,651,020
	2,651,020				2,651,020

At 30 June 2022

Grant date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
8 October 2020	2,651,020	£0.88	1.6	30 January 2024	2,651,020
	2,651,020				2,651,020

E. Share-based payment reserve

The following table presents changes in the Group's share-based payment reserve during the six months period ended 30 June 2022:

(In USD)	Share-based payment reserve
31 December 2021	5,778,882
Exercise of share options and performance rights	(243,096)
Issue of performance rights	415,378
Expiry/cancellation of options and performance rights	(110,058)
30 June 2022	5,841,106
31 December 2022	4,943,436
Exercise of share options and performance rights	(2,815,955)
Issue of performance rights	348,898
Short term incentive plan awards	-
Expiry/cancellation of options and performance rights	-
30 June 2023	2,476,379

F. Share-based payment expense

During the period ended 30 June 2023 the Group recognised share-based payment expenses of \$395,265 (30 June 2022: \$305,321).

(In USD)	Period ended 30 June 2023	Period ended 30 June 2022
Awards and expiry/cancellations during the year		
Issue of options and performance rights	194,570	158,296
Short term incentive plan awards	-	-
Expiry/cancellation of options	-	(19,876)
	194,570	138,420
Awards and expiry/cancellations relating to prior years awards		
Issue of options and performance rights	200,695	257,083
Expiry/cancellation of options	-	(90,182)
	200,695	166,901
	395,265	305,321

The issue of options and performance rights gives rise to a share-based payment expense based on the fair value of the share-based payment compensation, which is recognised over the expected vesting period.

The fair value of the share-based compensation was estimated on the dates of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

For the period ended	30 June 2023	30 June 2022
Risk-free interest rate	3.01% - 3.93%	0.33% - 1.31%
Expected volatility ⁽¹⁾	39.06% - 56.00%	32.56% - 36.07%
Expected life (years)	3.85 - 5.00	1.74 - 3.87
Fair value per performance right	£0.83 - £1.79	£1.22 - £1.46
Fair value per option	-	-

⁽¹⁾ Expected volatility is derived from the Company's historical share price volatility.

All options and performance rights have both market and non-market vesting conditions with the exception of those issued to Non-Executive Directors in prior periods. Non-market vesting conditions include Group and individual performance targets such as permitting milestones, exploration drilling rates or completion of business improvement projects. Details of the vesting condition relating to options and performance rights issued to executive Directors are included in the Remuneration & Nomination Committee Report in the 31 December 2022 Annual Report and in the Notice of Annual General Meeting held on 24 May 2023.

G. Per share amounts

	6 months ended 30 June 2023	6 months ended 30 June 2022
Loss for the period attributable to owners of the parent equity (In USD)	9,278,044	8,816,049
Weighted average number of common shares for the purposes of basic loss per share	270,354,488	266,331,761
Basic loss per share (cents)	(3.43)	(3.31)

A total of 1,294,983(30 June 2022: 1,148,012) options and performance rights have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at 30 June 2023.

H. Foreign Currency Translation Reserve

(In USD)	Foreign Currency Translation Reserve
31 December 2021	1,073,214
Other comprehensive income	505,094
30 June 2022	1,578,308
31 December 2022	1,260,333
Other comprehensive income	216,433
30 June 2023	1,476,766

15. Exploration activities expensed

(In USD)	6 months ended 30 June 2023	6 months ended 30 June 2022
Exploration activities expensed	614,576	446,033

Exploration activities expensed during the year represent costs incurred at the Raska Project, for which a JORC-compliant resource has not yet been established.

16. General and administrative expenses

(In USD)	6 months ended 30 June 2023	6 months ended 30 June 2022
Wages and salaries	3,020,818	1,678,102
Consultancy fees	489,871	555,272
Cash remuneration in respect of qualifying services	3,510,689	2,233,374
Professional fees	538,616	528,734
Amortisation	62,215	146,468
Depreciation	311,445	84,712
Audit fee	92,124	83,000
Marketing	376,542	200,025
Stock exchange fees	84,946	116,638
Other costs	1,826,351	801,720
	6,802,928	4,194,671

Other costs, which include property costs, IT expenses, insurance, and transportation costs, have increased as a result of the Vares Project construction progress and in preparation for the start of concentrate production.

17. Finance income and expense

(In USD)	6 months ended 30 June 2023	6 months ended 30 June 2022
Interest income	329,468	-
Finance income	329,468	-

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Interest income relates to interest earned on cash holdings. Of the total interest income recognised during the Period of \$908,227, \$847,477 was received in cash during the Period and the remaining \$60,750 is recognised as accrued interest income.

Of the \$908,227 total interest income in the Period, \$578,759 relates to funds drawn down under the Orion Debt Finance Package but not yet used and has therefore been capitalised within additions to the mine under construction asset as set out in note 7.

(In USD)	6 months ended 30 June 2023	6 months ended 30 June 2022
Interest expense	859,141	864,968
Interest expense on lease liabilities	681,258	82,119
Amortised day one fair value gain on copper stream	577,025	-
Foreign exchange loss	452,277	4,591,609
Finance expense	2,569,701	5,538,696

Interest expense principally relates to the QRC convertible bond, see note 6 for further details. Accrued interest in the Period of \$4,743,423 on the Orion Debt Finance Package has been capitalised within additions to the mine under construction asset as set out in note 7.

The net total of interest expense that has been capitalised within additions to the mine under construction asset is \$4,164,664, as shown in note 7.

18. Segmental information

The segmental analysis of the Group's loss after tax and movement in non-current assets is as follows:

(In USD)	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Bosnia	Serbia	Corporate	Total	Bosnia	Serbia	Corporate	Total
Exploration activities expenses	-	(614,576)	-	(614,576)	(580)	(445,453)	-	(446,033)
General and administrative expenses	(3,724,128)	(874,849)	(2,203,951)	(6,802,928)	(986,786)	(671,828)	(2,536,057)	(4,194,671)
Share-based payment expense	-	-	(395,265)	(395,265)	-	-	(305,321)	(305,321)
Other income	-	-	2,442	2,442	-	-	2,233	2,233
Operating Loss	(3,724,128)	(1,489,425)	(2,596,774)	(7,810,327)	(987,366)	(1,117,281)	(2,839,145)	(4,943,792)
Finance income	-	-	329,468	329,468	-	-	-	-
Finance expense	-	-	(2,971,843)	(2,971,843)	-	-	(5,538,698)	(5,538,698)
Revaluation of fair value asset	-	-	-	-	-	-	1,510,002	1,510,002
Revaluation of external borrowing and derivative liability	-	-	1,174,658	1,174,658	-	-	-	-
Revaluation of deferred consideration	-	-	-	-	-	-	156,439	156,439
Loss before tax	(3,724,128)	(1,489,425)	(4,064,491)	(9,278,044)	(987,366)	(1,117,281)	(6,711,402)	(8,816,049)
Tax charge	-	-	-	-	-	-	-	-
Loss after tax	(3,724,128)	(1,489,425)	(4,064,491)	(9,278,044)	(987,366)	(1,117,281)	(6,711,402)	(8,816,049)

(In USD)	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Bosnia	Serbia	Corporate	Total	Bosnia	Serbia	Corporate	Total

Purchase of mining under construction assets	50,874,454	-	-	50,874,454	12,009,984	-	-	12,009,984
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19. Other Income

(In USD)	6 months ended 30 June 2023	6 months ended 30 June 2022
Recharge of corporate office facilities and services	2,442	2,233
	2,442	2,233

Recharge of corporate office facilities and services relates to shared facilities of the Company's registered UK office address. See related party disclosures in note 20 for further details.

20. Related party disclosures

A. Related party transactions

The Group's related parties include key management personnel, companies which have directors in common and their subsidiaries and any entities over which the Company may exert significant influence. The Company has identified the following related parties:

- Swellcap Limited, an entity controlled by Paul Cronin;
- Black Dragon Gold Corp, an entity of which Paul Cronin is the Non-Executive Chairman and substantial shareholder;
- Legal Solutions d.o.o., an entity of which Sanela Karic is Chief Executive Officer and substantial shareholder;
- Ventura Trustees Limited provides administration and accountancy services to Adriatic Metals Trading and Finance Ltd. Darren English and Stuart Hodgson are directors, and Paulina Harvey is an employee, of Ventura Trustees Limited, in which capacity they are also directors of subsidiary Adriatic Metals Trading and Finance Ltd.,
- Baccata Secretaries Limited provides company secretarial services to Adriatic Metals Trading and Finance Ltd. Darren English and Stuart Hodgson are directors of Baccata Secretaries Limited, in which capacity Darren English is a director, and Stuart Hodgson was a director until his resignation during the year, of Adriatic Metals Trading and Finance Ltd.; and
- The Adriatic Foundation is a not-for-profit trust which was created in Bosnia and Herzegovina with the objective of supporting the communities around the Vares Project. Adriatic Metals PLC provided the initial funding required for the formation of the Foundation. The Company has the ability to appoint the Board of Trustees of the Foundation and the Foundation has therefore been classified as a related party on the basis that the Company is in a position to yield significant influence over it.

Transactions and balances with these related parties were as follows:

Related Party (In USD)	6 months ended 30 June 2023		6 months ended 30 June 2022		Nature of transactions
	(Paid to)/ received from the related party	Balance (owed to)/ due from the related party	(Paid to)/ received from the related party	Balance (owed to)/ due from the related party	
Blackdragon Gold Corp	2,442	-	4,760	2,233	Corporate office facilities and services
Legal Solutions d.o.o	(23,040)	-	-	-	Legal Services
Baccata Secretaries Limited	(10,317)	-	-	-	Company secretarial services

The Company announced on 9 June 2021 its intention to donate 0.25% of the future profits from its operations in Bosnia and Herzegovina to the Foundation.

Transactions with key management personnel are disclosed in Note 21B below.

B. Key management personnel compensation

Compensation for key management personnel is shown in the table below. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel are considered to be the Non-Executive Directors and the Managing Director and Chief Executive Officer in the period ended 30 June 2023 as well as the previous Chief Financial Officer up until departure in the prior period 6 months ended 30 June 2022.

(In USD)	6 months ended 30 June 2023	6 months ended 30 June 2022
Board fees	192,975	201,621
Consultancy fees	208,449	257,076
KPI bonus	-	86,898
Other	-	117,561
Cash remuneration in respect of qualifying services	401,424	663,156
Share-based payments expense	28,764	-
Social security costs	11,647	29,756
	441,835	692,912

Share-based payments expense is stated at fair value at the time of grant using the Black-Scholes option pricing model. Further details are available in note 14F of the accounts.

No amount remained outstanding at 30 June 2023 in respect of key management personnel short term incentive plan bonuses for 2022, and no accrual has been made in respect of such bonuses for 2023.

21. Rehabilitation Provision

Based on construction activity on the Vares Project up to 30 June 2023, the Group has recognised a provision of \$5,211,580 for its future closure, restoration, and environmental obligations (31 December 2022: \$4,431,212).

(In USD)	30 June 2023	31 December 2022
Undiscounted rehabilitation provision	7,706,023	6,551,455
Impact of discounting	(2,494,443)	(2,120,243)
	5,211,580	4,431,212

The provision represents the net present value of the Company's best estimate of the Vares mine's future closure, restoration and environmental obligations, based on the extent of land and other disturbance at 30 June 2023 caused by construction and other activities.

The Vares mine is not yet operational and the current mine life is estimated as ten years. Expenditure for rehabilitation will therefore occur more than 5 years after the balance date.

The fair value of the above provision is measured by unwinding the discount on expected future cash flows over the period up to closure, using a discount factor of 3.6% that reflects the credit-adjusted risk-free rate of interest. The yield of US Treasury bonds with a maturity profile commensurate with the anticipated rehabilitation schedule has been used to determine the discount factor applied to anticipated future rehabilitation costs.

The sensitivity of the provision to a 1% change in the discount factor is shown below:

- a decrease from 3.6% to 2.6% would increase the provision by \$0.7m with a corresponding increase in Property, plant, and equipment; and
- an increase from 3.6% to 4.6% would decrease the provision by \$0.4m with a corresponding decrease in Property, plant, and equipment.

Future climate change risks could impact the rehabilitation provision both in terms of the nature of decommissioning and rehabilitation required, as well as the cost of these activities given its long term nature. Climate change risks and mitigations have been considered in the TCFD Climate Disclosure within the strategic report section of the Group's Annual Report for the year ended 31 December 2022, based on scenario analysis of potential future transition and physical risks. Specific detailed analysis of the potential impacts of climate risks will be carried out in future periods, which could result in adjustments to the provision.

22. Commitments and contingencies

At 30 June 2023, the Group had entered into a number of supply and works contracts as part of the development of the Vares Project. The expected payments in relation to these contracts which were not required to be recognised as liabilities

at 30 June 2023 amounted to approximately \$39m. Of this total, approximately \$19m relates to contracts that are able to be terminated by the Company at any point in time. The amount payable following termination would be less than this total, with the precise amount depending on the timing of termination in each case. In addition, of the same total of approximately \$39m, approximately \$11m relates to contracts that can be suspended by the Company, with the Company paying only direct costs that are reasonably incurred and directly related to any such suspension for the time the supply of the goods is suspended.

In addition to the above capital commitments, the Group has entered into a five-year mining services contract with Nova Mining & Construction d.o.o. The contract is able to be terminated for convenience by the Company at any point in time. Amounts payable following such termination would include demobilisation and similar costs, as well as a compensation payment of up to \$5m, depending on the timing of termination. As this amount reduces on a straight-line basis over the life of the contract, the termination for convenience amount at 30 June 2023 would be \$3.9m. In addition, the Group has committed to purchase the mining equipment provided by Nova Mining & Construction d.o.o., in order to ensure continuity of operations.

23. Subsequent events

The extension approval for the Kremice permit was granted on 7 July 2023.

A mineral resource estimate update for Rupice was announced on 27 July 2023, which includes the first public resource disclosure for the new Rupice Northwest discovery.

On 8 August 2023 the Company announced the results of an equity fund raise of \$32m (before costs) to finance an expanded and accelerated exploration programme at Rupice and Rupice Northwest.