

31 January 2023

QUARTERLY ACTIVITIES REPORT

For the three months ended 31 December 2022
("Q4" or "Quarter")

ABOUT ADRIATIC METALS (ASX:ADT, LSE:ADT1, OTCQX:ADMLF)

Adriatic Metals Plc is focused on the development of the 100%-owned, Vares high-grade silver project in Bosnia & Herzegovina, and exploration at the Raska base & precious metals project in Serbia.

DIRECTORS

Mr Michael Rawlinson
NON-EXECUTIVE CHAIRMAN

Mr Paul Cronin
MANAGING DIRECTOR & CEO

Mr Peter Bilbe
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes
NON-EXECUTIVE DIRECTOR

Ms Sandra Bates
NON-EXECUTIVE DIRECTOR

Ms Sanela Karic
NON-EXECUTIVE DIRECTOR

adriaticmetals.com

Q4 HIGHLIGHTS

Vares Silver Project, Bosnia & Herzegovina:

- Project construction over 60% complete and progressing rapidly
- Lower Decline and Upper Decline development scheduled to reach ore in Q2 2023
- Building portals of Vares Processing Plant well underway
- Haul Road: Lot 1 nearing completion, Lots 2 & 5 in progress, Lots 3 & 4 undergoing final design and procurement
- Zero Lost Time Injuries ("LTI") recorded
- Staff headcount at 192 and growing; contractor count at 138
- First concentrate production on track for Q3 2023

Exploration

- Highly successful drilling programme of 28 holes in 2022
- Step out and definition drilling will extend mine life at main Rupice ore body
- Continuing high-grade thick massive sulphide intercepts at Rupice Northwest ('Rupice NW')

Corporate

- Approximately 80% of capital expenditure awarded, pending award or quoted
- First \$30m tranche of Orion Mine Finance debt drawn down
- Cash balance as at 31 December 2022 of \$60.4m.



Paul Cronin, Adriatic's Managing Director and CEO commented:

"I am delighted to report that construction at the Vares Silver Project is now 60% complete and that the Project remains on schedule for first concentrate production in Q3 2023.

Over the past few months there has been a 6% increase in Project costs from \$173m to \$183m, which includes \$10m of unutilised contingency. The Company remains full funded to Project completion.

Over half of this increase is due to movements in foreign exchange against the Euro. With increased certainty of the timing of the Orion drawdowns, Adriatic has now agreed a FX hedging strategy to prevent further impacts from the depreciation of the US dollar.

The increase in cost also includes the purchase of two Jameson Flotation cells, which, following additional testwork and review by the engineering team at Ausenco, have been added to the flotation circuits and should improve grade recoveries and reduce metallurgical risks. We believe this additional investment is crucial to ensure maximum metal is recovered through the processing plant.

I am highly encouraged with the successful exploration drilling programme over the past few months. Our drilling has produced outstanding results at Rupice NW and the high-grade mineralisation remains open along strike, up and down-dip. A substantial exploration budget has been approved by the Board for 2023, enabling us to rapidly expand and define these new zones of mineralisation for inclusion in mine planning and reserves. We believe this will clearly demonstrate that Vares is a Tier 1, world class asset with exceptional potential."

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) ("Adriatic" or the "Company"), a fully-funded development and exploration company building the world-class Vares Silver Project, is pleased to provide the following Quarterly Activities Report ("QAR") that summarises the progress made and reported during the three months ended 31 December 2022 ("Q4" or "Quarter").

1. HEALTH & SAFETY

Adriatic recorded no Lost Time Injuries ("LTI") in the fourth quarter ("Q4"). The lost time injury frequency rate ("LTIFR") at the end of Q4 was 1.03 per 200,000 hours worked, representing an 80% improvement over a 12 month period.

This improvement, during a time of increased construction activity, is due to Adriatic's focus on managing critical health and safety risks. There has been an introduction of new standards, systems and processes, with a particular focus on contractor management. These new measures have had a significant positive impact on overall risk management and safety culture.

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

In November 2022, Adriatic launched a platform through the software company, Safety Culture, to



utilise its iAuditor software to help enable electronic workflow for incident and inspection management and provide better analytics for analysis of key behaviours that are driving safety outcomes.

The Company is 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.

2. CONSTRUCTION ACTIVITIES

At the end of the Quarter, 60% of the Project construction programme was completed.

Rupice Underground Mine & Infrastructure

As at 24 January 2023, the lower decline development was 410m and the upper decline was 244m. Adriatic remains on schedule to open its first stopes in Q2 2023, three months before commissioning of the Vares Processing Plant.

In December 2022, the management team commenced work on an updated mine plan which will increase level spacing, improve stope sequencing and geotechnical controls. Further updates will occur upon completion of the updated Mineral Resource Estimate ("MRE").

Earthworks at Rupice are progressing well and to date approximately 65% of earthworks have been completed. The stockpile pad excavation is 51% complete and the backfill pad construction is 85% complete. The underground mining contractor, Nova Mining & Construction d.o.o., has procured all necessary equipment for production activities and continue to increase staffing levels, with 138 employees as at 31 December 2022.

The installation of the Vares Majdan – Rupice 35kV buried power line and communications cable has commenced with 1km of cable currently complete. All the construction permits for the power line have been granted. In addition, the construction of the main transformer station at Rupice has commenced.

The water treatment plant is 80% complete and the water supply pipeline from Mrestilište to Rupice is scheduled for completion by late January 2023.



Figure 1: Lower Decline Portal



Figure 2: Underground at the Upper Portal



Figure 3: Lower Decline Portal



Figure 4: Stockpile

Vares Processing Plant

The Vares Processing Plant buildings are under construction and all buildings remain on schedule for



completion by Q2 2023. 75% of the roof panels have been installed on the flotation building and 100% of the roof panels are installed for the grinding building. Wall panel installation on the grinding, flotation and grinding buildings are ongoing. The filtration area concrete foundations are 70% complete and the main concrete columns are erected, with anchors and base plates installed.

The overhead cranes for the grinding and the flotation buildings have been installed. The filtration and workshop overhead cranes have also been awarded and are currently being manufactured. The building of the shell of the control room is also at manufacturing stage.

The contract for equipment foundations supply and installation was awarded in December and construction started in January 2023. The mill base foundation is in progress and in the flotation building the excavation of the flotation cells foundations is underway. The processing plant structural steel supply, manufacture and installation contract has also been awarded.

The underground services (potable process, fire water and drainage) are approximately 60% complete, with completion scheduled for April 2023. The expediting of key equipment delivery is ongoing; the mill sole plates, main two transformers and shotcrete equipment have been received to the warehouse in Vares.

In Q4, an internal technical review of the process flow sheet was undertaken by Ausenco Metallurgical Group. In order to maximise the returns of the Project, a decision was taken to install two Jameson Flotation Cells, which, based on comparable fine grinding flotation plants, are proven to work effectively. This should lead to maintained concentrate grade and improved recoveries once in production, for a relatively small additional investment, which is to be funded out of the existing debt facility.



Figure 5: Vares Processing Plant



Figure 6: Vares Processing Plant



Figure 7: Vares Processing Plant Progress – 3D model

Haul Road, Rail Head Operations & Port

Construction of the 24.5km haul road is well underway and completion remains scheduled for Q2 2023.

The haul road is split into 5 Lots:

- Lot 1 - Excavations 80%, embankments 70%, water absorbing layer and external drainage ongoing



- Lot 2 – Forestry clearance ongoing and haul road construction to start at the beginning of February
- Lot 3 – Final design is being optimised for tender and construction permit approval
- Lot 4 – Request for detailed design complete, pending award
- Lot 5a – Existing road, maintenance only – ongoing
- Lot 5b – Forestry clearance ongoing and construction in progress

Contracts have been awarded for the haulage of ore from Rupice to the Vares Processing Plant, and for the onward transportation of concentrate to the Vares Majdan railhead.

The Federation of Bosnia and Herzegovina Railways (“BiH Railways”) and Adriatic have reviewed rail line sections requiring upgrade between Vares Majdan and Breza and the railhead facilities at Vares Majdan. The commercial terms required for the framework agreement to be converted into a commercial services agreement are nearing conclusion. This will agree the commercial relationship between Adriatic and BiH Railways and allow BiH Railways to initiate refurbishment of the line. These agreements are due to be completed in Q1 2023.

Tests were undertaken on the railway bridge with no structural concerns identified. The report has been shared with BiH Railways.

An inspection visit of the port at Ploce took place in December. A schedule of work has been agreed with the port authorities ahead of first delivery of concentrate. Adriatic is also undertaking environmental and OHS audits of rail and port facilities.

3. BUDGET & SCHEDULE UPDATE

The final Project cost estimate has increased from \$173m to \$183m, including an unutilised contingency of \$10m. The Company remains full funded to Project completion.

The main increase has been due to movements in foreign exchange with both the Euro and Bosnian Mark strengthening against the dollar. Adriatic has now agreed a FX hedging strategy to prevent further impacts from the depreciation of the US Dollar.

In addition, Adriatic has agreed to purchase two additional Jameson Flotation cells at the Vares Processing Plant at a cost of \$2.5m, which were not included in the 2021 Definitive Feasibility Study. These Jameson Flotation cells are proven to deliver better grade recoveries and therefore reduce metallurgical risks once in production. In addition, there has also been an increase in earthworks at Rupice.

The Company’s cash balance on 31 December 2022 was \$60.4m.



Of the total Project cost, as at 25 January 2023, 80% of capital expenditure excluding contingency was awarded, pending award, or recently quoted, as shown below:

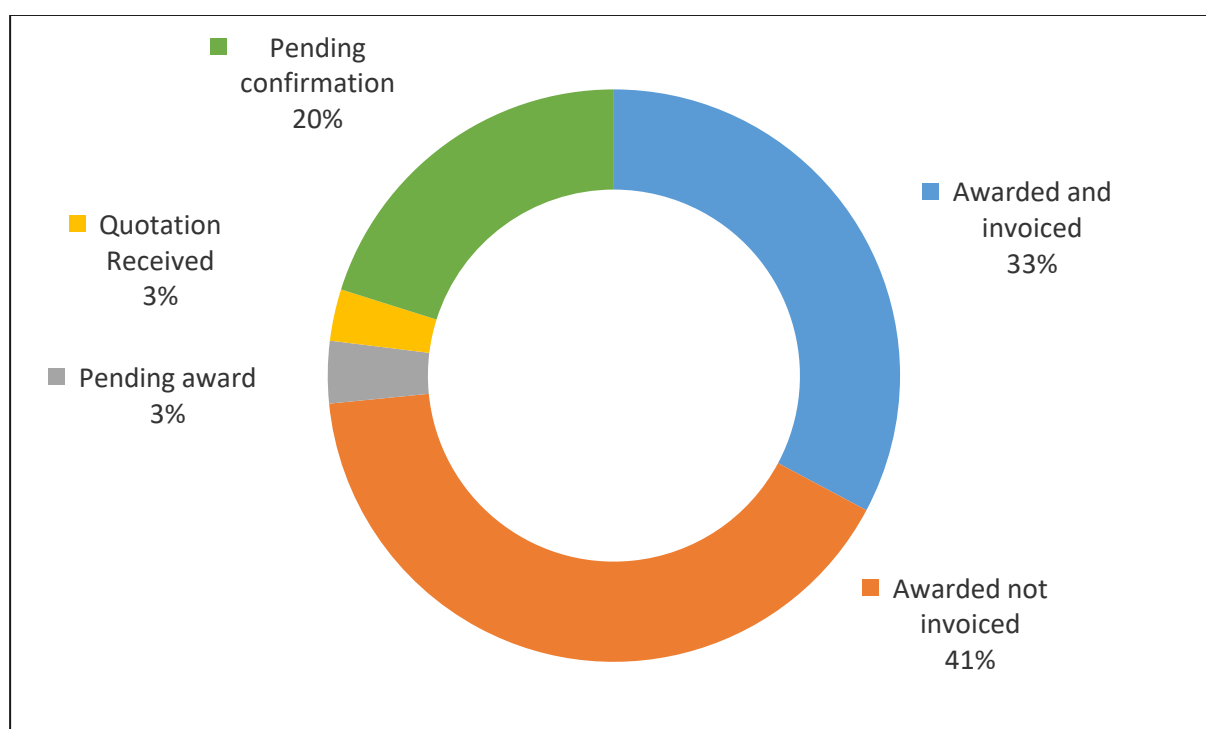


Figure 8: Breakdown of Committed Capital as at 25 January 2023

On 30 December 2022, the Company announced that it had drawn down on the first \$30m tranche of senior secured debt (the "Senior Secured Debt") financing from Orion Mine Finance ("Orion"), with all conditions precedent satisfied (or waived) and funds received. The total Senior Secured Debt package is \$142.5m, with the balance of \$112.5m remaining available.

In January 2023 all conditions precedent for the \$22.5m Copper Stream have been satisfied. The Copper Stream and the second tranche of \$30m of the Senior Secured Debt are expected to be drawn down shortly, with the third and fourth tranches drawn down as required.

On 30 November 2020 Adriatic issued \$20m 8.5% convertible bonds through a deed of covenant to Queen's Road Capital Investment Ltd. ("QRC") (TSXV: QRC). Concurrently to the first draw down of the Orion Debt Package, Adriatic and QRC executed an amendment to the 30 November 2020 deed of covenant, confirming that Adriatic is not required to redeem the debentures and that the cash coupon has been increased from 8.5% to 9.5% per annum. All other terms of the original deed remain unchanged. As a result of this amendment, an additional \$20m (less interest) will be available for the Project funding, should it be required.

With the Vares Project's construction programme now at 60% completion, Adriatic remains on schedule for first concentrate production in Q3 2023. All orders for all long lead time items have been placed and deliveries are currently tracking to project schedule. The Company has confidence in the timing of completion of construction and delivery schedule of its equipment requirements.



Summary of Expenditure

A summary of operating, investing and financing cash flows during the Quarter, before movements in exchange rates, as reported in the Appendix 5B Cash Flow Report, is as follows:

	USD'000
Exploration & Evaluation (capitalised)	427
Exploration & Evaluation (expensed)	368
Staff costs	969
Administration and corporate costs	2,958
Property, plant and equipment acquisitions	31,074
Interest received	(241)
Interest paid	425
Other: VAT Inflow	(1,766)
Net expenditure	34,214
Net cash flows from financing activities	(27,977)
Net cash out flow before exchange movement	6,237

Payments to Related Parties

During the Quarter, Adriatic paid an aggregate total of \$243k to Directors, or companies controlled by them, consisting of salaries, fees, and reimbursement / recharge of corporate office facilities and associated services used / provided by the Company. This is disclosed in Item 6 of the accompanying Appendix 5B Cash Flow Report.

4. EXPLORATION, CONFIRMATION AND DEFINITION DRILLING AT RUPICE

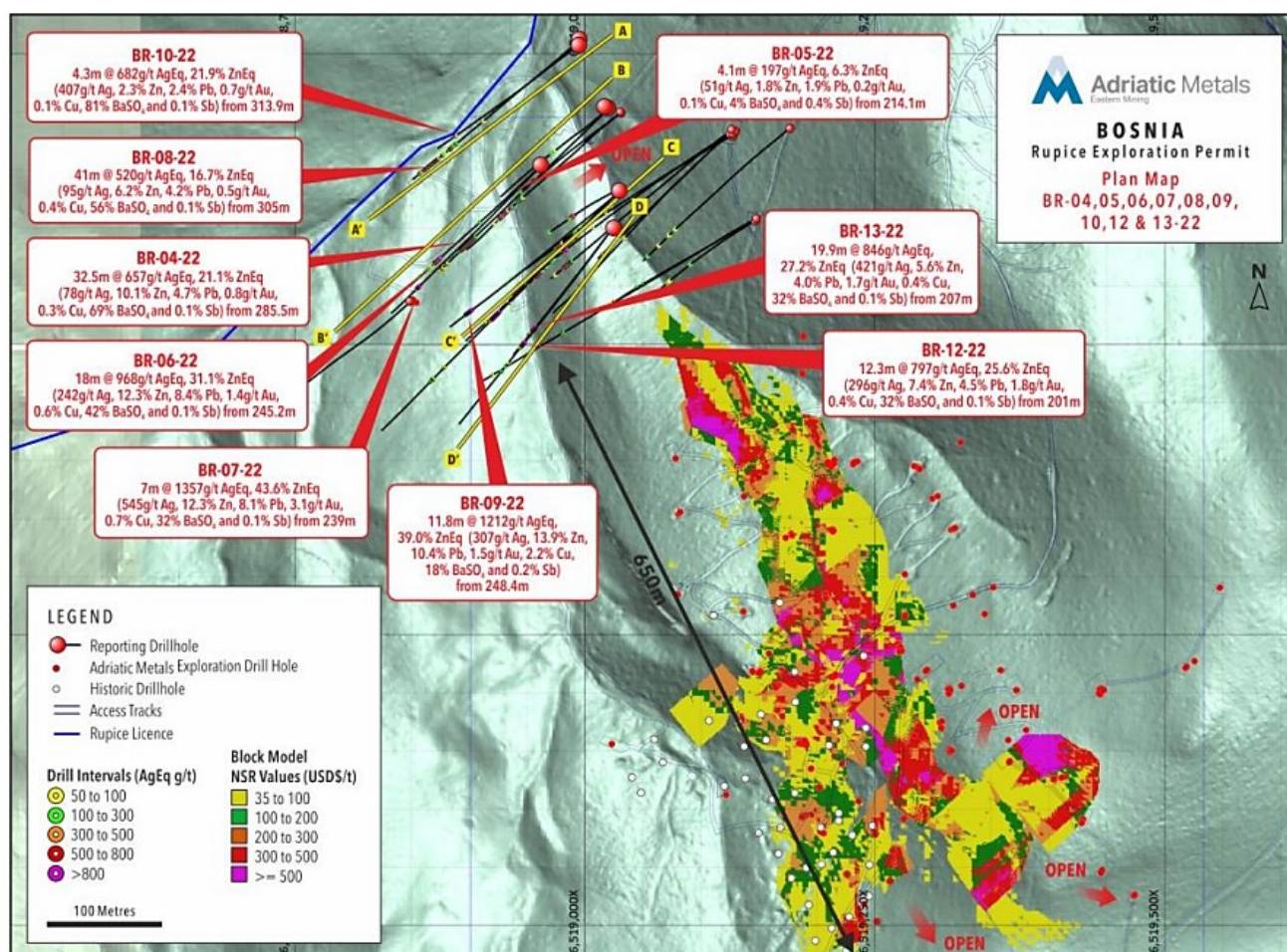
In Q4 2022, a total of 1,147m of resource infill and step-out drilling was completed across the main Rupice orebody with one drill rig. Rupice results continue to confirm grade thickness and continuity within the existing Rupice resource and extend into previously untested areas. The drilling highlights that Rupice mineralisation is open up-dip (south-westward), down-dip (north-eastward) and up-plunge (south-eastward). In Q1 2023 aggressive near-mine exploration will continue. The near-mine drilling will provide improved orebody definition and is expected to convert mineral resources from Inferred to Indicated status, and extend Rupice mineralisation. Rupice growth opportunities were identified through new 3D geological and mineralisation models, relogging and sampling of untested portions of historic drill core.

Over the Quarter, exploration drilling was focused on Rupice NW. The drilling continued to intercept thick (>40m), high-grade massive and semi-massive sulphide mineralisation up-dip, down-dip and down-plunge (north-westward) from previously reported intersections. In Q4, seventeen holes were drilled for a total of 4,133.3m of drill core using 2 drill rigs. The results of nine holes drilled were publicly reported on 26 October 2022 and further nine holes were announced on 12 January 2023. The results exceeded grade, thickness and continuity expectations and confirmed the drilling strategy.



The current drilling campaign at Rupice NW has achieved the objective of identifying a new body of significant mineralization to the northwest of the existing Rupice reserve. A drilling gap of approximately 90m separates Rupice and Rupice NW. The drilling gap will be drilled-out in Q1 2023 in an attempt to link the two bodies of significant mineralisation.

Completion of Rupice and Rupice NW massive sulphide 3D modelling, coupled with relogging and assays from previously unsampled Rupice core has identified opportunities to expand the existing Rupice resource up-dip, down-dip and to the southeast.



Note: Sections A-A', B-B', C-C', D-D' can be found in Adriatic Metals ASX Announcement of 26th October 2022.

Figure 9: Plan view map of Rupice NW LSE & ASX reported significant assay results from 26/10/22. Significant results from Q3 drilling.

The 2023 exploration drilling program commenced on 9 January 2023. In Q1 2023, there is 7,900m of drilling planned from 26 holes, using 3 drill rigs, as well as a Rupice NW ground gravity survey, mapping and sampling. Drilling will continue to extend Rupice and Rupice NW mineralisation up- and down-dip, along-strike and within areas of new mineralisation potential identified by 3D modelling. The drilling to connect Rupice NW to the main Rupice orebody will be completed in Q1 2023. A Mineral Resource Estimate ("MRE") will be completed for Rupice and Rupice NW once drilling is advanced enough to better define the extents of the, larger than expected, Rupice NW and Rupice mineralised bodies. AMC (Perth) has been selected to complete and report the MRE.



Regional exploration will commence at Rupice West, approximately 1.5km west of Rupice, and progress to the Semizova Ponikva SP1 and SP2 targets, approximately 3km east of Rupice. The drill targets are defined by anomalous soil sample assays, rock-chip assays and coincident anomalous ground gravity survey outcomes. Eight drill holes are planned at the Semizova Ponikva SP1 and SP2 targets and four drill holes are planned at Rupice West.

5. HUMAN RESOURCES

Adriatic continues to increase headcount as the Company moves through the construction phase. As of 31 December 2023, staff headcount is 192, with an additional 138 external contractors. Recruitment continues with pace with key roles being filled.

In Q4, the Company finalised its performance management program that aligns corporate objectives with employee's personal Key Performance Indicators. In addition, the Operational Readiness Workforce Planning & Organisational Structuring was completed. A Company-wide Employee Engagement Survey, with 84% participation rate, was completed in Q4, providing great insights and pleasingly the workforce are well engaged and have confidence in the Company's future success.

The training of new members of staff and all employees continues including; VR Safety Training, Cultural Competence Training, English Language Training and Professional Development Sessions.

Headcount and Gender Diversity

The Company continues to exceed its stated gender diversity target of 25% female employees with 29% of Adriatic's workforce currently represented by females.

Country	Bosnia	Serbia	UK	Board	Total
Male (%)	109 (72%)	19 (73%)	5 (62%)	4 (67%)	138 (71%)
Female (%)	43 (28%)	7 (27%)	3 (38%)	2 (33%)	55 (29%)
TOTAL	152	26	8	6	192

Figure 10: Gender Division and Head Count Per Country of Operations as at 31 Dec 2022

Recruitment Planning

Recruitment continues as the Company advances construction and prepares for operational readiness.

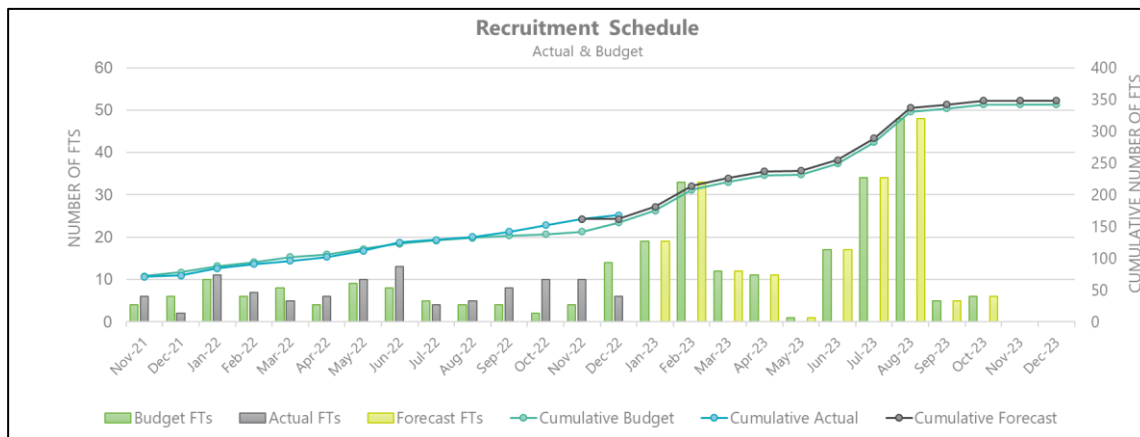


Figure 11: Eastern Mining Full Time recruitment 'S' curve

6. SUSTAINABILITY

Adriatic remains wholly committed to its shared prosperity and zero harm philosophy. The Company recognises its responsibility to not only deliver operational and financial performance but to create lasting mutual benefit for all stakeholders.

In Q4, the Company continued to update and revise its Environmental & Social Management System ('ESMS'). The ESMS was updated to include:

- Water and wastewater management plan
- Revision of the Biodiversity Action Plan to reflect changes in haul road design and to include the results of research completed in 2022
- Operational Plan for forthcoming operational activities in relation the impact on nature
- Traffic management plan to reflect the use of the haul road and use of local roads during the construction phase.

During Q4, an environmental monitoring plan for 2023 was prepared. This plan will continue to track parameters related to water, noise, air, soil and biodiversity.

Adriatic continues progress on its first Sustainability Report with the first draft completed. This 2022 report is planned for release in Q2 2023. The Company is working with its consultant, Alpha Energy, on its Task Force on Climate related Financial Disclosures ('TCFDs'), which will be part of the Sustainability Report and Annual Report. In addition, the Streamlined Energy and Carbon Reporting ('SECR') will be completed in Q1 2023, and the ISO 9001 standardisation is expected to be certified in Q2 2023.

Company representatives held a number of meetings with residents of the local community in Vares for the 2022 Sustainability Report. Meetings were held to communicate Adriatic's engagement in the local community and its activities in sustainable development. Several meetings were also held in the Kakanj Municipality to establish communication and engagement in the area. Detailed work has commenced on stakeholder mapping in Kakanj, with the aim to establish a Stakeholder Engagement Plan in the coming months.



Adriatic, in cooperation with the Municipality of Vares, organised the celebration of Miners' Day on 21 December 2022. The commemoration was attended by representatives of the Company, mining engineers, representatives of the municipal authorities and other important dignitaries from Vares. The commemoration program looked at the history mining in Vares, the hopes of young future miners, the position of women in mining and the activities that the Company carries out at Rupice.

7. TENEMENT HOLDINGS

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 31 December 2022. The Company holds a 100% interest in all concession agreements and licences via its wholly owned subsidiaries, with the exception of the Raska (Suva Ruda) licence held by Deep Research d.o.o. The Company does not hold an equity interest in Deep Research d.o.o. but has an option agreement pursuant to which it may acquire the entire share capital of Deep Research d.o.o.

	Concession document	Registration number	License holder	Concession name	Area (km ²)	Date granted	Expiry date
Bosnia and Herzegovina	Concession Agreement	No.:04-18-21389-1/13	Eastern Mining d.o.o.	Veovaca1	1.08	12-Mar-13	12-Mar-38
				Veovaca 2	0.91	12-Mar-13	12-Mar-38
				Rupice-Jurasevac, Brestic	0.83	12-Mar-13	12-Mar-38
	Annex 3 & 6 Area	No.: 04-18-21389-3/18	Eastern Mining d.o.o.	Rupice - Borovica	4.52	14-Nov-18	12-Mar-33
	Extension			Veovaca - Orti - Seliste - Mekuse	1.32	14-Nov-18	12-Mar-33
	Annex 5 - Area	No: 04-18-14461-1/20	Eastern Mining d.o.o.	Orti-Selište-Mekuše-Barice- Smajlova Suma-Macak	19.33	3-Dec-20	3-Dec-50
	Extension			Droskovac - Brezik	2.88	3-Dec-20	3-Dec-50
				Borovica - Semizova Ponikva	9.91	3-Dec-20	3-Dec-50
	Concession Agreement	No: 04-14-5359-3/22	Eastern Mining d.o.o.	Saski Do	1.28	19-Jul-22	19-Jul-25
Serbia	Exploration License	310-02-1721/2018-02	Adriatic Metals d.o.o.	Kizevak	1.84	3-Oct-19	16-Oct-22 (pending)*
	Exploration License	310-02-1722/2018-02	Adriatic Metals d.o.o.	Sastavci	1.44	7-Oct-19	16-Oct-22 (pending)*
	Exploration License	310-02-1114/2015-02	Adriatic Metals d.o.o.	Kremice	8.54	21-Apr-16	26-Jul-22 (pending)*
	Exploration License	310-02-00060/2015-02	Deep Research d.o.o.	Rudno Polje Raska	81.39	28-Dec-15	24-Oct-24**
	Exploration License	310-02-01670/2021-02	Adriatic Metals d.o.o.	Kaznovice	37.1	11-Oct-21	22-Nov-24

* These concessions are pending renewal, applications for extension have been submitted, the Company is awaiting to receive confirmation of extensions from authorities.

**Possible to get a 1 year extension, but only for preparation of reserves elaborate which excludes any geological exploration work.



-ends-

Authorised by, and for further information, please contact Paul Cronin, Managing Director & CEO.

MARKET ABUSE REGULATION DISCLOSURE

The information contained within this announcement is deemed by the Company (LEI: 549300OHAH2GL1DP0L61) to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. The person responsible for arranging and authorising the release of this announcement on behalf of the Company is Paul Cronin, Managing Director and CEO.

For further information please visit www.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 Q3 2023. The 2021 Project Definitive Feasibility Study boasts 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 42m² concession package.

There have been no material changes to the assumptions underpinning the forecast financial information derived from the production target in the 19 August 2021 DFS announcement and these assumptions continue to apply and have not materially changed. Adriatic Metals is not aware of any new information or data that materially affects the information included in the announcement of the updated Mineral Resource Estimate announced on 1 September 2020 and all material assumptions and technical parameters underpinning the Mineral Resource Estimate continue to apply and have not materially changed.



Rule 5.5

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ADRIATIC METALS PLC

ABN

624 403 163

Quarter ended ("current quarter")

31 DECEMBER 2022

Consolidated statement of cash flows	Current quarter USD'000	Year to date (12 months) USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	0	0
1.2 Payments for		
a) exploration & evaluation (if expensed)	(368)	(1,574)
b) development	0	0
c) production	0	0
d) staff costs	(969)	(4,677)
e) administration and corporate costs	(2,958)	(8,351)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	241	277
1.5 Interest and other costs of finance paid	(425)	(1,700)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other - VAT refund / (outflow)	1,766	3,732
1.9 Net cash from / (used in) operating activities	(2,713)	(12,293)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
a) entities	0	0
b) tenements	0	0



Consolidated statement of cash flows	Current quarter USD'000	Year to date (12 months) USD'000
c) property, plant and equipment	(31,074)	(58,389)
d) exploration & evaluation (if capitalised)	(427)	(3,877)
e) investments	0	0
f) other non-current assets	0	0
2.2 Proceeds from the disposal of:		
entities	0	0
tenements	0	0
property, plant and equipment	0	0
investments	0	0
other non-current assets	0	0
2.3 Cash flows from loans to other entities	0	0
2.4 Dividends received (see note 3)	0	0
2.5 Other	0	0
2.6 Net cash from / (used in) investing activities	(31,501)	(62,266)

3. -		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2 Proceeds from issue of convertible debt securities	0	0
3.3 Proceeds from exercise of options and warrants	24	738
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(24)	(58)
3.5 Proceeds from borrowings	30,000	30,000
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans and borrowings	(2,023)	(4,090)
3.8 Dividends paid	0	0
3.9 Other (Pre-acquisition loan to Tethyan)	0	0
3.10 Net cash from / (used in) financing activities	27,977	26,590



Consolidated statement of cash flows		Current quarter USD'000	Year to date (12 months) USD'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	65,809	112,506
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,713)	(12,293)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31,501)	(62,266)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	27,977	26,590
4.5	Effect of movement in exchange rates on cash held	884	(4,080)
4.6	Cash and cash equivalents at end of period	60,456	60,456

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter USD'000	Previous quarter USD'000
5.1	Bank balances	60,456	65,809
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	60,456	65,809

6.	Payments to related parties of the entity and their associates	Current quarter USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	243
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: a description of, and an explanation for, the above payments is included in the quarterly activities report



7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end USD'000	Amount drawn at quarter end USD'000
7.1 Loan facilities	162,500	50,000
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	162,500	50,000

7.5 **Unused financing facilities available at quarter end** **112,500**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

On 30 November 2020 Adriatic issued \$20m 8.5% convertible bonds through a deed of covenant to Queen's Road Capital Investment Ltd. ("QRC") (TSXV: QRC) with a maturity date of December 2024. For further details see announcement dated 27 October 2020. As subsequently reported in the announcement dated 30 December 2022, concurrently to the first draw down of the Orion Debt Package, Adriatic and QRC executed an amendment to the 30 November 2020 deed of covenant, confirming that Adriatic is not required to redeem the debentures and that the cash coupon has been increased from 8.5% to 9.5% per annum. All other terms of the original deed remain unchanged.

In addition, the US\$142.5 million Orion Debt Financing package consists of US\$120 million Senior Secured Debt and US\$22.5 million Copper Stream arrangement. For further details see announcement dated 10 January 2022. The Orion Debt Financing package is subject to the Company satisfying standard conditions precedent prior to drawdown. On 30 December 2022 the Company announced the first draw down of \$30m under the Senior Secured Debt.

8. Estimated cash available for future operating activities	USD'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,713)
8.2 Net cash from / (used in) investing activities (Item 2.6)	(31,501)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(34,214)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	60,456
8.5 Unused finance facilities available at quarter end (Item 7.5)	112,500
8.6 Total available funding (Item 8.4 + Item 8.5)	172,956
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	5.1

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?



Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2023

Authorised by: *Audit and Risk Committee*
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee* – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.