

Adriatic Metals PLC- Directors' Remuneration Policy

This Directors' Remuneration Policy will be submitted to the 2023 AGM for shareholder approval. If approved by shareholders, it will formally take effect from the date of and immediately following the AGM. The Directors' Remuneration Policy has been prepared in accordance with the regulations set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

The policy will apply for three years beginning with the date of its approval unless a new policy is presented in the interim.

Changes from the prior policy

The Company's existing Remuneration Policy was approved by shareholders at the Company's 6 November 2020 AGM and was the Company's first Remuneration Policy since its admission to the London Stock Exchange in December 2019.

The Directors' Remuneration Policy proposed for approval by shareholders at the 2023 AGM is substantially consistent with the prior policy approved by our shareholders at the 2020 AGM. Where any material changes from the prior policy are proposed these are shown as indicated in the following policy table.

The main development in the new Remuneration Policy is to change the form of LTIP offered to the CEO and other executives in the Company.

Under the prior policy we offered a long term incentive plan which measured performance over a one-year period prior to the grant of share plan awards (which were then subject to continuing employment only until vesting). However, as the Company has developed and moved closer to production, we are now proposing to operate a more standard LTIP structure with forward-looking three year performance measures.

We intend to make the first such award to our CEO after the 2023 AGM with the award having the following key features:

Form of award	Standard performance share plan award
Vesting terms	Vests 3 years after award date subject to continuing employment and satisfaction of performance conditions.
Performance conditions (applicable for 2023 awards)	<ul style="list-style-type: none"> • Absolute Total Shareholder Return (15% weighting) • Relative Total Shareholder Return (20% weighting) • Resource Growth (35% weighting) • Sustainability Metrics - diversity, national staff development and CO2 reduction (15%,5%,10% weightings respectively) <p>All performance conditions to be measured over three financial years beginning with FY2023. Further detail regarding the initial performance conditions for LTIPs under the new Remuneration Policy is set out at the end of this policy document</p>
Holding period	Two year holding period for vested shares.
Individual award level for CEO	Award over shares worth 200% of base salary.

Regarding the potential individual quantum of awards to be made to our CEO under the revised LTIP programme, we are effectively moving from a retention based “restricted stock” form of award (the maximum award to our CEO which was available for 2022 was 100% of salary per annum) to a more traditional LTIP, and so we have applied the “conversion ratio” which UK investors have tended to accept of one restricted stock award equating to two LTIP awards subject to on-going performance conditions to determine the award levels for the new awards.

Beyond these changes on the form of LTIP for FY2023 onwards, we have made additional changes as follows:

- Clarified, as previously announced, that no further share option awards will be made to the Company Chairman or other Non-Executive Directors.
- Clarified the application of malus and clawback provisions for incentive plans.
- Clarified that share ownership guidelines will apply, even though our CEO owns a material number of shares (6.34% of issued share capital at 31 December 2022).

POLICY TABLE

The table below summarises the main elements of the remuneration package for Directors.

Element	Purpose and link to remuneration policy	Key features and operation	Maximum opportunity	Applicable performance measures	Changes from prior Remuneration Policy
Base salary	Supports the recruitment and retention of Executive Directors of the calibre required to fulfil the role without paying more than necessary. Reflects skills, experience, and contribution in the role.	Base salaries are set by the Remuneration & Nomination Committee (Committee) and reviewed annually. Increases are effective from 1 January, although increases may be awarded at other times if the Committee considers it appropriate. In determining base salaries, the Committee considers: pay levels at companies of a similar size and complexity, external market conditions; pay and conditions elsewhere in the Group; role of individual and personal performance. Directors may be paid consultancy fees through service companies.	There is no maximum value.	None.	No material changes.

Element	Purpose and link to remuneration policy	Key features and operation	Maximum opportunity	Applicable performance measures	Changes from prior Remuneration Policy
Benefits	To help recruit, retain and motivate high performing Executives.	None are provided or anticipated at present.	No maximum value. The Group may provide additional market competitive benefits such as private healthcare and car allowance.	None.	No material changes.
Pension	To help recruit, retain and motivate high performing Executives.	None are provided or anticipated at present. If introduced the levels would be aligned with the contribution rate for the majority of group employees.	If introduced, the maximum amount would be 10% of base salary plus consultancy fees.	None.	No material changes. There is no pension provision at present for the CEO; if introduced it would be aligned with the contribution rate for the majority of group employees.
Bonus	Rewards and incentivises the achievement of annual objectives which are aligned with key strategic goals and supports the enhancement of shareholder value.	Awards are based on performance typically measured over one year. Any payment is discretionary and pay-out levels are determined by the Committee after the year end based on performance against pre-set targets. Paid in cash following determination of outcomes. Bonuses are non-pensionable. Bonuses may be paid in shares at the Committee's discretion.	Maximum potential values will not exceed 100% of base salary and consultancy fees in any year.	<p>Targets are set annually with measures linked to the Group's strategy and aligned with key financial, strategic and/or individual targets.</p> <p>The performance measures applied may be financial or non-financial, corporate, divisional or individual, and in such proportions as the Remuneration Committee considers appropriate. A graduated scale of targets is set for each measure, with no pay-out for performance below a threshold level of performance, and</p>	No material changes.

Element	Purpose and link to remuneration policy	Key features and operation	Maximum opportunity	Applicable performance measures	Changes from prior Remuneration Policy
				<p>up to 25% available at threshold. The Committee has discretion to amend the vesting level should any formulaic outcome not reflect the Committee's assessment of overall business performance, including consideration of shareholder experience.</p>	
Long term incentive plan	<p>Incentivises executives to achieve the Company's long term strategy and create sustainable shareholder value. Aligns with shareholder interests through the potential delivery of shares.</p>	<p>Awards of performance rights or options under either of the 2019 share incentive plans which vest subject to performance conditions triggering the payment of specified amounts. Awards will be granted with vesting dependent on the achievement of performance conditions set by the Committee, with performance normally measured over at least a three-year performance period. Shares acquired pursuant to the vesting of awards (net of shares equal to any tax liability and nominal cost of acquisition) will be subject to a two-year holding period following the end of the performance period. Dividends or dividend equivalents may</p>	<p>Market value of award will not normally exceed 200% of the individual's salary and consultancy fees for any financial year. In exceptional circumstances, such as initial awards, awards to facilitate hiring and/or new strategic periods, market value at award may be up to 300% of salary and consultancy fees for any financial year.</p> <p>In applying market values for these purposes the Committee will apply one-month averaging periods prior to the commencement of a relevant financial year and appropriate FX rates where needed.</p>	<p>LTIP performance measures may include, but are not limited to, financial, TSR, strategic and ESG-related objectives. The Committee retains discretion to set alternative measures and weightings for awards over the life of the Remuneration Policy. Targets are set and assessed by the Committee in its discretion. A maximum of 25% of any element vests for achieving the threshold performance target and 100% for maximum performance. The Committee has discretion to amend the vesting level should any formulaic outcome not reflect the</p>	<p>From AGM 2023, LTIP awards will be made as 3-year vesting performance share awards as described in the introduction to this policy.</p>

Element	Purpose and link to remuneration policy	Key features and operation	Maximum opportunity	Applicable performance measures	Changes from prior Remuneration Policy
		accrue on awards, to the extent they vest.		Committee's assessment of overall business performance, including consideration of shareholder experience.	
Chairman and Non-executive fees	Fees for the Chairman and for Non-Executive Directors are set at an appropriate level to recruit and retain directors of a sufficient calibre without paying more than is necessary to do so. Fees are set taking into account the following factors: the time commitment required to fulfil the role, typical practice at other companies of a similar size, and salary levels of employees throughout the Group.	Fees are reviewed at appropriate intervals (normally once every year) by the Board with reference to individual experience, the external market and the expected time commitment required of the director. The Chairman is paid an all-inclusive fee for all Board responsibilities. Fees for the other Non-Executive Directors may include a basic fee and additional fees for further responsibilities (for example, chairing of Board committees or holding the office of Senior Independent Director). The Company repays any reasonable expenses that a Non-Executive Director incurs in carrying out their duties as a Director, including travel, hospitality-	The Company's Articles of Association (Articles) provide that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount of fees provided to all Non-Executive Directors must not currently exceed £400,000 per annum. being the quantum approved by Shareholders at the annual general meeting held on 6 November 2020. This includes fees paid to the Company Chairman. It is proposed to increase this limit to £600,000 subject to shareholder approval at the AGM 2023.	None.	No material changes regarding fees. Clarified that no further share option awards will be made to Non-executive directors.

Element	Purpose and link to remuneration policy	Key features and operation	Maximum opportunity	Applicable performance measures	Changes from prior Remuneration Policy
		<p>related and other modest benefits and any tax liabilities thereon, if appropriate. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees on a pro rata basis to recognise the additional workload.</p>			

Flexibility, discretion and judgement

The Remuneration Committee operates the annual bonus and LTIP plans which, consistent with market practice, include discretion in a number of respects in relation to the operation of each plan. Discretions include:

- who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments;
- determining the extent of vesting;
- treatment of awards and/or payments on a change of control or restructuring of the Group;
- whether an Executive Director is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s);
- how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends);
- what the weighting, measures and targets should be for the annual bonus plan and LTIP awards from year to year;
- the Committee also retains the ability, within the policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan or a granted LTIP award are no longer appropriate or unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and LTIP awards. Any such changes would be explained in the subsequent Directors' Remuneration Report and, if appropriate, be the subject of consultation with the Company's major shareholders; and
- the ability to override formulaic outcomes in line with the Remuneration Policy.

All assessments of performance are ultimately subject to the Committee's judgement. Any discretion exercised, and the rationale, will be disclosed in the annual remuneration report.

Malus and Clawback

Both the annual bonus plan and the LTIP will include provisions which enable the Committee to recover or withhold value from these incentive plans in the event of certain defined circumstances (i.e. a material misstatement of the Company’s financial results, an error of calculation (including on account of inaccurate or misleading information) or in the event of serious misconduct, serious reputational damage or corporate failure).

Legacy arrangements

For the avoidance of doubt, in approving this Remuneration Policy, authority is given to the Company to honour any previous commitments entered into with current or former Directors (such as the terms of historic share awards granted before the approval of this policy) that remain outstanding.

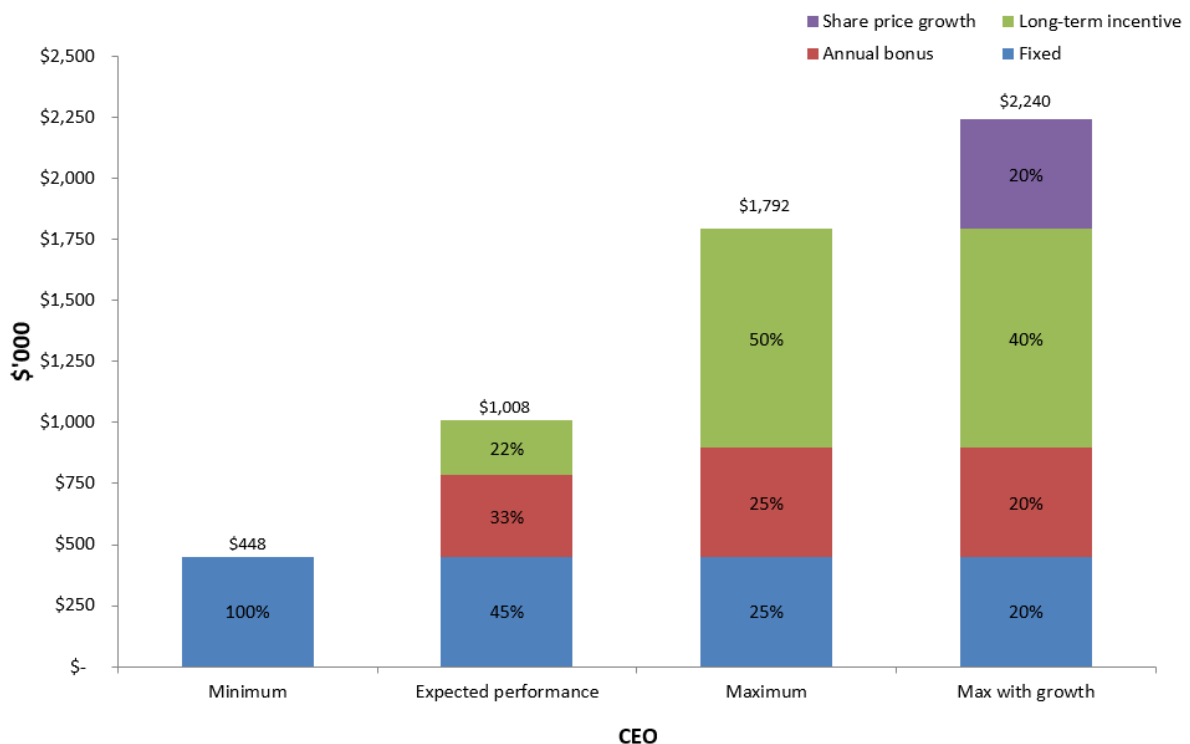
Shareholding guidelines

In order to further align the Executive Directors’ long-term interests with those of shareholders, the Group operates share ownership guidelines. The guidelines provide that the Executive Directors are required to build up and maintain (as relevant) a level of shareholding in the Company equivalent in value to 200% of base salary. This guideline will apply whilst in the role and for a period of two years post cessation of employment.

POLICY PROVISIONS RELATING TO EXECUTIVE DIRECTOR’S REMUNERATION

Illustration of application of Remuneration Policy

An illustration of the application of the remuneration policy for 2023 is set out below. The charts below give an indication of the level of remuneration that would be received by the Executive Director in accordance with the Directors’ remuneration policy.



In illustrating the potential reward, the following assumptions have been made.

	Fixed pay	Annual bonus	LTIP (annual award level)
Minimum performance		No annual bonus award.	No vesting.
Performance in line with expectations	Fixed elements of remuneration only – effective 1 January 2023, the fixed remuneration of the Executive Director will comprise board fees at BAM 94,904 and	75% of salary and fees awarded for achieving expected performance.	25% of maximum award vesting (equivalent to 50% of salary and fees) for achieving expected performance.
Maximum performance	Consultancy Fees of £328,000. At the exchange rate on 31 December 2022, the total amount was approximately US\$448,000.	100% of salary and fees awarded for achieving maximum performance.	100% of maximum award vesting (equivalent to 200% of salary and fees) for achieving maximum performance.
Maximum performance plus 50% share price growth	No benefits or pension contributions are currently paid to the Executive Director.		100% of maximum award vesting (equivalent to 200% of salary and fees) for achieving maximum performance plus hypothetical share price growth of 50%

How employee pay is taken into consideration

When determining remuneration policy and arrangements for Executive Directors, the Remuneration & Nomination Committee considers the wider pay and employment conditions elsewhere in the Group to ensure pay structures from Executive Director to senior executives are aligned and appropriate. The Remuneration & Nomination Committee did not consult with its employees in formulating this policy.

Shareholder views on remuneration

The Chair of the Remuneration & Nomination Committee will be available to contact shareholders concerning the Company's approach to remuneration. The Company welcomes a dialogue with its shareholders and will seek the views of its major shareholders if and when any major changes are being proposed to the policy.

Alignment of executive remuneration and the market

The Remuneration & Nomination Committee sets Director remuneration policy in the light of its knowledge of remuneration at comparable companies and undertakes benchmarking exercises periodically so that it can do this. This is done to ensure Executive Director remuneration is appropriate, competitive and not excessive.

Approach to remuneration on recruitment

The policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business, to execute the Group's strategy effectively and to promote the long-term success of the Group for the benefit of shareholders and other stakeholders. When appointing a new Executive Director, the Committee seeks to ensure that arrangements are in the best interests of the Group and not to pay more than is appropriate.

The Committee will take into consideration a number of relevant factors, which may include the calibre and experience of the individual, the candidate's existing remuneration package, and the specific circumstances of the individual including the jurisdiction from which the candidate was recruited.

When hiring a new Executive Director, the Committee will typically align the remuneration package with the above policy. The Committee may include other elements of pay which it considers are appropriate; however, this discretion is capped and is subject to the principles and the limits referred to below.

- New Executive Directors will be offered a basic salary and other fixed pay elements which are appropriate and necessary to secure the candidate, taking into consideration a number of factors including external market forces, the expertise, experience and calibre of the individual and their current level of pay. Where the Committee has set the salary of a new appointment at a discount to the market level initially until established in the role, they may receive an uplift or a series of planned increases to bring the salary to the appropriate market position over time.
- For external and internal appointments, the Committee may agree that the Company will meet appropriate relocation and/or incidental expenses as appropriate.
- Annual bonus awards, LTIP awards and pension contributions would not be in excess of the levels stated in the policy table above.
- Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions for the first performance year of appointment. An LTIP award can be made following an appointment (assuming the Company is not in a closed period).
- Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms, adjusted as relevant to take into account the appointment.
- In addition, the Committee may offer additional cash and/or share-based buyout awards when it considers these to be in the best interests of the Company (and therefore shareholders) to take account of remuneration given up at the individual's former employer. This includes the use of buyout awards made under rule 9.4.2 of the UK Listing Rules. Such awards would represent a reasonable estimate of the value foregone and would reflect, as far as possible, the delivery mechanism, time horizons and whether performance requirements are attached to the remuneration elements considered in formulating the buyout. Shareholders will be informed of any such awards at the time of appointment and/or in the next published Annual Report. However, for the avoidance of doubt, the value of buy-out awards is not capped.
- For the appointment of a new Chairman or Non-Executive Director, the fee arrangements would be set in accordance with the approved Remuneration Policy.

Executive Director's service contracts

Prior to 1 January 2021, the services of the CEO and Managing Director had been provided under a service contract between the Company and Swellcap Limited with a commencement date of 1 July 2019. This was not of a fixed duration and was terminable by either party giving six months' written notice.

Following Mr. Cronin's permanent relocation to Bosnia & Herzegovina on 1 January 2021, the Company, Swellcap Limited and Mr. Cronin entered into an agreement pursuant to which the service contract between Swellcap Limited and the Company dated 1 July 2019 was terminated. The Company entered into a new consultancy agreement on substantially the same terms directly with Mr. Cronin with a commencement date of 1 January 2021. No compensation was paid or will be paid to either Swellcap Limited or Mr. Cronin in connection with these changes. The contract is not of a fixed duration and is terminable by either party giving six months' written notice.

Contracts entered into with any additional Executive Directors will have a notice period not exceeding 12 months.

Policy for payments for loss of office

Notice periods set in the Executive Directors' service contracts are driven by the need to protect shareholder value and interests. As noted above, the service contract of the Executive Director has a notice period of six months. A bonus is not usually paid to a leaver should they leave before the payment date of said bonus.

The principles governing determination of payments for loss of office are:

- service contracts legally oblige the Company either to continue to pay salary, pension allowances and other contractual benefits for any notice period or, at the option of the Company, to make payment in lieu of notice unless where an Executive Director's employment is summarily terminated. The Remuneration & Nomination Committee reserves the right to make discretionary payments in lieu of notice which may be paid in a lump sum, quarterly or monthly;
- the payment of a performance bonus and/or other short-term incentives may be offered to the departing Executive Director during his/her notice period, based on an assessment of personal and corporate performance up to the date of departure. Bonuses will not be paid for any unworked period of notice;
- where a role fulfilled by an Executive Director is declared redundant then the individual may have the legal right to either statutory redundancy pay or to a payment under the Group's normal severance arrangements applicable to employees generally; and
- in case of poor performance, the Remuneration & Nomination Committee will consider terminating a service contract on a fair basis, whilst protecting the rights of the Company, taking into account that contractual termination payments may generate undue and potentially excessive reward.

The Company's various incentive plans are governed by formal rules, approved by shareholders. Executive Directors have no contractual rights to the value inherent in any awards held under these plans and these plans provide for vesting in different leaver scenarios. Unless otherwise agreed by the Committee, unvested and vested awards will lapse when an Executive Director ceases to be employed by the Company, unless the Board, in its absolute discretion, determines otherwise. The Committee may also require that shares received under previous awards are bought back from a leaver at a price determined under the relevant plan rules.

If employment or service is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to additional payments, which would need to be met. The Remuneration & Nomination Committee retains discretion to settle any other amounts reasonably due to the Executive Director where the Company wishes to enter into a settlement agreement. In certain circumstances, the Remuneration & Nomination Committee may approve new contractual arrangements with the departing Executive Director, potentially including settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will only be used where the Remuneration & Nomination Committee believes it is in the best interests of the Company.

The Remuneration & Nomination Committee generally seeks to apply practical mitigation in respect of termination payments where appropriate.

The Group may pay outplacement and professional legal fees incurred by Executives in finalising their termination arrangements, where considered appropriate, and may pay any statutory entitlements or settle compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

Non-Executive Directors

The Non-Executive Directors signed letters of appointment with the Company upon appointment for the provision of Non-Executive Directors' services, terminable by three months' written notice given by either party.

Non-Executive Director	Appointment date
Michael Rawlinson	4 March 2019
Peter Bilbe	16 February 2018
Julian Barnes	16 February 2018
Sandra Bates	11 November 2019
Sanela Karic	3 August 2020

When recruiting a new Non-Executive Director, the Remuneration & Nomination Committee will follow the policy set out in the table above. The letters of appointment do not include any provisions for the payment of pre-determined compensation upon termination of appointment and notice may be served by either party. All appointments are subject to the Articles and re-election by shareholders in accordance with the provisions contained in the Articles.

The terms and conditions of appointment and letters of appointment of Non-Executive Directors and all the Directors' service contracts are available for inspection at the Company's registered office.