

17 April 2023

QUARTERLY ACTIVITIES REPORT

For the three months ended 31 March 2023
("Q1" 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

Q1 HIGHLIGHTS

Vares Silver Project, Bosnia & Herzegovina:

- Project construction over 70% complete and progressing rapidly.
- Lower Decline and Upper Decline development scheduled to reach ore in Q2 2023.
- Vares Processing Plant construction progressing well.
- Haul Road is nearing completion.
- Agreements signed with Federation of Bosnia and Herzegovina Railways for lease of land at rail head and for refurbishment of the railway. Agreement for the cost of transport should be concluded in Q2 2023.
- Staff headcount at 222 and growing; contractor count at 311.
- First concentrate production now scheduled for November 2023.
- Vares Project has been awarded the status of Project of Special Importance by the State of Bosnia and Herzegovina.

Exploration

- Aggressive extension and infill drilling of Rupice Northwest ('Rupice NW') throughout Q1 continued to significantly expand the new mineralised zone and convert to an Indicated resource level of confidence.
- Rupice NW thickness, width and grades continued to increase to the northwest and southwest, significantly adding to the already expected increase in the Vares Project life-of-mine ('LOM').
- The first section of step-out drilling into the Rupice – Rupice NW Gap zone successfully intercepted base and precious metal mineralisation in three holes, closing the connection between Rupice and Rupice NW to 50m.
- A new lense of thick high grade mineralisation directly below Rupice NW has been intercepted in a number holes. Some assays have been recently returned and will be released following normal QA/QC.
- A new Mineral Resource Estimate ('MRE') for Rupice, inclusive of Rupice NW is on track for reporting in July 2023.

Corporate

- Approximately 87% of capital expenditure awarded, pending award or quoted.
- Second \$30m tranche of Orion Mine Finance debt drawn down, Cash balance as at 31 March 2023 of \$87m.



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

"Construction of the Vares Project is progressing well as we move towards the completion of the declines at Rupice and the installation of all the equipment and machinery at the Vares Processing Plant. Due to weather and ground condition impacts at Rupice, the Project will be delayed by five weeks with first production now expected in November 2023. The Project cost estimate has therefore increased by \$6m to \$189m, however the Company retains an unutilised contingency of \$10m and remains fully funded to first concentrate production.

Over the quarter the exploration team have continued to exceed our expectations in drilling success at Rupice and I look forward to providing more drill results in the coming weeks. This drilling will be incorporated into a new MRE that will be published in July. We have also been working to finalise our first Sustainability Report to shareholders, and expect that to be published before the end of April. This report will show how our unique approach to sustainability is having a positive impact on our near mine communities, the natural and 'built-up' environment.

I am also extremely proud that the Vares Project has been awarded the status of Project of Special Importance by the State of Bosnia and Herzegovina. This demonstrates the significance of the Project to the country in terms of its contribution to GDP, FDI, employment and education."

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 March 2023 ("Q1" or "Quarter").

1. HEALTH & SAFETY

Adriatic recorded one Lost Time Injury ("LTI") in Q1. The lost time injury frequency rate ("LTIFR") at the end of Q1 was 0.88 per 200,000 hours worked, representing an 81% improvement over a 12 month period.

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.

There has been a big emphasis on traffic management, safe driving and winter road maintenance over the past few months due to increased vehicle usage in this critical phase of construction.



2. CONSTRUCTION ACTIVITIES

At the end of the Quarter, 70% of the Project construction programme was completed.

Rupice Underground Mine & Infrastructure

At the end of Q1, the Lower Decline had advanced to a total of 542 meters, including auxiliary development. Productivity continues to be impacted by poor ground, however conditions are expected to improve by June as the decline accesses the orebody. Over the life of mine 30% of remaining development is in the poorer footwall rockmass. Alternate production schedules are being run to offset impacts.

In Q1 the Upper Decline had advanced to a total of 423 meters, including auxiliary development. A key milestone in the first production level has been achieved, with the level access drive now 80m from first ore drives.

Total underground development increased 28% in March as expected improvements in ground conditions in the upper decline were realised. Improvements were made to the development cycle, and key operational employees were onboarded by Adriatic to manage the underground contractor.

Production preparedness has continued with key equipment on site (two 517 Loaders, four 545i trucks and one production rig). The contractor procedure reviews have commenced, focusing on Open Hole Management and Tele-Remote bogging, with the onboarding of Adriatic paste fill department progressing to plan.

The upper plateau of the stockpile is 75% complete – pending design for slope protection above the stockpile and the bottom (embankment). The lower plateau of the stockpile pad is scheduled for completion by the end of May.

Earthworks at Rupice are an area of construction that has continued to present engineering challenges to the team, given the winter weather and topography at the Rupice mine site. During the quarter several additional studies have been conducted to ensure consistent ground stability, often requiring small changes in design. Adriatic continues to work with local institutions to ensure that those design changes have all the required approvals to be implemented in a timely manner. However, an associated increase in earthworks in this area means that the commencement of commercial production will be delayed by five weeks to early November 2023.

This change is essentially being caused by a delay in the stockpile area construction, which holds the crusher. Whilst the crusher is at site pending installation, it is prudent to finish these works before pouring of the crusher footings, due to the possibility of further blasting being required on the upper part of the stockpile pad. The Company is currently evaluating the possibility of utilising a number of smaller portable crushers, which would have the potential of reversing this 5 week anticipated delay in commercial production.

The installation of the Vares Majdan – Rupice 35kV buried power line and communications cable is



progressing well. All the construction permits for the power line have been granted. In addition, the construction of the main transformer station at Rupice has commenced with over 90% of civil work completed.



Figure 1: Rupice Transformer installation

At the water treatment plant the construction works are 95% complete and the mechanical pre-treatment equipment and the physico-chemical treatment equipment have been installed. The water supply pipeline from Mrestiliste to Rupice is operational and supplying Rupice.

Adriatic remains on schedule to extract ore in Q2 2023 and has allocated a temporary stockpile area in anticipation of the primary crusher becoming operational, or portable crushers being utilised..



Figure 2: Underground at the Upper Portal



Figure 3: Upper Decline Portal



Figure 4: Stockpile pad

Vares Processing Plant (“VPP”)

The VPP buildings are under construction and the buildings will be completed by Q3 2023.

VPP buildings:

- steels have been installed
- equipment foundations have been installed
- major foundations for the flotation cells are 50% complete, with reinforcing works ongoing
- concrete works are 51% complete with completion scheduled in Q2
- underground services are 80% complete.

Flotation building:

- 100% of roof panels installed
- 90% of wall panels installed
- concrete works are underway, with completion scheduled in Q2.

Grinding building:

- 95% of the roof and wall panels installed.

Workshop building:

- 100% of wall panels are installed
- roof panels delivered and installation is planned after the installation of an overhead crane.

Filtration building:



- steel installation has commenced with 25% completion
- main columns are installed
- roof installation has commenced
- panels ordered and delivered
- concrete work has commenced in the coarse ore handling, concentrate, tailings, and reagents works areas.

The potable water supply system is 90% complete and hydrant water supply system and fire protection system 90% complete. The indoor hydrant network is completed in the flotation, grinding, and workshop buildings. Pipe prefabrication for the warehouse and reagent storage is ongoing.

Work has commenced on the installation of four computer control rooms ('E-rooms') and will be completed in Q2.

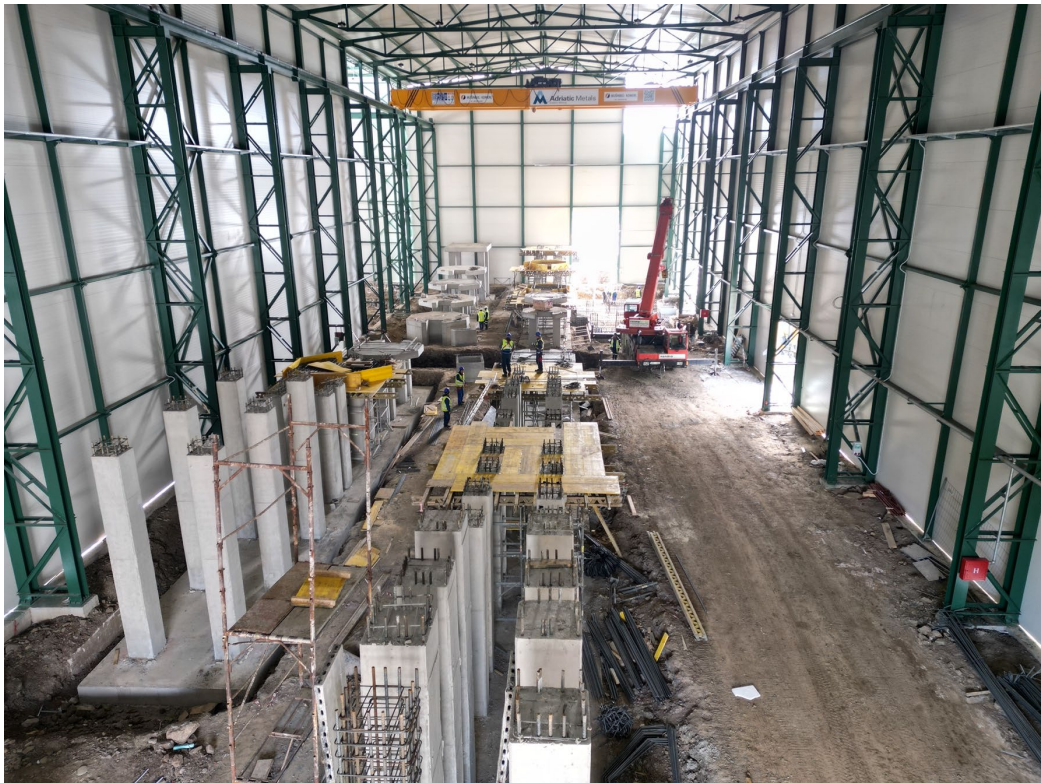


Figure 5: Inside the Vares Processing Plant



Figure 6: Inside the Vares Processing Plant



Figure 7: Oversized delivery of mill at VPP



Haul Road, Rail Head Operations & Port

Construction of the 24.5km haul road is well underway and completion remains scheduled for Q3 2023.

The haul road is split into 5 Lots:

- Lot 1 – nearing completion – expected in May 2023.
- Lot 2 – nearing completion – maintenance ongoing.
- Lot 3 – required permits awarded for construction, preparation and starting construction.
- Lot 4 – main design complete, tendered for construction and permit application submitted.
- Lot 5a – completed - summer maintenance ongoing.
- Lot 5b – nearing completion – summer maintenance ongoing.

Contracts have been awarded for the haulage of ore from Rupice to VPP, and for the onward transportation of concentrate containers to the Vares Majdan railhead, including the manipulation of the containers at the VPP and the rail head.

The Federation of Bosnia and Herzegovina Railways (“ZFBH”) and Adriatic have reviewed rail line sections requiring refurbishment between Vares Majdan and Podlugovi and the rail head facilities at Vares Majdan. The review concluded a Bill of Quantities for the work to be completed by ZFBH and also the vegetation, undergrowth and obstructions to be cleared by Adriatic. The commercial terms required for ZFBH to commence the refurbishment have been signed. A further commercial agreement has been signed with ZFBH for the lease of the land at the Vares Majdan rail head. A third agreement with ZFBH to agree the commercial relationship between Adriatic and ZFBH for the cost and terms of the transportation of concentrate containers from Vares Majdan to the port of Ploce will be completed in Q2.

In April 2023 a visit to the port of Ploce is planned for technical and commercial negotiations. Agreements should be concluded for all port activities during Q2 2023.



Figure 8: Haul road



Figure 9: Central dispatch warehouse in Vares



3. CORPORATE

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.

4. BUDGET & SCHEDULE UPDATE

The Project cost estimate has increased by \$6m to \$189m. This cost increase is mainly due to increased earthworks at Rupice. Concentrate production has been delayed five weeks and will commence in early November 2023.

The Company remains fully funded to Project completion with an unutilised contingency of \$10m .

The Company's cash balance on 31 March 2023 was \$87m.

Of the total Project cost, as at 14 April 2023, 87% of capital expenditure excluding contingency was awarded, pending award, or recently quoted, as shown below:

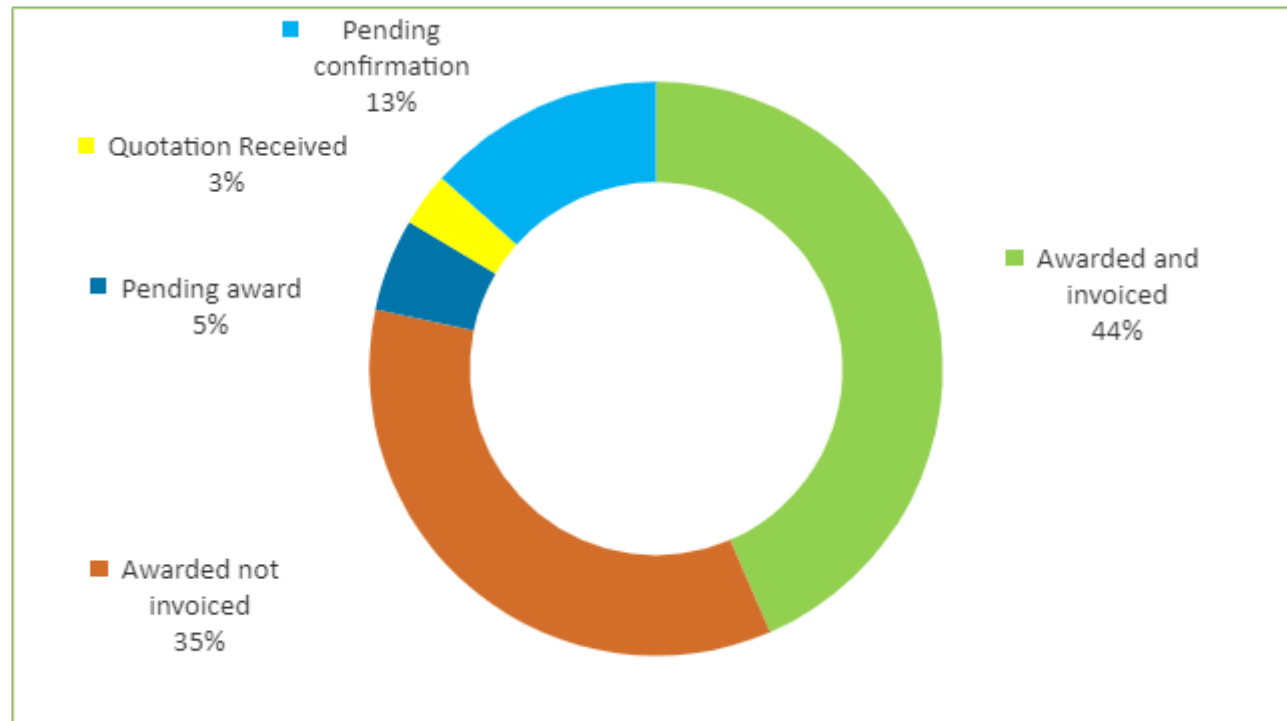


Figure 10 Breakdown of Committed Capital as at 14 April 2023

On 13 February 2023, the Company announced that it had drawn down on the second \$30m tranche of senior secured debt (the "Senior Secured Debt") financing and the \$22.5m Copper Stream 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 \$60m remaining available.

The first \$30m tranche was drawn down in December 2022 and the third and fourth tranches will be drawn down as required.

Summary of Cash flow

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)	(1,432)
Exploration & Evaluation (expensed)	(284)
Staff costs	(1,797)
Administration and corporate costs	(1,210)
Property, plant and equipment acquisitions	(22,229)
Interest received	315
Interest paid	(470)
Other: VAT Inflow	1,321
Net expenditure	(25,786)
Net cash flows from financing activities	51,690
Net cash in flow before exchange movement	25,904

Payments to Related Parties

During the Quarter, Adriatic paid an aggregate total of \$608k 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.

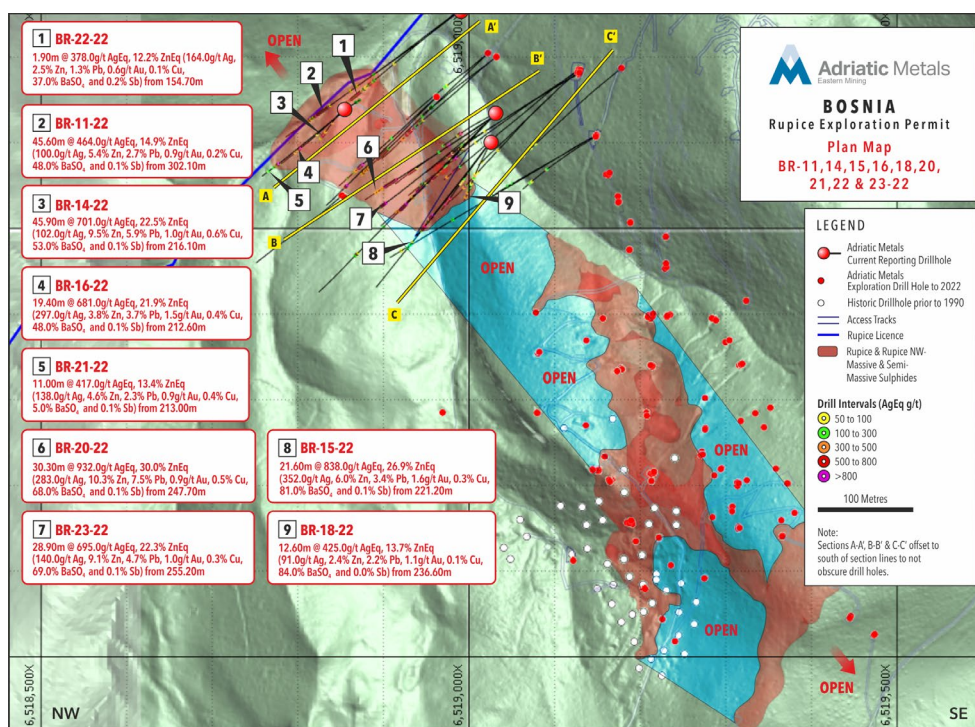
5. EXPLORATION, CONFIRMATION AND DEFINITION DRILLING AT RUPICE

The Q1 drilling campaign at Rupice NW successfully expanded on results reported in Q4, 2022 through progressive step-out drilling. The Rupice NW mineralised system has grown to the NW, SE and SW and at depth. Infill drilling between step-out holes in Q1 commenced the process of achieving an Indicated resource level of mineralisation confidence for a planned Rupice MRE in July 2023.

Stepping out from Rupice NW to the SE by 40m identified further significant Ag, Pb, Zn, Au, Cu mineralisation and reduced the gap that separates Rupice from Rupice NW to 50m. A further section of drilling in Q2 2023 will attempt to link the two bodies of significant mineralisation. Rapidly changing geological conditions require closer sectional drilling to resolve mineralisation and stratigraphic correlations.

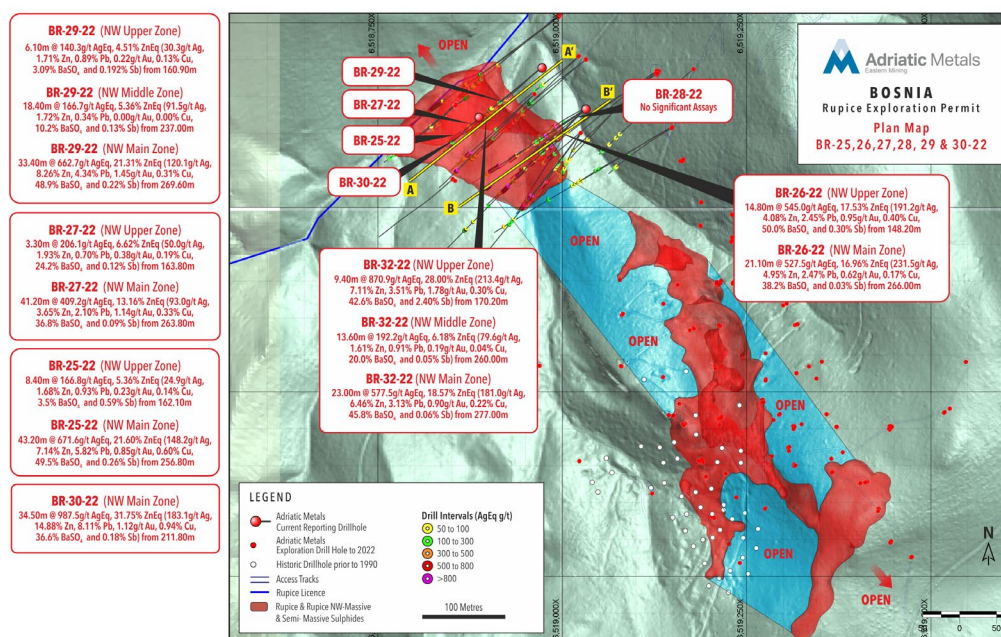


Two Adriatic Metals ASX announcements highlighting significant assays and drilling outcomes were released to market on the 12 January and 27 February, 2023.



Note 1: Sections A-A', B-B', C-C' offset to southeast of section lines to not obscure drill holes traces.
Note 2: Sections A-A', B-B', C-C' can be found in Adriatic Metals ASX Announcement of 27 February 2023.

Figure 11: Plan view map of Rupice NW LSE & ASX reported significant assay results from 12/01/23. Significant assay results returned from Q3 and Q4, 2023 drilling post-26/10/22 to 12/01/23.



Note 1: Sections A-A', B-B' offset to southeast of section lines to not obscure drill holes traces.
Note 2: BaSO₄ results capped at 50% on holes returning assays >50% BaO and waiting return of high range results.
Note 3: Sections A-A', B-B' can be found in Adriatic Metals ASX Announcement of 27 February 2023.

Figure 12: Plan view map of Rupice NW LSE & ASX reported significant assay results from 27/02/23. Significant assay results returned from Q4, 2023 drilling post-12/01/23 to 27/02/23.



The 2023 exploration drilling program commenced on the 9 January 2023 with focus on the Rupice NW discovery and the GAP that separates Rupice NW from the Rupice orebody. In Q1 2023, a total of 5,612m of drilling was completed from 22 holes, using three drill rigs.

Rupice NW drilling will continue into Q2, 2023 to extend and infill Rupice NW mineralisation with assay results being included in a Rupice July 2023 MRE update. On the basis of drilling in Q1, all of Rupice NW will not have been defined by the time of the Rupice July 2023 MRE. This highlights the extensive mineralised system being discovered and defined in a disciplined and systematic manner. A new zone of high grade and thick mineralisation below Rupice North West has been intercepted, and is currently being further drill tested, but several recent drill holes have confirmed its continuity. The first assays of this new zone have been returned and are undergoing QA/QC, however it is visually evident that the massive sulphides hosting metals in this zone has displaced the usual barite host. This is the first such intercept in the Rupice mineralised system to date.

The drilling to connect Rupice NW to the main Rupice orebody will also continue into Q2 2023. Completion of the Gap drilling program in Q1 was affected by a delay in mobilisation of a fourth diamond drill rig, which arrived in early April. Three of six completed Gap holes intersected massive and semi-massive sulphides defining the southern continuation of the Rupice NW Main and Rupice NW Upper Zone mineralisation. A new footwall massive sulphide mineralised zone was also intersected in the southwestern-most hole. Assay results from completed Gap holes were still pending as of end Q1.

Work on the 2023 Rupice MRE commenced in Q4 2022 and continued through Q1 2023. The MRE is at the stage that geological and mineralisation models are up to date, being dynamically updated and guiding current drilling. Interpretation, estimation parameters, mineralisation domains, cut-off grades and initial partial estimates are being internally reviewed and validated. AMC (Perth) have been selected to complete and report the MRE.

Regional exploration commenced in Q1 across the Droskovac prospect. Over 50% of an extensive ground gravity geophysical survey was completed over the trend of the historic Droskovac underground mine workings. Completion of the ground survey and interpretation of the ground gravity results is forecast for Q2, 2023. The results will be used to target stratabound base (Pb+Zn) and precious metals (Ag+Au) mineralisation historically recorded as underlying mined siderite (Fe) mineralisation in late Q2 and early Q3 2023.

Preparations to commence drill testing of the Rupice West (~1.5km west of Rupice), and Semizova Ponikva (~3km east of Rupice) surface geochemistry and ground gravity anomalies were well advanced by end of Q1. Eight drill holes are planned across Semizova Ponikva and four drill holes are planned across Rupice West in Q2 2023.

Recommencement of step-out drilling to extend the main Rupice orebody up-dip and south-eastward along strike will commence at end of April. A 4th diamond drill rig has arrived, and is currently awaiting licensing by the Ministry before being mobilised to pad.



Figure 13: Core being prepared for sampling.

6. HUMAN RESOURCES

Adriatic continues to increase headcount as the Company moves through the construction phase. As of 31 March 2023, staff headcount is 222, with an additional 311 external contractors.

Headcount and Gender Diversity

The Company continues to exceed its stated gender diversity target of 25% female employees with 30% of Adriatic's workforce currently represented by females.

Country	Bosnia	Serbia	UK	Board	Total
Male (%)	128 (69%)	18 (75%)	5 (62%)	4 (67%)	155 (70%)
Female (%)	56 (31%)	6 (25%)	3 (38%)	2 (33%)	67 (30%)
TOTAL	184	24	8	6	222

Figure 14: Gender Division and Head Count Per Country of Operations as at 31 March 2023

Recruitment Planning

Recruitment continues as the Company advances construction and prepares for operational readiness. In Q1 key roles such as Project Engineer, Resource Geologist, Mine Protection Superintendent, Geotechnical Assistant, among others, were appointed. In addition, in Q1 Adriatic successfully conducted a mass recruitment campaign for 180 open vacancies in the local area, with over 821 applications received (male 596, female 225). Radio interviews were carried out at Radio Bobavic, Radio Breza and Radio Kakanj to inform the public of the job fairs and application procedures. There was also a social media campaign launched on Facebook, LinkedIn, Klix Portal. A job fair was held in Vares every Tuesday and Thursday in March at the Information Centre and in Kakanj on 17 March 2023.

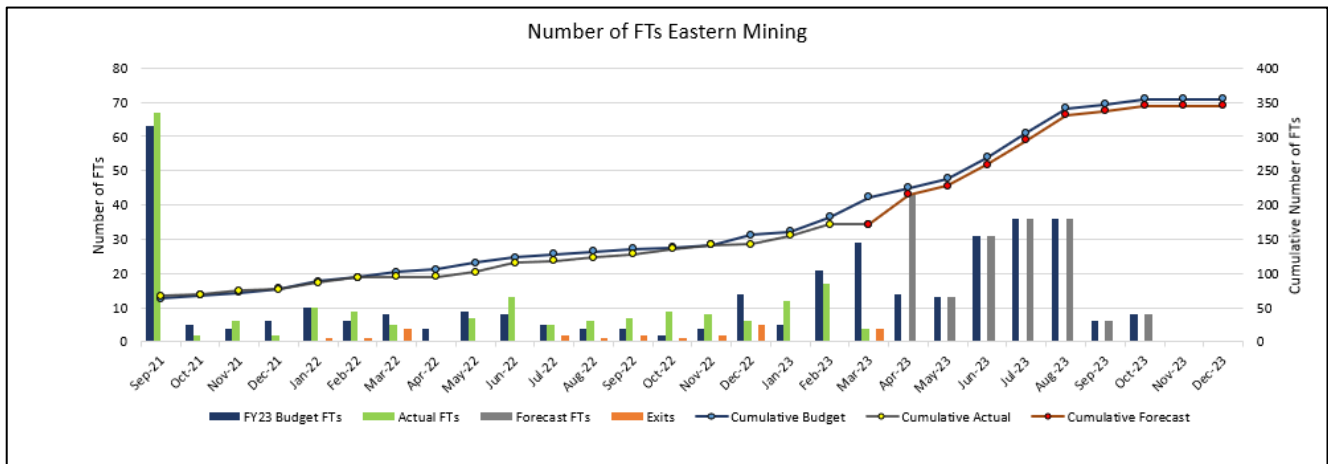


Figure 15: Full Time recruitment 'S' curve



Figure 16: Hiring campaign in Kakanj

7. SUSTAINABILITY

Adriatic remains wholly committed to its shared prosperity and zero harm philosophy.

Adriatic continues progress on its first Sustainability Report with the penultimate draft completed. This 2022 report is planned for release in April. The Company has been 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 were recently included in the 2022 Annual Report. In addition, Streamlined Energy and Carbon Reporting ('SECR') was completed in Q1 2023, and the ISO 9001 standardisation is expected to be certified in Q3 2023.

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 has been prepared and the ISO 9001 standardisation is in process, with certification scheduled for July 2023.

Over the past quarter, the Biodiversity Action Plan ('BAP') and Water and Wastewater Management Plan has been 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, according to the ESIA, BAP, and EBRD PR6.

The sustainability team remains focused on open and honest community relations with the Vares and Kakanj municipalities to ensure positive community relations and social licence preservation.

As part of Adriatic's commitment to align operations with aspirations of the local community, the Adriatic team arranged and participated in a litter collection day in Vares.



Figure 17: Sustainability-Vares clean up action



8. TENEMENT HOLDINGS

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 31 March 2023. 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:

Adriatic Metals PLC

Paul Cronin / Klara Kaczmarek

Via Buchanan

Buchanan

Bobby Morse / Oonagh Reidy

Tel: +44 (0) 20 7466 5000

adriatic@buchanan.uk.com

Canaccord Genuity Limited (Joint Corporate Broker)

Jeremy Dunlop (Australia)

James Asensio (UK)

Tel: +61 2 9263 2700

Tel: +44 (0) 207 523 8000

RBC Capital Markets (Joint Corporate Broker)

James Agnew / Jamil Miah

Tel: +44 (0) 20 7653 4000

Stifel Nicolaus Europe Limited (Joint Corporate Broker)

Ashton Clanfield / Callum Stewart

Tel: +44 (0) 20 7710 7600

Citadel Magnus

Cameron Gilenko

Tel: +61 2 8234 0100

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 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 MARCH 2023

Consolidated statement of cash flows	Current quarter USD'000	Year to date (3 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)	(284)	(284)
b) development	0	0
c) production	0	0
d) staff costs	(1,797)	(1,797)
e) administration and corporate costs	(1,210)	(1,210)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	315	315
1.5 Interest and other costs of finance paid	(470)	(470)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other - VAT refund / (outflow)	1,321	1,321
1.9 Net cash from / (used in) operating activities	(2,125)	(2,125)
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 (3 months) USD'000
c) property, plant and equipment	(22,229)	(22,229)
d) exploration & evaluation (if capitalised)	(1,432)	(1,432)
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	(23,661)	(23,661)

3. Cash flows from financing activities		
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	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(36)	(36)
3.5 Proceeds from borrowings	52,500	52,500
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans and borrowings	(774)	(774)
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	51,690	51,690



Consolidated statement of cash flows		Current quarter USD'000	Year to date (3 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	60,585	60,585
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,125)	(2,125)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(23,661)	(23,661)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	51,690	51,690
4.5	Effect of movement in exchange rates on cash held	418	418
4.6	Cash and cash equivalents at end of period	86,907	86,907

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	86,907	60,585
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)	86,907	60,585

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	608
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	102,500
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	162,500	102,500

7.5 **Unused financing facilities available at quarter end** 60,000

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.

The Company announced the first draw down of \$30m under the Senior Secured Debt on 30 December 2022 and announced the second Senior Secured Debt draw down of \$30m along with receipt of the \$22.5m copper stream deposit on 13 February 2023.

The remaining third and fourth tranches of the Senior Secured Debt will be drawn down in 2023 when required subject to satisfaction of any applicable conditions.



8. Estimated cash available for future operating activities	USD'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,125)
8.2 Net cash from / (used in) investing activities (Item 2.6)	(23,661)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(25,786)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	86,907
8.5 Unused finance facilities available at quarter end (Item 7.5)	60,000
8.6 Total available funding (Item 8.4 + Item 8.5)	146,907
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	5.7

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: 16 April 2022

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* – e.g. *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.