

Vares just the beginning for Adriatic



Vares is Bosnia's first commercial hard rock mining operation

Only a major unexpected setback will prevent Adriatic Metals plc from delivering Europe's first greenfields mine in 20 years.

Adriatic is set to produce first concentrate from its Vares silver project in Bosnia and Herzegovina this month, barely six years after pioneering a new era of exploration in the untapped Balkans region.

Speaking to **Paydirt** early last month ahead of the landmark milestone, Adriatic founder and managing director Paul Cronin was struggling to keep a lid on his own levels of excitement.

"I'm really itching to just turn that mill on and start seeing what comes out the other side," Cronin said.

"We're all very excited, it's been a long stretch for us – 18 months of construction, a lot of challenges along the way with inflation, war, good staff getting poached by some of our competitors – but we got through it. Pat on the back to everyone involved. To go from greenfield exploration in 2017, to production in 2023 is no small achievement.

"The fact that we've done this in Europe, which is a continent that hasn't permitted a mine in 20 years – the only new projects permitted have been brownfield restarts or expansions – I think it says a lot for the way we've gone about it in terms of the sustainability approach."

Cronin said the company had witnessed

"significant improvements" in underground development rates at Vares over recent months with grade reconciliation also falling into line with expectations.

A new mine plan incorporating the new Rupice Northwest deposit was due at the time of print. Adriatic reported a maiden resource of 8.3mt @ 159 g/t silver, 5.4% zinc, 3.4% lead and 1 g/t gold containing 42.5 moz silver, 452,000t zinc, 283,000t lead and 269,000 oz gold (based on a 50 g/t silver equivalent cut-off) for its most promising discovery on the Vares property last July.

Both the mine and processing plant are expected to hit nameplate capacity in April next year.

While not getting ahead of himself, Cronin is confident the Vares plant is capable of pushing through more tonnes from as early as 2025.

"Our infill drilling has given us much greater certainty and we've seen very good conversion into reserves as a result of that," Cronin said.

"The development ore is exactly what we thought it was going to be so I'm expecting pretty good grade reconciliation as we continue to develop the deposit.

"We've got an opportunity to probably increase the throughput a little bit with those increased tonnes in the resource, which will ultimately be in the reserve, and what that will show, particularly from 2025, is an increase in the tonnes going into the plant

and ultimately in the metal coming out it."

Vares will be Bosnia's first ever commercial hard rock mining operation and one of its biggest accomplishments since achieving independence more than three decades years ago. And while there are just two months of the calendar year remaining, the maiden concentrate parcel is expected to account for 25% of the country's GDP in 2023.

There are still some speed bumps to navigate before that first production milestone, including a fully established electricity connection, but Cronin has nothing but praise for the Bosnian Government and the supporting role it has provided to Adriatic over the past six years.

"I don't think the Bosnian electricity network has connected this much load in over 30 years," Cronin said.

"These are still things we have to continue to work through, but generally the Bosnian Government have helped steer the way for us when we've run into a point of ambiguity in the mining code or when there might be a lack of understanding of what the procedural requirements are. They've clarified things very quickly for us and, as a result, we've been able to maintain this momentum.

"Bosnia has turned out to be a great jurisdiction to operate in, quite frankly."

According to Adriatic's 2021 feasibility study, the upcoming 800,000 tpa opera-



Adriatic is on track to produce first concentrate this month



tion at Vares will generate post-tax NPV of \$US1.06 billion and IRR of 124%, with payback achieved just 8.5 months after first production.

As of late July, the company was anticipating final project capex of \$US182 million, with the \$US10 million contingency released following “comprehensive analysis” of the remaining construction works.

Cronin said the end of construction and first production milestones would be proud moments for the Vares workforce, many of whom had only just finished school when Adriatic first arrived in Bosnia.

“A lot of these kids that we hired who were 21-22 back in 2017, they’re now really experienced geologists, they’ve worked on exploration, they’ve worked on underground geology, they’ve worked on grade control, they’ve put their fingers into metallurgy, they’ve seen a bit of everything,” Cronin said.

“These are kids who probably would be in a deadbeat job doing geotech drilling for road construction. They’re now high-class mining professionals and the world’s their oyster. That’s what I’m most proud of.”

The start of production won’t detract from the momentum Adriatic has been forging on the exploration front over recent months. In August, the company raised \$US30 million exclusively for exploration work at Vares and its other emerging opportunities elsewhere in Europe.

Recent drilling results at Rupice Northwest have provided both Adriatic and its stakeholders with plenty of encouragement. High-grade hits such as 33.4m @ 1,197 g/t silver equivalent and 15.2m @ 1,502 g/t silver equivalent (including 9.2m

@ 2,269 g/t) will be fed into a new resource update set for January.

“I don’t know what the exact number is, but we must have put over 30 holes into Rupice Northwest since we put the last resource out in July, and every one of those holes has hit mineralisation,” Cronin said.

“Spending \$US30 million on exploration is not an easy thing to do, but 10 rigs op-



Vares is expected reach nameplate capacity in April next year

erating on both sides ensures we will start to burn through it fairly quickly. Inside of that are also things like new facilities that are needed because we’re going to be doing exploration in this valley for a long, long time. It’s already yielding great results, but we’ve got to maintain our focus and get ourselves established there for the long haul.”

Adriatic also has plans to establish a resource for its Raska porphyry copper-gold project in Serbia sometime next year. It marks the first step in the company’s growth strategy for wider Europe.

The EU Critical Minerals Act has put the

spotlight on untapped opportunities across the continent this year, but Cronin is yet to be convinced those incentives will directly manifest into a massive expansion of Europe’s existing mining landscape.

“I think what the Act allows for is effectively friend-shoring and near-shoring, as under those quotas of 10% raw materials, European companies can still buy what they need from Australia, for example,” he said.

“Europe has a lot of smelters, it produces a lot of metals, but it needs to look at how it expands its supply chain and vertically integrates itself into that metal supply. There are plenty of companies in Europe already doing that.

“Where I see the most opportunity in Europe is the traditional mining jurisdictions of Finland, Sweden, Spain, Portugal, and indeed in the Balkans in places like Albania, Kosovo, Serbia, and Bosnia. I think there’s a lot of opportunities to look over, you’ve just got to be clever in how you go about developing those – and probably be a little bit brave at the same time.”

Cronin also dismissed suggestions the EU Critical Minerals Act had potentially

made European projects more expensive and more difficult to access.

“You can look at these things in terms of what you are paying relative to market but, at the end of the day, you’re going to have to pay what you really think the asset is worth,” he said. “You’ve got to price that risk in, but you’ve also got to price in future commodity prices.

“I think we all know that the prices of commodities are certainly going up over the next five years, quite substantially.”

– Michael Washbourne