

24 July 2023

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

QUARTERLY ACTIVITIES REPORT

For the three months ended 30 June 2023
("Q2" or "Quarter")

Q2 HIGHLIGHTS

Vares Silver Project, Bosnia & Herzegovina:

- 84% of total Project construction complete.
- First ore mined at Rupice and stockpiled on 15 July.
- Lower decline development currently at 695m and upper decline at 601m as at 20 July. First ore drive was reached at the end Q2.
- All long lead items ordered and key project delivery is on schedule. First concentrate production anticipated in November 2023.
- 24.5km haul road construction and refurbishment of the rail head and railway line is on track for completion by the end of Q3.
- Staff headcount increased to 267, contractor headcount totalled 398 at the end of Q2.

Exploration

- Drilling continued on Rupice Northwest ('RNW'), significantly adding to the already expected increase in the Vares Project life-of-mine ('LOM').
- Newly identified RNW 'Lower Zone' confirmed as a copper gold rich body with high grade lead, zinc, silver and antimony and reduced barium.
- Drilling in the gap between the Rupice and RNW deposits supports the mineralised bodies as overlapping rather than connecting, presenting opportunities in mine development.
- Planned Mineral Resource Estimate ('MRE') update for Rupice and RNW is expected at the end of July 2023.
- Fourth diamond drill rig has been mobilised to accelerate 2023 exploration programs on regional targets such as Rupice West.

Finance Update

- Final Project cost estimate is \$182m.
- Final Orion debt drawdown of \$30m is expected in Q3 2023.
- Cash balance at 30 June 2023 was \$85.6m, with \$75.7m of capex and exploration outflows expected pre-production.
- The Company remains fully funded to Project completion.
- 94% of capital awarded, pending award or recently quoted.
- All \$ amounts are US dollars.



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

"The quarter saw significant progress on all aspects of the Vares Project, from the development of the underground Rupice mine, the construction of the processing and shotcrete plants, as well as the critical road and rail infrastructure.

Even though it has only been a few weeks since implementing our accelerated development plan we have seen a significant improvement in the development advance rates at Rupice. I am also delighted that we have mined our first ore and are now stockpiling ahead of plant commissioning in November. This is a significant milestone for the company and a great achievement for the team. We remain firmly on track and fully funded to complete the construction of Europe's most modern mine producing quality silver and zinc concentrates for the European and international markets.

The quarter also benefitted from the ongoing exploration programme at Rupice and RNW, and the drill results will be combined into our planned MRE which is expected at the end of July. The updated MRE is targeting a significant increase in our existing resources, underpinning the Tier One status of Vares as a long-life producer of high-grade critical metals."

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) ("Adriatic" or the "Company") is pleased to provide an update on development and construction at the Vares Silver Project in Bosnia and Herzegovina. 84% of the total Project construction is complete with the Project on schedule to deliver first concentrate in November 2023.

1. HEALTH & SAFETY

At the end of Q2 2023, the Lost Time Injury Rate ('LTIFR') and Total Recordable Injury Rate ('TRIFR') are 0.23 and 2.08 respectively. These are very positive safety results when compared to Q1 2023 where LTIFR and TRIFR were 0.25 and 2.22 respectively.

The Company's focus over the last quarter has been on:

- roll-out of drugs and alcohol management procedure and testing program
- rescue equipment was delivered, and rescue team training was completed
- enhancements to personal protective equipment standards and supply of new, safer uniforms were given to operational and functional support staff
- development of underground mining procedures and supporting training materials
- implementation of advanced investigation techniques for high-potential incidents.

2. CONSTRUCTION ACTIVITIES

Rupice Underground Mine and Infrastructure

- The first ore drive at the 1075 level was turned out end of June and mineralisation intersected on 15 July 2023. Decline development and cycle times have improved since the accelerated development improvement plan was put in place end of June. Productivity has increased 30% over the past three weeks and Adriatic expects further improvement over the coming months.
- As at 20 July 2023 the lower decline is at 695m and the upper decline is at 601m. The first production level in the lower decline is expected to be turned out early August, with ore mined by December 2023.



- Eight experienced operators with international experience in high-productivity development were onboarded in June in partnership with the mining contractor. Further experienced operators remain on track to be onboarded throughout Q3.
- The shotcrete plant construction has been completed and will be commissioned by the end of July.
- The water treatment plant has been commissioned and continuous operation achieved with 4.7 million litres treated to design specification. Construction of a 2,600m³ settling pond continues to advance with completion in Q3.
- The lower decline electrical substation is in operation and the upper decline substation has been installed, with commissioning expected in Q3.
- Further improvements to upgrade the fleet are underway with two development drill rigs purchased by the contractor with delivery to site expected in August.
- The Rupice run-of-mine stockpile is 90% complete. The lower level is 98% complete and the upper level is undergoing blasting and construction. Mined ore is currently being stockpiled at a nearby site until completion. The installations of the footings for the primary crusher will commence in July. A new location for the backfill plant has been established and design work commenced.

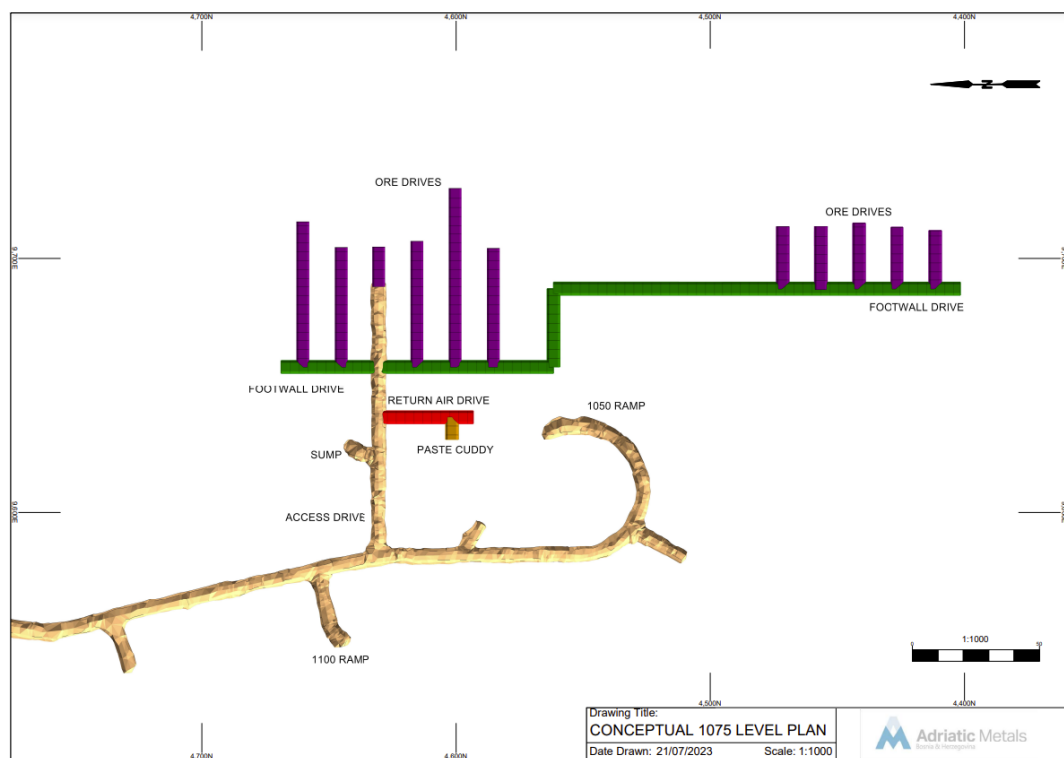


Figure 1: Rupice 1075 production level plan

Brown is as built development as at 20 July 2023, green lines are footwall drives and purple lines ore drives



Figure 2: Support installation – bolting, June 2023



Figure 3: Service work, June 2023



Figure 4: Upper Portal, July 2023



Figure 5: First ore, July 2023



Figure 6: First ore, July 2023



Figure 7: Shotcrete plant Rupice, July 2023



Figure 8: Shotcrete plant Rupice, July 2023



Figure 9: Stockpile at Rupice, July 2023



Vares Processing Plant

Over Q2, the installation of the Vares Processing Plant ('VPP') equipment has progressed well, with completion of commissioning remaining on track for November 2023. The mine and processing plant nameplate capacity are both expected to be reached by April 2024.

Key Project Deliverables:

Description	Completion Date	Comments
Rupice crusher installation	25-Oct-23	Temporary mobile crushers will be utilised in the intervening period to ensure ore is crushed prior to delivery to the plant
Mill installation	3-Aug-23	Ball mill - mechanical only
Flotation	26-Aug-23	Flotation cells - mechanical only
Thickeners	23-Aug-23	Concentrate and tailings thickeners - mechanical only
Plant	26-Sept-23	Overall construction complete
Plant power connections	26-Sept-23	Energisation of full plant
Haul road	18-Sept-23	Construction complete
Rail	15-Sept-23	Testing & commissioning
Plant	4-Oct-23	Wet commissioning
Plant	26-Oct-23	Full commissioning



Figure 10: Equipment delivered to the warehouse ahead of installation, July 2023

VPP Construction Update

VPP buildings steel installation, including cranes:

- Flotation building: wall panels are 98% installed (2% on hold due to easier access for mixer trucks).
- Workshop building: 100% completed.
- Filtration building: wall panels installation is 98% complete, tailings filter installation is pending.
- Overhead cranes for grinding, flotation and workshop: flotation and grinding crane commissioning completed, cranes in workshop and filtration building are pending commissioning.
- Indoor network hydrant pipe prefabrication: warehouse, reagent storage, filtration building, grinding and flotation is 100% complete.

VPP structural steel:

- Grinding: concrete works are 100% completed, main part of the steel structure installation is 85% complete.
- Flotation: both steel fabrication 100% complete. Installation of regrind system cyclones steel structure is completed.
- Concentrate and tailings area: 95% of fabrication for filter steel structures has been completed. The delivery and installation will commence in July.
- Plant services: fabrication has started and is 70% complete.



VPP concrete equipment foundations:

- Flotation: concrete works are 96% complete and scheduled for completion at the end of July.
- Reagents and storage: concrete works are 25% complete and scheduled for completion at the end of July.
- Concentrate: concrete works are 75% complete and scheduled for completion at the end of July.
- Tailings: concrete works are 25% complete and scheduled for completion at the end of July.
- Plant services: concrete works are 40% complete and completion expected in July.

VPP mechanical installation:

- Mill installation is ongoing with the vendor onsite, structural steel and piping within the area has commenced.
- VPP underground services are 98% complete and are to be completed in July.
- Civil foundations complete in all E-rooms. In E-rooms 1, 2 and 3 the structural steel and cladding is complete. In E-room 4 the structural steel has commenced. The electrical equipment is also installed.



Figure 11: Flotation building, July 2023



Figure 12: Ball mill, grinding building, July 2023



Figure 13: Lime system, flotation building, July 2023

Haul Road

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

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

LOT 2 – Construction underway with completion scheduled by the end of August.

LOT 3 - Cutting of trees is 80% complete and the construction permit received for the total length of 3.5km. Construction commenced at the beginning of June, with completion scheduled for September.

LOT 4 – All permits received; work commenced in early June and completion scheduled for September.



LOT 5A - Summer maintenance ongoing.

LOT 5B – Construction to be completed by end of July.



Figure 14: Haul road and rail way line, June 2023

Railhead, Rail Line & Port

In Q2 significant progress was made with the rail and port authorities. The proposed agreement on transportation with Federation of Bosnia and Herzegovina Railways, including cost of transport, has been received by Adriatic and is under review. The railhead civil works design is advancing with Adriatic's technical consultant, the Zagreb Institute of Design ('ZGI'). The railhead and rail line are being refurbished, with the clearing of vegetation almost completed and further improvement activities continuing in Q3.

There were numerous meetings with the senior management of Ploce Port over the quarter, both at the port and at Adriatic's offices with positive discussions held to agree development and costs. A draft agreement for the handling of containers and bulk cargo in Port of Ploce has been received and under review. In addition, ZGI visited the port for second time and produced a technical report, which is now under discussion with port management.

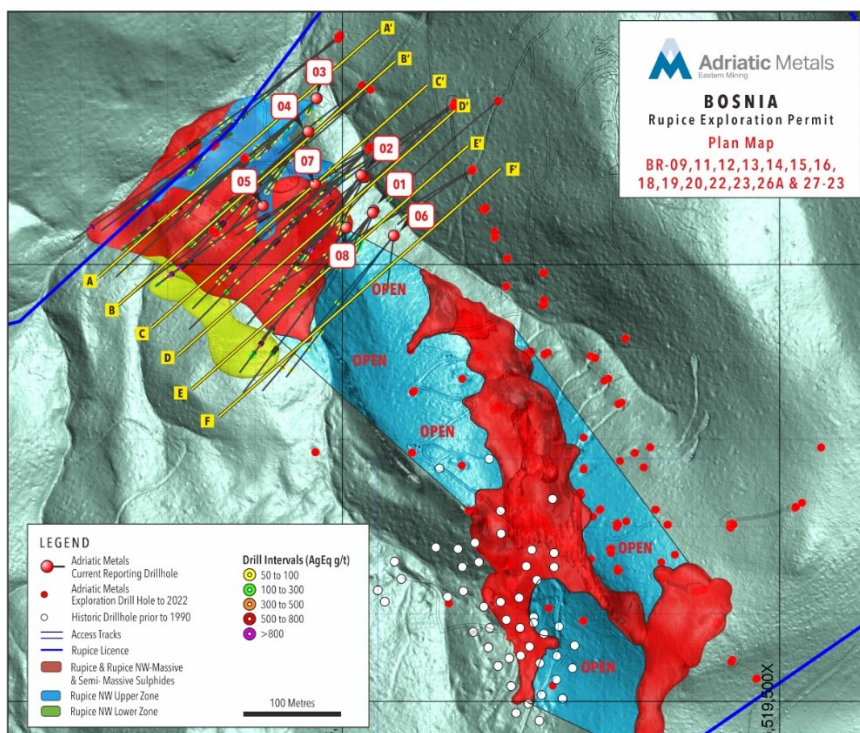


3. EXPLORATION, CONFIRMATION AND DEFINITION DRILLING AT RUPICE

In Q1 & Q2 2023 Adriatic had great exploration success at Rupice Northwest ('RNW') deposit. The following objectives were met and exceeded:

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

The RNW 'Lower Zone' was confirmed as a copper gold rich body with high grade lead, zinc, silver, antimony and reduced barium. New significant assays from the RNW Lower Zone were reported through the period e.g., **9.30m @ 2,624.8 g/t AgEq or 84.40% ZnEq** including *816.6g/t Ag, 28.90% Zn, 14.96% Pb, 6.85g/t Au, 2.66% Cu, 7.3% BaSO₄, 0.62% Sb* in hole BR-22-23. Elevation in copper and gold in the western extent of RNW was also noted as on par with the RNW Lower Zone e.g., **13.00m @ 3,064.3g/t AgEq or 98.53% ZnEq** including *989.2 g/t Ag, 29.18% Zn, 22.19% Pb, 6.36 g/t Au, 4.25% Cu, 2.1% BaSO₄, 1.21% Sb* in hole BR-22-23.



01 BR-09-23 (NW Main Zone) 4.80m @ 355.6g/t AgEq, 11.43% ZnEq (151.8g/t Ag, 1.32% Zn, 1.82% Pb, 1.08g/t Au, 0.12% Cu, 28.9% BaSO ₄ , and 0.07% Sb) from 203.60m	04 BR-14-23 (NW Main Zone) 5.40m @ 840.7g/t AgEq, 27.03% ZnEq (396.4g/t Ag, 4.79% Zn, 3.73% Pb, 1.95g/t Au, 0.38% Cu, 51.3% BaSO ₄ , and 0.14% Sb) from 240.80m	05 BR-22-23 (NW Extension Zone) 9.30m @ 2,624.8g/t AgEq, 84.40% ZnEq (816.0g/t Ag, 28.90% Zn, 14.96% Pb, 6.85g/t Au, 2.66% Cu, 7.30% BaSO ₄ , and 0.62% Sb) from 261.20m
01 BR-09-23 (NW Lower Zone) 14.60m @ 327.1g/t AgEq, 10.52% ZnEq (59.9g/t Ag, 4.52% Zn, 2.04% Pb, 0.92g/t Au, 0.38% Cu, 0.1% BaSO ₄ , and 0.07% Sb) from 271.80m	04 BR-18-23 (NW Upper Zone) 2.70m @ 168.9g/t AgEq, 5.43% ZnEq (25.88g/t Ag, 1.36% Zn, 0.50% Pb, 0.44g/t Au, 0.11% Cu, 18.8% BaSO ₄ , and 0.33% Sb) from 146.60m	06 BR-20-23 (NW Strike Extension Zone) 4.00m @ 109.9g/t AgEq, 3.53% ZnEq (68.7g/t Ag, 0.41% Zn, 0.18% Pb, 0.09g/t Au, 0.22% Cu, 0.90% BaSO ₄ , and 0.09% Sb) from 255.80m
01 BR-12-23 (NW Main Zone) 5.10m @ 71.9g/t AgEq, 2.31% ZnEq (34.4g/t Ag, 0.58% Zn, 0.29% Pb, 0.11g/t Au, 0.09% Cu, 0.7% BaSO ₄ , and 0.03% Sb) from 140.70m	04 BR-18-23 (NW Main Zone) 6.50m @ 158.3g/t AgEq, 5.09% ZnEq (35.7g/t Ag, 1.56% Zn, 0.17% Pb, 0.11g/t Au, 0.01% Cu, 21.8% BaSO ₄ , and 0.54% Sb) from 243.60m	07 BR-27-23 (NW Upper Zone) 3.00m @ 359.0g/t AgEq, 11.54% ZnEq (103.9g/t Ag, 0.72% Zn, 1.67% Pb, 0.55g/t Au, 0.53% Cu, 46.4% BaSO ₄ , and 0.70% Sb) from 114.90m
01 BR-15-23 (NW Upper Zone) 5.10m @ 461.6g/t AgEq, 14.84% ZnEq (123.0g/t Ag, 2.30% Zn, 1.25% Pb, 3.27g/t Au, 0.21% Cu, 1.2% BaSO ₄ , and 0.06% Sb) from 129.90m	04 BR-18-23 (NW Main Zone) 23.90m @ 661.9g/t AgEq, 21.28% ZnEq (145.0g/t Ag, 8.67% Zn, 4.43% Pb, 0.74g/t Au, 0.23% Cu, 68.3% BaSO ₄ , and 0.06% Sb) from 258.60m	07 BR-27-23 (NW Main Zone) 15.80m @ 1,486.3g/t AgEq, 47.79% ZnEq (505.1g/t Ag, 13.71% Zn, 8.60% Pb, 3.86g/t Au, 1.63% Cu, 14.8% BaSO ₄ , and 0.44% Sb) from 203.80m
02 BR-11-23 (NW Main Zone) 12.75m @ 1,183.4g/t AgEq, 38.05% ZnEq (416.7g/t Ag, 10.35% Zn, 5.61% Pb, 3.13g/t Au, 0.70% Cu, 62.7% BaSO ₄ , and 0.13% Sb) from 209.95m	04 BR-23-23 (NW Upper Zone) 4.00m @ 954.5g/t AgEq, 30.69% ZnEq (100.8g/t Ag, 16.23% Zn, 9.32% Pb, 0.74g/t Au, 0.67% Cu, 50.7% BaSO ₄ , and 0.17% Sb) from 256.80m	08 BR-19-23 (NW Main Zone) 6.90m @ 333.5g/t AgEq, 10.72% ZnEq (145.6g/t Ag, 2.25% Zn, 1.74% Pb, 0.97g/t Au, 0.15% Cu, 6.10% BaSO ₄ , and 0.13% Sb) from 207.70m
02 BR-16-23 (NW Main Zone) 8.20m @ 527.9g/t AgEq, 16.97% ZnEq (229.7g/t Ag, 1.82% Zn, 2.77% Pb, 1.63g/t Au, 0.14% Cu, 44.1% BaSO ₄ , and 0.08% Sb) from 213.60m	04 BR-23-23 (NW Main Zone) 26.95m @ 625.5g/t AgEq, 20.11% ZnEq (95.0g/t Ag, 8.63% Zn, 4.73% Pb, 0.74g/t Au, 0.26% Cu, 67.9% BaSO ₄ , and 0.05% Sb) from 235.05m	08 BR-19-23 (NW Lower Zone) 8.30m @ 1,446.3g/t AgEq, 45.50% ZnEq (303.3g/t Ag, 19.00% Zn, 7.94% Pb, 2.46g/t Au, 3.05% Cu, 22.0% BaSO ₄ , and 0.37% Sb) from 238.50m
03 BR-13-23 (NW Upper Zone) 7.20m @ 226.2g/t AgEq, 7.27% ZnEq (52.1g/t Ag, 2.07% Zn, 0.87% Pb, 0.19g/t Au, 0.04% Cu, 6.4% BaSO ₄ , and 1.01% Sb) from 196.50m	04 BR-26A-23 (NW Main Zone) 14.10m @ 1,415.6g/t AgEq, 45.51% ZnEq (434.7g/t Ag, 18.26% Zn, 9.20% Pb, 2.22g/t Au, 0.99% Cu, 37.0% BaSO ₄ , and 0.17% Sb) from 231.7m	

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

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

Figure 15: Plan view map of Rupice and location of drill collars from recent drilling activity.

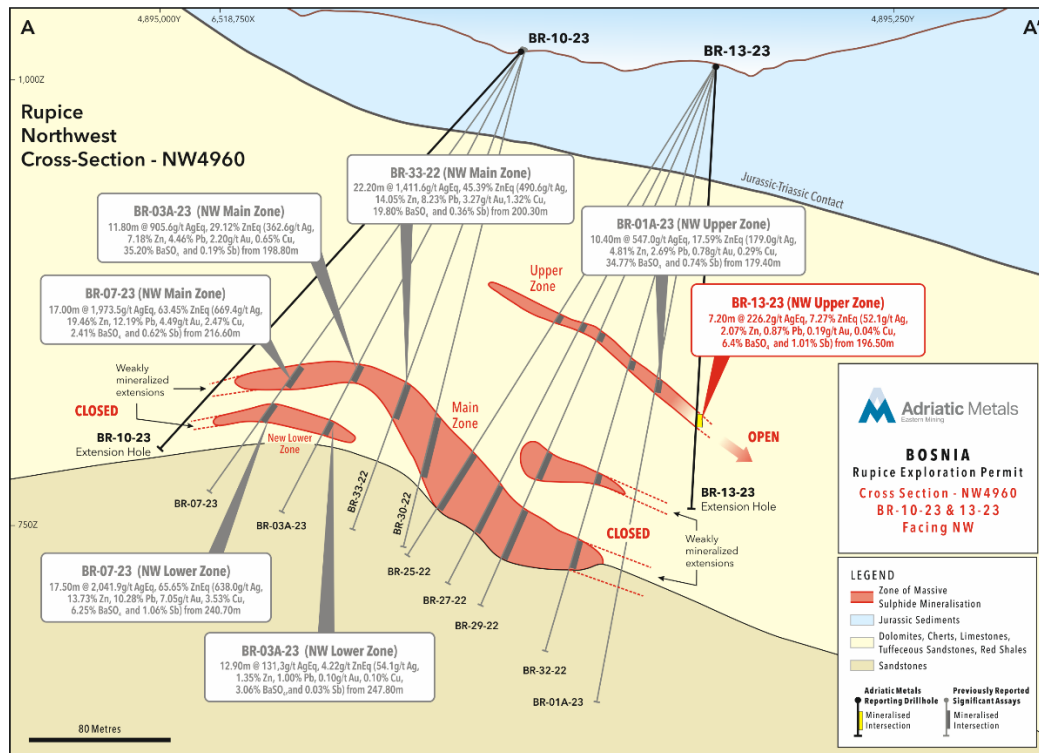


Figure 16: Cross-section (A-A') through BR-10-23 and BR-13-23

During this period, the RNW deposit has been progressively infill drilled to a nominal 40m x 30m drill spacing and extended westward on sections, as well as southwards onto new sections in increments of 40m. Diamond drill holes are drilled in fans to achieve a 25m to 30m separation between mineralisation intersections on the drill lines (sections). Where there is apparent structural influence on mineralisation, drill spacings have decreased to 20m spacings on sections locally to allow for better definition of mineralisation distribution e.g., RNW Lower Zone. This infill drilling has demonstrated continuity in high grades and mineralisation thickness between previously drilled holes, de-risking RNW to an Indicated resource level of confidence. Drilling of RNW has taken longer and more metres than planned due to the unexpected western extension of mineralisation; definition of the RNW Lower Zone; and additional drilling to resolve the distribution of mineralisation within the Rupice – RNW Gap.

Outcomes from RNW 2022 and 2023 drilling to end of May and Rupice 2022 drilling to end of December will be included in a combined Rupice and RNW MRE which will be released at the end of July 2023. AMC Consultants have been engaged to complete and sign-off on the 2023 July Rupice Resource block model and estimate.

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

A fourth diamond drill rig commenced drilling in June. The fourth rigs' focus is regional exploration and in Q3 drilling will continue over the Rupice West prospect 1.5km west of Rupice. Drill holes will be targeting a soil and coincident ground gravity anomaly. Regional exploration drilling will then advance onto the Semizova Ponikva prospect following completion of holes at Rupice West.

A ground gravity survey was completed across the Droskovac prospect in Q2. Results will be processed in Q3 and results incorporated into the planning of the 2023 Droskovac development drilling program. An exciting



program targeting known lead-zinc mineralisation left behind following historic underground and open pit mining of sideritic iron ores.

4. BUDGET & SCHEDULE UPDATE

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

At 30 June 2023, Adriatic had cash of \$85.6m and a final draw down of \$30m under the terms of the Orion financing agreement expected to occur in Q3 to provide additional working capital. The Company is expecting \$75.7m of capex and exploration outflows pre-production.

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

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

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

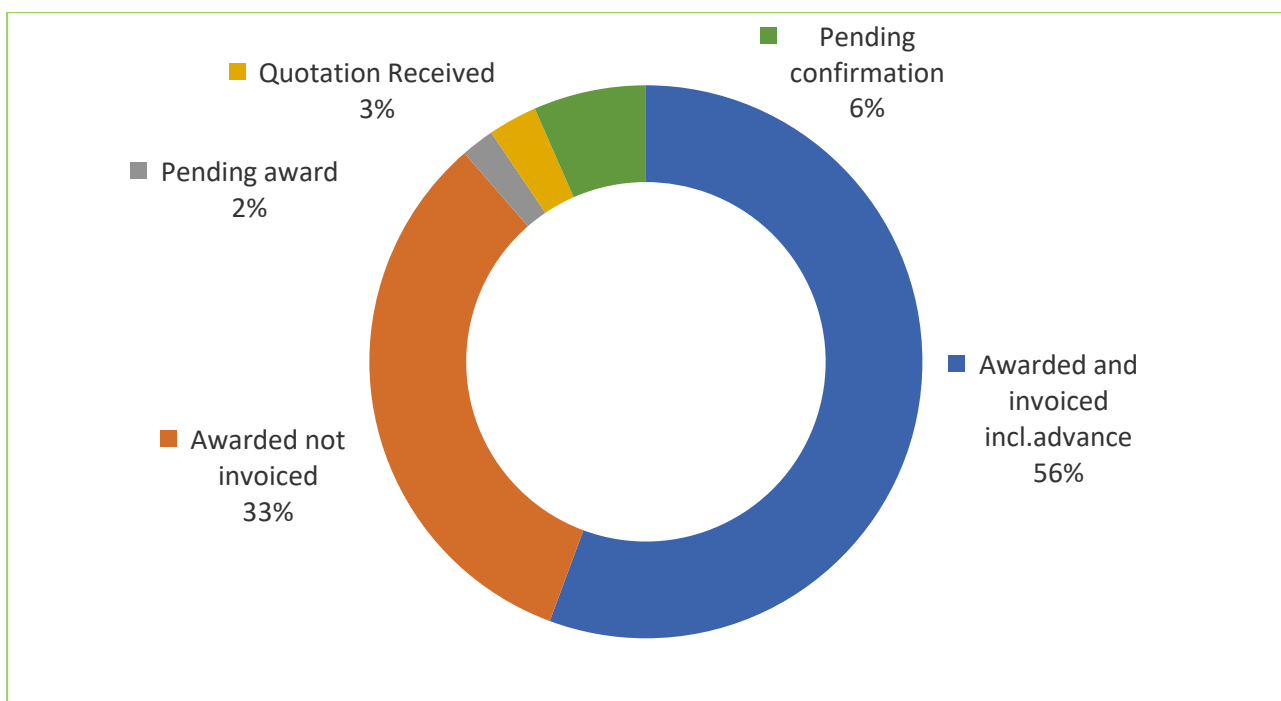


Figure 17: Graph showing committed capex



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)	(1,791)
Exploration & evaluation (expensed)	(258)
Staff costs	(2,671)
Administration and corporate costs	(2,330)
Property, plant and equipment acquisitions	(25,920)
Interest received	505
Interest paid	(475)
Other: VAT Inflow	1,251
Net expenditure	(31,689)
Net cash flows from financing activities	29,754
Net cash out flow before exchange movement	(1,935)

Payments to Related Parties

During the Quarter, Adriatic paid an aggregate total of \$312k 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. HUMAN RESOURCES

Adriatic continues to increase headcount as the Company moves through the construction phase. As of 30 June 2023, staff headcount was 267, with an additional 398 external contractors.

Country	Bosnia	Serbia	UK	Board	Total
Male (%)	163 (72.1%)	18 (69.2%)	5 (55.5%)	4 (67%)	190 (71.2%)
Female (%)	63 (27.9%)	8 (30.8%)	4 (44.5%)	2 (33%)	77 (28.8%)
TOTAL	226	26	9	6	267

Figure 18: Gender Division and Head Count Per Country of Operations as at 30 June 2023

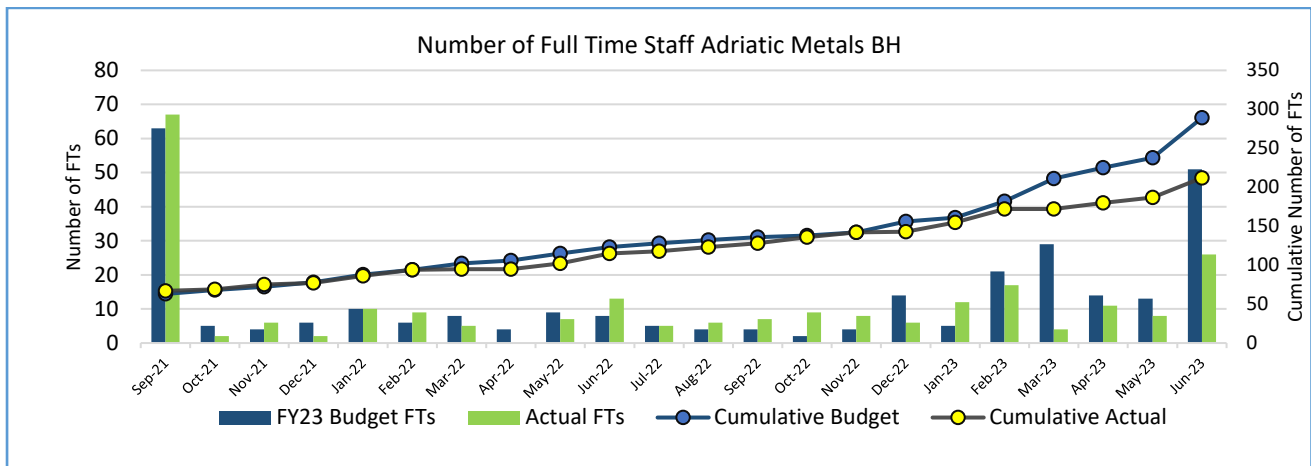


Figure 19: Full Time recruitment 'S' curve

In May, Adriatic participated in the prestigious conference on "Secondary Vocational Education in Bosnia and Herzegovina: Best Practices and Future Priorities." This two-day event brought together more than 50 representatives from secondary schools, government institutions, and international organizations. The conference was jointly organised by the Chamber of Commerce of Sarajevo Canton and the Chamber of Commerce of Zenica-Doboj Canton, with the generous support of the Swiss Agency for Development and Cooperation (SDC) and the German Association for International Cooperation (GIZ - The Deutsche Gesellschaft für Internationale Zusammenarbeit). The primary objective of the conference was to facilitate the exchange of experiences in the implementation of dual education, as well as the organisation and execution of practical teaching activities for secondary vocational schools in Bosnia and Herzegovina. A particular emphasis was placed on discussing future activities and providing guidelines pertaining to the legal framework and obligations of all relevant stakeholders.

In June, as part of the implementation of the established cooperation with the University of Zagreb and the European Institute for Innovation and Technology (EIT), numerous visits to Adriatic's offices and the exploration department in Bosnia were organised. In total 50 students and 6 professors from Europe, Asia and Africa, America and South America participated in the international student exchange program and had the opportunity to get acquainted with the way of work, mission, vision, and goals of Adriatic Metals.



Figure 20: International student exchange programme, June 2023

6. SUSTAINABILITY

Adriatic remains wholly committed to its shared prosperity and zero harm philosophy. In Q2, Adriatic published its inaugural Sustainability Report, titled "Laying the Foundations". The report demonstrates the Company's commitment to community engagement, its social and environmental performance through the development cycle from developer to producer, as well as its vision for the future as a sustainable, multi-asset metals producer. The report was prepared in accordance with the primary ESG metrics, including Task Force on Climate-Related Financial Disclosures, Sustainability Accounting Standards Board and International Council on Metals & Mining frameworks.

At the Company's operations regular monitoring is taking place, tracking all environmental parameters during the construction phase. In Q2 the following monitoring analysis was completed:

- analysis of groundwater, wastewater and Bukovica river water
- analysis of output from the water treatment plant at Rupice, which is now in operation
- additional waste water monitoring
- air quality monitoring at seven locations
- noise monitoring was completed at nine locations.

In May 2023, there were two water inspection (cantonal and federal) site visits and in June the Federal Inspection for Environment visited Rupice. All inspections were passed and operations were fully compliant.

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

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



financial institutions, including the sustainability frameworks of the International Finance Corporation and EBRD's Performance Requirements 1 & 10.

In Q2 Adriatic continued to work closely and engage with all local stakeholders, with regular ongoing communication with the Vares and Kakanj communities. The third session of the Public Liaison Committee took place on 11 May and the regular newsletter was published. The Public Liaison Committee is a key platform for engagement and enables the Company to share project information and updates with local communities.

7. TENEMENT HOLDINGS

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 30 June 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	29-May-26
	Exploration License	310-02-1722/2018-02	Adriatic Metals d.o.o.	Sastavci	1.44	7-Oct-19	29-May-26
	Exploration License	310-02-1114/2015-02	Adriatic Metals d.o.o.	Kremice	8.54	21-Apr-16	07-Jul-25
	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

**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.

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

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ABOUT ADRIATIC METALS

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

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

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.

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.

DISCLAIMER

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



Appendix 5B

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

Name of entity

ADRIATIC METALS PLC

ABN

Quarter ended ("current quarter")

624 403 163

Q2 YTD 2023

Consolidated statement of cash flows	Current quarter	Year to date (6 months)
	USD '000	USD '000
1 Cash flows from operating activities		
1.1 Receipts from customers	0	0
1.2 Payments for	0	0
(a) exploration & evaluation (if expensed)	(258)	(542)
(b) development	0	0
(c) production	0	0
(d) staff costs	(2,671)	(4,468)
(e) administration and corporate costs	(2,330)	(3,540)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	505	820
1.5 Interest and other costs of finance paid	(475)	(945)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other - VAT Refund & PAYE payable)	1,251	2,572
1.9 Net cash from / (used in) operating activities	(3,978)	(6,103)
2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	0	0
(b) tenements	0	0
(c) property, plant and equipment	(25,920)	(48,149)
(d) exploration & evaluation (if capitalised)	(1,791)	(3,223)
(e) investments	0	0
(f) other non-current assets	0	0
2.2 Proceeds from the disposal of:		
(a) entities	0	0



(b) tenements	0	0
(c) property, plant and equipment	0	0
(d) investments	0	0
(e) 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 (provide details if material)	0	0
2.6 Net cash from / (used in) investing activities	(27,711)	(51,372)

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	536	536
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(116)	(152)
3.5 Proceeds from borrowings	30,000	82,500
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans and borrowings	(666)	(1,440)
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	0	0
3.1 Net cash from / (used in) financing activities	29,754	81,444

4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	86,907	60,585
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,978)	(6,103)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(27,711)	(51,372)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	29,754	81,444
4.5 Effect of movement in exchange rates on cash held	630	1,048
4.6 Cash and cash equivalents at end of period	85,602	85,602

Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
5 at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	USD '000	USD '000
5.1 Bank balances	85,602	86,907
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)	85,602	86,907



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	312
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7 Financing facilities

7 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.

		Total facility amount at quarter end USD '000	Amount drawn at quarter end USD'000
7.1	Loan facilities	162,500	132,500
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	Total financing facilities	162,500	132,500

7.5 **Unused financing facilities available at quarter end** 30,000

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.

Funding from Queens Road Capital Investment Limited - \$20m USD, 9.5% interest, unsecured convertible debentures, maturity date December 2024. For further details see announcement dated 27 October 2020.

In addition, the US\$142.5m Orion Debt Financing package consists of US\$120m Senior Secured Debt and US\$22.5m Copper Stream arrangement. The first two tranches of \$30m of the \$120m Senior Secured Debt were drawn down in December 2022 and February 2023 and the third tranche was drawn down in April 2023. The \$22.5m Copper Stream deposit was received in February 2023. The remaining fourth \$30m tranche of the Senior Secured Debt is expected to be drawn down in Q3 2023.

8 Estimated cash available for future operating activities

		USD '000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(3,978)
8.2	Net cash from / (used in) investing activities (Item 2.6)	(27,711)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(31,689)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	85,602



8.5	Unused finance facilities available at quarter end (Item 7.5)	30,000
8.6	Total available funding (Item 8.4 + Item 8.5)	115,602
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.6

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:24 July 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.