

ASX ANNOUNCEMENT

30 January 2019



Adriatic Metals

QUARTERLY ACTIVITIES REPORT

For the period ending 31 December 2018

HIGHLIGHTS

ABOUT ADRIATIC METALS (ASX:ADT)

Adriatic Metals plc is focused on the development of the 100% owned, high-grade zinc polymetallic Vareš Project in Bosnia & Herzegovina.

150.5 million Shares Outstanding

19.5 million options on issue

DIRECTORS AND MANAGEMENT

Mr Peter Bilbe
NON-EXECUTIVE CHAIRMAN

Mr Geraint Harris
CHIEF EXECUTIVE OFFICER

Mr Paul Cronin
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes
NON-EXECUTIVE DIRECTOR

Mr Milos Bosnjakovic
NON-EXECUTIVE DIRECTOR

Mr Eric de Mori
NON-EXECUTIVE DIRECTOR

Mr Sean Duffy
CHIEF FINANCIAL OFFICER

Mr Gabriel Chiappini
COMPANY SECRETARY

- Drilling during the December quarter further defined mineralisation along the northern plunge zone at Rupice and a new south-east extension, both areas yielding high grade and thick drilling intercepts.
- Results from the 36 holes drilled during the 2018 drilling program at Rupice confirmed consistent and significant precious metals grades and thickness at Rupice, in addition to the consistent presence of precious metals in the areas of historical drilling.
 - The average (interval weighted) interval and grades of these holes is 26m at 9.1% Zn, 5.8% Pb, 279g/t Ag, 2.9g/t Au, 0.9% Cu and 43% BaSO₄ from downhole depths of between 74m and 244m.
- The Government of Zenica-Doboj Canton has approved the Company's application for a significant land extension to the current Concession Agreement. The approval follows the conclusion of a 30-day public comment period and the company made application for its Urban Planning Permit during November.
- In November, Adriatic successfully completed a Placement of 19.7 million new CDIs to high quality institutional investors and existing shareholder, Sandfire Resources for proceeds of \$10.8 million.
- Adriatic is well positioned to continue exploration drilling in 2019, declare a maiden Resource on Rupice in the first half of the year and also to significantly progress the permitting and development studies of the Rupice and Veovaca projects.
- Well capitalised with cash at 31 December of \$14.60 million¹.

Adriatic's Chief Executive Officer, Geraint Harris commented, "exploration during the fourth quarter has continued to demonstrate the consistency of the high-grade mineral suite and thickness of Rupice and also that the geology continues to provide new opportunities for significant expansion, which are becoming ever clearer with our increasing knowledge of the geology. This will also allow us to demonstrate an increasing level of confidence in our upcoming maiden Mineral Resource estimate at Rupice.

Our stakeholder engagement continues to grow in BiH, which has been accelerated as we progress our permitting discussions in concert with many of the agencies that have also been administering our Concession Annexe and associated documentation. We are also rapidly progressing our preparation of the permitting and environmental studies, which will allow us to apply for our Exploitation Permit from the Federal regulators during 2019.

We are well capitalised and established in Bosnia & Herzegovina, which will allow us to continue with our focus of expanding the known mineralisation at Rupice and Veovaca and also exploring the new concession areas, with the aim of making new discoveries in 2019".

¹Based on GBP 7.93 million at FX GBP/AUD of 1.84136

Adriatic Metals PLC (ASX:ADT) ('Adriatic' or the 'Company') is pleased to provide the following activities report that outlines the progress made during the fourth quarter CY2018. It has once again been a highly productive quarter with a number of key developments which are very positive for the Company.

2018 Drilling Program

The Company has continued to focus exploration in the fourth quarter at the high-grade Rupice deposit. In addition to expansion, drilling has targeted infilling some of the historically drilled areas with the intention of determining the precious metals content (where originally not assayed for) and also providing sufficient drilling density for the upcoming maiden Mineral Resource estimate. Significant work has also been undertaken on understanding the structural geology and therefore where extensions to the known mineralisation may exist. In validation of this approach a previously untested thick and high-grade extension on the south-east flank of Rupice has been discovered at a depth nominally 30m below the previously tested mineralisation. The resulting drill campaign has not only demonstrated consistently high metal grades and distribution, but also thickness. The large number of highlight holes is shown in Table 1, with the interval weighted thickness and grades of the drilled mineralised intercepts giving an average thickness of 26m at 9.1% Zn, 5.8% Pb, 279g/t Ag, 2.9g/t Au, 0.9% Cu and 43% BaSO₄ from downhole depths of between 74m and 244m. Also, see Figures 1 & 2.

In addition to exploration drilling, numerous holes have also been utilised for hydrogeological and geotechnical analysis, data which will be vital in fast-tracking future development studies at Rupice and also at Veovaca.

Drilling progress was steady during Q4, and despite sub-zero temperatures and significant snow fall later in the quarter, drilling operations continued, which was testament to the resilience and determination of Adriatic's team and of our dedicated contractors.

During 2019, Adriatic looks forward to exceeding the drilling metres achieved in 2018 and will be targeting both extensions of the known mineralisation and to make new discoveries nearby, to maximise the potential resource scale.

Table 1. Highlighted drill hole results from the ongoing 2018 and the 2017 campaigns at Rupice; Lead or Zinc greater than 0.5%. All holes were drilled before end Q4 2018, with holes in blue text being announced during Q1 2019.

HOLE	FROM	TO	INTERVAL	Zn	Pb	Ag	Au	Cu	BaSO ₄
	M	M	M	%	%	g/t	g/t	%	%
Holes drilled in Q4 2018, but Released on ASX in Q1 2019									
BR-36-18	206	278	72	18.3	10.7	211	2.5	2.5	25.0
BR-35-18	216	220	4	1.5	1.4	124	1.7	0.3	29.8
BR-35-18	228	260	32	2.1	2.6	220	2.0	0.2	32.2
BR-34-18	226	230	4	6.9	3.2	46	0.1	0.2	1.2
BR-33-18	216	218	2	0.7	6.4	100	0.7	0.3	4.7
BR-33-18	228	264	36	4.9	3.2	306	2.7	0.5	44.9
BR-32-18	192	208	16	1.3	1.4	49	0.4	0.2	4.0
BR-32-18	228	248	20	8.2	5.6	479	4.1	0.5	59.9
BR-29-18	218	224	6	1.8	2.2	252	3.2	0.3	66.2
BR-29-18	232	246	14	1.6	3.2	388	2.5	0.3	52.6
BR-25-18	218	264	46	12.7	9.6	309	4.1	1.0	40.0
Holes drilled and released on ASX in Q4 2018									

BR-24-18	146	180	34	13.3	6.8	455	3.0	0.5	60.0
BR-23-18	74	86	12	1.4	2.8	228	0.8	0.3	16.0
BR-22-18	222	264	42	14.1	8.4	245	5.7	1.4	34.0
BR-20-18	204	212	8	1.1	4.2	57	0.4	0.5	0.7
BR-17-18	204	270	66	9.5	4.9	187	2.4	0.5	56.0
BR-16-18	196	198	2	4.3	2.8	262	4.0	0.5	78.0
BR-15-18	194	202	8	0.5	0.8	43	1.4	0.1	53.0
BR-15-18	206	208	2	1.1	1.1	124	0.7	0.1	9.0
BR-13-18	168	190	22	0.6	1.2	91	1.3	0.3	41.0
BR-13-18	220	244	24	14.8	7.7	167	3.7	0.7	53.0
BR-12-18	186	188	2	1.1	0.5	10	0.4	0.4	1.0
BR-12-18	200	218	18	8.2	4.2	131	1.4	0.8	27.0
BR-10-18	190	206	16	0.6	0.7	23	0.5	0.3	6.0
BR-10-18	236	264	28	10.8	5.9	271	3.4	0.5	61.0
BR-8-18	206	222	16	6.5	4.0	136	1.6	1.1	33.0
BR-7-18	228	246	18	9.2	4.5	201	2.6	0.5	62.0
BR-5-18	210	276	66	12.8	8.6	158	2.1	2.3	37.0
BR-3-18	196	232	36	5.7	4.3	463	4.4	0.5	55.0
BR-3-18	244	266	22	12.8	7.5	258	4.1	0.8	56.0
BR-2-18	214	278	64	10.8	7.7	537	4.6	0.9	46.0
BR-7-17	94	134	40	8.2	5.5	479	3.6	0.6	57.0
BR-6-17	116	138	22	1.8	1.7	161	1.8	0.3	26.0
BR-4-17	146	176	30	5.8	4.1	382	3.5	0.2	71.0
BR-1-17	178	242	64	8.4	5.1	373	2.3	0.9	44.0
Average (thickness (Weighted averages)			26	9.1	5.8	279	2.9	0.9	43.0

Figure 1. Plan illustrating the Rupice deposit and many of the recent drill holes completed during the 2018 campaign, nearby holes and the outline of known mineralisation.

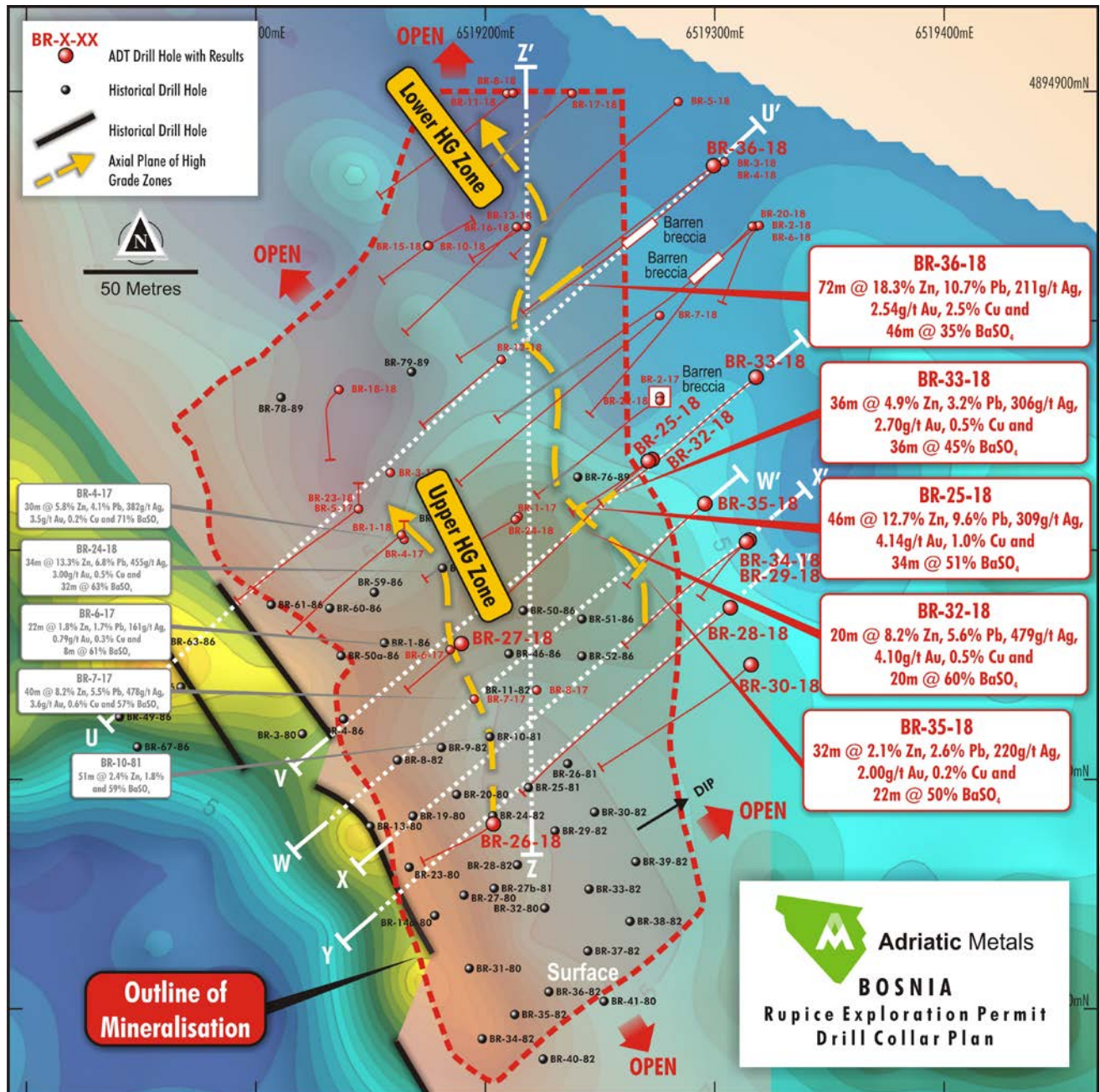
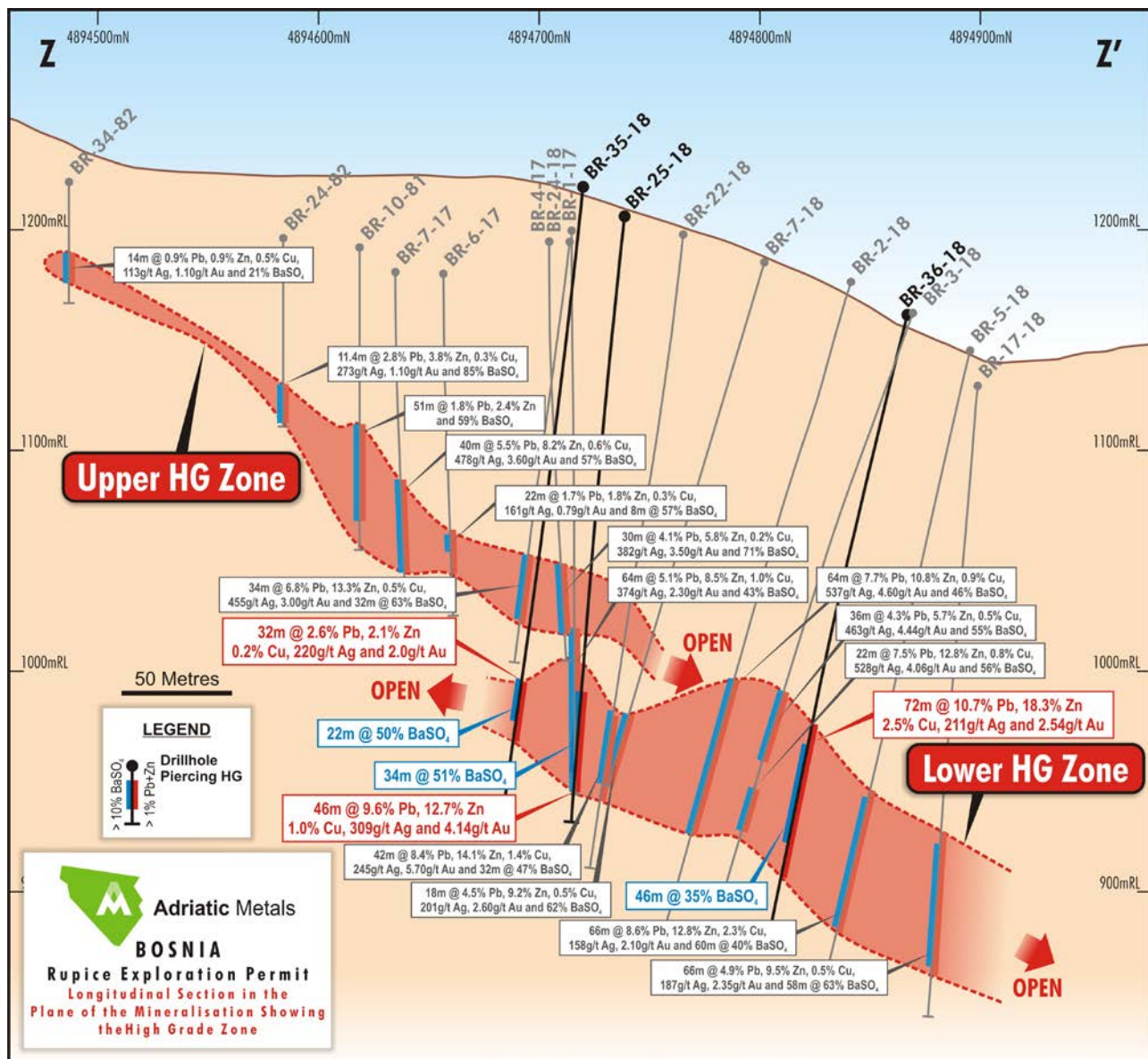


Figure 2. Long-section Z-Z' of Rupice



APPROVAL OF CONCESSION EXTENSION AT VEOVACA AND RUPICE

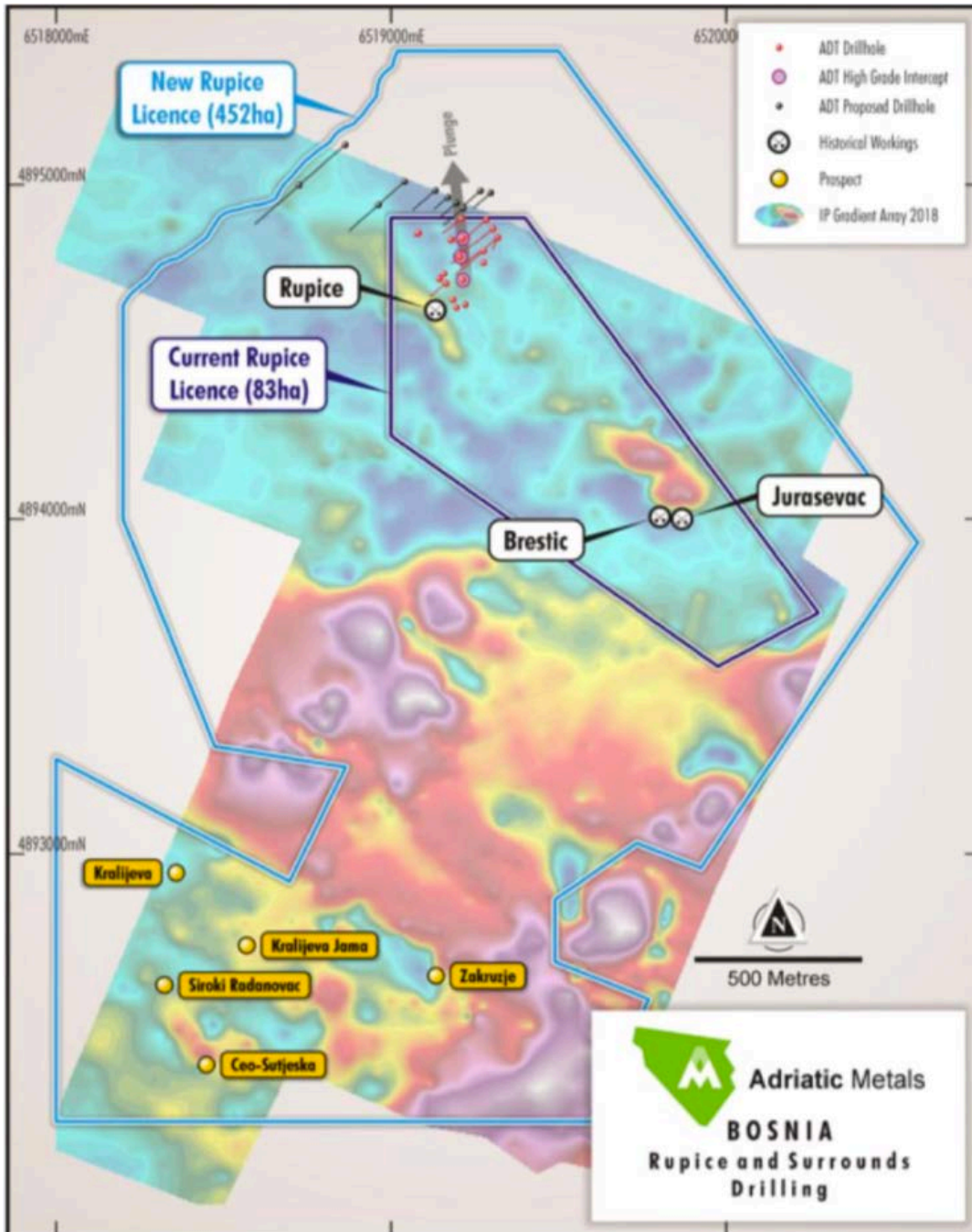
The Government of Zenica-Doboj Canton approved the Company’s application for a significant land extension to the current Concession Agreement. The approval follows the conclusion of a 30-day public comment period, on 25 October 2018, and has now been signed by the Premier of the Canton.

Under the terms of the original Concession Agreement, the Company has three Fields, being Veovaca I & II and Rupice-Jurasavec-Brestic, as outlined in red in Figure 3 & 4 below. The approval of the amendment to the Concession Agreement now extends those fields into the areas outlined in blue. The amendment represents a significant milestone for Adriatic, and the Zenica-Doboj Government.

Before drilling can commence, the Company must apply for an Urban Planning Permit from Zenica-Doboj Canton and once that has been received, apply for an Exploration License from the Federal Ministry. The Company applied for the Urban Planning Permit in December 2018.

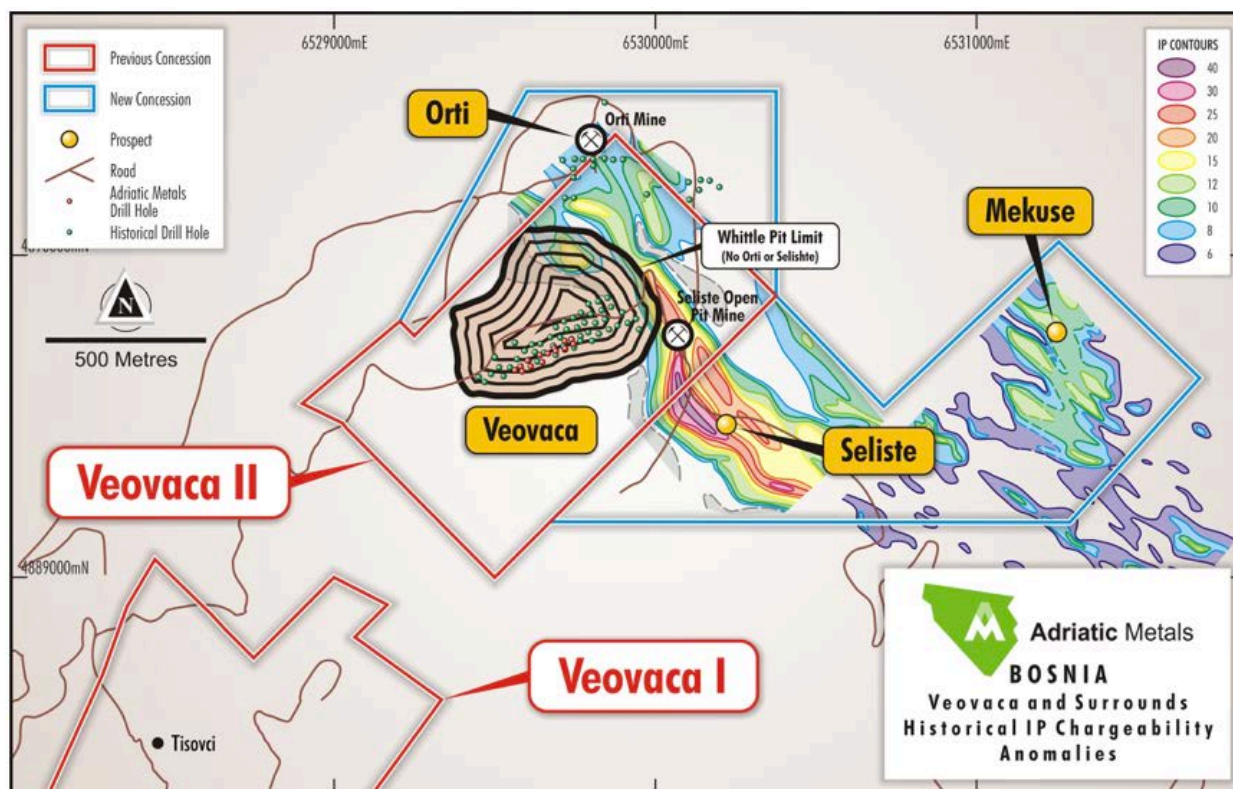
At Rupice, the Concession Extension area includes land where the Company has identified key drill targets and where additional drilling could identify extensions to the known mineralisation or where historical or recent data indicates the potential for new discoveries. The land expansion at Rupice importantly gives all necessary access for drilling at Jurasavec-Brestic and to allow ground disturbing exploration over the significant GAIP anomalies which are sub-parallel to the Rupice mineralisation. Also, in the south of the expanded Concession at Rupice, historical exploration was undertaken at Siroki- Radakovac, Ceo-Sutjeska, Kraljeva, Kraljeva Jama and Zakruzje; which yielded positive results from trenching, underground development and a limited amount of drilling. For the first time since exploration was initiated in the 1960s, Adriatic will be using modern exploration techniques to follow up on these encouraging historical results.

Figure 3 – The expanded concession at Rupice, showing the company’s GAIP anomalies, and the historic exploration areas in the south of the concession. Previous Concession (Red) and New Concession Areas (Blue).



The Concession expansion at Veovaca has been planned to give access for modern exploration and drilling over the entirety of the significant base metal prospects of Orti, Seleste and Mekuse; where historical exploration yielded positive results from geophysical IP, trenching and a limited amount of drilling. See Figure 4.

Figure 4 – The expanded concession at Veovaca, showing the historical IP chargeability anomalies to the east of the current open pit at Orti, Seleste and, further to the east, the prospect at Mekuse.



COMPLETED AN INSTITUTIONAL PLACEMENT

In November, Adriatic completed an institutional placement which raised a total of A\$10.8 million from the issuance of approximately 19.7 million CHES Depository Interests at A\$0.55 per New CDI's. On completion of the Institutional Placement, the Company has approximately 150.5 million CDIs on issue.

The Institutional Placement was strongly supported by existing shareholders and introduced a number of new, high quality domestic and international investors to Adriatic's share register. Sandfire Resources participated in the Institutional Placement to maintain its 7.7% stake via its anti-dilution rights.

The Placement ensured that Adriatic is fully funded to continue its aggressive exploration and development program through 2019 and beyond.

VEOVACA UPDATE ON PERMITTING PROGRESS

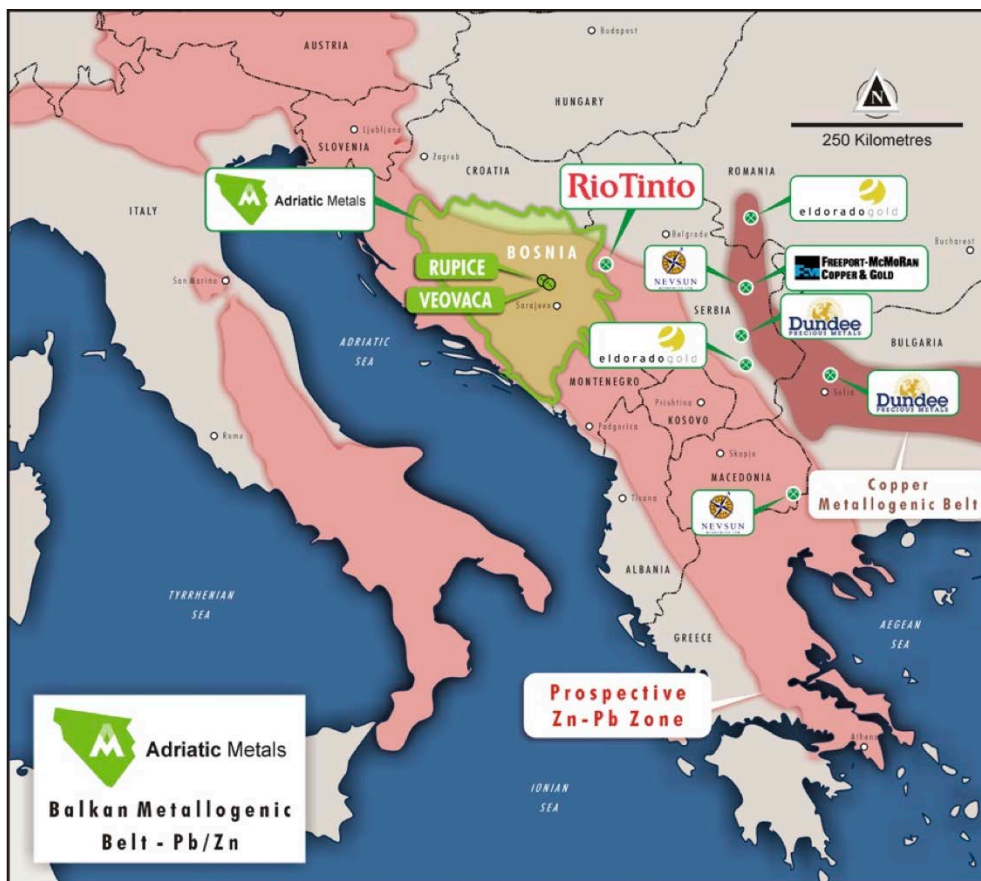
In the December quarter, Adriatic advanced preparation of the environmental, planning and technical studies required for application for the Exploitation Permit, during H2 2019, which will achieve 90% of the permitting requirements. As Veovaca was a previously operating open pit mine it has a mining concession status, which upon granting of the exploitation license will ensure tenure of the entire Adriatic land holding until the year 2038, and extendable to 2050. Following the issue of the Exploitation Permit, Adriatic will only be required to prepare and submit a Definitive Feasibility Study (Main Mining Plan) and apply for a Water Management Permit, which once granted, will result in an Operations Permit being granted (enabling construction to commence).

For further information please contact:

Geraint Harris
 Chief Executive Officer
info@adriaticmetals.com

ABOUT ADRIATIC METALS

Adriatic Metals PLC (ASX:ADT) (“Adriatic” or “Company”) is an ASX-listed zinc polymetallic explorer and developer via its 100% interest in the Vareš Project in Bosnia & Herzegovina. The Project comprises a historic open cut zinc/lead/barite and silver mine at Veovaca; and Rupice, an advanced proximal deposit which exhibits exceptionally high-grades of base and precious metals. Adriatic’s short-term aim is to expand the current JORC resource at Veovaca and to complete both an extensional and an in-fill drilling programme at the high-grade Rupice deposit. Adriatic has attracted a world class team to expedite its exploration efforts and to rapidly advance the Company into the development phase and utilise its first mover advantage and strategic assets in Bosnia.



Notes Specific - ASX Announcements

The information in this announcement that relates to information was first reported by the Company to the ASX on up until 18th October 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

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 and oil and gas exploration entity quarterly report

Name of entity

ADRIATIC METALS PLC

ABN

624 403 162

Quarter ended ("current quarter")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter £GBP '000	Year to date (6 months) £GBP '000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(790)	(1,335)
(b) development	-	-
(c) production	-	-
(d) staff costs	(97)	(183)
(e) administration and corporate costs	(228)	(454)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (VAT Refund)	27	71
1.9 Net cash from / (used in) operating activities	(1,085)	(1,888)



Consolidated statement of cash flows	Current quarter £GBP '000	Year to date (6 months) £GBP '000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(15)	(22)
(b) tenements (see item 10)	(404)	(404)
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(419)	(426)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	6,162	6,162
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(386)	(386)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-



Consolidated statement of cash flows		Current quarter £GBP '000	Year to date (6 months) £GBP '000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,776	5,776

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,746	4,644
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,085)	(1,888)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(419)	(426)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,776	5,776
4.5	Effect of movement in exchange rates on cash held	(90)	(178)
4.6	Cash and cash equivalents at end of period	7,928	7,928

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 £GBP '000	Previous quarter £GBP '000
5.1	Bank balances	6,040	1,658
5.2	Call deposits	1,888	2,088
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,928	3,746



6. Payments to directors of the entity and their associates

Current quarter £GBP '000	
6.1	61
6.2	-

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments relate to Non-Executive Director fees

7. Payments to related entities of the entity and their associates

Current quarter £GBP '000	
7.1	790
7.2	404

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.1 (b)

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Transfer to related entity for Exploration and Development in 7.1 and for concession expansion in 7.2

**8. Financing facilities available**

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
8.2 Credit standby arrangements
8.3 Other (please specify)

	Total facility amount at quarter end £GBP '000	Amount drawn at quarter end £GBP '000
8.1	-	-
8.2	-	-
8.3	-	-

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

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9. Estimated cash outflows for next quarter	£GBP '000
9.1 Exploration and evaluation	769
9.2 Development	363
9.3 Production	-
9.4 Staff costs	98
9.5 Administration and corporate costs	211
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,441



10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Vares Municipality (Rupice – Borovica, Veovaca – Orti-Seliste- Mekuse)	Concession Expansion, Further exploration potential	Nil	£404k

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.

Sign here:
(Company secretary)

Date: 30 January 2019

Print name: Sean Duffy

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.