



Adriatic Metals

# Equity Raising Investor Presentation

20 November 2018

ASX: ADT

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- Note, all figures are expressed in Australian dollars unless otherwise stated.

# Important Notice & Disclaimer



## Competent Person Statements

- The information in this presentation which relates to Exploration Results is based on information compiled by Mr Robert Annett, who is a member of the Australian Institute of Geoscientists (AIG). Mr Annett is a consultant to Adriatic Metals PLC, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Annett consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

## Cautionary note regarding reserves and resources

- You should be aware that as the Company has securities listed on the ASX it is required to report reserves and resources in accordance with JORC 2012. You should note that while the Company's reserve and resource estimates comply with the JORC 2012, they may not comply with the relevant guidelines in other countries and, in particular, do not comply with (i) National Instrument 43-101 (Standards of Disclosure for Mineral Projects) of the Canadian Securities Administrators and (ii) Industry Guide 7, which governs disclosures of mineral reserves in registration statements filed with the US Securities and Exchange Commission. Information contained in this presentation describing the Company's mineral deposits may not be comparable to similar information made public by companies subject to the reporting and disclosure requirements of Canadian or US securities laws. In particular, Industry Guide 7 does not recognise classifications other than proven and probable reserves and, as a result, the SEC generally does not permit mining companies to disclose their mineral resources in SEC filings. You should not assume that quantities reported as "resources" will be converted to reserves under the JORC Code or any other reporting regime or that the Company will be able to legally and economically extract them.

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- The Offer is not underwritten. Ashanti Capital acted as Lead Manager to the Offer ("**Lead Manager**"). The Lead Manager, and their respective affiliates or related bodies corporate, and their respective directors, officers, partners, employees, agents or advisers ("**Lead Manager Parties**") have not caused, permitted or authorised the issue or lodgement, submission, despatch or provision of this presentation. The Lead Manager Parties have not made or purported to make any statement, representation or warranty in this presentation and there is no statement, representation or warranty in this presentation which is based on any statement by any of them. To the maximum extent permitted by law, the Lead Manager Parties exclude and disclaim all responsibility and liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. The Lead Manager Parties make no representation or warranty, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information in this presentation and take no responsibility for any part of this presentation or the Offer. The Lead Manager Parties make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer.



# Equity Raising Overview

# Equity Raising Overview



<b>Offer Structure and Size</b>	<ul style="list-style-type: none"><li>• Institutional placement to raise A\$10.8 million (<b>Placement</b>)</li><li>• Placement of 19.7 million new Adriatic CDIs (<b>New Shares</b>) issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity under ASX Listing Rule 7.1A</li><li>• The Placement is not underwritten</li><li>• The Company reserves the right to accept oversubscriptions</li></ul>
<b>Offer Price</b>	<ul style="list-style-type: none"><li>• Offer price of A\$0.55 per new share, which, as at the last closing price of 12 November 2018 represents a:<ul style="list-style-type: none"><li>• 13.4% discount to the last closing price of A\$0.635;</li><li>• 17.3% discount to the 5 day VWAP of A\$0.6653.</li></ul></li></ul>
<b>Ranking</b>	<ul style="list-style-type: none"><li>• New Shares will rank equally with existing Adriatic shares</li></ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"><li>• Proceeds from the Placement will be used to fund an accelerated exploration program at both Rupice and regional prospects, additional land acquisitions, technical studies and corporate overheads</li></ul>
<b>Pro Forma Capital Structure</b>	<ul style="list-style-type: none"><li>• Post completion of the Institutional Placement, Adriatic will have approximately 150.5 million shares on issue and a pro forma cash balance of A\$17.3 million<sup>1</sup></li></ul>
<b>Lead Manager</b>	The logo for Ashanti Capital, featuring a stylized 'A' followed by the text 'ASHANTI CAPITAL'.

<sup>1</sup> As at 30 September 2018. Cash and cash equivalents of A\$6.5m assuming GBP/AUD = 1.7871

# Equity Raising Timetable



Key Event	Time / Date (AWST)
<b>Trading Halt and Announcement of Equity Raising</b>	Pre-Open, Tuesday, 13 November 2018
<b>Announcement of the Results of the Placement</b>	Pre-Open, Tuesday, 20 November 2018
<b>Trading in Adriatic Shares Recommences</b>	Tuesday, 20 November 2018
<b>Settlement of New Shares Issued Under the Placement</b>	Monday, 26 November 2018
<b>Allotment and Trading of New Shares Issued Under the Placement</b>	Tuesday, 27 November 2018

*The above timetable is indicative only and subject to change. Adriatic, in conjunction with the Lead Manager, reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. All times and dates are in reference to Australian Western Standard Time*

# Adriatic Pro-Forma Capital Structure



## Capital Structure

Key Information	Current	Pro-Forma <sup>3</sup>
Share Price (12 November 2018) / Issue Price	A\$0.635	A\$0.55
Shares on Issue	130.8M	150.5
<b>Market Cap</b>	<b>A\$83.1M</b>	<b>A\$82.8M</b>
Options Unlisted	19.5M	19.5M
Cash	A\$6.5M <sup>1</sup>	A\$17.3M
Debt	-	-
<b>Enterprise Value</b>	<b>A\$76.6M</b>	<b>A\$65.4M</b>

## Board & Management

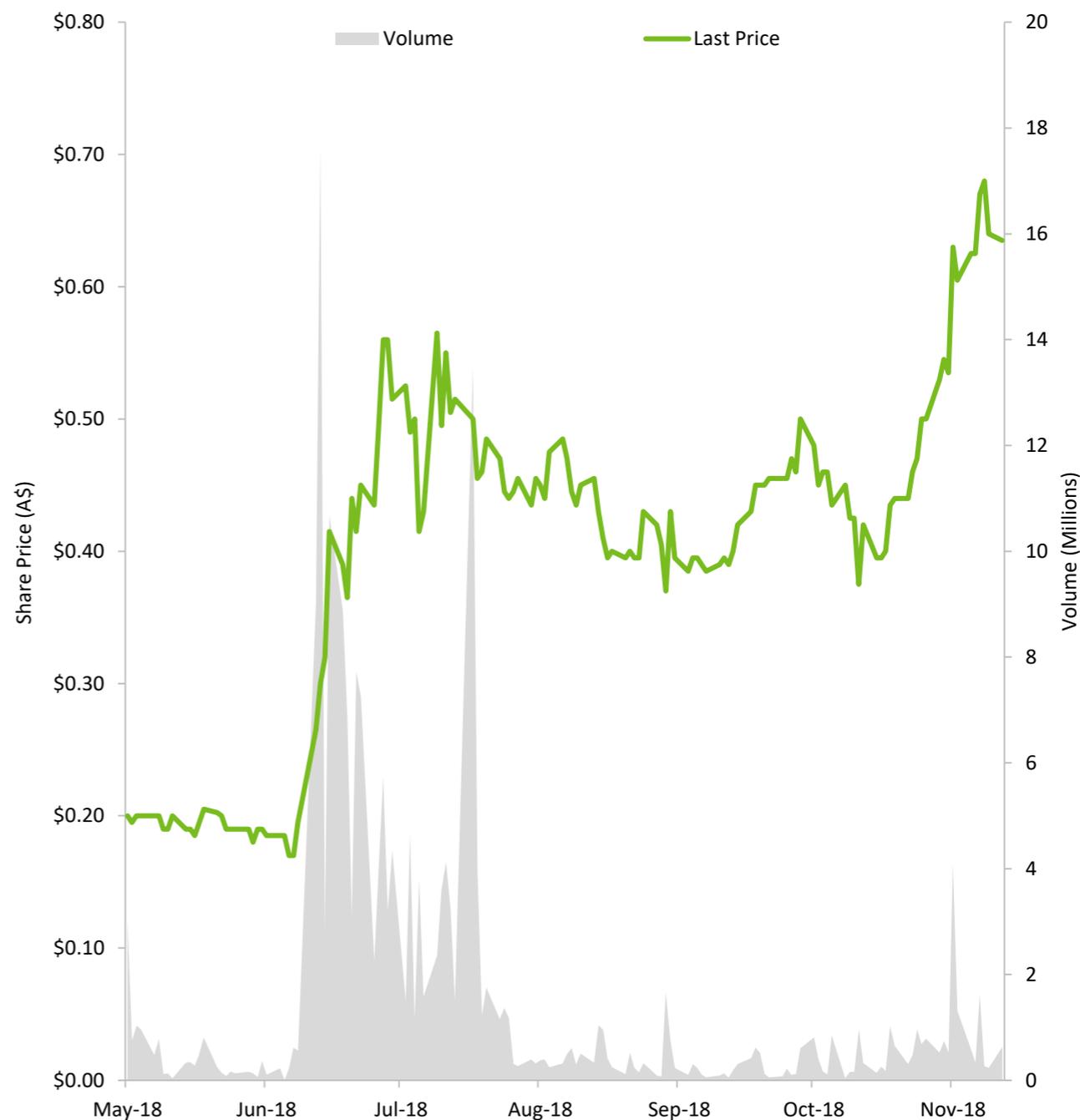
Non-Executive Chairman	Peter Bilbe
CEO	Geraint Harris
Non-Executive Director	Paul Cronin
Non-Executive Director	Julian Barnes
Non-Executive Director	Miloš Bošnjaković
Non-Executive Director	Eric De Mori

1. As at 30 September 2018. Cash and cash equivalents of A\$6.5m assuming GBP/AUD = 1.7871

2. Option exercise prices range from \$0.20 to \$0.60

3. Assuming \$10.8 million is raised

## Share Price Performance Since IPO





# Adriatic Metals Overview

# Pipeline of high-grade development projects



## Highly prospective project pipeline

- **Rupice:** Continued high grade intercepts and growth with maiden resource expected H1 2019
- **Veovaca:** JORC (2012) resource with precious metals growth
- **Brestic-Jurasevac:** High potential brownfield exploration
- Aggressive exploration campaign
- Fully funded exploration program

## World class location

- Long history of metal mining
- First class infrastructure
- Unanimous municipal support
- National and local government support
- Pro-mining and established mining law
- Europe, stable multi-party democracy
- No significant exploration since 1980's
- Low operating cost environment



# World class results and long-term regional growth



## Rupice

- Flagship high-grade polymetallic project
- Mineralisation remains open in all directions
- Aggressive extensional drill program with continued high grade drill results
- Maiden resource in H1 2019

## Veovaca

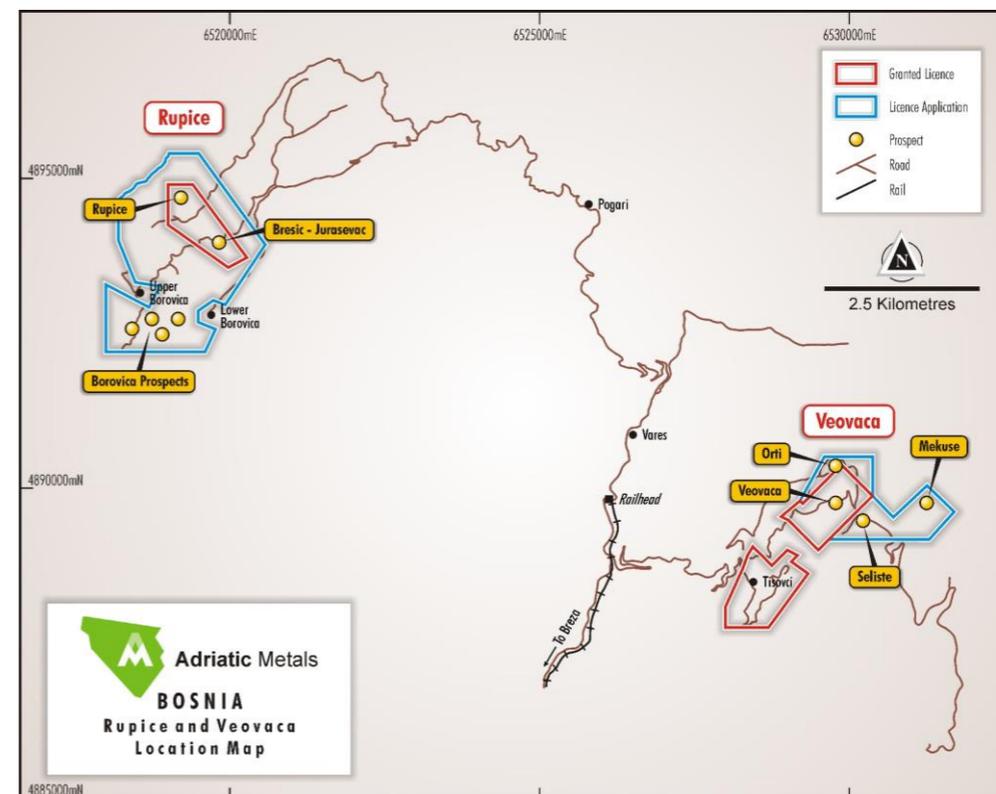
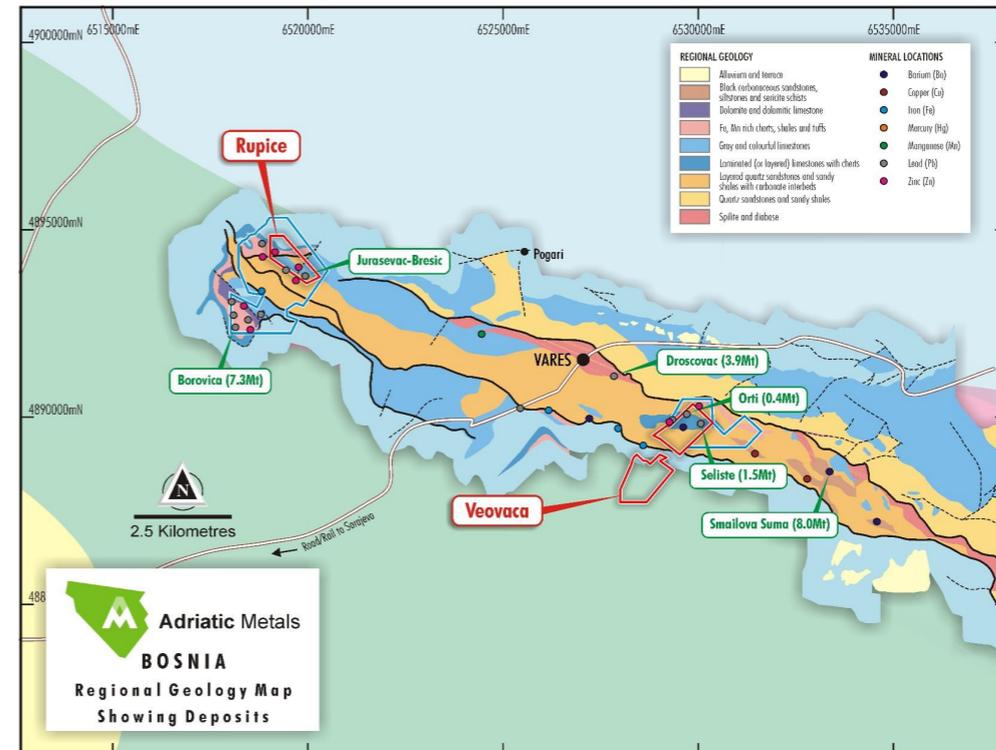
- Historical open pit mine, 15 km SE of Rupice
- Updated JORC (2012) resource of 4.4Mt<sup>1</sup>
- Thick mineralisation exposed at surface
- Low operating cost environment

## Brestic – Jurasevac

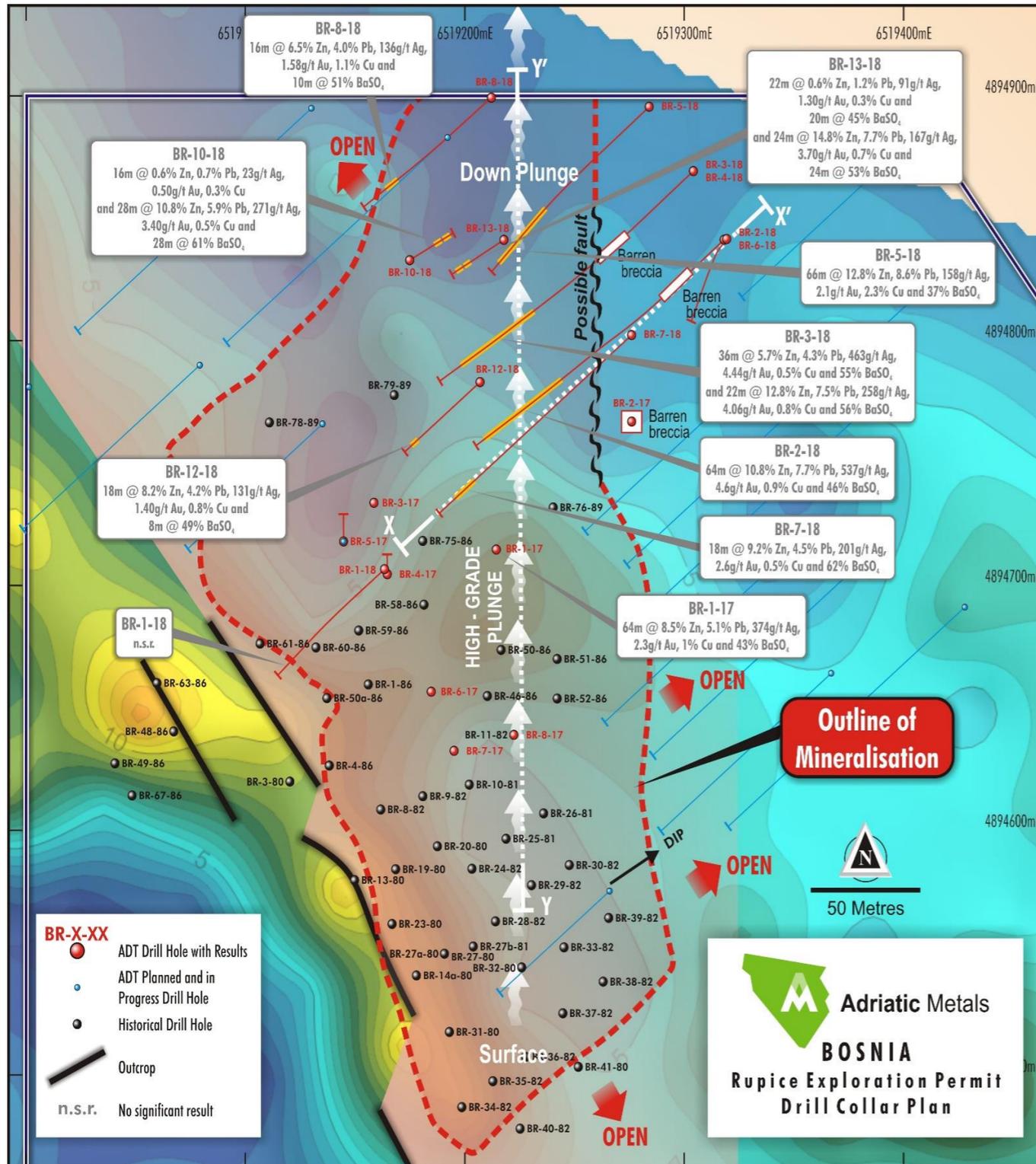
- Prospective 600m strike length IP target
- High grade grab and soil samples coinciding with Rupice & 1700m of historic workings

## Concession expansion

- Exploration of 4 new areas, all containing historic results



# Rupice – delivering exceptional grade and thickness



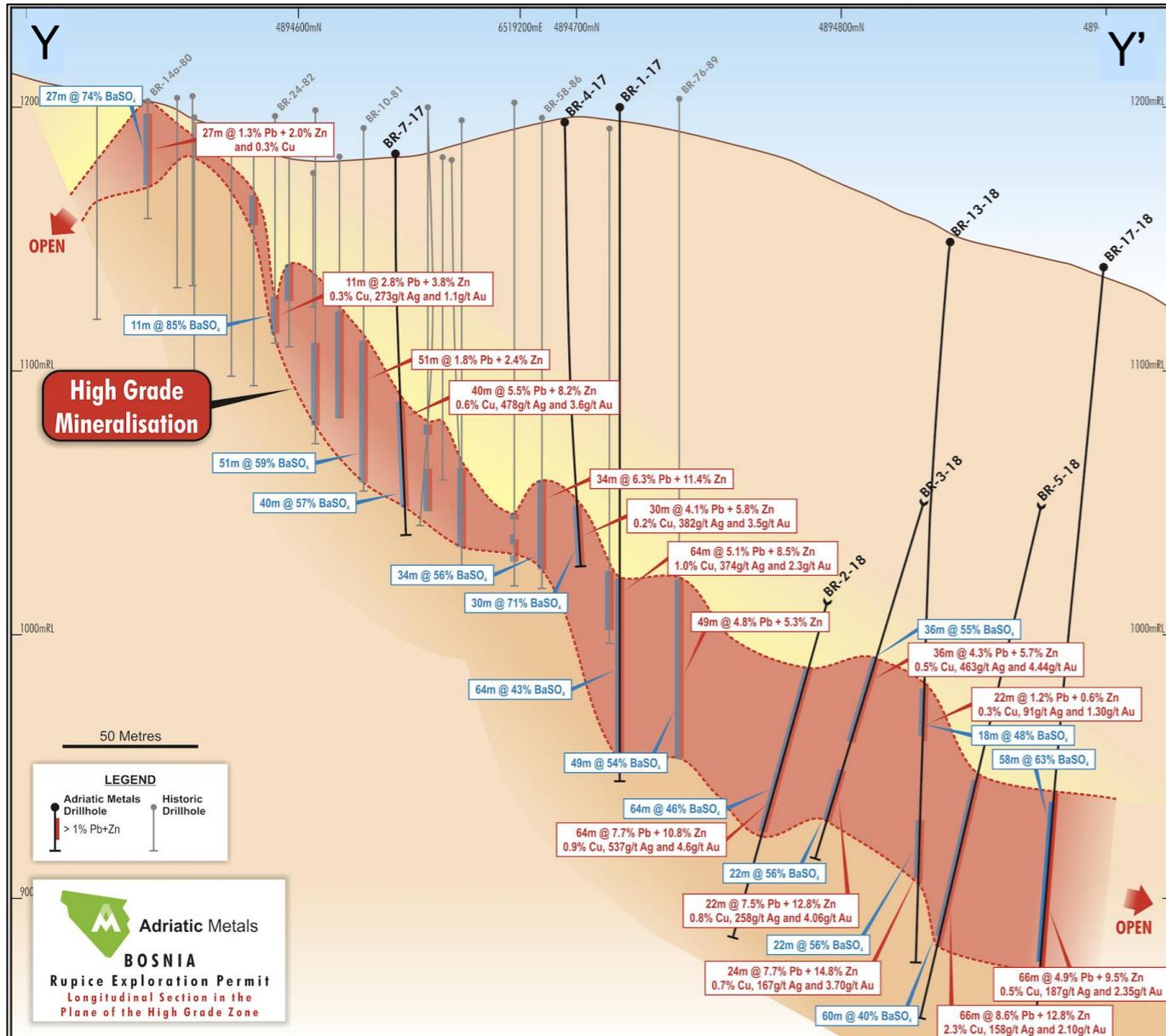
## Significant Rupice Drill Intercepts 2017/18

HOLE	FROM	TO	INTERVAL	Zn	Pb	Ag	Au	Cu	BaSO <sub>4</sub>
	M	M	M	%	%	g/t	g/t	%	%
BR-24-18	146	180	34	13.3	6.8	455	3	0.5	60
BR-20-18	204	212	8	1.1	4.2	57	0.4	0.5	1
BR-22-18	222	264	42	14.1	8.4	245	5.7	1.4	34
BR-23-18	74	86	12	1.4	2.8	228	0.8	0.3	16
BR-17-18	204	270	66	9.5	4.9	187	2.35	0.5	56
BR-16-18	196	198	2	4.3	2.8	262	3.99	0.5	78
BR-15-18	194	202	8	0.5	0.8	43	1.37	0.1	53
BR-15-18	206	208	2	1.1	1.1	124	0.73	0.1	9
BR-13-18	168	190	22	0.6	1.2	91	1.3	0.3	41
BR-13-18	220	244	24	14.8	7.7	167	3.7	0.7	53
BR-12-18	186	188	2	1.1	0.5	10	0.4	0.4	1
BR-12-18	200	218	18	8.2	4.2	131	1.4	0.8	27
BR-11-18	302	306	4	0.9	0.3	14	0.16	0	1
BR-10-18	190	206	16	0.6	0.7	23	0.5	0.3	6
BR-10-18	236	264	28	10.8	5.9	271	3.4	0.5	61
BR-8-18	206	222	16	6.5	4	136	1.6	1.1	33
BR-7-18	228	246	18	9.2	4.5	201	2.6	0.5	62
BR-5-18	210	276	66	12.8	8.6	158	2.1	2.3	37
BR-3-18	196	232	36	5.7	4.3	463	4.4	0.5	55
BR-3-18	244	266	22	12.8	7.5	258	4.1	0.8	56
BR-2-18	214	278	64	10.8	7.7	537	4.6	0.9	46
BR-7-17	94	134	40	8.2	5.5	479	3.6	0.6	57
BR-6-17	116	138	22	1.8	1.7	161	1.8	0.3	26
BR-4-17	146	176	30	5.8	4.1	382	3.5	0.2	71
BR-1-17	178	242	64	8.4	5.1	373	2.3	0.9	44
<b>Average</b>			<b>28</b>	<b>8.9</b>	<b>5.6</b>	<b>287</b>	<b>3.0</b>	<b>0.8</b>	<b>46.0</b>

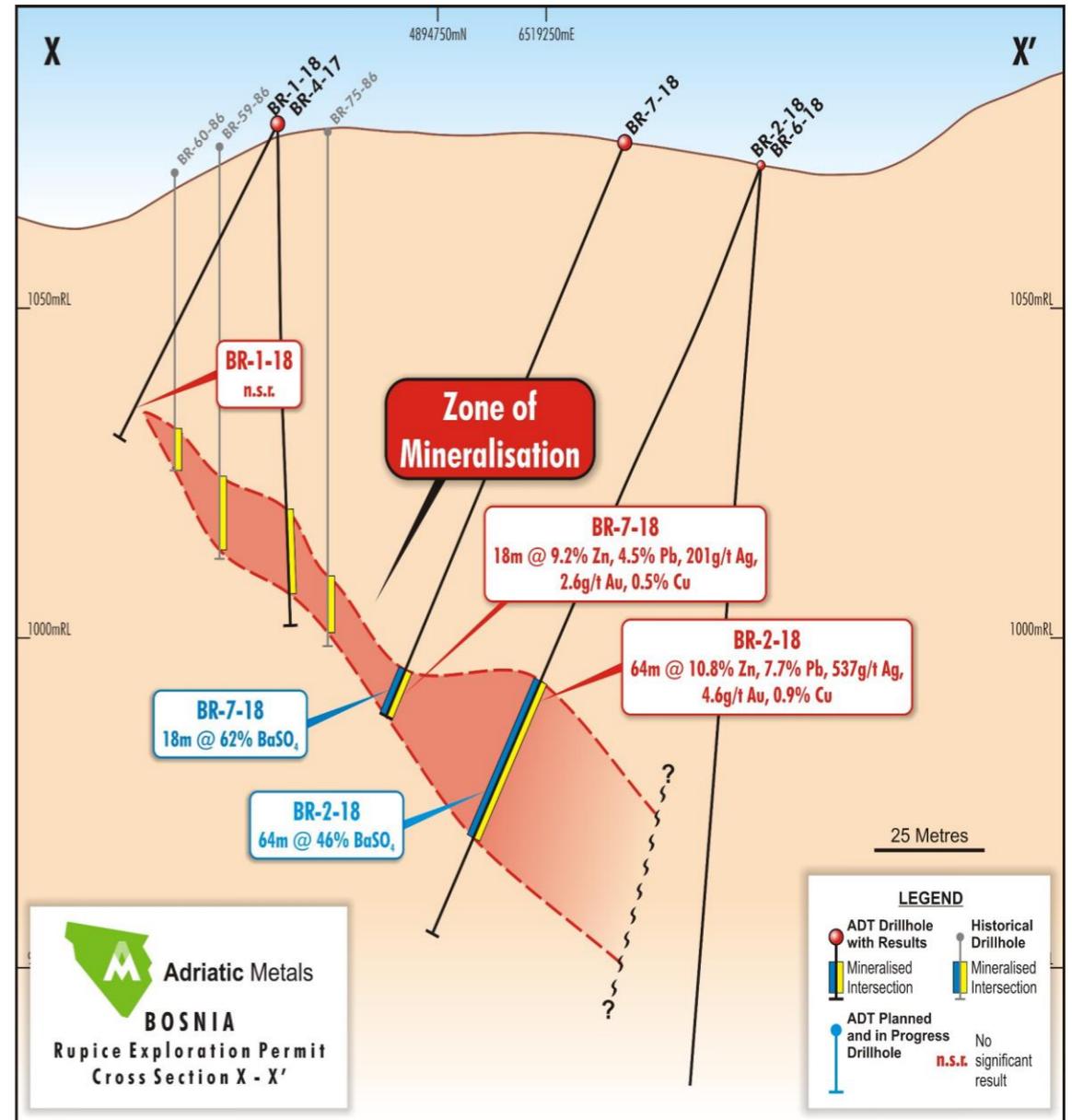
# Rupice – open and growing



## Long Section Y-Y'



## Cross Section X-X'

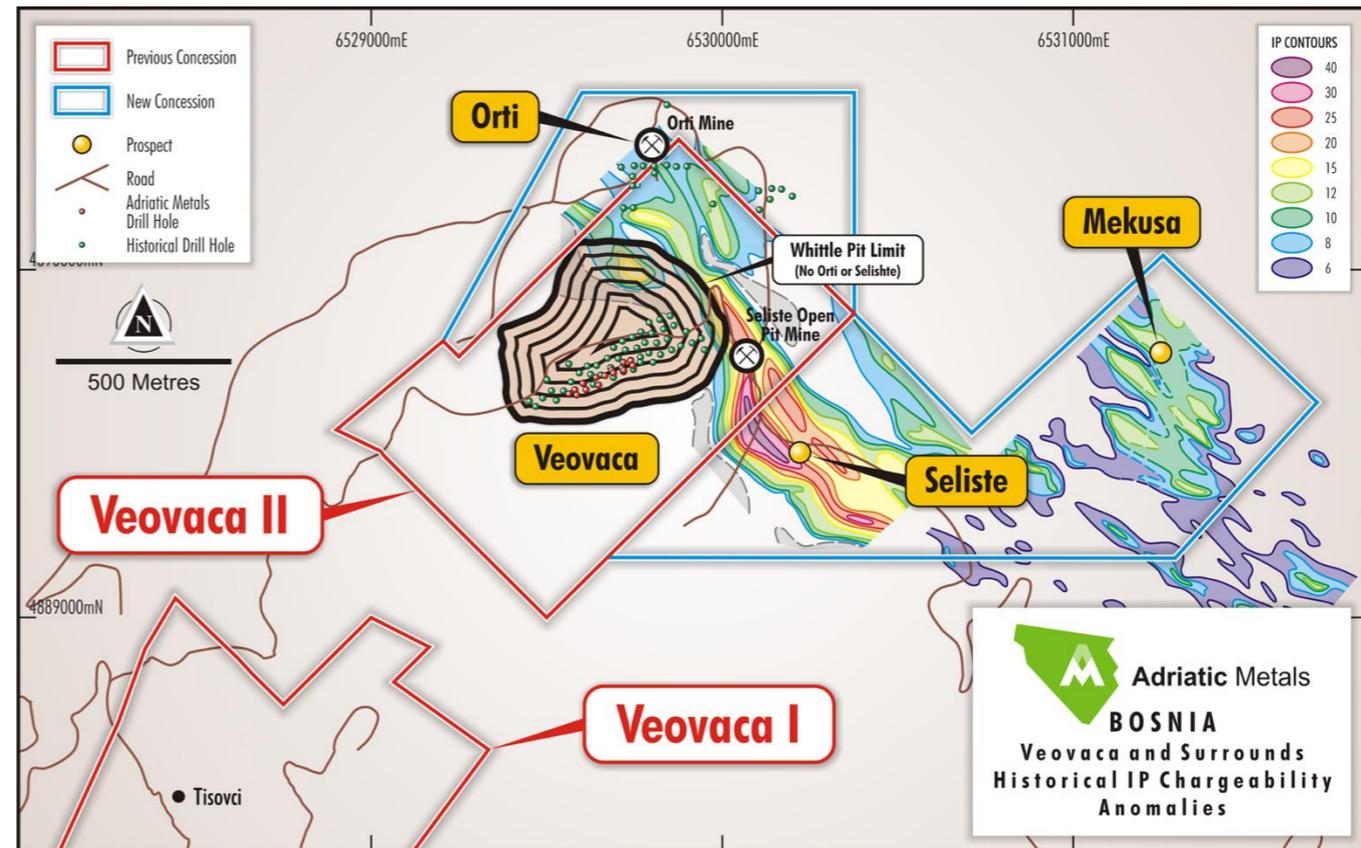
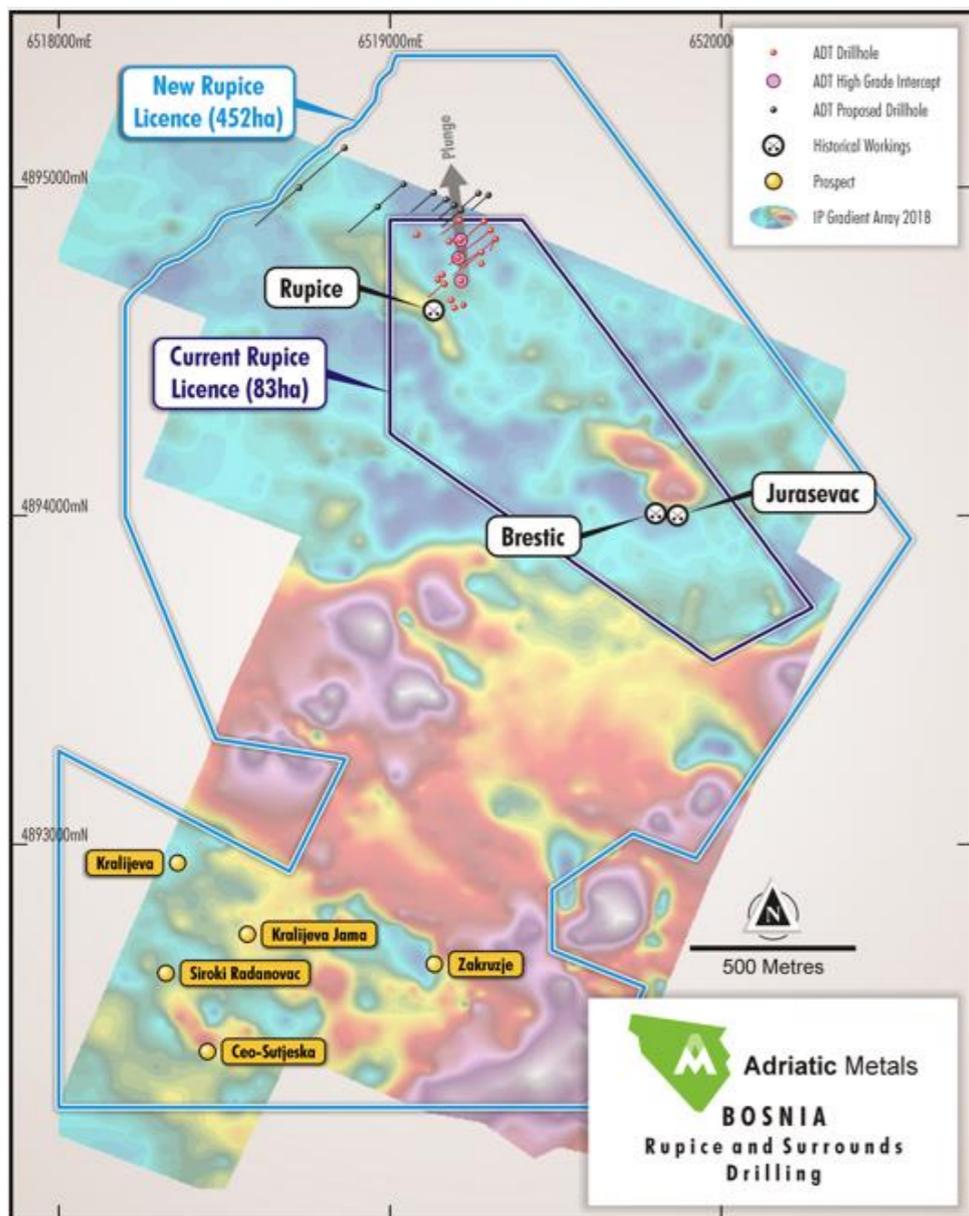


# Concession expansion delivers growth opportunities



## 2018 continues to deliver high grades<sup>1</sup>

- Concession expansion granted November 2018<sup>2</sup>
- Growth target at both Rupice and Veovacha
- New concession drilling starts in Q4 2018



## Exceptional exploration upside

- Only 20% of 900m Rupice to BJ corridor is drilled
- Plus, numerous sub-parallel anomalies to be drill-tested

## Work to date has demonstrated

- World-class grade and thickness
- Mineralisation remains open
- Base metal dominant with significant precious metals
- Shallow lying mineralisation, max. depth 270m

# Brestic – Jurasevac Exploration Corridor

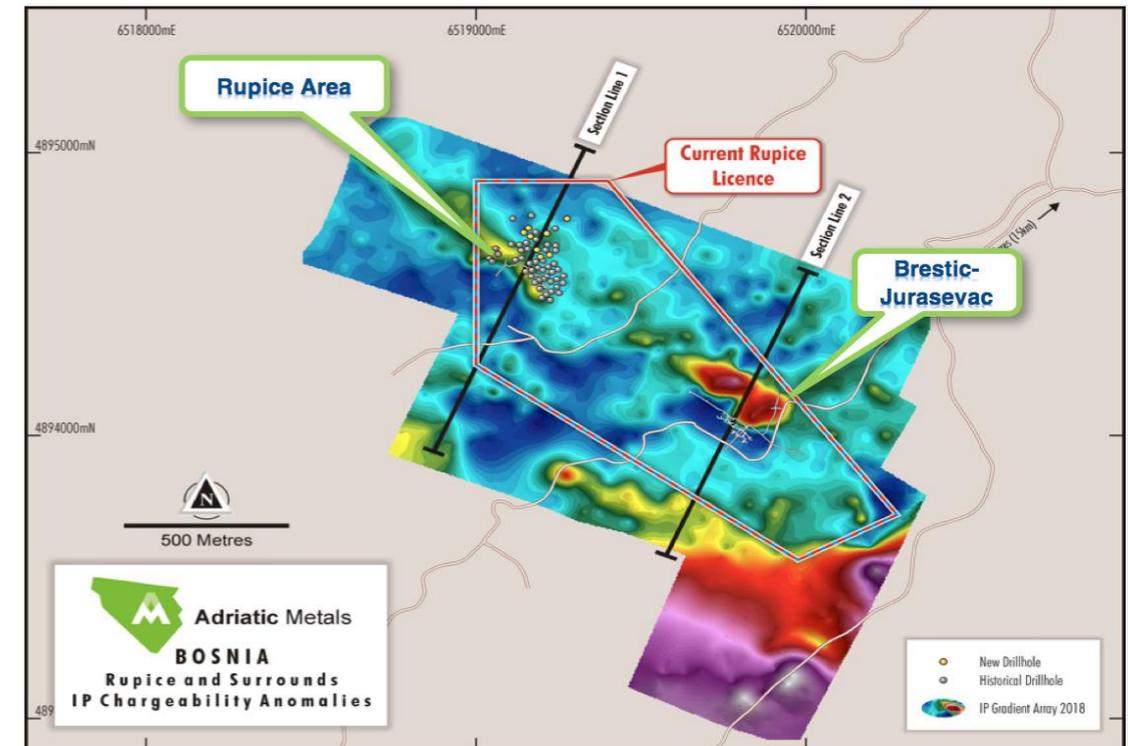


## Well defined drill targets

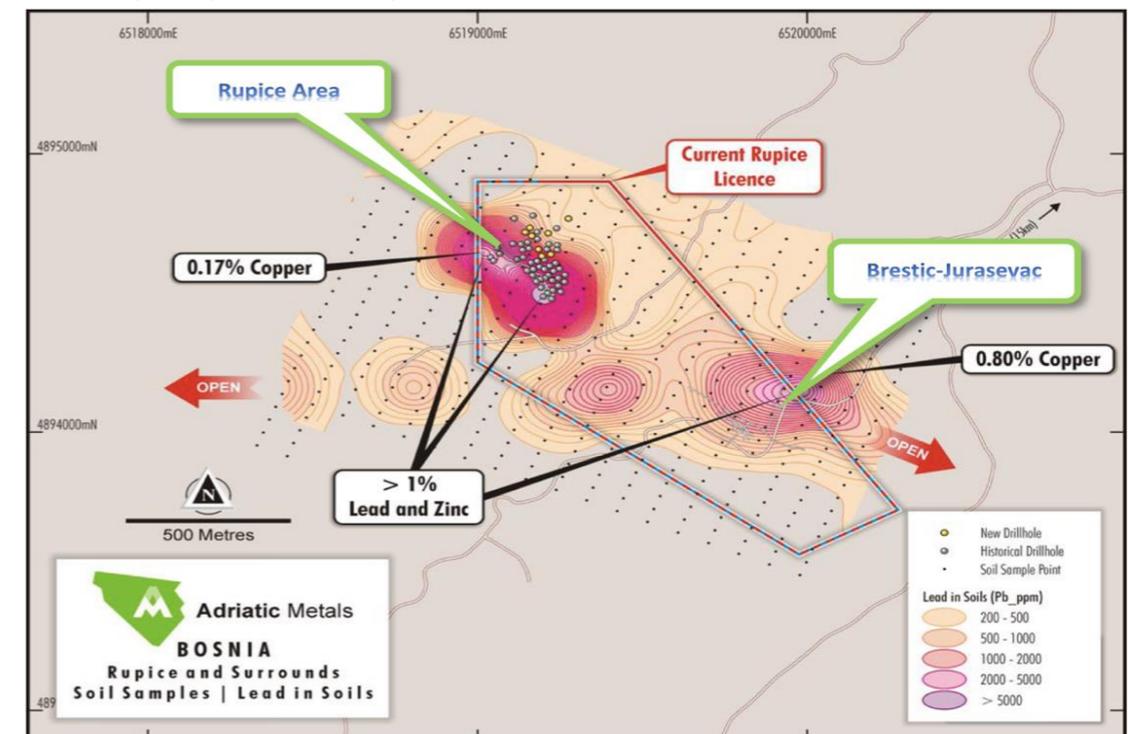
- Anomalous IP targets along strike from known mineralisation at Rupice towards historic workings at BJ (900m strike length)
- Highly anomalous soils coinciding with the Rupice prospect and BJ workings
- High grade grab samples<sup>1</sup> from Jurasevac' adit site of up to 19.4% Zn, 12.25% Pb, 6.49% Cu, 339 g/t Ag and 3.47 g/t Au
- Initial exploration around the Brestic-Jurasevac area is ongoing

## Brestic-Jurasevac grab samples

Location	Sample ID	Depth m	Zn %	Pb %	Ag g/t	Au g/t	Cu %
Jurasevac	1555	Surface	19.40	12.25	186	2.59	0.84
Jurasevac	1553	Surface	14.80	9.17	231	3.47	0.33
Jurasevac	1551	Surface	9.80	12.21	339	1.28	3.30
Jurasevac	1573	0.5	4.42	7.06	118	0,28	4.78
Jurasevac	1554	Surface	0.79	8.19	120	0.07	6.49
Jurasevac	1552	Surface	1.81	6.85	128	0.47	7.34
Jurasevac	1574	0.5	2.71	5.57	72	0.87	0.82
Jurasevac	1576	0.6	2.91	4.55	105	0.76	2.51



IP survey completed over Rupice



Pb soil sample at Rupice

# Veovaca – ready and waiting



## Brownfield mine with Growth Potential

- 2018 drilling to confirm gold and silver mineralisation for resource
- Previously producing concentrate (Zn, Pb and Barite) '84-'88
- Thick mineralisation exposed in pit floor
- Low operating cost environment
- Excellent infrastructure (road, rail, power and water)
- 64% of resource classified as indicated
- Approved BiH resource<sup>1</sup> and well-defined permitting path
- Growth potential indicated by historic exploration

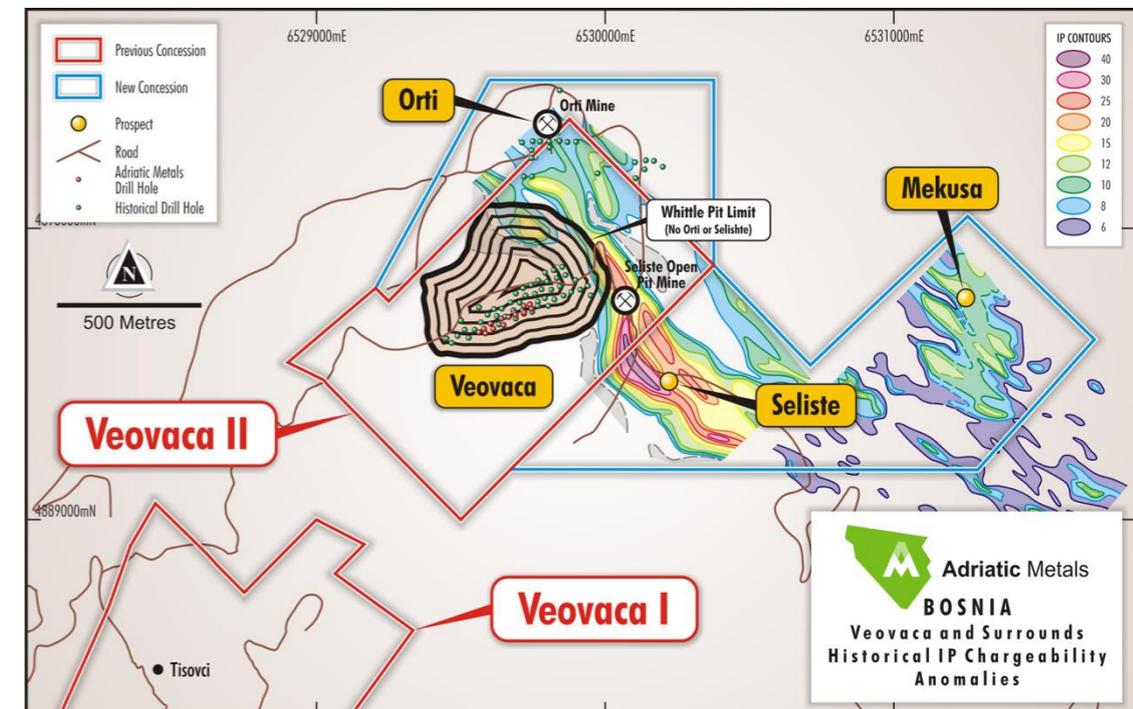


Veovaca pit looking south east – ore exposed at surface

## 4.4Mt Veovaca Resource<sup>2</sup> estimate (JORC '12)

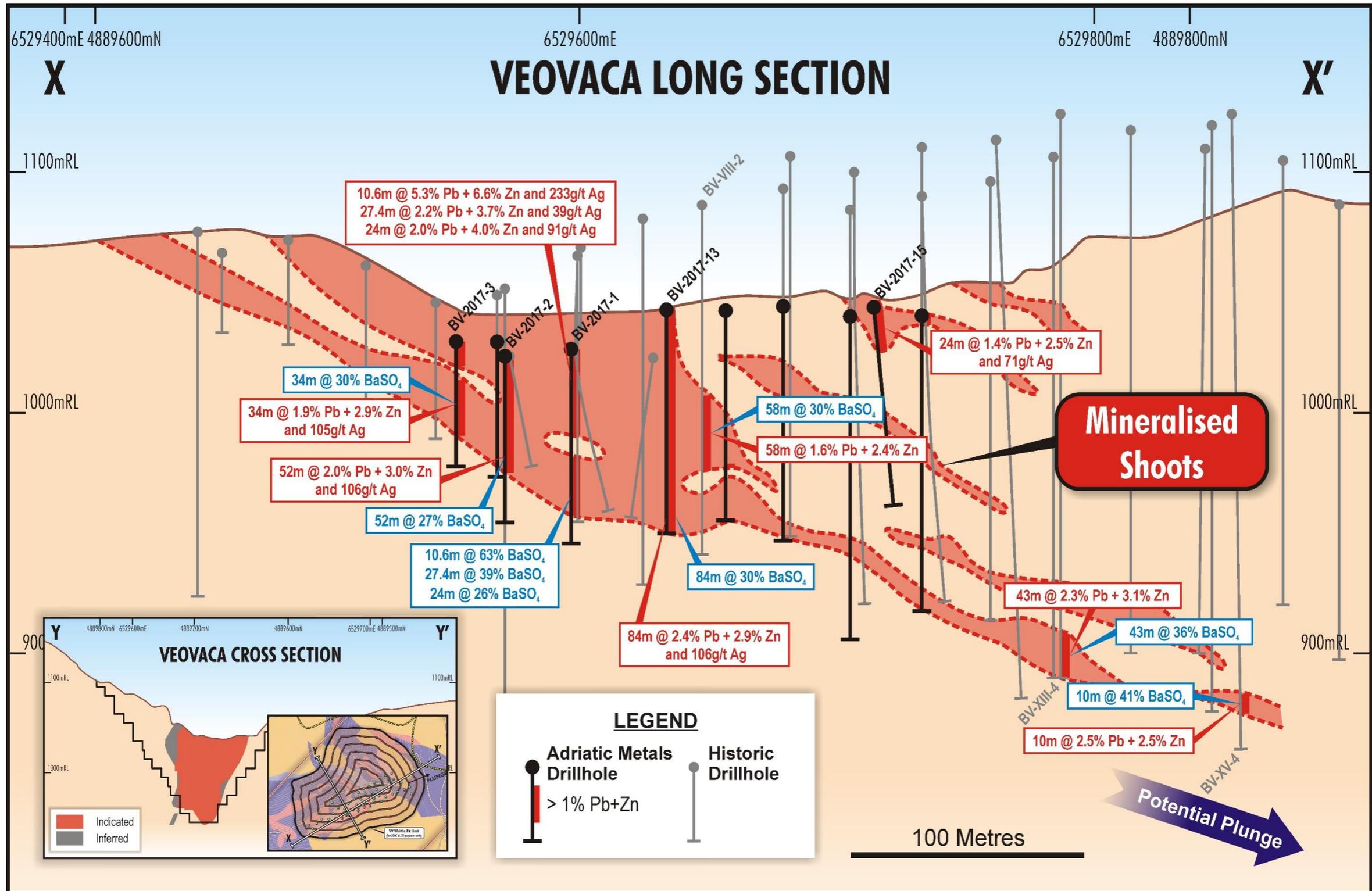
Inside/Outside Au/Ag Sample Area	Category	Tonnes	Zn	Pb	Ag	Au	BaSO4
		(kt)	%	%	g/t	g/t	%
Inside	Indicated	2,313	2.1	1.25	64	0.1	20
Inside	Inferred	413	2.08	0.59	28	0.07	10
Outside	Indicated	1,254	1.64	1.13	-	-	20
Outside	Inferred	456	2.05	0.91	-	-	17
<b>Total</b>	<b>Total</b>	<b>4,436</b>	<b>1.96</b>	<b>1.11</b>	<b>-</b>	<b>-</b>	<b>20</b>

\* Further drilling is required to include gold and silver into the resource model



Veovaca concession extension

# Veovaca – mineralisation from surface of existing pit



# Benefiting from a low cost jurisdiction



## Emerging world class minerals district supported by a network of existing infrastructure

- **Low cost power** (US 5-8c/kWh) , Bosnia is a net exporter of power (principally coal & hydro.)
- Veovaca is located 3.5 km from an **operational railway line**
- Low labour costs with a **highly skilled English-speaking workforce**
- Open-pit operation at Veovaca with **thick mineralisation at surface**
- Historic mining in 1980's demonstrated simple flotation metallurgy and the ability to produce marketable concentrates



*Veovaca Historical processing site*

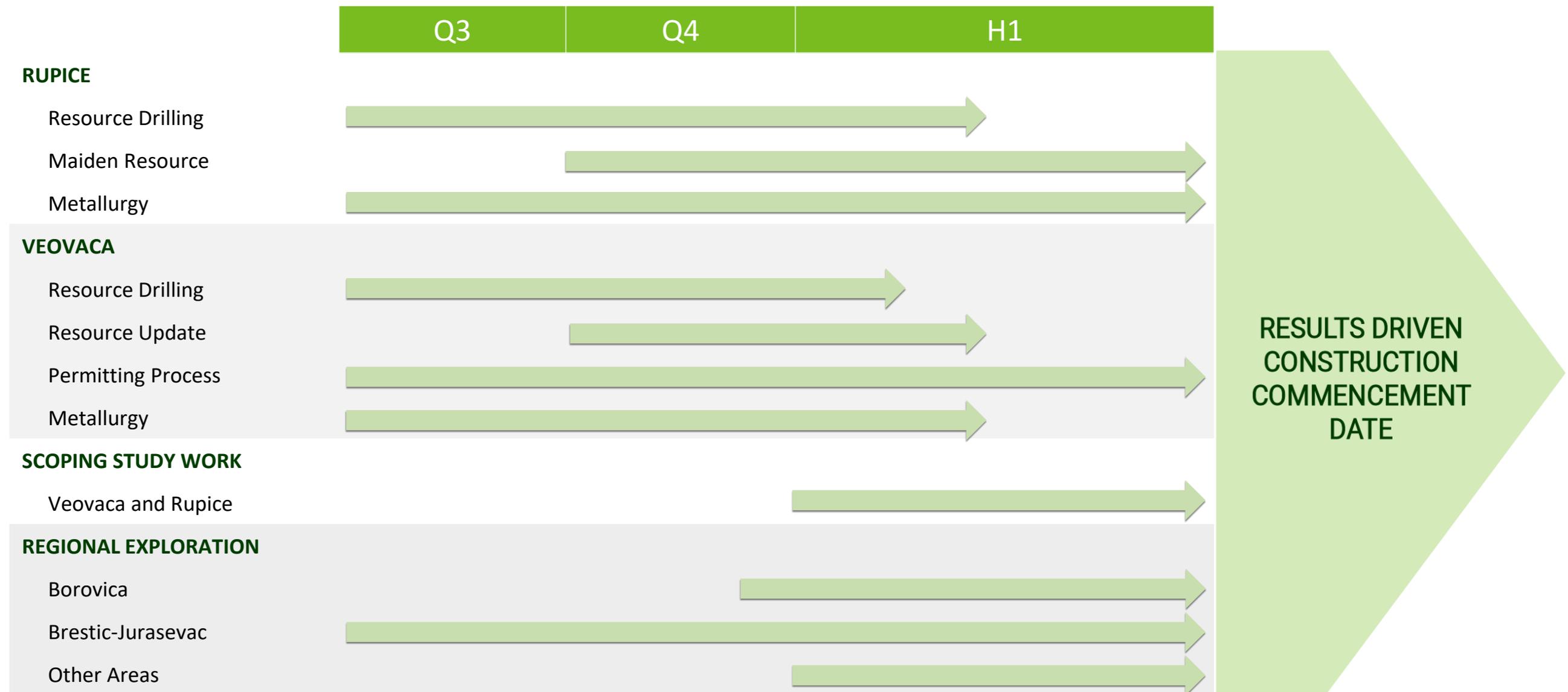


*Rail siding from Veovaca to town of Vares*



## 2018 exploration programme ongoing, with 4 drills operating

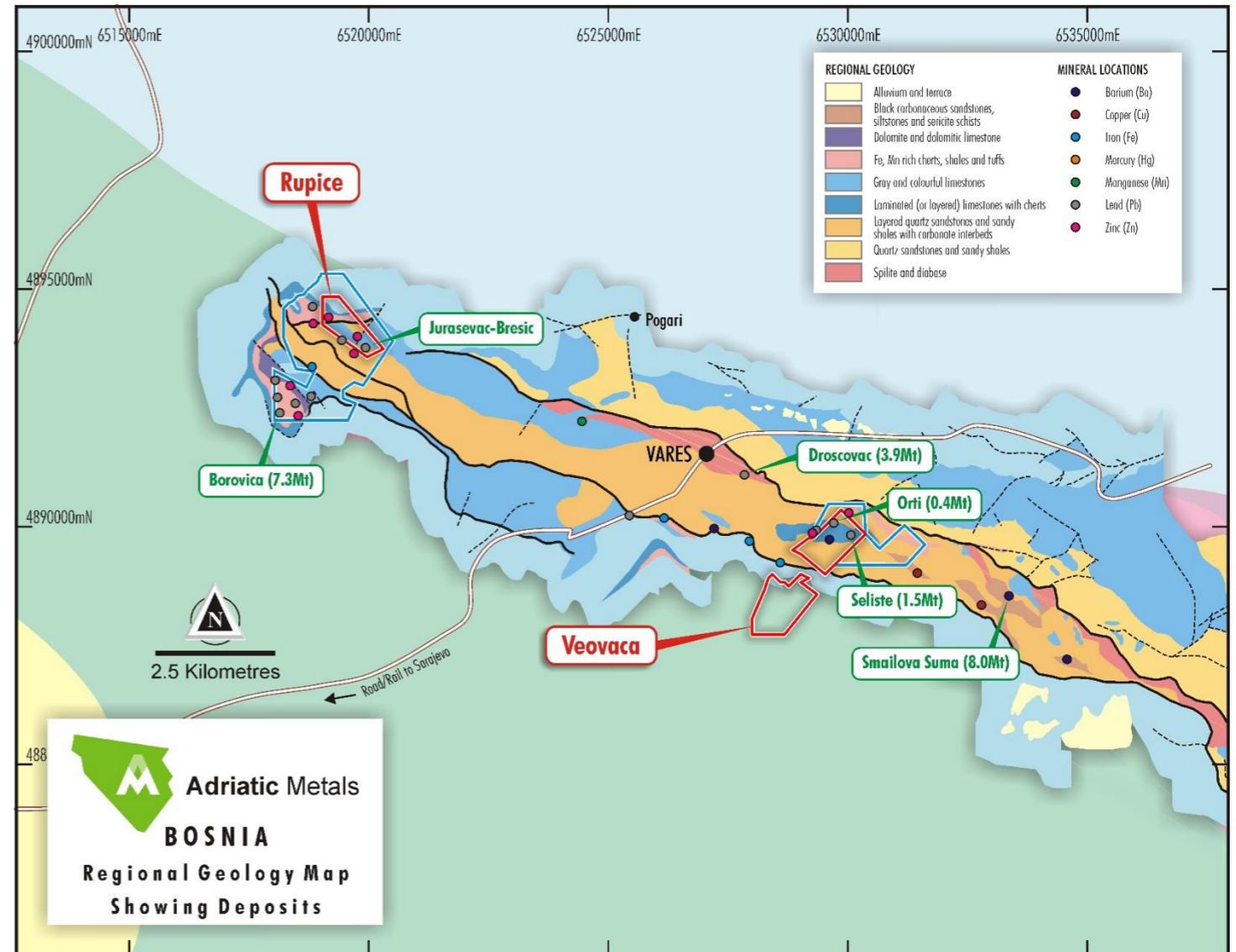
- **Prioritising the continued exploration and growth** of a high grade resource base at Rupice
- Development of an **integrated plan** that optimises project economics at both locations
- Advancing the permitting status on a **well defined pathway towards exploitation**
- Continued exploration on nearby prospects to **define further drill targets for 2018/19**



# Strong development and growth



- Rupice: **thick and high grade mineralisation**, with significant growth potential<sup>1</sup>
- Veovaca: **brownfield open pit** with 64% Ind. Resources<sup>2</sup> in a proven **low cost operating environment**
- Much enlarged Concession application containing advanced exploration targets which provide **significant growth upside**
- Pro-mining jurisdiction with and a **well defined permitting route to production**
- **Excellent infrastructure** and logistics
- **Proven management and board**
- **Well funded**
- First mover<sup>3</sup> in a **proven mineral belt**



The Vares Mineral Belt, showing historic State reserves



## Key Risks & International Offer Restrictions



## 1.1 Introduction

There are a number of factors, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operation, exploration, development and financial performance and/or financial position of the Company, its prospects, and/or the value of the Shares. Many of the circumstances giving rise to these risks are beyond the control of the Company, the Directors or its management. Set out below are the areas the Directors regard as the major risks associated with an investment in the Company. There may also be additional risks (including financial and taxation risks) that you should consider in light of your own personal circumstances.

### Investment Speculative

The following list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The following factors, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the New Shares offered as part of the Offer.

The Offer of New Shares carries no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for new shares offered under the Offer.

## 1.2 Company specific risk factors

The Directors consider that there are number of risk factors specific to the Company and its circumstances that should be taken into account before a potential investor decides to invest in the Company.

### a) Exploration and development

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves (amongst other things):

- discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- access to adequate capital throughout the acquisition/discovery and project development phases;
- securing and maintaining title to mineral exploration projects;
- obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and
- accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

### b) Future Profitability

The Company is in the growth stage of its development is making losses. The Company's profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

### c) Operational risks

The operations of the Company may be affected by various factors, including:

- failure to locate or identify mineral deposits;
- failure to achieve predicted grades in exploration and mining;
- operational and technical difficulties encountered in mining;
- insufficient or unreliable infrastructure, such as power, water and transport;
- difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown;
- unanticipated metallurgical problems which may affect extraction costs; and
- adverse weather conditions.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.



## **d) Bosnian in-country risks**

The Projects are located in Bosnia and Herzegovina. The Company will be subject to the risks associated with operating in that country, including various levels of political, sovereign, economic and other risks and uncertainties. These risks and uncertainties also include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Bosnia and Herzegovina may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The Company will conduct its operations in accordance with international laws and standards, which may not be consistent with local customs or practices that could result in loss, reduction of production, logistics and sales, in which the Company's operational and financial performance may be adversely affected.

Outcomes in courts in Bosnia and Herzegovina may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiary in Bosnia. Any material adverse changes in government policies, legislation, political, legal and social environments in Bosnia and Herzegovina or any other country that the Company has economic interests in that affect mineral exploration activities, may affect the viability and profitability of the Company. The Projects are located in Bosnia and Herzegovina. The Company will be subject to the risks associated with operating in that country, including various levels of political, sovereign, economic and other risks and uncertainties. Any material adverse changes in government policies, legislation, political, legal and social environments in Bosnia and Herzegovina and or any other country that the Company has economic interests in that affect mineral exploration activities, may affect the viability and profitability of the Company.

## **e) Bosnian Mining Concessions**

Following the nation's recovery from the conflict of the 1990's, the laws and regulations on mining in Bosnia and Herzegovina are still developing and as a result some areas of the law on mining are unclear. Mining Concessions are granted by means of a concession agreement between the relevant level of government and the concession holder. The Mining Concession held by Eastern Mining is located in the Zenica-Doboj Canton and is granted and regulated by an agreement between Eastern Mining and the Government of Zenica-Doboj Canton.

The Mining Concession agreement requires Eastern Mining to commence the exploitation of ore before 25 May 2020. In the event that Eastern Mining fails to begin exploitation before 25 May 2020 the Government of Zenica-Doboj Canton can terminate the Mining Concession. Eastern Mining has provided a bill of exchange for an amount of BAM300,000 (AUD241,240) to the Government of Zenica-Doboj Canton as security for the quarterly concession fee payable once exploitation commences. The Mining Concession agreement does not provide any guidance on when the bill of exchange can be enforced. In the event the Company wishes to commence exploitation operations it must obtain the consent of all owners of the land subject to the Mining Concession agreement through a land expropriation process involving the Government of Zenica-Doboj Canton. This process can be lengthy and costly. Further, if the Company commences exploitation operations, it will be required to pay a quarterly concession fee. This fee is to be re-negotiated each quarter between the parties to the Mining Concession agreement. If the parties cannot agree to a fee, then the agreement can be terminated.

The Company has been advised that the provisions regarding the bill of exchange, land expropriation and the quarterly concession fee in the Mining Concession agreement lack clarity and that the Company may need to re-negotiate these terms if and when it commences exploitation operations. While it is the Company's intention to comply with the terms of the Mining Concession agreement, there can be no guarantees made that, in the future, the Company will satisfy all of its obligations under the agreement. If the Company does not comply with the terms of the agreement it may be in default and the Mining Concession agreement may be terminated, which would have adverse consequences for the Company's operational and financial performance.

The Company's Concession Agreement and Federal Exploration Regulations authorise the Company to explore, assay and report metallic mineral resources including lead, zinc and barite. Historical and recent exploration has identified potential value in silver, gold, and copper as co-products. Under Bosnian law, Adriatic is required to explore for and report exploration results for all metallic minerals and consequently the Company has had an Elaborat (equivalent to an expanded resource statement) for the Veovaca project approved containing quantities of lead, zinc, barite, copper, gold and silver. Whilst the Company believes this is a material step in obtaining an Exploitation Permit for all economic metals, there is no certainty over whether the Company will be granted an Exploitation Permit or the terms of that Exploitation Permit.

For further information on the terms of and the laws and regulations attaching to the Mining Concession, refer to the Legal Opinion on Title in section 6 of the IPO Prospectus dated 27 April 2018.



## **f) Environmental risk**

The Company's activities are subject to the environmental laws inherent in the mining industry and those specific to Bosnia and Herzegovina. The Company intends to conduct its activities in an environmentally responsible manner and in compliance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

## **g) Future funding needs**

The Company is in the growth stage of its development is making losses. The Company's profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

## **h) Placement Agreement Risk**

The Company has entered into a Placement Agreement with Ashanti Capital ( the "Lead Manager") to undertake an Institutional Placement on a best endeavours basis subject to the terms and conditions of the Placement Agreement. The Placement Agreement is conditional upon certain customary matters including but not limited to the Company delivering certain confirmations and due diligence documentation.

Further, if certain events occur, the Lead Manager may terminate the Placement Agreement (in certain circumstances, having regard to the materiality of the relevant event).

## **i) Commodity Prices**

The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates, such as the USD and GBP denominated zinc price and the GBP / USD exchange rate. These prices can significantly fluctuate, and are exposed to numerous factors beyond the control of the Company such as world demand for precious and other metals, forward selling by producers, and production cost levels in major metal producing regions. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, global economic trends, and domestic and international fiscal, monetary and regulatory policy settings. In the event the Company achieves exploration success leading to viable mining production, the Company's financial performance will be highly dependent on commodity prices and exchange rates.

## **j) Resources and Reserves Statements**

Whilst the Company intends to undertake exploration activities with the aim of defining a resource, no assurances can be given that the exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted. Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation which may prove to be inaccurate

## **k) Results of Studies**

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in respect to the Projects. These studies may include scoping, pre feasibility, definitive feasibility and bankable feasibility studies. These studies will be completed within parameters designed to determine the economic feasibility of the Projects within certain limits.

There can be no guarantee that any of the studies will confirm the economic viability of the Projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Even if a study confirms the economic viability of the Projects, there can be no guarantee that the Projects will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

## **L) Grant of Future Authorisations to Explore and Mine**

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.



## **m) Rehabilitation**

In relation to the Company's proposed operations, issues could arise from time to time with respect to abandonment costs, consequential clean-up costs, environmental concerns and other liabilities. In these instances, the Company could become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean-up costs at a later point in time.

## **n) Climate Change Regulation**

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

## **o) Contract Risk**

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, the Directors are unable to completely avoid the risk of:

- financial failure or default by a participant in any joint venture to which the Company or its subsidiaries may become a party;
- insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by the Company or its subsidiaries in its exploration activities; or
- insolvency, default on performance or delivery, or any managerial failure by any other service providers used by the Company or its subsidiaries or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on the Company's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by the Company, it is not possible for the Company to predict or protect itself completely against all such contract risks.

## **p) International Operations**

The Company initially intends to operate in Bosnia and Herzegovina. The Company may also consider expanding into other markets internationally in the future. Therefore, the Company will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally, and will include, but are not limited to:

- changes in the regulatory environment;
- trade barriers or the imposition of taxes;
- difficulties with staffing or managing any foreign operations;
- issues or restrictions on the free transfer of funds;
- technology export or import restrictions; and
- delays in dealing across borders caused by customers or regulatory authorities.

## **q) Foreign Exchange Rate Risk**

The Company's costs and expenses in Bosnia and Herzegovina and other foreign countries are likely to be in foreign currencies. Accordingly, the depreciation of the Australian dollar and/or the appreciation of the foreign currency relative to the Australian dollar could result in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue. The Company will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the other foreign currencies, and will have to monitor this risk.

## **r) Anti-Corruption Risk**

Due to the nature of the industry sector and the region in which the Company operates, the Company may be exposed to accusations of poor practice regarding compliance with the requirements of the Bribery Act 2010 (UK). Violations of the Bribery Act 2010 (UK), which is extra-territorial in reach, may result in criminal action being brought against the Company or any of their personnel, leading to reputational damage, possible imprisonment and fines. The Company has adopted an Anti-Corruption Compliance Policy in accordance with the UK Bribery Act 2010 and intends to develop and adhere to the six guidance principals issued by the UK Ministry of Justice to foster an anti-bribery culture within the group and to ensure that it has appropriate procedures in place to mitigate the risk of bribery and that all employees, agents and other associated person are made fully aware of the Company's policies and procedures with regard to ethical behaviour, business conduct and transparency.

## **s) Liquidity and Expiry of Escrow**

47,846,088 CDIs are escrowed for 24 months from the 1 May 2018. The escrowed CDIs are not tradeable for this period. This may reduce the volume of trading in the Company's CDIs on the ASX, which may in turn negatively impact a Shareholder's ability to sell CDIs. Following the end of these escrow periods, a significant portion of CDIs will become tradable on ASX. This may result in an increase in the number of CDIs being offered for sale on market which may in turn put downward pressure on the Company's CDI price.



## 1.3 General risk factors

The Directors also consider that potential investors should be aware of the following general risk factors.

### a) Economic conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and the value of its assets. Factors which contribute to that general economic climate include:

- i. contractions in the world economy or increases in rates of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- ii. international currency fluctuations and changes in interest rates;
- iii. changes in investor attitudes towards particular market sectors;
- iv. the demand for and supply of capital and finance;
- v. changes in government legislation and regulatory policy, including with regard to rates and types of taxation; and
- vi. domestic and international economic and political conditions,

### b) Market conditions

There are a number of risks associated with any stock market investment. Factors affecting the price at which the Shares are traded on the ASX may be unrelated to the Company's operating and financial performance and beyond the control of the Directors. As such, Shares offered under this Offer may trade at prices above or below the Offer Price or the net asset value of the Company per Share.

### c) Insurance

The Company intends to ensure that insurance is maintained to address insurable risks within ranges of coverage the Company believes to be consistent with industry practice, having regard to the nature of the Company's activities. However, no assurance can be given that the Company will be able to obtain insurance cover for all risks faced by the Company at reasonable rates or that the insurance cover it arranges will be adequate and available to cover all possible claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

### d) Liquidity and realisation risk

There can be no guarantee that an active market in the Shares will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares, as there may be relative few, if any, potential buyers or sellers of the Shares on ASX at any time. Volatility in the market price for Shares may result in Shareholders receiving a price for their Shares that is less or more than the Offer Price.

### e) Changes in law, government policy and accounting standards

The Company's activities may be impacted by regulatory or other changes implemented in Australia, Bosnia and the United Kingdom. A change in laws that impact on the Company's operations, such as land access, Native Title, environmental protection, carbon emissions, labour, mining, taxation and royalties, could have an adverse impact on the Company's operations. Mining industry activities are subject to discretionary regulations and approvals, the exercise of which cannot always be predicted.

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this presentation may impact adversely on the Company's reported financial performance.

### f) Other general risks

The future viability of and profitability of the Company is also dependent on a number of other factors which affect the performance of all industries, and not just mineral exploration and mining. These include, but are not limited to:

- i. default by a party to any contract to which the Company is, or may become, a party;
- ii. insolvency or other managerial failure by any of the contractors used by the Company in its activities;
- iii. industrial disputation by the Company's workforce or that of its contractors;
- iv. litigation;
- v. natural disasters and extreme weather conditions; and
- vi. acts of war and terrorism or the outbreak or escalation of international hostilities and tensions.

# International Offer Restrictions



## **International Offer Restrictions**

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### **Canada (British Columbia, Ontario and Quebec provinces)**

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

### **Statutory rights of action for damages and rescission**

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

# International Offer Restrictions



Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

## European Economic Area – Germany and Luxembourg

This document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments unless such entity has requested to be treated as a non-professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, "MiFID II") and the MiFID II Delegated Regulation (EU) 2017/565;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) unless such entity has requested to be treated as a non-professional client in accordance with MiFID II and the MiFID II Delegated Regulation (EU) 2017/565;
- to any person or entity who has requested to be treated as a professional client in accordance with MiFID II; or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of the MiFID II unless such entity has requested to be treated as a non-professional client in accordance with the MiFID II Delegated Regulation (EU) 2017/565.

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

# International Offer Restrictions



## **New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## **Singapore**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **Switzerland**

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority.

# International Offer Restrictions



## **United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## **United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.



# Appendix

# Successful track record and own 34% of the Company



## Geraint Harris

CEO

Mr Harris is a mining engineer with over 20 years experience across mining operations, consultancy, fund management and project finance – specialising in gold and base metals.

Mr Harris has worked and lived in numerous countries across his career was previously Manager mine services for Lisheen (high grade U/G) in Ireland, one of the biggest historical zinc mines in the world.



## Peter Bilbe

Non-Executive Chairman

Mr Bilbe is a mining engineer with 40 years Australian and international mining experience in gold, base metals and iron ore at the operational, CEO and board levels.

Mr Bilbe is currently Non-executive Chairman of Independence Group NL and is also Non-executive Chairman of Intermin Resources Ltd, an emerging gold developer.



## Paul Cronin

Non-Executive Director

Mr Cronin is a resource finance specialist, with significant experience in equity, debt and mergers and acquisitions within the sector. Paul was previously MD of ASX Listed Anatolia Energy.

Paul was previously Vice President at RMB Resources and is CEO and MD of TSX listed Black Dragon Gold.



## Julian Barnes

Non-Executive Director

Mr Barnes is a geologist with extensive experience in major exploration and development projects. Previously, he was Executive Vice President Dundee Precious Metals with a strong focus on Balkan mining & development.

Julian founded and led Resource Service Group for nearly two decades, which ultimately became RSG Global and has since been sold to Coffey Mining.



## Miloš Bošnjaković

Non-Executive Director

Mr Bosnjakovic is a dual national of Australia and Bosnia Herzegovina and was the co-founder of ASX-listed Balamara Resources Limited.

He has significant experience in mineral projects in the region and is a qualified lawyer with extensive experience in the Former Yugoslav Republics, Australia and New Zealand.



## Eric de Mori

Non-Executive Director

Mr de Mori has over 15 years investment banking experience in ASX listed companies spanning natural resources, biotechnology and technology.

Held several major shareholder and Director positions with ASX listed companies and is currently a Director of Invictus Energy Ltd (ASX: IVZ) and Head of Natural Resources for Ashanti Capital.

## Robert Annett

Head of Exploration

Mr Annett is an experienced geologist with over 40 years experience across all aspects of exploration, evaluation and mining of precious, base & industrial metals. He is a JORC Competent Person and is responsible for the day to day management of all exploration works, based primarily in Bosnia.

## Adnan Teletovic

General Manager

Mr Teletovic is a dual Bosnian-Australian national with extensive experience in the mining industry having previously held senior positions at Kalgoorlie Consolidated Mines, BHP Billiton and the Prevent Group, one of Bosnia's largest diversified industrial corporations.

## Sean Duffy

Company Secretary/ CFO

Mr. Duffy brings with him more than 20 years of international finance experience in the mining industry, including key positions with BHP Billiton and other AIM/ASX listed companies.



**Neighbouring Serbia has some of the worlds largest deposits (Cu, Au)** and attracted significant investment from Rio Tinto, Freeport McMoran, First Quantum, Dundee Precious Metals, Zijin Mining

Legacy government regime in Bosnia has limited foreign investment and modern exploration over the last 20 years, creating an opportunity for major discoveries

## Stable Democracy:

- 20 years of peace and a multi party political system
- Aspiring entrant to EU and NATO
- Focus area for investment from the EU, EBRD and the World Bank
- Established mining law and regulatory regime

## Pro Mining and Business Friendly Environment:

- Low corporate tax rate of 10%
- Foreign investors have equal rights and full legal protection
- Publicly expressed support from local Vareš government
- No government participation right or free carry requirement
- Skilled workforce, low labour, transport and electricity costs



*Quarrying operation between Rupice and Veovaca, permitted ca 2010*



*City buildings in Sarajevo*

“With the arrival of the Australian company "Adriatic Metals" everything was activated again. Of course, this gives hope that Vareš, as it was once developed on the basis of iron ore, will again be a strong and powerful economic centre near Sarajevo”<sup>1</sup> – Mayor of Vareš Zdravko Marošević

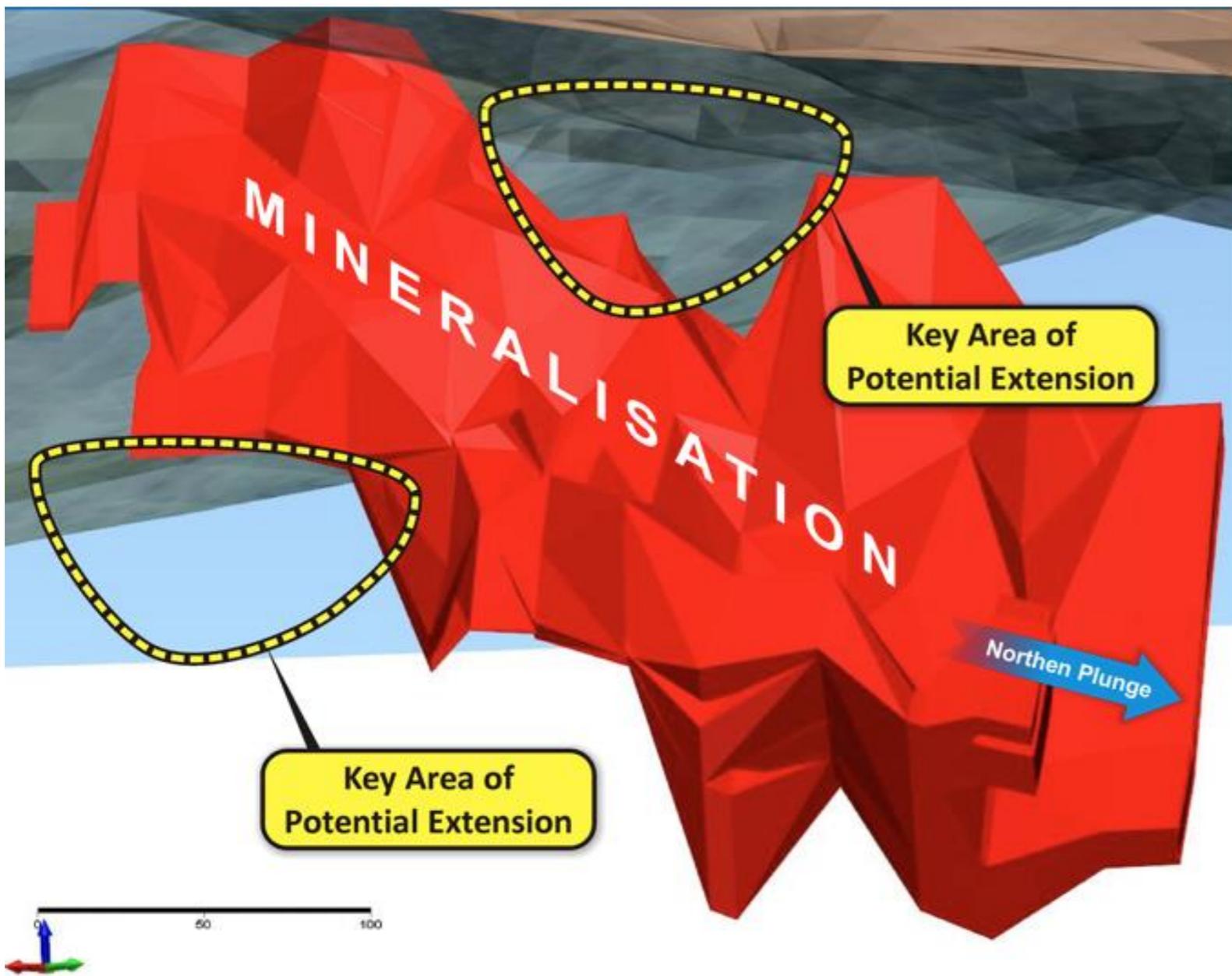
# Excellent logistics



## Extensive rail network linking European smelters and seaborne market



# Rupice – orthogonal view of mineralisation



Looking South-West



Looking South-East

# Rupice drill results (historic)

(Majority of historic drilling not assayed for precious metals)



Drill Hole	From m	Interval m	Pb %	Zn %	BaSO4 %	Cu %	Ag g/t	Au g/t
BR-1-86	77.0	26.0	1.4	1.9	19	n/a	n/a	n/a
BR-9-82	60.0	17.0	2.6	3.0	64	0.3	223	n/a
	83.0	10.0	0.3	1.0	2	n/a	n/a	n/a
BR-10-81	85.0	51.0	1.8	2.4	59	n/a	n/a	n/a
Inc re-assay	90	34.0	n/a	n/a	n/a	n/a	195	1.8
BR-14a-80	4.0	27.0	1.3	2.0	74	0.3	n/a	n/a
	90	34.00	n/a	n/a	n/a	n/a	195	1.8
BR-19-80	19.0	10.0	1.0	2.3	14	n/a	n/a	n/a
BR-20-80	49.0	14.0	1.0	2.0	47	0.2	518	n/a
BR-24-82	66.4	11.4	2.8	3.8	84	0.3	273	1.1
BR-25-81	88.0	34.0	1.0	0.9	38	n/a	n/a	n/a
	90	26.00	n/a	n/a	n/a	n/a	n/a	0.7
BR-27b-81	52.0	6.0	0.9	0.5	46	0.3	59	n/a
BR-29-82	101.0	9.0	0.5	0.5	26	0.2	39	n/a
BR-30-82	123.0	15.0	2.1	2.2	35	0.7	221	n/a
BR-33-82	99.0	14.0	1.7	1.9	3	0.7	43	0.6
BR-34-82	32.0	14.0	0.5	0.9	21	0.5	113	1.1
BR-46-86	152.0	10.0	4.1	5.6	54	n/a	n/a	n/a
BR-50-86	164.0	10.7	1.3	1.0	8	n/a	n/a	n/a
BR-58-86	137.6	33.9	6.3	11.4	56	n/a	n/a	n/a
<i>inc</i>	<i>141.0</i>	<i>24.0</i>	<i>8.0</i>	<i>14.8</i>	<i>61</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
BR-59-86	129.0	24.0	2.0	4.0	41	n/a	n/a	n/a
<i>inc</i>	<i>24.0</i>	<i>6.0</i>	<i>5.1</i>	<i>11.4</i>	<i>71</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
BR-60-86	97.0	9.0	2.2	2.0	22	n/a	n/a	n/a
BR-75-86	178.0	12.0	3.6	4.5	4	n/a	n/a	n/a
BR-76-89	190.0	49.0	4.8	5.3	54	n/a	n/a	n/a
<i>inc</i>	<i>204.4</i>	<i>10.8</i>	<i>8.8</i>	<i>9.3</i>	<i>67</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
BR-78-89	171.1	14.6	1.3	2.0	9	n/a	n/a	n/a
BR-79-89	196.6	7.0	5.2	8.9	42	n/a	n/a	n/a

# Veovaca drill results (2017)

(Maximum 4m metres internal waste below the 1% Pb+Zn cut-off grade)



Drill Hole	From m	Interval m	Pb %	Zn %	BaSO4 %	Ag g/t	Au g/t
BV-2017-1	0.0	10.6	5.3	6.6	63	233	0.2
	12.6	27.4	2.2	3.7	39	121	0.4
	46.0	24.0	2.0	4.0	26	91	0.1
BV-2017-2	0.0	52.0	1.9	2.9	27	106	0.2
BV-2017-3	0.0	34.0	1.9	2.9	30	105	0.2
BV-2017-4	4.0	88.0	2.0	2.3	28	99	0.1
BV-2017-5	0.0	40.0	0.8	1.3	10	37	0.1
BV-2017-6	0.0	88.0	1.3	1.9	17	54	0.1
BV-2017-7	Hole Abandoned Before Target						
BV-2017-8	6.0	12.0	0.7	1.1	7	27	0
	32.0	80.0	0.9	1.3	12	37	0.1
BV-2017-9	0.0	20.0	1.4	1.5	17	55	0.1
	34.0	42.0	1.0	1.2	13	46	0.1
	84.0	38.0	1.7	2.6	20	77	0.1
BV-2017-10	0.0	42.0	2.6	3.2	37	125	0.2
BV-2017-11	22.0	38.0	1.6	2.1	17	63	0.1
BV-2017-12	0.0	52.0	2.7	3.3	39	133	0.2
	64.0	16.0	2.8	3.8	28	115	0.1
BV-2017-13	14.0	84.0	2.4	2.9	30	106	0.1
BV-2017-14	0.0	20.0	0.7	0.9	8	203	0.0
	34.0	24.0	0.9	1.8/	13	50	0.1
BV-2017-15	0.0	24.0	1.4	2.5	17	71	0.1
	34.0	16.0	0.7	0.9	9	27	0.0
	58.0	26.0	1.6	2.2	17	70	0.1
BV-2017-16	18.0	24.5	0.5	0.9	5	21	0.0
	68.5	20.0	1.4	1.7	15	53	0.1

# 2018 Resource Estimate



## Sources:

1. CSA Global, Technical Assessment Report – Vares Project February 2018. A full list of drill holes together with drill hole intercepts is available on Adriatic's website at [www.adriaticmetals.com](http://www.adriaticmetals.com)
2. "The exploration target tonnages and grades in Slide 17 are conceptual in nature and that there has been insufficient exploration to estimate a Mineral Resource, and that it is uncertain if further exploration will result in the estimation of a Mineral Resource."
3. CSA Global, Mineral Resource Estimate, Veovaca Deposit, February 2018.

## Veovaca Project Grade-Tonnage Report

Cut-Off Zn Eq, %	Inside/Outside Au/Ag Sample Area	Category	Volume ('000 m <sup>3</sup> )	Tonnes (kt)	Density (t/m <sup>3</sup> )	Pb		Zn		BaSO <sub>4</sub>		Au		Ag	
						%	Kt	%	Kt	%	Kt	g/t	Koz	g/t	Koz
0.5	Inside	Indicated	853	2,614	3.06	1.14	30	1.94	51	18	478	0.09	8	58	4,881
	Inside	Inferred	351	997	2.84	0.35	3	1.29	13	5	55	0.07	2	16	501
	<b>Inside</b>	<b>Sub Total</b>	<b>1,204</b>	<b>3,611</b>	<b>3.00</b>	<b>0.92</b>	<b>33</b>	<b>1.76</b>	<b>63</b>	<b>15</b>	<b>533</b>	<b>0.08</b>	<b>10</b>	<b>46</b>	<b>5,382</b>
	Outside	Indicated	676	2,024	2.99	0.86	17	1.26	26	15	304	-	-	-	-
	Outside	Inferred	567	1,620	2.86	0.51	8	0.98	16	7	110	-	-	-	-
	<b>Outside</b>	<b>Sub Total</b>	<b>1,243</b>	<b>3,645</b>	<b>2.93</b>	<b>0.70</b>	<b>26</b>	<b>1.14</b>	<b>41</b>	<b>11</b>	<b>414</b>	-	-	-	-
	<b>Total</b>	<b>Total</b>	<b>2,447</b>	<b>7,256</b>	<b>2.96</b>	<b>0.81</b>	<b>59</b>	<b>1.45</b>	<b>104</b>	<b>13</b>	<b>947</b>	-	-	-	-
2.0	Inside	Indicated	746	2,313	3.10	1.25	29	2.1	48	20	465	0.1	7	64	4,742
	Inside	Inferred	141	413	2.93	0.59	2	2.08	9	10	42	0.07	1	28	370
	<b>Inside</b>	<b>Sub Total</b>	<b>887</b>	<b>2,726</b>	<b>3.07</b>	<b>1.15</b>	<b>31</b>	<b>2.09</b>	<b>57</b>	<b>19</b>	<b>507</b>	<b>0.09</b>	<b>8</b>	<b>58</b>	<b>5,112</b>
	Outside	Indicated	405	1,254	3.09	1.13	14	1.64	21	20	257	-	-	-	-
	Outside	Inferred	150	456	3.04	0.91	4	2.05	9	17	79	-	-	-	-
	<b>Outside</b>	<b>Sub Total</b>	<b>555</b>	<b>1,710</b>	<b>3.08</b>	<b>1.07</b>	<b>18</b>	<b>1.75</b>	<b>30</b>	<b>20</b>	<b>336</b>	-	-	-	-
	<b>Total</b>	<b>Total</b>	<b>1,442</b>	<b>4,436</b>	<b>3.08</b>	<b>1.11</b>	<b>49</b>	<b>1.96</b>	<b>87</b>	<b>20</b>	<b>843</b>	-	-	-	-

## Notes

1. Mineral Resources are based on JORC Code definitions.
2. A cut-off grade of 0.5% Zn Eq has been applied for the Mineral Resource Estimate and reported above a 0.5% and 2.0% Zn Eq cut-off in the table above.
3. Zn Eq was calculated using conversion factors of 0.814467 for lead, 0.08413 for barite, 1.463388 for gold and 0.019969 for silver, and recoveries of 90% for all elements. Metal prices used were US\$2,746/t for zinc, US\$2,236/t for lead, US\$240/t for barite, US\$1,250/oz for gold and US\$17/oz for silver.
4. The applied formula for the Resource (not including raw drill hole assay data) was:  $Zn\ Eq = Zn\% * 90\% + 0.814467 * Pb\% * 90\% + 0.087413 * BaSO_4\% * 90\% + 1.463388 * Au(g/t) * 90\% + 0.019969 * Ag(g/t) * 90\%$ .
5. A bulk density was calculated for each model cell using regression formula  $BD = 2.718835 + BaSO_4 * 0.01292 + Pb * 0.077334 + Zn * 0.022374$ .
6. Rows and columns may not add up exactly due to rounding.

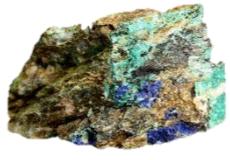
## Competent Persons Statement

The Mineral Resource Estimate for Veovaca was compiled by Mr Dmitry Pertel who is a member of the Australian Institute of Geoscientists. Mr Pertel has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Pertel is a full-time employee of CSA Global Pty Ltd and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.

The information that supports Mr Pertel's Mineral Resource Estimate has utilised data, including the preliminary mineralisation outlines and QAQC, which is based on and fairly represents information which has been compiled by Mr Robert Annett who is a member of the Australian Institute of Geoscientists. Mr Annett has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Annett is retained by Adriatic Metals and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.

# Zinc and valuable by-products



Commodity	Zinc (Zn)	Lead (Pb)	Barite(BaSO <sub>4</sub> )	Silver (Ag)	Copper (Cu)	Gold (Au)
						
<b>Uses</b>	<ul style="list-style-type: none"> <li>• Manufacturing                             <ul style="list-style-type: none"> <li>• Rubber</li> <li>• Paints</li> <li>• Soaps</li> <li>• Textiles</li> <li>• Electrical equipment</li> </ul> </li> <li>• Alloys                             <ul style="list-style-type: none"> <li>• Brass</li> <li>• Nickel</li> <li>• Aluminium</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Batteries</li> <li>• Ammunition</li> <li>• Lifting weights</li> <li>• Radiation protectors</li> <li>• Solders</li> </ul>	<ul style="list-style-type: none"> <li>• Drilling on oil wells</li> <li>• Paper manufacturing</li> <li>• Rubber manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Jewellery</li> <li>• Silver tableware</li> <li>• Mirrors</li> <li>• Dental alloys</li> <li>• Electrical equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Electrical Equipment                             <ul style="list-style-type: none"> <li>• Motor Vehicles</li> <li>• Wiring</li> </ul> </li> <li>• Industrial Machinery</li> <li>• Electrical Transmission</li> <li>• Money                             <ul style="list-style-type: none"> <li>• Coins</li> </ul> </li> <li>• Manufacturing                             <ul style="list-style-type: none"> <li>• Household goods</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Jewellery</li> <li>• Finance and investing</li> <li>• Electronics and computers</li> <li>• Dentistry and medicine</li> <li>• Aerospace</li> <li>• Metals and Awards</li> </ul>
<b>Key Drivers</b>	<ul style="list-style-type: none"> <li>• Consumer spending</li> <li>• Price of zinc</li> <li>• Smelter utilisation rate</li> <li>• Manufacturing demand</li> <li>• LME warehouse inventories</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer spending</li> <li>• Manufacturing demand</li> <li>• Price of lead</li> <li>• Energy storage requirements</li> <li>• LME warehouse inventories</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer spending</li> <li>• Demand for oil</li> <li>• Manufacturing</li> <li>• Demand for drilling grade fluid (as available at Rupice and Veovaca)</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer spending</li> <li>• Demand for consumer electrical products</li> </ul>	<ul style="list-style-type: none"> <li>• Urban expansion</li> <li>• Population growth</li> <li>• Copper refining activity</li> <li>• US Dollar price</li> </ul>	<ul style="list-style-type: none"> <li>• Macroeconomic factors</li> <li>• Consumer spending</li> <li>• US Dollar price</li> <li>• Demand for consumer electronic products</li> </ul>

Sources  
 IBIS World Industry Reports  
 LME Monthly Overviews



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*Site of previous Mill at Veovacha*

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*Adriatic Directors and management meeting with Vares town mayor (centre)*