

## QUARTERLY ACTIVITIES REPORT

For the period ending 31 March 2019

### 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.

150.7 million Shares Outstanding

19.3 million options on issue

### DIRECTORS AND MANAGEMENT

Mr Peter Bilbe  
NON-EXECUTIVE CHAIRMAN

Mr Paul Cronin  
EXECUTIVE DIRECTOR

Mr Michael Rawlinson  
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  
AND JOINT COMPANY SECRETARY

Mr Gabriel Chiappini  
JOINT COMPANY SECRETARY

[adriaticmetals.com](http://adriaticmetals.com)

### HIGHLIGHTS

- **Drilling results continue to demonstrate high grade at Rupice North, including hole BR-36-18 being reported, which delivered the thickest and highest grade intercept to date**
  - 72m @ 18.3% Zn, 10.7% Pb, 211g/t Ag, 2.5g/t Au, 2.5% Cu, and 25% BaSO<sub>4</sub> from 206m.
- **Exploration Permit awarded on New Concession Expansion, which enables further drilling of the Northern Plunge at Rupice and other high potential targets to commence immediately**
- **Board strengthened by the addition of Mike Rawlinson, a highly experienced, UK based, independent Non-Executive Director**
- **Well capitalised with cash at 31 March of £7.1 million (A\$13.0 million)<sup>1</sup>.**

Adriatic's Executive Director, Paul Cronin commented, *"the granting of our Exploration Permit is a key step in enabling Adriatic to extend its priority drilling campaign along Rupice's Northern Plunge during 2019, as well as conducting further geophysics, and drilling, at Jurasevac-Brestic. Drilling has commenced in the Northern plunge as well as on the south eastern extension, continuing on from our successful 2018 drill program.*

*We are confident the deposit will continue to deliver on the thick and high grade nature of the Rupice mineralisation, which continued to be demonstrated in our recently reported hole BR-36-18.*

*As the project continues to expand, with drilling, exploration and scoping study work underway simultaneously, we have recognised the need to expand our senior leadership team. Our Board has been strengthened by another high-calibre independent director in Michael Rawlinson, and our in country executive team has bolstered by the addition of Graham Hill. Both additions are a sign of our growing stature as a company and further positions Adriatic with a skill set that can continue to deliver on the development goals we have set ourselves for 2019.*

*We remain well funded to accomplish our aggressive exploration and development campaign through 2019".*

<sup>1</sup>Based on GBP 7.11 million at FX GBP/AUD of 1.8343

**Adriatic Metals PLC (ASX:ADT) ('Adriatic' or the 'Company')** is pleased to provide the following activities report that outlines the progress made and reported during the first quarter CY2019. It has been a solid quarter with a number of key developments which have consolidated our work from 2018 and that position the Company for continued success during 2019 and beyond.

### Drilling Reported in the First Quarter 2019

In January, BR-36-18 was reported as intersecting a very thick zone of high-grade mineralisation over 72m returning 18.3% Zn, 10.7% Pb, 211g/t Ag, 2.5/t Au, 2.5% Cu from 206m, and 46m at 25% BaSO<sub>4</sub> from 216m. Significantly, based on samples returning greater than 5% lead or zinc, the following interval is reported:

- 56m at 23.2% Zn, 13.6% Pb, 254g/t Ag, 3.0g/t Au and 3.1% Cu from 218m

The thick and high-grade interval appears to be the merging of the two high-grade zones intersected 30m up dip in BR-3-18 (Figure 3). BR-36-18 was drilled in a south-westerly direction and reduces hole spacing in this area to a density of 30 x 30m.

These new intercepts support the re-interpretation of the high-grade mineralisation as two separate and subparallel lenses, an upper and a lower lens, which plunge to the north, and confirm their significant potential outside of the current drilling coverage. The Company remains focused on drilling for extensions to grow the known mineralisation ahead of the delivery of the maiden Mineral Resource Estimate in H1 2019.

The Company's recent drilling also extends the lower lens in a southerly direction. The near surface extent of the upper lens was the focus of the historical drilling and this remains open down plunge. Significantly, the lower lens, is open in both directions and provides meaningful exploration growth potential, see Figure 2.

Holes BR-29-18 and BR-32-18 to BR-35-18 were drilled to confirm the southerly extent of mineralisation first intersected in BR-25-18 which appeared much lower in the sequence than expected (by ca 30m), these results further indicate a potentially new south-east extension to the Rupice zone which will be the focus of ongoing drilling. BR-25-18 returned the following:

- 46m at 12.7% Zn, 9.6% Pb, 309g/t Ag, 4.14g/t Au, 1.0% Cu and 40% BaSO<sub>4</sub> from 218m, and included an interval of greater than 10% lead and zinc returning:
- 20m at 23.5% Zn, 16.6% Pb, 287g/t Ag, 5.33g/t Au, 1.4% Cu and 35% BaSO<sub>4</sub> from 232m.

Two drill holes either side of BR-25-18 also intersected mineralisation, with BR-32-18 intersecting an upper and lower lens returning respectively:

- 16m at 1.3% Zn, 1.4% Pb, 49g/t Ag, 0.37g/t Au, 0.2% Cu from 192m, and
- 20m at 8.2% Zn, 5.6% Pb, 479g/t Ag, 4.10g/t Au, 0.5% Cu and 60% BaSO<sub>4</sub> from 228m.

Similarly, BR-33-18 returned respectively:

- 2m at 0.7% Zn, 6.4% Pb, 100g/t Ag, 0.68g/t Au, 0.3% Cu from 216m, and
- 36m at 4.9% Zn, 3.2% Pb, 306g/t Ag, 2.70g/t Au, 0.5% Cu and 45% BaSO<sub>4</sub> from 228m.

Mineralisation remains open, as it was untested by previous shallower drilling to the south-west (Figure 4).

BR-35-18 drilled approximately 35m to the south of the above holes intersected a similar sequence of mineralisation, which provides very encouraging continuity, with the upper and lower lens returning respectively:

- 4m at 1.5% Zn, 1.4% Pb, 124g/t Ag, 1.67g/t Au, 0.3% Cu and 30% BaSO<sub>4</sub> from 216m, and
- 32m at 2.1% Zn, 2.6% Pb, 220g/t Ag, 2.00g/t Au, 0.2% Cu and 32% BaSO<sub>4</sub> from 228m.

The same sequence of mineralisation was intersected a further 25m to the south in drill holes BR-29-18 and BR-34-18, and using this interpretation, mineralisation seen in the nearby historical drill hole BR-52-86 appears to better align with the lower lens. BR-29-18 returned:

- 6m at 1.8% Zn, 2.2% Pb, 252g/t Ag, 3.20g/t Au, 0.3% Cu and 66% BaSO<sub>4</sub> from 218m, and
- 14m at 1.6% Zn, 3.2% Pb, 388g/t Ag, 2.50g/t Au, 0.3% Cu and 53% BaSO<sub>4</sub> from 232m.

The mineralised intervals of the drill holes are shown in Table 1 below.

**Table 1** Drill hole results for the reported holes; Lead or Zinc greater than 0.5%, including higher-grade intersection with Lead or Zinc > 5%

HOLE	FROM M	TO M	INTERVAL M	Zn %	Pb %	Ag g/t	Au g/t	Cu %	BaSO <sub>4</sub> %
<b>BR-36-18</b>	206	278	72	18.3	10.7	211	2.54	2.5	25
<i>Including</i>	218	274	56	23.2	13.6	254	3.04	3.1	29
<b>BR-35-18</b>	216	220	4	1.5	1.4	124	1.67	0.3	30
	228	260	32	2.1	2.6	220	2.00	0.2	32
<i>Including</i>	232	240	8	4.4	7.2	709	5.10	0.8	67
<b>BR-34-18</b>	226	230	4	6.9	3.2	46	0.15	0.2	1
<b>BR-33-18</b>	216	218	2	0.7	6.4	100	0.68	0.3	5
	228	264	36	4.9	3.2	306	2.70	0.5	45
<i>Including</i>	240	258	18	7.5	5.0	339	3.20	0.4	41
<b>BR-32-18</b>	192	208	16	1.3	1.4	49	0.37	0.2	4
	228	248	20	8.2	5.6	479	4.10	0.5	60
<i>Including</i>	232	246	14	11.6	7.6	659	5.00	0.6	63
<b>BR-29-18</b>	218	224	6	1.8	2.2	252	3.20	0.3	66
	232	246	14	1.6	3.2	388	2.50	0.3	53
<b>BR-27-18</b>	92	102	10	1.4	0.9	51	0.95	0.5	23
<b>BR-26-18</b>	44	50	6	1.5	1.2	63	0.55	0.2	29
<b>BR-25-18</b>	218	264	46	12.7	9.6	309	4.14	1.1	40
<i>Including</i>	232	252	20	23.5	16.6	287	5.33	1.4	35

Above drill hole results as originally reported to the ASX on 21 January 2019



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

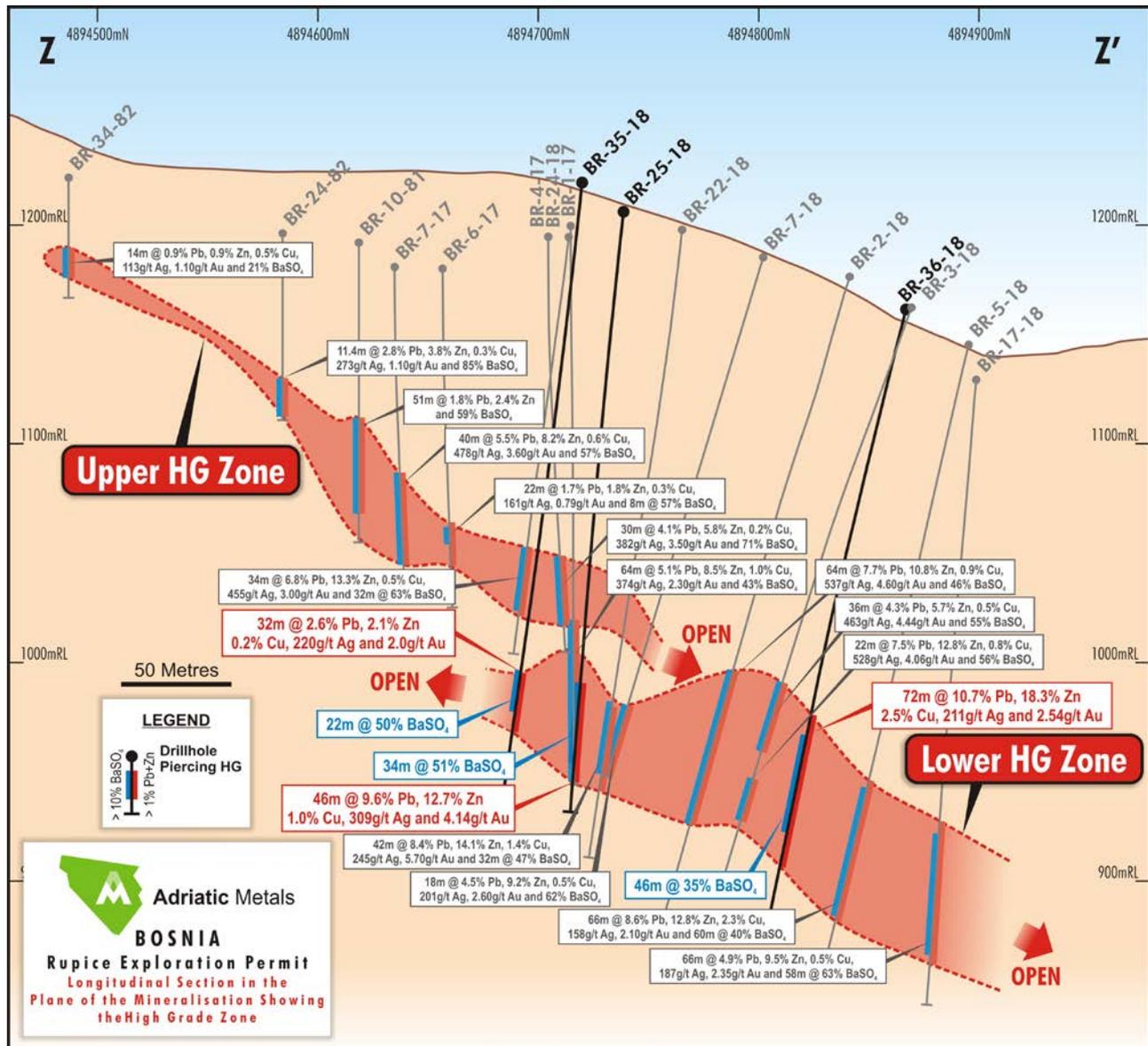


Figure 3: Cross Section illustrating Drill Hole BR-36-18

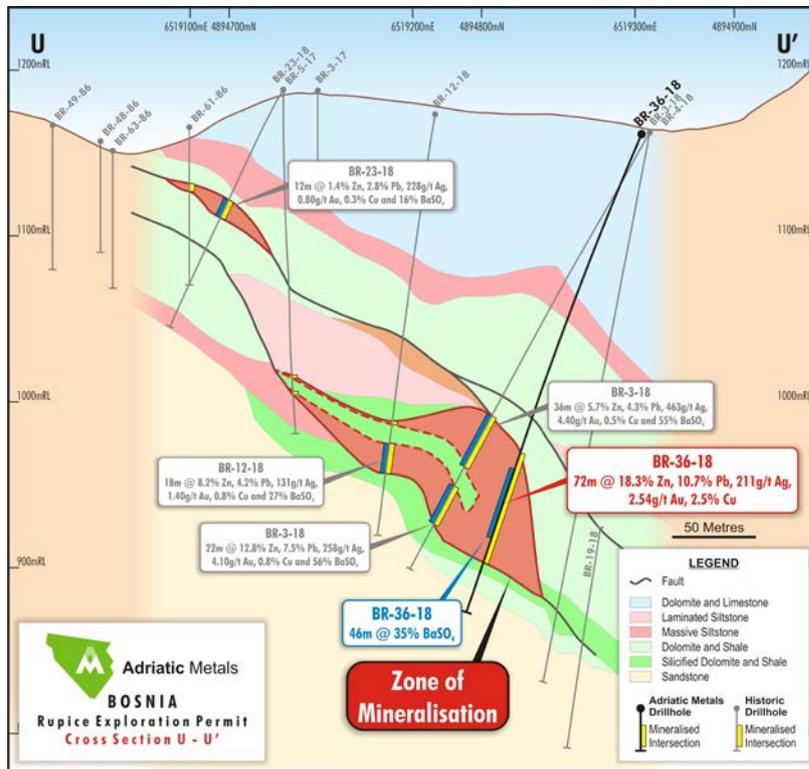
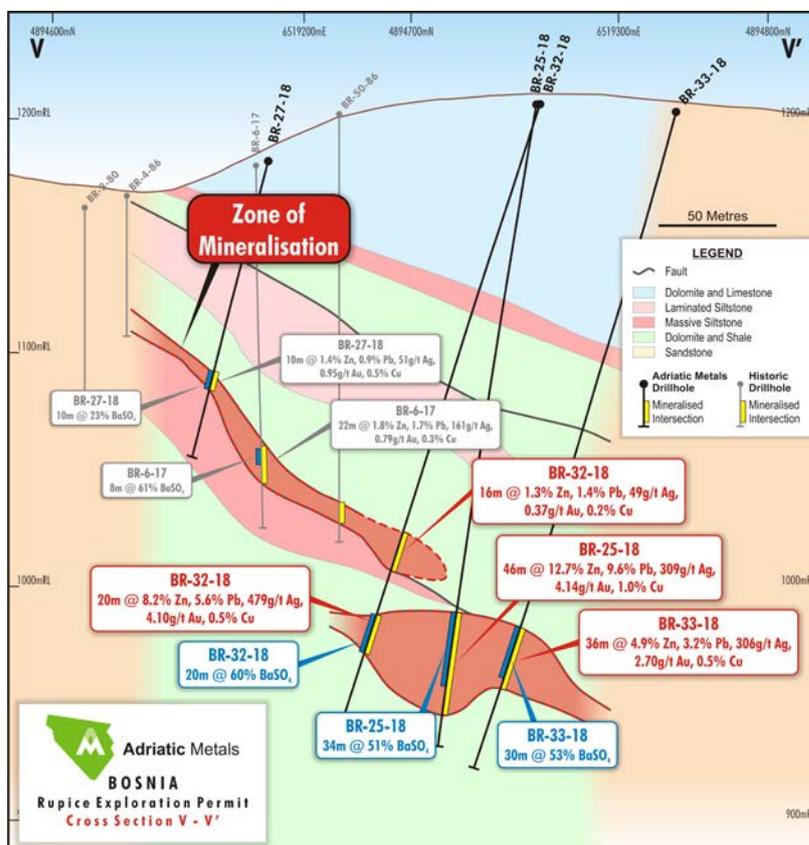


Figure 4: Cross Section illustrating drill holes BR-25-18, BR-32-18 and BR-33-18, which have identified the SE extension



### Exploration Permit Awarded on New Concession Expansion

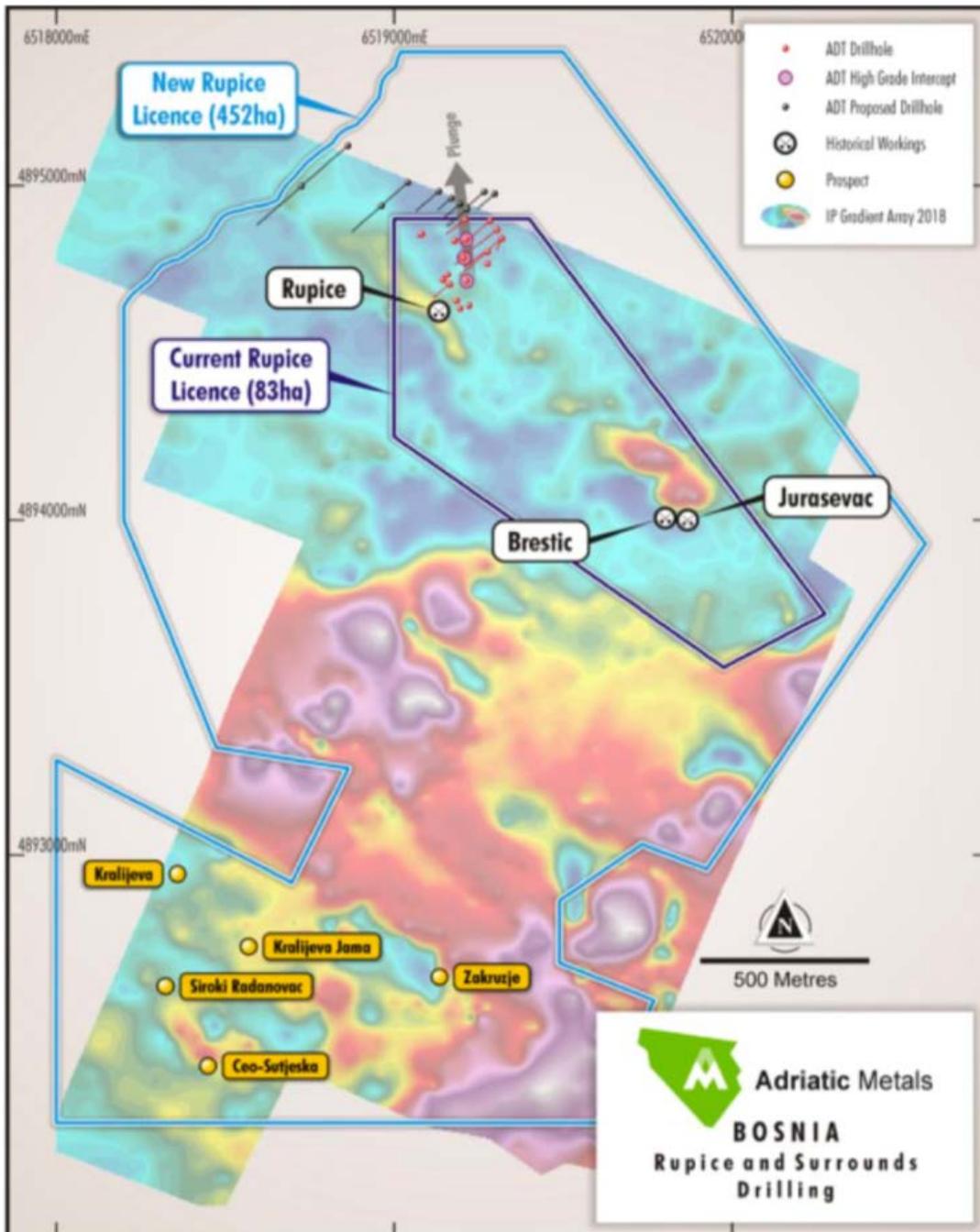
The Federal Minister for Energy, Mining and Industry approved the Company's application for an Exploration Permit over the expanded Concession Area, including the area immediately north of the former Rupice Concession boundary. Three drill rigs are operating at Rupice and therefore the Company commenced drilling over the northern boundary as well as continuing to drill the south-east extension. The fourth rig is completing a short program of infill drilling at Veovaca to incorporate additional precious metals into an updated Mineral Resource estimate. Once the Veovaca drilling is complete, this rig will be moved back to Rupice.

A campaign of drill holes is planned immediately to test Rupice's northern plunge extension, with additional follow-up holes, subject to encouraging assay results. The planned average hole depth is 300m. The Concession Extension area also includes other key drill targets, where additional drilling could identify extensions to the known high-grade mineralisation and also where historical or recent data indicates the potential for new discoveries.

Following up on the 2018 geophysical Induced Polarisation (IP) survey, which demonstrated that the Rupice mineralisation responds to (IP) techniques, the Company will now employ a significantly higher power transmitter to increase the depth penetration and IP coverage. A 30kVA transmitter and 3D array Pole-Dipole method will be used to initially cover the northern extensions of the Rupice mineralisation, and the significant Gradient Array IP chargeability anomalies to the immediate north-west of Rupice and over the Brestic-Jurasevac prospect (Figure 5).

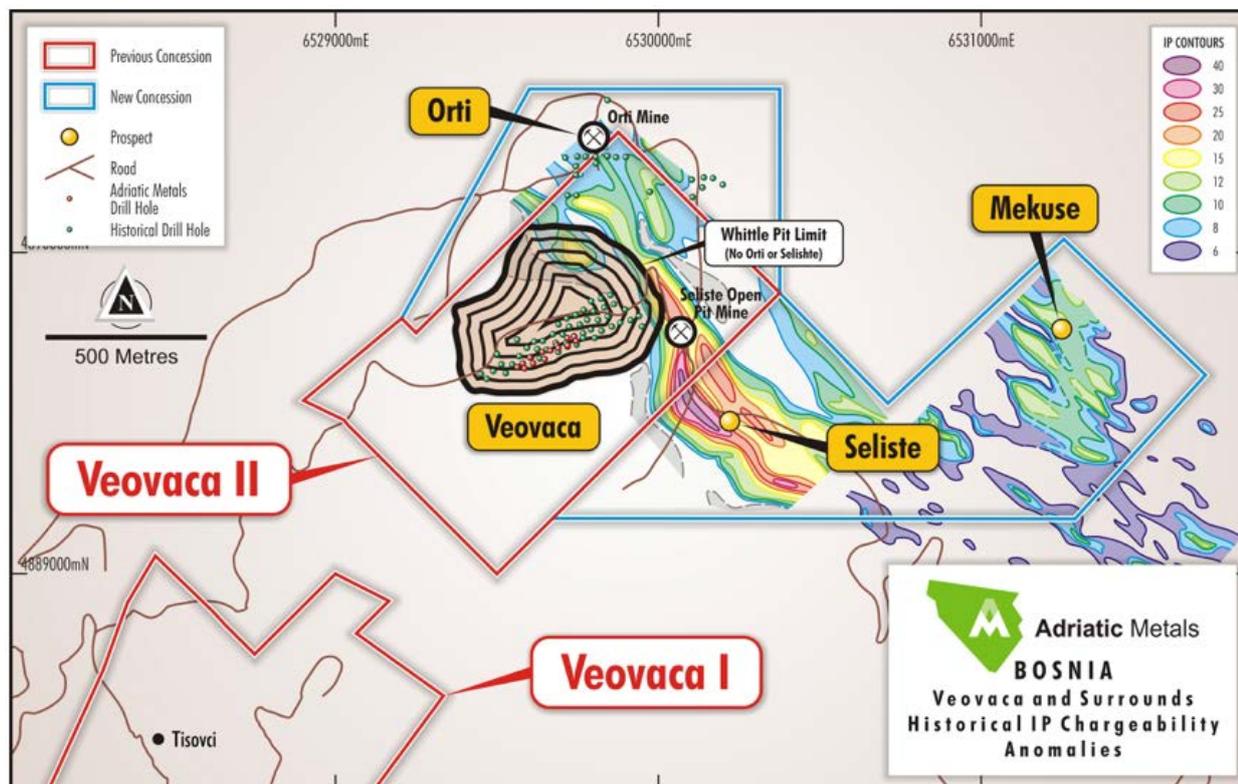
In addition, Adriatic will be able to use modern exploration techniques for the first time since the 1960s to follow up encouraging historical exploration undertaken at Siroki-Radakovac, Ceo-Sutjeska, Kraljeva, Kraljeva Jama and Zakruzje; also on the Rupice license, which yielded positive results from trenching, underground development and a limited amount of drilling (Figure 5).

Figure 5 – 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 new Exploration Permit also covers the Concession expansion at Veovaca and allows Adriatic to undertake ground disturbing exploration, including drilling, over the entirety of the base metal prospects of Orti, Seleste and Mekuse where historical exploration returned positive results from geophysical IP, trenching and a small amount of drilling (Figure 6).

**Figure 6** – 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.



### Appointment of Non-Executive Director, Mike Rawlinson, to the Board of Adriatic Metals

In March, Adriatic appointed Mr Rawlinson, who is a UK based, former investment banker with over 20 years' experience focused on the mining and metals sector. He was previously Global Co-Head of Mining and Metals at Barclays investment bank where he worked since 2013 having joined from the boutique investment bank, Liberum Capital which he co-founded in 2007. After starting his career in the City of London at Flemings in 1991, he joined Cazenove in 1996 before leaving JP Morgan Cazenove in 2007 where he was Head of EMEA Mining and Metals. He has been both a corporate financier and research analyst covering the mining sector and has extensive capital markets experience, having worked on the IPOs and follow-on offerings for a number of companies including Anglo American, Billiton, Xstrata, Glencore, Gem Diamonds, as well as his company's own IPO in 2006. He is also Senior Independent Non-Executive Director at Hochschild Mining plc and Independent Non-Executive Director at UK-listed Capital Drilling Limited and works with a number of private entities. In addition, Mr Rawlinson served as a Non-Executive Director of Talvivaara Mining Company Plc between April 2012 and November 2013. The addition of Michael Rawlinson significantly strengthens the board of Adriatic and the Company will gain from Michael's formidable reputation as a highly successful resource specialist.

### Post 31 March 2019 Subsequent Events

On 4 April 2019, Adriatic received formal acceptance by FMERI of the Reserves Elaborat for Rupice. This is a significant milestone and paves the way for an Exploitation Application later this year, and more importantly incorporates the full suite of base and precious metals identified at Rupice into the permitting process.

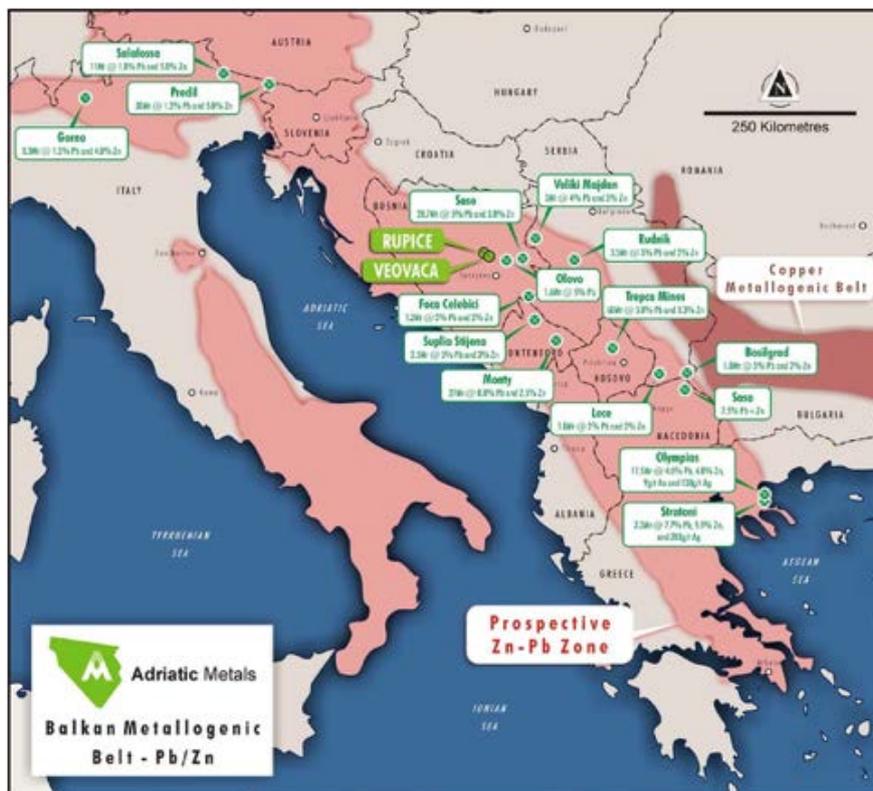
On 26 April we advised that Graham Hill has been appointed as Chief Operating Officer for the company. Graham has over 35 years of experience in project evaluation and development, and will move to Sarajevo to oversee the rapidly advancing pre-development activities. The Board of Adriatic has also commenced a search for a Managing Director, who will replace Geraint Harris as CEO, who will leave the company on 25 July 2019, following a handover to Graham Hill.

For further information please contact:

**Paul Cronin**  
 Executive Director  
[info@adriaticmetals.com](mailto: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 reported by the Company to the ASX between January 21<sup>st</sup> and March 7<sup>th</sup> 2019. 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.

### COMPETENT PERSONS REPORT

The information in this report 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.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

#### Name of entity

ADRIATIC METALS PLC

#### ABN

624 403 162

#### Quarter ended ("current quarter")

31 MARCH 2019

Consolidated statement of cash flows	Current quarter £GBP '000	Year to date (9 months) £GBP '000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(385)	(1,720)
(b) development	-	-
(c) production	-	-
(d) staff costs	(103)	(286)
(e) administration and corporate costs	(266)	(720)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	19
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)	-	71
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(748)</b>	<b>(2,636)</b>



Consolidated statement of cash flows	Current quarter £GBP '000	Year to date (9 months) £GBP '000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16)	(38)
(b) tenements (see item 10)	-	(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(16)</b>	<b>(442)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	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)
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 (9 months) £GBP '000
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	<b>5,776</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7,928	4,644
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(748)	(2,636)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(442)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	5,776
4.5	Effect of movement in exchange rates on cash held	(55)	(233)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,109</b>	<b>7,109</b>

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	818	6,040
5.2	Call deposits	6,291	1,888
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,109</b>	<b>7,928</b>



<b>6. Payments to directors of the entity and their associates</b>		<b>Current quarter £GBP '000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	52
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

<b>7. Payments to related entities of the entity and their associates</b>		<b>Current quarter £GBP '000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	359
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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>		<b>Total facility amount at quarter end £GBP '000</b>	<b>Amount drawn at quarter end £GBP '000</b>
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
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.		

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



9. Estimated cash outflows for next quarter		£GBP '000
9.1	Exploration and evaluation	1,589
9.2	Development	220
9.3	Production	-
9.4	Staff costs	105
9.5	Administration and corporate costs	240
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>2,154</b>

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: 29 April 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.