

24 October 2023

ABOUT ADRIATIC METALS (ASX:ADT, LSE:ADT1, OTCQX:ADMLF)

Adriatic Metals Plc is focused on the development of the 100%-owned, Vares high-grade silver project in Bosnia & Herzegovina, and exploration at the Raska base & precious metals project in Serbia.

DIRECTORS

Mr Michael Rawlinson
NON-EXECUTIVE CHAIRMAN

Mr Paul Cronin
MANAGING DIRECTOR & CEO

Mr Peter Bilbe
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes
NON-EXECUTIVE DIRECTOR

Ms Sandra Bates
NON-EXECUTIVE DIRECTOR

Ms Sanela Karic
NON-EXECUTIVE DIRECTOR

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QUARTERLY ACTIVITIES REPORT

For the three months ended 30 September 2023
("Q3" or "Quarter")

Q3 HIGHLIGHTS

Vares Silver Project, Bosnia & Herzegovina:

- Underground development rates increasing significantly. The first ore drive was reached at the end Q2 and ore is being stockpiled.
- Phased commissioning of the Vares Processing Plant has commenced and is expected to continue for approximately 8 weeks.
- First concentrate production now anticipated in January 2024 due to delays in equipment delivery and electricity connection.
- The delay will provide an opportunity for an increased stockpile and improved grade management in the ramp-up to nameplate capacity.
- The Company remains fully funded to Project completion.
- 24.5km haul road construction and refurbishment of the railhead and railway line will be completed by mid-November.
- Staff headcount increased to 271, contractor headcount totalled 486 at the end of Q3.

Exploration

- The Mineral Resource Estimate ('MRE') update for Rupice and Rupice Northwest ('RNW') is 21.1 Mt at 156 g/t Ag, 1.2 g/t Au, 4.3% Zn, 2.8% Pb, 0.4% Cu, containing 105 Moz Ag, 789koz Au, 913kt Zn, 581kt Pb, 88kt Cu and 39kt Sb. The updated MRE includes a 93% increase in Indicated Resource tonnes compared with the 2020 Rupice MRE.
- The MRE increase will be the basis for an update to the Rupice Ore Reserve estimate expected in Q4 2023. The Ore Reserve will include new metallurgical test work, mining studies and inclusion of the new RNW deposit in the life-of-mine plan.
- Drilling on Rupice West and Semizova Ponikva regional targets was completed in Q3. Assay results are expected in Q4.
- Drilling on the Droskovac brownfield development project commenced with positive intersection of base metal sulphides in first core. Assay results are expected in Q4.

Finance Update

- Final Project cost estimate is \$182m.
- Final Orion debt drawdown of \$30m is expected in Q4 2023.
- Cash balance at 30 September 2023 of \$68.3m, with \$43m of capex and exploration outflows expected pre-production in January 2024.
- Capital raise of \$32m (before costs) on 8 August to finance an expanded and accelerated exploration programme at Rupice and RNW.
- 95% of capital awarded, pending award or recently quoted.



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

"There has been significant progress across all areas of the Vares Silver Project in the last quarter. We are very pleased that the measures we have implemented at Rupice are really making an impact with significantly increased development rates and decreased cycle times. Crucially we are now stockpiling ore and preparing a structural geology drilling programme that will assist with future mine planning.

Commissioning has commenced at the Vares Processing Plant and all aspects of the plant will be fully tested and examined in the weeks ahead. Due to some delays in equipment delivery and in the connection to the state-owned electricity network, first concentrate production will now take place in January. However, this will allow us to increase the stockpile and ensure better grade management during the ramp-up phase to full capacity. Our cash position remains robust and we remain fully funded to project completion.

Development of the other mine infrastructure will be completed in November with sections of the haul road already handed over to the municipality and the rail line and railhead refurbishment nearly concluded.

Our recent exploration and definition drilling campaign at Rupice delivered an updated MRE in July that demonstrated a 93% increase in Indicated Resource tonnes compared with the 2020 Rupice MRE. We believe this new MRE will enable a significant extension of the life of mine of the Vares Project to over twenty years. Drilling has continued over the quarter and further drill results will be announced over the coming months."

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) ("Adriatic" or the "Company") is pleased to provide an update on development and construction activities at the Vares Silver Project in Bosnia and Herzegovina over Q3 2023.

1. HEALTH & SAFETY

At the end of Q3 2023, the Lost Time Injury Rate ('LTIFR') and Total Recordable Injury Rate ('TRIFR') are 0.72 and 1.81 respectively compared to Q2 2023 where LTIFR and TRIFR were 0.23 and 2.08 respectively.

The Company's focus over Q3 has been on:

- Continued weekly meetings focused communications on safety hazards and controls.
- Increasing number and quality of leadership field safety interactions.
- Building out the safety management system at the mine.
- Increasing emergency response preparedness through externally provided training (advanced first aid and rope rescue).
- Recruiting additional health and safety professionals to provide day to day operational support.
- Improving operational health and safety skills and competency matrices, and engaging subject-matter experts to support delivery of training for high-risk work.



Figure 1: First Refuge Chambers for Underground Mining in Bosnia and Herzegovina

2. CONSTRUCTION ACTIVITIES

Rupice Underground Mine and Infrastructure

As at 20 October 2023, the lower decline development has advanced to 945m and the upper decline was at 838m.

Adriatic has significantly improved development rates in Q3. Development rates increased 82% and cycle times decreased 43% compared to Q2. These improvements have been achieved by implementing modern mining methodologies and hiring experienced expat operators. This has been delivered through the continued Accelerated Development Action Plan ('ADAP'), which has involved:

- Implementing a single unit bolt, mesh bore mining method. This method uses one DD321 Jumbo and one experienced operator to undertake drilling, ground support and scaling. These activities were previously carried out by three equipment units with three operators. It is the first time this modern mining methodology has been used in the region and will continue to reduce cycle times and mining costs.
- This new mining methodology was undertaken through the mobilisation of a second DD321 Jumbo, which commenced operation at Rupice on 7 September. Therefore, several equipment units are no longer required and have been decommissioned, which has reduced equipment and insurance costs. A third DD321 Jumbo is expected to be commissioned in Q4 as more headings become available.
- Twenty-four operators with international experience in high safety - high speed mine development have been onboarded. A further seven operators are planned to join the team in Q4.
- The ground support standards have been improved and simplified. Previously multiple layers of shotcrete followed by mesh and bolts were used to support ground conditions, now single pass



shotcrete, and high strength dynamic and stiff set bolts are being used. These dynamic and stiff set bolts will last for the life of mine and enable significantly reduced installation times.

- The shotcrete plant is now in continuous operation. This has reduced the time of shotcrete preparation and batch refinement by 40%.
- There has been a transition from 8 hour to 12 hour shifts, which has optimised employee productivity.

Further development rate increases and cycle time reductions are expected in Q4. These significant development improvements have been achieved despite poor ground conditions in the footwall persisting, with 39% of the total advance in Q3 occurring in poor to very poor rockmass.

A 900m structural geology drilling programme is advancing to better understand and plan for poor rockmass conditions. Structural drilling is expected to be complete by the end of Q4, with the results being integrated into mine planning.

The water treatment plant is in continuous operation, with 17.5 million litres of mine and runoff water treated to specification. The construction of a 2,600m³ settling pond, with testing and commissioning, will be completed in Q4.

Construction of the Rupice run-of-mine stockpile is 92% complete. Mined ore is currently being stockpiled at a nearby site until completion.

The primary crusher is now 90% complete and will be in operation in December. The location for the backfill plant, which is required in June 2024, has been established. The design work has been completed and the installation of all equipment is in place and construction will commence once final permissions have been received.

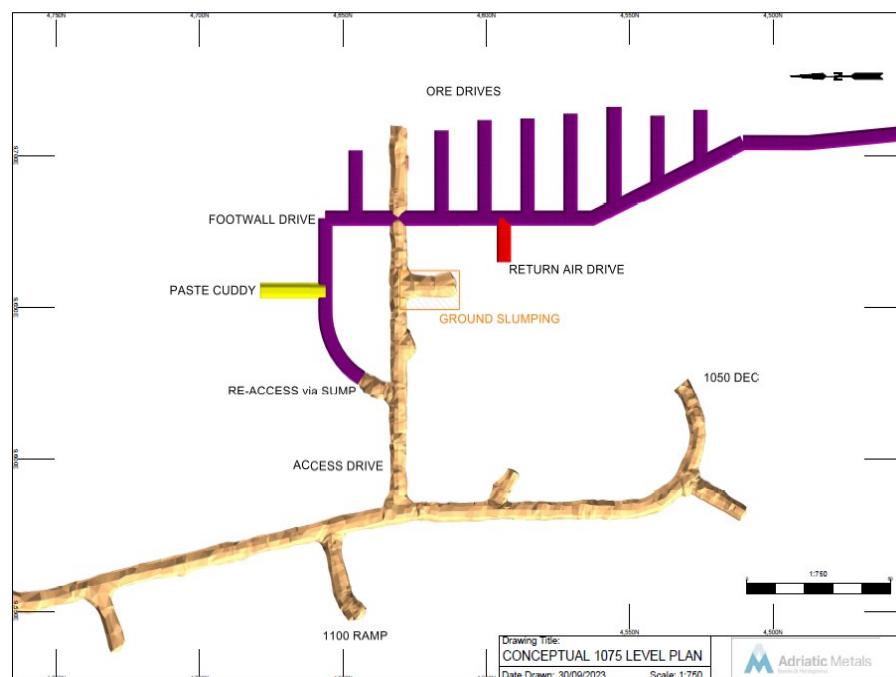


Figure 2: Rupice 1075 production level plan

Brown lines are built development as at 10 October 2023, and purple lines are future ore drives



Figure 3: Rupice 975 production level plan
Brown lines are development as at 10 October 2023, and purple lines are future ore drives



Figure 4: Stockpile and ore crusher



Figure 5: Ore crusher



Figure 6: Rupice 975 level underground

Vares Processing Plant

Commissioning of the Vares Processing plant ('VPP') commenced with the main process water supply system being tested and run. Full plant commissioning will continue in November. Due to delays in the delivery of the reagent feeders and dust collectors and a delay in the electricity connection from Elektroprivreda BiH, first



concentrate production is now scheduled in January 2024. The mine and processing plant nameplate capacity are both expected to be reached by June 2024.

Key Project Deliverables:

Description	Comments
Rupice crusher installation	End of November – Commissioning ore is crushed and stored at VPP.
Mill installation	Complete
Flotation cells	Complete
Concentrate and tailings thickeners	Complete
Plant – overall construction	Complete. Piping and electrical installation ongoing
Plant - power connections	Rupice Mine – by end of October Vares Processing Plant – mid November
Plant - wet commissioning	Commenced
Plant - full commissioning	To commence in November

The VPP process buildings construction is complete and being handed over to the commissioning team. Across the VPP final piping and electrical installation is underway.

In the flotation area the piping, structural steel and electrical installation is ongoing and the mechanical installation of flotation cells is complete.

In the filtration area the mechanical installation of all the filters is complete and the piping, structural steel and electrical installation is ongoing.

In the grinding area, the grinding mill has been installed and the piping and electrical installation is ongoing.

Due to delays in delivery of equipment the installation of the reagent system will commence in November.

In the tailings area the structural bridge over the thickeners has been installed.

The four E-rooms are now complete, and the electrical equipment is also installed and will be connected in Q4.



Figure 7: Aerial view of the Vares Processing Plant, September 2023



Figure 8: Looking south in zinc flotation circuit, September 2023



Figure 9: Zinc flotation circuit, September 2023

Infrastructure

The Vares Majdan – Rupice 35kV & communications cable installation is complete and is waiting permitting from Elektroprivreda BiH, the utility company and the BH Ministry for technical acceptance. Electricity connection at Rupice is expected in October and connection to the VPP is expected in November.

The construction work on the 24.5km haul road that connects Rupice to the Vares Processing Plant will be completed in November, with some final works to be finalised on LOTs 3 and 4. Remaining minor works will be completed once final electricity transmission lines are laid across the road in certain locations. Construction on all other LOTs are complete with maintenance and improvements ongoing. LOTs 1, 2 and 5B have been handed over to the Vares municipality.

The agreement on transportation with Federation of Bosnia and Herzegovina Railways, including cost of transport, has been signed. The railhead and rail line are being refurbished, with completion expected by the end of October. Refurbishment work at Vares Majdan Station is nearly complete and the first train is scheduled to travel down the refurbished railway line in November.

Following meetings with the Port of Ploče's senior management the agreement for the handling of container cargo has been signed. The engineering design for the refurbishment of the warehouse at Ploče Port has been completed and the design of the container storage at the railhead is to be completed by the end of October.



3. EXPLORATION, CONFIRMATION AND DEFINITION DRILLING AT RUPICE

Over Q3 2023 Adriatic continued to deliver exploration success across the Rupice Northwest ('RNW') deposit.

On 27 July 2023 Adriatic announced its updated MRE for the Rupice Deposit. The MRE was completed and peer-reviewed by AMC Consultants Pty Ltd ("AMC") in Perth and Melbourne, Australia.

The Indicated and Inferred MRE for Adriatic's Rupice silver-zinc-lead-gold-copper deposit now stands at: 21.1 Mt at 156 g/t Ag, 1.2 g/t Au, 4.3% Zn, 2.8% Pb, 0.4% Cu, 27% BaSO₄ (reported above a cut-off grade of 50 g/t AgEq) containing 105 Moz Ag, 789koz Au, 913kt Zn, 581kt Pb, 88kt Cu and 39kt Sb.

This includes a 93% increase in Indicated resource tonnes compared with the 2020 Rupice MRE (using a 50 g/t AgEq cut-off). In total, 87% of the updated mineral resource is classified as Indicated.

The updated Rupice MRE includes the first public resource disclosure for the new RNW discovery. The estimates do not include new drilling completed since the end of May 2023. Exploration drilling continues to successfully identify further high-grade mineralization at Rupice and RNW that is additional to the currently reported Rupice MRE inventory.

The Rupice MRE upgrade will be the basis for an update to the Rupice ore Reserve estimate. The ore reserve will include new metallurgical test work, hydrogeological study, mining studies and inclusion of the new RNW deposit in the life-of-mine plan.

For the 2023 MRE (Rupice and RNW), a total of 287 diamond drill holes for a total of 76,936m define the current limits of the known mineralization. The Rupice portion of the 2023 MRE includes a total of 207 diamond drill holes for a total of 51,228m to define the current limits of known Rupice mineralization. The RNW portion of the 2023 MRE includes a total of 80 diamond drill holes from the Company's drilling programmes in 2021 to May 2023 for 25,708m to define the current limits of the known RNW mineralization.

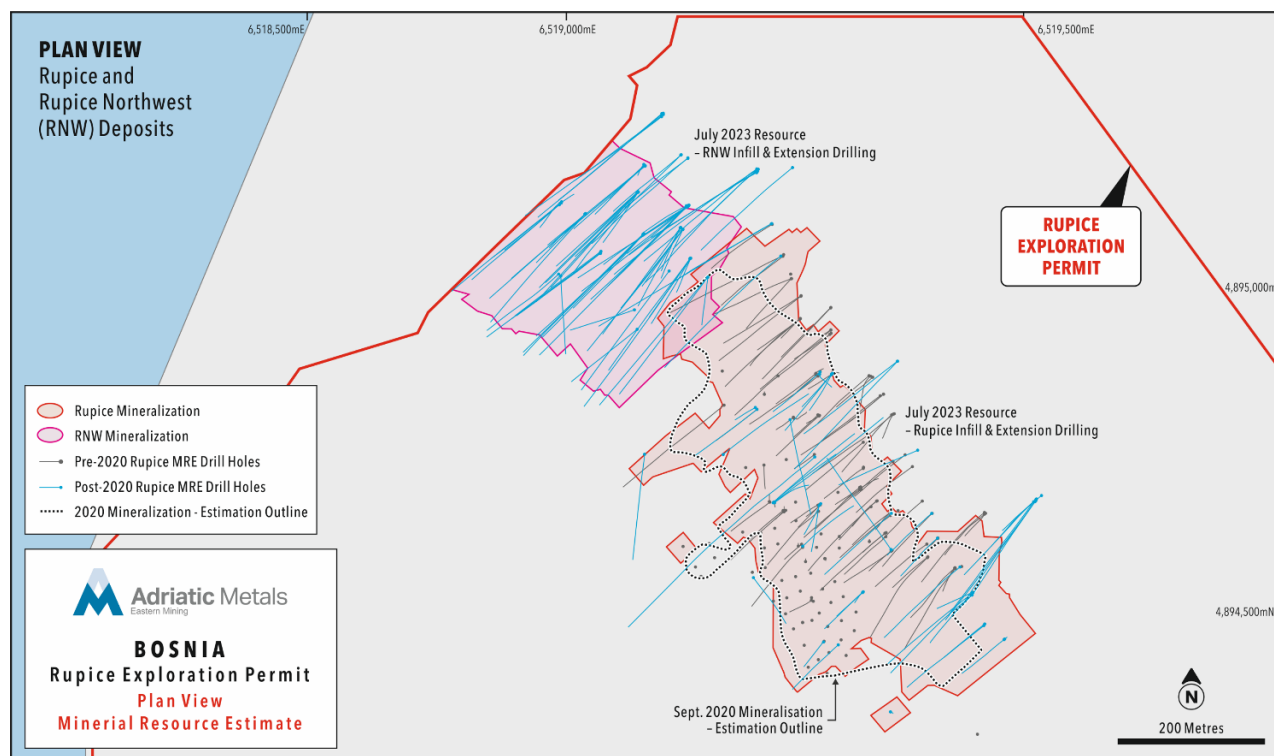


Figure 10: Plan View of Rupice 2023 Mineral Resource Outline vs 2020 Outline

To date, the massive sulphide mineralization at Rupice has a defined strike length of >600m, with a maximum true-width thickness of around 65m and a minimum of 0.3m. Mineralization at Rupice still remains open to the



northwest and to the southeast along strike. In the existing areas drilled, the up-dip portions of Rupice are yet to be closed-off to the southwest. This presents a significant opportunity for further resource growth at Rupice over its strike length.

To date, the massive sulphide mineralization at RNW has a defined strike length of >300m, with a maximum true-width thickness of around 40m. The mineralization increases in width, grade and thickness from southeast to northwest. RNW has been drilled to the northern extent of the Rupice Exploitation Permit boundary. There is no geological reason to believe mineralization does not extend beyond the Exploitation Permit boundary to the northwest. Adriatic Metals plc has applied to the Zenica-Doboj Canton to expand the Concession Agreement along strike of RNW. Mineralization also remains open up-dip to the southwest. The deposit south-eastward is narrowing with increasing base metal content, higher grades, elevation in copper and gold values, and a reduction in barium content.

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

A fourth diamond drill rig commenced drilling in June, with a focus on regional exploration. In Q3 drilling was completed over the Rupice West prospect 1.5km west of Rupice. The drill holes targeted a soil and coincident ground gravity anomaly. A shallow near surface mineralized gossan was intersected with significant zinc results determined by a portable XRF analyzer. Assay results are expected in Q4. Further work is planned in 2024 to chase-up the source of the mineralized gossan and anomalous surface geochemistry.

Regional exploration drilling was also completed across the Semizova Ponikva prospect following completion of drilling at Rupice West. The drilling targeted a ground gravity anomaly below a broad surface precious and base metals soil anomaly. Drilling was unable to define the source of surface anomalism. The ground gravity anomaly coincided with a thick sequence of unmineralized limestone. Further soil sampling, trench sampling, mapping and a surface IP geophysics program is planned for 2024 to better understand and define the anomalism across this area. No further drilling is warranted at this stage.

Ground gravity survey results from across the Droskovac prospect were processed in Q3 and incorporated into Q3 Droskovac development drill programme planning. The Droskovac drilling program targets known lead-zinc mineralization left behind following historic underground and open pit mining of sideritic iron ores. Droskovac drilling commenced in late August. Three holes were completed across Droskovac in Q3 with all holes returning continuous intervals of strong iron rich sideritic mineralization in core. The holes also successfully intersecting the targeted base-metals rich zone beneath the iron rich siderite. Zinc, lead, iron and barite rich mineralization has been confirmed by portable XRF analyzer. Assay results are expected in Q4. The widths of base metal intercepts, grades and continuity of mineralization are positive indicators. Systematic drilling of Droskovac will continue in Q4 along with characterization of the mineralization style, mineralogy and distribution. Studies will also be broadened to review the economic potential of the extensive remaining sideritic iron mineralization.

On 8 August 2023, following the updated MRE, Adriatic raised \$32m (before costs) in equity to fund an expanded and accelerated exploration programme. The net proceeds of the raise are intended to be used as follows:

- \$22 million to fund expanded and accelerated exploration programmes across the Vares and Raska (Serbia) projects, inclusive of ~40,000m of drilling across Rupice, RNW and Droskovac deposits; ~20,000m across Raska; and associated facilities and equipment;
- \$5 million for general working capital associated with exploration; and
- \$5 million for growth opportunities, general corporate purposes and fees.



2023 RUPICE MRE UPDATE

The updated Indicated and Inferred Mineral Resource estimate was prepared by AMC as set out in Table 1. The effective date is 21 July 2023.

Table 1 - Rupice updated 2023 MRE by Classification – Total (using AgEq cut-off of 50 g/t)

Rupice Mineral Resource estimate, 21 July 2023																	
Deposit(s)	Domains	Resource Classification	Tonnes (Mt)	Grades							Contained metal						
				Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄	Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄
				g/t	%	%	g/t	%	%	%	Moz	Kt	Kt	Koz	Kt	kt	Kt
Rupice + RNW	All	Indicated Inferred	18.3 2.8	168 75	4.6 2.4	2.9 1.6	1.3 0.5	0.4 0.2	0.2 0.1	30	98.6 6.8	844 69	535 46	742 47	81 7	36 4	5,426 353
	Total	Indicated + Inferred	21.1	156	4.3	2.8	1.2	0.4	0.2	27	105.4	913	581	789	88	39	5,779

Table 2 - Rupice updated MRE by Classification and Deposit (using AgEq cut-off of 50 g/t)

Rupice Mineral Resource estimates, 21 July 2023																	
Deposit(s)	Domains	Resource Classification	Tonnes (Mt)	Grades							Contained metal						
				Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄	Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄
				g/t	%	%	g/t	%	%	%	Moz	Kt	Kt	Koz	Kt	kt	Kt
Rupice	All	Indicated	11.0	169	4.0	2.6	1.4	0.4	0.2	27	60.1	443	285	503	46	25	3,020
		Inferred	1.7	52	1.1	0.8	0.3	0.2	0.1	9	2.9	19	13	17	3	2	154
		Total	12.8	153	3.6	2.3	1.3	0.4	0.2	25	62.9	462	298	520	48	27	3,174
RNW	All	Indicated	7.2	166	5.6	3.5	1.0	0.5	0.2	33	38.5	401	250	239	35	11	2,406
		Inferred	1.1	111	4.6	3.0	0.9	0.4	0.1	18	3.9	50	32	30	4	1	199
		Total	8.3	159	5.4	3.4	1.0	0.5	0.2	31	42.5	452	283	269	39	13	2,605
	Total	Indicated Inferred	18.3 2.8	168 75	4.6 2.4	2.9 1.6	1.3 0.5	0.4 0.2	0.2 0.1	30 13	98.6 6.8	844 69	535 46	742 47	81 7	36 4	5,426 353

Table 3 - Rupice updated MRE by Classification, and Deposit by Domain (using AgEq cut-off of 50 g/t)

Rupice Mineral Resource estimates, 21 July 2023																	
Deposit(s)	Domains	Resource Classification	Tonnes (Mt)	Grades							Contained metal						
				Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄	Ag	Zn	Pb	Au	Cu	Sb	BaSO ₄
				g/t	%	%	g/t	%	%	%	Moz	Kt	Kt	Koz	Kt	kt	Kt
Rupice	Upper	Indicated	0.4	55	1.0	1.0	0.4	0.2	0.1	6	0.7	4	4	5	1	1	21
		Inferred	0.2	74	1.3	1.0	0.3	0.2	0.2	10	0.6	3	2	2	0.5	0	24
		Total	0.6	62	1.1	1.0	0.3	0.2	0.1	0.1	7	1.3	7	6	7	1	1
Rupice	Main	Indicated	10.2	180	4.3	2.7	1.5	0.4	0.2	29	58.8	436	278	495	44	23	2,984
		Inferred	1.0	50	1.1	0.7	0.3	0.1	0.1	11	1.7	12	8	12	2	1	112
		Total	11.2	168	4.0	2.6	1.4	0.4	0.2	0.2	28	60.5	448	286	506	46	25
Rupice	Lower	Indicated	0.5	35	0.7	0.5	0.2	0.1	0.1	3	0.6	3	2	4	1	1	14
		Inferred	0.4	44	0.9	0.8	0.2	0.1	0.1	4	0.6	4	3	3	0.4	0	17
		Total	0.9	39	0.8	0.6	0.2	0.1	0.1	0.1	3	1.2	7	6	7	1	1
RNW	Upper	Indicated	1.3	75	1.5	0.8	0.2	0.1	0.2	13	3.1	19	11	9	1	3	161
		Inferred	0.2	65	1.0	1.4	0.2	0.2	0.1	10	0.5	2	3	2	0.4	0.3	23
		Total	1.5	74	1.4	0.9	0.2	0.1	0.2	0.2	12	3.6	21	14	11	2	3
RNW	Main	Indicated	4.5	214	7.4	4.7	1.4	0.6	0.2	47	30.8	332	211	199	26	7	2,113
		Inferred	0.4	145	7.9	4.9	1.5	0.5	0.2	36	1.9	33	20	20	2	0.5	148
		Total	4.9	209	7.5	4.7	1.4	0.6	0.2	0.1	46	32.7	365	231	219	29	7
RNW	Lower	Indicated	1.5	98	3.4	1.9	0.7	0.5	0.1	9	4.7	55	29	31	7	2	2,406
		Inferred	0.4	105	3.4	2.1	0.5	0.4	0.1	6	1.5	15	9	8	1.6	1	199
		Total	1.9	100	3.4	2.0	0.6	0.4	0.1	0.1	8	6.2	66	38	39	9	2
	Total	Indicated + Inferred	21.1	156	4.3	2.8	1.2	0.4	0.2	27	105.4	913	581	789	88	39	5,779



Notes:

- The Mineral Resource estimate has been reported in accordance with the requirements of ASX Listing Rule 5.8 and the JORC Code.
- A cut-off grade of 50 g/t silver equivalent has been applied.
- Silver equivalent (AgEq) –was calculated using conversion factors of 31.1 for Zn, 24.88 for Pb, 80.0 for Au, 1.87 for BaSO₄, 80.87 for Cu, 80.87 for Sb, and recoveries of 90% for all elements. Metal prices used were US\$2,500/t for Zn, US\$2,000/t for Pb, US\$150/t for BaSO₄, US\$2,000/oz for Au, US\$25/oz for Ag, US\$6,500/t for Sb and US\$6,500 for Cu.
- The applied formula was: $AgEq = Ag(g/t) \times 90\% + 31.1 \times Zn(\%) \times 90\% + 24.88 \times Pb(\%) \times 90\% + 1.87 \times BaSO_4\% \times 90\% + 80 \times Au(g/t) \times 90\% + 80.87 \times Sb(\%) \times 90\% + 80.87 \times Cu(\%) \times 90\%$
- It is the opinion of Adriatic Metals and the Competent Persons that all elements and products included in the metal equivalent formula have a reasonable potential to be recovered and sold.
- Metallurgical recoveries of 90% have been applied in the metal equivalent formula based on recent and ongoing test work results.
- A bulk density (BD) was calculated for each model cell based on its domain, using regression formulas. For the Main zone: $BD = 2.66612 + BaSO_4 \times 0.01832 + Pb \times 0.03655 - Zn \times 0.02206 + Cu \times 0.09279$ for the barite high-grade domain, $BD = 2.72748 + BaSO_4 \times 0.02116 + Pb \times 0.04472 + Zn \times 0.01643 - Cu \times 0.08299$ for the barite low-grade domain; and for the NW zone: $BD = 2.92581 + BaSO_4 \times 0.01509 + Pb \times 0.04377 - Zn \times 0.02123 + Cu \times 0.10089$ for the barite high-grade domain, $BD = 2.74383 + BaSO_4 \times 0.01731 + Pb \times 0.04573 + Zn \times 0.02023 - Cu \times 0.06041$ for the barite low-grade-domain (the barite domains were interpreted using 30% BaSO₄ cut-off).
- Rows and columns may not add up due to rounding.

4. BUDGET & SCHEDULE UPDATE

The final Project cost estimate is \$182m. At 30 September 2023, Adriatic had cash of \$68.3m and a final draw down of \$30m under the terms of the Orion financing agreement expected to occur in Q4 to provide additional working capital. The Company is expecting \$43m of capex and exploration outflows pre-production.

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

Of the total Project cost estimate a total of 95% of capital expenditure excluding contingency is awarded, pending award, or recently quoted, as shown below:

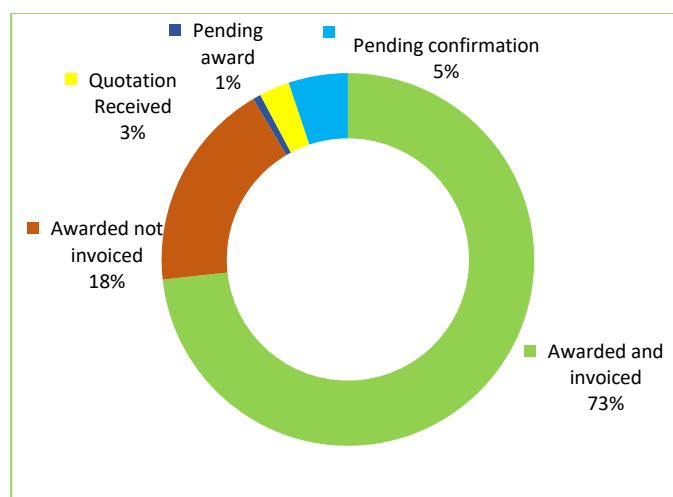


Figure 11: Graph showing committed capex



Summary of Cash flow

A summary of operating, investing and financing cash flows during the Quarter, before movements in exchange rates, as reported in the Appendix 5B Cash Flow Report, is as follows:

	USD'000
Exploration & evaluation (capitalised)	(2,018)
Exploration & evaluation (expensed)	(218)
Staff costs	(2,818)
Administration and corporate costs	(5,632)
Property, plant and equipment acquisitions	(38,811)
Interest received	359
Interest paid	(475)
Other: VAT Inflow	2,190
Net expenditure	(47,423)
Net cash flows from financing activities	29,911
Net cash out flow before exchange movement	(17,512)

Payments to Related Parties

During the Quarter, Adriatic paid an aggregate total of \$267k to Directors, or companies controlled by them, consisting of salaries, fees, and reimbursement/recharge of corporate office facilities and associated services used/provided by the Company. This is disclosed in Item 6 of the accompanying Appendix 5B Cash Flow Report.

5. HUMAN RESOURCES

Adriatic continues to increase headcount as the Company moves through the construction phase. As of 30 September 2023, staff headcount was 271, with an additional 486 external contractors.

Country	Bosnia	Serbia	UK	Board	Total
Male (%)	167 (73%)	18 (69.2%)	5 (55.5%)	4 (67%)	195 (72%)
Female (%)	63 (27%)	8 (30.8%)	4 (44.5%)	2 (33%)	77 (28%)
TOTAL	230	26	9	6	271

Figure 12: Gender Division and Head Count Per Country of Operations as of 30 September 2023

During the current quarter, Adriatic has undertaken significant workforce development efforts. In this period, the Company opened a total of 41 positions to address evolving operational needs. Of these, we successfully filled 12 key positions. These newly appointed team members include Head of Health and Safety, Paste Plant Operator, Emergency Response Coordinator, Senior Metallurgist, Electrical Technician Supervisor, Head of Finance, Internal Auditor, Internal Communications Specialist, amongst many others.

In addition to these appointments, the focus remains on ongoing initiatives, including the continued efforts to fill the remaining open positions, with special emphasis on those that are crucial for the Processing department.



Adriatic is actively facilitating the transition of employees from the Project teams to key roles within Operations, as the Company aims to optimise the workforce and enhance operational capabilities. These efforts underscore Adriatic's commitment to building a talented and dedicated team and ensuring long-term growth and success.

A new student programme for 2023/2024 commenced at the local high school, NORDBAT 2 in Vares with 18 new students. The students will carry out 25 hours per week of practical classes at Adriatic's operations. This initiative underscores the Company's commitment to offering a well-rounded education that combines theoretical knowledge with hands-on experience.



Figure 13: New students for the year 2023/24

6. SUSTAINABILITY

Adriatic remains wholly committed to its shared prosperity and zero harm philosophy. In Q3, work continued with consultants Alfa Energy on the Full Carbon Footprint, LCA (Life Cycle Assessment) and Net Zero including Scopes 1, 2 and 3 - Feasibility Study with final documents expected in Q4 2023.

In Q3 INX Software was procured for data tracking and reporting of environment monitoring during the implementing stage. The software will track and predict environmental impacts and will be able to provide transformative data and clarity. The software will model field sampling and laboratory analysis processes to monitor environmental performance.

An external environmental audit of the Environmental Social Action Plan, to confirm compliance with EBRD Standards has been arranged with local audit company Ceteor and will take place over the coming months.

The Environmental Social Impact Assessment will be updated to the end of 2023 to reflect final design and the impact of scheduled production and the Environmental Social Management System and management plans will be updated to address mitigation and monitoring measures to reflect any changes.

In Q3 Adriatic continued to work closely and engage with all local stakeholders, with regular ongoing communication with the Vares and Kakanj communities. In September Adriatic hosted a site visit for local NGOs to provide a greater level of understanding of the Company's activities and sustainability procedures.

In September, Adriatic also hosted a team from Boliden AB ('Boliden'), one of the Company's offtakers. Boliden brought their senior sustainability officers to site and the Vares Project underwent a significant review of its sustainability procedures. Following the site visit Boliden and Adriatic issued a joint press statement that both companies will work together to produce zinc with the highest ESG standards.



7. TENEMENT HOLDINGS

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 30 September 2023. The Company holds a 100% interest in all concession agreements and licences via its wholly owned subsidiaries, with the exception of the Raska (Suva Ruda) licence held by Deep Research d.o.o. The Company does not hold an equity interest in Deep Research d.o.o. but has an option agreement pursuant to which it may acquire the entire share capital of Deep Research d.o.o.

	Concession document	Registration number	License holder	Concession name	Area (km ²)	Date granted	Expiry date
Bosnia and Herzegovina	Concession Agreement	No.:04-18-21389-1/13	Eastern Mining d.o.o.	Veovaca 1	1.08	12-Mar-13	12-Mar-38
				Veovaca 2	0.91	12-Mar-13	12-Mar-38
				Rupice-Jurasevac, Brestic	0.83	12-Mar-13	12-Mar-38
	Annex 3 & 6 Area	No.: 04-18-21389-3/18	Eastern Mining d.o.o.	Rupice - Borovica	4.52	14-Nov-18	12-Mar-33
	Extension			Veovaca - Orti - Seliste - Mekuse	1.32	14-Nov-18	12-Mar-33
	Annex 5 - Area	No: 04-18-14461-1/20	Eastern Mining d.o.o.	Orti-Selište-Mekuše-Barice- Smajlova Suma-Macak	19.33	3-Dec-20	3-Dec-50
	Extension			Droskovac - Brezik	2.88	3-Dec-20	3-Dec-50
				Borovica - Semizova Ponikva	9.91	3-Dec-20	3-Dec-50
	Concession Agreement	No: 04-14-5359-3/22	Eastern Mining d.o.o.	Saski Do	1.28	19-Jul-22	19-Jul-25
Serbia	Exploration License	310-02-1721/2018-02	Adriatic Metals d.o.o.	Kizevak	1.84	3-Oct-19	29-May-26
	Exploration License	310-02-1722/2018-02	Adriatic Metals d.o.o.	Sastavci	1.44	7-Oct-19	29-May-26
	Exploration License	310-02-1114/2015-02	Adriatic Metals d.o.o.	Kremice	8.54	21-Apr-16	07-Jul-25
	Exploration License	310-02-00060/2015-02	Deep Research d.o.o.	Rudno Polje Raska	81.39	28-Dec-15	24-Oct-24**
	Exploration License	310-02-01670/2021-02	Adriatic Metals d.o.o.	Kaznovice	37.1	11-Oct-21	22-Nov-24

**Possible to get a 1 year extension, but only for preparation of reserves elaborate which excludes any geological exploration work

-ends-

Authorised by Paul Cronin, Managing Director & CEO

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

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ABOUT ADRIATIC METALS

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

The Vares Silver Project is fully funded to production, which is expected in Q1 2024. The 2021 Project Definitive Feasibility Study shows robust economics of US\$1,062 million post-tax NPV₈, 134% IRR and a capex of US\$168 million. Concurrent with ongoing construction activities, the Company continues to explore across its highly prospective 44km² concession package.

The Mineral Resource estimate for the Rupice underground deposit comprising part of the Vares Silver Project was updated in accordance with ASX Listing Rule 5.8 on 27 July 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

The Ore Reserve estimate for the Rupice deposit comprising part of the Vares Silver Project was announced in accordance with ASX Listing Rule 5.9 on 19 August 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

In accordance with ASX Listing Rule 5.19, the Company confirms that the production targets and forecast financial information for the Vares Project were first disclosed in accordance with ASX Listing Rules 5.16 and 5.17 in the Company's announcement dated 19 August 2021. The Company confirms that all the material assumptions underpinning the production target and the forecast financial information in the previous announcement continue to apply and have not materially changed.

MARKET ABUSE REGULATION DISCLOSURE

The information contained within this announcement is deemed by the Company (LEI: 549300OHAH2GL1DP0L61) to constitute inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal)



Act 2018 as amended ("UK MAR"), and Article 7 of the Market Abuse Regulation (EU) No. 596/2014 ("EU MAR"). The person responsible for arranging and authorising the release of this announcement on behalf of the Company is Paul Cronin, Managing Director and CEO.

DISCLAIMER

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

Appendix 5B

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



Name of entity

ADRIATIC METALS PLC

ABN

624 403 163

Quarter ended ("current quarter")

30 SEPTEMBER 2023

Consolidated statement of cash flows	Current quarter USD'000	Year to date (9 months) USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	0	0
1.2 Payments for		
a) exploration & evaluation (if expensed)	(218)	(760)
b) development	0	0
c) production	0	0
d) staff costs	(2,818)	(7,286)
e) administration and corporate costs	(5,632)	(9,172)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	359	1,179
1.5 Interest and other costs of finance paid	(475)	(1,420)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other - VAT refund / (outflow)	2,190	4,762
1.9 Net cash from / (used in) operating activities	(6,594)	(12,697)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
a) entities	0	0
b) tenements	0	0
c) property, plant and equipment	(38,811)	(86,960)
d) exploration & evaluation (if capitalised)	(2,018)	(5,241)
e) investments	0	0
f) other non-current assets	0	0
2.2 Proceeds from the disposal of:	0	0



Consolidated statement of cash flows	Current quarter USD'000	Year to date (9 months) USD'000
entities	0	0
tenements	0	0
property, plant and equipment	0	0
investments	0	0
other non-current assets	0	0
2.3 Cash flows from loans to other entities	0	0
2.4 Dividends received (see note 3)	0	0
2.5 Other	0	0
2.6 Net cash from / (used in) investing activities	(40,829)	(92,201)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	31,846	31,846
3.2 Proceeds from issue of convertible debt securities	0	0
3.3 Proceeds from exercise of options and warrants	0	536
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(1,935)	(2,087)
3.5 Proceeds from borrowings	0	82,500
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans and borrowings	0	(1,440)
3.8 Dividends paid	0	0
3.9 Other (Pre-acquisition loan to Tethyan)	0	0
3.10 Net cash from / (used in) financing activities	29,911	111,355

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	85,602	60,585
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(6,594)	(12,697)



Consolidated statement of cash flows		Current quarter USD'000	Year to date (9 months) USD'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(40,829)	(92,201)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	29,911	111,355
4.5	Effect of movement in exchange rates on cash held	218	1,266
4.6	Cash and cash equivalents at end of period	68,308	68,308

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 USD'000	Previous quarter USD'000
5.1	Bank balances	68,308	85,602
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	68,308	85,602

6.	Payments to related parties of the entity and their associates	Current quarter USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	267
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: a description of, and an explanation for, the above payments is included in the quarterly activities report



7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end USD'000	Amount drawn at quarter end USD'000
7.1 Loan facilities	162,500	132,500
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	162,500	132,500

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

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

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

In addition, the US\$142.5m Orion Debt Financing package consists of US\$120m Senior Secured Debt and US\$22.5m Copper Stream arrangement. The first two tranches of \$30m of the \$120m Senior Secured Debt were drawn down in December 2022 and February 2023 and the third tranche was drawn down in April 2023. The \$22.5m Copper Stream deposit was received in February 2023. The remaining fourth \$30m tranche of the Senior Secured Debt is expected to be drawn down in Q4 2023.

8. Estimated cash available for future operating activities	USD'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(6,594)
8.2 Net cash from / (used in) investing activities (Item 2.6)	(40,829)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(47,423)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	68,308
8.5 Unused finance facilities available at quarter end (Item 7.5)	30,000
8.6 Total available funding (Item 8.4 + Item 8.5)	98,308
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.1

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?



Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 23 October 2023

Authorised by: *Audit and Risk Committee*
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee* – e.g. *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.