ADRIATIC METALS PLC

INTERIM REPORT AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Registered Number: 10599833

COMPANY DIRECTORY

Board of Directors	Michael Rawlinson* (Chairman) Peter Bilbe* (Non-Executive Director) Paul Cronin (Managing Director & Chief Executive Officer) Julian Barnes* (Non-Executive Director) Sandra Bates* (Non-Executive Director) Sanela Karic (Non-Executive Director)
Chief Financial Officer	Mike Norris
Company Secretary	Jonathan Dickman, Gabriel Chiappini (joint secretaries)
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Brokers	Canaccord Genuity Limited, 88 Wood Street, London EC2V 7QR RBC Europe Limited, 100 Bishopsgate, London EC2N 4AA Stifel Nicolaus Europe Limited, One Broadgate, London EC2M 2QS
Auditor	BDO LLP, 55 Baker Street, London W1U 7EU
Stock Exchange Listings	London Stock Exchange (LSE:ADT1) Australian Securities Exchange (ASX:ADT) OTC Market (OTCQX:ADMLF)
Share Registrars	Computershare UK: The Pavilions, Bridgwater Road, Bristol BS13 8AE +44 (0) 370 702 0003 Computershare Australia: Level 11, 172 St George's Terrace, Perth, WA 6000 +61 08 9323 2000
Country of Incorporation	England & Wales
Registered Number	10599833
Web site	www.adriaticmetals.com

* Determined by the Board to be independent in accordance with the Quoted Company Alliance's Corporate Governance Code (QCA Code).

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DIRECTORS' REPORT

Introduction

The Directors of Adriatic Metals PLC ("Adriatic" or "Company") present their interim report and condensed consolidated financial statements of the Group for the six months ended 30 June 2022 ("Period"). This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the most recent annual report and accounts and announcements made by the Company, including details of the Vares Project ("the Project"), which can be found on the website www.adriaticmetals.com.

Business Review

Highlights of the six months ended 30 June 2022

Vares Project, Bosnia & Herzegovina

Vares Project construction activities update:

- Contracting and mobilisation of the Mining Contractor
- Upper Decline Portal complete
- Lower Decline development commenced, with improving ground conditions and advance rates
- Rupice access roads 65% complete, Section 1 of haul road, stockpile pad and paste & backfill pad under construction
- Approximately 66% of capital expenditure awarded, pending award or quoted
- Commencement of foundations at Vares processing plant
- Potential life of mine increase from both Rupice Northwest exploration drilling and confirmation drilling
- Staff count at 164 and growing. Contractor count at 158

Inflationary pressures under control, Project remains on time for concentrate production in Q2 2023.

The concession area package around the Project continues to expand with the addition of the Saski Do concession.

Exploration and Drilling results

Recent drilling at Rupice NorthWest ("Rupice NW"), an extension to the existing orebody, continues to intercept thick, high-grade, massive sulphide mineralisation up-dip from previous intersections.

The current exploration drilling campaign at Rupice NW was designed to confirm whether the high-grade mineralisation at the existing Rupice Mineral Resource ("Rupice") continues along strike to the northwest.

The Company announced drill results on 30 June 2022. The intercepts announced are assay results from three exploration holes out of five holes completed in the year to date.

The resource definition and in-fill drilling programmes are also progressing well which, when completed, will lead to an updated Mineral Resource Estimate planned for Q4 2022. All three drill rigs will then be available to focus on additional Rupice NW and other planned exploration targets within close proximity to the Rupice orebody.

With the new drilling contractor delivering results with significantly improved advance rates, the Company plans to complete approximately 22,000m of exploration and infill drilling by the end of the year, with a continued focus on adding to the existing 10 years of mine life by systematically exploring around Rupice and the greater Vares area.

Marketing

The Company has agreed heads of terms ("HoT") with four international commodities trading and smelting companies ("Offtakers") for the purchase of concentrate production from the Vares Project. Subject to final contract confirmations, the concentrates will be allocated to the Offtakers as follows:

- Zinc concentrate to Boliden AB, Trafigura Pte Ltd, Transamine SA; and
- Silver-lead concentrate to Glencore International AG and Transamine SA.

The Offtakers have been allocated 82% of the total projected concentrate production over the first 24 months. The remaining 18% of concentrate production has been intentionally reserved either for advantageous spot market sales or additional long-term offtake agreements to be agreed at a later date. This decision will be taken dependent on market terms closer to the commencement of production next year.

All four of the offtake contracts are under final drafting review with the Company's lawyers.

Raska Project, Serbia

The Company made payments totaling €500,000 and allotted 166,000 shares during the Period as deferred consideration payable for the acquisition of RAS Metals d.o.o., as previously announced by the Company on 23 February 2021. The final tranche of 166,000 shares under the agreement were allotted on 22 August 2022.

Financing Activities

On 10 January 2022, the Company advised that further to its project finance package announcement on 13 October 2021, definitive documentation for the $142.5 million debt financing package with Orion Resource Partners (UK) LLP ("Orion") had been executed. The terms of the Orion debt package have not changed since they were originally announced on 13 October 2021 and consist of:

- $120.0 million senior secured debt (the "Senior Secured Debt"); and
- $22.5 million copper stream (the "Copper Stream")

The Company is fully funded to production from the Vares Project, with first production expected in Q2 2023.

Appreciation of $ currency versus EUR during the Period has reduced EUR denominated construction costs in US$ terms and had a mitigating impact on inflationary pressures faced.

Corporate

Cash at 30 June 2022 of $83.4 million (31 December 2021 - $112.5 million).

Adriatic Foundation

The debt financing package includes a donation by Orion to the Adriatic Foundation of $100,000 per annum during the repayment period of the Senior Secured Debt. Tamesis Partners LLP has also contributed $10,000 of its fee to the Adriatic Foundation. The Adriatic Foundation was set up in June 2021 with the objective of supporting the communities around the Vares Project, through initiatives designed to create a positive long-term legacy, as well as alignment between the Company and the communities that the Foundation supports. The Foundation's initiatives are specifically focused on improving local education, healthcare and environmental protection.

Chairman's Statement

I am pleased to report that in the six months ended 30 June 2022 we have continued to make exceptional progress towards our main objective of delivering Europe's new source of strategic metals by building the world class Vares Project for the benefit of all our stakeholders.

Despite the unique obstacles we have faced in this current operating environment, we remain on track to finish construction on time, with a small increase in capital costs covered by our existing cash buffer. This success has been a credit to our growing team, which has worked hard and come up with creative solutions to meet our goals during a historically challenging time for our industry.

Key Milestones

Construction of the Vares Project has gathered momentum with rapid advancements in civil works at Rupice, commencement of the haul road construction, and the processing plant site being prepared for construction activities. The early erection of the plant buildings over the coming months will allow the remaining construction and installation works for the process facilities to continue uninterrupted through the winter months.

The Company has continued to make a number of key appointments as it builds out the in-house technical capability for the construction and operation of the Project. The Group headcount continues to rise in line with operational activity and is currently tracking the Group's target of 25% female workforce.

The Company has also made a number of key external contractor appointments; Ausenco as the engineering and procurement contractor, Paterson & Cooke (UK) Ltd for the detailed design of the backfill plant and shotcrete plant at the Rupice surface infrastructure site and Çiftay İnşaat Taahhüt ve Ticaret A.Ş., as underground mining contractor, through its Bosnian entity Nova Mining & Construction d.o.o. ("Nova").

Important progress has been made with our concentrate marketing activities, agreeing heads of terms with Offtakers for the purchase of concentrate production from the Vares Project.

Our exploration team is making great progress, further delineating a new Rupice style zone of mineralisation to the northwest of the current orebody, which should add significant mine life to the project.

Corporate Developments

The Company appointed experienced mining executive Mike Norris as the Company´s Chief Financial Officer, with over 30 years of commercial and operational experience in the mining industry.

The Company will benefit from Sanela Karic's increased involvement providing legal expertise to the Group. Whilst providing these services, Ms. Karic can no longer be classified as an independent board member.

Wider Events

The global COVID-19 pandemic required us, like many of our peers, to continue to adapt our operational plans and maintain the strict safety protocols to protect our staff and our local community during the Period that were first implemented in 2020. Our operational productivity continues to be only minimally affected and the Company has been able to continue to deliver on its key milestones. Whilst there are still certain restrictions imposed on our activities by the crisis, we are confident of our ability to adapt to this dynamic situation and continue to deliver the Project on time.

The Company does not consider the conflict in Ukraine which began in February 2022 to have a significant impact on its operations. The conflict is still ongoing at the date of the annual report and management will continue to assess the impact to its operations and seek to mitigate accordingly.

Corporate Governance

The Board is committed to good corporate governance, including the Corporate Governance Code published by the Quoted Company Alliance, of which the Company is a member. The Board continues to align the skills and experience of the Directors and management with the needs of the Vares Project as it advances toward production.

The rollout of the bespoke "Docebo Talent & Learning" programme continues, with staff completing induction, compliance, individual workspace-specific training, performance management, language assessment and other training. An increasing number of the training modules, including OH&S, are being conducted using Virtual Reality training.

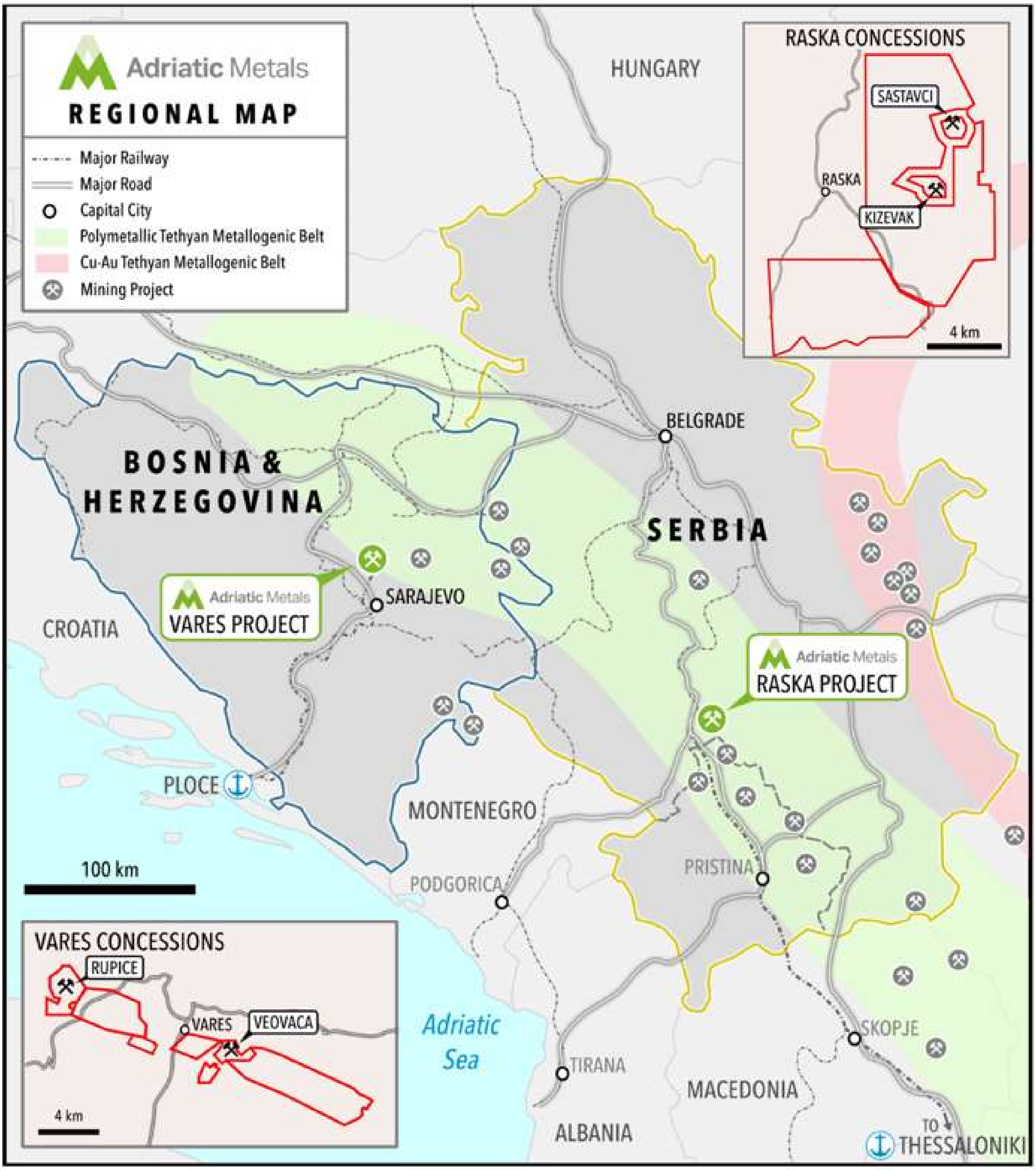
On behalf of the Board, I would like to thank the management and employees for their ongoing determination and hard work, which has resulted in a tremendous number of positive achievements during the Period and we look forward to realising the results of these efforts on a number of these ongoing workstreams during the second half of 2022.

Michael Rawlinson

Chairman of the Board

Operational Review

The Company's asset portfolio consists of two polymetallic projects in the Balkan region, which are both situated on the Tethyan Metalogenic Belt. The Company's flagship asset is the Vares Project in Bosnia and Herzegovina, which is currently in development phase. The other is the Raska Zinc-Silver Project in Serbia, which is an exploration project.

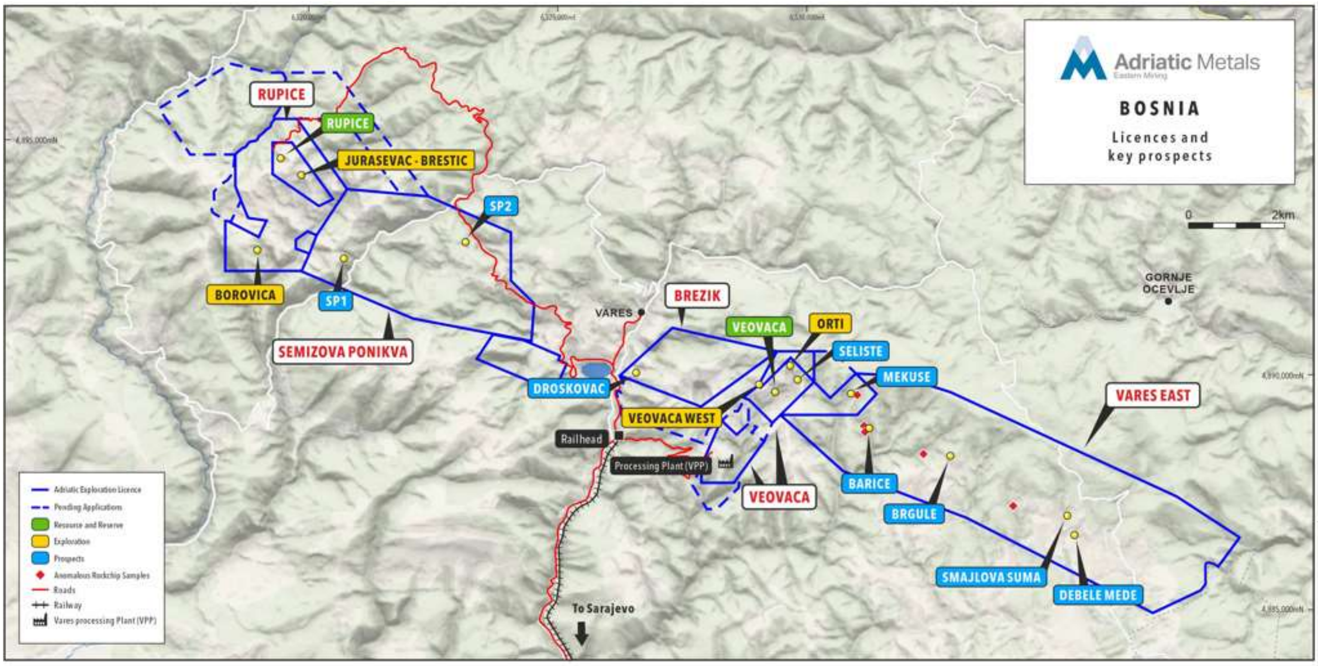


The Vares Project

The Company's flagship Vares Project is located approximately 50 km north of Sarajevo, in the municipality of Vares, Bosnia and Herzegovina.

Adriatic, through its wholly owned subsidiary Eastern Mining d.o.o., owns 100% of the Vares Project concession, an area which covers a total of 42km^2, along a mineralized strike length of 22km. The concession area includes an area between Veovaca and Rupice (Semizova Ponikva & Brezik), as well as an area to the south-east of Veovaca (Vares East) as shown in the diagram below. The concession area package around the Project continues to expand with the addition of the Saski Do concession added during the first quarter of 2022.

The new concession area layout for the Vares Project, including pending new concession applications, is shown below.



Vares Project Construction Activities update

Construction of the Vares Project has gathered momentum. Decline development commenced in June and daily advance rates are improving as the decline moves towards the orebody. Foundation preparation is near completion at the Vares processing plant and Section 1 of the Haul Road development has commenced. Long lead items delivery times have generally come in longer than those provided for within the 2021 DFS. Nonetheless, first concentrate production is still anticipated at the end of Q2 2023. While not immune to inflation, particularly of diesel, the Project expenditure to date is under budget. However, the final Project cost estimate is anticipated to be approximately $170m vs a 2021 DFS budget of $168.2m primarily as a result of the increased diesel costs associated with the remaining Rupice civil works and the Haul Road construction.

Definition/Confirmation drilling, targeting the first two years of scheduled production, is proceeding well with indications of a potential re-classification of inferred to indicated resources and the inclusion of previously undeclared additional mineralisation as additional inferred resources.

Key Contractors appointed

The Company has appointed Ausenco as the engineering and procurement contractor. Ausenco delivered both the Project Pre-Feasibility Study and the Definitive Feasibility Study.

Paterson & Cooke (UK) Ltd has been appointed for the detailed design of the backfill plant and shotcrete plant at the Rupice surface infrastructure site.

The Company also awarded the underground mining contract during the Period to Nova Mining & Construction d.o.o., a subsidiary of experienced Turkish mining company Çiftay İnşaat Taahhüt ve Ticaret A.Ş.

Backfill Engineering Testwork

Promising initial results from backfill engineering testwork indicate the opportunity to significantly increase the tailings content used in the backfill. Subject to final test results being successful, this will reduce both mining costs and the quantity of tailings deposited on the dry stack tailings storage facility, further minimising the environmental impact of the Project.

Detailed Design Work Targeting Cost Savings

Modifications were made to the layout of the Rupice surface infrastructure site, reducing the volume of earthworks required by approximately 50% to 800,000m^3. The redesign has both lowered the construction cost of the Rupice surface infrastructure site and improved the efficiency of ore haulage truck movements at the site.

Design of the lower decline access to the Rupice underground mine was modified to further improve the flexibility of ore haulage truck movements that will not only improve the cycle time of the ore haulage trucks, but also greatly improve operational flexibility underground.

Decline Development

During the second quarter, Nova mobilised to site as a locally incorporated operating company and started hiring, inducting and training local staff. In June development of the lower decline commenced. Initially operating on a single day shift, this has now increased to three shifts per day and is averaging 4m of advance per day. The ground conditions immediately following the portal were as expected, and ground support consisting of steel arch sets bolting, meshing and fibre-crete was required. However, as development has advanced away from the weathered, near surface ground, into more competent rock, advance rates have increased and the need for extensive ground support has decreased. It is anticipated that the current ground conditions will continue for the remainder of the decline development. After the end of June the upper decline portal construction was completed and in early August development of this second decline commenced.

Advancing the lower decline first, at 485m compared to the upper decline at 285m in length, allows for the two to reach the ore body simultaneously in late October. The initial development of the orebody footwall drives and the stope cross-cuts in ore will then prepare for the opening of the first stopes towards the end of Q1 2023, which will enable a sufficient stockpile to be established prior to the processing plant commissioning in Q2 2023. Commissioning of the Rupice crushing facility is planned for late Q1 2023 in preparation for the supply of cement-aggregate-fill (CAF) for the initial support of the mined-out stopes. Thereafter, engineering studies completed in the Period have determined that, after production starts in Q2 2023, only paste-aggregate-fill (PAF) will be required for underground backfill.

Lower Decline Portal and Underground Development (July 2022)

Earthworks

The civil works at Rupice continue, making rapid advancement during the long, dry summer months. Internal access roads are 65% complete, with work now focussing on levelling the locations for the ROM stockpile, backfill plant and the remaining area of the upper portal pad, where the main mining operating services will be located. At the end of the Period there were 48 excavators as well as supporting trucks and ancillary plant equipment working on site.

Haul Road

Construction of Section 1 of the haul road, that is located within the exploitation area boundaries, commenced in June. The construction permit for the remainder of Section 1 has been submitted and approval is expected imminently.

Confirmation/Definition Drilling

The resource definition and in-fill drilling programmes continue to progress well, and once complete, all three drill rigs will then be available to focus on the Rupice NW area and other planned exploration targets within close proximity to the Rupice orebody.

With the new drilling contractor delivering results with significantly improved advance rates, the Company plans to complete approximately 22,000m of exploration and infill drilling by the end of the year, with a continued focus on adding to the existing 10 years of mine life by systematically exploring around Rupice and the greater Vares area.

Update on geo-metallurgical test-work

Continued test-work and analysis, using core from the area of the first planned two years of mine operation, further validates the assumptions made in the DFS; that there is one dominant geological domain at Rupice characterised as high barite with high Pb-Zn-Ag +/- Cu mineralization. This domain makes up the central zone of the resource and contains the majority of the high-grade mineralization. There are peripheral domains that have variable amounts of quartz and carbonate gangue minerals, presumed to represent less altered primary host rock mineralogy. These areas also have Pb-Zn-Ag +/- Cu mineralization, albeit with lower value metal content. The confirmation test-work has validated the robustness of the process flowsheet to handle the expected variability.

Vares processing plant

The Vares processing plant site is being prepared for construction activities. A contract has been executed with Grading KGM d.o.o. for construction of the plant buildings, with design commencing in July and site work commencing in August. The early erection of the plant buildings will allow the remaining construction and installation works for the process facilities to continue uninterrupted through the winter months.

Long lead time orders

Key capital equipment items have been finalised and awards made, as shown in the table below.

Package	Description	Expected on Site
1	Ball Mill	Jan-23
2	Flotation Cells	Nov-22
3	Regrind Mills	Feb-23
6	Thickeners	Jan-23
7	Filtration	Jan-23
12	Agitators	Jan-23
13	Cyclones	Jan-23
26	On-Stream Analyser	Nov-22
27	Crushing Plant Equipment	Dec-22

Table: Long lead time delivery dates

Port and infrastructure

A site visit to the deep-water port of Ploce in Croatia took place during the Period. The Company continues to assess the most practical areas within the port for its use, as well as the available infrastructure in place and any upgrades that may be required. Despite having experienced an increase in activity in comparison to the 2 previous years, the port of Ploce still operates at circa 50% capacity at both its bulk and container terminals. The bulk terminal is currently only used for coal and scrap steel exports. However, in recent history the wharf used to ship bulk cargoes of bauxite, iron ore, lead and zinc concentrates. Therefore, it is not expected that any major upgrades will be required.

The Company has modified its concentrate handling and shipping strategy as a result of advancing offtake discussions. The zinc concentrate will now be shipped in bulk, rather than in lined containers. The silver-lead concentrate will continue to be shipped in containers. Discussions are ongoing with major global shipping companies regarding the shipment of concentrate in both container and bulk to a number of European and Asian destinations.

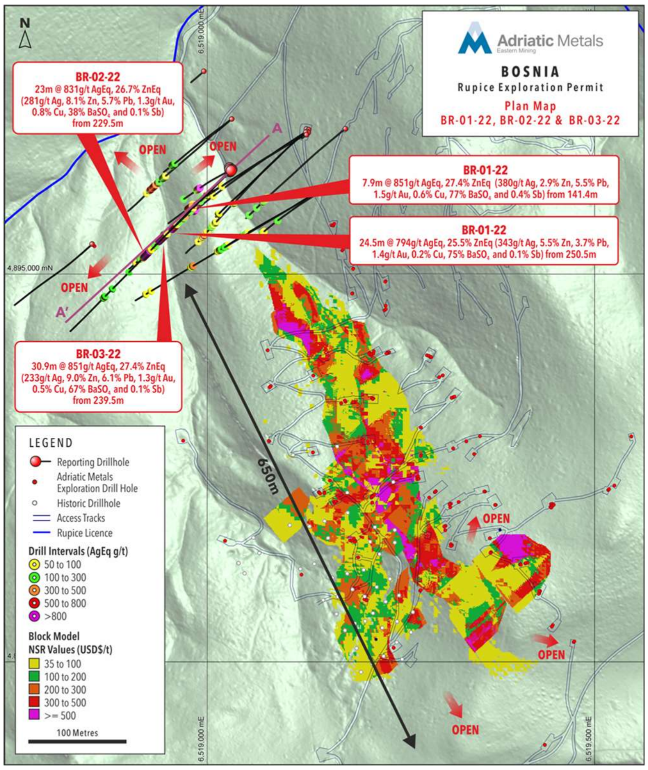
Engineering studies on the Vares railhead have been completed by Saraj Engineering of Bosnia & Herzegovina. The site of the Vares railhead had been moved from central Vares to a new location, 1.8 km south in Vares Majden. The new site has a similar capacity to the former site with temporary storage for up to 100 containers, which is approximately 3 full train loads. The Company continues to coordinate with the railway company of the Federation of Bosnia and Herzegovina.

Exploration, confirmation and definition drilling at Rupice

Drilling performance has improved since the appointment of Drillex, the new drilling contractor, as announced on 28 February 2022.

Recent drilling at Rupice NW, an extension to the existing orebody, continues to intercept thick, high-grade, massive sulphide mineralisation up-dip from previous intersections.

The current exploration drilling campaign at Rupice NW was designed to confirm whether the high-grade mineralisation at the existing Rupice Mineral Resource ("Rupice") continues along strike to the northwest. The intercepts announced on 30 June are assay results from three exploration holes out of five holes completed in the year to date (assays pending).



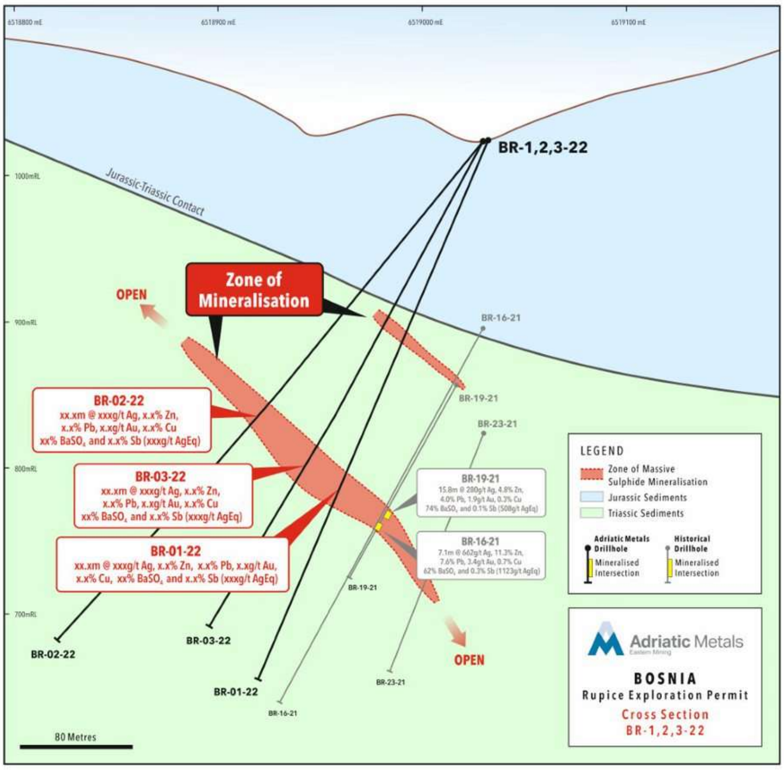
Plan view map of Rupice and location of recent drilling activity

Drillholes BR-01-22, BR-02-22 and BR-03-22, located 90 metres northwest of the existing Rupice Mineral Resource and drilled up-dip of previously reported holes BR-16-21 (7.1m @ 1,123g/t AgEq) and BR-19-21 (15.8m @ 508g/t AgEq), intercepted:

- BR-03-22 – **30.9 metres at 851g/t AgEq, 27.4% ZnEq** (233g/t Ag, 9.0% Zn, 6.1% Pb, 1.3g/t Au, 0.5% Cu, 67% BaSO4 & 0.1% Sb) from 239.5 metres
    - Including **23.5 metres at 993g/t AgEq, 31.9% ZnEq** (269g/t Ag, 11.0% Zn, 7.3% Pb, 1.6g/t Au, 0.6% Cu, 68% BaSO4 & 0.1% Sb) from 245.0 metres
- BR-01-22 – **24.5 metres at 794g/t AgEq, 25.5% ZnEq** (343g/t Ag, 5.5% Zn, 3.7% Pb, 1.4g/t Au, 0.2% Cu, 75% $BaSO_4$, 0.1% Sb) from 250.5 metres
    - Including **17.5 metres at 915g/t AgEq, 29.4% ZnEq** (386g/t Ag, 6.8% Zn, 4.4% Pb, 1.7g/t Au, 0.3% Cu, 77% BaSO4 & 0.1% Sb) from 256.0 metres
- BR-02-22 – **23.0 metres at 831g/t AgEq, 26.7% ZnEq** (281g/t Ag, 8.1% Zn, 5.7% Pb, 1.3g/t Au, 0.8% Cu, 38% $BaSO_4$, 0.1% Sb) from 229.5 metres

  - Including **15.6 metres at 1,176g/t AgEq, 37.8% ZnEq** (408g/t Ag, 11.5% Zn, 8.2% Pb, 1.8g/t Au, 1.1% Cu, 52% $BaSO_4$ & 0.1% Sb) from 233.5 metres

- BR-01-22 – **7.9 metres at 851g/t AgEq, 27.4% ZnEq** (380g/t Ag, 2.9% Zn, 5.5% Pb, 1.5g/t Au, 0.6% Cu, 77% $BaSO_4$ & 0.4% Sb) from 141.4 metres
  - Including **5.0 metres at 1,127g/t AgEq, 36.2%** ZnEq (546g/t Ag, 4.4% Zn, 7.0% Pb, 1.9g/t Au, 0.8% Cu, 76% $BaSO_4$ & 0.5% Sb) from 144.0 metres



Cross-section (A-A') through BR-01-22, BR-02-22 and BR-03-22

A further 7,500m of exploration step-out drilling at Rupice NW is scheduled in the remainder of the year, ahead of a planned Mineral Resource Estimate update in Q4 2022.

Health and safety

In parallel with the advances in construction activities the Company has made a number of health and safety appointments and implemented several new initiatives as part of developing its health and safety framework. These include new reporting requirements for contractors, including onboarding of Nova, formal safety walks around construction areas, and increased focus on emergency management with First Aid facilities and ambulance mobilising at Rupice.

In addition, the Company held an inaugural contractor forum. Regular forums will take place with a focus on tackling key issues collaboratively and emphasizing use of innovation and technology to tackle material risks.

Key risks currently being addressed through training, hazard identification and near miss reporting, and improved procedures include vehicle incidents and materials handling.

Sustainability

The Company considers sustainability as a top priority for its activities, including the principles of ESG. Full details will be covered in the Company inaugural 2022 Sustainability Report which will be released next year.

Community Development Plan

In consultation with the Mayor of Vares, the Company's focus is on developing a Sustainable Community Development Plan, as part of its commitment to community development and to define the way this commitment will be pursued.

In order to attract funding for the development of small and medium sized enterprises in the region, during the Period an open day for potential donors was organised in Vares by Eastern Mining and the European Bank for Reconstruction and Development. The event was attended by representatives of the following organizations: UNDP, USAID, GIZ, SECO, Mozaik Foundation, microfinance organisations, as well as ESG representatives from Raiffeisen, UniCredit and Sparkasse banks.

Alfa Energy Contract

The Company has signed a contract with Alfa Energy, a UK based energy and sustainability consultancy. Alfa Energy will advise the Company on the development of a Sustainability Framework and Strategy encompassing its emissions reporting for both Scope 1 and Scope 2, as well as its future Net Zero Strategy, Climate Change Strategy, Physical and Transition Risk Management Strategy, and supply chain configuration and optimization.

Opening of New Healthcare Facility in Vares

Eastern Mining has made an agreement with Eurofarm d.o.o., a Bosnia based healthcare company, to provide private medical services for all its staff and family members. As a result, Eurofarm recently opened the first private healthcare facility in Vares. The new facility also be open to local residents and will complement the existing primary healthcare facilities in Vares. The new facility was opened by Paul Cronin, CEO of Adriatic Metals and Zdarko Marosevic, the Mayor of Vares.

Commitments from ESIA in Local Recruitment

By the end of May, the Company's underground mining contractor, Nova, had mobilised 54 personnel to Vares as part of the initial mobilisation for the development of the declines, the first phase of mining. The second phase of mining is the development of the declines and principal infrastructure, and by the start of the third phase of mining, the ramp up to full production, the total headcount of mining contractor personnel is expected to increase to approximately 220. In line with the commitments made in the Company's Environmental, Social Impact Assessment ("ESIA") for contractors and subcontractors, Nova is obligated to recruit the majority of its staff from within the local area.

Adriatic Foundation and Community Resource Centre

To date over 200 applications for free English lessons have been received under an initiative funded by the Adriatic Foundation which started in June 2022 in the Vares High School, until a Community Resource Centre is established in central Vares. The Community Resource Centre will be a space open to all members of the community and will be equipped with computers and free wifi. It will be a repurposed and refurbished building with works being managed by local contractor JKP Vares d.o.o., which will be donating its services, as well as the fixtures, fittings and furniture.

Community engagement

The Company hosted a site visit to Rupice for councillors of both the Vares and Kakanj Municipalities to enhance their understanding of the Project. The Company currently had pending applications for the extension of the Project's concession areas within both municipalities.

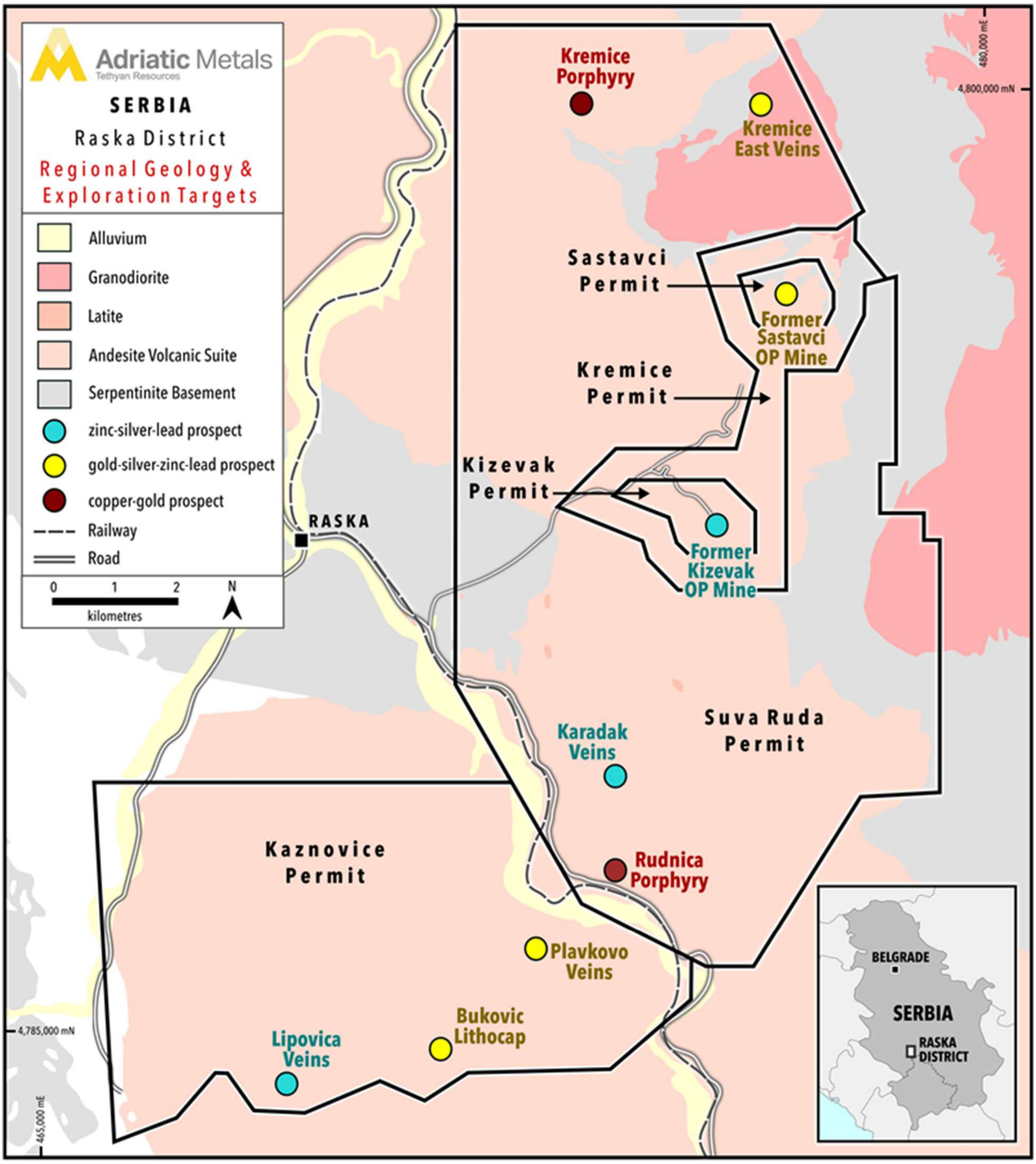
The Company hosted a visit by geology students from the Zagreb Institute in Croatia and students in Environmental Engineering and Health and Safety at the Tuzla University in Bosnia.

Meetings have been held with residents of local communities Vukanovići (Kakanj), Borovica, Pogar, Osredak, Mir, Stupni Do, Bijelo Borje, Pržići and Daštansko.

Meetings were also held with representatives of the Employment Bureau and the Mayor of Vareš Municipality regarding cooperation for the "Community Development Initiative" event. Both institutions give support for the sustainable development of the community.

The Raska Project

The Raska Project in Serbia was attained through the acquisition of Tethyan Resources Corp, which was completed in October 2020. Tethyan had been exploring a highly prospective 130km^2 land package in Southern Serbia, which contains two historic lead-zinc open pit mining operations called Sastavci and Kizevak. These prospects, like those in the Vares Project sit on the polymetallic Tethyan metallogenic belt, which hosts a number of tier 1 deposits and considerable exploration investment. The two deposits are within 3km of one another and are close to surface, and therefore have further open-pit potential.



Extensive drilling has been completed by the Company in previous years at both Sastavci and Kizevak in order to both confirm historical activity and to step out further to identify additional mineralization. This drilling indicates significant potential for an economically viable operation by mining at both locations simultaneously with a common processing facility. However, given the prospectivity of the Company's increased land package in Raska (with the recent addition of the Kaznovice licence), exploration works in the period have focused on other previously identified anomalies and areas of historic exploration to enable the Company to develop a better understanding of the full regional potential as well as that around the historic open-pit mines. In the increased land package there are additionally a number of copper porphyry targets, which, whilst not the Company's priority at the moment, form part of the longer term strategy for the Project.

Ten thousand metres (10,000m) of ongoing exploration drilling is scheduled for the year, alongside the continued wider area mapping, soil and stream sampling campaigns. Concurrently the Company is advancing its internal feasibility study of the Project, which is currently focused on the resources centered around the historic Sastavci and Kizevak pits. Given the wider area potential the Company's strategy is to develop a detailed understanding of the Project's full potential ahead of a maiden resource statement and formal scoping study.

The Company holds five exploration licences, which in total cover an area of some 130km^2. All licences are in good standing and in the Period the Company successfully passed a technical audit by the Serbian authorities. The Project team consists of approximately 25 staff, including a dedicated permitting manager, land access manager and the staff at the Project's information centre in Raska town.

Financial Review

The Group made an operating loss of $4,943,792 for the six months ended 30 June 2022 ("Period") compared with an operating loss of $6,328,334 in the comparative prior six months ended 30 June 2021 ("Prior Period").

The reduction in the operating loss in the Period arose primarily as a result of a lower share based payment expense of $305,321 in the Period compared with $1,372,116 in the Prior Period which included non-executive options that vested immediately on the date of grant.

As the Vares Project is in the pre-production phase and the Raska Project is in the exploration and evaluation phase, this financial review is focused on expenditure and balance sheet movements during the Period.

Income Statement Review

General and administrative expenses

General and administrative costs incurred in the year were $4,194,671 (Prior Period: $3,185,079), higher due to increased headcount as Vares Project entered the construction phase. Wages and salaries and consultancy fees in the Period were $2,233,374, an increase compared to Prior Period ($1,740,118).

Share-based payment expenses of $305,321 (Prior Period: $1,372,116) reflected lower value of share options vesting in the Period compared with the Prior Period.

Amortisation in the Period of $146,468 increased compared to the Prior Period ($43,484) due to equipment delivered as part of the mining services contract as well as several lease agreements for administrative buildings entered into in Bosnia & Herzegovina and Serbia.

Professional fees in the year of $528,734 increased compared to the Prior Period ($325,912), notably due to recruitment fees incurred during the year. Stock exchange fees of $116,638 (Prior Period: $106,973) were broadly equivalent compared to the Prior Period.

Exploration costs

The Group incurred $446,033 of exploration costs in the Period relating to pre-JORC resource stage exploration activities in Serbia (Prior Period: $1,850,759).

Finance costs

The finance expense in the Period was $5,538,696 (Prior Period: $1,570,359), increasing primarily as a result of foreign exchange losses in the year of $4,591,609 (Prior Period: $700,889) predominately from revaluation of cash holdings in Euro depreciating versus the US Dollar. QRC interest expense $850,012 was broadly consistent with Prior Period of $850,000.

Revaluation of derivatives, fair value assets and liabilities

The Group issued $20 million 8.5% convertible bonds to Queens Road Capital on 30 November 2020 which may be converted into equity securities of the Company at the option of the bondholder at any time up until 30 November 2024. The conversion feature of the bonds has been accounted for as a derivative liability. The Black Scholes model was chosen as the most appropriate pricing model to value the Company call options, and the valuation was updated as at 30 June 2022, resulting in a $1,510,000 gain in the Period (Prior Period: $3,363,820 gain).

On 23 February 2021, the Company completed the acquisition of the entire issued share capital of Ras Metals d.o.o., making payment of €1,365k to the sellers and issuing the first 166,000 shares. Subsequently the second and third tranches of 166,000 shares each were issued in line with the agreement as well as payment of €0.5m made, reducing the deferred consideration balance further.. The remaining deferred consideration was estimated as at the balance sheet date resulting in a $156,439 revaluation gain through profit and loss in the Period (Prior Period: Nil)

Cash Flow and Balance Sheet Review

Cash Flow

(In USD)	Six months ended 30 June 2022	Six months ended 30 June 2021
Net cash used in operating activities	(11,149,517)	(7,202,337)
Net cash used in investing activities	(12,384,151)	(5,155,568)
Net cash outflows from financing activities	(1,845,307)	(291,937)
Net decrease in cash and cash equivalents	**(25,378,975)**	**(12,649,842)**
Exchange losses/(gains) on cash and cash equivalents	**(3,691,238)**	**1,047,729**
Total decrease in cash and cash equivalents	**(29,070,213)**	**(11,602,113)**

Net cash used in operating activities during the Period was $11,149,517 compared to $7,202,337 in the Prior Period.

Investing activities included cash outflows for the purchase of property plant and equipment during the Period of $12,384,151, reflecting the ramp up in activities related to construction on the Vares Project. Cash outflows for investing activities of $5,155,568 in the Prior Period mainly comprised $4,942,076 purchase of exploration & evaluation assets.

Net cash outflows from financing activities during the Period were $1,845,307 (Prior Period: $291,937). This included:

- Settlement of deferred consideration in relation to the acquisition of Ras Metals d.o.o. of $525,786 (Prior Period: $1,635,238).
- Outflows of $850,000 relating to interest paid on loans and borrowings (Prior Period: $991,667).
- Transaction costs arising from financing activities in the Period of $46,125(Prior Period $121,783).
- Proceeds from the exercise of options and performance rights in the year of $2,538 in the Period, a reduction compared to inflows of $2,509,768 in the Prior Period.
- Capital and interest payments in respect of leases in the Period of $425,935 (Prior Period $53,015), increasing as a result of mining equipment delivered by 30 June 2022 under a five year mining services contract with Nova Mining & Construction d.o.o.

Exchange losses of $3,691,238 (Prior Period gain $1,047,729) arising from revaluation of cash held in Euros and other currencies due to movement in exchange rate versus the US Dollar.

Working capital

(In USD)	At 30 June 2022	At 31 December 2021
Other receivables and prepayments	7,091,435	2,219,562
Accounts payable and accrued liabilities	(2,628,630)	(4,318,794)
Cash and cash equivalents	83,436,255	112,506,468
Working capital	**87,899,060**	**110,407,236**

The Group's working capital position at 30 June 2022 was $87,899,060 a decrease of $22,508,176 compared to Prior Period, primarily as a result of outflows cash used in operating and investing activities.

Net cash position

(In USD)	At 30 June 2022	At 31 December 2021	Change
Cash and cash equivalents	83,436,255	112,506,468	(29,070,213)
Short-term borrowings	-	-	-
Long-term borrowings (including embedded derivative liability)	(17,063,501)	(18,573,489)	1,509,988
Net cash position (excluding borrowings)	**66,372,754**	**93,932,979**	**(27,560,225)**

The cash balance at 30 June 2022 was $83,436,255, a decrease of $29,070,213 compared to 31 December 2021.

Combined short term and long-term borrowings at 31 December 2022 totaled $17,063,501 (31 December 2021: $18,573,489) which relates to the issue of $20 million in convertible debentures to Queens Road Capital in December 2020.

The net cash position (cash and equivalents minus long and short-term borrowings) at 30 June 2022 was $66,372,754, a decrease of $27,560,225 compared to 31 December 2021, primarily as a result of operating expenditure and capital expenditure as noted in the cash flow commentary.

Non-current assets

(In USD)	At 30 June 2022	At 31 December 2021	Change
Exploration and evaluation assets	31,686,959	31,901,709	(214,750)
Property, plant and equipment	43,594,064	29,877,774	13,716,290
Total non-current assets (excluding right of use assets)	**75,281,023**	**61,779,483**	**13,501,540**

Exploration and evaluation asset recognised in respect of the Vares Project were transferred to Mine under Construction at the completion of the Feasibility Study during August 2021. Total non-current assets (excluding right of use assets) increased to $75,281,023 at 30 June 2022 (31 December 2021: $61,779,483) primarily due to the ongoing construction stage of the Vares Project.

Vares Project Funding Developments

During the Period, the Company completed the $244.5 million project finance package which provides the Group with sufficient funding through the production at the Vares Project. The package consists of:

- $142.5 million project finance debt package from Orion Resource Partners, comprising $120 million in senior secured debt, and a $22.5 million copper stream; and
- An equity raise of $102 million, which included a $50 million subscription from Orion Resource Partners, by issuing 49.4 million new ordinary shares in total.

The Company had a cash balance at 30 June 2022 of $83.4 million and, subject to satisfaction of customary conditions precedent to financial close, an undrawn debt facility of $142.5 million.

Mike Norris

Chief Financial Officer

Principal risks and uncertainties

The principal risks that the Group considers could have the most serious adverse effect on its performance and reputation during the second half of the year are set out below, as well as the risk management and internal controls designed to manage risk.

Risk management and internal controls

The Board is responsible for putting in place a system to manage risk and implement internal controls in order to safeguard shareholders' interests and the Company's assets. In conjunction with the Audit & Risk Committee it is responsible for the regular review of the effectiveness of the systems of internal control, which are designed to manage risk rather than eliminate it. The Board has considered mechanisms by which the business and financial risks facing the Group are managed and reported to the Board. The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges it has the responsibility for reviewing the effectiveness of the systems that are in place to manage risk.

The Board has delegated certain authorities of risk management to the Audit & Risk Committee, which has its own formal terms of reference. The Audit & Risk Committee meets at least twice a year to consider presentations by the Auditor and drafts of the Annual and Interim Financial Statements, and to assess the effectiveness of the Group's system of internal controls. The Audit & Risk Committee is chaired by Sandra Bates who has recent and relevant financial and business experience. All of the members of the Committee are Non-Executive.

The Audit & Risk Committee is responsible, inter alia, for:

- Reviewing the Company's risk management framework at least annually in order to satisfy itself that the framework continues to be sound and to determine whether there have been any changes in the material business risks the Company faces
- Ensuring that the material business risks do not exceed the risk appetite determined by the Board; and
- Overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management, and compliance with internal guidelines and external requirements.

Vares Project development risks

The principal risks relating to the development of the Vares Project, which are not uncommon for new mining projects during their construction, are as follows:

- unforeseen escalation in anticipated costs of development including adverse currency movements;
- longer than expected delivery times for key equipment and other delays to construction, including the impact of supply chain fragility resulting from the COVID-19 pandemic and/or the geopolitical tensions between Europe and Russia;
- adverse ground conditions and slow advance rates during the development of the upper and lower declines;
- haul road land acquisition process becomes protracted;
- difficulties experienced by the state rail operator of Bosnia and Herzegovina in preparing the railway line for the movement and storage of concentrates from the Vares Railhead to the port of Ploce;
- adverse developments regarding the infrastructure required at the deep-water port of Ploce in Croatia required for shipping of concentrates to smelters;
- non-performance by third party consultants and contractors;
- civil unrest in or around the mine site, processing plant and supply routes; and
- failure to satisfy the conditions precedent required to draw down on the Orion project financing.

Despite the challenges posed by global macroeconomic conditions, the team has continued to progress the Vares Project to schedule. Elevated diesel prices have caused some project cost variances, but these have been largely offset by design and construction changes where cost saving opportunities were identified by the Project team. Project costs have benefited from the weaker Bosnian Mark and Euro which means local costs are lower in dollar terms, providing a natural hedge against cost pressures. The large majority of capital expenditure is awarded, pending award or recently quoted and the Company therefore sees no reason that the project cannot be delivered on time, and a relatively small increase in construction costs can be funded out of existing treasury.

During the first half of the year the Company did not experience any material disruption to the development due to COVID-19 and does not expect any to occur during the second half. The Company continues to monitor the situation in Ukraine and the associated energy crisis that is impacting energy costs.

The ground conditions at the start of the declines were as expected, and support consisting of steel arch sets, bolting, meshing and fibre-crete were required. However, as the mining has advanced away from the weathered, near surface ground into more competent rock, advance rates have increased and the need for such extensive ground support has decreased. It is anticipated that the current ground conditions will continue for the remainder of the decline development.

Following the guidance of EBRD's Performance Requirement 5, the Company commissioned an internationally renowned consultant to assist in drafting its Land Acquisition Resettlement and Compensation Policy. Following this policy and after independent valuation of the private land required for Rupice surface infrastructure, negotiations with private landowners are proceeding well and the majority have already indicated their intention to sell their plots to the Company. No resettlement has been required for the Vares Project, and it is not foreseen that any future resettlement will be required.

A site visit to the deep-water port of Ploce in Croatia took place in the period and in the second half the Company will seek to confirm the most practical areas within the port, as well as evaluate the available infrastructure in place and any upgrades that may be required. Despite an increase in activity in comparison to the two previous years, the port still operates at about 50% capacity at both its bulk and container terminals. The bulk terminal is currently only used for coal and scrap steel exports. However, in recent history the wharf used to ship bulk cargoes of bauxite, iron ore, lead and zinc concentrates. Therefore, it is not expected that any major upgrades will be required.

The Company continues to work with internationally experienced technical consultants to deliver on its development plan for the Project and to mitigate development risks where possible through the use of industry best practice and the recruitment of capable, experienced staff and contractors.

During the Period, the Company worked on the preparation of the documentation required to satisfy the conditions precedent for the Orion project financing. The Company remains confident of satisfying all conditions precedent during the second half year, enabling it to drawn down on the facility when required.

Exploration

A further 7,500m of exploration step-out drilling at Rupice NW is scheduled in the remainder of the year, ahead of a planned Mineral Resource Estimate update. Although drilling performance has improved since the appointment of the new drilling contractor, Drillex, a deterioration in drilling conditions or performance in the second half of the year could result in these targets not being achieved in the timeframe anticipated.

Health and Safety

The Group is subject to a variety of health and safety laws and regulations dealing with occupational health and safety. The Company strives to conduct its activities in compliance with all applicable laws and internationally recognised mining safety standards with the objective of zero harm operations. During the first half of the year it has made a number of health and safety appointments and implemented several new initiatives as part of developing its health and safety framework. However, there can be no assurances that these standards and any measures taken by the Company will be successful in preventing accidents and injuries or violations of health and safety laws and regulations, some of which may be beyond the Company's control.

Any failure to maintain safe worksites or any serious health and safety incident could expose the Company to reputational damage and significant financial losses as well as civil and criminal liabilities or loss of rights to operate, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Environmental

The Company's activities are subject to the environmental laws inherent in the mining industry and those specific to Bosnia & Herzegovina and Serbia. The Company intends to conduct its activities in an environmentally responsible manner and in compliance with all applicable laws, as well as the requirements set out in the Company's Project Support Agreement with the European Bank for Reconstruction and Development. However, there can be no assurance that the systems and procedures implemented by the Company will be adequate to manage the environmental impact of its activities, and the Company may be the subject of environmental accidents or unforeseen circumstances that could subject it to extensive liability and damage to its reputation.

Concentrate offtake agreements

Terms have been negotiated with offtakers for the sales of concentrates that will be produced in the future from the Vares Project, and final contracts are being prepared. Nonetheless there remains a small risk that changes in the commercial terms ultimately entered into by the Company with offtakers could arise prior to the Company entering into binding offtake agreements and there can be no assurance that the Company will be able to secure binding offtake agreements in a timely manner, on the negotiated terms or on otherwise commercially acceptable terms. These factors could have a detrimental impact on future cash flows generated by the Vares Project and on the Company's business, results of operations and activities, financial condition and prospects.

Community/NGO concerns affecting the Company's activities

The Company continues to maintain an active, two-way dialogue with the communities surrounding the Project with the aim of mitigating the risk of potential opposition from environmental groups, local residents or others. This is primarily achieved through three channels: The Public Liaison Committee ("PLC"), the Vares Project Information Centre as well as the many staff that the Company employs from its local communities. The PLC consists of 30 members, was set up in July 2020 and meets on a quarterly basis. The Information Centre is a staffed location, open to the public, located centrally in the town of Vares and has been open since September 2019.

The community of Vares, government stakeholders and the wider audience in Bosnia & Herzegovina remain supportive of the Project. In the second half of the year, as the Project moves towards the end of construction, the Company is very conscious of its requirements to honour commitments made to date, most pressingly levels of employment and opportunity afforded to residents of the near-mine communities. A significant proportion of the Company's staff it employs is from the local communities of Vares, Breza and Kakanj. Another priority is the importance of carefully managing the contractors and sub-contractors engaged to build the Project to ensure that they also adhere to the highest standards of environmental, social and safety practices, and to rectify any issues arising through sincere and transparent communication and committed, prompt action. These efforts will continue during the second half of the year, in order to mitigate the risk posed by community or NGO concerns. The Company seeks to mitigate these risks through effective engagement with relevant stakeholders including all levels of government and local communities.

Land acquisition

Following the guidance of EBRD's Performance Requirement 5, the Company commissioned an internationally renowned consultant to assist in drafting its Land Acquisition Resettlement and Compensation Policy. Following this policy and after independent valuation of the private land required for the haul road, negotiations with private landowners are proceeding well and the majority have already indicated their intention to sell their plots to the Company.

Political instability and civil unrest

The Company acknowledges the potential impact of political instability and civil unrest in or around the Vares mine site, processing plant or its supply routes, or at its Raska Project, on its ability to advance the projects during the second half of the year. To mitigate this risk the Company closely monitors the national political situation and carefully considers every engagement with politicians (at all levels, including internationally) with each meeting minuted in detail.

In Q4 2021, the political leader of Republika Srpska ("RS"), one of the constituent entities that form Bosnia & Herzegovina, started publicising secessionist rhetoric, which received national and international attention. RS subsequently withdrew temporarily from many of the federal institutions. Since then, however, the situation has calmed, with RS returning to the federal institutions and an increased commitment on the part of the international community towards political and economic stability, most notably the European Union, United Kingdom and the United States of America ahead of general elections which are scheduled to be held in October 2022 in Bosnia & Herzegovina.

National elections in Bosnia are scheduled in October and although the country does not expect significant change in the political landscape after the elections, there is likely to be an increase in nationalist rhetoric ahead of them. While this may be inflammatory in nature, the Company's previous experience suggests that this will calm after the elections.

The Company does not consider the conflict in Ukraine which began in February 2022 to have a significant impact on its operations. The conflict is still ongoing at the date of the annual report and management will continue to assess the impact to its operations and seek to mitigate accordingly.

Mining concessions in Bosnia & Herzegovina and Serbia

The laws and regulations on mining in Bosnia & Herzegovina and Serbia are still developing and as a result some areas of the laws on mining are unclear. If the Company does not comply with the terms of the agreement it may be in default and the mining concession may be terminated, which would have adverse consequences for the Company's operational and financial performance.

Outcomes in courts in Bosnia & Herzegovina and Serbia may be less predictable than in the United Kingdom, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Bosnia & Herzegovina and Serbia.

There is no guarantee that the Company will be able to obtain all required approvals, licenses and permits relating to its exploration and subsequent exploitation activities. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

Notwithstanding these risks, the Company has made good progress. Construction of Section 1 of the Haul Road, that is located within the Exploitation Area boundaries, commenced in June. The construction permit for the remainder of Section 1 and Section 5a have been submitted and approval is expected shortly.

Results and dividends

The Group results for the six months ended 30 June 2022 are set out in the Consolidated Interim Statement of Financial Position on page 25. The Company's aim is to generate long term value for its stakeholders and design a shareholder distribution policy that reflects the growth prospects and profitability of the Company while maintaining appropriate levels of operational liquidity in due course. However, due to the early-stage nature of the Company and the Vares Project, no final dividend was paid for the year ended 31 December 2021 and no interim dividend is recommended for the 6 months ended 30 June 2022.

Auditor

BDO LLP (Chartered Accountants) have been the auditor of Adriatic Metals PLC since 2020 and were re-appointed at the 2022 Annual General Meeting. Please refer to page 23 for the Auditor Independent Review Report to Adriatic Metals PLC.

Governance Matters

There were no changes to the Board of Directors or composition of the committees of the board during the Period.

Subsequent events

The Company allotted 166,000 shares on 22 August 2022 relating to the deferred consideration payable following the Company's completion of the acquisition of the entire issued share capital of Ras Metals d.o.o. on 23 February 2021.

There were no further events subsequent to 30 June 2022 required to be included in this report.

Directors' Responsibilities Pursuant to DTR4

The Directors confirm to the best of their knowledge the interim consolidated financial statements have been prepared in accordance with:

DTR4.2.7 of the Disclosure and Transparency Rules in the United Kingdom, being an indication of important events during the first six months of the current financial year and their impact on the half-year financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year and

DRT4.2.8 of the Disclosure and Transparency Rules in the United Kingdom, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the last annual report that could have such a detrimental effect.

Signed in accordance with a resolution of the directors

Paul Cronin

Managing Director and CEO

9 September 2022

INDEPENDENT REVIEW REPORT TO ADRIATIC METALS PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises consolidated interim statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow and the related explanatory notes.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

DocuSigned by:

BDO LLP

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09 September 2022

Matt Crane (Senior Statutory Auditor)
BDO LLP
Chartered Accountants
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

(In USD)	Note	30 June 2022	Restated* 31 December 2021	1 January 2021
Assets				
Current assets				
Cash and cash equivalents		83,436,255	112,506,468	40,418,257
Other receivables and prepayments	5	7,091,435	2,219,562	894,317
Total current assets		**90,527,690**	**114,726,030**	**41,312,574**
Non-current assets				
Property, plant and equipment	8	43,594,064	29,877,774	1,324,657
Right of use asset	12	2,704,963	733,246	322,943
Exploration and evaluation assets	9	31,686,959	31,901,709	48,353,880
Total non-current assets		**77,985,986**	**62,512,729**	**50,001,480**
Total assets		**168,513,676**	**177,238,759**	**91,314,054**
Equity and liabilities				
Current liabilities				
Accounts payable and accrued liabilities	11	2,628,630	4,318,794	2,596,730
Lease liability	12	703,580	141,674	48,657
Deferred Consideration	7	230,390	1,161,269	3,436,991
Borrowings	6	-	-	144,173
Total current liabilities		**3,562,600**	**5,621,737**	**6,226,551**
Non-current liabilities				
Lease liability	12	1,837,566	625,424	300,235
Provisions	22	1,432,466	-	-
Borrowings	6	16,071,078	16,071,066	15,836,580
Derivative Liability	6	992,423	2,502,423	4,160,918
Total non-current liabilities		**20,333,533**	**19,198,913**	**20,297,733**
Total liabilities		**23,896,133**	**24,820,650**	**26,524,284**
Capital and reserves attributable to shareholders of the parent				
Share capital	15	5,285,056	5,279,546	4,217,209
Share premium	15	143,213,550	143,259,675	43,946,114
Merger Reserve	15	23,264,847	23,019,164	22,392,879
Share-based payment reserve	15	5,841,106	5,778,882	7,465,235
Warrants Reserve	15	2,743,303	2,743,303	3,629,619
Other Equity	10	-	-	(3,436,991)
Foreign currency translation reserve	15	1,578,308	1,073,214	2,221,383
Retained earnings		(37,308,627)	(28,735,675)	(18,385,993)
		144,617,543	**152,418,109**	**62,049,455**
Non-controlling interest	9	-	-	2,740,315
Total equity		144,617,543	152,418,109	64,789,770
Total equity and liabilities		**168,513,676**	**177,238,759**	**91,314,054**

*See Note 2b for details.

The accompanying notes on pages 31 – 57 are an integral part of these Interim Consolidated Financial Statements.

These Interim Consolidated Financial Statements of Adriatic Metals PLC, registered number 10599833, were approved and authorised for issue by the Board of Directors on 9 September 2022 and were signed on its behalf by:

Paul Cronin

Managing Director & Chief Executive Officer

Mike Norris

Chief Financial Officer

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(In USD)	Note	Six Months Ended 30 June 2022	Restated* Six Months Ended 30 June 2021
Exploration costs	16	(446,033)	(1,850,759)
General and administrative expenses	17	(4,194,671)	(3,185,079)
Share-based payment expense	15f	(305,321)	(1,372,116)
Other income		2,233	79,620
Operating loss		**(4,943,792)**	**(6,328,334)**
Finance expense	18	(5,538,698)	(1,570,359)
Revaluation of derivative liability	6	1,510,002	3,363,820
Revaluation of deferred consideration	7	156,439	-
Loss before tax		**(8,816,049)**	**(4,534,873)**
Tax charge		-	-
Loss for the period		**(8,816,049)**	**(4,534,873)**
Other comprehensive income that might be reclassified to profit or loss in subsequent periods:			
Exchange gain arising on translation of foreign operations		505,094	17,905
Total comprehensive loss for the period		**(8,310,955)**	**(4,516,968)**
Loss for the period attributable to:			
Owners of the parent		(8,816,049)	(4,266,937)
Non-controlling interest		-	(267,936)
		(8,816,049)	**(4,534,873)**
Total comprehensive loss attributable to:			
Owners of the parent		(8,310,955)	(4,249,032)
Non-controlling interest		-	(267,936)
		(8,310,955)	**(4,516,968)**
Net loss per share — Basic and diluted (pence)	15g	(3.31)	(2.04)

The accompanying notes on pages 31-57 are an integral part of these Consolidated Interim Condensed Financial Statements.

*See Note 2b for details.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(In USD)	Note	Number Of Shares	Share Capital	Share Premium	Merger Reserve	Share-Based Payment Reserve	Warrants Reserve	Other Equity	Foreign Currency Translation Reserve	Retained Earnings	Capital And Reserves Attributable to Owners Of The Parent	Non-Controlling Interest	Total Equity
31 December 2020		207,576,675	4,217,209	43,946,114	22,392,879	7,465,235	3,629,619	(3,436,991)	2,221,383	(18,385,993)	**62,049,455**	2,740,315	**64,789,770**
Comprehensive income for the prior period:													
Loss for the year		-	-	-	-	-	-	-	-	(4,266,937)	**(4,266,937)**	(267,936)	**(4,534,873)**
Other comprehensive income		-	-	-	-	-	-	-	17,905	-	**17,905**	-	17,905
Total comprehensive loss		-	-	-	-	-	-	-	**17,905**	**(4,266,937)**	**(4,249,032)**	**(267,936)**	**(4,516,968)**
Contributions by and distributions to owners:													
Issue of share capital	15	1,065,260	19,789	821,570	-	-	-	-	-	-	**841,359**		**841,359**
Share issue costs	15	-	-	(121,783)	-	-	-	-	-	-	**(121,783)**		**(121,783)**
Exercise of options and performance rights		4,104,600	76,770	894,713	-	(774,049)	-	-	-	774,049	**971,483**		**971,483**
Issue of options and performance rights	15	-	-	-	-	1,372,115	-	-	-	-	**1,372,115**		**1,372,115**
Exercise of Warrants	15	404,035	7,567	689,388	-	-	(215,831)	-	-	215,831	**696,955**		**696,955**
Expiry/Cancellation of warrants		-	-	-	-	-	(187,738)	-	-	187,738	**-**		
Acquisition of subsidiary	9,15	166,000	3,073	-	289,195	-	-	3,436,991	-	(964,612)	**2,764,647**	**(2,472,379)**	**292,268**
30 June 2021 Restated*		**213,316,570**	**4,324,408**	**46,230,002**	**22,682,074**	**8,063,301**	**3,226,050**	**-**	**2,239,288**	**(22,439,924)**	**64,325,199**	**-**	**64,325,199**

*See Note 2b for details.

(In GBP)	Note	Number Of Shares	Share Capital	Share Premium	Merger Reserve	Share-Based Payment Reserve	Warrants	Other Equity	Foreign Currency Translation Reserve	Retained Earnings	Capital And Reserves Attributable to Owners Of The Parent	Non-Controlling Interest	Total Equity
31 December 2021 Restated*		266,073,240	5,279,546	143,259,675	23,019,164	5,778,882	2,743,303	-	1,073,214	(28,735,676)	**152,418,108**	-	**152,418,108**
Comprehensive income for the Period:													
Loss for the period		-	-	-	-	-	-	-	-	(8,816,049)	(8,816,049)	-	(8,816,049)
Other comprehensive income		-	-	-	-	-	-	-	505,094	-	505,094	-	505,094
Total comprehensive loss		**-**	**-**	**-**	**-**	**-**	-	-	**505,094**	**(8,816,049)**	**(8,310,955)**	**-**	**(8,310,955)**
Contributions by and distributions to owners:													
Share issue costs			-	(46,125)	-		-	-	-	-	**(46,125)**	-	**(46,125)**
Exercise of options and performance rights	15	140,000	2,538	-	-	(243,096)	-	-	-	243,098	**2,540**	-	**2,540**
Issue of options and performance rights	15	-	-	-	-	415,378	-	-	-	-	**415,378**	-	**415,378**
Expiry/Cancellation of options	15	-	-	-	-	(110,058)	-	-	-	-	(110,058)	-	(110,058)
Acquisition of subsidiary	9,15	166,000	2,972	-	245,683	-	-	-	-	-	**248,655**	-	**248,655**
30 June 2022		266,379,240	5,285,056	143,213,550	23,264,847	5,841,106	2,743,303	-	1,578,308	(37,308,627)	144,617,543	-	144,617,543

The accompanying notes on pages 31-57 are an integral part of these Interim Consolidated Financial Statements.

*See Note 2b for details.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(In USD)	Note	Six Months Ended 30 June 2022	Restated* Six Months Ended 30 June 2021
Cash flows from operating activities			
Loss for the period		(8,816,049)	(4,534,873)
Adjustments for:			
Loss on Disposal of Fixed Asset		-	(229)
Depreciation of property, plant and equipment	8	84,712	38,686
Amortisation of exploration & evaluation assets	9	-	16,711
Depreciation of right-of-use assets	12	146,468	49,369
Share-based payment expense	15	305,321	1,372,116
Finance expense	18	5,538,696	1,570,359
Revaluation of derivative liabilities	6	(1,510,000)	(3,363,820)
Revaluation of deferred consideration	7	(156,439)	-
Changes in working capital items:			
Increase in other receivables and prepayments		(4,845,674)	(2,540)
Decrease in accounts payable and accrued liabilities		(1,896,552)	(2,348,116)
Net cash used in operating activities		**(11,149,517)**	**(7,202,337)**
Cash flows from investing activities:			
Purchase of property, plant and equipment	8	(12,384,151)	(216,023)
Purchase of exploration & evaluation assets	9	-	(4,942,076)
Sale of Property, plant and equipment		-	2,531
Net cash used in investing activities		**(12,384,151)**	**(5,155,568)**
Cash flows from financing activities:			
Gross proceeds from the issue of ordinary shares	15	2,538	2,509,797
Transaction costs arising from equity financing	15	(46,125)	(121,783)
Settlement of Deferred Consideration	7	(525,786)	(1,635,268)
Interest paid on loans and borrowings	6	(850,000)	(991,667)
Capital payments on leases	12	(343,816)	(40,106)
Interest paid on leases	12	(82,119)	(12,909)
Net cash flows from financing activities		**(1,845,307)**	**(291,937)**
Net (decrease) / increase in cash and cash equivalents		(25,378,975)	(12,649,842)
Exchange losses on cash and cash equivalents		(3,691,238)	1,047,729
Cash and cash equivalents at beginning of the period		**112,506,468**	**40,418,257**
Cash and cash equivalents at end of the period		**83,436,255**	**28,816,144**

The accompanying notes on pages 31-57 are an integral part of these Interim Consolidated Financial Statements

*See Note 2b for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The condensed set of financial statements for the period ended 30 June 2022 comprises the consolidated interim statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows, which present the financial information of Adriatic Metals PLC and its subsidiaries. Adriatic Metals PLC (the "Company" or the parent) is a public company limited by shares and incorporated in England & Wales. The registered office is located at Ground Floor, Regent House, 65 Rodney Road, Cheltenham GL50 1HX, United Kingdom.

The Group's principal activity is precious and base metals exploration and development. The Group owns the world-class Vares Project in Bosnia & Herzegovina and the Raska Project in Serbia.

Bosnia & Herzegovina and Serbia are well-positioned in central Europe and boast a strong mining history, a pro-mining environment, a highly skilled workforce as well as extensive existing infrastructure and logistics.

2. Basis of preparation

a Statement of compliance

These Condensed Consolidated Interim Financial Statements are unaudited and do not constitute a statutory set of financial statements in accordance with the meaning of Section 434 of the Companies Act 2006. The annual financial statements will be prepared in accordance with UK adopted international accounting standards. IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee, and there is an ongoing process of review and endorsement by the UK Endorsement Board.

The Consolidated Interim Financial Statements were prepared in compliance with IAS 34 'Interim Financial Reporting' and were authorised for issue by the Board of Directors on 9 September 2022.

b Basis of measurement

These Interim Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. These Interim Consolidated Financial Statements are presented in United States Dollars ("USD" $), changed from prior financial statements which were presented in Great British Pounds ("GBP", £). This is on the basis that the USD is a more widely recognised currency for the mining sector in which the Group operates and that its Project Finance Debt Package, offtake agreements and mining services contract are denominated in USD. The Company considers that this change will give investors and other key stakeholders a clearer understanding of the Group's performance over time.

See critical accounting judgements for further details.

c Going Concern

The Group incurred a loss in the Period of $8,816,049 (Prior Period - $4,534,873). However, the Group also had a net asset position at the balance sheet date of $144,617,543 (31 December 2021 - $152,418,109) and cash reserves of $83,436,255 (31 December 2021 - $112,506,468).

The Vares Feasibility Study as completed in August 2021 showed a Project NPV_8 of US$1.1 billion, and the latest estimated build cost is $170m million. An equity raise was successfully closed on 29 October 2021 and Orion debt documents were executed with the aim of providing the Group with sufficient funds to complete the Vares mine construction and ongoing owner costs until production commences in Q2 FY23 and the business becomes self-sustaining from cash flows from operations. Definitive documentation executed for the $142.5 million Project Finance Debt Package with Orion was announced on 10 January 2022 subject to satisfaction of customary conditions precedent to financial close. The Orion facility is currently undrawn. A debt-Service Coverage Ratio ("DSCR") covenant is included in the finance package and will apply commencing three months after the first repayment date, required to be above 1.25x level and tested on a quarterly basis.

A recent budget update shows that substantial headroom remains based on the assumption that all conditions precedent are satisfied to allow funding to be put in place to cover the remaining 12 month build and bring the Vares Project into production. Longer term substantial headroom exists over the 1.25x DSCR covenant, with forecasted DSCR estimated as follows:

	Mar-24	Jun-24	Sep-24	Dec-24	Dec-25
DSCR	8.6	3.8	4.3	4.2	4.1

Analysis regarding sensitivities has been considered that includes a slippage delay to commencement of production as well as up to 10% increase in build costs.

Whilst the Conditions precedent have not been finalised in order to draw down on the Orion facility, the directors consider that the current funding position is able to support all current commitments and working capital in relation to the Vares development project and the wider Group operations. The majority of the Vares spend is consider discretionary in nature and therefore Management and the Directors are able to manage the funding position over a period of at least 12 months if the Orion facility is not drawn. Therefore the Cash flow forecasts prepared indicate that the Company has sufficient cash resources to continue in operation for a period in excess of 12 months from the date of signing the Consolidated Financial Statements.

The Directors therefore believe there is not a material uncertainty regarding going concern and that it is appropriate to prepare the financial statements on a going concern basis.

3. Significant accounting policies

The accounting policies adopted in the preparation of the Interim Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new standards and interpretations effective as of 1 January 2022. Adoption of these standards and interpretations did not have any material effect on the statements of financial position or performance of the Group.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Section 4.

Standards, amendments and interpretations adopted

During the Period, the following new standards and amendments have been implemented.

Standard	Detail	Effective date
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IFRS 3	References to Conceptual Framework	1 January 2022

Standards, amendments and interpretations effective in future periods

At the date of authorisation of these Consolidated Financial Statements, the following new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Group.

Standard	Detail	Effective date
IAS 1	Amendment – regarding the classification of liabilities as Current or Non-current	1 January 2023
IAS 1	Amendment – Disclosure of Accounting Policies	1 January 2023
IAS 8	Amendment – Definition of Accounting Estimates	1 January 2023
IAS 12	Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Management anticipates that all the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. The Group does not expect these standards or Interpretations to have a material impact on the entity's financial statements in the period of initial application.

4. Critical accounting estimates and judgements

The preparation of the Consolidated Financial Statements in accordance with IFRS requires management to make certain judgements, estimates, and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from these estimates. Information about the significant judgements, estimates, and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

A Estimates

a Exploration and evaluation asset impairment testing

The Group reviews and tests the carrying value of exploration and evaluation assets when events or changes in circumstances suggest that the carrying amount may not be recoverable in accordance with IFRS 6. Indicators of impairment the Group assesses are as follows:

i) the period for which the entity has the right to explore in the specific area has expired during the Period or will expire in the near future, and is not expected to be renewed.

ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When such indicators exist, management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs. The key estimates made include discount rates, being the Group's weighted average cost of capital, future prices, E&E costs, production levels and foreign currency exchange rates.

Exploration and evaluation assets at 30 June 2022 comprised the Raska Project of $31,686,959, at a value based on consideration paid for the combined Tethyan group. No indicators of impairment were identified during management's review of potential indicators, a further drilling programme is budgeted during the next 18 months and the Group aims to produce an internal scoping study.

For further assurance over the value of exploration and evaluation assets capitalised, management obtained a resource estimate from Forge International estimate, an independent third-party organisation. This comprised an additional stage of preliminary resource modelling, this time using both the historical and modern data sets. The results of this estimate were compared to the market capitalisation of comparative listed single asset projects and the Raska Project valuation did not appear unreasonable compared with similar projects.

b Mine under Construction impairment testing

Mine under construction is in respect of the Vares Project concession, located in Bosnia & Herzegovina. The balance of Exploration and Evaluation asset was transferred to Mine under Construction at the completion of the Feasibility Study. The balance of Mine under Construction has been assessed on transfer from Exploration and Evaluation assets and subsequently at each balance sheet date, and no impairment was required at the date of the transfer or at the 30 June 2022.

Property, plant and equipment and intangible assets with finite lives are reviewed for impairment if there is an indication that the carrying amount may not be recoverable.

The Vares Project's strong economics and impressive resource inventory have attracted Adriatic's highly experienced team, which is expediting exploration efforts to expand the current JORC resource. Results of the Feasibility Study indicate an NPV_8 of $1,062 million and IRR of 134%. Leveraging its first-mover advantage, Adriatic is rapidly advancing the Project into the development phase and through to production.

c Deferred Consideration

The Group accounts for deferred consideration as a financial liability at fair value through profit and loss.

Tethyan entered into an option agreement with EFPP d.o.o. (EFPP) the holders of the Kizevak & Sastavci licences in Serbia, with first closing completed on 14 May 2020 to acquire 10% equity in EFPP. Immediately prior to the completion of the acquisition of Tethyan by the Company, the Kizevak & Sastavci licences were spun out to a newly formed company Ras Metals d.o.o. ("Ras") in which Tethyan also held a 10% equity interest, which had been a condition precedent to the closing of the Tethyan acquisition. See note 10 for details.

At any time within 12 months of the first closing, the Company was able to acquire the remaining 90% ownership stake in Ras by:

- making a payment of €1,365k to the sellers of Ras;
- granting a 2% NSR over the licenses
- issuing 664,000 shares of the Company to the sellers in four equal tranches every six months commencing on second closing; and
- making a €0.5m payment on the two-year anniversary of the first closing.

With the exception of the 2% NSR grant over the licenses which cannot be reliably estimated at this stage, the fair value of the remaining consideration payable under the Ras option agreement was originally estimated at $3,436,991 at 31 December 2020.

On 22 February 2021, the Company completed the acquisition of the entire issued share capital of Ras making payment of €1,365k to the sellers and issuing the first 166,000 shares. Subsequently the second and third tranches of 166,000 shares each were issued in line with the agreement as well as payment of €0.5m made, reducing the deferred consideration balance further. The remaining deferred consideration was estimated as at the balance sheet date to be $230,390. See note 7 for further details.

d Convertible bond valuations

The Group issued $20 million 8.5% Convertible bonds through a deed of covenant dated 30 November 2020. The bonds are convertible into fully paid equity securities in the share capital of the issuer, subject to and in accordance with the conditions and the deed of covenant. Management engaged experts to assist with the valuation of the bond holder's call option embedded within this agreement. The option is recognised as a derivative liability in the Group and Company accounts and required a separate fair valuation.

See note 6 for further details regarding these inputs.

e Rehabilitation Provision

The Group recognises provisions for contractual, constructive or legal obligations, including those associated with the reclamation of mineral interests and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for the rehabilitation is recognised at its present value in the period in which it is incurred. Upon initial recognition of the liability, an amount equal to the liability is added to the carrying amount of the related asset and this amount is amortised as an expense over the economic life of the asset. Following the initial recognition of the rehabilitation provision, the carrying amount of the liability is increased for the passage of time by unwinding the discount, and adjusted for changes to the current market-based discount rate, and amount or timing of the underlying cash flows needed to settle the obligation.

Management uses its judgment and experience to determine the potential scope of closure rehabilitation work required to meet the Group's legal, statutory and constructive obligations, and any other commitments made to stakeholders, and the options and techniques available to meet those obligations and estimate the associated costs and the likely timing of those costs.

Significant judgment is also required to determine both the costs associated with that work and the other assumptions used to calculate the provision. External experts support the cost estimation process where appropriate but there remains significant estimation uncertainty. The key judgment in applying this accounting policy is determining when an estimate is sufficiently reliable to make or adjust a closure provision.

Management engaged with experts Ausenco as part of the feasibility study to determine total costs of closure, restoration and environmental costs over the life of the mine. Management applied judgement to determine the impact of activity on the Vares Project in the period to 30 June 2022 and the Group recorded a provision based on the discounted value of the expected cashflows. See note 22 for further details.

B Judgements

a Functional currency

The Group transacts in multiple currencies. The assessment of the functional currency of each entity within the consolidated Group involves the use of judgement in determining the primary economic environment each entity operates in.

The Group first considers the currency that mainly influences sales prices for goods and services, and the currency that mainly influences labour, material and other costs of providing goods or services. In determining functional currency, the Group also considers the currency from which funds from financing activities are generated, and the currency in which receipts from operating activities are usually retained.

When there is a change in functional currency, the Group exercises judgement in determining the date of change. This assessment is driven by the primary economic environment of each entity including products, labour, materials and professional services and the currency they are primarily transacted in.

The Group undertook a review on an entity-by-entity basis to determine the impact of the anticipated debt financing as well as commencement of the construction phase of the Vares Project. The results of this review determined that the functional currency of each of Adriatic Metals plc, Eastern Mining d.o.o. and Adriatic Metals Jersey Ltd should be changed to USD based on the primary economic environment in which they operate. The Group exercised judgement in determining the date of change choosing 1 January 2022 to coincide with the opening of the Period, as well as the imminent signing of the Orion financing and the mining services contract, which are both based in USD.

Name of entity	Country of incorporation	Functional currency at 30 June 2022	Functional currency at 31 December 2021
Adriatic Metals plc	England & Wales	USD	GBP
Eastern Mining d.o.o.	Bosnia & Herzegovina	USD	BAM
Adriatik Metali d.o.o	Bosnia & Herzegovina	BAM	BAM
Adriatic Metals Jersey Ltd	Jersey	USD	CAD
Adriatic Metals Services (UK) Limited	England & Wales	USD	USD
Adriatic Metals Trading & Finance BV	Netherlands	USD	USD
Adriatic Metals Holdings BIH Limited	England & Wales	USD	USD
Tethyan Resources Jersey Ltd	Jersey	GBP	GBP
RAS Metals d.o.o.	Serbia	RSD	RSD
Taor d.o.o.	Serbia	RSD	RSD
Tethyan Resources d.o.o.	Serbia	RSD	RSD
Global Mineral Resources d.o.o.	Serbia	RSD	RSD
Tethyan Resources Bulgaria EOOD (liquidated during period to 30 June 2022)	Bulgaria	€	€
Kosovo Resource Company (liquidated during year to 31 December 2021)	Kosovo	N/A	€

These Interim Consolidated Financial Statements are presented in United States Dollars ("USD" $), changed from prior financial statements which were presented in Great British Pounds ("GBP", £). This is on the basis that the USD is a more widely recognised currency for the mining sector in which the Group operates and that its Project Finance Debt Package, offtake agreements and mining services contract are denominated in USD. The Company considers that this change will give investors and other key stakeholders a clearer understanding of the Group's performance over time.

Following this change in accounting policy the impact was applied retrospectively and thus the comparatives in the consolidated financial statements were restated in US Dollars, as required by IAS 8. The procedures used for this restatement were formed based on the requirements of IAS 21 and were as follows:

- Share capital, share premium and other reserves are translated at historic rates prevailing at the dates of transactions;
- Other assets and liabilities are translated into US Dollars at closing rates of exchange;
- Trading results are translated into US Dollars at the average rate for the financial period;
- Foreign exchange differences resulting between the closing balances and the results for the period have been presented in the foreign exchange reserve, a component within shareholders' equity; and
- The foreign exchange reserve was set to zero as of June 2019, the earliest practical date in which to calculate the consolidated accounts. Cumulative currency translation adjustments are presented as if the Group had used US Dollars as the presentation currency of its consolidated financial statements since that date.

b Capitalisation of exploration costs

The Group uses its judgement to determine whether costs meet the capitalisation requirements in accordance with IFRS 6 and its accounting policy on exploration and evaluation assets, and to determine whether exploration and evaluation costs should be capitalised or expensed based on whether the activities performed are directly attributable to increasing the value of the project.

Upon the establishment of a JORC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the licence as exploration and evaluation assets. There is an element of judgement involved by management as to which costs are directly attributable to increasing the value of the project. Broadly, activities in relation to scoping, exploration and development are deemed directly attributable, whilst activities in relation to supporting and administrative duties are deemed not to be directly attributable.

c Option Agreement Treatment - Control of Ras Metals

As part of the Tethyan Resource Corp acquisition, the Group became the beneficiary of three mutually exclusive option agreements under which it could acquire, at its sole discretion, the entire share capital of Ras Metals d.o.o., EFPP d.o.o. and Deep Research d.o.o.

The Group assessed each option agreement to determine whether it provided the Company with control over each respective entity and if so from what point in time, as follows:

i) Ras Metals d.o.o. (“Ras”)

The Group determined that Ras was controlled by the Group from 8 October 2020, being the date at which Tethyan Resource Corp (the option holder) was acquired by the Company, because the Group had the ability under an agreement with commercially acceptable terms, to acquire the remaining equity interest in Ras. Hence the Group had control over Ras, rights to variable returns from its involvement with Ras, and the ability to use its control over Ras to affect the amount of the Group’s returns. On 23 February 2021, the Company completed the acquisition of the entire issued share capital of Ras, further details of which are provided in note 10.

The Group assessed whether the option agreement gave access to the returns associated with an ownership interest. In such circumstances, the proportion allocated to the parent and non-controlling interests in preparing consolidated financial statements is determined by taking into account the eventual exercise of those potential voting rights and other derivatives that currently give the entity access to the returns. The consideration paid to exercise the right to purchase the remaining equity contained both fixed and variable elements. As a result of the additional consideration payable which remained variable at year end, the Group did not have access to present returns in Ras at 31 December 2020 and has therefore recognised a non-controlling interest until the Company completed the acquisition of the entire issued share capital of Ras, further details of which are provided in note 10.

ii) EFPP d.o.o. (“EFPP”)

EFPP was determined to be outside the control of the Group because the option agreement holder, Tethyan Resource Corp, was unlikely to exercise its rights under the agreement, as the terms of closing out the option were not commercially acceptable and hence did not have an ability to direct activities of this entity to impact the Group’s returns. This position was further justified when on 22 February 2021, the Group disposed of its 10% equity stake in EFPP for a nominal amount. The Group no longer has any holding in this entity following this disposal.

iii) Deep Research d.o.o. (“DR”)

DR was determined to be outside the control of the Group because although Tethyan Resource Corp (the option holder) had the ability to control DR via exercise of the option, the terms of closing out the option were not commercially acceptable until further exploration work had been completed to determine the economic value of DR to the Group, relative to the consideration that would be payable on exercise of the option. At 31 December 2021 and 30 June 2022, the Group did not have an ability to direct activities of this entity to impact the Group’s returns.

5. Other receivables and prepayments

(In USD)	30 June 2022	31 December 2021
Other receivables	5,672	5,796
Prepayments and deposits	3,671,763	612,155
Debt issuance costs	1,630,464	561,079
Taxes receivable	1,783,536	1,040,532
Total	**7,091,435**	**2,219,562**

All receivables are due within one year.

Prepayment and deposits contains advanced payments in respect of equipment purchases in relation to the Vares Project, as well as mobilisation costs in respect of the mining services contractor equipment that had not reached site as at 30 June 2022.

Debt issuance costs are in relation to Orion Financing package which was agreed post year end and will be netted against the debt liability when draw down occurs and will be amortised over the life of the obligation.

The Group has three reporting segments and two operating locations which are Bosnia & Herzegovina and Serbia.

The analysis of other receivables and prepayments was as follows as at 30 June 2022:

	Bosnia	Serbia	Corporate	Total
Other receivables	1,446	3,038	1,188	**5,672**
Prepayments and deposits	3,372,098	80,680	218,985	**3,671,763**
Debt Issuance costs	-	-	1,630,464	**1,630,464**
Taxes receivable	1,564,924	21,583	197,029	**1,783,536**
Total	**4,938,468**	**105,301**	**2,047,666**	**7,091,435**

Split of other receivables and prepayments as follows as at 31 December 2021:

	Bosnia	Serbia	Corporate	Total
Other receivables	1,168	2,322	2,306	**5,796**
Prepayments and deposits	421,563	37,882	152,710	**612,155**
Debt Issuance costs	-	-	561,079	**561,079**
Taxes receivable	728,760	126,619	185,153	1,040,532
Total	**1,151,491**	**166,823**	**901,248**	**2,219,562**

6. Borrowings and Derivative Liability

QRC Convertible Loan

The Group's only borrowing as at 30 June 2022 was the QRC Convertible Loan. The Group issued USD 20 million 8.5% Convertible bonds through a deed of covenant dated 30 November 2020. The bonds are convertible into fully paid equity securities in the share capital of the issuer, subject to and in accordance with the loan conditions and the loan's deed of covenant. Key terms and conditions of the bond agreement between the Company and Queens Road Capital ("QRC") are provided below.

Voluntary conversion

The bonds shall be convertible into equity securities of the Company at the option of the bondholder at any time from the issue date 1 December 2020 until 30 November 2024. The number of equity securities to be issued will be determined by the conversion price in effect on the relevant conversion date. The initial conversion price is AUD 2.7976 per ordinary share

Redemption and Purchase

a) Final redemption: Where the bonds are not converted, redeemed, purchased, or cancelled by the Company prior to the final maturity date, the bonds shall be redeemed by the Company at their principal amount

b) Redemption at the option of the issuer: Option to the issuer to redeem all the bonds outstanding, prior to the final maturity date, at their principal amount together with accrued but unpaid interest to such date if:

- At any time prior to maturity date, the volume weighted average price of the equity securities for 20 consecutive days has exceeded 125% of the conversion price;
- The issuer delivers an optional redemption notice that contains an optional redemption date which falls on or after the third anniversary of the issue date; or
- A project refinancing has occurred

c) Redemption at the option of bondholder if a change of control event occurs: the bondholder receives an option to require the issuer to redeem the bonds prior to the final maturity date. In the event of a change of control, the bonds shall be redeemed at:

- 130% of the principal amount, if the change of control event occurs on or prior to the second anniversary of the issuance date, together with accrued and unpaid interest till such date
- 115% of the principal amount, if the change of control event occurs after the second anniversary of issuance date, together with accrued and unpaid interest till such date

d) Redemption at the option of the bondholder in the event of project financing: In any event where the Company secures a project financing before the final maturity date of the bonds, the bondholder can require the issuer to redeem the bonds at its principal amount together with the accrued but unpaid interest to such date.

Accounting Consideration and Results

QRC's option to convert the bonds into equity and the associated potential issue of shares give rise to a variable amount of cash that would be received by the Company and therefore the bonds fail to meet the requirements to be classified as equity. The conversion feature of the bonds has therefore been accounted for as a derivative liability, with the value of the conversion feature dependent on factors as set out below.

Management engaged external experts to review the terms of the agreement and perform a valuation. It was concluded that the call option in the hands of the bondholder satisfied the conditions stipulated by IFRS 9 Financial Instrument – Recognition and Measurement for the recognition as a derivative liability in the Group and Company accounts and required a separate fair valuation.

The redemption options in the hands of the bondholder were concluded to be falling outside of the exemptions of IFRS 9 and closely related to the debt host contract. Therefore, the redemption options need not be separated from the debt host contract and hence need not be valued separately. The Group has elected to account for both the embedded option and loan liability at amortised cost.

Valuation Model

The Black Scholes model was chosen as the most appropriate pricing model to value the Company call options and the valuation was updated at 30 June 2022. The main assumptions and inputs used in the options pricing model were as follows:

- Dividend yield – assumed to be nil because the Company has not declared or paid any dividends in prior years on ordinary shares.
- Strike price – The initial conversion price of AUD 2.7976 per ordinary share.

- Expected term – Judgement applied to assign probability to the various redemption and put options in the contract. Expected term of redemption calculated as 0.95 years from the valuation date.
- Expected volatility – Weekly volatility over the 0.95 years (49 weeks) was calculated as 46.90% prevailing on ASX as of the valuation date.
- Risk-free rate – Risk free yield obtained from Australian Treasury bond issues converted into continuous compound yields.
- Value of underlying common stock price – The closing price of ordinary shares AUD 1.95 on the valuation date on the ASX.

Using the assumptions set out above, the Black Scholes value of the call option in the hands of the bond holder is $992,423

Sensitivity Analysis

Inputs to the Black Scholes model are based on management judgements regarding probabilities of future events. The results are sensitive to changes in key assumptions, namely the expected term of the bonds and the volatility of the Company's share price.

Sensitivity of the loan value to reasonably possible changes in the assumptions of expected term and volatility of the Company's share price are as follows:

		Change in volatility of Company's share price		
		35%	Unchanged (46.9%)	55%
Change in expected term	13 Weeks	$0.97m Decrease	$0.88m Decrease	$0.78m Decrease
	Unchanged (49 weeks)	$0.52 Decrease	-	$0.4m Increase
	78 Weeks	$0.08m Decrease	$0.66m Increase	$1.2m Increase

(In USD)	QRC Loan Payable	Fair Value Option Derivative Liability
At 30 June 2020	**-**	-
Additions	(15,839,082)	(4,160,918)
Interest expense	(141,671)	-
At 31 December 2020	**(15,980,753)**	**(4,160,918)**
Interest expense	(1,699,740)	-
Foreign Exchange gain	(232,240)	-
Payment of Interest	1,841,667	-
Revaluation of fair value embedded option	-	1,658,495
At 31 December 2021	**(16,071,066)**	**(2,502,423)**
Interest expense	(850,012)	-
Payment of Interest	850,000	-
Revaluation of fair value embedded option		1,510,000
At 30 June 2022	**(16,071,078)**	**(992,423)**

Short term borrowings at 30 June 2022 are nil (31 December 2021: nil). Long term borrowings at 30 June 2022 are $16,071,078 (31 December 2021: $16,071,066). Derivative liabilities as at 30 June 2022 are $992,423 (31 December 2021: $2,502,423).

7. Deferred Consideration

Tethyan entered into an option agreement with EFPP d.o.o. the holders of the Kizevak & Sastavci licences in Serbia, with first closing completed on 14 May 2020 to acquire 10% equity in EFPP d.o.o. Immediately prior to the completion of the acquisition of Tethyan by the Company the Kizevak & Sastavci licences were spun out to a newly formed company Ras Metals d.o.o. in which Tethyan also held a 10% equity interest, which had been a condition precedent to closing of the Tethyan acquisition. See note 10 for details.

At any time within 12 months of the first closing, the Company was able to acquire the remaining 90% ownership stake in Ras Metals by:

- making a payment of €1,365k to the sellers of Ras;
- granting a 2% NSR over the licenses
- issuing 664,000 shares of the Company to the sellers in four equal tranches every six months commencing on second closing; and
- making a €0.5m payment on the two-year anniversary of the first closing.

With the exception of the 2% NSR grant over the licenses which cannot be reliably estimated at this stage, the fair value of remaining consideration payable under Ras Option agreement was originally estimated at $3,436,991 at 31 December 2020.

On 23 February 2021, the Company completed the acquisition of the entire issued share capital of Ras making payment of €1,365k to the sellers and issuing the first tranche of 166,000 shares. On 24 August 2021 the second tranche of 166,000 shares was issued in line with the agreement. The third tranche of 166,000 shares were issued on 2 March 2022 and €0.5m was also paid to sellers on 11 May 2022. The fair value of the remaining deferred consideration was estimated as at the balance sheet date to be $230,390, as below.

(In USD)	Deferred Consideration
At 31 December 2020	**3,436,991**
Payments made to sellers	(1,635,268)
Value of shares issued to sellers	(612,744)
Revaluation of fair value liability through profit and loss	(27,710)
At 31 December 2021	**1,161,269**
Payments made to sellers	(525,785)
Value of shares issued to sellers	(248,655)
Revaluation of fair value liability through profit and loss	(156,439)
At 30 June 2022	**230,390**

The basis of valuation for the remaining deferred consideration payable was as follows:

	30 June 2022	Basis for valuation
Remaining 166,000 Shares to be issued; and	$230,390	LSE ADT1 Share price 30 June 2022 = £1.14 GBP:USD 1.21
2% NSR over the licenses	$nil	Can't be reliably estimated at this stage prior to feasibility study
At 31 December 2022	**$230,390**	

On the Raska Project, the Company has not been able to model the 2% NSR over the licences as it has not yet conducted a definitive feasibility study, nor has it defined a JORC compliant resource.

8. Property, plant and equipment

Cost (In USD)	Land & Buildings	Plant & Machinery	Mine under Construction	Total
31 December 2020	**1,032,290**	**524,198**	**-**	**1,556,488**
Transfer from Exploration and Evaluation Asset	-	-	19,633,211	**19,633,211**
Additions	148,860	364,818	9,479,679	**9,993,357**
Disposals	-	(6,693)	**-**	**(6,693)**
Foreign exchange difference	(70,923)	(29,692)	(666,284)	**(766,899)**
31 December 2021	**1,110,227**	**852,631**	**28,446,606**	**30,409,464**
Additions	149,774	224,393	12,009,984	**12,384,151**
Recognition of Rehabilitation provision	-	-	1,432,466	**1,432,466**
Foreign exchange difference	-	(2,979)	(14,542)	**(17,521)**
30 June 2022	**1,260,001**	**1,074,045**	**41,874,514**	**44,208,560**

Depreciation (in USD)

31 December 2020	**28,661**	**203,170**	**-**	**231,831**
Transfer from Exploration and Evaluation Asset	-	-	184,239	184,239
Charge for the period	21,109	81,138	-	102,247
Disposals	-	(3,587)	-	(3,587)
Foreign exchange difference	(1,824)	10,949	7,835	16,960
31 December 2021	**47,946**	**291,670**	**192,074**	**531,690**
Charge for the period	4,179	80,533	-	84,712
Foreign exchange difference	-	(1,906)	-	(1,906)
30 June 2022	**52,125**	**370,297**	**192,074**	**614,496**

Net Book Value (in USD)

31 December 2020	1,003,629	321,028	-	1,324,657
31 December 2021	1,062,280	560,962	28,254,532	29,877,774
30 June 2022	**1,207,876**	**703,748**	**41,682,441**	**43,594,065**

Mine under construction is in respect of the Vares Project concession, located in Bosnia & Herzegovina. The balance of Exploration and Evaluation asset was transferred to Mine under Construction at the completion of the Feasibility Study. Once JORC-compliant reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to Mine under Construction which is a sub-category of 'Mine Properties' and will be subsequently amortised in line with the useful economic life of the mine and rate of depletion of resources. The concession is 100% owned by Eastern Mining d.o.o.

From 25 May 2020, the Vares Project became subject to a minimum annual concession fee of €199,325 per annum. Concession fees are included in additions to exploration and evaluation assets and amortization was charged over the life of the concession granted, until the transfer to Mines under Construction, upon which amortisation ceased until the beginning of the production phase.

The Group has three reporting segments and two operating locations which are Bosnia & Herzegovina and Serbia.

The analysis of land and buildings net book value is as follows:

(In USD)	Bosnia & Herzegovina	Serbia	Corporate	Total
31 December 2020	982,345	-	21,284	1,003,629
31 December 2021	1,043,567	-	18,714	1,062,280
30 June 2022	**1,190,341**	**-**	**17,535**	**1,207,876**

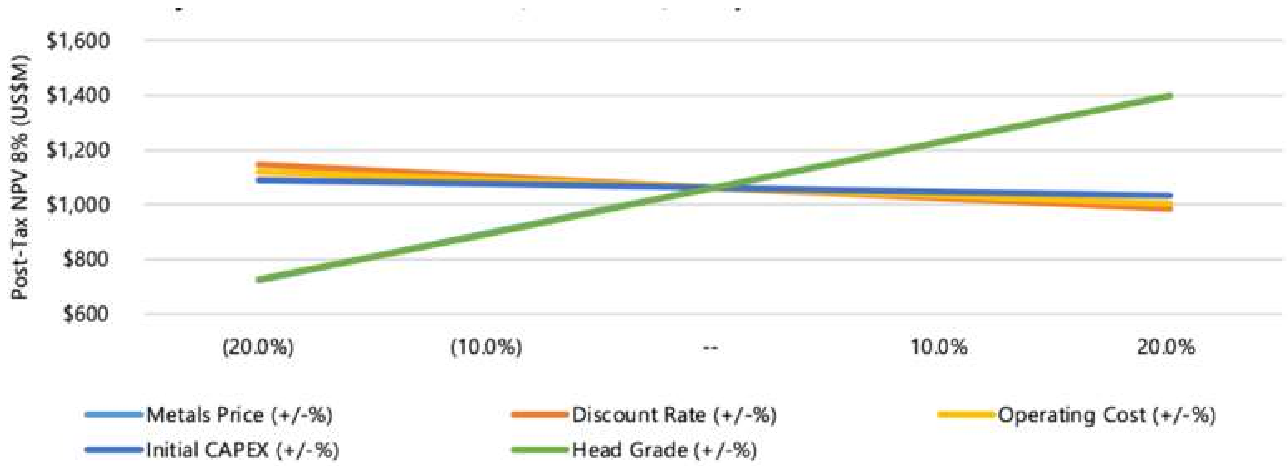
The analysis of property plant and equipment assets net book value is as follows:

(In USD)	Bosnia & Herzegovina	Serbia	Corporate	Total
31 December 2020	252,956	33,227	34,845	321,028
31 December 2021	459,637	73,537	27,788	560,962
30 June 2022	**610,759**	**73,715**	**19,274**	**703,748**

The analysis of mines under construction net book value is as follows:

(In USD)	Bosnia & Herzegovina	Serbia	Corporate	Total
31 December 2020	-	-	-	-
31 December 2021	28,254,532	-	-	28,254,532
30 June 2022	**41,682,441**	**-**	**-**	**41,682,441**

The sensitivity of the Vares Project to key project inputs is considered within the Feasibility Study. Summary of sensitivities chart of Post-Tax NPV 8% $1,062 million to inputs is as follows:



The above chart shows that significant headroom exists over the $41m net book value of Vares mine under construction.

9. Exploration and evaluation assets

Cost (In USD)	Vares Project in Bosnia & Herzegovina	Raska Project in Serbia	Exploration & Evaluation Assets
31 December 2020	**16,592,993**	**31,923,450**	**48,516,443**
Additions	3,770,726	-	3,770,726
Foreign exchange difference	(730,508)	(21,741)	(752,249)
Transfer to Mines under Construction	(19,633,211)	-	(19,633,211)
31 December 2021	**-**	**31,901,709**	**31,901,709**
Foreign exchange difference	-	(214,750)	(214,750)
30 June 2022	**-**	**31,686,959**	**31,686,959**
Amortisation			
31 December 2020	**162,563**	**-**	**162,563**
Charge for the period	39,562	-	39,562
Foreign exchange difference	(17,866)	-	(17,866)
Transfer to Mines under Construction	(184,239)	-	(184,239)
31 December 2021	**-**	**-**	**-**
30 June 2022	**-**	**-**	**-**
Net Book Value			
31 December 2020	**16,430,431**	**31,923,450**	**48,353,880**
31 December 2021	**-**	**31,901,709**	**31,901,709**
30 June 2022	**-**	**31,686,959**	**31,686,959**

Exploration and evaluation assets reflect a total amount of $31,804,990 added in 2020 in respect of Tethyan exploration rights for the TAOR d.o.o. Kremice licence (measured at historical cost £1,587,934 within Adriatic Metals Services (UK) Limited in GBP functional currency, translated to $2,051,262) and Ras Metals d.o.o. licences Kizevak & Sastavci measured as the consideration paid for the combined Tethyan group minus the net book value of assets, being $29,753,728. Subsequent movements to each balance sheet date are as the result of foreign exchange movements arising from the change in Group presentation currency from GBP to USD.

Cost (In USD)	RAS Metals d.o.o.	TAOR d.o.o.	Total Raska Project in Serbia
Acquisition (see note 10)	**29,753,728**	**2,051,262**	**31,804,990**
31 December 2020	**29,753,728**	**2,169,722**	**31,923,450**
31 December 2021	**29,753,728**	**2,147,981**	**31,901,709**
30 June 2022	**29,753,728**	**1,933,231**	**31,686,959**

The remaining exploration and evaluation assets were in respect of the Vares Project concession, located in Bosnia & Herzegovina which were then transferred to Mines under Construction following the completion of the Feasibility Study in August 2021.

10. Acquisition

On 23 February 2021, the Company completed the acquisition of the entire issued share capital of Ras Metals d.o.o. (Ras) under an agreement (Ras Option Agreement) held by Adriatic Metals Jersey Ltd (formerly Tethyan Resource Corp), a wholly owned subsidiary of the Company. The consideration paid on 23 February 2021 for the remaining 90% of the shares in Ras that the Company did not already hold was €1,365,000 in cash plus the allotment of 166,000 Ordinary shares of £0.013355 each in the Company.

A second tranche of shares was issued for 166,000 ordinary shares on 24 August 2021. Additionally, deferred consideration still to be paid at 30 June 2022 comprised 166,000 Ordinary shares in the Company that were allotted on 24 August 2022.

With the exception of the 2% NSR grant over the licenses which cannot be reliably estimated at this stage, the fair value of remaining consideration payable under the Ras Option Agreement was estimated at $3,436,991 as at 31 December 2020, and subsequent movements are detailed in note 7.

The Group had initially recognised a 90% non-controlling interest in Ras Metals d.o.o. as part of the acquisition of the Tethyan Resource Corp. group which finalised on 8 October 2020. Upon the acquisition of the remaining 90% of the shares in Ras that the Company did not already hold on 23 February 2021 the balance of the non-controlling interest was transferred to Retained Earnings.

Measurement of assets and liabilities at acquisition

IFRS 10 requires assets acquired to be recorded at cost, with cost allocated over the group of assets at relative fair value. Consideration above the historical book value of assets should be recognised as an exploration and evaluation asset (representing the value of the rights contained within licences acquired).

The Kremice license was historically accounted for as an asset acquisition by the Tethyan Resource Corp. Group when originally acquired. The fair value of the consideration paid was determined and allocated to Exploration and evaluation assets as €250,000 cash plus 12,000,000 shares issued in Tethyan, equating to £1,587,934 ($2,051,262). The net liability position of 100% owned Tethyan companies when acquired was $227,002 which includes the aforementioned exploration and evaluation assets.

The Kizevask & Sastavci licences held by Ras Metals d.o.o. have been assigned a value equal to the total consideration payable of $29,753,728 less Tethyan net liabilities of $227,002, being $29,526,726.

(In USD)	
Total fair value of consideration to be paid	29,753,728
Exploration assets included within the net assets of Tethyan 100% owned entities	2,051,262
Total exploration and evaluation asset value at acquisition	**31,804,990**

As part of the agreement to acquire Tethyan Group, the Company provided a convertible loan facility to Tethyan and had advanced €1.8 million under the facility to the date of acquisition on 8 October 2020. Effective the same date this loan was amended, removing the convertible option from the loan and the conversion value $426,425 was released to the profit and loss in the period to 31 December 2020. As at 31 December 2020, this financial instrument was eliminated on consolidation for the Group.

The fair value of the remaining consideration to be paid of $3,436,991 was recognised as deferred consideration, which has reduced as amounts have been settled and any difference arising from changes in the fair value of the deferred consideration has been recognised in the profit & loss. See note 7 for further details.

Asset Acquisition

The net book value of assets acquired and liabilities assumed on the acquisition date is detailed below:

(In USD)	Book Value
Cash and cash equivalents	403,323
Other receivables and prepayments	72,803
Property, plant and equipment	22,780
Exploration & evaluation asset	2,051,262
Accounts payable and accrued liabilities	(655,386)
Related party borrowings	(2,121,784)
Total net assets acquired	**(227,002)**

Management determined there was no present access to returns in Ras Metals d.o.o. owing to the variable consideration included in the exercise price as at 31 December 2020. As such the Group recognised a 90% non-controlling interest in Ras Metals d.o.o. totalling $3,436,991 measured as the balancing figure between the fair value of the acquisition, fair value of Tethyan assets acquired, and the investment recognised in the Company accounts.

The total loss attributable to the non-controlling interest between the 8 October 2020 acquisition and 31 December 2020 was $696,676), which, combined with the amount recognised on acquisition of $3,436,991, resulted in a balance of non-controlling interest at 31 December 2020 of $2,740,315.

Further losses of $267,936 were incurred by Ras Metals under the option agreement, reducing the non-controlling interest to $2,472,379. Upon the acquisition of the remaining share capital on 23 February 2021, this balance of the non-controlling interest was transferred to Retained Earnings.

11. Accounts payable and accrued liabilities

(In USD)	30 June 2022	31 December 2021
Trade payables	1,650,373	526,523
Accrued liabilities	804,919	2,769,549
Other payables	173,338	1,022,722
	2,628,630	**4,318,794**

Other payables includes amounts payable in relation to cash settled STIP.

12. Right of use assets and lease liabilities

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the Period:

(In USD)	Land & buildings	Plant & Machinery	Land & buildings
31 December 2020	**322,943**	**-**	**322,943**
Additions	490,970	-	490,970
Foreign Exchange Difference	(2,068)	-	(2,068)
Amortisation	(78,599)	-	(78,599)
31 December 2021	**733,246**	**-**	**733,246**
Additions	297,468	1,834,929	2,132,397
Foreign Exchange Difference	(14,212)	-	(14,212)
Amortisation	(57,275)	(89,193)	(146,468)
30 June 2022	**959,227**	**1,745,736**	**2,704,963**

The largest right of use asset relates to mining equipment delivered by 30 June 2022 under a five year mining services contract with Nova Mining & Construction d.o.o. Remaining leases relate to several administrative buildings and coresheds for the Group. Under IFRS 16 these have been recognised as right of use assets.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In USD)	Land & buildings	Plant & Machinery	Land & buildings
31 December 2020	**348,892**	**-**	**348,892**
Additions	493,250	-	493,250
Interest expense	33,302	-	33,302
Foreign Exchange difference	(15,579)	-	(15,579)
Payments	(92,767)	-	(92,767)
31 December 2021	**767,098**	**-**	**767,098**
Additions	297,467	1,834,929	2,132,397
Interest expense	55,874	22,589	78,463
Foreign Exchange difference	(10,877)	-	(10,877)
Payments	(115,856)	(310,079)	(425,935)
30 June 2022	**993,706**	**1,547,440**	**2,541,146**

Of this amount at 30 June 2022, $703,580 (Prior Period; $141,674) is recognised as a current liability and the remainder $1,837,566 is shown within non-current liabilities (Prior Period; $625,424).

The following are the amounts recognised in statement of comprehensive income:

Cost (In USD)	6 months to 30 June 2022	6 months to 30 June 2021
Depreciation expense of right-of-use assets	146,468	49,369
Interest expense on lease liabilities	66,135	13,872
Total amount recognised in profit or loss	**212,603**	**63,241**

The following are the amounts recognised in statement of cashflow:

Cost (In USD)	6 months to 30 June 2022	6 months to 30 June 2021
Capital payments on lease liabilities	343,816	40,106
Interest paid on leases liabilities	82,119	12,909
Total amount paid in respect of lease liabilities	**425,935**	**53,015**

13. Financial instruments

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction. Set out below are the financial instruments held at amortised cost and fair value through profit or loss and their fair value measurement hierarchy (excluding short term assets and liabilities).

See note referenced for further detail on inputs to fair value for each financial instrument.

As at 30 June 2022 (In USD)	Note	At amortised cost	At fair value through profit or loss	Total	Fair Value Hierarchy
Financial assets					
Cash and cash equivalents		83,436,255	-	**83,436,255**	N/A
Total financial assets		**83,436,255**	**-**	**83,436,255**	
Financial liabilities					
Accounts payable and accrued liabilities	11	2,628,630	-	**2,628,630**	N/A
Borrowings	6	16,071,078		**16,071,078**	Level 3
Derivative liability	6		992,423	**992,423**	Level 3
Deferred Consideration	7		230,390	**230,390**	Level 1
Lease liabilities	12	2,541,146	-	**2,541,146**	Level 3
Total financial liabilities		**21,240,854**	**1,222,813**	**23,896,133**	
Net financial assets		**62,195,401**	**(1,222,813)**	**60,972,588**	

As at 31 December 2021 (In USD)	Note	At amortised cost	At fair value through profit or loss	Total	Fair Value Hierarchy
Financial assets					
Cash and cash equivalents		112,506,468	-	**112,506,468**	N/A
Total financial assets		**112,506,468**	**-**	**112,506,468**	**-**
Financial liabilities					

Accounts payable and accrued liabilities	11	4,318,794	-	**4,318,794**	N/A
Borrowings	6	16,071,066		**16,071,066**	Level 3
Derivative liability	6	-	2,502,423	**2,502,423**	Level 3
Deferred Consideration	7	-	1,161,269	**1,161,269**	Level 1
Lease liabilities	12	767,098		**767,098**	Level 3
Total financial liabilities		**21,156,958**	**3,663,692**	**24,820,650**	
Net financial assets		**91,349,510**	**(3,663,692)**	**87,685,818**	

14. Financial risk management

a. Credit risk

Credit risk arises from the risk that a counter party will fail to perform its obligations. Financial instruments that potentially subject the Group to concentrations of credit risk consist of cash and cash equivalents and other receivables.

Due to the nature of the business, the Group's exposure to credit risk arising from routine operating activities is currently inherently low. However, the Audit & Risk Committee considers the risks associated with new material counterparties where applicable to ensure the associated credit risk is of an acceptable level.

The Group's cash is held in major UK, Jersey, Australian, Serbian and Bosnian financial institutions, and as such the Group is exposed to credit risks of those financial institutions. The Group's main cash holdings are located in UK/Jersey A1 or A2 rated institutions and as such are considered to have low credit risk.

The total carrying amount of cash and cash equivalents and other receivables represents the Group's maximum credit exposure.

The Group's other receivables predominantly relate to value added tax receivables due from governments in the UK and Bosnia & Herzegovina. These amounts are excluded from the definition of financial instruments in the accounts and in any event are considered to have low credit risk. Of the remaining other receivables and prepayments, any changes in management's estimate of the recoverability of the amount due will be recognised in the period of determination and any adjustment may be significant.

The Board of Directors, with input from the Audit & Risk Committee is ultimately responsible for monitoring exposure to credit risk on an ongoing basis and does not consider such risk to be significant at this time. As such, the Group considers all of its financial assets to be fully collectible.

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The following table illustrates the contractual maturity analysis of the Group's gross financial liabilities based on exchange rates on the reporting date. Contractual gross financial liabilities, shown below, are undiscounted estimated cash outflows which where applicable include estimated future interest payments.

As at 30 June 2022 (In USD)	Within 30 days	30 days to6 months	6 to 12 months	Over 12 months
Accounts payable and accrued liabilities	2,474,586	-	154,044	-
Provisions	-	-	-	1,432,466
Borrowings	-	-	16,071,078	-
Derivative liability	-	-	992,423	-
FV Option Liability on acquisition	-	230,390	-	-
Lease liabilities	44,685	369,354	334,226	2,239,151
	2,519,272	**599,744**	**17,551,771**	**3,671,617**

As at 31 December 2021 (In USD)	Within 30 days	30 days to 6 months	6 to 12 months	Over 12 months
Accounts payable and accrued liabilities	4,126,979	-	-	191,815
Borrowings	-	-	-	16,071,066
Derivative liability	-	-	-	2,502,423
FV Option Liability on acquisition		864,867	296,401	-
Lease liabilities	-	70,837	70,837	854,183
	4,126,979	935,704	367,238	19,619,487

c. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the value of the Group's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximising long term returns.

The Group conducts development and exploration projects in Bosnia & Herzegovina. As a result, a portion of the Group's expenditures, other receivables, cash and cash equivalents, accounts payable and accrued liabilities are denominated in Bosnian Marks, Great Britain Pounds, Australian Dollars, and Euros and are therefore subject to fluctuation in exchange rates.

As at 30 June 2022, a 10% change in the exchange rate between USD and the Euro, Bosnian Mark and Serbian Dinar, which is a reasonable estimation of volatility in exchange rates, would have an approximate $3.1 million impact on the Group's total comprehensive loss.

d. Fair values

The fair value of cash, other receivables, accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of the instruments.

Fair value measurements recognised in the statement of financial position subsequent to initial fair value recognition can be classified into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 – Fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, or indirectly.
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no transfers between any levels of the fair value hierarchy in the current or prior years.

e. Capital management

The Group's objectives in managing capital are to safeguard its ability to operate as a going concern while pursuing exploration and development and opportunities for growth through identifying and evaluating potential acquisitions of assets or businesses. The Company defines capital as the equity attributable to equity shareholders of the Company which at 30 June 2022 was $144,617,543 (31 December 2021: $152,418,109).

The Group sets the amount of capital in proportion to risk and corporate growth objectives. The Group manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets.

See Note 6 for details of the Group's borrowings and derivative liability.

15. Equity

a Authorised share capital

The authorised share capital of the Company consists of an unlimited number of voting ordinary shares with a nominal value of £0.013355.

b Common shares issued

	Shares	Share Capital (In USD)	Share Premium (In USD)	Merger Reserve (In USD)
31 December 2020	**207,576,675**	**4,217,209**	**43,946,114**	**22,392,879**
Shares issued on acquisition of subsidiary	166,000	3,073	-	289,195
Settlement Placement	1,065,260	19,789	821,570	-
Share issue costs	-	-	(121,783)	-
Shares issued on exercise of options and performance rights	4,104,600	76,770	894,713	-
Shares issued on exercise of warrants	404,035	7,567	689,388	-
30 June 2021	**213,316,570**	**4,324,408**	**46,230,002**	**22,682,074**
31 December 2021	**266,073,240**	**5,279,546**	**143,259,675**	**23,019,164**
Shares issued on acquisition of subsidiary	166,000	2,972	-	245,683
Share issue costs	-	-	(46,125)	-
Shares issued on exercise of options and performance rights	140,000	2,538	-	-
30 June 2022	**266,379,240**	**5,285,056**	**143,213,550**	**23,264,847**

The average price paid for shares issued in the Period was $0.82 per share (30 June 2021: $2.05 per share)

Share issue costs in the period to 30 June 2022 relates to costs in relation to 49,350,000 shares issued during November 2021, some of costs associated being received in the following period.

The settlement placement occurred in accordance with the Deed of Settlement and Release with Sandfire as announced on 3 November 2020, whereby both parties agreed to settle the dispute announced by the Company on 31 July 2020.

c Share options and performance rights

All share options and performance rights are issued under the Group's share option plan.

The following tables summarise the activities and status of the Company's share option plan as at and during the six months ended 30 June 2022 and 30 June 2021.

	Weighted average exercise price of options and performance rights (USD)	Number of options	Number of performance rights	Total options and performance rights
31 December 2020	**0.40**	**17,369,779**	**3,735,000**	**21,104,779**
Issued	0.02	-	1,507,259	1,507,259
Exercised	0.27	(3,066,000)	(1,038,600)	(4,104,600)
Expired	0.32	(2,000,000)	(500,000)	(2,500,000)
30 June 2021	**0.40**	**12,303,779**	**3,703,659**	**16,007,438**

	Weighted average exercise price of options and performance rights (USD)	Number of options	Number of performance rights	Total options and performance rights
31 December 2021	**0.39**	**12,212,480**	**990,000**	**13,202,480**
Issued	0.02	-	548,012	548,012
Exercised	0.02	-	(140,000)	(140,000)
Expired	0.02	-	(250,000)	(250,000)
30 June 2022	**0.39**	**12,212,480**	**1,148,012**	**13,360,492**

On exercise, holders of performance rights are required to pay £0.013355 for each performance right exercised, being the nominal value of one ordinary share. The weighted average exercise price of options and performance rights which have vested and available to exercise is $0.37.

Options as at 30 June 2022

Grant date	Options outstanding	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
27 April 2018	9,000,000	A$0.20	1.0	1 July 2023	9,000,000
29 November 2019	1,000,000	A$1.00	0.4	28 November 2022	1,000,000
29 November 2019	1,000,000	A$1.25	0.4	28 November 2022	1,000,000
8 October 2020	41,500	GBP £1.06	0.4	5 December 2022	41,500
8 October 2020	29,880	GBP £1.06	0.5	3 January 2023	29,880
8 October 2020	91,300	GBP £1.80	1.7	28 February 2024	50,630
8 October 2020	24,900	GBP £2.22	1.7	7 March 2024	7,470
8 October 2020	24,900	GBP £1.20	2.1	19 August 2024	7,470
6 November 2020	1,000,000	A$2.20	1.4	7 November 2023	1,000,000
	12,212,480				**12,136,950**

Options As at 30 June 2021

Grant date	Options outstanding	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
27 April 2018	9,000,000	A$0.20	2.0	1 July 2023	9,000,000
29 November 2019	1,000,000	A$1.00	1.4	28 November 2022	1,000,000
29 November 2019	1,000,000	A$1.25	1.4	28 November 2022	1,000,000
8 October 2020	16,600	GBP £0.88	0.1	16 August 2021	16,600
8 October 2020	27,666	GBP £0.85	0.5	21 December 2021	27,666
8 October 2020	88,533	GBP £1.06	1.4	5 December 2022	88,533
8 October 2020	29,880	GBP £1.06	1.5	3 January 2023	29,880
8 October 2020	91,300	GBP £1.80	2.7	28 February 2024	39,010
8 October 2020	24,900	GBP £2.22	2.7	7 March 2024	2,490
8 October 2020	24,900	GBP £1.20	3.1	19 August 2024	2,490
6 November 2020	1,000,000	A$2.20	2.4	7 November 2023	1,000,000
	12,303,779				**12,206,669**

Performance Rights as at 30 June 2022

Grant date	Performance rights outstanding	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
29 November 2019	50,000	0.4	28 November 2022	50,000
6 August 2020	500,000	2.5	31 December 2024	-
1 July 2021	150,000	1.0	30 June 2023	-
17 February 2022	100,000	1.5	31 December 2024	-
17 February 2022	100,000	2.0	30 June 2024	-
17 February 2022	48,012	3.5	31 December 2025	-
5 April 2022	100,000	1.5	31 December 2023	-
5 April 2022	50,000	2.5	31 December 2024	-
5 April 2022	50,000	3.5	31 December 2025	-
	1,148,012			50,000

Performance Rights as at 30 June 2021

Grant date	Performance rights outstanding	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
29 November 2019	1,160,000	1.4	28 November 2022	410,000
12 June 2020	250,000	3.5	6 January 2025	-
6 August 2020	1,000,000	2.5	31 December 2023	-
6 August 2020	500,000	3.5	31 December 2024	-
18 November 2020	325,000	1.5	31 December 2022	-
4 April 2021	218,659	1.4	28 November 2022	218,659
30 June 2021	100,000	1.5	31 December 2022	-
30 June 2021	50,000	1.7	31 March 2023	-
30 June 2021	100,000	2.7	31 March 2023	-
	3,703,659			628,659

On exercise, holders of performance rights are required to pay £0.013355 for each performance right exercised, being the nominal value of one ordinary share.

d Warrants reserve

The warrants reserve records the warrants that were issued as part of the Tethyan Resource Corp acquisition. The following table presents changes in the Group's warrants reserve during the period ended 30 June 2022 and period ended 30 June 2021:

(In USD)	Warrants reserve
31 December 2020	**3,629,619**
Expired	(187,738)
Exercised	(215,831)
30 June 2021	**3,226,050**
31 December 2021	**2,743,303**
30 June 2022	**2,743,303**

Warrants as at 30 June 2022

Grant date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
8 October 2020	2,651,020	£0.88	2.1	30 January 2024	2,651,020
	2,651,020				**2,651,020**

Warrants as at 30 June 2021

Grant date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (Years)	Expiry date	Number exercisable
8 October 2020	452,436	£1.23	0.6	16 August 2021	452,436
8 October 2020	2,858,520	£0.88	3.1	30 January 2024	2,858,520
	3,310,956				**3,310,956**

e Share-based payment reserve

The following table presents changes in the Group's share-based payment reserve during the six months period ended 30 June 2022 and 30 June 2021:

(In USD)	Share-based payment reserve
31 December 2020	**7,465,235**
Exercise of share options and performance rights	(774,049)
Issue of performance rights	1,372,115
30 June 2021	**8,063,301**
31 December 2021	**5,778,882**
Exercise of share options and performance rights	(243,096)
Issue of performance rights	415,378
Expiry/Cancellation of options and performance rights	(110,058)
30 June 2022	**5,841,106**

f Share-based payment expense

During the period ended 30 June 2022; the Group recognised $305,321 (30 June 2021: $1,372,116) of share-based payment expense. The fair value of the share-based compensation was estimated on the dates of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

For the period ended	30 June 2022	30 June 2021
Risk-free interest rate	0.33% - 1.31%	0.01%
Expected volatility [1]	32.56% - 36.07%	44.14%
Expected life (years)	1.74 - 3.87	1.5 – 2.75
Fair value per option	£1.22 - £1.46	£1.33

[1] Expected volatility is derived from the Company's historical share price volatility.

All options and performance rights have both market and non-market vesting conditions with the exception of those issued to Non-Executive Directors in prior periods. Non-market vesting conditions include Group and individual performance targets such as permitting milestones, exploration drilling rates or completion of business improvement projects. Details of the vesting condition relating to options and performance rights issued to executive Directors are included in the Remuneration Committee Report in the 31 December 2021 Annual Report.

g Per share amounts

	6 months ended 30 June 2022	6 months ended 30 June 2021
Loss for the period attributable to owners of the parent equity (In USD)	8,816,049	4,266,937
Weighted average number of common shares for the purposes of basic loss per share	266,331,761	209,275,427
Weighted average number of common shares for the purposes of diluted loss per share	282,470,330	232,748,037
Basic loss per share (cents)	(3.31)	(2.04)

A total of 1,148,012 (30 June 2021: 3,953,659) options and performance rights have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at 30 June 2022.

h Foreign Currency Translation Reserve

(In USD)	Foreign Currency Translation Reserve
31 December 2020	**2,221,383**
Other comprehensive income	17,905
30 June 2021	**2,239,288**

31 December 2021	**1,073,214**
Other comprehensive income	505,094
30 June 2022	**1,578,308**

i Cash flow from financing activities

Net cash flow proceeds from the issue of ordinary shares in the Period was $2,540 (30 June 2021: $2,388,013).

Transaction costs arising from financing activities totals $46,125 (30 June 2021: $121,783).

16. Exploration activities expensed

Exploration and evaluation expenditure incurred on licences where a JORC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a JORC-compliant resource.

(In USD)	6 months ended 30 June 2022	6 months ended 30 June 2021
Exploration activities expensed	446,033	1,850,759

17. General and administrative expenses

(In USD)	6 months ended 30 June 2022	6 months ended 30 June 2021
Wages and salaries	1,678,102	1,053,884
Consultancy fees	555,272	686,234
Cash remuneration in respect of qualifying services	**2,233,374**	**1,740,118**
Professional fees	528,734	325,912
Amortisation	146,468	43,484
Depreciation	84,712	48,835
Audit fee	83,000	57,617
Marketing	200,025	136,926
Stock exchange fees	116,638	106,973
Other costs	801,720	725,214
	4,194,671	**3,185,079**

18. Finance income and expense

(In USD)	6 months ended 30 June 2022	6 months ended 30 June 2021
Finance income	**-**	**-**

(In USD)	6 months ended 30 June 2022	6 months ended 30 June 2021
Interest expense	864,968	855,598
Interest expense on lease liabilities	82,119	13,872
Foreign exchange loss	4,591,609	700,889
Finance expense	**5,538,696**	**1,570,359**

19. Segmental information

It is the opinion of the Directors that there are three reporting segments within the operations of the Group which are assessed when evaluating performance

Split of performance is below:

Loss before tax:

Segmental Split	Six months ended 30 June 2022				Six months ended 30 June 2021			
(In USD)	Bosnia	Serbia	Corporate	**Total**	Bosnia	Serbia	Corporate	**Total**
Exploration activities expenses	(580)	(445,453)	-	**(446,033)**	(309)	(1,850,450)	-	**(1,850,759)**
General and administrative expenses	(986,786)	(671,828)	(2,536,057)	**(4,194,671)**	(514,727)	(323,667)	(2,346,685)	**(3,185,079)**
Share-based payment expense	-	-	(305,321)	**(305,321)**	-	-	(1,372,116)	**(1,372,116)**
Other income	-	-	2,233	**2,233**	70,887	-	8,733	**79,620**
Operating Loss	**(987,366)**	**(1,117,281)**	**(2,839,145)**	**(4,943,792)**	**(444,149)**	**(2,174,117)**	**(3,710,068)**	**(6,328,334)**
Finance expense	-	-	(5,538,698)	**(5,538,698)**	-	-	(1,570,359)	**(1,570,359)**
Revaluation of fair value asset	-	-	1,510,002	**1,510,002**	-	-	3,363,820	**3,363,820**
Revaluation of deferred consideration	-	-	156,439	**156,439**	-	-	-	-
Loss before tax	**(987,366)**	**(1,117,281)**	**(6,711,402)**	**(8,816,049)**	**(444,149)**	**(2,174,117)**	**(1,916,607)**	**(4,534,873)**
Tax charge	-	-	-	-	-	-	-	-
Loss after tax	**(987,366)**	**(1,117,281)**	**(6,711,402)**	**(8,816,049)**	**(444,149)**	**(2,174,117)**	**(1,916,607)**	**(4,534,873)**

Capital expenditure:

Segmental Split	Six months ended 30 June 2022				Six months ended 30 June 2021			
(In USD)	Bosnia	Serbia	Corporate	Total	Bosnia	Serbia	Corporate	Total
Exploration and evaluation assets additions capitalised	-	-	-	**-**	2,336,112	-	-	**2,336,112**
Mine under construction additions capitalised	12,009,984	-	-	**12,009,984**	-	-	-	**-**
Total	**12,009,984**	**-**	**-**	**12,009,984**	**2,336,112**	**-**	**-**	**2,336,112**

Exploration and evaluation asset recognised in respect of the Vares Project were transferred to Mine under Construction at the completion of the Feasibility Study during August 2021.

20. Other Income

(In USD)	6 months ended 30 June 2022	6 months ended 30 June 2021
Miscellaneous income	-	70,887
Recharge of corporate office facilities and services	2,233	8,733
	2,233	**79,620**

Miscellaneous income in six month period ended 30 June 2021 relates to the sale of scrap metal as part of preparatory works at the Vares processing plant (6 months ended 30 June 2022; nil). Recharge of corporate office facilities and services relates to shared facilities of registered UK office address, see related party disclosures for more details.

21. Related party disclosures

a Related party transactions

The Group's related parties include key management personnel, companies which have directors in common and their subsidiaries and any entities which the Company may exert significant influence over. The Company has identified the following related parties:

- Swellcap Limited, an entity controlled by Paul Cronin
- Blackdragon Gold Corp, an entity of which Paul Cronin is the Executive Chair
- Legal Solutions d.o.o. an entity of which Sanela Karic is Chief Executive Officer
- The Adriatic Foundation is a not-for-profit trust which was created in Bosnia & Herzegovina with the objective of supporting the communities around the Vares Project. Adriatic Metals PLC provided the initial funding required for the formation of the Foundation. The Company has the ability to appoint the Board of Trustees of the Foundation and hence transactions between the Company and the Foundation have been classified as related party on the basis of the Company yielding significant influence.

Transactions and balances with these related parties were as follows:

	6 months ended 30 June 2022		6 months ended 30 June 2021		
Related Party (In USD)	(Payments to)/received from	Balance (owed to)/due from	(Payments to)/received from	Balance (owed to)/due from	Nature of transactions
Swellcap Limited	-	-	(19,293)	-	Corporate office facilities and services
Blackdragon Gold Corp	4,760	2,233	3,690	4,977	Corporate office facilities and services
Legal Solutions d.o.o.	-	-	-	-	Legal Services (no transactions in the period)
Adriatic Foundation	-	-	(7,510)	-	Initial establishment costs
Adriatic Foundation	-	-	-	(13,106)	S Karic's waived board fees

The Company announced on 9th June 2021 that it intends to donate 0.25% of the future profits from its operations in Bosnia & Herzegovina to the Foundation. Transactions with key management personnel are disclosed below.

b Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel are considered to be the Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer, their remuneration is presented below:

(In USD)	6 months ended 30 June 2022	6 months ended 30 June 2021
Board fees	201,621	159,413
Consultancy fees	257,076	350,594
Payroll	86,898	-
Other	117,561	-
Cash remuneration in respect of qualifying services	**663,156**	**510,007**
Share based payments expense	-	166,433
Social security costs	29,757	19,666
	692,912	**696,106**

At 31 December 2021 $267,546 was accrued in relation to key management personnel STIP bonus in respect of the year ended 31 December 2021. The table below shows movements in this accrual during the Period, resulting in a remaining balance of $65,560 payable as at 30 June 2022. No accrual has been made in respect of FY22 STIP programme.

Other compensation listed above includes severance.

Share based payments expense is stated at fair value at the time of grant using the Black-Scholes Option Pricing Model. Further details are available in note 15f of the accounts.

Consultancy fees above include the following amounts paid to related party companies controlled by key management personnel. The balances owed at end of period in respect of 2021 STIP was $65,560. There were no other balances outstanding with related parties as at 30 June 2022 (31 December 2021: £nil).

22. Rehabilitation Provision

Based on construction activity on the Vares Project in the period to 30 June 2022, the Group recorded a provision for its future close-down, restoration and environmental obligations.

(In USD)	30 June 2022	31 December 2021
Recognition	1,432,466	-
	1,432,466	**-**

The fair value of the above provision is measured by unwinding the discount on expected future cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. The yields of US Treasury bonds with a maturity profile commensurate with the anticipated rehabilitation schedule have been used to determine discount factors applied to anticipated future rehabilitation costs. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation for future close down, restoration and environmental obligations caused by construction as at 30 June 2022.

23. Commitments and contingencies

At 30 June 2022, the Group had entered into a number of supply and works contracts as part of the development of the Vares Project. The expected payments in relation to these contracts which were not required to be recognised as liabilities at 30 June 2022 amounted to approximately $20m. Of this total, approximately $18m relates to contracts that are able to be terminated by the Company at any point in time. The amount payable following termination would be less than this total, with the precise amount depending on the timing of termination in each case. In addition, approximately $11m relates to contracts that can be suspended by the Company, with the Company paying only direct costs that are reasonably incurred and directly related to any such suspension for the time the supply of the goods is suspended.

In addition to the above capital commitments, at 30 June 2022 the Group had entered into a five year mining services contract with Nova Mining & Construction d.o.o. The contract is able to be terminated for convenience by the Company at any point in time. Amounts payable following such termination would include demobilization and similar costs, as well as a compensation payment of up to $5m, depending on the timing of termination. In addition, the Group has committed to purchase the mining equipment provided by Nova, in order to ensure continuity of operations.

24. Prior Year Adjustment

During the six months ended 31 December 2020 and six months ended 30 June 2021 (the comparative reporting period) equity issued in respect of the acquisition of Tethyan Resource Corp had previously been recorded as an increase to share capital and share premium.

Merger relief is a Companies Act relief from the creation of a share premium account on the issue of shares. Broadly, it applies where a company issues equity shares in consideration for the shares of another company (ie, a share for share exchange) where, as part of the arrangement, it secures at least a 90% equity holding in the other company. The specific criteria for merger relief are set out in section 612 of the Companies Act 2006. Where the criteria are met, the relief must be applied and therefore no share premium is recorded on the issue of the shares.

The company acquired 100% of the equity holding in Tethyan Resource Corp and therefore meets the criteria. The adjustment to the comparative figures for the six months ended 30 June 2021 represents a change in classification within equity only, with a $22,287,473 decrease in the share premium account, an increase in merger reserve of $22,392,879. Note that $401,351 costs directly attributable to raising equity were also included within share premium and these have been reallocated to retained deficit in line with the requirements when merger relief has been applied. There is no impact on the Group and Parent Company net assets, profit or loss or cash flow statement for the period ended 31 December 2020 or 30 June 2021.

25. Subsequent events

The Company allotted 166,000 on 22 August 2022 relating to the deferred consideration payable following the Company's completion of the acquisition of the entire issued share capital of Ras Metals d.o.o. (Ras) on 23 February 2021.

There were no further events subsequent to 30 June 2022 required to be included in this report.