

## QUARTERLY ACTIVITIES REPORT

For the period ending 30 September 2018

### ABOUT ADRIATIC METALS (ASX:ADT)

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

130.8 million Shares Outstanding

19.5 million options on issue

### DIRECTORS AND MANAGEMENT

Mr Peter Bilbe  
NON-EXECUTIVE CHAIRMAN

Mr Geraint Harris  
CHIEF EXECUTIVE OFFICER

Mr Paul Cronin  
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes  
NON-EXECUTIVE DIRECTOR

Mr Milos Bosnjakovic  
NON-EXECUTIVE DIRECTOR

Mr Eric de Mori  
NON-EXECUTIVE DIRECTOR

Mr Sean Duffy  
CFO AND COMPANY SECRETARY

### HIGHLIGHTS

- **Four rigs are currently drilling at Rupice, focussed on enlarging the mineralised footprint, infilling the historical data and particularly on upgrading the precious metals content**
  - Over 3,750m of drilling was completed in Q3-CY18, v's approximately 1,400m in Q2 despite un-seasonally high rainfall during the period.
- **Q3-CY18 drilling in the Rupice Area has expanded the mineralised footprint to the north well beyond the historical drilling and continues to confirm the continuity of the thick and very high-grade mineralisation drilled in the 2017 and Q2-CY18 campaigns.**
- **The current programme has also confirmed the significant precious metals content at Rupice and the need to ensure that drilling targets areas around the historical drilling, which was mostly not assayed for silver and gold. The defining holes are as follows:**
  - BR-13-18 confirms the continuity of mineralisation up-dip from the thick, high-grade zones intersected in hole BR-5-18: returning: 22m @ 0.6% Zn, 1.2% Pb, 91 g/t Ag, 1.3g/t Au, 0.3% Cu, and 41% BaSO<sub>4</sub> from 168m and, 24m @ 14.8% Zn, 7.7% Pb, 167 g/t Ag, 3.7/t Au, 0.7% Cu, and 53% BaSO<sub>4</sub> from 220m.
  - BR-10-18 continues to expand the high-grade zone surrounding the historic drill hole BR-79-89, returning 28m @ 10.8% Zn, 5.9% Pb, 271 g/t Ag, 3.4g/t Au, 0.5% Cu, and 61% BaSO<sub>4</sub> from 236m and expands the mineralisation to the west.
  - BR-07-18, returning 18m @ 2.6g/t Au, 201g/t Ag, 0.5%Cu, 4.5%Pb, 9.2%Zn and 62% BaSO<sub>4</sub> from 228m.mineralisation confirming continuity 50m up-dip of BR-2-18
- **Adriatic is pleased to report that the Public Review period for the concession expansion at both Rupice and Veovaca has now been completed and Adriatic was successful in its application, this is following unanimous Municipal council approval; once final permits are granted this will allow the exploration program to continue drilling the northern extension of mineralisation at Rupice, better access to Brestic-Jurasevac and testing new high priority targets at Borovica, which have been identified by historic data, soil geochemistry and geophysics.**
- **Significantly progressed our permitting with approval of the Reserves Elaborate for the Veovaca deposit by the Federal Ministry of Mining; representing a major milestone toward the issue of an Exploitation Permit.**
- **Well capitalised with cash at 30 September of A\$6.75 million<sup>1</sup>.**

<sup>1</sup> Based on FX GBP/AUD of 1.80273

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

Adriatic's Chief Executive Officer, Geraint Harris commented, *"the third quarter has really consolidated the hard work that has been ongoing since our IPO. We have established our drilling program with four rigs now operating, the majority of these being from Bosnian contractors. Our focus has been on drilling Rupice, in preparation for delivering a Maiden Mineral Resource estimate there in 2019. We have also had a unanimous vote of approval from the Vareš Council (the Municipal government) to expand our concession areas significantly, which is not only a material event for our future growth, but also reinforces the great benefit and importance that Adriatic puts on fostering the best relationships possible with local stakeholders. Finally, we have gained Federal approval for our Mineral Resource Elaborat at Veovaca, which is a key step in our permitting process and long-term land tenure for the entire land package.*

*We will continue to focus on expanding the known mineralisation at Rupice and preparing to continue that campaign into the new concession area, with a focus on Rupice North and the Brestic-Jurasevac (BJ) area; once final approvals are granted. We continue to be well capitalised to fulfil our exploration goals and deliver a Maiden Mineral Resource estimate on Rupice and a development study combining both Veovaca and Rupice in H1 2019".*

## 2018 Drilling Program

The Company has focused exploration in the September quarter at the high-grade Rupice deposit. Drilling has targeted both along the plunge zone (BR-13-18) and also to the west of historical drilling, which has extended mineralisation up-dip. Currently, step-out drilling along the Northern plunge is limited by the northern concession boundary. Exploration in the December quarter will target the potential expansion of the plunge zone to the south and to the east of historical drilling. In addition, a limited number of holes are planned within the historical drilling area, where there were few assays taken for precious metals. Considering the correlation between base and precious metals, this has the potential to add significant precious metal to the future maiden Mineral Resource estimate.

Four drill rigs are currently operating at Rupice, focussed entirely on the Rupice zone in an effort to maximise the eventual size and geologic knowledge of that mineralisation ahead of the maiden Mineral Resource estimate in 2019. Drilling progress has been steady, but average drill rates have been lower than expected, partly due to far higher than average rainfall making logistics difficult and resulting in reduced flexibility of drill site access.

At Brestic-Jurasevac, which is interpreted to have many characteristics similar to that mineralisation seen at Rupice, holes have been planned in a similar orientation to Rupice (approx. 230 degrees to the SW). Therefore, due to the close proximity of the anomaly to the eastern edge of the current concession boundary, only a very limited amount of shallow drilling has so far been possible; with mineralisation intersected but results being inconclusive compared to the historical data and recent exploration information. Future drilling will be collared to the east of our current concession boundary, once the expanded concession has been finalised, to test for potential mineralisation at depths of 200m and greater, similar to that being drilled at Rupice. Prior to that pole-dipole IP geophysics with greater depth penetration will be carried out for optimal drill targeting.

Highlighted drilling results from the 2017 and 2018 drilling programmes are in Table 1 below.

**Table 1.** Selected drill hole results from the ongoing 2018 and the 2017 campaigns at Rupice; Lead or Zinc greater than 0.5%

HOLE	FROM	TO	INTERVAL	Zn	Pb	Ag	Au	Cu	BaSO4
	M	M	M	%	%	g/t	g/t	%	%
<i>Holes released through Q3 2018:</i>									
BR-17-18	204	270	66	9.5	4.9	187	2.4	0.5	56
BR-16-18	196	198	2	4.3	2.8	262	4	0.5	78
BR-15-18	194	202	8	0.5	0.8	43	1.4	0.1	53
BR-15-18	206	208	2	1.1	1.1	124	0.7	0.1	9
BR-13-18	168	190	22	0.6	1.2	91	1.3	0.3	41
BR-13-18	220	244	24	14.8	7.7	167	3.7	0.7	53
BR-12-18	186	188	2	1.1	0.5	10	0.4	0.4	1
BR-12-18	200	218	18	8.2	4.2	131	1.4	0.8	27
BR-10-18	190	206	16	0.6	0.7	23	0.5	0.3	6
BR-10-18	236	264	28	10.8	5.9	271	3.4	0.5	61
BR-8-18	206	222	16	6.5	4	136	1.6	1.1	33
BR-7-18	228	246	18	9.2	4.5	201	2.6	0.5	62
<i>Holes released up to Q2 2018:</i>									
BR-5-18	210	276	66	12.8	8.6	158	2.1	2.3	37
BR-3-18	196	232	36	5.7	4.3	463	4.4	0.5	55
BR-3-18	244	266	22	12.8	7.5	258	4.1	0.8	56
BR-2-18	214	278	64	10.8	7.7	537	4.6	0.9	46
BR-7-17	94	134	40	8.2	5.5	479	3.6	0.6	57
BR-6-17	116	138	22	1.8	1.7	161	1.8	0.3	26
BR-4-17	146	176	30	5.8	4.1	382	3.5	0.2	71
BR-1-17	178	242	64	8.4	5.1	373	2.3	0.9	44
Average			31	8.6	5.4	284	2.8	0.8	47

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

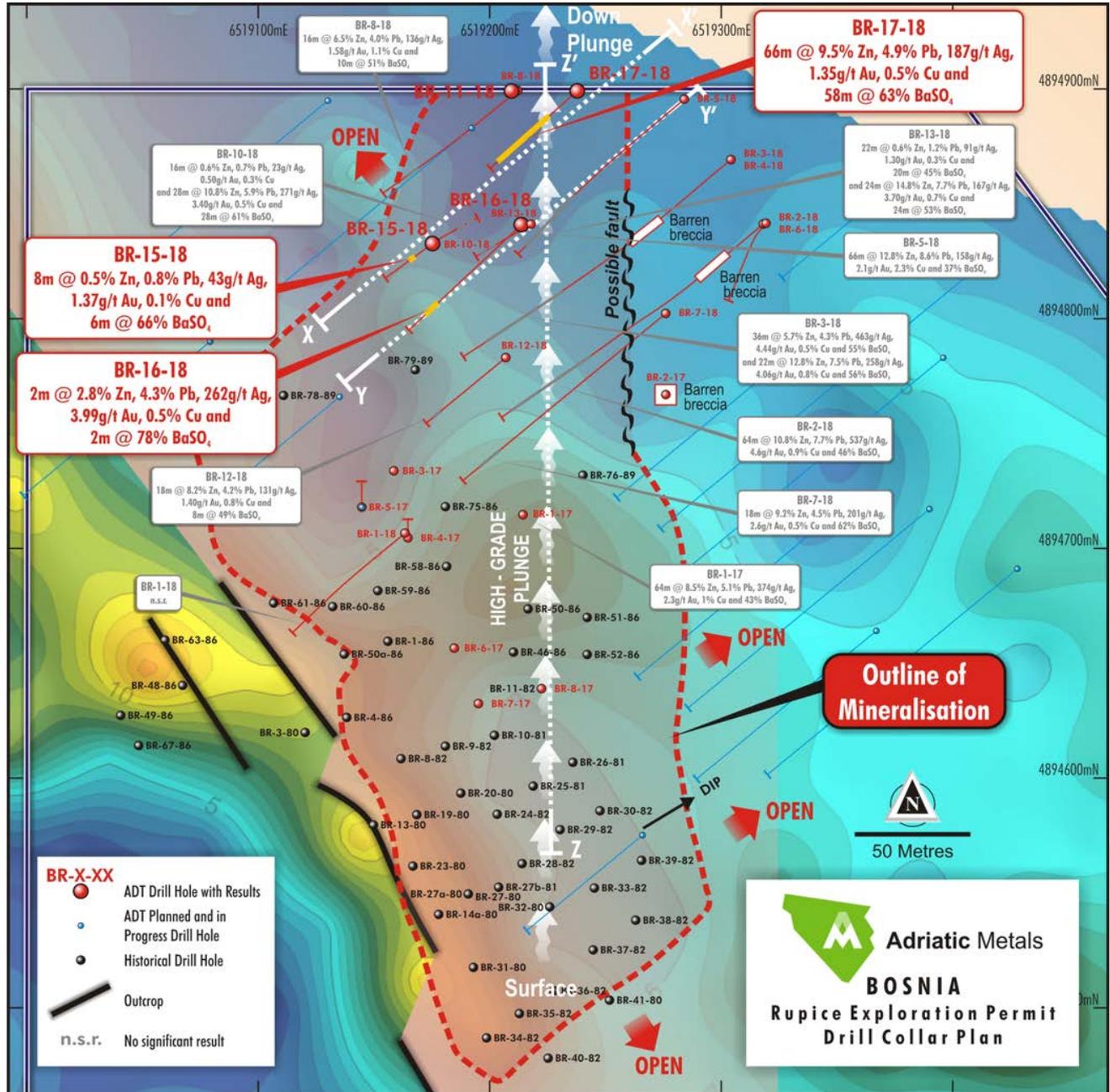
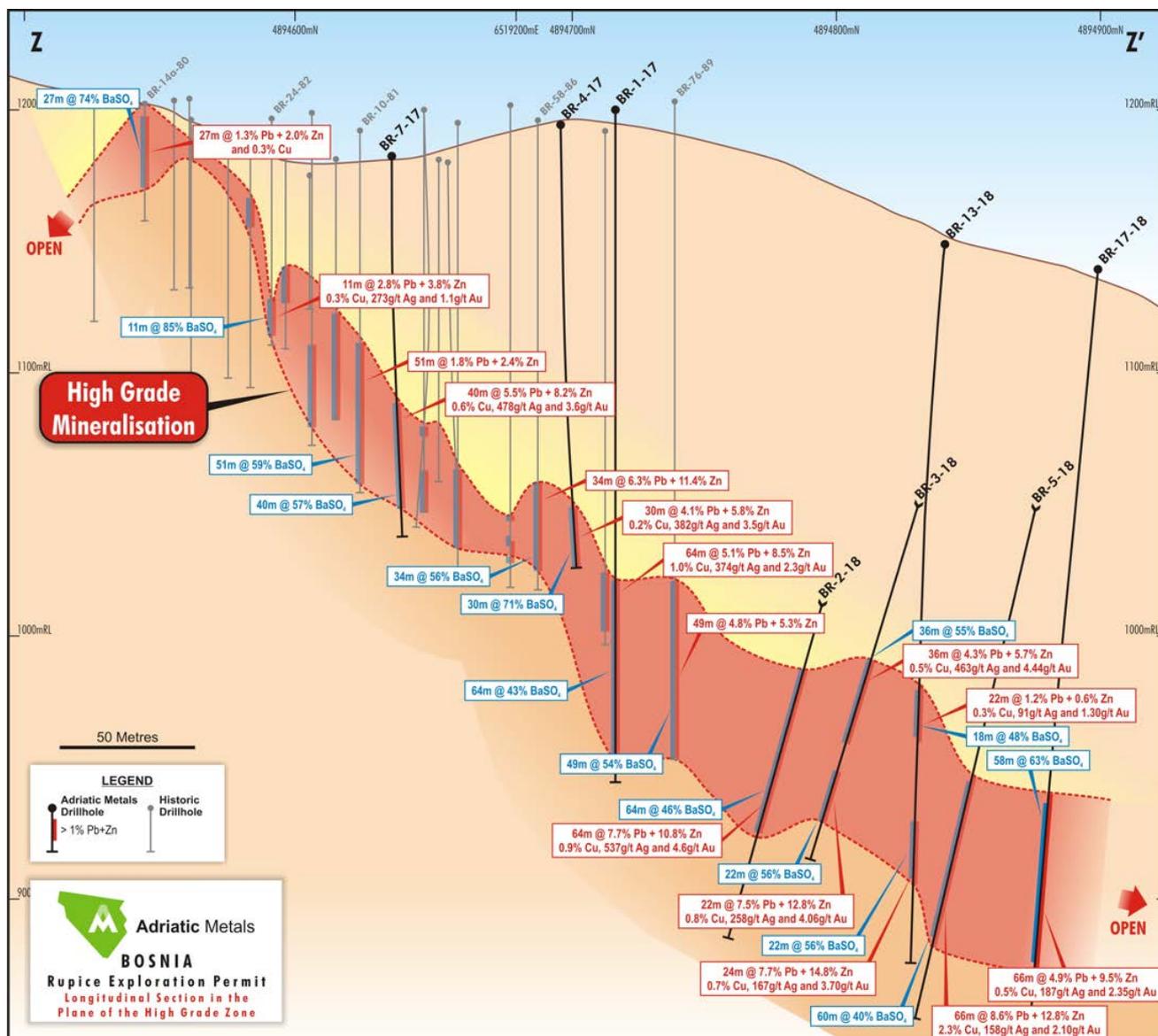


Figure 2. Long-section Z-Z' of Rupice



### CONCESSION EXPANSION AT VEOVACA AND RUPICE

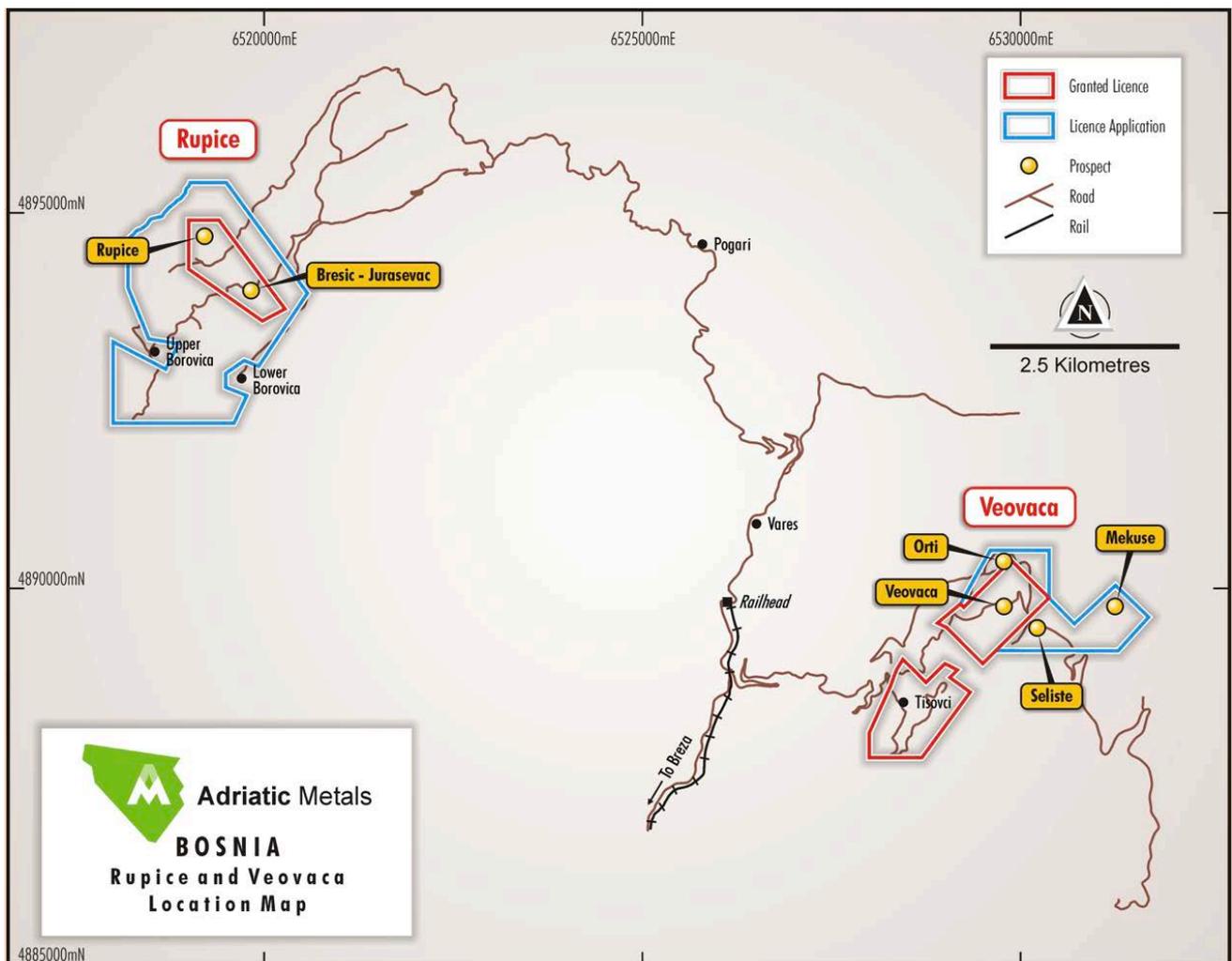
During August, Adriatic applied for a significant expansion of the current Concession areas at both Rupice and at Veovaca; the expanded ground encompasses areas of known historical mineralisation and also prospective anomalies that Adriatic has identified through geophysics and geochemical soil sampling. On August 30<sup>th</sup> Adriatic was pleased to announce that the Vares Municipal Council unanimously approved Adriatic’s application for this major land expansion to its existing Concession Agreement.

Adriatic is also pleased to report that the Public Review period has now been completed and Adriatic was successful in its application; with the special concession committee approving and signing the application. As previously announced, the application will now be submitted to the Minister of Economy at ZDC for drafting of

the decision and its gazette. Once that draft has been ratified by the Cantonal Government, Adriatic will be required to submit an Urban Planning Permit to ZDC, and seek a Federal Exploration Permit amendment to cover the additional areas in the expanded Concession. Adriatic’s applications for the Urban Planning and Exploration Permits are well advanced, and should be in place soon after receiving Ministerial approval for the Concession Amendment. However, the Company will provide further updates on progress of the remaining administrative and procedural approvals as appropriate

The extension areas include land where the Company has identified key drill targets and where additional drilling could identify extensions to the known mineralisation or where historical or recent data indicates the potential for new discoveries. Adriatic is fortunate to have acquired a significant amount of historical data detailing exploration conducted in the Vares region between 1950-1990, and has been able to validate that data to a level of confidence that warrants the inclusion of those areas in the expanded Concession application; outlined in blue in Figure 3 below.

Figure 3 – Existing (Red) and New Concession Areas (Blue)



### VEOVACA ELABORATE APPROVAL AND PERMITTING PROGRESS

Based on Adriatic's submission of its JORC 2012 Mineral Resource estimate containing 7.2M tonnes at a 0.5% Zn Eq. cut off, and hydrogeology, geotechnical and structural analyses, the Federal Ministry of Mining within the Federation of Bosnia & Herzegovina has provided written acknowledgment of the completion of the Reserves Elaborate for the Veovaca deposit. This designates the deposit officially within the BiH system and paves the way for mine permitting along a clear and pre-determined route. Therefore, this represents a major milestone toward the issue of the Exploitation Permit, estimated for Q4 2019, which will achieve 90% of the permitting requirements. As Veovaca was a previously operating open pit mine it has a mining concession status, which upon granting of the exploitation license will ensure tenure of the entire Adriatic land holding until the year 2038, and extendable to 2050. Following the issue of the Exploitation Permit, Adriatic will prepare and submit a Definitive Feasibility Study (Main Mining Plan) and apply for a Water Management Permit, which once granted, will result in an Operations Permit being granted (enabling construction to commence).

For further information please contact:

**Geraint Harris**  
**Chief Executive Officer**  
[info@adriaticmetals.com](mailto:info@adriaticmetals.com)

ABOUT ADRIATIC METALS

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



### Notes Specific - ASX Announcements

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

### Disclaimer:

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

### Competent Persons Statement

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



## Appendix 5B

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

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

#### Name of entity

ADRIATIC METALS PLC

#### ABN

624 403 162

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

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter £GBP '000	Year to date (3 months) £GBP '000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(545)	(545)
(b) development	-	-
(c) production	-	-
(d) staff costs	(86)	(86)
(e) administration and corporate costs	(226)	(226)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (VAT Refund)	44	44
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(803)</b>	<b>(803)</b>



Consolidated statement of cash flows	Current quarter £GBP '000	Year to date (3 months) £GBP '000
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<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(7)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(7)</b>	<b>(7)</b>

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



Consolidated statement of cash flows		Current quarter £GBP '000	Year to date (3 months) £GBP '000
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,644	4,644
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(803)	(803)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(88)	(88)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,746</b>	<b>3,746</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter £GBP '000	Previous quarter £GBP '000
5.1	Bank balances	1,658	1,903
5.2	Call deposits	2,088	2,741
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,746</b>	<b>4,644</b>



**6. Payments to directors of the entity and their associates**

Current quarter £GBP '000
67
-

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

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

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

Payments relate mostly to Non-Executive Director fees and some Consulting fees.

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

Current quarter £GBP '000
-
-

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

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

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

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

	<b>Total facility amount at quarter end £GBP '000</b>	<b>Amount drawn at quarter end £GBP '000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

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

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<b>9. Estimated cash outflows for next quarter</b>	<b>£GBP '000</b>
9.1 Exploration and evaluation	1,024
9.2 Development	82
9.3 Production	-
9.4 Staff costs	92
9.5 Administration and corporate costs	236
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,434</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				



Compliance statement

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

Sign here: .....  
(Company secretary)

Date: 31 October 2018

Print name: Sean Duffy

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.