

## QUARTERLY ACTIVITIES REPORT

For the period ending 30 June 2019

### ABOUT ADRIATIC METALS (ASX:ADT)

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

150.8 million Shares Outstanding

18.8 million options on issue

### DIRECTORS AND MANAGEMENT

Mr Peter Bilbe  
NON-EXECUTIVE CHAIRMAN

Mr Paul Cronin  
EXECUTIVE DIRECTOR

Mr Michael Rawlinson  
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes  
NON-EXECUTIVE DIRECTOR

Mr Milos Bosnjakovic  
NON-EXECUTIVE DIRECTOR

Mr Eric de Mori  
NON-EXECUTIVE DIRECTOR

Mr Sean Duffy  
CHIEF FINANCIAL OFFICER  
AND JOINT COMPANY SECRETARY

Mr Gabriel Chiappini  
JOINT COMPANY SECRETARY

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

### HIGHLIGHTS

- Federal Ministry of Energy, Mining & Industry approved the Rupice Reserves Elaborat, marking a major permitting milestone
- First drilling results received from within the extended concession area on the northern plunge of Rupice, returning;
  - 30m @ 9.7% Zn, 5.2% Pb, 265g/t Ag, 4.6g/t Au, 0.4% Cu, and 43% BaSO<sub>4</sub> from 246m (BR-04-19), and
  - 16m @ 13.7% Zn, 10.0% Pb, 241g/t Ag, 1.6g/t Au, 1.0% Cu, and 52% BaSO<sub>4</sub> from 240m (BR-01-19), and
  - 10m @ 3.6% Zn, 2.3% Pb, 304g/t Ag, 2.8g/t Au, 0.2% Cu, and 48% BaSO<sub>4</sub> from 256m (BR-11-19), and
  - 18m @ 8.2% Zn, 4.7% Pb, 586g/t Ag, 2.6g/t Au, 0.4% Cu, and 66% BaSO<sub>4</sub> from 274m (BR-11-19).
- Drilling to test the southern extension of high-grade mineralisation to the south, returned:
  - 24m @ 2.3% Zn, 1.9% Pb, 158g/t Ag, 1.0g/t Au, 0.4% Cu, and 35% BaSO<sub>4</sub> from 236m (BR-03-19), and
  - 12m @ 2.2% Zn, 3.7% Pb, 294g/t Ag, 3.0g/t Au, 0.3% Cu, and 40% BaSO<sub>4</sub> from 230m (BR-02-19),
- 30 kVA high powered Induced Polarisation (IP) Survey commenced at Rupice
- Appointment of Graham Hill as Chief Operating Officer
- Well capitalised with cash at 30 June 2019 of £5.6 million (A\$10.2 million)<sup>1</sup>.

Adriatic's Executive Director, Paul Cronin commented, "the focus for Adriatic this quarter has been drilling at Rupice, whilst preparing Mineral Resource Estimates for both Veovaca and Rupice. Our exploration continues to be successful, defining additional tonnes with each section line we drill, and our recent IP survey is nearly complete, with early interpretation of results being very encouraging. Whilst we have 5 rigs operating at Rupice, we will be seeking to extend our focus to Jurasevac-Brestic, with the deployment of rigs in the coming weeks, and our scoping study and marketing studies are progressing well.

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

<sup>1</sup>Based on GBP 5.57 million at FX GBP/AUD of 1.8343

## ASX ANNOUNCEMENT

30 July 2019

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

### Drilling Reported in the Second Quarter 2019

In May, the Company reported that the most northern drill hole BR-04-19 intercepted a thick zone of high-grade and hanging wall mineralisation over 30m returning 9.7% Zn, 5.2% Pb, 265g/t Ag, 4.64g/t Au, 0.4% Cu and 43% BaSO<sub>4</sub> from 246m. Significantly, based on samples returning greater than 5% lead and zinc, the following interval was reported:

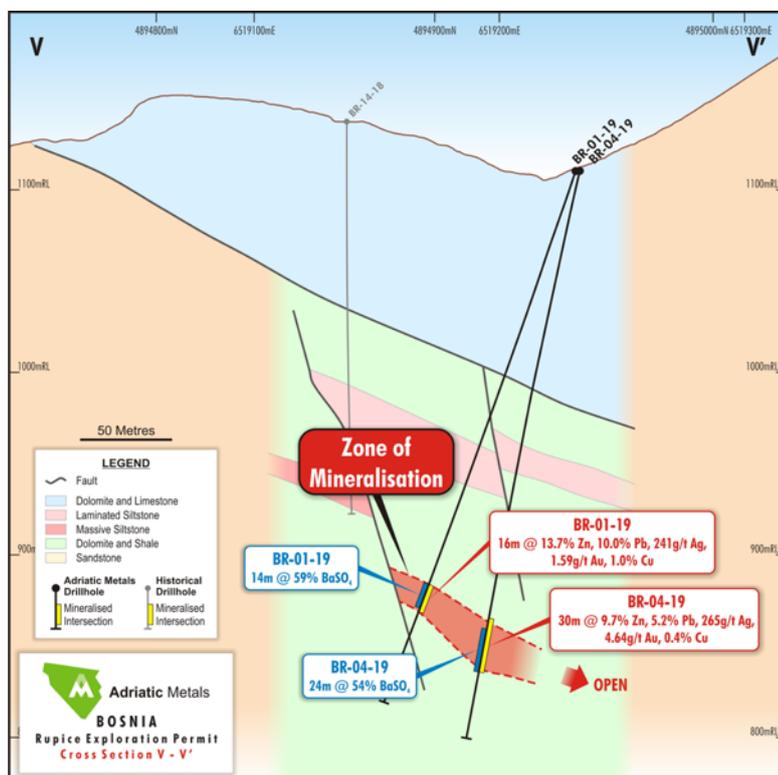
- 22m at 12.4% Zn, 6.7% Pb, 337g/t Ag, 6.06g/t Au, 0.4% Cu and 57% BaSO<sub>4</sub> from 252m.

This thick and high-grade interval is the down dip continuation of the mineralisation intersected in BR-01-19 which was the first drill hole into the untested new Concession area which returned the following interval:

- 16m at 13.7% Zn, 10.0% Pb, 241g/t Ag, 1.69g/t Au, 1.0% Cu and 52% BaSO<sub>4</sub> from 240m.
- The interval for samples greater than 5% lead and zinc is:
- 10m at 21.3% Zn, 14.8% Pb, 263g/t Ag, 1.42g/t Au, 1.4% Cu and 31% BaSO<sub>4</sub> from 246m.

BR-01-19 and BR-04-19 were drilled in a south-westerly direction and mineralisation remains open both in an up-dip and down-dip direction (Figure 1). Further drilling is necessary to determine whether mineralisation on this section terminates against postulated late-stage faults.

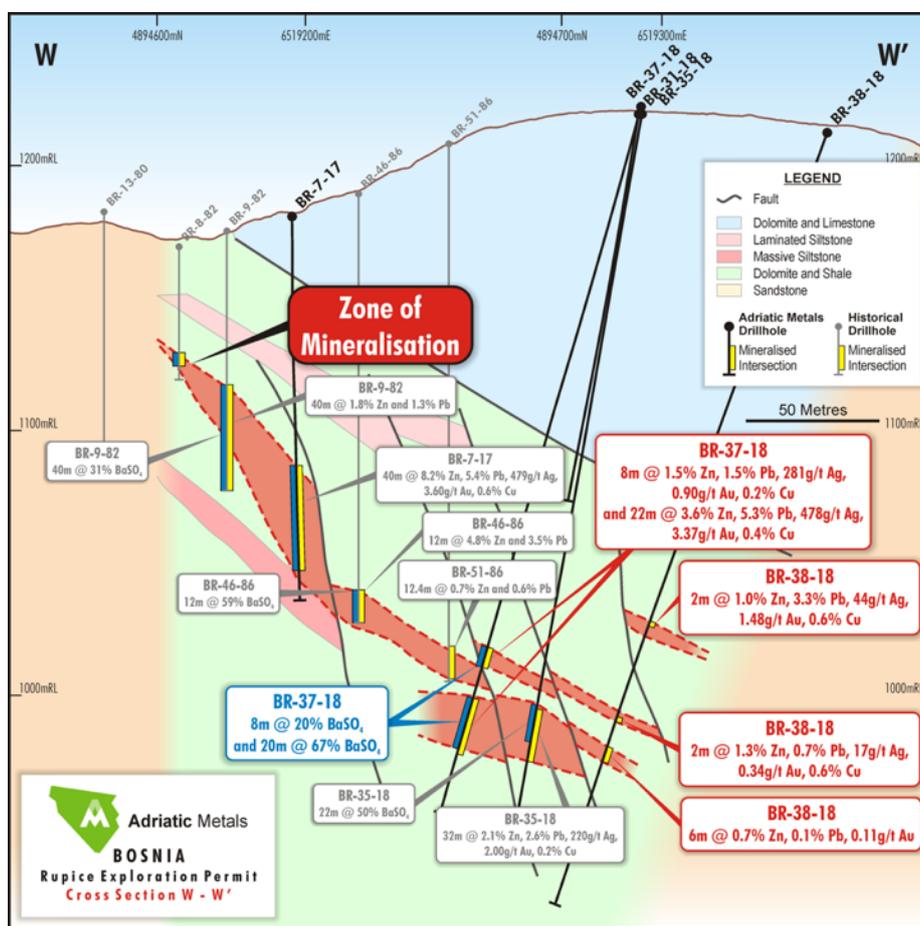
*Figure 1 – Cross Section V – V' Showing Holes BR-01-19 and BR-04-19*



Results were also received from drilling at Rupice South to test the southerly continuation of high-grade mineralisation intersected in BR-35-18 and BR-37-18 (Figure 2). BR-37-18 and BR-38-18 were drilled in the final days of the 2018 drill campaign with the former drill hole returning the following interval:

- 8m at 1.5% Zn, 1.5% Pb, 281g/t Ag, 0.09g/t Au, 0.2% Cu and 20% BaSO<sub>4</sub> from 212m (upper lens), and
- 22m at 3.6% Zn, 5.3% Pb, 478g/t Ag, 3.37g/t Au, 0.4% Cu and 62% BaSO<sub>4</sub> from 230m (lower lens).

Figure 2 – Cross Section W – W' Showing Holes BR-37-18 and BR-38-18



BR-02-19 was drilled some 40m south of the above drill holes and some 70m down-dip of BR-28-18 and targeted the high-grade mineralisation structurally lower than the mineralisation intersected in the historical drilling (Figure 4). BR-02-19 intersected two lenses of mineralisation which remain open both up-dip and down-dip returning:

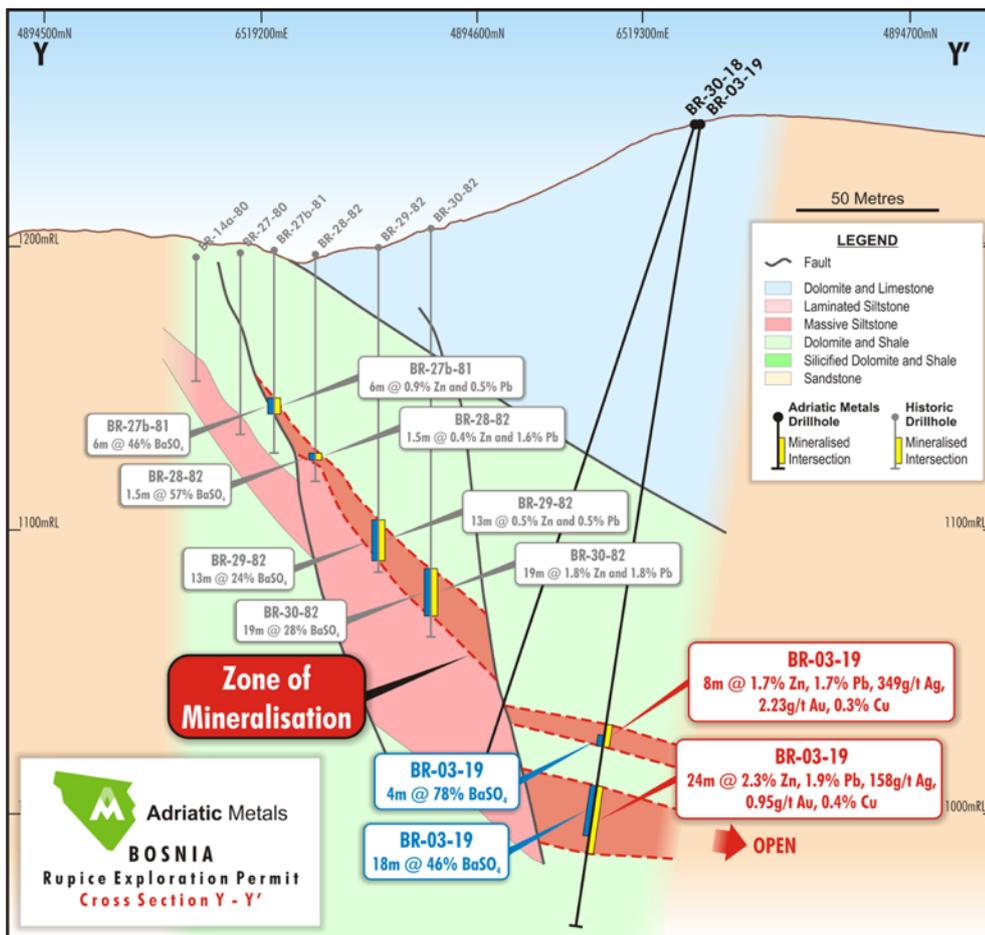
- 6m at 3.1% Zn, 2.4% Pb, 193g/t Ag, 2.01g/t Au, 0.2% Cu and 38% BaSO<sub>4</sub> from 218m (upper lens), and
- 12m at 2.2% Zn, 3.7% Pb, 294g/t Ag, 2.96g/t Au, 0.3% Cu and 40% BaSO<sub>4</sub> from 230m (lower lens).

BR-03-19 was drilled some 25m south of BR-02-19 and some 85m down-dip of historical drill hole BR-26-81 and like BR-02-19 targeted the high-grade mineralisation structurally lower than the

mineralisation intersected in the historical drilling (Figure 3). BR-03-19 also intersected two lenses of mineralisation which remain open both up-dip and down-dip returning:

- 8m at 1.7% Zn, 1.7% Pb, 349g/t Ag, 2.23g/t Au, 0.3% Cu from 214m, and 4m at 78% BaSO<sub>4</sub> from 218m (upper lens), and
- 12m at 4.0% Zn, 3.0% Pb, 286g/t Ag, 1.76g/t Au, 0.7% Cu and 60% BaSO<sub>4</sub> from 236m (lower lens).

Figure 3 – Cross Section Y – Y' Showing Hole BR-03-19



A summary of significant drill intercepts to date can be found in Table 1 below.

The Company also completed a 17-hole program at its Veovaca deposit using a single diamond drill rig with the intention to include both base and precious metals into the updated Mineral Resource estimate (MRE). Both the drill results and the MRE have been reported subsequent to the end of the quarter.



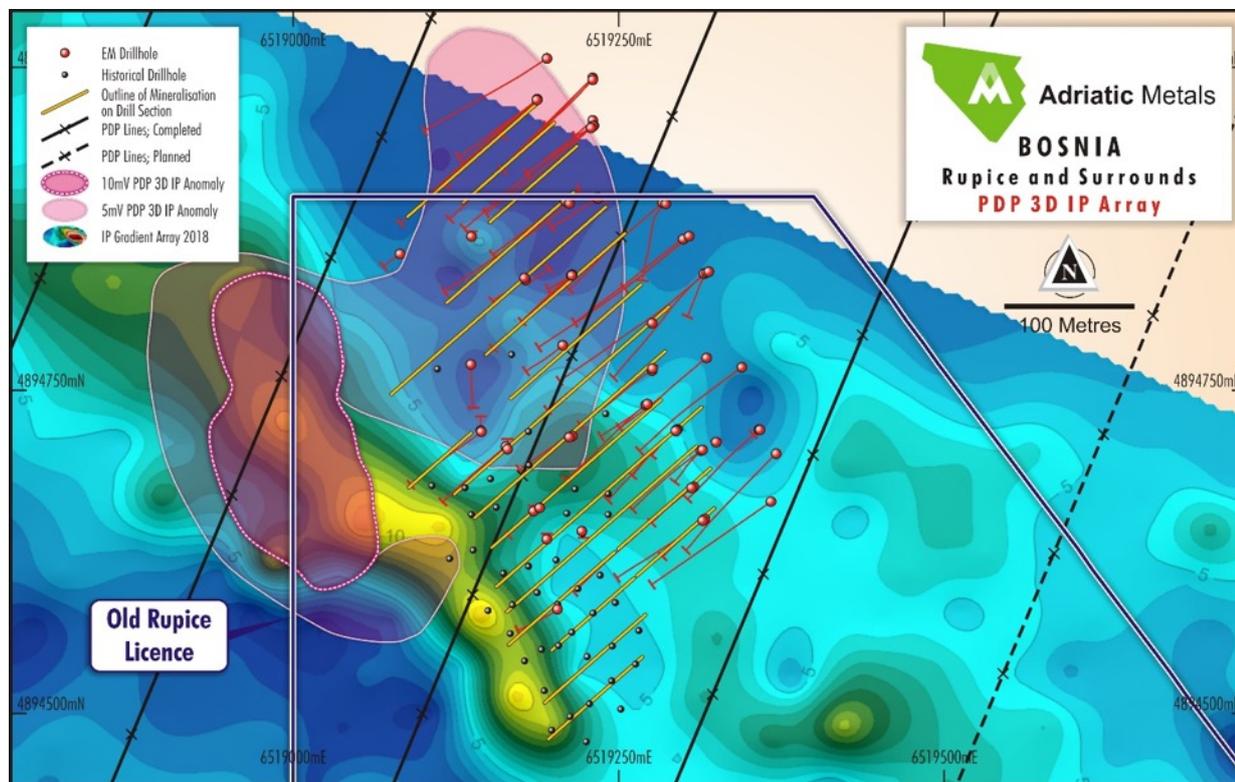
Table 1 – Significant Drill Intercepts to Date

HOLE	FROM	TO	INTERVAL	Au	Ag	Cu	Pb	Zn	BaSO <sub>4</sub>
#	m	m	m	g/t	g/t	%	%	%	%
BR-01-17	178	242	64	2.3	373	0.9	5.1	8.4	44
BR-02-18	214	278	64	4.6	537	0.9	7.7	10.8	46
BR-03-18	196	232	36	4.4	463	0.5	4.3	5.7	55
BR-05-18	210	276	66	2.1	158	2.3	8.6	12.8	37
BR-10-18	236	264	28	3.4	271	0.5	5.9	10.8	61
BR-13-18	220	244	24	3.7	167	0.7	7.7	14.8	53
BR-22-18	222	264	42	5.7	245	1.4	8.4	14.1	34
BR-24-18	146	180	34	3	455	0.5	6.8	13.3	60
BR-25-18	218	264	46	4.1	309	1	9.6	12.7	40
BR-32-18	228	248	20	4.1	479	0.5	5.6	8.2	59.9
BR-36-18	206	278	72	2.5	211	2.5	10.7	18.3	25
BR-01-19	240	256	16	1.59	241	1	10	13.7	52
BR-04-19	246	276	30	4.6	265	0.4	5.2	9.7	43
	AVG		22.9	3.5	320.1	1.2	7.6	12.1	43.5

### Induced Polarisation Survey

A detailed high-powered (30kVA) IP survey using a Pole-Dipole 3D array method (PDP3D) has been completed over the Rupice mineralisation. Preliminary results have demonstrated that the known mineralisation has a clear IP chargeability response. An additional anomaly has been defined approximately 200m west of the current and historical drilling (Figure 4) in an untested location. Further work is required to ensure the integrity of the preliminary results. PDP3D IP surveying continues at Jurasevac-Brestic, but is expected to be completed shortly with full IP results to be released in August, prior to the commencement of drilling at Jurasevac-Brestic.

Figure 4 - PDP3D IP Response over and to the West of the Rupice Mineralisation



### Approval of Rupice Reserves Elaborat

In April, Adriatic announced that the Federal Ministry of Energy, Mining and Industry (“FMERI”) within the Federation of Bosnia & Herzegovina had provided written acknowledgment of the acceptance of the Reserves Elaborat for the Rupice-Juraševac-Brestic Project, which forms part of the broader Vareš Project, representing a major milestone toward the issue of the Exploitation Permit and then the Operating Permit for Rupice.

The Elaborat reported the “geological reserves” at Rupice-Juraševac-Brestic” as of 31st December 2018. The basis of the Elaborat was a non-JORC compliant Mineral Resource estimate with supporting technical (including geotechnical, structural geology and hydro-geological) work packages.

Under Bosnian law, once economic quantities of any metal are defined it is an obligation for Adriatic to submit an application to add those to the existing Concession Agreement between Adriatic and Zenica-Doboj Canton, by way of a Concession Annexe. The Reserves Elaborat for Rupice defined economic quantities of Lead, Zinc Barite, Gold, Silver and Copper. It should also be noted that any additions to the Concession Agreement via Annexe will automatically apply to all of the exploration fields owned by Adriatic, including Rupice, Juraševac-Brestic and Veovaca I & II.

The Rupice deposit is contained within the same Concession Agreement as Veovaca I & II and it will therefore benefit from the extended tenure that an Exploitation Permit granted on Veovaca will provide to May 2038, but can be extended for a further 12 years on request. The application for the



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Veovaca Exploitation Permit is advanced and expected to be submitted in Q4 2019. For the Rupice Exploitation Permit application, the Company will be required to submit an Environmental Impact Study, including an in-principle Site Plan and a Mining Plan; Land Access Agreements as well as an Urban Planning Permit. This work has commenced and will be finalised following the completion of exploration work on Rupice-Juraševac-Brestic.

### Scoping Study

CSA Global (UK) have been appointed to carry out a Scoping Study, (Preliminary Economic Assessment) for the Veovaca/Rupice project. The work has commenced, and CSA will coordinate, review and compile the Study using the work of the other specialist consultants working on the project studies. The Scoping Study is expected to be completed in Q4 2019.

### Management Changes

In April we announced that Graham Hill has been appointed as Chief Operating Officer for the company. Graham has over 35 years of experience in project evaluation and development, and will move to Sarajevo to oversee the rapidly advancing pre-development activities. Mr Hill is an experienced engineer with over 35 years of experience overseeing project evaluation and mine development in Africa, Eastern Europe and Central Asia. He was most recently CEO of Silver Bear Resources, where he oversaw the feasibility and development of the high grade Mangazeisky silver project in Russia, taking the project from exploration to commercial production in less than 4 years. Mr Hill commenced his career with Anglo American Corporation, and was selected into their renowned Management Development Program, eventually leading the design and construction of 3 operations in South Africa and Mali.

The Board of Adriatic has concluded a search for a Managing Director and expects to announce the appointment soon. Geraint Harris has left the company in June 2019, following a handover to Graham Hill.

### Events Subsequent to the Quarter

- On 22 July 2019, the Company announced a maiden Mineral Resource Estimate at Rupice of 9.4Mt and an updated Mineral Resource Estimate at Veovaca of 7.4Mt.
- On 2 July 2019, Sandfire Resources NL announced it had increased its holding in Adriatic from 7.6% to 11.3%, and has advised Adriatic that it intends to nominate a director to the board of the Company.

For further information please contact:

**Paul Cronin**

**Executive Director**

[info@adriaticmetals.com](mailto:info@adriaticmetals.com)

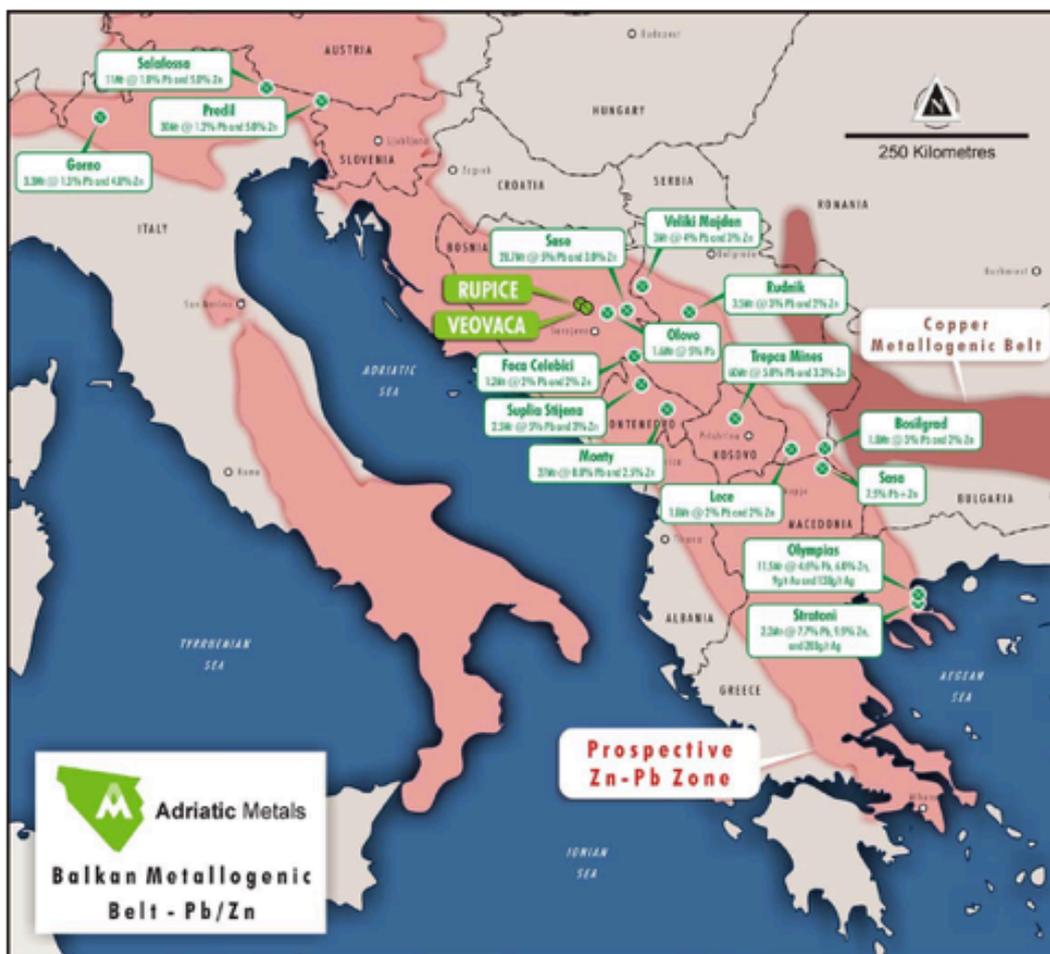


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### ABOUT ADRIATIC METALS

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





### Notes Specific - ASX Announcements

The information in this announcement that relates to information was reported by the Company to the ASX between April 4<sup>th</sup> and June 30<sup>th</sup> 2019. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

### Disclaimer:

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



## 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 JUNE 2019

Consolidated statement of cash flows	Current quarter £GBP '000	Year to date (12 months) £GBP '000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,003)	(2,723)
(b) development	-	-
(c) production	-	-
(d) staff costs	(137)	(423)
(e) administration and corporate costs	(398)	(1,118)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	38
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)	59	130
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,460)</b>	<b>(4,096)</b>



<b>Consolidated statement of cash flows</b>		<b>Current quarter £GBP '000</b>	<b>Year to date (12 months) £GBP '000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(71)	(109)
	(b) tenements (see item 10)	-	(404)
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(71)</b>	<b>(513)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	6,162
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	65	65
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(386)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>65</b>	<b>5,841</b>



<b>Consolidated statement of cash flows</b>		<b>Current quarter £GBP '000</b>	<b>Year to date (12 months) £GBP '000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7,109	4,644
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,460)	(4,096)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(71)	(513)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	65	5,841
4.5	Effect of movement in exchange rates on cash held	(75)	(308)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,568</b>	<b>5,568</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter £GBP '000</b>	<b>Previous quarter £GBP '000</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	358	818
5.2	Call deposits	5,210	6,291
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>5,568</b>	<b>7,109</b>



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

Current quarter £GBP '000
65
-

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 to Non-Executive Director 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 2.1 (b)

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*

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

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.



9. Estimated cash outflows for next quarter		£GBP '000
9.1	Exploration and evaluation	1,318
9.2	Development	267
9.3	Production	-
9.4	Staff costs	202
9.5	Administration and corporate costs	270
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>2,057</b>

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

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: 30 July 2019

Print name: Sean Duffy



**Notes**

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