Adriatic Metals - ADT1 Quarterly Activities Report
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Adriatic Metals PLC
('Adriatic Metals' or the 'Company')

QUARTERLY ACTIVITIES REPORT

For the 3 months ended 31 March 2020

HIGHLIGHTS

- **Additional mineralised drill intercepts confirmed a robust extension of the high-grade mineralisation, that remains open along strike.**
- **Further metallurgical test work produced a Copper concentrate grading 25.1% Copper and containing 9,550 g/t Silver and 20.9 g/t gold. A sequential locked cycle test also produced saleable lead, zinc and barite concentrates.**
- **Successfully negotiated an amendment to the Vares Project Concession Agreement thereby confirming the Company's rights to gold, silver and copper.**
- **Reprocessing of gravity survey data over the Rupice and Jurasevac-Brestic areas highlighted several significant geophysical anomalies as drill targets.**
- **Drilling continues with 5 rigs with over 2,800m of the 2020 exploration program completed.**
- **Cash balance at 31 March 2019 of £11.8 million (A$23.8 million) ensuring continuity of operations from existing cash resources well into 2021.**

Adriatic Metals PLC (ASX:ADT, LON:ADT1) ("Adriatic" or the "Company") is pleased to provide the following Quarterly Activities Report ("QAR") that summarises the progress made and reported during the three months ended 31 March 2020 ("Q1" or the "Quarter").

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

"*Several important milestones for the advancement of the Vares project were achieved in the Quarter including confirmation of robust extension of the high-grade mineralisation at Rupice, and successfully negotiating the Company's rights to precious metals in addition to some excellent metallurgical test work results which point to the potential for substantial increase concentrate payability and overall project revenues.*

Our 2020 drill program is underway with 5 rigs operating despite the restrictions imposed by the COVID-19 response in Bosnia & Herzegovina. We still have a lot of work to achieve this year but our team continue to demonstrate their commitment, working in often challenging weather conditions, to deliver on an ambitious program of work".

1. PRE-FEASIBILITY STUDY ("PFS") PROGRESS

1.1. METALLURGICAL TEST WORK UPDATE

The Company announced on 21st January the early results from its Phase 2 metallurgical test work with the following highlights:

- Copper concentrate produced grading 25.1% Copper and containing significant quantities of payable gold (20.9 Au g/t) and silver (9,550 Ag g/t).
- A Sequential Locked Cycle Test (LCT1) also produced saleable lead, zinc and barite concentrates.
- The barite concentrate collected from LCT1 assayed 92.3% $BaSO_4$ at a recovery of 77.6% with a specific gravity estimated to be 4.4. Additional analyses of the barite concentrates found that all of the American Petroleum Institute's requirements for drilling-grade barite were met and the specific gravity was well above the required specification. Although levels of some potential impurities (Hg, Cd, Pb) may require further investigation.

1.2. PFS OPTIMISATION

The PFS commenced in late January and is being led by Ausenco. Two site visits by their team have taken place since then looking at potential options for project optimisation which are been considered. Trade-off studies have been commissioned as part of the PFS and these are in progress. Data is also being collated and reviewed so that an updated Mineral Resource Estimate, ("MRE"), incorporating the latest drilling results and geological interpretation, can be completed in Q2 as part of the PFS.

The mining team's review of the Scoping Study has identified optimised mining methods in several areas and detailed mine planning and scheduling is now being developed which will be finalised following completion of the updated MRE.

A thorough review of metallurgical test work planning was also completed with the Ausenco team and an updated programme of intensive variability testing is now well advanced and is continuing to utilise Wardell Armstrong's laboratory which has carried out test work to date.

Detailed logistics studies are also underway as part of the PFS, reviewing in-country as well as international shipping of products and incoming reagents and materials. Infrastructure requirements for the project have also been accessed during the two site visits and options will be considered as part of the PFS to optimise the project.

Completion of the PFS is now planned for Q3 2020, although this may change a little depending on the ongoing drilling at Rupice.

1.3. ESIA BASELINE

Concurrently with the PFS, the international ESIA baseline data collection was commenced in January using Wardell Armstrong as lead consultants and utilising considerable in-country resources and skills. This has proved invaluable following the COVID-19 shutdowns as all data collection work is continuing without outside consultants being present. The baseline data collection will continue until Q1 2021 leading to the final stages of the ESIA. There are regular meetings between the PFS and ESIA teams to ensure complete alignment of all project needs.

2. EXPLORATION

2.1. DRILLING RESULTS

During the Quarter assay results from several drill holes were announced including the following exceptional drill intercepts, which confirm a robust extension of the high-grade mineralisation, that still remains open along strike from Rupice to the south towards the Jurasevac-Brestic prospect:

- **BR-49-19 intersected exceptionally high-grade mineralisation in the southern extension of the Rupice mineralisation returning:**
  - 11.3m @ 4.37g/t Au, 406g/t Ag, 16.1% Zn, 9.8% Pb, 1% Cu and 50% $BaSO_4$ from 244.7m.
- **BR-44-19, 95 metres down-dip on the same drill section as BR-49-19 also returned mineralised drill results:**
  - 6m @ 1.34g/t Au, 223g/t Ag, 2.1% Zn, 2.4% Pb, 0.3% Cu and 41% BaSO4 from 298m.

Drill hole BR-49-19 was the final hole drilled in 2019 campaign. It is the most southern drill hole and the highest-grade intercept drilled at Rupice to date, successfully intersecting robust mineralisation approximately 15m south of the next closest hole. Mineralisation remains open up dip and to the south into previously untested ground outside of the current ore block model.

Drill hole BR-44-19 was drilled from the same pad as BR-49-19 and intersected a 6-metre-wide mineralised zone, 95 metres down-dip from BR-49-19, adding substantial volume to the mineralised zone in the southern section of Rupice.

Please refer to the original announcement for full details of all reported drill hole assays.

2.2. DRILLING PROGRESS

The Company completed more than 2,800m of drilling in the Quarter, and received permits for a further 29 drill pads in anticipation of an increase in exploration activity during the spring and summer months. No assay results were received during the Quarter from the 2020 drilling campaign.

Recent country border closures as a result of COVID-19 have delayed the arrival on site of a 6th rig, but otherwise exploration activities are continuing unaffected, with supplies being delivered on time and core sample exports to Bor in Serbia being only slightly delayed by border restrictions.

2.3. GRAVITY SURVEY DATA REPROCESSING

Data obtained from Adriatic's detailed ground gravity geophysical survey over Rupice and Jurasevac-Brestic in 2018 has been remodelled utilising the latest detailed Lidar topographic data acquired by the Company in late 2019.

A number of significant anomalies and features have been identified from this gravity reprocessing including high-priority drill targets that are apparent at Jurasevac-Brestic where drilling will commence shortly. Additional gravity anomaly targets are also to be ranked and tested.

Due to the success of the gravity reprocessing work, the existing gravity grid will be extended, when conditions allow, to cover the entire Rupice concession area from north of the Rupice deposit down to Borovica, 3 km to the south.

3. CONCESSION AGREEMENT AMENDMENT CONFIRMED PRECIOUS METAL RIGHTS

The Company announced on 29 January that it has entered into Annexure 4 to its Concession Agreement with the Ministry of Economy for Zenica-Doboj Canton The Concession Agreement, is the primary document granting mineral rights at Veovaca and Rupice.

Despite the Federal Mining Code granting mineral rights to all metals and minerals contained in the Reserves Elaborat, which was approved in April 2019 as announced on 4 April 2019, at the time the Concession Agreement was entered into in 2013, the historical information available for the Vares project did not include a sufficient number of assays for gold, silver or copper, and as such the Concession Agreement only referred specifically to lead, zinc and barite.

Since acquiring the Vares Project in 2017, Adriatic has identified significant resources of precious metals at both Veovaca and Rupice and the changes included in Annex 4 remove all legal ambiguity between the two levels of government regarding the mineral rights.

Additionally, Annex 4 of the Concession Agreement removes the requirement to commence exploitation by May 2020, aligning the procedures contained within the Federal Mining Code, to the commercial terms of the Concession Agreement with the Canton.

An amendment to the Minimum Annual Concession Fee from the current level BAM 1.50 (€ 0.77) to BAM 3.90 (€1.99) per tonne Run of Mine (ore into plant) was also agreed.

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MARKET ABUSE REGULATION DISCLOSURE
Certain information contained within this announcement is deemed by the Company (LEI: 549300OHAH2GL1DP0L61) to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. The person responsible for arranging the release of this announcement on behalf of the Company is Paul Cronin, Managing Director and CEO.

COMPETENT PERSONS' REPORT
The information in this report which relates to Exploration Results is based on, and fairly represents, information compiled by Mr Philip Fox, who is a member of the Australian Institute of Geoscientists (AIG). Mr Fox 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Fox consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

The information in this report which relates to Metallurgical Results is based on, and fairly represents, information compiled by Mr Philip King of Wardell Armstrong. Mr King and Wardell Armstrong are consultants to Adriatic Metals plc and Mr King has sufficient experience in metallurgical processing of the type of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr King is a Fellow of the Institute of Materials, Minerals & Mining (which is a Recognised Professional Organisation (RPO) included in a list that is posted on the ASX website from time to time), and consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

ABOUT ADRIATIC METALS

Adriatic Metals PLC (ASX:ADT, LON:ADT1) ("Adriatic" or the "Company") is a dual listed (ASX and LSE) precious and base metals explorer and developer via its 100% interest in the world class Vares Project (the "Project") in Bosnia & Herzegovina. The Project comprises a historic open cut mine at Veovaca and brownfield exploration at Rupice, an advanced proximal deposit which exhibits exceptionally high grades of base and precious metals.

The Company announced the results of a Scoping Study on 19 November 2019 which indicated an NPV_8 of US$917 million and IRR of 107%, following the release of a Maiden Resource Estimate earlier the year on 23 July 2019. There have been no material adverse changes in the assumptions underpinning the forecast financial information or material assumptions and technical parameters underpinning the Maiden Resource Estimate since the original relevant market announcements which continue to apply.

Adriatic has attracted a world class team to both expedite its exploration efforts to expand the current JORC resource at the high-grade Rupice deposit and to rapidly advance the Project into the development phase utilising its first mover advantage and strategic position in Bosnia.

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.

VEOVACA and RUPICE JORC Code 2012 Tables

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	For Metallurgical testwork, material used in the metallurgical sampling of the Veovaca deposit was collected from all 9 diamond holes (PQ and HQ) available at the end of 2017, whilst for the Rupice deposit material was collected from fifteen diamond holes (HQ) available at the end of 2018. Material consisted of crushed (-2mm) material from half core. For exploration drill results, HQ diamond core was cut in half to provide a sample for assay typically weighing around 8-10kg. Samples were submitted to the ALS facility in Bor, Serbia for industry standard analytical analysis.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</td><td>Samples were of half core of either PQ or HQ diameter. Both core diameters produced a representative sample. The majority of the sampling was at 2 m intervals and produce a sample weighing around 10 kg. All sampling was in fresh material.</td></tr>
<tr><td></td><td>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</td><td>Diamond core was cut in half over an interval of usually 2m to obtain about 10kg of material. This was crushed and a representative split pulverised to produce a 30g charge for fire assay, a 5g charge for multi-element ME-ICPORE and/or AAS for silver, lead and zinc, and a further charge of 20g for XRF determination of barite. The mineralisation in the deposit is uniform and as such high-grade veinlets are not present.
The crushed "reject" material was used to produce a bulk sample for the metallurgical test work.</td></tr>
<tr><td>Drilling techniques</td><td>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</td><td>Material for the metallurgical test work used diamond core exclusively, and predominantly HQ core cut in half.
For exploration drill reporting -<table><tr><th>Drill Hole</th><th>Non-Core (m)</th><th>Diamond Core (m)</th></tr><tr><td>BR-44-19</td><td>0 - 100.0</td><td>100.0 - 326.8</td></tr><tr><td>BR-49-19</td><td>0 - 100.0</td><td>100.0 - 342.6</td></tr></table></td></tr>
<tr><td>Drill sample recovery</td><td>Method of recording and assessing core and chip sample recoveries and results assessed.</td><td>Core recovery was estimated using the drillers' recorded depth marks against the length of the core recovered. There was no significant core loss.</td></tr>
<tr><td></td><td>Measures taken to maximise sample recovery and ensure representative nature of the samples.</td><td>Drilling used a split tube system to ensure that all core was adequately preserved in the barrel. The split tube was ejected from the barrel intact thereby maintaining the integrity of the core.</td></tr>
<tr><td></td><td>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</td><td>There appears to be no potential sample bias as there was no regular or excessive loss of core.</td></tr>
<tr><td>Logging</td><td>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</td><td>Geological core logging is to a resolution of 20cm and recorded, inter alia, colour, lithology, weathering, grain size, mineralisation, alteration, etc. Diamond core is stored at the Company's warehouse.
The data is believed to be of an appropriate level of detail to support the metallurgical test work results.</td></tr>
<tr><td></td><td>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</td><td>Logging was qualitative. Recent diamond core was photographed.</td></tr>
<tr><td></td><td>The total length and percentage of the relevant intersections logged.</td><td>All drilled intervals were logged and recorded.</td></tr>
<tr><td>Subsampling techniques and sample preparation</td><td>If core, whether cut or sawn and whether quarter, half or all core taken.</td><td>Core from the recent drilling was machine sawn and half core taken for analytical analysis and metallurgical purposes.</td></tr>
<tr><td></td><td>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</td><td>All sampled material was core.</td></tr>
<tr><td></td><td>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</td><td>Collection of either whole or half core ensured the nature, quality and appropriateness of the collected sample. The sample preparation of crushing the entire sample to mm size prior to splitting off a 100-250g charge (either by cone/quarter or riffle) for pulverisation provides an appropriate and representative sample for analysis and left the majority of the sample available for the metallurgical test work.</td></tr>
<tr><td></td><td>Quality control procedures adopted for all subsampling stages to maximise representivity of samples.</td><td>The exclusive use of diamond core cut in half provides a consistent sample with each sub-sample considered to be representative of the interval.</td></tr>
<tr><td></td><td>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</td><td>Sampling of either the half core is representative of the in-situ material. Additionally, samples were sent to umpire laboratories for assaying. All QA/QC and umpire laboratory samples returned satisfactory results</td></tr>
<tr><td></td><td>Whether sample sizes are appropriate to the grain size of the material being sampled.</td><td>Sample sizes collected were considered to be appropriate to reasonably represent the material being tested.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Assays were undertaken at the accredited laboratories of ALS (Bor). The ALS laboratories have full certification. Gold was assayed by fire, whilst lead, zinc and silver used an ICP-MS technique, and barite was determined using an XRF technique. All techniques are appropriate for the element being determined. Samples are considered a partial digestion when using an aqua regia digest and total when using fire assay. Samples generated from the metallurgical test work were assayed by ALS or SGS.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Standard chemical analyses were used for grade determination. There was no reliance on determination of analysis by geophysical tools.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	QA/QC procedures included the insertion of Certified Reference Materials (CRM) and blank material for each and every sample batch at a ratio of better than 1:15. External laboratory checks (Round Robin) were performed on selected samples. All QAQC results and internal laboratory duplicates were satisfactory and demonstrate acceptable levels of accuracy and precision.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	A number of Geoscientists both internal and external to Eastern Mining have verified the intersections.
	The use of twinned holes.	A twin diamond core hole was drilled to check the validity of the historical assays in both grade and width of mineralisation. It was observed that the new assays and the historical assays returned reasonable correlation both in value and in geometry.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Field data was uploaded at point of collection using a Toughbook and verified at point of entry. Data is stored on the Virtual Cloud and at various locations including Perth, WA. It is regularly backed-up.
	Discuss any adjustment to assay data.	No adjustments were necessary.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill hole collars were surveyed by registered surveyors using either theodolite or total station to better than 1cm accuracy. Drill holes were surveyed down hole at regular intervals using an Eastman camera arrangement. Drill holes rarely deviated from their set position at ground level.
	Specification of the grid system used.	The grid system used MGI 1901 / Balkans Zone 6.
	Quality and adequacy of topographic control.	The topographic surface of the deposit was generated from a LiDAR survey to better than 5cm accuracy.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drill hole density across the deposit (including all drilling) is approximately 30x30m closing in to better than 20 x 20m in places.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The data spacing and distribution is sufficient to demonstrate spatial and grade continuity of the mineralisation to support the metallurgical test work.
	Whether sample compositing has been applied.	Sample composite was not employed.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	At Rupice the mineralisation is hosted by a brecciated dolomite unit which has a general northwest-southeast strike and approximate 50^{o} dip to the northeast. The mineralisation is disrupted by both ductile (folding) and brittle structures (reverse fault). Drilling was mostly angled around 70-80^{o} and intersected the mineralisation orthogonally. The drilling orientation is not considered to have created any bias in sampling. At Veovaca the Triassic aged sedimentary package is folded into an east-northeast to west-southwest isoclinal synform with an upright to sub-vertical north-northwest dipping axial plane. The synform appears to plunge to the east-northeast. The core of the syncline consists of a polymictic breccia containing iron, zinc and lead sulphides, with barite (black) in the matrix. The synform is surrounded by a package predominantly made up of alternating red fine-grained sediments. Drilling was mostly angled and the orientation is not considered to have created any bias in sampling.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Recent diamond drilling at various orientations does not reveal any bias regarding the orientation of the mineralised horizons
Sample security	*The measures taken to ensure sample security.*	Chain of Custody of digital data is managed by the Company. Physical material was stored on site and, when required, delivered to the assay or metallurgical laboratory in sealed and secure trucks throughout the journey. Thereafter metallurgical samples were managed by Wardell Armstrong International. Laboratory reject and pulp material was similarly returned, and securely stored at the Company's warehouse. All sample collection was controlled by digital sample control file(s) and hard-copy ticket books.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	An audit was undertaken by CSA Global in January 2018. CSA Global recognized the potential for lead and zinc, with associated barium, gold and silver mineralisation at the Rupice project based on the data available and following the site inspection. The proposed activities of Adriatic's work program were considered appropriate for the next stage of target development and testing.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The Veovaca and Rupice deposits are located within the Company's 100% owned Concessions, For Rupice, No. 04-18-21389-1/13 (Annex No. 04-18-21389-3/2018), located 13km west of Vareš in Bosnia. For Veovaca Concession, No. 04-18-21389-1/13 located 10 km east of Vareš. There are no known material issues with any third party other than normal royalties due to the State.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Concession is in good standing with the governing authority and there is no known impediment to the Concession remaining in force until 2038 (25 years), subject to meeting all necessary reporting requirements.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	For Rupic and Jurasevac-Brestic, modern exploration commenced with the work of Energoinvest in the late 1960s. For Rupice, during 1968-1969 underground development of 455m of drives and cross cuts were made, and 11 surface trenches dug for a total length of 93.5mm. Between 1980 and 1989 49 holes were drilled for an advance of 5,690.8m. Sample material from all of these programs was routinely analysed for lead, zinc, and barite, and on occasion silver and gold. The deposit was the subject of a number of reserve estimates in the 1980s. For Veovaca, modern exploration commenced with the work of Energoinvest in the late 1960s. 24 holes were drilled between 1968 and 1970 for an advance of 2,919 m. From 1969 onwards for a period of two years underground development of 629 m of drives and crosscuts was made, and 21 surface trenches dug for a total length of 316 m. After 1979, a further 27 holes were drilled for an advance of 5,102.9 m. Material from all of these programs was routinely analysed for lead, zinc, and barite, and on occasion silver and gold. The deposit was the subject of a number of resource and reserve estimates between 1980 and 1989. The deposit was mined between 1984 and 1987. This work is documented in any number of reports and variously certified by those geoscientists and Institutes that undertook the work. This work is documented in many reports which are certified by those geoscientists and Institutes that undertook the work. The work is considered to be of a standard equal to that prevalent within today's exploration industry. For Jurasevac-Brestic historic drilling took place 1969 and 1981, with 7 drill holes for 1,334.2m drilled. Vares Ironworks Mine mined 2 levels at Jurasevac-Brestic in 1971, and in 1990, Rudnk Olivo, Cinka I Barita, d.p. Vares mined another 2 levels for exploration and exploitation purposes.
Geology	*Deposit type, geological setting and style of mineralisation.*	At Rupice the mineralisation is hosted in a package of sediments of Triassic age unconformably overlain by Jurassic aged limestone and chert. The host sediments strike northwest-southeast and dip to the northeast at around 50^{o}, although the sequence is heavily affected by folding and faulting. Mineralisation is within a brecciated dolomite unit, in-part silicified. The polymictic breccia contains zinc, lead and copper sulphides, and barite with minor silver and gold. At Veovaca the Triassic aged sedimentary package is folded into an east-northeast to west-southwest isoclinal synform with an upright to sub-vertical north-northwest dipping axial plane. The synform appears to plunge to the east-northeast. The core of the syncline consists of a polymictic breccia containing iron, zinc and lead sulphides, with barite (black) in the matrix.
Drill hole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level - elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *downhole length and interception depth* o *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	BR-44-19 - 6519404E, 4894626N, 1264RL (GK Z6), 228 degrees azimuth, -85 degrees dip, 326.80m deep. 298 - 304m mineralised intercept. BR-49-19 - 6519404E, 4894626N,1264RL (GK Z6). 220 degrees azimuth, -67 degrees dip, 342.60M deep. 244.7 - 256m mineralised intercept.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No data aggregation was based on the geological mineralised body.
	Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents reported
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	At Rupice the mineralisation is within a moderately dipping dolomite which has been both folded and faulted. Drilling by Eastern Mining was mostly inclined at between 70^{o} and 80 ^{o} to the southwest, perpendicular to the deposit strike, and intersected the mineralisation reasonably orthogonally. At Veovaca the mineralisation lies in the upright core of a synform with recent drilling orientated between -60° and vertical and does not reveal any bias regarding the orientation of the mineralised horizons.
	If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').	For the reported drilling, downhole length for BR-44-19 has an interpreted true width of 4.5m, and BR-49-19 intercept is true width.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Maps and diagrams previously reported (ASX announcement - 16th January 2020)
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high-grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Not applicable.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	No substantive exploration data not already mentioned in the report or in the JORC tables or previous ASX announcements have been used in the metallurgical test work.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Further drilling will be undertaken for geotechnical and metallurgical purposes, and potentially to add to the Mineral Resource estimate.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Not applicable.

Rule 5.5

Appendix 5B

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

Name of entity	
ADRIATIC METALS PLC	
ABN	**Quarter ended ("current quarter")**
624 403 163	31 MARCH 2020

	Consolidated statement of cash flows	**(a) Current quarter GBP'000**	**(b) Year to date (9 months) GBP'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	0	0
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	0	0
	(b) development	(426)	(426)
	(c) production	0	0
	(d) staff costs	(306)	(862)
	(e) administration and corporate costs	(561)	(1,866)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	1	26
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	0
1.8	Other (VAT Refunds)	159	317
1.9	**Net cash from / (used in) operating activities**	**(1,133)**	**(2,811)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	(66)	(212)
	(d) exploration & evaluation (if capitalised)	(464)	(3,100)
	(e) investments	0	0
	(f) other non-current assets	0	0
2.2	Proceeds from the disposal of:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0

Consolidated statement of cash flows		(a) Current quarter GBP'000	(b) Year to date (9 months) GBP'000
2.6	**Net cash from / (used in) investing activities**	**(530)**	**(3,312)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	12,619
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	294	722
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	**Net cash from / (used in) financing activities**	**294**	**13,341**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	13,914	5,568
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,133)	(2,811)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(530)	(3,312)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	294	13,341
4.5	Effect of movement in exchange rates on cash held	(755)	(996)
4.6	**Cash and cash equivalents at end of period**	**11,790**	**11,790**

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	(c) Current quarter GBP'000	(d) Previous quarter GBP'000
5.1	Bank balances	11,790	13,914
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**11,790**	**13,914**

6.	**Payments to related parties of the entity and their associates**	(e) Current quarter GBP'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	71
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**(f) Total facility amount at quarter end GBP'000**	**(g) Amount drawn at quarter end GBP'000**
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	**Total financing facilities**	**0**	**0**

7.5	**Unused financing facilities available at quarter end**	**0**
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	**Estimated cash available for future operating activities**	**(h) GBP'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,133)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(464)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,597)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	11,790
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
8.6	Total available funding (Item 8.4 + Item 8.5)	11,790
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	**7.4**

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

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

Answer:

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

Answer:

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

Answer:

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 8 April 2020

Authorised by: *Audit and Risk Committee*

(Name of body or officer authorising release - see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its

cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee - eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

END

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