28 January 2020

QUARTERLY ACTIVITIES REPORT

For the 3 months ended 31 December 2019

ABOUT ADRIATIC METALS (ASX:ADT, LON:ADT1)

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

DIRECTORS

Mr Peter Bilbe
NON-EXECUTIVE CHAIRMAN

Mr Paul Cronin
MANAGING DIRECTOR & CEO

Mr Michael Rawlinson
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes
NON-EXECUTIVE DIRECTOR

Mr Milos Bosnjakovic
NON-EXECUTIVE DIRECTOR

Ms Sandra Bates
NON-EXECUTIVE DIRECTOR

Mr John Richards
NON-EXECUTIVE DIRECTOR

adriaticmetals.com

HIGHLIGHTS

- Scoping Study for the Vares Project completed which indicated an NPV_8 of US$917 million, IRR of 107% and project capital requirement of approximately US$178 million.
- Continued expansion of Rupice with the highest gold and silver grades seen in the northern extension area with BR-22-19 returning an interval of:
  - 6m @ 11.3g/t Au, 1,019g/t Ag, 13.1% Zn, 12.5% Pb, and 1.3% Cu from 238m
- Fully funded through to completion of a Bankable Feasibility Study with cash at 31 December 2019 of £13.9 million (A$26.3 million) following successful completion of a A$25 million Institutional Placement in October.
- Admitted to trading on the London Stock Exchange's Main Market on 12 December 2019 under the ticker "ADT1"

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 December 2019 ("Q4" or the "Quarter").

Paul Cronin, Adriatic's Managing Director and CEO commented, "Q4 2019 *was another tremendous quarter for the Company. The completion of the Scoping Study for Rupice and Veovaca, indicating a project NPV_8 of US$917 million net of an eminently achievable project capital requirement of US$178 million, firmly establishes the Vares project as a world class asset and represents a major milestone in path towards development.*

The Quarter has seen our deepest high-grade intercept to date at Rupice which clearly demonstrates that the high-grade mineralisation continues outside our current Mineral Resource and south towards our Jurasevac-Brestic prospect a further 500m to the southeast.

Several important corporate objectives were also achieved including successful completion of a A$25 million Institutional Placement and listing on the London Stock Exchange's Main Market."

1. SCOPING STUDY

On 19 November 2019 the Company released a Scoping Study (the "Study") on the Vares Project (the "Project") to the markets. The following key extracts from the Scoping Study summarised below, which provide an overview of these results, should be read in conjunction with the 19 November announcement.

All figures provided in this section of the QAR are estimates or approximations based on Adriatic's operational knowledge, familiarity of the scoping study team with deposits of similar size and complexity, in analogous settings and discussions with suppliers, and may be subject to future modification during Pre-Feasibility and Definitive Feasibility stages.

The following tables in this section of the QAR should be read in conjunction with the details in following sections of this release as well as the material assumption included in Appendices 1 and 2.

1.1. CONCEPTUAL OPERATIONAL AND FINANCIAL OUTCOMES

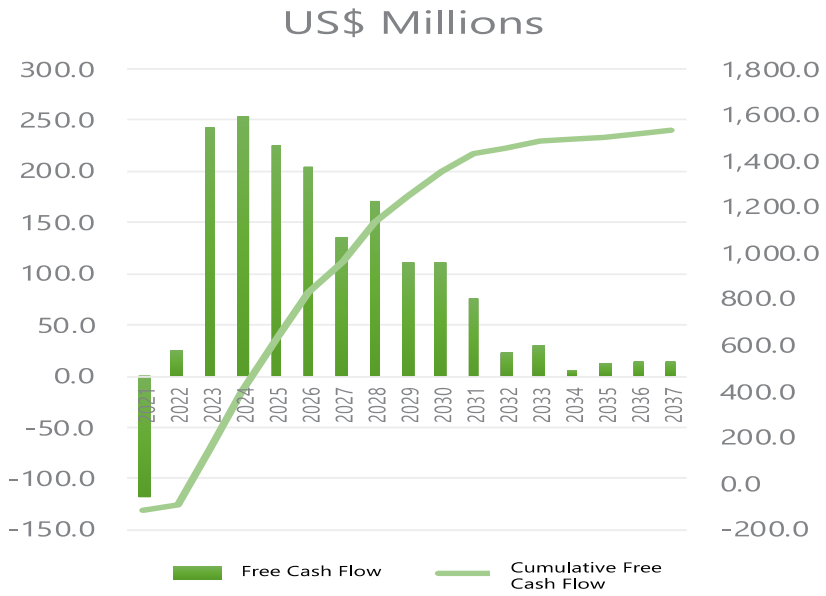
This Study assesses the potential viability of running an underground mining operation at Rupice to recover on average 715,000t per annum for 10 years followed by an open pit operation at Veovaca at an annual average rate of 679,000 t per annum for 7 years.

The key financial benchmark numbers from the Study were as follows:

Post Tax NPV$_8$	US$ 916.6 million
Post Tax IRR	107.4%
Post Construction Payback	8 Months
LoM Capital Expenditure*	US$ 178.4 million
Operating Costs	US$ 56.67 / tonne

*Including 30% contingency

The life of mine free cash flow was as follows:



The Key Operational and Financial outcomes from the Study are summarised in the table below:

Constraint / Target	Unit	Rupice	Veovaca	Combined
Cut Off Grade	% ZnEq	5%	0.6%	
Total Minable Inventory Production	mt	7.2	4.8	11.9
Total Waste Production	mt	1.6	11.6	13.2
Total Mined	Mt	8.7	16.3	25.1
Mill Throughput	Ktpa			800
Payable Metal Production Targets				
Silver	Koz			43,132
Gold	Koz			223
Zinc	Kt			355
Lead	Kt			260
Copper	Kt			12
Antimony	Kt			15
Barite	Kt			2,254
Staff Employed	Persons	350	138	350 (Peak)
EPCM & Infrastructure	US$m			61
Mine Capex	US$m			18
Plant Capex	US$m			58.
Contingency – 30%				41
Total Capex	US$m			**178**
Mine Operating Costs (LOM Average)	US$ / tonne milled	40.46	15.6	30.5
Processing & On Mine Costs	US$ / tonne milled			20.4
Mined Material Transportation Costs	US$ / tonne milled			2.8
Sustaining Capital	US$ / tonne milled			1.4
Environmental Provisions	US$ / tonne milled			1.5
Total Operating Costs	**US$ / tonne milled**			**56.7**
Post Tax Net Present Value @ 8% Discount	US$m			916.6
Post Tax Internal Rate of Return	%			107.4%
Payback from Project Start	Months			21
Payback from Processing Start	Months			8

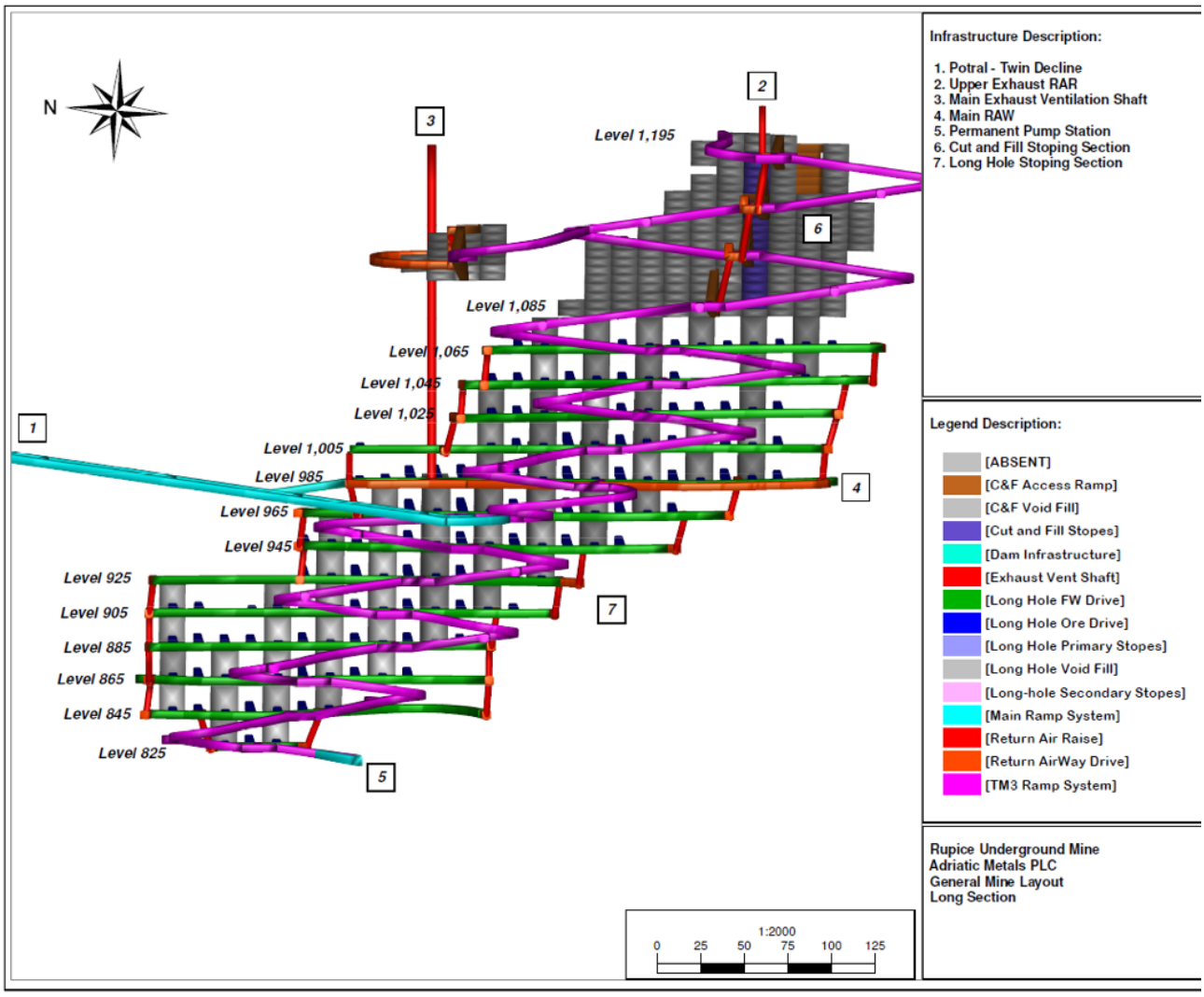
The metal price assumptions used in the Study were as follows:

Metal	Silver (US$/oz)	Gold (US$/oz)	Zinc (US$/t)	Lead (US$/t)	Copper (US$/t)	Barite CIF (US$/t)	Antimony (US$/t)
Price Assumption	17.2	1,440	2,500	2,000	6,500	155	6,500

1.2. CONCEPTUAL MINING APPROACH

1.2.1. Rupice Conceptual Underground Mine

The diagram below illustrates the proposed declines, ramps, levels and stopes at Rupice. The conceptual mine design comprises largely of main declines (light blue), trackless ramps (magenta) and the sub-levels (green). The proposed long hole stoping areas are located below the 1,085 level and the cut and fill stopes are above the 1,085 level. The anticipated main ventilation infrastructure includes raise-bored shafts. The intake air will conceptually travel down the declines and into the mine via the internal ramps and onto the levels where it will leave the mine via the return air raises shown in red.



1.2.2. Veovaca Open Pit Mine

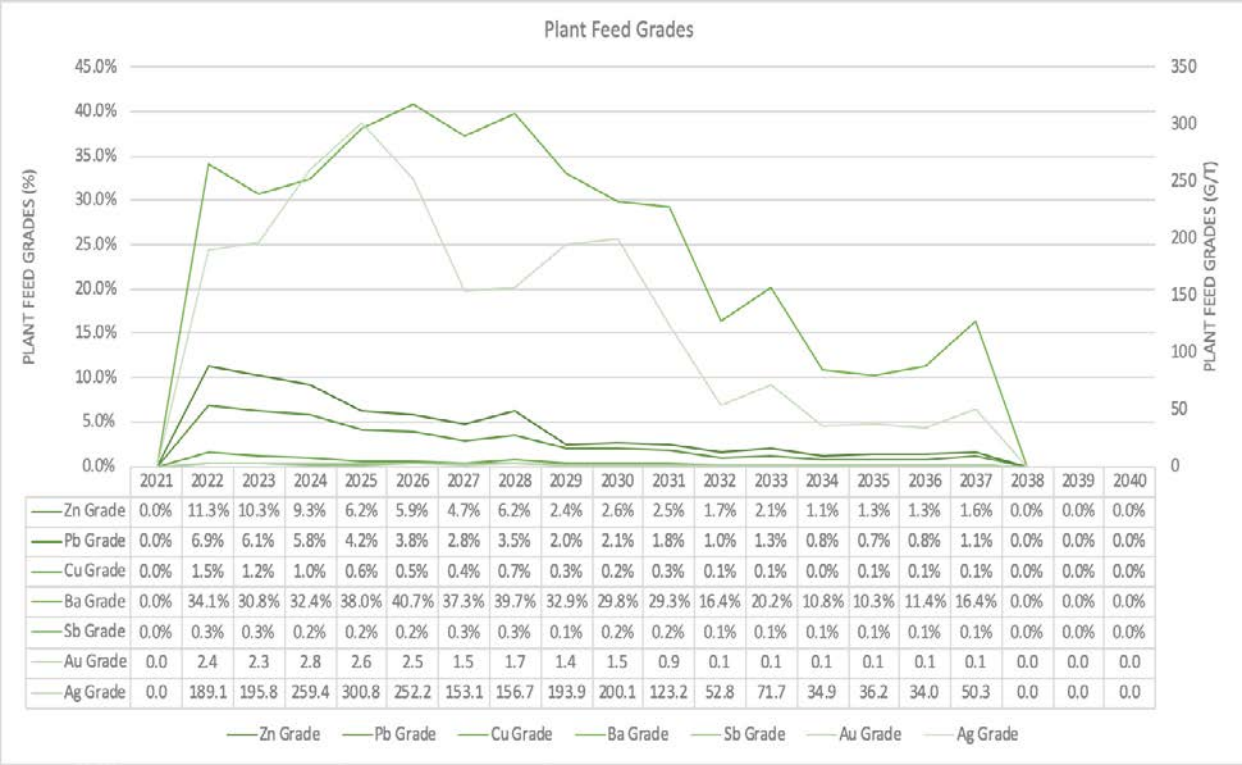
Mining by conventional open pit methods including drill and blast followed by load and haul is proposed to be employed. Drilling and blasting is anticipated to be performed on 6 m benches and similarly for the loading of the blasted material. Where possible in the near surface weathered zone, free diggable material could be mined without requiring drilling and blasting. Ripping by bulldozers may also be employed in transitional areas to reduce the quantity of drilling and blasting required.

The envisaged scale of mining at the Veovaca Deposit is relatively small scale with a peak total material movement of approximately 4.5 Mtpa. The annual processing plant feed requirement is approximately 800 ktpa.

In order to ensure a seamless transition during the ramp-down of production from the Rupice underground mine initial ramp-up material is proposed to be stockpiled and reclaimed during the switch-over from underground to open pit feed.

1.3. Proposed Combined Mine Output

The base-case production schedule assumes an 800 ktpa plant throughput rate, commencing with the Rupice deposit (2021 – 2032) continuing with the Veovaca open pit operation from 2032 to the end of the Life of Mine with a view to extracting the highest grade at the Rupice deposit in the early stage of the Rupice underground operation. The figure below shows the Veovaca processing plant feed grades during the LoM:

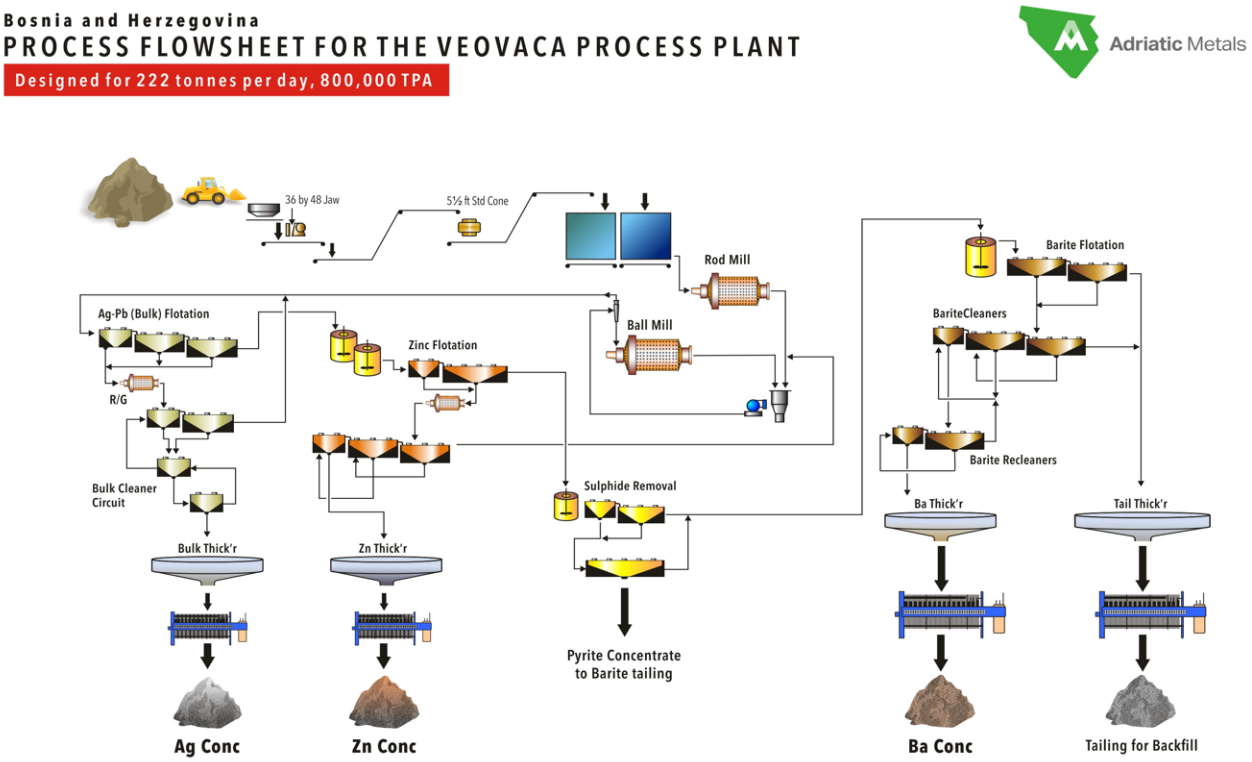


	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Zn Grade	0.0%	11.3%	10.3%	9.3%	6.2%	5.9%	4.7%	6.2%	2.4%	2.6%	2.5%	1.7%	2.1%	1.1%	1.3%	1.3%	1.6%	0.0%	0.0%	0.0%
Pb Grade	0.0%	6.9%	6.1%	5.8%	4.2%	3.8%	2.8%	3.5%	2.0%	2.1%	1.8%	1.0%	1.3%	0.8%	0.7%	0.8%	1.1%	0.0%	0.0%	0.0%
Cu Grade	0.0%	1.5%	1.2%	1.0%	0.6%	0.5%	0.4%	0.7%	0.3%	0.2%	0.3%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Ba Grade	0.0%	34.1%	30.8%	32.4%	38.0%	40.7%	37.3%	39.7%	32.9%	29.8%	29.3%	16.4%	20.2%	10.8%	10.3%	11.4%	16.4%	0.0%	0.0%	0.0%
Sb Grade	0.0%	0.3%	0.3%	0.2%	0.2%	0.2%	0.3%	0.3%	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Au Grade	0.0	2.4	2.3	2.8	2.6	2.5	1.5	1.7	1.4	1.5	0.9	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Ag Grade	0.0	189.1	195.8	259.4	300.8	252.2	153.1	156.7	193.9	200.1	123.2	52.8	71.7	34.9	36.2	34.0	50.3	0.0	0.0	0.0

1.4. PROPOSED DEPOSIT PROCESSING

1.4.1. Process Description

This subsequent process description should be read in conjunction with the process flowsheet below:



Rupice material would be transported from the underground mine to the surface and reloaded for transport to Veovaca processing plant. There it would be dumped in stockpile fingers representing various mineralisation types and grades. Veovaca would be mined by open pit and trucked to the Run of Mine ("ROM") stockpiles for processing. Material would be reclaimed by front end loader to the primary crusher feed hopper. Oversize +500 mm lump material can be removed from the static grizzly for mechanised breaking, or alternatively the rock breaker fitted to the primary jaw crusher can be used.

1.4.2. Crushing & Screening

The proposed crushing and screening plant will be designed for a nominal treatment rate of 150 t/h which will require around 16 hours per day of crushing during two 8 hour shifts, 7 days per week. The crushing circuit is a conventional two-stage closed circuit. There will be 3 main units - primary jaw crusher, secondary cone crusher and product screen, each with integral product conveyors.

The primary jaw crusher would be fed using a vibrating grizzly feeder to pre-screen the ROM feed. The speed of the feeder will be controlled to maintain the tonnage set point based on the tonnage measured on the fine material stockpile feed conveyor. The oversize from the feeder will be fed directly into the primary jaw crusher.

A proposed secondary cone crusher equipped with a small feed hopper fed by a vibrating pan feeder which will discharge material in the centre of the crushing chamber. The secondary crusher product would be recirculated back onto the double deck screen via two mobile conveyors to operate in closed circuit.

1.4.3. Fine Material Storage and Reclaim

The fine-material bin feed conveyor would discharge the product screen undersize directly into the open-topped fine material bin which has a conceptual capacity of 4,000 tonnes or roughly 48 hours of crushing plant operation. The storage capacity is needed to accommodate maintenance, and the shorter working hours of the crushing plant.

Material would be reclaimed from the fine material bin by a variable speed vibrating feeder onto the rod mill feed conveyor.

1.4.4. Grinding & Classification

The proposed grinding circuit will consist of a rod-ball mill combination, with the ball mill, operating in closed circuit with a battery of hydrocyclone classifiers. The conceptual plant has been designed to achieve a utilisation of not less than 90% with a treatment rate of 100 t/h to achieve the required annual throughput rate of 800 ktpa.

Slurry exiting the mills would pass over integral trommel screens to remove coarse particles and scats and prevent them from entering the mill discharge hopper. Additional dilution water would be added to dilute the cyclone feed stream before being pumped to the hydrocyclone cluster for classification.

The proposed cyclone battery will comprise a cluster of hydrocyclones in a manifold, eight operating and two on standby. The cyclone overflow would flow by gravity to the trash screen feed box. Underflow from the cyclone cluster would gravitate to the ball mill for further size reduction.

Oversize trash would gravitate directly to a trash bin. Undersize product from the trash screen would gravitate to the primary flotation conditioning tank.

1.4.5. Copper / Lead Flotation

Throughout the flotation area, VF vertical froth pumps are proposed to be used complete with integral tanks. These will greatly benefit the energy efficiency and reliable operation of the plant.

The first stage of the proposed flotation circuit is to produce a saleable bulk copper-lead concentrate containing gold, and silver. The primary grind cyclone overflow stream would report to the rougher bulk flotation. The combined design residence time for the proposed copper/lead rougher and scavenger circuits is 25 minutes, equating to a total combined rougher/scavenger float cell volume of 80 m3.

The proposed copper-lead stirred regrind mill will operate in closed circuit with a hydrocyclone cluster with the cyclone underflow material reporting back to the regrind mill feed, whilst the cyclone overflow becomes cleaner flotation feed.

1.4.6. Zinc Flotation Circuit

The second stage of the proposed flotation circuit is to produce a saleable zinc concentrate. The copper-lead rougher tailings stream would report to the zinc flotation conditioning tank.

The zinc rougher-scavenger circuit would consist of standard mechanically agitated flotation cells. The product would then be subjected to regrind ahead of cleaning.

The proposed zinc stirred regrind mill would operate in closed circuit with the hydrocyclone cluster with the cyclone underflow material reporting back to the regrind mill feed, whilst the cyclone overflow becomes cleaner flotation feed.

1.4.7. Pyrite Flotation

The tails from the Zinc circuit would be sent to a Pyrite float to remove any residual sulphides ahead of the barite float stage.

The proposed pyrite float consists of a pyrite rougher-scavenger and a single cleaner stage. The pyrite concentrate was initially sent to tailings whilst the pyrite tailing became feed to the barite float circuit. However, further test work has revealed that the pyrite concentrate can be upgraded to produce a saleable gold concentrate. This will be studied further in PFS stage.

1.4.8. Barite Flotation

The tails stream from the pyrite scavenger bank forms the feed to the proposed barite flotation circuit. A proposed barite scavenger circuit has also been included to allow for the recovery of any slow floating composite particles. The barite rougher / scavenger circuit would consist of standard mechanically agitated flotation cells.

The combined rougher/scavenger concentrate stream would report to the first cleaner cell bank for the first stage of upgrading. Additional activator, collector and frother would be added to the head of the first cleaner bank.

1.4.9. Concentrate Thickening

The final copper-lead, zinc, and barite concentrates from the flotation section would be pumped to individual concentrate thickeners. An auto-dilution system would be provided on the feed-well to increase the settling rate and the facility to add flocculant to the feed-well would be provided. A thickener underflow density of between 55% to 70% solids is expected to be achievable.

The thickener feed would pass through a de-aerator located at the feed-well to minimise froth generation on the thickener and water sprays provided over the surface of the thickener to assist the breakdown of any froth that does occur on the thickener.

1.4.10. Flotation Tailings

Slurry from the discharge of the barite scavenger flotation bank would be pumped to a proposed 35m tailing thickener ahead of a tailing filter. Filtered tailing would be transported back to the Rupice mine as feed to a paste-fill plant.

1.4.11. Concentrate Filtering & Washing

Thickened copper-lead concentrate is proposed to be filtered to achieve a moisture content of 8-10%. The expected TML (Transportable Moisture Limit) for a copper-lead concentrate is 11%. Thickened zinc concentrate is proposed to be filtered to achieve a moisture content of 8-10%. The expected TML for a zinc concentrate is 11%. Thickened barite concentrate is proposed to be to achieve a moisture content of 8-10%. The expected TML for a barite concentrate is 15%.

In each case a positive pressure plate and frame filter is proposed. Filter cake would discharge from the filter via chutes onto a short collection conveyor below which would feed the stockpile in the concentrate storage shed.

1.4.12. Concentrate Storage

A 300 mm high concrete bund wall would be provided around the sides of the proposed concentrate pads to help prevent loss of product off the pads and ingress of contaminants.

The concentrate pad would accommodate approximately 10 days' production. Under normal circumstances only sufficient concentrate quantities required to meet trucking schedules will be stored on the pad. The pad is

required to store concentrate in greater quantities only when delays are experienced in transporting the concentrate from site due to unscheduled events such as road closures.

Concentrate is proposed to be transported from site on a contract basis by truck to the railhead in Vares and thence to Ploce in Croatia, the nearest port, for shipping to the smelters.

1.4.13. Reagents Sourcing and Storage

The majority of the proposed reagents would be procured locally in Europe and delivered to the site in bulk on an as required basis. The reagents would be stored in the specifically designed reagents storage area.

1.5. INFRASTRUCTURE REQUIREMENTS

The Rupice and Veovaca deposits are located approximately 8.7km west-north-west and 3.5km east respectively from the town of Vares and 35km to the north-north-west of the capital city Sarajevo.

The Rupice deposit is largely a greenfield site located some 1.5km from the nearest small village of Borovica Gornja and no infrastructure currently exists at the proposed mining operations. The site is currently accessed from the main sealed road to village of Borovica Gornja followed by an unsealed track in reasonable repair to the exploration site. There are no waterways or channels within close proximity to the project area and all construction material, equipment and consumables will need to be transported via rail or heavy truck and trailer from Vares, Sarajevo or Ploce port located on the coast of Croatia.

A town of Vares is electrified by a stepped down supply from the 220 KV main distribution line located in close proximity to the town. A 132 KV overhead distribution line runs in close proximity to the mine site alongside the main sealed R444a. The construction of approximately 2.5km overhead line will be required to connect to the 132 KV line.

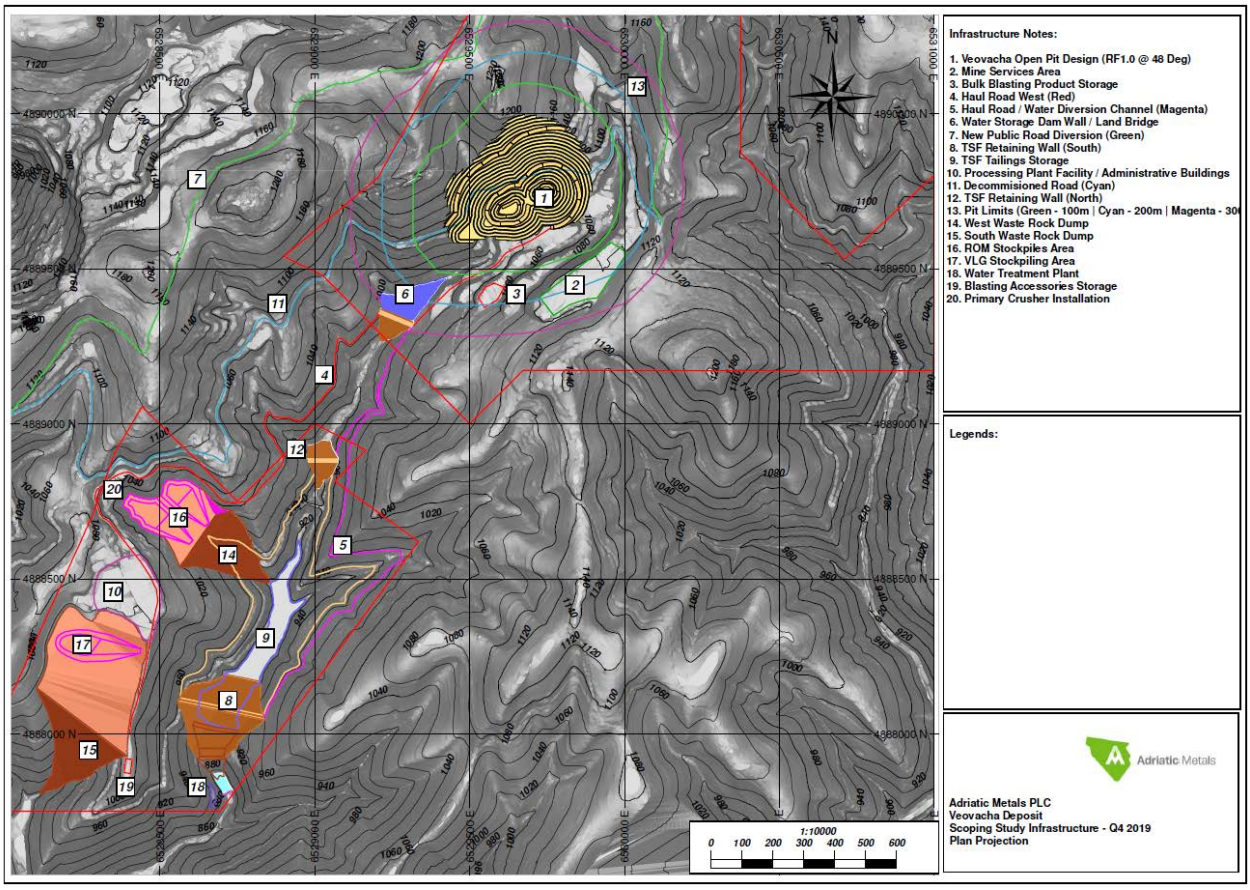
Surface and ground-water estimates have indicated that the project will have a negative water balance and the mining and processing water requirements will require augmentation by either a planned well field or supplied mains water supply.

The Veovaca deposit is largely a greenfield site that has been mined historically using open pit methods. The deposit is located in close proximity to Dastansko village to the east approximately 250m from the planned pit.

There is currently no mining infrastructure at the Veovaca deposit, however, a derelict processing facility is located some 2km south-east of the proposed surface operation. A large administrative building located at the plant site has been successfully repaired and refurbished.

During the future mining of the Veovaca deposit, it is proposed that a new dedicated mine haul road will be constructed to the west and east of the valley. The western haul road would be used to haul feed and waste to the processing plant and the waste rock dump areas respectively. The eastern haul road would be used initially for the transport of waste rock for the construction of the southern Tailings Storage Facility (TSF) wall. Following the completion of the southern TSF wall, this road will form the permanent water diversion channel (graded at 1:100 down to the southern TSF wall) that will divert water around the TSF for discharge into the valley downstream of the TSF wall.

The proposed infrastructure at Veovaca is shown in the diagram below:



1.5.1. Tailings Disposal

The tailings disposal strategy is proposed to be managed in two phases:

- Phase 1 - Processing of Rupice feed, dewatering and transporting tailings to the paste-fill plant located at Rupice for the purposes of stope void filling; and
- Phase 2 – following the depletion of the Rupice, Veovaca tailings will be pumped to the existing tailings facility located in the valley immediately east of the processing plant.

1.5.2. Telecommunications

Telecommunications in Bosnia and Herzegovina comprises of licensed fixed telecommunication operators with a highly competitive mobile sector covering 99% of the population with a 63.29% penetration rate operating on 4G+ network.

It is proposed that the mine site will be linked to data and voice telecommunications network via a satellite receiving station or cellular network repeater station. Communications on site will link the public network to the various voice, data and telemetry infrastructure systems within the local mine network using fibre optic cable which will support both data and voice communications. A repeater system will provide the infrastructure to enable hand-held and mobile radio sets to communicate around the site.

1.5.3. Transportation

Two main electrified rail lines form the rail network with a standard gauge of 1,435mm in Bosnia and Herzegovina with a west-east line connecting Bilhac in the west to Doboj in the north, and a south-north line (25kV / 50Hz) connecting the Croatian port of Ploce to Doboj.

The south-north line traverses Sarajevo with the Podlugovi – Vares rail branch for a distance of 24.5km terminating at the historical iron ore loading siding in the town of Vares.

Product concentrate will be loaded into 20-foot standard intermodal containers, with a net weight 27.8t and internal volume 33.1m3; they will be hauled via truck to the rail siding in Vares and loaded onto flat rail cars for transport approximately 230km to the Port of Ploce in Croatia for shipment to the off-taker. Empty containers will be returned to the rail siding at Vares for loading of the next consignment.

1.6. CONCETRATE MARKETING

1.6.1. Metals

Bluequest Resources AG based in Baar, Switzerland were retained by Adriatic Metals to prepare a commercial report to calculate the overall value of the anticipated concentrates focussing on the high value zinc and lead-silver concentrates predicted to be produced from the Rupice deposit at a processing plant at Veovaca.

The high silver and gold content in both the Cu/Pb and Zn concentrates was of significant interest to the smelters that were contacted as was the low iron levels in the concentrates. It was also noted that the Chinese smelters would view the Cu/Pb concentrate as a silver concentrate because of the high silver values and this has benefits in that VAT would then not be payable as the silver is exportable as bullion. Another benefit of the Chinese smelter is that the antimony (Sb) becomes another payable metal, in addition to the copper, lead, silver and gold, making this a very high value concentrate.

Overall Net Smelter Revenues (NSR) values, taking into account all payables and all deductions and costs, for the Rupice Cu/Pb and Zn concentrates are about USD 2,500/t and USD 950/t respectively. Applying the same basic factors to the Veovaca concentrates gives NSR values for the Pb and Zn concentrates of approximately USD 1400/t and USD 700/t respectively.

1.6.2. Barite

A study of the market potential of barite from the Project was prepared in December 2017 by Peter W. Harben Inc. The fundamentals of the sector and the market drivers have not changed significantly, and this was subject to a 2019 update by Ted Dickson of TAK Industrial Mineral Consultancy. Because industrial minerals are marketed differently from metal concentrates and because Adriatic Metals will produce a ready ground product, marketing requires more direct discussions between the company and end users in the oil & gas industry. The grade and high SG (Specific Gravity) of the barite produced from Rupice make it an attractive product for drilling muds and it has passed the current API (American Petroleum Institute) tests in terms of sizing and other specifications. It proved difficult without being able to provide a bulk product for testing to get end-users to give an estimated FOB (Free on Board) price for Adriatic's barite and estimates of between USD 130/t and USD 180/t have been suggested. A price of USD 155/t was chosen for the Scoping Study report.

1.7. ROYALTIES AND TAXATION

Corporate Income tax rates in Bosnia and Herzegovina are 10% and have been accounted for in the Economic model. There are no Royalties payable to the central government, but the Concession Agreement between the Company and Zenica-Doboj Canton allows for a fee of KM1.50 (US$ 0.85) per run of mine tonne with a minimum fee of 100,000 tonnes per annum. On a Net Smelter Return basis, this Royalty is equivalent to 0.2%.

1.8. CAPITAL EXPENDITURE

1.8.1. Rupice

Capital costs for mining have been estimated from international benchmarked rates for mobilization of equipment and construction on a Mine Services Area (MSA) that includes heavy equipment workshops, store and administrative structures. The mining capital is separated into surface and underground infrastructure.

Underground mining at Rupice is assumed as an owner operator underground operation. Mining equipment owning costs are included including in the operational cost model as a leased cost at 5% over 60 months.

Rupice surface and underground mining infrastructure capital costs used in the financial model are summarised in below:

Surface Infrastructure Capital	Units	2021	2022	Total (US$m)
On site Infrastructure	US$M	12.4	12.4	24.8
Surface Roads	US$M	2.1	2.1	4.2
Rail Siding	US$M	0.9	0.9	1.8
Tailings Storage Facility (TSF)	US$M	0.2	0.2	0.4
Administration	US$M	1.9	1.9	3.8
Surface Infrastructure Capital	**US$M**	**17.5**	**17.5**	**35.0**
Underground Infrastructure Capital	**US$M**	**8.7**	**8.7**	**17.4**
Subtotal	**US$M**	**26.2**	**26.2**	**52.4**
Contingency (30%)	US$M	7.8	7.8	15.6
Total Infrastructure CAPEX	**US$M**	**34.0**	**34.0**	**68.0**

1.8.2. Veovaca

Open pit mining at Veovaca is assumed as a mining contractor open pit operation. Mining equipment owning costs are included in the operational cost model as a leased cost at 5% over 60 months. The mining infrastructure capital costs used in the financial model are summarised below:

	Units	2030	2031	Total (US$m)
Open Pit Infrastructure Capital	**US$M**	**3.8**	**3.8**	**7.6**
Contingency (30%)	US$M	1.1	1.1	2.2
Total Infrastructure CAPEX	**US$M**	**4.9**	**4.9**	**9.8**

1.8.3. Processing

The hydrometallurgical processing capital costs have been derived for equipment, construction and engineering management for the concentrator plant from scoping study work undertaken by Wardell Armstrong under the guidance of Holland and Holland Consultants. Plant capital costs have been adjusted for expected high mass-pull concentrate conditions during the initial high-grade underground feed from the Rupice underground mine. The capital costs for the processing plant are summarised below:

Processing Plant Capital	Units	Total (US$m)
Equipment Cost - Supply	US$M	18.50
Equipment Cost – Install and Commission	US$M	7.95
Piping	US$M	5.29
Installation	US$M	3.97
Buildings and Site Development	US$M	15.87
Auxiliaries	US$M	3.97
Outside Lines	US$M	2.65
Subtotal	**US$M**	**58.19**
Engineering, Procurement and Management	US$M	8.73
Contingency (30%)	US$M	17.46
Total Infrastructure CAPEX	**US$M**	**84.37**

1.8.4. Other Capital Costs

The following capital ratios have been applied in the capital estimate for the allowance of EPCM and owners' fees:

- 2.5% Capital allowance for Owners Costs
- 15% capital fee for Engineering Procurement and Construction Management (EPCM) for the processing plant
- 12.5% capital fee for Engineering Procurement and Construction Management (EPCM) for the mining infrastructure
- 30% Contingency for estimation inaccuracy and miscellaneous items

1.8.5. Rehabilitation and Closure

No provision for the rehabilitation and closure of the mine has been allowed in the capital cost estimate. An environmental provision of US$1.50/tonne amounting to some US$17.9m over the LOM is allowed in the operational cost. It is recommended that where appropriate structures are procured that are of the mobile / temporary nature to ensure cost effective and rapid demobilisation of surface site infrastructure is possible.

1.9. OPERATING EXPENDITURES

The operating costs were estimated from zero base activity-based model and calculated per period based on the mine production schedule for both the open pit and underground operation. Costs presented are real US Dollar denominated and any cost components presented in local currency (BAM) were converted to real US Dollar terms at the exchange rate of BAM 1.75 to 1 US$.

1.9.1. Mining Operational Cost

The open pit and underground operational cost models are both developed as zero base activity based operational cost models. The open pit mining operational cost model assumes mining contractor scenario with a 10% mark-up. The underground mine operating cost model assumes an owner operator underground model with mining equipment leasing approach (5% interest 60 months repayment schedule).

Schedule quantities from the mine plan and scheduling were used to calculate operating cost cashflows on a per period basis. In addition to the variable unit rates and quantities a fixed cost allowance has been provisioned in the mining operational costs.

The mining operational cost in the Study can be summarised as follows:

Rupice Underground Mine	Units	Steady State - Phase 1 - 2023 – 2027 Note 1	Steady State - Phase 2 - 2028 – 2030 Note 2	LOM Average
Total Mining Unit Cost	**US$/t milled**	**43.03**	**31.00**	**40.46**

Veovaca Open Pit Mine	Units	Steady State - Phase 1 - 2032 – 2034 Note 3	Steady State - Phase 2 - 2035 – 2038 Note 4	LOM Average
Total Mining Unit Cost	**US$/t milled**	**17.23**	**11.63**	**15.60**
Total Mining Unit Cost	**US$/t mined**	**3.53**	**7.19**	**4.54**

Notes:

1. Steady State production accompanied by increased waste development for feed access.
2. Steady State production accompanied by decreased / minimal waste development.
3. Steady State production accompanied by increased waste stripping (above 3:1) for feed access.
4. Steady State production accompanied by decreased / minimal waste development (approx. 1:1).

1.9.2. On-Mine Costs

The on-mine costs for the Rupice and Veovaca Deposits site were estimated from first principles based on estimated local labour rates and includes provision for stores and equipment. On-mine costs are calculated for the indirect equipment, stores and ancillary items. Indirect labour is included in the mining operational costs for both the Rupice and Veovaca mining operations. Ancillary cost is summarised in the table below:

Ancillary On-mine Costs	Peak Monthly Cost (US$/mth)	LOM Average Monthly Cost (US$/mth)
Total Indirect Labour Cost per Month	**210,245**	**27,291**
Total Indirect Labour Cost per Tonne	**3.19**	**0.41**

1.9.3. Processing Operational Costs

The hydrometallurgical processing operating costs have been derived from metallurgical test-work and scoping study work undertaken by Wardell Armstrong under the guidance of Holland and Holland Consultants. Operating costs are adjusted for local energy, reagent and labour costs and are summarised in the table below:

Processing Costs	Units	Rupice Feed	Veovaca Feed
Labour	US$/tonne milled	2.73	2.73
Power	US$/tonne milled	3.22	3.22
Wear Parts	US$/tonne milled	2.71	2.71
Maintenance and Spares	US$/tonne milled	1.16	1.16
Reagents	US$/tonne milled	10.94	4.04
Assaying	US$/tonne milled	0.25	0.25
Total Fixed Cost	**US$/tonne milled**	**21.01**	**14.11**

Off-mine costs comprises of additional cost for transport of Rupice feed to the Veovaca processing facility. A specialist transportation contractor is assumed to fulfil the transport requirements and a unit rates of US$0.15/t/km is based on a benchmarked contractor rate. A total unit rate of US$ 4.20 / tonne is applied as an off-mine cost for the 28km route (single way) from the Rupice mine to the Veovaca processing facility, equating to a total LOM off-mine cost of US$30m. The transportation of intermodal containers containing product concentrate has been calculated at a unit rate of US$ 0.92 / tonne dry concentrate (unit rates of US$0.15/t/km) based on a 6.6km route (single way) from the Veovaca processing facility to the rail siding in Vares , equating to a total LOM off-mine cost of US$3.5m.

1.10. Sustaining Capital Costs

A 2.5 % and 4.0% sustaining capital provision has been applied to the processing and mining operational cost for the Rupice deposit. The open pit mining operation proposed at the Veovaca deposit will be undertaken using a mining contractor and no mining sustaining costs have been allowed once Veovaca is in full production. The sustaining capital provision for the total LOM equates to US$17m.

1.11. Environmental Provision

An environmental provision of US$1.50/ tonne feed has been applied for the purpose of site rehabilitation following the end of the life of mine. The environmental provision for the total LOM equates to US$18m.

1.12. Deductions from Concentrate Sales

Deductions from the sales of the Zinc, Lead and Barite concentrates, set out in the table below, include the concentrate transport and treatment charges.

Concentrate Deductions	LOM Total (US$m)	US$/tonne conc (dry)	US$/tonne feed milled
Zinc Concentrate	**279.5**	**362.0**	**23.5**
Lead Concentrate	**110.2**	**188.6**	**9.3**
Barite Concentrate	**30.4**	**12.5**	**2.6**
Total Deductions on Concentrate	**420.1**	**110.8**	**35.3**

1.13. Operating Cost Summary

A summary of the total operating cost is presented in the table below:

Summary Operating Cost	Units	2023 – 2027 Note 1	2028 – 2031 Note 2	2032 – 2034 Note 3	2035 – 2038 Note 4	LOM
Mining OP	US$/tmilled	0.0	2.7	17.2	11.6	6.2
Mining UG	US$/tmilled	43.0	27.8	0.0	0.0	24.3
Processing	US$/tmilled	21.0	20.5	14.2	14.1	18.3
On-mine	US$/tmilled	3.2	2.9	0.4	0.4	2.1
Off-mine	US$/tmilled	4.6	4.2	0.1	0.1	2.8
Sustaining Capital	US$/tmilled	2.2	1.6	0.4	0.4	1.4
Environmental Provision	US$/tmilled	1.5	1.5	1.5	1.5	1.5
Sub-Total Operating Cost	**US$/tmilled**	**75.6**	**61.2**	**33.8**	**28.1**	**56.7**
Deductions	US$/tmilled	56.2	34.2	17.3	13.4	35.3

Summary Operating Cost	Units	2023 – 2027 Note 1	2028 – 2031 Note 2	2032 – 2034 Note 3	2035 – 2038 Note 4	LOM
Total OPEX (US$/tmilled)	**US$/tmilled**	**131.8**	**95.4**	**51.1**	**41.5**	**91.9**

Notes:

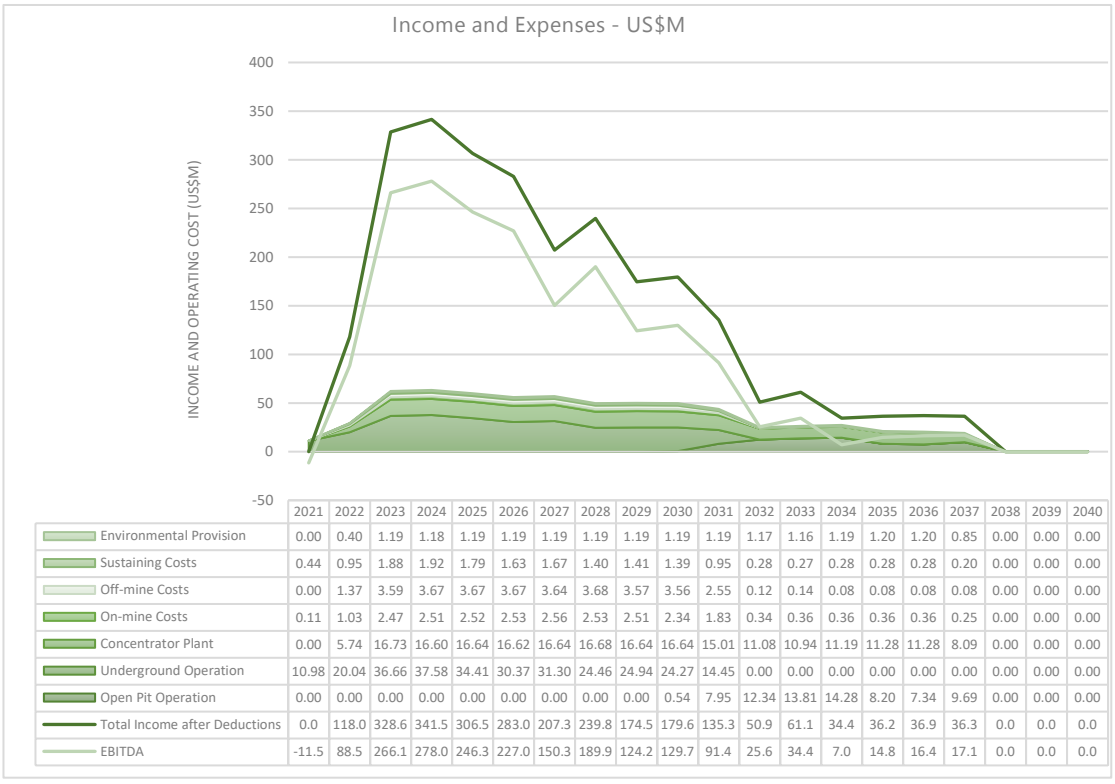
1. Production period representing steady state underground production with increased development requirements.
2. Production period representing steady state underground production with decreased development requirements.
3. Production period representing steady state open-pit production with increased waste stripping requirements.
4. Production period representing steady state open-pit production with minimal waste stripping requirements.

1.14. PROJECT ECONOMICS

A standard Discounted Cashflow (DCF) method of financial valuation is used to value Veovaca and Rupice. The key post tax financial outcomes are presented in the following tables:

Post Tax Results	Units	Combined Projects
NPV @ 0%	US$M	1,534.8
NPV @ 5%	US$M	1,102.1
NPV @ 10%	US$M	814.8
NPV @ 8%	**US$M**	**916.6**
IRR	%	107.4%
Payback (Project Start)	Months	21
Payback (Processing Start)	Months	8
Return on Capital Employed (Pre-Tax)	Multiple	10.3x

The operating expenditure and income from concentrate product stream for the combined products is presented in the figure below:



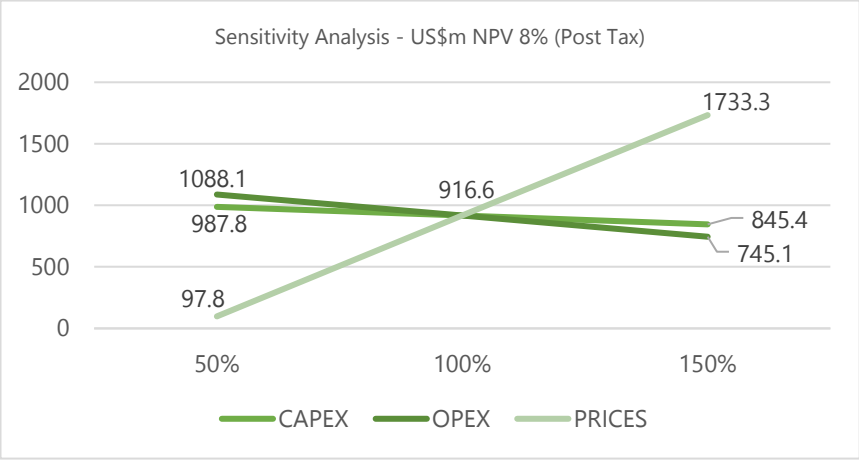
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Environmental Provision	0.00	0.40	1.19	1.18	1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.17	1.16	1.19	1.20	1.20	0.85	0.00	0.00	0.00
Sustaining Costs	0.44	0.95	1.88	1.92	1.79	1.63	1.67	1.40	1.41	1.39	0.95	0.28	0.27	0.28	0.28	0.28	0.20	0.00	0.00	0.00
Off-mine Costs	0.00	1.37	3.59	3.67	3.67	3.67	3.64	3.68	3.57	3.56	2.55	0.12	0.14	0.08	0.08	0.08	0.08	0.00	0.00	0.00
On-mine Costs	0.11	1.03	2.47	2.51	2.52	2.53	2.56	2.53	2.51	2.34	1.83	0.34	0.36	0.36	0.36	0.36	0.25	0.00	0.00	0.00
Concentrator Plant	0.00	5.74	16.73	16.60	16.64	16.62	16.64	16.68	16.64	16.64	15.01	11.08	10.94	11.19	11.28	11.28	8.09	0.00	0.00	0.00
Underground Operation	10.98	20.04	36.66	37.58	34.41	30.37	31.30	24.46	24.94	24.27	14.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Open Pit Operation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.54	7.95	12.34	13.81	14.28	8.20	7.34	9.69	0.00	0.00	0.00
Total Income after Deductions	0.0	118.0	328.6	341.5	306.5	283.0	207.3	239.8	174.5	179.6	135.3	50.9	61.1	34.4	36.2	36.9	36.3	0.0	0.0	0.0
EBITDA	-11.5	88.5	266.1	278.0	246.3	227.0	150.3	189.9	124.2	129.7	91.4	25.6	34.4	7.0	14.8	16.4	17.1	0.0	0.0	0.0

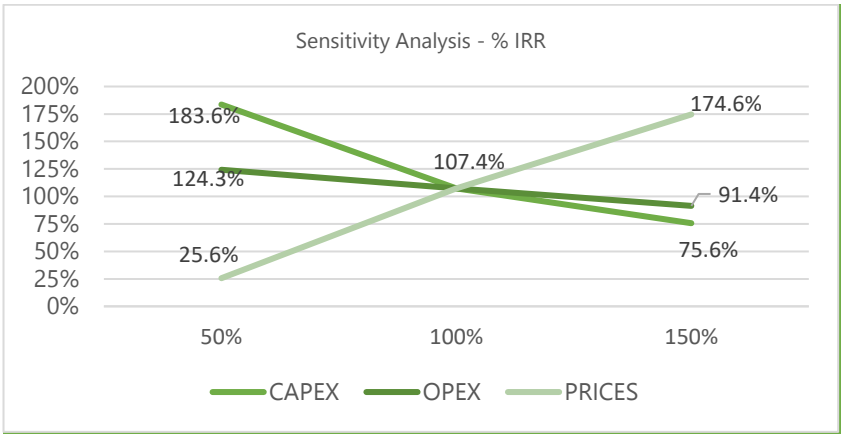
The contribution to income by element from concentrate sales is summarised in the table below:

Contribution	Total	Zn Conc	Pb Conc	Ba Conc
Zn	30.3%	84%	0%	0%
Pb	17.7%	0%	33%	0%
Cu	2.6%	0%	5%	0%
$BaSO_4$	10.0%	0%	0%	100%
Au	11.0%	9%	14%	0%
Ag	25.3%	7%	42%	0%
Sb	3.2%	0%	6%	0%
Total	**100.0%**	**36%**	**54%**	**10%**

A number of standard financial sensitivities are listed in the tabulation below.

Key Driver	Sensitivities	After-Tax IRR%	After-Tax NPV8% (US$m)
CAPEX	-50%	183.3%	987.8
	Base Case	107.4%	916.6
	+50%	75.6%	845.4
OPEX	-50%	124.3%	1,088.1
	Base Case	107.4%	916.6
	+50%	91.4%	745.1
Metal Prices (all elements)	-50%	25.6%	97.8
	Base Case	107.4%	916.6
	+50%	174.6%	1,733.3





2. EXPLORATION RESULTS

During the Quarter assay results from a number of drill holes were received and announced to the market, the best intercepts from those announcements are summarised below. Please refer to the original announcement for full details of all reported drill hole assays.

2.1. RUPICE CONTINUES TO EXPAND WITH HIGH GRADE PRECIOUS METAL INTERCEPTS AND FIRST INTERCEPTS AT JB ZONE

On 28 November 2019 the Company announced the results of several step out drilling holes in the Rupice mineralisation which increased the strike length to over 500m and remains open to the north into unexplored ground, and south towards the Jurasevac-Brestic prospect.

The results included:

- **The highest gold and silver grades in northern extension area with BR-22-19 returning an interval of:**
  - 6m @ 11.3g/t Au, 1,019g/t Ag, 13.1% Zn, 12.5% Pb, and 1.3% Cu from 238m
- **Additionally, the most northerly hole BR-25-19 (Figure 6) confirmed further and open extensions of the Rupice mineralisation intersecting two thick zones of mineralisation which returned:**
  - 14m at 0.33g/t Au, 130g/t Ag, 1.6% Zn, 1.4% Pb, and 0.2% Cu from 246m, and
  - 26m at 0.11g/t Au, 18g/t Ag, 0.7% Zn, 0.6% Pb, and 0.3% Cu from 302m.
- **BR-27-19 and BR-41-19 which extends the southerly continuation of the Rupice mineralisation returning:**
  - 48m @ 0.72g/t Au, 70g/t Ag, 2.3% Zn, 2.0% Pb, 0.6% Cu and 58% $BaSO_4$ from 240m including intervals of:
    *4m @ 1.69g/t Au, 175g/t Ag, 6.5% Zn, 4.6% Pb, 0.5% Cu, and 48% $BaSO_4$ and 26m @ 79% $BaSO_4$. (**BR-27-19**).*
  - 10m @ 0.51g/t Au, 58g/t Ag, 3.5% Zn, 3.6% Pb and 0.6% Cu from 248m including an interval of:
    4m @ 0.70g/t Au, 86g/t Ag, 6.4% Zn, 5.9% Pb and 0.7% Cu, and
  - 12m @ 1.15g/t Au, 253g/t Ag, 3.0% Zn, 1.8% Pb, 0.5% Cu and 56% $BaSO_4$ from 262m (**BR-41-19**).

The mineralisation displayed some zonation with the upper section rich in barite with one of the best barite intersections of 28m @ 79% $BaSO_4$, whilst the lower section was more base metal rich with an interval greater than 3% lead or zinc returning:

- 10m @ 4.1% Zn, 3.0% Pb, 0.4% Cu, 0.97g/t Au, 142g/t Ag and 40% $BaSO_4$ from 270m

Significantly, this interval is many times thicker and higher grade than the nearby BR-18-19 which intersected 6m of mineralisation, and may represent another substantial thickening of the Rupice mineralisation as it extends to the south into untested ground towards the Jurasevac-Brestic prospect some 600m to the southeast.

2.2. HIGH GRADE INTERCEPT 60M EAST OF KNOWN MINERALISATION AT RUPICE SOUTH

On 5 December 2019 the Company announced drill hole BR-43-19, which is the deepest drill hole to date in the southern extensions of the Rupice mineralisation, may represent another substantial thickening of the Rupice mineralisation as it extends to the south into untested ground returning:

- **16m @ 1.96g/t Au, 350g/t Ag, 5.3% Zn, 3.4% Pb, 0.5% Cu and 47% $BaSO_4$ from 330m including:**
  - 10m @ 2.83g/t Au, 536g/t Ag, 7.4% Zn, 4.8% Pb, 0.5% Cu and 60% $BaSO_4$

This drill section in Figure [2] which includes drill holes BR-27-19, BR-37-19 and BR-43-19 extends the mineralisation some 200m down-dip and outside of the current ore block model (OBM). The mineralisation remains open down dip and to the south.

Similarly drill hole BR-39-19 is the deepest hole in the northern extensions of the Rupice mineralisation and intersected an upper lens of 58m of low-grade mineralisation (including 2 intervals of internal waste refer Table 3) and a further two lower lenses of 8m and 6m respectively. The drilling in the northern extension is over 80m along strike and outside of the current OBM. The mineralisation remains open to the north. Drilling continues at both the Rupice deposit and the Jurasevac-Brestic prospect.

3. COMPLETION OF INSTITUTIONAL PLACEMENT

On 30 October 2019 the Company announced the completion of a A$25 million Institutional Placement (the "Placement") at an issue price of A$1.00 per share. The Placement was strongly supported by existing shareholders and also introduced a number of new, high quality global institutional investors to Adriatic's share register. Sandfire Resources NL (ASX: SFR), an existing Adriatic shareholder, also subscribed for their pro-rata interest in the placement under the terms of the 2018 Collaboration & Strategic Partnership Deed.

The company received the gross Placement funds (before costs) in the following tranches:

- A$10,878,508 on 6 November
- A$9,121,492 on 14 November
- A$5,000,000 on 22 November

Pursuant to the Placement the Company issued a total of 25,000,000 new ordinary shares in the form of CHESS Depository Interests in respect of the three tranches.

Following the Placement, the Company's cash balance at 31 December 2019 was £13.9 million. The Company is now fully funded through to completion of a Bankable Feasibility Study for the Vares Project and is well positioned to aggressively expedite the exploration & development activities at the Vares Project including:

- Ongoing exploration drilling
- Completion of an Environmental Impact Assessment and permitting activities
- Completion of a Bankable Feasibility Study
- General working capital requirements

4. ADMISSION TO TRADING ON THE LONDON STOCK EXCHANGE

Following publication of the Company's Prospectus on 9 November 2019, the Adriatic's 177,715,987 ordinary shares were admitted to the Standard Segment of the Official List of the Financial Conduct Authority ("Admission") and to trading on the London Stock Exchange's Main Market ("LSE") at 8.00am GMT on 12

December 2019 under the ticker "ADT1". As a result, the Company is now, amongst other things, subject to the UK City Code on Takeovers and Mergers, as administered by the UK Panel on Takeovers and Mergers, more details of which can be found in the Company's announcement on 17 December 2019.

The LSE listing was completed following continued interest received by the Company from investors in the United Kingdom and Europe and, given the location of the Company's assets, it believes that these markets have the potential to provide support to Adriatic as it continues to progress the Vares Project.

Adriatic has, and will continue to, retain its existing ASX listing which remains the primary trading exchange in the Company's shares.

5. BOARD AND MANAGEMENT CHANGES

During the Quarter, as part of the Company's agreed strategy to diversify the skill set of the entire board and increase its independence, and strengthen the senior management team to align with the skill sets needed as the Vares project advances toward production, a number of board and management changes were announced follows:

- In October Mr Eric de Mori, a founding member of Adriatic, resigned from the Board of Adriatic and confirmed he would not be seeking re-election at the Annual General Meeting.
- In November, Ms Sandra Bates and Mr John Richards were appointed as Non-Executive Directors of the Company. In accordance with the UK Corporate Governance Code, the board has determined that Ms Bates will be treated as an independent Non-Executive Director. Mr Richards' appointment follows a request from Sandfire Resources NL, under the terms of the Collaboration and Strategic Partnership Deed., to appoint a nominee to the Board of Adriatic following Sandfire increasing their interest in Adriatic to greater than 10% of issued capital.
- In January 2020, post Quarter end, Mr Geoff Eyre was appointed as Chief Financial Officer of the Company, replacing Mr Sean Duffy who had been CFO of Adriatic since November 2017, and Mr Phillip Fox was appointed as Chief Geologist, following the retirement of Bob Annett in December 2019.

6. EVENTS SUBSEQUENT TO THE QUARTER END

6.1. 16 January 2020 - Additional Drilling Results

Additional drilling results were released 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% $BaSO_4$ from 298m.

6.2. 21 January 2020 – Metallurgical Test Work Update

The Company announced 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.

- Based on advice from Adriatic's concentrate marketing consultant, it is now expected that the copper concentrate will be in excess of 95% payable as compared to the previous assumption that the copper/lead concentrate would be only 30% payable
- 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.

Adriatic also confirmed that Ausenco had been appointed as lead consultant for feasibility program in the same announcement.

For further information please contact:

Paul Cronin
Managing Director & CEO
info@adriaticmetals.com

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 that relates to the Mineral Resources is based on, and fairly represents, information compiled by Dmitry Pertel. Dmitry Pertel is a full-time employee of CSA Global and is a Member of the Australian Institute of Geoscientists. Dmitry Pertel has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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" (JORC Code). Dmitry Pertel consents to the disclosure 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 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.

APPENDIX 1 – SCOPING STUDY MATERIAL ASSUMPTIONS

Material assumptions used in the estimation of the mineable material and associated financial information relating to the study discussed in this announcement, including consideration of the "modifying factors" under the JORC Code, are set out in the following table.

Criteria	Comment
Study Status	The mineable material and financial information in this study are based on a scoping study level assessment. The study referred to in this announcement is based on low-level technical and economic assessments and is insufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case at this stage or to provide certainty that the conclusions of the study will be realised.
Mineral Resource Estimate Underpinning the Minable Material	The Mineral Resource estimate for the Vares Project declared in July 2019 (see ASX announcement dated 23 July 2019) underpins the mineable material related to the polymetallic mineralisation which would be processed into metal concentrates, as contemplated by this study. This Mineral Resource estimate was prepared by a Competent Person in accordance with JORC Code 2012 (the JORC Code). The likelihood of eventual economic extraction was considered in terms of possible underground and open pit mining, likely product specifications, possible product marketability and potentially favourable logistics to the point of product sales.
Mining Factors or Assumptions	The Scoping Study contemplates mining based on an open pit operation at Veovača and an underground operation at Rupice utilising conventional drill and blast, load and haul and crusher feed, with mining to be undertaken by experienced mining contractors. Several sites for disposal of waste material have been identified near Veovača, including the existing tailings facility which is undergoing additional geotechnical test work to determine its suitability.
Metallurgical Factors or Assumptions	The metallurgical parameters for the processing of the Vares mineralisation into metal concentrate products are derived from comparable polymetallic processing operations and the preliminary metallurgical test work undertaken by Wardell Armstrong International. The samples for this test work were selected on the basis of being representative of the mineralised zones.
Infrastructure & Logistics	There is a substantial amount of existing infrastructure at Veovača and Rupice, including a nearby rail siding outside of Vares, roads, high voltage power and the historical tailings management facility. Some additional roads will need to be constructed for by-passing villages to transport material from Rupice to Veovača, and some roads will require widening and upgrade. Estimates of capital costs included in this release includes the estimates for the expected infrastructure required.
Capital Costs	The capital cost estimate for the Scoping Study has been compiled on preliminary plans for civil engineering works, mining and processing equipment and associated infrastructure. The estimate has been prepared based upon CSA Global's project database, current in-house data from recent projects, industry standard estimating factors and benchmarking against other projects. Estimates exclude duties and taxes, working capital, financing costs, relocation and resettlement costs, rehabilitation and closure costs. A 30% capital expenditure contingency allowance has been applied to cost estimates. The cost estimates were compiled in USD with a base date of Q4 2019 in real terms, with no allowance for escalation or inflation.
Operating Costs	The operating cost estimate for this study includes all costs associated with mining, processing, infrastructure, and site-based general and administration costs. The operating costs have been developed based on comparative costs for operations of similar size. Mining costs range from US$15.60/t for open pit mining at Veovača to US$40.46/t for underground mining at Rupice. Processing costs are consistent at $18.3/tonne for the life of mine. General and administration costs address overheads, administration and corporate expenses at an approximate cost of $4.92 per processed tonne. The selling costs include a treatment charge of $230/ zinc concentrate tonne and $85/ lead concentrate tonne. No treatment charged has been applied to Barite concentrates. Transport costs of $0.15/t/km for an assumed distance of 28 km. The cost estimates were compiled in USD in 2018 real terms, with no allowance for escalation or inflation
Revenue Factors	Revenue from the project is derived from the sale of barite, a zinc, gold & silver concentrate and a lead, silver, gold, antimony and copper concentrate. The Company has established the characteristics of expected final products through benchmarking against comparable polymetallic processing operations and the preliminary metallurgical testwork conducted by Wardell Armstrong International. Bluequest Ag has conducted a marketing study for the proposed concentrates and all estimated costs associated with shipping, insurance and handling have been incorporated into the Net Smelter Revenue assumptions. This marketing study underpins the payability assumptions

	for each metal concentrate presented in Appendix 1. Payability is a standard term in concentrate sales contracts and defines the portion (percentage) of the contained metal for which payment will be made by the refiner to the miner. CSA Global have used a combination of recent spot and forward consensus estimates provided by BMO Capital Markets, which is compiled from over 26 forecasts by respected global investments banks. The combined basis for metal price assumptions is intended to remove the effects of recent volatility in base metal markets and provide a more realistic view of metal prices anticipated at the time of commencement of production. Risks associated with these assumptions include that the payability of metals in concentrate is lower than expected, the metal concentrate product split differs from expectations and that the metal price assumptions are not met
Schedule & Timeframe	The project development schedule assumes the completion of a PFS by early 2020 and a FS by Q4 2020. Development approvals and investment permits will all be sought from the relevant Bosnian authorities in early 2020. Delays in any one of these key activities could results in a delay to the commencement of construction (planned for Q2-2021). This could lead on to a delay to first production which is planned for Q2-2022. The Company's stakeholder and community engagement programs will reduce the risk of project delays.
Market Assessment	The market for the Company's silver and base metal products is well established. The metals that would be produced from the Vares Project are actively traded in spot metals markets and through forward dated derivative financial instruments. Prices set in financial markets reflect underlying metal demand and supply conditions and market sentiment. These prices are often the reference prices used by the Company in negotiating offtake and / or sales agreements with counterparties. From 2018 to 2020, estimated consensus lead, silver, zinc and copper prices are all greater than current LME spot prices. Accordingly, the current market conditions could be characterised as favourable for the metals to be produced.
Funding	To achieve the range of outcomes indicated in the Vares Project Scoping Study, funding of in the range of US$150 million will likely be required in capital expenditure to construct the mine, grinding mill, project infrastructure and processing plant. It is anticipated that the finance will be sourced through a combination of equity and debt instruments from existing shareholders, new equity investment and debt providers from Australia and overseas. In October 2019, the Company completed an A$25 million placement of ordinary shares, with strong institutional investor participation. The Board considers that the Company has sufficient cash on hand to undertake the next stage of planned work programs, including the completion of a PFS, continued metallurgical testing and the commencement of other technical studies. The Company's Board believes that there is a reasonable basis to assume that funding will be available to complete all feasibility studies and finance the pre-production activities necessary to commence production on the following basis: • Adriatic's Board and executive team have a strong financing track record in developing resources projects, • Adriatic has a proven ability to attract new capital and supportive major investors including Sandfire Resources NL, • Adriatic believes this Scoping Study demonstrates the project's strong potential to deliver a favourable economic return, • The long operating history of Vares reduces project risks, as many of the key operating risks are known and can be managed • The recent and ongoing attraction of international investors and companies to opportunities in Bosnia, • The positive financial metrics of the project and the underlying demand growth for the commodities, and • Other companies at a similar stage in development have been able to raise similar amounts of capital in recent capital raisings.
Economic	The Scoping Study is a preliminary technical and economic study based on low level technical and economic assessments (+/- 40% accuracy) that are not sufficient to support the estimation of Ore Reserves. Further evaluation work and appropriate studies are required before Adriatic will be able to estimate any Ore Reserves or provide any assurance of an economic development. A discount rate of 8% has been used for financial modelling. This number was selected as a cost of capital and considered a prudent and suitable discount rate for project funding and economic forecasts.
Exchange rate	Estimates presented in this announcement are presented in USD unless stated otherwise.
Social	The Scoping Study contemplates the development of the Rupice mine via an underground mining operation with the construction of a processing facility and a concentrator and tailings storage facility at Veovača, where the existing open pit mine will be expanded in the latter years of the project life. The Company expects the Vares Project will create significant social and economic benefits for local communities, including employment opportunities, but acknowledges that some local residents may be directly or indirectly affected by the mine's development and associated operations. Community programs and social impact studies have commenced, with a

	Community liaison office established in the town of Vares, where staff are available for consultation with the local community.
Other	There are several other material risks to this project including product price, sovereign, competition, regulatory approval, social licence, scheduling and other risks typical of projects of similar scale.
Audits or reviews	This study was internally reviewed by Adriatic. No material issues were identified by the reviewers. All study inputs were prepared by Competent Persons identified in this announcement.

APPENDIX 2 – SCOPING STUDY ABBREVIATIONS

Abbreviation	Meaning	Abbreviation	meaning
%	percent	DH	drill hole
°	degrees (in Radians)	E	East
°C	degrees Celsius	EIA	Environmental Impact Assessment
2D	two-dimensional	EM	electromagnetic (survey)
3D	three-dimensional	EMP	Environmental Management Plan
A$	Australian Dollar	ESIA	Environmental and Social Impact Assessment
AAS	Atomic Absorption Spectroscopy	ESMP	Environmental and Social Management Plan
ABA	acid-base account	FA	fire assay
ARD	acid rock drainage	FEL	front-end loader
Au	gold	FET	full-time employees
BAM	Bosnia-Herzegovina Convertible Mark	g	gram
BD	bulk density	g/t	grams per tonne
BDL	below detection limit	GPS	Global Positioning Device
CAPEX	capital expenditure	HARD	half absolute relative difference
CIL	carbon-in-leach	HR	Human Resources
CIM	Canadian Institute of Mining, Metallurgy and Petroleum	HSE	Health, Safety and Environment
cm	centimetre	ICP	inductively coupled plasma
CRM	Certified Reference Material	IDW	Inverse Distance Weighting
CSA Global	CSA Global (UK) Ltd	IGR	International Gold Resources Inc.
CSV	comma separated values	IP	induced polarisation
Cu	copper	IRR	internal rate of return
CV	Coefficient of variation	ITS	Inchcape Testing Services
DA	dynamic anisotropy	JORC	Australasian Joint Ore Reserves Committee Code
DBA	database administrator	KE	kriging efficiency
DD	diamond drill hole	kg	kilograms
DGPS	differential global positioning satellite	km	kilometre
DH	drill hole	km^2	square kilometres
E	East	KNA	kriging neighbourhood analysis
kit	thousand tonnes	RC	reverse circulation (drill hole)
LG	Lerch Grossman	RC-DD	reverse circulation with diamond tail (drill hole)

LOM	life of mine	RMS	root mean squared
m	metre	ROM	run of mine
Ma	million years	RAP	Resettlement Action Plan
MCC	motor control centre	RQD	rock quality designation
me, MN, marl	metres east, north and relative level	S	South
mm	millimetre	SCR	Solid Core Recovery
Mos.	million ounces	SD	standard deviation
MRE	Mineral Resource estimate	SG	specific gravity
Mt	million tonnes	SQL	Structured Query Language (Database)
Mt/a	million tonnes per annum	t/a	tonnes per annum
N	north	t/h	tonnes per hour
NAF	non-acid forming	t/m^3	tonnes per cubic metre
NI 43-101	National Instrument 43-101 for the Standards of Disclosure for Mineral Projects within Canada	TR	trench
NPV	net present value	TSF	tailings storage facility
NSR	net smelter return	US$	US dollar
NVPS	NPV Scheduler	UTM	Universal Mercator Project
OK	ordinary kriging	VOIP	voice over internet protocol
OSA	overall slope angle	VSAT	very small aperture terminal
oz	troy ounce, 31.1034768 g	W	west
PIE	Preliminary Internal Estimate	WGS1984	World Geodetic System 1984
ppb	parts per billion	XRD	x-ray diffraction
PPE	personal protective equipment	XRF	x-ray fluorescence
ppm	parts per million		
par	portable x-ray fluorescence		
QAQC	quality assurance/quality control		
QP	Qualified Person		
Q-Q	quantile-quantile		

Appendix 3: 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*	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.

Criteria	JORC Code explanation	Commentary
	should not be taken as limiting the broad meaning of sampling.	
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	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.
	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.	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.
Drilling techniques	*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).*	Material for the metallurgical test work used diamond core exclusively, and predominantly HQ core cut in half.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Core recovery was estimated using the drillers' recorded depth marks against the length of the core recovered. There was no significant core loss.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	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.
	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.	There appears to be no potential sample bias as there was no regular or excessive loss of core.
Logging	*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.*	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.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging was qualitative. Recent diamond core was photographed.
	The total length and percentage of the relevant intersections logged.	All drilled intervals were logged and recorded.

Criteria	JORC Code explanation	Commentary
Subsampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Core from the recent drilling was machine sawn and half core taken for analytical analysis and metallurgical purposes.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	All sampled material was core.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	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.
	Quality control procedures adopted for all subsampling stages to maximise representivity of samples.	The exclusive use of diamond core cut in half provides a consistent sample with each sub-sample considered to be representative of the interval.
	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.	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
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes collected were considered to be appropriate to reasonably represent the material being tested.
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.

Criteria	JORC Code explanation	Commentary
	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.
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° dip to the northeast. The mineralisation is disrupted by both ductile (folding) and brittle structures (reverse fault). Drilling was mostly angled around 70-80° 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.

Criteria	JORC Code explanation	Commentary
	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 Concession, No. 04-18-21389-1/13 located 13km west of Vareš in Bosnia. 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.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Modern exploration commenced with the work of Energoinvest in the late 1960s. In the 1960s underground development of drives and cross cuts were made, and a number of surface trenches dug. In the 1980s a number of vertical diamond holes were drilled. Sample material from all of these programs was routinely analysed for lead, zinc, and barite, and on occasion silver and gold. The deposits were the subject of a number of estimates in the 1980s. This work is documented in many reports which are certified by those geoscientists and Institutes that undertook the work.

Criteria	JORC Code explanation	Commentary
		The work is considered to be of a standard equal to that prevalent within today's exploration industry.
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 50º, 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.*	Exploration results are not being reported.
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.*	Exploration results are not being reported
	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.	Exploration results are not being reported
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Exploration results are not being reported

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	Exploration results are not being reported
	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° and 80 ° 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').	Exploration results are not being reported.
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.*	Metallurgical test work results are being reported which do not require maps and diagrams.
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.*	Exploration results are not being reported.
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.	Exploration results are not being reported.

+Rule 5.5

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	**Quarter ended ("current quarter")**
624 403 162	31 DECEMBER 2019

Consolidated statement of cash flows		**Current quarter £GBP '000**	**Year to date (6 months) £GBP '000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,402)	(2,636)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(360)	(556)
	(e) administration and corporate costs	(852)	(1,305)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	25
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)	158	158
1.9	**Net cash from / (used in) operating activities**	**(2,449)**	**(4,314)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(39)	(146)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter £GBP '000**	**Year to date (6 months) £GBP '000**
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)	-	-
2.6	**Net cash from / (used in) investing activities**	**(39)**	**(146)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	12,576	12,619
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	315	428
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	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**12,891**	**13,047**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,695	5,568
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,449)	(4,314)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(39)	(146)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,891	13,047
4.5	Effect of movement in exchange rates on cash held	(184)	(241)
4.6	**Cash and cash equivalents at end of period**	**13,914**	**13,914**

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	13,914	1,511
5.2	Call deposits	-	2,184
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**13,914**	**3,695**

6.	**Payments to directors of the entity and their associates**	**Current quarter £GBP '000**
6.1	Aggregate amount of payments to these parties included in item 1.2	55
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 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)	-	-

8.4 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.

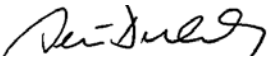
9.	**Estimated cash outflows for next quarter**	**£GBP '000**
9.1	Exploration and evaluation	841
9.2	Development	929
9.3	Production	-
9.4	Staff costs	237
9.5	Administration and corporate costs	277
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**2,284**

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: ..... Date: 28 January 2020
(Company secretary)

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.