



Adriatic Metals

ARBN 624 103 162

2018 Prospectus

OFFER

For an offer of up to 50,000,000 CDIs at an issue price of \$0.20 each to raise up to \$10,000,000 before costs, with a minimum subscription requirement to raise at least \$8,000,000 before costs.

IMPORTANT NOTICE

This document is important and it should be read in its entirety. If you are in any doubt as to the contents of this Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay. The CDIs offered by this Prospectus should be considered highly speculative.



DISCOVERY

CAPITAL PARTNERS

Lead Manager
and Corporate Adviser



CANACCORD Genuity

Co-Managers



Table of Contents

	Important Information 2	Corporate Directory 4
Letter from the Chairman 6	Key Offer Details 8	Investment Overview 9

1. Offer Details	15
2. Company and Business Overview	23
3. Risk Factors	27
4. Investigating Accountant's Report	35
5. Independent Geologist's Report	59
6. Legal Opinion on Title	127
7. Key Persons and Corporate Governance...	151
8. Material Contracts	159
9. Additional Information	165
10. Director Authorisation.....	193
11. Definitions	195
Application Form	197

Important Information

NOTICE

This Prospectus is issued by Adriatic Metals PLC ARBN 624 103 162 ("**Company**").

This Prospectus is dated 8 March 2018 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the CDIs offered pursuant to this Prospectus to be admitted for quotation on ASX.

No CDIs will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for CDIs pursuant to the Offer must do so using the Application Form attached to or accompanying this Prospectus. Before applying for CDIs investors should carefully read this Prospectus so that they can make an informed assessment of the rights and liabilities attaching to the CDIs, the assets and liabilities of the Company, its financial position and performance, profits and losses, and prospects.

Any investment in the Company should be considered highly speculative. Applicants should read this Prospectus in its entirety and persons considering applying for CDIs pursuant to this Prospectus should obtain professional advice.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Directors.

COMPETENT PERSON'S STATEMENT

Information contained in this Prospectus that relates to exploration results and mineral resources of the Company has been reviewed by employees of CSA Global Pty Ltd, who are Members of the Australasian Institute of Mining and Metallurgy.

These employees have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which the Company is undertaking, to qualify experts and competent persons as defined in the VALMIN Code and JORC Code.

CSA Global consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

FOREIGN INVESTOR RESTRICTIONS

The offer of CDIs under this Prospectus does not constitute an offer in any jurisdiction outside Australia. The Offer is not made to persons or places to which, or in which, it would not be lawful to make such an offer of securities. Any persons in such places who come into possession of this Prospectus should seek advice on and comply with any legal restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any regulatory or other consents are required or whether any other formalities need to be considered and followed. For information on selling restrictions that apply to the CDIs in certain jurisdictions outside Australia, see section 9.17.

PROSPECTUS AVAILABILITY

The Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the Company's website at www.adriaticmetals.com. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting Discovery Capital on +61 8 6365 5200.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those

circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for CDIs under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

NO COOLING OFF RIGHTS

Applicants have no cooling off rights in relation to CDIs for which they apply. This means that an applicant is not permitted or entitled to withdraw its application once submitted, other than in certain specified circumstances as detailed in the Corporations Act.

RISKS

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The CDIs offered by this Prospectus should be considered highly speculative. Refer to section 3 for details relating to risk factors.

DISCLAIMER

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

Certain statements in this Prospectus constitute forward looking statements. These forward looking statements are identified by words such as “may”, “could”, “believes”, “expects”, “intends”, and other similar words that involve risks and uncertainties. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements.

This Prospectus uses market data and third party estimates and projections. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change

based on various factors, including those discussed in the risk factors set out in section 3.

FINANCIAL AMOUNTS

All references in this Prospectus to “\$”, “\$A”, “AUD”, “dollars” or “cents” are references to Australian currency unless otherwise stated.

All references in this Prospectus to “GBP” are references to the currency of United Kingdom.

All references in this Prospectus to “BAM” are references to the currency of Bosnia and Herzegovina.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

EXCHANGE RATE

All amounts in GBP that have been converted to AUD in the Investigating Accountant's report have been converted using Bloomberg's exchange rate as at 31 December 2017 of AUD1 = GBP0.5781. Subject to the foregoing, unless otherwise stated, all amounts in GBP that have been converted to AUD in this Prospectus have been converted using the Reserve Bank of Australia's foreign currency exchange rate on 26 February 2018 of AUD = GBP0.5616. The Company notes that exchange rates are subject to change. Investors are advised to take this into consideration when considering the historical figures in GBP that have been converted into AUD using the exchange rate as at a historical date.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorsed this Prospectus or its contents, or that the assets shown in them are owned by the Company.

Diagrams used in this Prospectus are for illustration only and may not be to scale.

DEFINITIONS AND TIME

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in section 11.

All references to time relate to the time in Perth, Western Australia unless otherwise stated or implied.

GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in Western Australia and each applicant submits to the exclusive jurisdiction of the courts of Western Australia.

Corporate Directory

Directors



Peter Bilbe

Non-Executive Chairman



Geraint Harris

CEO



Paul Cronin

Non-Executive Director



Julian Barnes

Non-Executive Director



Eric de Mori

Non-Executive Director

Company Secretary

Sean Duffy

Australian Local Agent

Gabriel Chiappini

Registered Offices

Stamford House, Regent Street
Cheltenham, Gloucestershire GL50 1HN England
Telephone: +44 20 7993 4077

50 Ord Street
West Perth WA 6005
Telephone: +61 8 9463 3260

Website

www.adriaticmetals.com

ASX Code

ADT

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Lead Manager and Corporate Advisor

Discovery Capital Partners
Level 1, 50 Ord Street
West Perth WA 6005

Co-Manager

Canaccord Genuity (Australia) Limited
Level 26, 9 Castlereagh Street
Sydney NSW 2000

Ashanti Capital Pty Ltd
Level 2, 44A Kings Park Road
West Perth WA 6005

Auditor

Lubbock Fine Chartered Accountants
65 St Paul's Churchyard
London EC4M 8AB England

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Independent Geologist

CSA Global Pty Ltd
Level 2, 3 Ord Street
West Perth WA 6005

Bosnian Legal Adviser

Maric & Co Law Firm Ltd
Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

United Kingdom Legal Adviser

Proelium Law LLP
35 New Broad Street
London, EC2M 1NH England

Australian Legal Adviser

Price Sierakowski Corporate
Level 24, 44 St Georges Terrace
Perth WA 6000



Letter from the Chairman

8 March 2018

Dear Investor

On behalf of the Directors, I am pleased to present you with this opportunity to become a shareholder of Adriatic Metals PLC (**Company**).

The Company is a UK based company that is focused on exploring and developing its 100% owned zinc polymetallic projects in Bosnia & Herzegovina, through the Company's wholly owned subsidiary, Eastern Mining d.o.o Sarajevo (**Eastern Mining**). Eastern Mining is the holder of an exploration concession that covers the Company's two main projects, Veovaca and Rupice.

Veovaca is an historic open cut zinc/lead/barite and silver mine and the nearby Rupice deposit is an advanced exploration project which exhibits exceptionally high grades of base and precious metals. The Company has also assessed numerous regional prospects (which have been subject to varying levels of historical exploration activity) as targets for future exploration.

The Company was very active in 2017, completing a 2,839m diamond drilling program and other exploration activities across both Rupice and Veovaca, aimed at confirming historic results and enabling a JORC compliant resource at Veovaca to be completed.

The Company was very active in 2017, completing a 2,839m diamond drilling program and other exploration activities across both Rupice and Veovaca, aimed at confirming historic results and enabling a JORC compliant resource at Veovaca to be completed. The results were highly encouraging and in 2018 and 2019 the Company has planned substantial drilling programs and development assessments at all Projects including regional exploration targets.

Since the end of the civil war in the early 1990s and the signing of the Dayton peace agreement in 1995, Bosnia & Herzegovina has experienced a stable and peaceful democracy and is targeting EU membership. The country is "pro-mining" with a favourable foreign investment regime, however, during the past 20 years, little modern exploration has been undertaken despite the Balkans being a richly endowed mineralised region which has attracted major mining companies. The Company has established a "first mover" advantage in Bosnia which will undoubtedly lead to the emergence of other exploration and mining opportunities in the future.

The Company has established a high calibre Board and Management team which is well qualified to exploit the potential of the Company's projects and to identify new opportunities. The Board has extensive corporate history in the exploration, development, financing and mining of precious and base metal deposits around the world.

This Prospectus contains an offer to the public of up to 50,000,000 CDIs at an issue price of \$0.20 each to raise up to \$10,000,000 before costs, with a minimum subscription requirement to raise at least \$8,000,000 before costs. The proceeds from the Offer will primarily be used to fund the Company's Projects described in section 1.5.

The Company has established a high caliber Board and Management team which is well qualified to exploit the potential of the Company's projects and to identify new opportunities.

The ASX offers a sophisticated capital market and an internationally recognised corporate governance environment, which the Directors believe will provide a suitable platform for the Company's growth.

Investors should note that the Company has not commenced mining operations and is still in its exploration stage. Accordingly,

any investment made in the Company should be considered highly speculative. An investment in the Company is also subject to risks, including Company specific risks, such as those associated with mining and exploration, operating in Bosnia and commodity prices, and general risks. Information about certain risks is set out in section 3, which I encourage you to read carefully.

The Board is pleased to present this investment opportunity to you and invite you to become a shareholder in the Company. Before you make your investment decision, I urge you to carefully read this Prospectus in its entirety and recommend that you also seek professional investment advice.

Yours faithfully



Peter Bilbe
Non-Executive Chairman

Key Offer Details

Key financial information	CDIs	Shares
Ratio of securities per Share	1	1
Deemed issue price per security	AUD0.20	GBP0.11 (AUD0.20)
Existing securities on issue	-	80,195,596
Securities to be issued under the Offer	Minimum Subscription: 40,000,000 Maximum Subscription: 50,000,000	Minimum Subscription: 40,000,000 Maximum Subscription: 50,000,000
Securities on issue upon completion of the Offer	Minimum Subscription: 120,795,596 Maximum Subscription: 130,795,596	Minimum Subscription: 120,795,596 Maximum Subscription: 130,795,596
Founder Options (over Shares)	9,000,000 CDI equivalent	9,000,000
Adviser Options (over Shares)	2,000,000 CDI equivalent	2,000,000
Executive Options (over Shares)	7,500,000 CDI equivalent	7,500,000
Indicative market capitalisation upon completion of the Offer ¹	AUD26,159,119	GBP14,690,961 (AUD26,159,119)

Notes:

1. Market capitalisation is determined by multiplying the total number of CDIs on issue by the price at which the CDIs trade on the ASX from time to time. In the table above, the market capitalisation is calculated at the issue price of each Share under the Offer, being \$0.20. Please note that there is no guarantee that the CDIs will be trading at \$0.20 upon the Company listing.
2. Please refer to section 1.6 for further details relating to the proposed capital structure of the Company.

Important dates	
Lodgement of this Prospectus with ASIC	8 March 2018
Opening Date for the Offer	15 March 2018
Closing Date for the Offer	13 April 2018
Issue of CDIs under the Offer	16 April 2018
Holding statements sent to Shareholders	17 April 2018
Expected date for CDIs to commence trading on ASX	30 April 2018

Note: The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

Investment Overview

This section is not intended to provide full information for investors intending to apply for CDIs offered under this Prospectus. This Prospectus should be read and considered in its entirety. The CDIs offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the CDIs.

Topic	Summary	More Information
The Company		
Who is the issuer of this Prospectus?	Adriatic Metals PLC ARBN 624 103 162 (" Company ").	Section 2.1
What are the Company's key objectives?	<p>The Company's key objectives are to:</p> <ul style="list-style-type: none"> increase and identify further JORC resources at the Projects; and use funds effectively with the goal of returning value to Shareholders. 	Section 2.5
What are the Company's key assets?	The Company, through its wholly owned subsidiary Eastern Mining, holds the Exploration Concession which comprises the Rupice and Veovaca Projects.	Section 2.4
What is the Veovaca Project?	The Veovaca Project is an historic open cut zinc, lead, barite and silver mine which operated between 1983 and 1987. The Company has identified an Indicated and Inferred JORC resource at the Veovaca Project.	Section 2.4.1
What is the Rupice Project?	The Rupice Project is an advanced exploration project which exhibits exceptionally high grades of base and precious metals.	Section 2.4.2
What are the Company's business plans?	<p>The Company's initial business plans are to:</p> <ul style="list-style-type: none"> explore and advance the Projects; and evaluate and explore satellite deposits within the Exploration Concession. 	Section 2.5
What is the financial position and performance of the Company?	<p>As at 31 December 2017, the Company had:</p> <ul style="list-style-type: none"> a cash balance of \$1,404,525; total assets of \$3,621,304; total liabilities of \$729,533; net assets of \$2,891,771; and total equity of \$2,891,771. <p>Further financial information regarding the Company is set out and considered in the Investigating Accountant's Report included in section 4.</p> <p>Applicants should note that past performance is not a reliable indicator of future performance.</p>	Section 4

Topic	Summary	More Information
The Offer		
What is the Offer?	The Company is offering 50,000,000 CDIs at an issue price of \$0.20 each to raise \$10,000,000 before costs. There is no allowance for oversubscriptions.	Section 1.1
What is the Minimum Subscription?	The minimum subscription is \$8,000,000.	Section 1.3
Why is the Offer being conducted?	<p>The principal purposes of the Offer are to:</p> <ul style="list-style-type: none"> • comply with ASX's requirements for listing the Company on the ASX; • provide funds for the purposes set out in section 1.5; • provide the Company with access to equity capital markets for future funding needs; and • enhance the public and financial profile of the Company to facilitate further growth of the Company's business. 	Section 1.4
How will funds raised under the Offer be used?	<ul style="list-style-type: none"> • It is proposed that funds raised under the Offer will be applied towards: • expenses of the Offer; • exploration and other geological work on the Projects; and • general working capital. 	Section 1.5
What is the effect of the Offer on the capital structure of the Company?	The effect of the Offer on the capital structure of the Company will be to increase the number of Shares on issue and issue CDIs over Shares, as set out in section 1.6.	Section 1.6
Key risk factors		
<p>Investors should be aware that subscribing for CDIs in the Company involves a number of risks. The risk factors set out in section 3, and other general risks applicable to all investments in listed securities, may affect the value of the CDIs in the future. Accordingly, an investment in the Company should be considered highly speculative. This section summarises only some of the risks which apply to an investment in the Company and investors should refer to section 3 for a more detailed summary of the risks.</p>		
Exploration and development	<p>Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company.</p> <p>There can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.</p>	Section 3.1.1

Topic	Summary	More Information
Future profitability	The Company is in the growth stage of its development is making losses. The Company's profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.	Section 3.1.2
Bosnian in-country risks	<p>The Projects are located in Bosnia and Herzegovina. The Company will be subject to the risks associated with operating in that country, including various levels of political, sovereign, economic and other risks and uncertainties.</p> <p>Any material adverse changes in government policies, legislation, political, legal and social environments in Bosnia and Herzegovina and or any other country that the Company has economic interests in that affect mineral exploration activities, may affect the viability and profitability of the Company.</p>	Section 3.1.3
Operational risks	<p>The operations of the Company may be affected by various factors, including:</p> <ul style="list-style-type: none"> • failure to locate or identify mineral deposits; • failure to achieve predicted grades in exploration and mining; and • operational and technical difficulties encountered in mining. <p>In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.</p>	Section 3.1.5
Commodity prices	<p>The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates, such as the USD and GBP denominated zinc price and the GBP / USD exchange rate.</p> <p>These prices can significantly fluctuate, and are exposed to numerous factors beyond the control of the Company such as world demand for precious and other metals, forward selling by producers, and production cost levels in major metal producing regions.</p>	Section 3.1.6

Topic	Summary	More Information
Environmental risk	The Company's activities are subject to the environmental laws inherent in the mining industry and those specific to Bosnia and Herzegovina. The Company intends to conduct its activities in an environmentally responsible manner and in compliance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.	Section 3.1.10
Future funding needs	The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies.	Section 3.1.14
Other key Offer details		
What are the important dates of the Offer?	<p>Important dates</p> <p>Lodgement of this Prospectus with ASIC 8 March 2018</p> <p>Opening Date for the Offer 15 March 2018</p> <p>Closing Date for the Offer 13 April 2018</p> <p>Issue of CDIs under the Offer 16 April 2018</p> <p>Holding statements sent to Shareholders 17 April 2018</p> <p>Expected date for CDIs to commence trading on ASX 30 April 2018</p> <p>The above dates are indicative only and may change without notice.</p>	Key Offer Details
What rights and liabilities attach to the CDIs being offered?	The rights and liabilities attaching to the CDIs are described in sections 9.4.	Section 9.4
Is the Offer underwritten?	The Offer is not underwritten.	Section 1.8
Will any capital raising fees be payable in respect of the Offer?	<p>Discovery Capital has been engaged to provide lead manager, capital raising and corporate advisory services in connection with the Offer. Discovery Capital will receive a capital raising fee of 6% (plus GST) in respect of funds it raises under the Offer as well as other benefits.</p> <p>Discovery Capital and the Company have engaged Canaccord and Ashanti as co-managers to the Offer. For details of the fees to be paid to Canaccord and Ashanti see section 8.2.1.</p>	Section 8.2.1

Topic	Summary	More Information
Will the CDIs issued under the Offer be quoted?	The Company will apply to ASX no later than 7 days from the date of this Prospectus for admission of the Company to the official list of ASX, and official quotation of the CDIs offered under this Prospectus under the code ADT.	Section 1.14
How do I apply for CDIs under the Offer?	All Application Forms must be completed in accordance with their instructions and must be accompanied by a cheque in Australian dollars for the full amount of the application at \$0.20 per CDI. Cheques must be made payable to "Adriatic Metals PLC – Subscription Account" and should be crossed "Not Negotiable". Applications under the Offer must be for a minimum of 10,000 CDIs.	Section 1.2
When will I know if my application was successful?	Holding statements confirming allocations under the Offer will be sent to successful applicants as required by ASX. Holding statements are expected to be issued to Shareholders on or about 17 April 2018.	Section 1.13 and Key Offer Details
Can I speak to a representative about the Offer?	Questions relating to the Offer and completion of Application Forms can be directed to Discovery Capital on +61 8 6365 5200.	Section 1.19
Key persons		
Who are the Company's Directors?	The Directors of the Company are: <ul style="list-style-type: none"> • Peter Bilbe – Non-Executive Chairman; • Paul Cronin – Non-Executive Director; • Julian Barnes – Non-Executive Director; and • Eric de Mori – Non-Executive Director. 	Section 7.1
Who comprises the senior management team of the Company?	The Company's senior management team is comprised of: <ul style="list-style-type: none"> • Geraint Harris – Chief Executive Officer; • Milos Bosnjakovic – Head of Regulatory; • Robert Annett – Head of Exploration; • Sean Duffy – Chief Financial Officer and Company Secretary; and • Emir Sudzuka – General Manager (Eastern Mining). 	Section 7.2

Topic	Summary	More Information
What are the significant interests of the Directors?	<p>Upon the Company listing on the ASX, the Directors will be remunerated as follows:</p> <ul style="list-style-type: none"> • Peter Bilbe – AUD90,000 per annum; • Paul Cronin – GBP30,000 (AUD53,418) per annum; • Julian Barnes – GBP30,000 (AUD53,418) per annum; and • Eric de Mori – AUD54,000 per annum. <p>More information on the security holdings, interests and remuneration of the Directors is set out in section 7.5.</p>	Section 7.5
Is the Company party to any related party arrangements?	The Company has entered into corporate advisory agreements with Swellcap Limited and Lancaster Corporate. These entities are controlled by Paul Cronin and Eric de Mori respectively, both directors of the Company.	Sections 8.2.2 & 8.2.3
Miscellaneous matters		
What material contracts is the Company party to?	<p>The material contracts of the Company include:</p> <ul style="list-style-type: none"> • executive agreements; • corporate advisory agreements; • deeds of access, indemnity and insurance for each Director; and • escrow agreements to be entered into prior to re-listing. 	Section 8
Will any CDIs be subject to escrow?	No CDIs issued under the Offer will be subject to escrow. The Company expects that ASX will impose mandatory escrow on certain securities to be issued to Directors, seed capitalists members of the management team and corporate advisers.	Section 1.7
Will the Company pay dividends?	The Board provides no guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the relevant time.	Section 1.18
What are the tax implications of investing in CDIs under the Offer?	The tax consequences of any investment in CDIs will depend upon each applicant's particular circumstances. Investors should obtain their own tax advice before deciding to invest.	Sections 9.9 & 9.16



1. Offer Details

1.1 OVERVIEW

Offer

Under this Prospectus, the Company is offering up to 50,000,000 CDIs at an issue price of \$0.20 each to raise up to \$10,000,000 before costs (“**Offer**”). The Offer has a minimum subscription requirement of \$8,000,000. There is no allowance for oversubscriptions.

The Offer is open to the general public however non-Australian resident investors should consider the statements and restrictions set out in sections 1.9 and 9.17 before applying for CDIs.

The Shares underlying the CDIs will rank equally with the Shares currently on issue in the Company. There are certain differences between the Shares and ordinary shares which are typically issued by Australian incorporated public companies. A description of the CDIs and the underlying Shares, including the rights and liabilities attaching to them, is set out in sections 9.4 and 9.5..

Applications for CDIs must be made on the Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for CDIs should refer to section 1.2 and the Application Form for further details and instructions.

CHESS Depository Instruments

The Company is incorporated under the legal jurisdiction of England & Wales. To enable companies such as the Company to have their securities cleared and settled electronically through CHESS, depository instruments called ‘CDIs’ are issued. Pursuant to the ASX Settlement Operating Rules, CDI holders receive all of the economic benefits of actual ownership of the underlying Shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.

CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI holders. Shareholders cannot trade their Shares on ASX without first converting their Shares into CDIs.

One CDI represents one underlying Share. The main difference between holding CDIs and Shares is that CDI holders hold the beneficial ownership in the Shares instead of legal title. CHESS Depository Nominees Pty Limited (**CDN**), a subsidiary of ASX, will hold the legal title to the underlying Shares.

The Shares underlying the CDIs will be registered in the name of CDN and will be held on behalf of and for the benefit of the CDI holder. CDIs will be CHESS-approved from the date of the official quotation of the CDIs on the Official List of the ASX in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. The Shares underlying the CDIs will rank equally with the Shares that the Company has previously issued.

1. Offer Details

Investors should note that there are certain differences between Shares in the Company and ordinary shares which are typically issued by Australian incorporated public companies. A summary of the key rights attaching to CDIs and Shares is set out in sections 9.4 and 9.5 and a comparison of the rights attaching to CDIs and Shares with rights of holders of shares in an Australian listed company is set out in section 9.8.

Holders of CDIs can choose to have their CDIs converted to a direct holding of Shares. Similarly, subject to any restrictions under applicable law, holders of Shares may choose to convert their Shares to CDIs to enable them to trade on ASX, as described in section 9.4.

1.2 APPLICATIONS AND PAYMENT

Applications for CDIs under the Offer can only be made using the Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of the form.

Applications under the Offer must be for a minimum of 10,000 CDIs. No brokerage, stamp duty or other costs are payable by applicants. Cheques must be made payable to “Adriatic Metals PLC – Subscription Account” and should be crossed “Not Negotiable”. All Application Monies will be paid into a trust account.

Completed Application Forms and accompanying cheques must be received by the Company before 5.00pm WST on the Closing Date by being posted to the following address:

Post to:

Adriatic Metals PLC
C/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

Applicants are urged to lodge their Application Forms as soon as possible as the Offer may close early without notice.

An original, completed and lodged Application Form together with a cheque for the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of CDIs specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may still be treated by the Company as valid. The Board’s decision as to whether to treat an application as valid and how to construe, amend or complete the Application Form is final.

It is the responsibility of applicants outside Australia to obtain all necessary approvals in order to be issued CDIs under the Offer. The return of an Application Form or otherwise applying for CDIs under the Offer will be taken by the Company to constitute a representation by the applicant that it:

- has received a printed or electronic copy of this Prospectus accompanying the form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Articles;
- makes the representations and warranties in sections 1.9 and 9.17 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of CDIs under the Offer;
- declares that all details and statements in the Application Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Application Form;
- acknowledges that once the Application Form is returned or payment is made its acceptance may not be withdrawn;

- agrees to being issued the number of CDIs it applies for at \$0.20 each (or such other number issued in accordance with this Prospectus);
- authorises the Company to register it as the holder(s) of the CDIs issued to it under the Offer;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the CDIs are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for the new CDIs to be issued to it, including correcting any errors in its Application Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Application Form.

1.3 MINIMUM SUBSCRIPTION

The minimum subscription requirement for the Offer is \$8,000,000, representing the subscription of 40,000,000 CDIs at an issue price of \$0.20 each ("**Minimum Subscription**"). No CDIs will be issued until the Offer has reached the Minimum Subscription. Subject to any extension, if the Minimum Subscription has not been achieved within 4 months of the date of this Prospectus, all Application Monies will be refunded without interest in accordance with the Corporations Act.

1.4 PURPOSE OF THE OFFER

The principal purposes of the Offer are to:

- comply with ASX's requirements for listing the Company on the ASX;
- provide funds for the purposes set out in section 1.5;
- provide the Company with access to equity capital markets for future funding needs; and
- enhance the public and financial profile of the Company to facilitate further growth of the Company's business.

1.5 PROPOSED USE OF FUNDS

The Company intends to use the funds raised under the Offer as set out below.

Funds available	Minimum Subscription		Full Subscription	
	Amount	%	Amount	%
Existing cash reserves ¹	\$839,000	9.49%	\$839,000	7.74%
Funds raised from the Offer	\$8,000,000	90.51%	\$10,000,000	92.26%
Total	\$8,839,000	100%	\$10,839,000	100%

Use of Funds	Minimum Subscription		Full Subscription	
	Amount	%	Amount	%
Expenses of the Offer	\$710,721	8.04%	\$832,821	7.68%
Exploration and other geological work on the Veovaca Project ²	\$1,216,000	13.76%	\$1,596,000	14.72%
Exploration and other geological work on the Rupice Project ³	\$4,804,000	54.35%	\$6,302,000	58.14%
General working capital ⁴	\$2,108,279	23.85%	\$2,108,179	19.45%
Total	\$8,839,000	100%	\$10,839,000	100%

Notes:

1. See the Investigating Accountant's Report at section 4 for further information.
2. See section 2.4.1 for further information.
3. See section 2.4.2 for further information.
4. Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, investment or acquisition, as determined by the Board at the relevant time.
5. If the amount raised under the Offer is between the Minimum Subscription and the Full Subscription, the Company intends to allocate the funds between each item on a pro-rata basis, rather than fixed costs.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including, but not limited to, the success of the Company's exploration programs, as well as regulatory developments and economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

If the Full Subscription is not raised then this may have an effect on the rate at which any plans are undertaken by the Company, such as exploration programs. Additional funding through debt or equity may be considered by the Board where it is appropriate to accelerate a specific project or transaction.

If the Company decides to make any significant acquisitions such as competitor or complementary businesses or other assets, then it is possible that such acquisitions would be funded by additional financing through debt or equity (subject to any necessary Shareholder approvals).

The Board is satisfied that upon completion of the Offer, the Company will have sufficient capital to meet its objectives stated in this Prospectus.

1.6 CAPITAL STRUCTURE

The table below provides a summary of the capital structure of the Company at the date of this Prospectus and upon completion of the Offer.

Capital structure	Existing	Upon completion	
		Minimum Subscription	Full Subscription
Existing Shares ¹	80,195,596	80,195,596	80,195,596
CDIs issued to staff in lieu of wages ²	-	600,000	600,000
CDIs under the Offer ³	-	40,000,000	50,000,000
Total CDIs⁴	-	120,795,596	130,795,596
Founder Options ⁵	-	9,000,000	9,000,000
Adviser Options ⁶	-	2,000,000	2,000,000
Executive Options ⁷	-	7,750,000	7,750,000
Fully diluted share capital	80,795,596	139,545,596	149,545,596

Notes:

1. Assumes that no additional Shares are issued between the date of this Prospectus and completion of the Offer.
2. Fees owing to Mr Geraint Harris and Mr Stuart Greene will be settled through the issue of 600,000 CDIs (collectively) upon the Company's listing on the ASX.
3. See section 1.1 for details of the Offer.
4. Assumes all Shares are held as CDIs.
5. Founder Options are excisable at \$0.20 each and expire on 1 July 2023. Founder Options are to be issued to Swellcap Limited (and/or their nominees) and Lancaster Corporate (and/or their nominees) for management services provided to the Company. See section 9.5.5 for full terms and conditions of the Founder Options and sections 8.2.2 and 8.2.3 for summaries of the Swellcap Limited and Lancaster Corporate advisory agreements.
6. Adviser Options are excisable at \$0.40 each and expire on 1 July 2021. Adviser Options are to be issued to Discovery Capital (and/or its nominees) for services provided to the Company in connection with the Offer. See section 9.5.5 for full terms and conditions of the Adviser Options.
7. Executive Options are to be issued to members of the Board and management team (and/or their nominees) pursuant to the Share Option Plan. See section 9.5.5 for full terms and conditions of the Executive Options and section 9.5.4 for a summary of the Share Option Plan.

1.7 ESCROW ARRANGEMENTS

Under the Listing Rules, ASX may determine that securities issued to promoters and seed capital investors have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months from quotation of the Company's CDIs, during which time they must not be transferred, assigned or otherwise disposed.

No CDIs issued under the Offer will be subject to escrow. However the Company does expect that certain CDIs and options to be issued to seed capitalists, Directors, members of the management team and corporate advisers will be subject to escrow. Prior to quotation of its CDIs, the Company will enter into escrow agreements with the relevant holders in relation to the securities subject to mandatory escrow in accordance with the Listing Rules.

The Company intends to apply for "cash formula" relief from the escrow restrictions to minimise mandatory escrow on certain seed capitalists and corporate advisers. The Company will announce final escrow arrangements to ASX prior to quotation of its CDIs.

1.8 UNDERWRITING

The Offer is not underwritten.

1.9 FOREIGN INVESTOR RESTRICTIONS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of securities in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals for the issue to them of CDIs offered pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained. See section 9.17 for information on selling restrictions that apply to the Shares in certain jurisdictions outside Australia

1.10 RISK FACTORS

As with any investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in section 3 of this Prospectus. The CDIs on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

1.11 EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement with ASIC. The Exposure Period may be extended by ASIC by a further period of up to 7 days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. During the Exposure Period, this Prospectus can be viewed online on the Company's website at www.adriaticmetals.com, and hard copies of this Prospectus will be made available upon request to the Company. Applications received during the Exposure Period will not be processed until after expiration of the Exposure Period. No preference will be conferred on applications received during the Exposure Period and all such applications will be treated as if they were simultaneously received on the Opening Date.

1.12 APPLICATION MONIES HELD IN TRUST

All Application Monies will be held in a separate subscription account on behalf of applicants until the CDIs are issued pursuant to the Offer. If the Minimum Subscription is not achieved within a period of 4 months of the date of this Prospectus, all Application Monies will be refunded in full without interest, and no CDIs will be issued under the Offer. Any interest earned on Application Monies (including those which do not result in the issue of CDIs) will be retained by the Company.

1.13 ALLOCATION AND ISSUE OF CDIS

The Board reserves the right to reject any application or to issue a lesser number of CDIs than that applied for. If the number of CDIs allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded without interest.

Subject to ASX granting approval for quotation of the CDIs, the issue of CDIs will occur as soon as practicable after the Offer closes. The Shares underlying the CDIs will rank equally with the Shares currently on issue in the Company. Holding statements will be sent to successful applicants as required

by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the CDIs. Applicants who sell CDIs before they receive their holding statement will do so at their own risk.

1.14 ASX LISTING AND QUOTATION

The Company will apply to ASX no later than 7 days from the date of this Prospectus for admission of the Company to the official list of ASX, and official quotation of the CDIs offered under the Offer. Subject to any extension, if the CDIs are not admitted to quotation within 3 months of the date of this Prospectus, no CDIs will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant admission of the Company to the official list and official quotation of the CDIs being offered is not to be taken in any way as an indication by ASX as to the merits of the Company or the CDIs.

1.15 CHESS AND ISSUER SPONSORSHIP

The Company will apply to CHESS. All trading on the ASX in CDIs will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The 2 sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company does not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after CDIs are issued. Holding statements will be sent either by CHESS (for Shareholders who elect to hold CDIs on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their CDIs on the issuer sponsored sub-register). The statements will set out the number CDIs issued under this Prospectus, and provide details of a Shareholder's Holder Identification Number (for Shareholders who elect to hold CDIs on the CHESS sub-register) or Shareholder Reference Number (for Shareholders who elect to hold their CDIs on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

1.16 PRIVACY DISCLOSURE

Persons who apply for CDIs pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for CDIs, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for CDIs will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting Discovery Capital on +61 8 6365 5200, or the Share Registry on +61 08 9323 2000.

1.17 FINANCIAL FORECASTS

After considering *ASIC Regulatory Guide 170*, the Directors do not believe that they have a reasonable basis to reliably forecast future earnings of the Company and, accordingly, financial forecasts are not included in this Prospectus.

1.18 DIVIDENDS

The Board can provide no guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the relevant time.

1.19 ENQUIRIES

This Prospectus is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, lawyer, accountant or other professional adviser without delay.

Questions relating to the Offer and Application Form can be directed to Discovery Capital on +61 8 6365 5200.



2.

Company and Business Overview

This section 2 contains a summary of the Projects. Investors should ensure they read the Independent Geologist's Report in section 5 where the Projects and proposed exploration programs are described in more detail. Investors should also ensure that they read the Legal Opinion on Title in section 6 for further legal details of the Projects.

2.1 BACKGROUND

The Company was incorporated on 3 February 2017 in England and Wales for the purposes of acquiring all of the issued capital of Eastern Mining and subsequently exploring and developing the Rupice and Veovaca Projects located in Bosnia Herzegovina and the Balkan region.

On the 3 March 2017, the Company acquired 100% of the issued share capital of Eastern Mining pursuant to a share sale agreement between the Company Eastern Mining and Balkan Mining Pty Ltd. Through its wholly owned subsidiary, Eastern Mining, the Company holds the Exploration Concession which comprises the Veovaca and Rupice Projects and other prospective mining areas.

2.2 CORPORATE STRUCTURE

The corporate structure of the Company is set out below.



Adriatic Metals PLC (Company Number 10599833) was registered in England and Wales on 3 February 2017. Other than in its capacity as the holding parent company of Eastern Mining, Adriatic Metals PLC is not currently involved in any material business activities and does not have any material assets or liabilities.

Eastern Mining d.o.o Sarajevo (Registration Number 43-01-0404-13) (**Eastern Mining**) was registered in Bosnia and Herzegovina on 19 May 2008. Eastern Mining is the main operating entity of the group and holds the Exploration Concession which comprises the Rupice and Veovaca Projects.

2.3 KEY MILESTONES

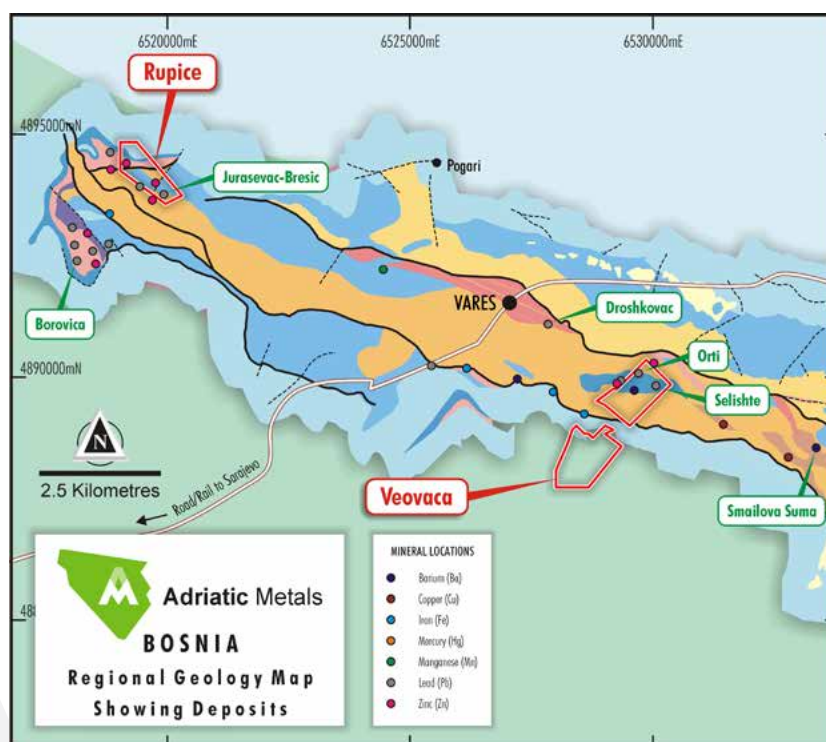
A brief description of the key milestones that the Company has achieved over the years is set out below.

Time	Event
19 May 2008	Eastern Mining is incorporated
12 March 2013	Eastern Mining is granted the Exploration Concession which comprises the Rupice and Veovaca Project
3 February 2017	Adriatic Metals PLC is incorporated
3 March 2017	Adriatic Metals PLC acquires all issued share capital of Eastern Mining
March 2017	Adriatic Metals PLC commences drilling program
October 2017	Adriatic Metals PLC completes drilling program
February 2018	CSA Global defines JORC resource at the Veovaca Project

2.4 OVERVIEW OF THE PROJECTS

The Exploration Concession covers two main advanced polymetallic projects located near the town of Vareš, which is approximately 50km north by sealed road from Sarajevo, the capital city of Bosnia & Herzegovina.

Both the Veovaca and Rupice Projects have had varying degrees of historical exploration and exploitation, and several prospects within the existing Exploration Concession and in the nearby region also indicate encouraging signs warranting further exploration.



2.4.1 VEOVACA PROJECT

The Veovaca Project is an historic open cut zinc, lead, barite and silver mine which operated between 1983 and 1987, and ultimately shut down due to emerging hostilities in the region. The Company completed a 16 hole, 1,381 metre diamond drilling program at the Veovaca Project in 2017 to confirm historical results and support a JORC compliant resource of 4.4 mt at a 2% cut-off. Although CSA Global recommends a 0.5% cutoff in terms of JORC, the Company feels that the 2% cutoff and lower tonnage better reflects the Project in terms of potential economics. More detail on the Veovaca Project and the JORC resource is outlined in the Independent Geologist's Report in Section 5.

2.4.2 RUPICE PROJECT

The Rupice Project is an advanced exploration project which exhibits exceptionally high grades of base and precious metals, and is located approximately 17km North West of the Veovaca Project. The Company completed an 8 hole, 1,458 metre diamond drilling program at the Rupice Project in 2017, to confirm the historical results and the presence of precious metals with the base metals. More detail on the Rupice Project is outlined in the Independent Geologist's Report in Section 5.

2.5 BUSINESS STRATEGY AND PLANS

The primary objective of the Company will be to focus on mineral exploration of resource opportunities that have the potential to deliver growth of the Company for the benefit of Shareholders. In order to achieve this, exploration programmes have been prepared and budgeted and include, but are not limited to, drilling and assaying, resource modelling, metallurgical testing and potential mine scoping studies as well tenement administration, general administration and geological services in relation to the Veovaca and Rupice Projects and satellite prospects. The budget for the work programmes for the first two years across all Projects and prospects is set out below. Further details of the Company's intended exploration program are contained in the Independent Geologist's Report in Section 5.

RUPICE DEPOSIT

Minimum Subscription			Full Subscription		
Year 1	Year 2	Total	Year 1	Year 2	Total
\$3,650,000	\$1,154,000	\$4,804,000	\$4,399,000	\$1,903,000	\$6,302,000

VEOVACA DEPOSIT

Minimum Subscription			Full Subscription		
Year 1	Year 2	Total	Year 1	Year 2	Total
\$743,000	\$473,000	\$1,216,000	\$933,000	\$663,000	\$1,596,000

The results of the exploration programs will determine the economic viability and possible timing for the commencement of further work including scoping studies and possible development on the Projects.

The exploration programs and budgeted expenditure outlined in the Independent Geologist's Report are subject to modification on an ongoing basis and are contingent on the circumstances of the Company and the market, results and other opportunities. Expenditure may be reallocated as a consequence of such changes or new opportunities arising and will always be prioritised in accordance with due regard to geological merit and other business decisions related to the Company's activities. Ongoing assessment of the Company's Projects may lead to increased or decreased levels of expenditure reflecting a change of emphasis.

2. Company and Business Overview

As at the date of this Prospectus the Company is in advanced negotiations with a leading Australian based mining company with interests in projects in Australia and internationally in respect of a potential strategic relationship. There is no guarantee that these negotiations will result in a strategic relationship being formed. The Company will keep the market informed of the progress of negotiations in accordance with its continuous disclosure obligations.


A key strategy of the Company will be to leverage off the experience and skills of its Directors and senior management who collectively have strong track records in corporate management and resource project acquisition, discovery and development.

In addition to its existing exploration activities, the Company may make acquisitions of, or investments in, assets that the Company considers are a strategic fit to its operations.

In summary, the Company's management strategy and purpose of this Offer is to provide the Company with funding to:

- explore and advance the Veovaca Project and aim to increase the JORC resource and outline potential economic mineralisation and development options;
- explore and advance the Rupice Project and seek to outline potential economic mineralisation and, subject to the results of that exploration, complete a maiden JORC resource;
- evaluate and explore satellite deposits within the Exploration Concession to determine the potential for economic mineralisation;
- evaluate and explore the satellite deposits outside the Exploration Concession to determine the merit in expanding the Exploration Concession to cover satellite deposits that show the potential for economic mineralisation;
- use funds effectively with the goal of returning value to Shareholders; and
- provide working capital for the Company.

The Company has sufficient working capital to carry out its stated objectives for the two years following admission to the official list of ASX. Further information regarding the Company's planned activities is set out in Independent Geologist's Report in Section 5.



3. Risk Factors

The CDIs offered under this Prospectus should be considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend that investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before deciding whether to apply for CDIs.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the CDIs.

3.1 SPECIFIC RISKS

3.1.1 EXPLORATION AND DEVELOPMENT

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves (amongst other things):

- discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- access to adequate capital throughout the acquisition/discovery and project development phases;
- securing and maintaining title to mineral exploration projects;
- obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and
- accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

3.1.2 FUTURE PROFITABILITY

Eastern Mining is in the growth stage of its development and is currently making losses. The Company's profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

3.1.3 BOSNIAN IN-COUNTRY RISK

The Projects are located in Bosnia and Herzegovina. The Company will be subject to the risks associated with operating in that country, including various levels of political, sovereign, economic and other risks and uncertainties.

These risks and uncertainties also include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Bosnia and Herzegovina may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company will conduct its operations in accordance with international laws and standards, which may not be consistent with local customs or practices that could result in loss, reduction of production, logistics and sales, in which the Company's operational and financial performance may be adversely affected.

Outcomes in courts in Bosnia and Herzegovina may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiary in Bosnia.

Any material adverse changes in government policies, legislation, political, legal and social environments in Bosnia and Herzegovina or any other country that the Company has economic interests in that affect mineral exploration activities, may affect the viability and profitability of the Company.

3.1.4 BOSNIAN MINING CONCESSIONS

Following the nation's recovery from the conflict of the 1990s, the laws and regulations on mining in Bosnia and Herzegovina are still developing and as a result some areas of the law on mining are unclear. Exploration Concessions are granted by means of a concession agreement between the relevant level of government and the concession holder. The Exploration Concession held by Eastern Mining is located in the Zenica-Doboj Canton and is granted and regulated by an agreement between Eastern Mining and the Government of Zenica-Doboj Canton. The Exploration Concession is also subject to other legislation set out in the Legal Opinion on Title in section 6.

The Exploration Concession agreement requires Eastern Mining to commence the exploitation of ore before 25 May 2020. In the event that Eastern Mining fails to begin exploitation before 25 May 2020 the Government of Zenica-Doboj Canton can terminate the Exploration Concession.

Eastern Mining has provided a bill of exchange for an amount of BAM300,000 (AUD241,240) to the Government of Zenica-Doboj Canton as security for the quarterly concession fee payable once

exploitation commences. The Exploration Concession agreement does not provide any guidance on when the bill of exchange can be enforced.

In the event the Company wishes to commence exploitation operations it must obtain the consent of all owners of the land subject to the Exploration Concession agreement through a land expropriation process involving the Government of Zenica-Doboj Canton. This process can be lengthy and costly. Further, if the Company commences exploitation operations, it will be required to pay a quarterly concession fee. This fee is to be re-negotiated each quarter between the parties to the Exploration Concession agreement. If the parties cannot agree to a fee, then the agreement can be terminated.

The Company has been advised that the provisions regarding the bill of exchange, land expropriation and the quarterly concession fee in the Exploration Concession agreement lack clarity and that the Company may need to re-negotiate these terms if and when it commences exploitation operations.

While it is the Company's intention to comply with the terms of the Exploration Concession agreement, there can be no guarantees made that, in the future, the Company will satisfy all of its obligations under the agreement. If the Company does not comply with the terms of the agreement it may be in default and the Exploration Concession agreement may be terminated, which would have adverse consequences for the Company's operational and financial performance.

For further information on the terms of and the laws and regulations attaching to the Exploration Concession, refer to the Legal Opinion on Title in section 6.

3.1.5 OPERATIONAL RISKS

The operations of the Company may be affected by various factors, including:

- failure to locate or identify mineral deposits;
- failure to achieve predicted grades in exploration and mining;
- operational and technical difficulties encountered in mining;
- insufficient or unreliable infrastructure, such as power, water and transport;
- difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown;
- unanticipated metallurgical problems which may affect extraction costs; and
- adverse weather conditions.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

3.1.6 COMMODITY PRICES

The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates, such as the USD and GBP denominated zinc price and the GBP / USD exchange rate.

These prices can significantly fluctuate, and are exposed to numerous factors beyond the control of the Company such as world demand for precious and other metals, forward selling by producers, and production cost levels in major metal producing regions. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, global economic trends, and domestic and international fiscal, monetary and regulatory policy settings.

In the event the Company achieves exploration success leading to viable mining production, the Company's financial performance will be highly dependent on commodity prices and exchange rates.

3.1.7 RESOURCE AND RESERVE ESTIMATES

Whilst the Company intends to undertake exploration activities with the aim of defining a resource, no assurances can be given that the exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted.

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation which may prove to be inaccurate.

3.1.8 RESULTS OF STUDIES

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in respect to the Projects. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the Projects within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Even if a study confirms the economic viability of the Projects, there can be no guarantee that the Projects will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

3.1.9 GRANT OF FUTURE AUTHORISATIONS TO EXPLORE AND MINE

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

3.1.10 ENVIRONMENTAL RISK

The Company's activities are subject to the environmental laws inherent in the mining industry and those specific to Bosnia and Herzegovina. The Company intends to conduct its activities in an environmentally responsible manner and in compliance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

In addition, environmental approvals are required from relevant government and regulatory authorities before activities may be undertaken which are likely to impact the environment. Failure or delay in obtaining such approvals will prevent the Company from undertaking its planned activities. Further, the Company is unable to predict the impact of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

3.1.11 REHABILITATION

In relation to the Company's proposed operations, issues could arise from time to time with respect to abandonment costs, consequential clean-up costs, environmental concerns and other liabilities. In these instances, the Company could become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean-up costs at a later point in time.

3.1.12 CLIMATE CHANGE REGULATION

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

3.1.13 CONTRACT RISK

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, the Directors are unable to completely avoid the risk of:

- financial failure or default by a participant in any joint venture to which the Company or its subsidiaries may become a party;
- insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by the Company or its subsidiaries in its exploration activities; or
- insolvency, default on performance or delivery, or any managerial failure by any other service providers used by the Company or its subsidiaries or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on the Company's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by the Company, it is not possible for the Company to predict or protect itself completely against all such contract risks.

3.1.14 FUTURE FUNDING NEEDS

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed to undertake further exploration activities, or acquire complementary assets.

Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Offer price or may involve restrictive covenants that limit the Company's operations and business strategy.

There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

3.1.15 INTERNATIONAL OPERATIONS

The Company initially intends to operate in Bosnia and Herzegovina. The Company may also consider expanding into other markets internationally in the future. Therefore, the Company will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally, and will include, but are not limited to:

- changes in the regulatory environment;
- trade barriers or the imposition of taxes;
- difficulties with staffing or managing any foreign operations;
- issues or restrictions on the free transfer of funds;
- technology export or import restrictions; and
- delays in dealing across borders caused by customers or regulatory authorities.

3.1.16 FOREIGN EXCHANGE RISK

The Company's costs and expenses in Bosnia and Herzegovina and other foreign countries are likely to be in foreign currencies. Accordingly, the depreciation of the Australian dollar and/or the appreciation of the foreign currency relative to the Australian dollar could result in a translation loss on consolidation which is taken directly to shareholder equity.

3. Risk Factors

Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue. The Company will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the other foreign currencies, and will have to monitor this risk.

3.1.17 CORRUPTION RISK

Due to the nature of the industry sector and the region in which the Company operates, the Company may be exposed to accusations of poor practice regarding compliance with the requirements of the Bribery Act 2010 (UK). Violations of the Bribery Act 2010 (UK), which is extra-territorial in reach, may result in criminal action being brought against the Company or any of their personnel, leading to reputational damage, possible imprisonment and fines.

The Company has adopted an Anti-Corruption Compliance Policy in accordance with the UK Bribery Act 2010 and intends to develop and adhere to the six guidance principals issued by the UK Ministry of Justice to foster an anti-bribery culture within the group and to ensure that it has appropriate procedures in place to mitigate the risk of bribery and that all employees, agents and other associated person are made fully aware of the Company's policies and procedures with regard to ethical behaviour, business conduct and transparency.

3.1.18 LIQUIDITY AND EXPIRY OF ESCROW

ASX may determine that CDIs to be held by seed capitalists and corporate advisers are subject to escrow for a period of 12 or 24 months, resulting in up to 49,703,102 CDIs (representing 35.62% of the total number of CDIs on issue upon completion of the Offer assuming Minimum Subscription) not being tradeable for those periods. This may reduce the volume of trading in the Company's CDIs on the ASX, which may in turn negatively impact a Shareholder's ability to sell CDIs.

However, the Company notes that it intends to apply for "cash formula" relief to minimise escrow imposed on certain seed capitalists.

Following the end of these escrow periods, a significant portion of CDIs will become tradable on ASX. This may result in an increase in the number of CDIs being offered for sale on market which may in turn put downward pressure on the Company's CDI price. Please see in section 1.7 for further information on anticipated escrow arrangements.

3.2 GENERAL RISKS

3.2.1 ACQUISITIONS

The Company may make acquisitions of, or significant investments in, companies or assets that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving sales success and retaining key staff.

3.2.2 SAFETY

Safety is a fundamental risk for any exploration and production company in regards to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

3.2.3 LITIGATION

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties defaulting on contracts with the Company. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

3.2.4 INSURANCE COVERAGE

The Company intends to maintain adequate insurance over its operations within the ranges that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, the Company may not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

3.2.5 KEY MANAGEMENT

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. The Company may be detrimentally affected if one or more of the key management or other personnel cease their engagement with the Company.

3.2.6 LIQUIDITY RISK

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments and financial obligations as and when they fall due. It is the Company's aim in managing its liquidity to ensure that there are sufficient funds to meet its liabilities as and when they fall due. The Company manages liquidity risk by continuously monitoring its actual cash flows and forecast cash flows.

There is no guarantee that there will be an ongoing liquid market for CDIs. Accordingly, there is a risk that, should the market for CDIs become illiquid, Shareholders will be unable to realise their investment in the Company.

3.2.7 CREDIT RISK

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation, resulting in the Company incurring a financial loss. Credit risk arises from cash and cash equivalents (e.g. deposits and investments held with banks and financial institutions), favourable derivative contracts (derivative assets), loans and receivables, guarantees given on behalf of others and loans and commitments granted but not drawn down at the end of the reporting period.

3.2.8 COMMERCIAL RISK

The mining industry is competitive and there is no assurance that, even if commercial quantities are discovered by the Company, a profitable market will exist for sales of such commodities. There can be no assurance that the quality of the commodity will be such that the properties in which the Company holds and interest can be mined at a profit.

3.2.9 COMPETITION RISK

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

3.2.10 CHANGES TO LEGISLATION OR REGULATIONS

The Company may be affected by changes to laws and regulations (in Bosnia and Herzegovina, the United Kingdom and other countries in which the Company may operate) concerning property, the environment, taxation and the regulation of trade practices and competition, government grants and incentive schemes, accounting standards, and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.

3.2.11 INVESTMENT RISK

The CDIs to be issued under this Prospectus should be considered highly speculative. There is no guarantee as to the payment of dividends, return of capital or the market value of the CDIs from time to time. The price at which an investor is able to trade the CDIs may be above or below the price paid for CDIs under the Offer. Whilst the Directors commend the Offer, investors must make their own assessment of the risks and determine whether an investment in the Company is appropriate in their own circumstances.

3.2.12 SHARE MARKET

Share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions may cause the CDIs to trade at prices below the price at which the CDIs are being offered under this Prospectus. There is no assurance that the price of the CDIs will increase following quotation on the ASX, even if the Company's earnings increase. Some factors include, but are not limited to, the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- terrorism or other hostilities; and
- other factors beyond the control of the Company.

3.2.13 FORCE MAJEURE

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its CDIs. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labor strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially and adversely affected if any of the events described above occur.

3.2.14 TAXATION

The acquisition and disposal of CDIs will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring CDIs from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of applying for CDIs under this Prospectus.

3.3 OTHER RISKS

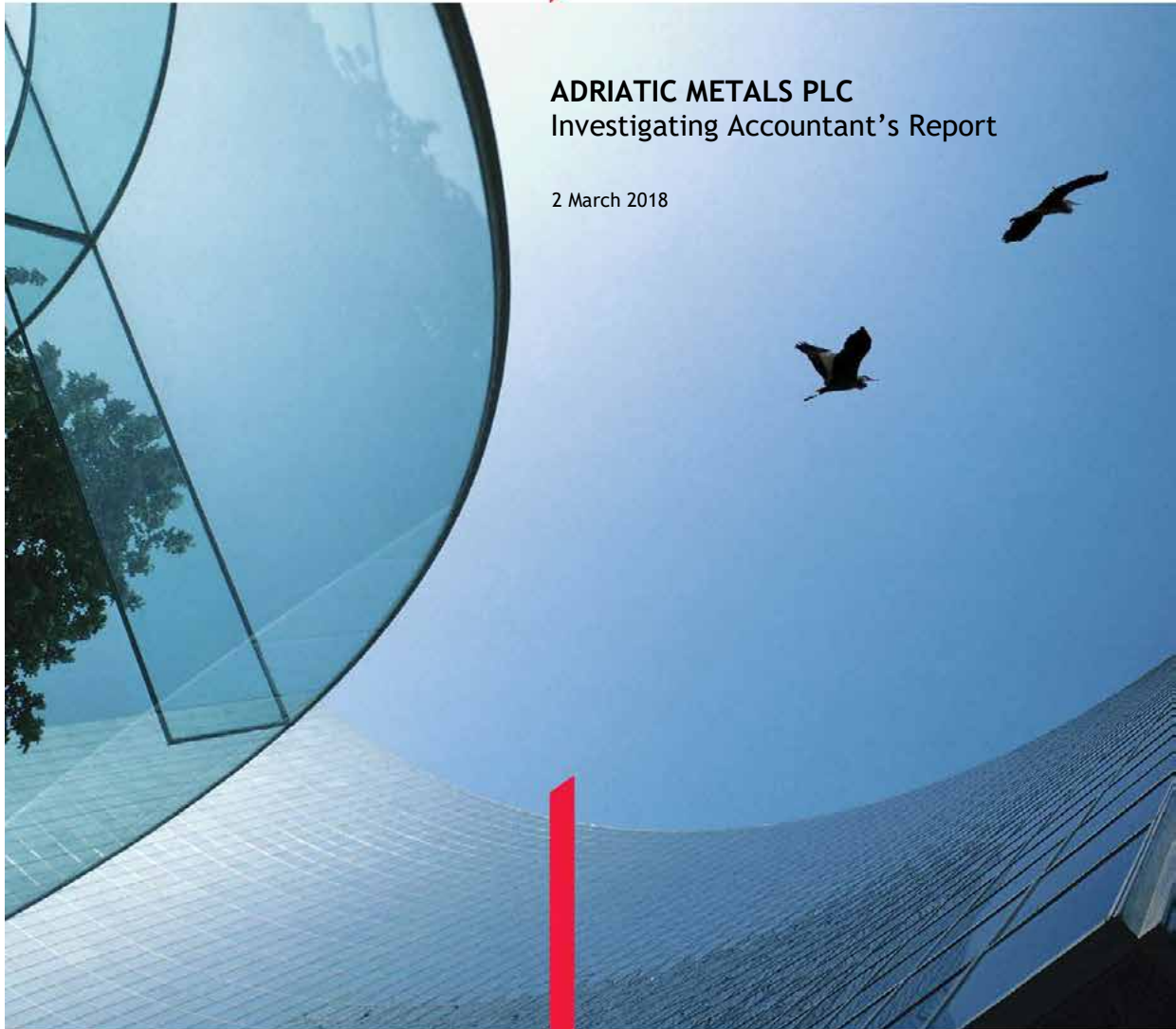
This list of risk factors above is not an exhaustive list of the risks faced by the Company or by investors in the Company. The risk factors described in this section 3 as well as risk factors not specifically referred to above may in the future materially affect the financial performance of the Company and the value of its CDIs. Therefore, the CDIs offered under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or their market value.

Investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for CDIs under this Prospectus.



4.

Investigating Accountant's Report





Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

2 March 2018

The Directors
Adriatic Metals PLC
Stamford House, Regent Street
Cheltenham, Gloucestershire
GL50 1HN ENGLAND

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Adriatic Metals PLC ('Adriatic' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to the historical financial information and pro forma historical financial information of Adriatic, for the Initial Public Offering of Chess Depository Instruments ('CDIs') in Adriatic, for inclusion in the Prospectus. Broadly, the Prospectus will offer up to 50 million Shares at an issue price of \$0.20 each to raise up to \$10 million before costs ('the Offer'). The minimum subscription for the Offer is \$8 million before costs.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required

2

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

4. Investigating Accountant's Report

by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) of Adriatic included in the appendices to our report:

- the audited historical Statement of Financial Position, Profit or Loss and Other Comprehensive Income and Cash Flows of Adriatic for the period from incorporation (3 February 2017) to 30 June 2017; and
- the reviewed historical Statement of Financial Position, Profit or Loss and Other Comprehensive Income and Cash Flows of Adriatic for the half year ended 31 December 2017.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards ('IFRS') and the company's adopted accounting policies. The Historical Financial Information has been extracted from the financial report of Adriatic for the period from incorporation to 30 June 2017, which was audited by Lubbock Fine Chartered Accountants and Statutory Auditor ('Lubbock Fine') in accordance with International Standards on Auditing (UK) ('ISAs (UK)'). Lubbock Fine issued an unmodified audit opinion on the financial report.

The financial report for the half year ended 31 December 2017 was reviewed by Lubbock Fine in accordance with ISAs (UK) and they issued an unmodified review conclusion.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the **'Pro Forma Historical Financial Information'**) of Adriatic included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 31 December 2017.

The Pro Forma Historical Financial Information has been derived from the historical financial information of the Company, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by Adriatic to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on Adriatic's financial position as at 31 December 2017. As part of this process, information about Adriatic's financial position has been extracted by the Company from its financial statements for the half year ended 31 December 2017.

3. Directors' responsibility

The directors of Adriatic are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such

internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our review procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction or event outside of the ordinary business of Adriatic, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 31 December 2017, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of CDIs under this Prospectus:

4. Investigating Accountant's Report

- The issue of between 40 million and 50 million CDIs at an offer price of \$0.20 each to raise between \$8 million and \$10 million before costs pursuant to the Prospectus;
- Costs of the Offer are estimated to be \$710,721 based on the minimum subscription and \$832,821 based on the maximum subscription. Costs directly attributable to the capital raising are between \$480,000 and \$600,000, which are to be offset against the contributed equity. The remaining costs of the Offer have expensed through retained deficits; and
- Fees owing to Mr Geraint Harris and Mr Stuart Greene will be settled through the issue of 600,000 shares (collectively) upon listing. We do not consider these costs to be directly attributable to the capital raising, therefore we have expensed them through retained deficits.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Acquisition or the Offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Peter Toll

Director

APPENDIX 1
ADRIATIC METALS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed for the half year ended 31-Dec-17 GBP	Reviewed for the half year ended 31-Dec-17 \$
Revenue		
Sale of services	-	-
Gross Profit	-	-
Expenses		
Administrative expenses	(418,655)	(724,191)
Operating Loss	(418,655)	(724,191)
Finance income/ (loss)	6,008	10,393
Loss before tax from continuing operations	(412,647)	(713,799)
Tax	-	-
Loss from continuing operations	(412,647)	(713,799)
Other comprehensive income	8,173	14,138
Total comprehensive income	(404,474)	(699,661)

The reviewed Adriatic balances for the half year ended 31 December 2017 have been converted to Australian Dollars using the AUD/GBP exchange rate of 0.5781 at 31 December 2017, sourced from Bloomberg.

This statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in the Appendices to this Report. Past performance is not a guide to future performance.

APPENDIX 2
ADRIATIC METALS PLC

PRO-FORMA STATEMENT OF FINANCIAL POSITION

		Reviewed as at 31-Dec-17	Reviewed as at 31-Dec-17	Subsequent events	Pro-forma adjustments Min	Pro-forma adjustments Max	Pro-forma after Offer Min	Pro-forma after Offer Max
	Notes	GBP	\$	\$	\$	\$	\$	\$
NON-CURRENT ASSETS								
Intangible assets		626,161	1,083,136	-	-	-	1,083,136	1,083,136
Tangible assets		616,014	1,065,584	-	-	-	1,065,584	1,065,584
TOTAL NON-CURRENT ASSETS		1,242,175	2,148,720	-	-	-	2,148,720	2,148,720
CURRENT ASSETS								
Trade and other receivables		39,345	68,059	-	-	-	68,059	68,059
Cash and cash equivalents	2	811,956	1,404,525	-	7,289,279	9,167,179	8,693,804	10,571,704
TOTAL CURRENT ASSETS		851,301	1,472,584	-	7,289,279	9,167,179	8,761,863	10,639,763
TOTAL ASSETS		2,093,476	3,621,304	-	7,289,279	9,167,179	10,910,583	12,788,483
EQUITY AND LIABILITIES								
Equity attributable to equity holders of the parent								
Share capital	3	1,056,213	1,827,042	-	7,640,000	9,520,000	9,467,042	11,347,042
Share premium		1,286,899	2,226,084	-	-	-	2,226,084	2,226,084
Other reserves		33,575	58,078	-	-	-	58,078	58,078
Retained deficit	4	(704,954)	(1,219,433)	-	(350,721)	(352,821)	(1,570,154)	(1,572,254)
TOTAL EQUITY		1,671,733	2,891,771	-	7,289,279	9,167,179	10,181,050	12,058,950
CURRENT LIABILITIES								
Trade and other payables		421,743	729,533	-	-	-	729,533	729,533
TOTAL EQUITY AND LIABILITIES		2,093,476	3,621,304	-	7,289,279	9,167,179	10,910,583	12,788,483

The reviewed Adriatic balances as at 31 December 2017 have been converted to Australian Dollars using the AUD/GBP exchange rate of 0.5781 at 31 December 2017, sourced from Bloomberg.

The cash and cash equivalents balance above does not account for working capital movements over the period from 1 January 2018 until completion. We have been advised that the current cash position of Adriatic prior to the Offer is \$839,119.

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 5 and the historical financial information set out in Appendix 6, Appendix 7, Appendix 8 and Appendix 9.

APPENDIX 3
ADRIATIC METALS PLC
STATEMENT OF CASH FLOWS

	Reviewed for the half year ended 31-Dec-17 GBP	Reviewed for the half year ended 31-Dec-17 \$
Loss	(412,647)	(713,799)
Foreign exchange difference on consolidation	8,174	14,139
Depreciation and amortisation	2,400	4,152
Working capital adjustments		
Increase in trade and other receivables	(21,657)	(37,462)
Increase in inventories	22	38
Increase in trade and other payables	220,370	381,197
Net cash flows used in operating activities	(203,338)	(351,735)
Investing activities		
Purchase of property, plant and equipment	(341,761)	(591,180)
Purchase of intangible assets	(35,021)	(60,579)
Net cash flows used in investing activities	(376,782)	(651,759)
Financing activities		
Issue of share capital	1,080,606	1,869,237
Net cash flows generated from financing activities	1,080,606	1,869,237
Net increase in cash and cash equivalents	500,486	865,743
Cash and cash equivalents, beginning of period	311,470	538,782
Cash and cash equivalents, end of period	811,956	1,404,525

The reviewed Adriatic balances for the half year ended 31 December 2017 have been converted to Australian Dollars using the AUD/GBP exchange rate of 0.5781 at 31 December 2017, sourced from Bloomberg.

APPENDIX 4
ADRIATIC METALS PLC
STATEMENT OF CHANGES IN EQUITY

	Share Capital GBP	Share Premium GBP	Retained Deficit GBP	Other Reserves GBP	Total GBP
As at 30 June 2017	856,323	406,183	(292,307)	25,402	995,601
Loss for the period	-	-	(412,647)	-	(412,647)
Reclassification	5,342	(5,342)	-	-	-
Issue of share capital	194,548	886,058	-	-	1,080,606
Other comprehensive income	-	-	-	8,173	8,173
As at 31 December 2017	1,056,213	1,286,899	(704,954)	33,575	1,671,733

	Share Capital \$	Share Premium \$	Retained Deficit \$	Other Reserves \$	Total \$
As at 30 June 2017	1,481,271	702,617	(505,634)	43,940	1,722,195
Loss for the period	-	-	(713,799)	-	(713,799)
Reclassification	9,241	(9,241)	-	-	-
Issue of share capital	336,530	1,532,707	-	-	1,869,237
Other comprehensive income	-	-	-	14,138	14,138
As at 31 December 2017	1,827,042	2,226,084	(1,219,433)	58,078	2,891,771

The reviewed Adriatic balances as at 31 December 2017 have been converted to Australian Dollars using the AUD/GBP exchange rate of 0.5781 at 31 December 2017, sourced from Bloomberg.

APPENDIX 5

ADRIATIC METALS PLC

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

a) Basis of preparation of historical financial information

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ("adopted IFRSs"), and with the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis.

The principal accounting policies adopted by the Company in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in British Pounds (£ or GBP) rounded to the nearest pound.

b) Going Concern

The Company incurred a loss of £292,307 for the period from incorporation to 30 June 2017 and £412,647 for the half year ended 31 December 2017, however the Company also had a net asset position at the balance sheet dates.

The Company meets its day to day working capital requirements by support of investors. The directors believe it is appropriate to prepare the financial statements on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future on the basis of the Company's plans and the continued support of investors

If the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the assets to their recoverable amounts, provide for further liabilities that might arise, and reclassify non-current assets and liabilities to current.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising considered under this Prospectus.

c) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit

or loss.

The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognised in equity of the parent in transactions where the non-controlling interest is acquired or sold without loss of control. The Company has elected to recognise this effect in retained earnings.

d) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised as the non-controlling interest over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

e) Foreign Currencies

The Company's consolidated financial statements are presented in GBP (£), which is considered to be the Company's functional currency. For each entity the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency which is the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into GBP (£) at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates prevailing during the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

f) Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

g) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to

the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

h) Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

i) Exploration and Evaluation Expenditure

Pre-licence costs

Pre-licence costs relate to costs incurred before the Company has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data;
- Gathering exploration data through geophysical studies;
- Exploratory drilling and sampling;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Conducting market and finance studies.

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Company concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

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

Costs expensed during this phase are included in 'Other operating expenses' in the statement of profit or loss and other comprehensive income.

Upon the establishment of a JORC-compliant resource (at which point, the Company considers it probable that economic benefits will be realised), the Company capitalises any further evaluation expenditure incurred for the particular licence as exploration and evaluation assets up to the point when a JORC-compliant reserve is established. Capitalised exploration and evaluation expenditure is considered to be an intangible asset.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an exploration and evaluation asset (that does not represent a business) are also capitalised.

They are subsequently measured at cost less accumulated impairment. Once JORC-compliant reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to 'Mines under construction' which is a sub-category of 'Mine properties'. No amortisation is charged during the exploration and evaluation phase.

j) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment transferred from acquisitions are initially measured at the fair value at the date on which control is obtained.

Land and buildings are measured at cost less accumulated depreciation on buildings and impairment losses.

Depreciation is calculated on a straight-line at the following rates per each category of asset:

- Land & buildings - Not depreciated
- Plant & equipment - 15%
- Office Equipment - 15%
- Vehicles - 15%
- Assets under construction - Not depreciated

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Amortisation for patents and licenses is calculated on a straight-line basis at 5% per annum.

l) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

n) Contingencies

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

o) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

p) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

q) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the statement of financial position date are recognised in respect of employees' services rendered up to statement of financial position date and measured at amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Benefit Provisions.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected unit credit method. Consideration is given to expect future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the statement of financial position date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments transactions

The Company provides benefits to employees (including directors) of the Company in the form of share options. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight line basis over the period from grant date to the date on which the relevant employees become fully entitled to the award ("vesting date"). The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

r) Accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of share based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

Options

The fair value of options issued is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Determination of fair values on exploration and evaluation assets acquired in business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the statement of financial position at their fair values. In measuring fair value of exploration projects, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to exploration projects with limited exploration results, management have determined the price paid to be indicative of its fair value.

Recoverability of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

	Reviewed 31-Dec-17	Pro-forma after Offer Min	Pro-forma after Offer Max
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$	\$
Cash and cash equivalents	1,404,525	8,693,804	10,571,704
<i>Adjustments to arise at the pro-forma balance:</i>			
Reviewed balance of Adriatic at 31 December 2017		1,404,525	1,404,525
<i>Pro-forma adjustments:</i>			
Proceeds from CDIs issued under this Prospectus		8,000,000	10,000,000
Total costs of the Offer		(710,721)	(832,821)
		7,289,279	9,167,179
Pro-forma Balance		8,693,804	10,571,704

	Reviewed 31-Dec-17	Pro-forma after Offer	Pro-forma after Offer
NOTE 3. SHARE CAPITAL	\$	\$	\$
Share capital	1,827,042	9,467,042	11,347,042
	Number of shares (min)	Number of shares (max)	\$
			\$
Adjustments to arise at the pro-forma balance:			
Fully paid ordinary share capital of Adriatic at 31 December 2017	19,798,899	19,798,899	1,827,042
4:1 share split	79,195,596	79,195,596	-
	79,195,596	79,195,596	1,827,042
Pro-forma adjustments:			
Shares to be issued to Mr Harris and Mr Greene upon listing	600,000	600,000	120,000
	79,795,596	79,795,596	1,947,042
CDIs issued under this Prospectus	40,000,000	50,000,000	8,000,000
Capital raising costs	-	-	(480,000)
	40,000,000	50,000,000	7,520,000
Pro-forma Balance			9,467,042
			11,347,042

	Reviewed 31-Dec-17	Pro-forma after Offer Min	Pro-forma after Offer Max
NOTE 4. RETAINED DEFICIT	\$	\$	\$
Retained deficit	(1,219,433)	(1,570,154)	(1,572,254)
<i>Adjustments to arise at the pro-forma balance:</i>			
Reviewed balance of Adriatic at 31 December 2017		(1,219,433)	(1,219,433)
<i>Pro-forma adjustments:</i>			
Costs of the Offer		(230,721)	(232,821)
Fair value of shares issued to Mr Harris and Mr Greene		(120,000)	(120,000)
		(350,721)	(352,821)
Pro-forma Balance		(1,570,154)	(1,572,254)

NOTE 5: OPTIONS

Set out below are the values and terms of the options to be issued to Executives.

Executive Options	30c Executive Options	40c Executive Options	60c Executive Options
Underlying share price (A\$)	0.200	0.200	0.200
Exercise price (A\$)	0.300	0.400	0.600
Valuation date	20-Feb-18	20-Feb-18	20-Feb-18
Expiry date	01-Jul-20	01-Jul-20	01-Jul-20
Life of the options (years)	2.36	2.36	2.36
Volatility	100%	100%	100%
Risk free rate	2.01%	2.01%	2.01%
Number of options	2,500,000	4,250,000	750,000
Value per option (A\$)	0.095	0.082	0.065
Value per Tranche (A\$)	237,500	348,500	48,750

Set out below are the values and terms of the options to be issued to Founders and Advisors.

Options	Founder	Advisor
Underlying share price (A\$)	0.200	0.200
Exercise price (A\$)	0.200	0.400
Valuation date	20-Feb-18	20-Feb-18
Life of the options (years)	5.00	3.00
Volatility	100%	100%
Risk free rate	2.45%	2.01%
Number of options	9,000,000	2,000,000
Value per option (A\$)	0.150	0.097
Value per Tranche (A\$)	1,350,000	194,000

We have not adjusted the pro-forma balance sheet to reflect the value of the above options as pursuant to IFRS 2: Share Based Payments, the options are to be expensed over the vesting period. Therefore, as the options are to be issued upon listing, any expense incurred as at the pro-forma date would not be material.

NOTE 6: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 7: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 6
ADRIATIC METALS PLC
HISTORICAL STATEMENT OF FINANCIAL POSITION

	Reviewed as at 31-Dec-17 GBP	Audited as at 30-Jun-17 GBP
NON-CURRENT ASSETS		
Intangible assets	626,161	282,107
Tangible assets	616,014	585,686
TOTAL NON-CURRENT ASSETS	1,242,175	867,793
CURRENT ASSETS		
Inventories	-	22
Trade and other receivables	39,345	17,688
Cash and cash equivalents	811,956	311,470
TOTAL CURRENT ASSETS	851,301	329,180
TOTAL ASSETS	2,093,476	1,196,973
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	1,056,213	856,323
Share premium	1,286,899	406,183
Other reserves	33,575	25,402
Retained deficit	(704,954)	(292,307)
TOTAL EQUITY	1,671,733	995,601
CURRENT LIABILITIES		
Trade and other payables	421,743	201,372
TOTAL EQUITY AND LIABILITIES	2,093,476	1,196,973

APPENDIX 7

ADRIATIC METALS PLC

HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the period 3-Feb-17 to 30-Jun-17 GBP
Revenue	
Sale of services	1,519
Gross Profit	1,519
Expenses	
Administrative expenses	(286,461)
Operating Loss	(284,942)
Finance income/ (loss)	(7,365)
Loss before tax from continuing operations	(292,307)
Tax	-
Loss from continuing operations	(292,307)
Other comprehensive income	25,402
Total comprehensive income	(266,905)

APPENDIX 8
ADRIATIC METALS PLC
HISTORICAL STATEMENT OF CASH FLOWS

	Reviewed for the half year ended 31-Dec-17 GBP	Audited for the period 3-Feb-17 to 30-Jun-17 GBP
Loss	(412,647)	(292,307)
Foreign exchange difference on consolidation	8,174	25,402
Depreciation and amortisation	2,400	2,394
Working capital adjustments		
Increase in trade and other receivables	(21,657)	(17,210)
Increase in inventories	22	(22)
Increase in trade and other payables	220,370	186,858
Net cash flows used in operating activities	(203,338)	(94,885)
Investing activities		
Purchase of property, plant and equipment	(341,761)	(39,920)
Purchase of intangible assets	(35,021)	(176,624)
Acquisition of subsidiary undertaking	-	(426,624)
Net cash flows used in investing activities	(376,782)	(643,168)
Financing activities		
Issue of share capital	1,080,606	1,049,523
Net cash flows generated from financing activities	1,080,606	1,049,523
Net increase in cash and cash equivalents	500,486	311,470
Cash and cash equivalents, beginning of period	311,470	-
Cash and cash equivalents, end of period	811,956	311,470

APPENDIX 9
ADRIATIC METALS PLC
HISTORICAL STATEMENT OF CHANGES IN EQUITY

	Share Capital GBP	Share Premium GBP	Retained Deficit GBP	Other Reserves GBP	Total GBP
As at 3 February 2017	-	-	-	-	-
Loss for the period	-	-	(292,307)	-	(292,307)
Issue of share capital	856,323	406,183	-	-	1,262,506
Other comprehensive income	-	-	-	25,402	25,402
As at 30 June 2017	856,323	406,183	(292,307)	25,402	995,601
Loss for the period	-	-	(412,647)	-	(412,647)
Reclassification	5,342	(5,342)	-	-	-
Issue of share capital	194,548	886,058	-	-	1,080,606
Other comprehensive income	-	-	-	8,173	8,173
As at 31 December 2017	1,056,213	1,286,899	(704,954)	33,575	1,671,733



5. Independent Geologist's Report



CSA Global
Mining Industry Consultants

Independent Technical Assessment Report

Adriatic Metals Limited Vares Project

CSA Global Report N° R104.2018
9 February 2018

www.csaglobal.com

ADRIATIC METALS LIMITED
INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



Report prepared for

Client Name	Adriatic Metals Limited
Project Name/Job Code	AMLITA01
Contact Name	Paul Cronin
Contact Title	Director
Office Address	Pine House, The Square, Stow on the Wold GL54 1AF UNITED KINGDOM

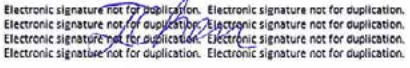
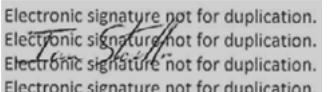

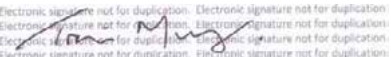
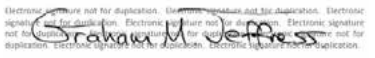
Report issued by

CSA Global Office	CSA Global Pty Ltd Level 2, 3 Ord Street West Perth, WA 6005 AUSTRALIA
	PO Box 141, West Perth WA 6872 AUSTRALIA
	T +61 8 9355 1677 F +61 8 9355 1977 E csaaus@csaglobal.com
	Division Corporate

Report information

File name	R104.2018 AMLITA01 Adriatic Vares ITAR - FINAL DRAFT 20180219_to ERIC
Last edited	21/02/2018 11:40:00 AM
Report Status	Draft

Author and Reviewer Signatures

Coordinating Author	Ivy Chen BAppSc, MAusIMM, GAICD	Signature:	 Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
Contributing Author	Ian Stockton B.Sc., MAusIMM, FAIG, RPGeo	Signature:	 Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
Contributing Author	Dr Belinda van Lente PhD, MSc, BSc (Hons) SACNASP, MGSSA	Signature:	
Peer Reviewer	Dr Travis Murphy PhD (Ore Deposit & Struct. Geol), MAIG	Signature:	 Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
CSA Global Authorisation	Graham Jeffress BSc (Hons) Applied Geology, RPGeo, FAIG, FAusIMM, FSEG, MGSA	Signature:	 Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.

© Copyright 2018



Disclaimers

Purpose of this document

This Report was prepared exclusively for Adriatic Metals Limited ("the Client") by CSA Global Pty Ltd ("CSA Global"). The quality of information, conclusions, and estimates contained in this Report are consistent with the level of the work carried out by CSA Global to date on the assignment, in accordance with the assignment specification agreed between CSA Global and the Client.

Notice to third parties

CSA Global has prepared this Report having regard to the particular needs and interests of our client, and in accordance with their instructions. This Report is not designed for any other person's particular needs or interests. Third party needs, and interests may be distinctly different to the Client's needs and interests, and the Report may not be sufficient nor fit or appropriate for the purpose of the third party.

CSA Global expressly disclaims any representation or warranty to third parties regarding this Report or the conclusions or opinions set out in this Report (including without limitation any representation or warranty regarding the standard of care used in preparing this Report, or that any forward-looking statements, forecasts, opinions or projections contained in the Report will be achieved, will prove to be correct or are based on reasonable assumptions). If a third party chooses to use or rely on all or part of this Report, then any loss or damage the third party may suffer in so doing is at the third party's sole and exclusive risk.

CSA Global has created this Report using data and information provided by or on behalf of the Client [and the client's agents and contractors]. Unless specifically stated otherwise, CSA Global has not independently verified that all data and information is reliable or accurate. CSA Global accepts no liability for the accuracy or completeness of that data and information, even if that data and information has been incorporated into or relied upon in creating this Report.

Results are estimates and subject to change

The interpretations and conclusions reached in this Report are based on current scientific understanding and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for absolute certainty.

The ability of any person to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond CSA Global's control and that CSA Global cannot anticipate. These factors include, but are not limited to, site-specific mining and geological conditions, management and personnel capabilities, availability of funding to properly operate and capitalise the operation, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, unforeseen changes in legislation and new industry developments. Any of these factors may substantially alter the performance of any mining operation.



Executive Summary

Adriatic Metals Limited (Adriatic) commissioned CSA Global Pty Ltd (CSA Global) to prepare an Independent Technical Assessment Report (ITAR) for the Vares Polymetallic Project located in the central part of the Federation of Bosnia and Herzegovina (BiH). The Assessment is required to be reported in accordance with Australian Securities Exchange (ASX) Listing Rules and the JORC Code¹.

The project area is located approximately 50 km north of the capital, Sarajevo, in the district of Vares. It was first exploited by locals in medieval times and sporadically thereafter. Modern exploration commenced with the parastatal company Energoinvest, a company incorporated in Belgrade under the former Socialist Federal Republic of Yugoslavia. Energoinvest began exploration activities in the late 1940s with peak activities during the period 1960s to the 1980s. Exploration included drilling and limited underground workings. The Veovaca deposit was mined as an open pit operation from 1983 to 1987. By the end of the 1980s, all the mines in and around Vares closed for reason of political instability.

Adriatic, through its wholly owned BiH subsidiary company, Eastern Mining doo (Eastern Mining) owns 100% of one Concession which extends over the entirety of the Veovaca deposit defined to date. Eastern Mining is the first company to undertake any exploration at the deposit and in the surrounding Vares District since the late 1980s.

Adriatic has compiled historical exploration activities for the Concession and surrounding areas and entered this data into a database. Exploration by Adriatic has focused on activities at the Rupice and Veovaca areas within the Concession, including geophysical programs (induced polarisation) and drilling of the historical resource at Veovaca and the advanced Rupice project. Limited exploration activities have been completed in the area immediately surrounding the Rupice prospect.

In CSA Global's opinion, the Vares Project has good potential for further exploration success with two key projects, Veovaca and Rupice. The Mineral Resource estimated at Veovaca has potential for extension and additional economic studies to increase the level of confidence in the estimates, and to progress towards the eventual declaration of Ore Reserves.

The approach to exploration has been successful to date and CSA Global also recommends the following:

- Advance Rupice as a high priority and progress geological and mining studies.
- Refine the ranking and prioritisation of the prospect table with a higher priority on prospects within the current granted Concession:
 - Consider an exploration Concession application of the Borovica mineralised trend, highlighted by several chargeable anomalies
 - Further evaluate the corridor between Rupice and Jurasevac for similar plunging zones which may have a small plan view "footprint".
- Complete further physical property test work and lithogeochemical analysis to fully understand the properties of the mineralisation to assist with further exploration:
 - Consider possible airborne surveys should an apparent physical difference be determined (i.e. magnetic susceptibility or radiometric methods could rapidly screen the prospective stratigraphy if the mineralisation had an appropriate signature).
- Continue to develop and refine the geological model with reference to the genetic origin of the mineralisation (e.g. by way of a PhD or Masters study).

¹ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

ADRIATIC METALS LIMITED

INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



- Further studies of the controlling structures of the mineralisation in order to explore for similar settings within the Triassic stratigraphy

CSA Global recommends the following actions are completed to support further advancement of the Veovaca Mineral Resource estimate:

- Complete a preliminary pit optimisation study using all resource categories combined to estimate the following:
 - Economic potential of the project
 - Amount of Inferred material that will occur within the limits of optimal pit shells
 - Requirements for further drilling to upgrade the resource categories.
- Conduct supplementary drilling:
 - For further resource definition (silver and gold) and classification upgrade
 - To provide sufficient rock quality data (RQD) for pit or underground optimisation studies
 - For additional metallurgical studies.
- Conduct final pit optimisation study when the economic potential of the project is established, and supplementary drilling is complete.
- Maintain quality assurance/quality control (QAQC) procedures to ensure high-quality data is available for subsequent resource upgrades.

The maiden Veovaca Mineral Resource estimate can be summarised in Table 1 and Table 2 (see [Appendix 4](#) for JORC Table 1 disclosure), please note that the tonnage estimates within the areas sampled for gold and silver have not been combined with the areas where no sampling had occurred for gold and silver, to avoid presenting a possibly misleading representation of the metal currently estimated. Figure 1 illustrates the areas where gold and silver were sampled (green).

Table 1: Veovaca open cut Mineral Resources as at 1 January 2018 (within the area sampled for Au and Ag)

JORC classification	Tonnes (Mt)	Grades					Contained metal				
		Pb (%)	Zn (%)	BaSO ₄ (%)	Au (g/t)	Ag (g/t)	Pb (kt)	Zn (kt)	BaSO ₄ (kt)	Au (koz)	Ag (koz)
Indicated	2.6	1.1	1.9	18	0.09	58	30	51	478	8	4,881
Inferred	1.0	0.3	1.3	5	0.07	16	3	13	55	2	501

Table 2: Veovaca open cut Mineral Resources as at 1 January 2018 (outside the area sampled for Au and Ag)

JORC classification	Tonnes (Mt)	Grades					Contained metal				
		Pb (%)	Zn (%)	BaSO ₄ (%)	Au (g/t)	Ag (g/t)	Pb (kt)	Zn (kt)	BaSO ₄ (kt)	Au (koz)	Ag (koz)
Indicated	2.0	0.9	1.3	15			17	26	304		
Inferred	1.6	0.5	1.0	7			8	16	110		

Notes:

1. Mineral Resources are based on JORC Code definitions.
2. A cut-off grade of 0.5% zinc equivalent (ZnEq) has been applied.
3. ZnEq was calculated using conversion factors of 0.814467 for lead, 0.08413 for barite, 1.463388 for gold and 0.019969 for silver, and recoveries of 90% for all elements. Metal prices used were US\$2,746/t for zinc, US\$2,236/t for lead, US\$240/t for barite, US\$1,250/oz for gold and US\$17/oz for silver.
4. The assumed recovery of 90% was based on historical production records from the Veovaca open pit.
5. The applied formula was: $ZnEq = Zn\% * 90\% + 0.814467 * Pb\% * 90\% + 0.08413 * BaSO_4\% * 90\% + 1.463388 * Au(g/t) * 90\% + 0.019969 * Ag(g/t) * 90\%$.
6. Following recognition of a correlation between specific mineral/elemental concentrations and measured SG, a bulk density was calculated for each model cell using regression formula $BD = 2.718835 + BaSO_4 * 0.01292 + Pb * 0.077334 + Zn * 0.022374$.
7. Rows and columns may not add up exactly due to rounding.

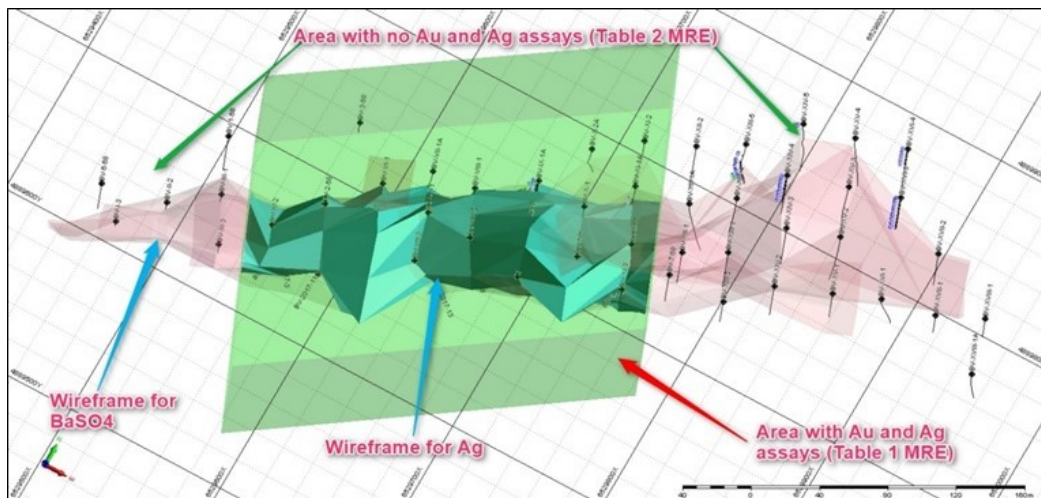


Figure 1: Reporting wireframes (the grid is MGI 1901/Balkans Zone 6)



Contents

Report prepared for.....	I
Report issued by	I
Report information	I
Author and Reviewer Signatures	I
DISCLAIMERS	II
Purpose of this document	II
Notice to third parties	II
Results are estimates and subject to change	II
EXECUTIVE SUMMARY	III
1 INTRODUCTION	1
1.1 Context, Scope and Terms of Reference	1
1.2 Compliance with the VALMIN and JORC Codes	1
1.3 Principal Sources of Information and Reliance on Other Experts	2
1.4 Authors of the Report	2
1.5 Independence	3
1.6 Declarations	3
1.6.1 Purpose of this Document	3
1.6.2 Competent Person's Statement	4
1.6.3 Site Inspection	4
1.7 About this Report	4
2 VARES PROJECT	5
2.1 Location, Access and Infrastructure	5
2.2 Climate, Topography and Vegetation	5
2.2.1 Climate	5
2.2.2 Infrastructure	7
2.2.3 Power	7
2.2.4 Water	7
2.3 Ownership and Tenure	7
2.3.1 Regional Prospect Area	8
2.4 Geology	8
2.4.1 Regional Geology	8
2.4.2 Local Geology	10
2.4.3 Mineralisation	12
2.5 Historical Mining and Exploration	15
2.6 Recent Exploration Activities	15
2.6.1 Veovaca Exploration	15
2.6.2 Rupice Exploration	19
2.6.3 Exploration from Smailova to Rupice	24
2.7 Veovacha Mineral Resource Estimate	25
2.7.1 Mineral Resource Overview	25
2.7.2 Reasonable Prospects Hurdle	27
2.7.3 Mineral Resource Classification	28
2.8 Exploration Potential and Targets	28
2.8.1 Veovaca Concession Exploration	29



2.8.2	Rupice Potential and Targets.....	31
2.9	Planned Work	32
2.10	Tenure	33
3	TECHNICAL RISKS	34
4	USE OF FUNDS	35
5	CONCLUSIONS	36
6	REFERENCES	37
7	GLOSSARY	38
8	ABBREVIATIONS AND UNITS OF MEASUREMENT	40

Figures

Figure 1:	Reporting wireframes (the grid is MGI 1901/Balkans Zone 6)	V
Figure 2:	Location of BiH and the project area	5
Figure 3:	Vares town monument to mine workers	6
Figure 4:	Vares Project Concession, prospects and stratigraphy (the grid is MGI 1901/Balkans Zone 6)	8
Figure 5:	Geotectonic map of the Dinarides within the Balkan states	9
Figure 6:	Government map of the district geology, project locations and Concession (grid is MGI 1901/Balkans Zone 6)	10
Figure 7:	Simplified geology cross section looking northwest	10
Figure 8:	Relationship between plunging breccia zone and surrounding sedimentary units	11
Figure 9:	Rupice local geology (the grid is MGI 1901/Balkans Zone 6)	11
Figure 10:	Location of prospects with position of granted Concession and geology (the grid is MGI 1901/Balkans Zone 6)	12
Figure 11:	Hand specimen of galena and barite (white) material from the Veovaca pit area	13
Figure 12:	Specimen of mineralised core (chalcopryrite and sphalerite) from the Rupice mineralisation	13
Figure 13:	Geologic setting and setting criteria for SedEx zinc-lead-silver deposits (after Embso, 2009)	14
Figure 14:	Geological setting of Besshi style (after Pirajno, 2009)	14
Figure 15:	Historical geo-referenced IP to the southeast of Veovaca with IP anomalies (red dashed lines) – the grid is MGI 1901/Balkans Zone 6	17
Figure 16:	Veovaca plan view with geology mineralisation demonstrating the potential plunge of mineralisation (the grid is MGI 1901/Balkans Zone 6)	18
Figure 17:	Long section of Veovaca mineralisation and potential targets – the grid is MGI 1901/Balkans Zone 6 (modified from Adriatic presentation) demonstrating potential for repeat lenses below the pit	18
Figure 18:	Plan view of Rupice and geophysical (IP) anomalies (100 m spaced lines)	21
Figure 19:	Plan view of the gradient array IP and prospects (100 m east-west grid; 50 dipoles) – the grid is MGI 1901/Balkans Zone 6	22
Figure 20:	Plan view of plunging mineralised zone with Adriatic drilling at Rupice (the grid is MGI 1901/Balkans Zone 6)	23
Figure 21:	Long section of the mineralised zone at Rupice looking northeast, with recent Adriatic drilling (the grid is MGI 1901/Balkans Zone 6)	24
Figure 22:	Mineral occurrences within the broad Triassic stratigraphy (the grid is MGI 1901/Balkans Zone 6)	25
Figure 23:	Reporting wireframes (the grid is MGI 1901/Balkans Zone 6)	27
Figure 24:	Long sections of Veovaca mineralisation demonstrating potential for repeat lenses below the pit and additional plunging mineralisation	30
Figure 25:	Veovaca whittle pit outline with location of Orti and Seliste prospects (the grid is MGI 1901/Balkans Zone 6)	31
Figure 26:	Rupice exploitation Concession with known prospects within it and the Borovica prospects in the regional prospect area to the south (the grid is MGI 1901/Balkans Zone 6)	32



Tables

Table 1:	Veovaca open cut Mineral Resources as at 1 January 2018 (within the area sampled for Au and Ag)	IV
Table 2:	Veovaca open cut Mineral Resources as at 1 January 2018 (outside the area sampled for Au and Ag).....	IV
Table 3:	Concession status.....	7
Table 4:	Significant historical drill results	15
Table 5:	Silver intervals greater than 5 m (with greater than 30 g/t Ag with less than two consecutive intervals <30 g/t Ag)	17
Table 6:	Adriatic drilling results at Veovaca with intervals greater than 5 m (using lead + zinc greater than 1% with, with no more than two consecutive intervals below cut-off)	19
Table 7:	Historical drillhole intersections at Rupice (using lead + zinc greater than 1% with no more than two consecutive intervals below cut-off and greater than 5 m interval)	20
Table 8:	Adriatic drilling results at Rupice (using lead + zinc greater than of 1% with no more than two consecutive intervals below cut-off and a minimum of 5 m intervals)	22
Table 9:	Veovaca open cut Mineral Resources as at 1 January 2018 (within the area sampled for Au and Ag)	26
Table 10:	Veovaca open cut Mineral Resources as at 1 January 2018 (outside the area sampled for Au and Ag).....	26
Table 11:	Exploration Targets in the immediate district.....	29
Table 12:	Use of funds (Australian dollars)	33
Table 13:	Concession status.....	33

Appendices

Appendix 1:	Tenement Schedule	41
Appendix 2:	Drill Collar Listings.....	42
Appendix 3:	Site and Laboratory Visits.....	44
Appendix 4:	JORC Table 1.....	46



1 Introduction

1.1 Context, Scope and Terms of Reference

CSA Global Pty Ltd (CSA Global) was requested by Adriatic Metals Limited (“Adriatic” or the “Company”) to prepare an Independent Technical Assessment Report (ITAR) for use in a prospectus to support an initial public offering (IPO) of shares 40 million fully CDIs on a 1:1 basis at an issue price of 20¢ per CDI to raise A\$8 million) for Adriatic to enable a listing on the Australian Securities Exchange (ASX). The funds raised will be used for the purpose of exploration and evaluation of the Project areas.

This ITAR details the Vares Project for which Mineral Resources have been estimated at Veovaca, and the exploration potential of the Vares Project at Rupice, and from Smailova to Rupice.

The ITAR is subject to the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2015 (“VALMIN² Code”). In preparing this ITAR, CSA Global:

- Adhered to the VALMIN Code.
- Took due note of the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports and ASIC Regulatory Guide 112 – Independence of Experts.
- Relied on the accuracy and completeness of the data provided to it by Adriatic, and that Adriatic made CSA Global aware of all material information in relation to the projects.
- Relied on Adriatic’s representation that it will hold adequate security of tenure for exploration and assessment of the projects to proceed.
- Required that Adriatic provide an indemnity to the effect that Adriatic would compensate CSA Global in respect of preparing the Report against any and all losses, claims, damages and liabilities to which CSA Global or its Associates may become subject under any applicable law or otherwise arising from the preparation of the Report to the extent that such loss, claim, damage or liability is a direct result of Adriatic or any of its directors or officers knowingly providing CSA Global with any false or misleading information, or Adriatic, or its directors or officers knowingly withholding material information.
- Required an indemnity that Adriatic would compensate CSA Global for any liability relating to any consequential extension of workload through queries, questions, or public hearings arising from the Report.

1.2 Compliance with the VALMIN and JORC Codes

The Report has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC³ Code and the rules and guidelines issued by such bodies as ASIC and ASX that pertain to Technical and Independent Expert Reports.

² Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code), 2015 Edition, prepared by the VALMIN Committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. <<http://www.valmin.org>>

³ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. (The JORC Code), 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC). <<http://www.jorc.org>>



1.3 Principal Sources of Information and Reliance on Other Experts

CSA Global has based its review of the Project on information made available to the principal authors by Adriatic along with technical reports prepared by consultants, government agencies and previous tenements holders, and other relevant published and unpublished data. CSA Global has also relied upon discussions with Adriatic's management for information contained within this assessment. This report has been based upon information available up to and including 9 February 2018.

CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this report is based. Unless otherwise stated, information and data contained in this technical report or used in its preparation has been provided by Adriatic in the form of documentation.

Adriatic was provided a final draft of this report and requested to identify any material errors or omissions prior to its lodgement.

Descriptions of the mineral tenure; tenure agreements, encumbrances and environmental liabilities were provided to CSA Global by Adriatic or its technical consultants. Adriatic has warranted to CSA Global that the information provided for preparation of this report correctly represents all material information relevant to the Project. Full details on the tenements is provided in the Independent Solicitor's Report elsewhere in the prospectus.

1.4 Authors of the Report

CSA Global is a privately owned, mining industry consulting company headquartered in Perth, Western Australia. CSA Global provides geological, resource, mining, management and corporate consulting services to the international resources sector and has done so for more than 30 years.

This ITAR has been prepared by a team of consultants sourced principally from CSA Global's Perth, Western Australia office. The individuals who have provided input to the ITAR have extensive experience in the mining industry and are members in good standing of appropriate professional institutions. The Consultant preparing this ITAR is a specialist in the field of geology and exploration.

The following individuals, by virtue of their education, experience and professional association, are considered Competent Persons, as defined in the JORC Code (2012), for this Report. The Competent Persons' individual areas of responsibility are presented below:

- **Coordinating author – Ms Ivy Chen** (Principal Consultant, CSA Global, Perth, Western Australia) is responsible for the entire report. Ms Chen is a corporate governance specialist, with 28 years' experience in mining and resource estimation. She served as the national geology and mining adviser for the ASIC from 2009 to 2015. Ms Chen's experience in the mining industry in Australia and China, as an operations and consulting geologist includes open pit and underground mines for gold, manganese and chromite, and as a consulting geologist she has conducted mineral project evaluation, strategy development and implementation, through to senior corporate management roles. Ms Chen joined the VALMIN Committee in 2015.
- **Contributing author – Mr Ian Stockton** (Principal Consultant – Geology, CSA Global, Perth, Western Australia) is responsible for the assessment of exploration completed and exploration potential. Mr Stockton is a geologist with over 25 years' experience in the mineral exploration industry ranging from early stage exploration activities, exploration management, strategy development through to mine development and operations. He has been directly involved in the discovery of several important ore deposits including the Nolans/Sarsfield gold deposits (Ravenswood, Queensland), CSA Cu mine extensions (Cobar, New South Wales), rejuvenation of the Mount Muro epithermal deposits (Indonesia) and the Saramacca gold deposit (Suriname). Mr Stockton's experience covers a diverse background of exploration settings having worked in the Tertiary epithermal deposits in Indonesia,



Cretaceous porphyry environment in Serbia, Paleoproterozoic orogenic gold deposits of Suriname, Siluro-Devonian intrusive related gold deposits in north Queensland and the Siluro-Devonian copper gold deposits in the Cobar sedimentary basin. Through this diverse experience he can provide integrated, mineral systems based geological models and targeting advice.

- **Contributing author – Dr Belinda van Lente** (Senior Resource Geologist, CSA Global UK) completed the field visit to Adriatic's assets in Bosnia and Herzegovina (BiH), and reviewed Adriatic's nominated laboratories and laboratory procedures. Dr van Lente is a resource geologist with nine years of industry experience, in the consulting and production environment. Her experience includes Mineral Resource estimates and audits on various commodities, specialising in Archean and epithermal gold deposits in Mali, South Africa, Ghana, USA and Tanzania. Dr van Lente has a clear understanding of the methods, standards and procedures used in the estimation and declaration of Mineral Resource estimates with further experience covering areas of grade control, database management and quality assurance/quality control (QAQC).
- **Peer reviewer – Dr Travis Murphy** (Principal Geologist, CSA Global, Brisbane, Western Australia) is responsible for the entire report. Dr Murphy is a geologist with over 22 years' experience across multiple sectors of the resource industry; including exploration, mine operations, planning and production as well as technical research roles. Dr Murphy has proven leadership skills and successes in exploration (lead team to discovery), mining (application of geoscience to mining and minerals processing), and applied research (project lead in significant DNRM-GSQ funded Cloncurry Cu-Au prospectivity analysis). He specialises in structural geology, exploration and mine geology, and targeted metallurgy/deposit-knowledge.

1.5 Independence

Neither CSA Global, nor the authors of this report, has or has had previously, any material interest in Adriatic or the mineral properties in which Adriatic has an interest. CSA Global's relationship with Adriatic is solely one of professional association between client and independent consultant.

CSA Global is an independent geological consultancy. Fees are being charged to Adriatic at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the Report. The fee for the preparation of this report is approximately A\$46,000.

No member or employee of CSA Global is, or is intended to be, a director, officer or other direct employee of Adriatic. No member or employee of CSA Global has, or has had, any shareholding in Adriatic.

There is no formal agreement between CSA Global and Adriatic, as to Adriatic providing further work for CSA Global.

1.6 Declarations

1.6.1 Purpose of this Document

This report has been prepared by CSA Global at the request of, and for the sole benefit of Adriatic. Its purpose is to provide an ITAR of Adriatic's Vares Project in BiH.

The Report is to be included in its entirety or in summary form within a prospectus to be prepared by Adriatic in connection with an Initial Public Offering (IPO). It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The statements and opinions contained in this report are given in good faith and in the belief, that they are not false or misleading. The conclusions are based on the reference date of 9 February 2018 and could alter over time depending on exploration results, mineral prices and other relevant market factors.



1.6.2 Competent Person's Statement

The information in this report that relates to Technical Assessment of Exploration Targets, or Exploration Results is based on information compiled and conclusions derived by Mr Ian Stockton, a Competent Person who is a Fellow of the AIG, and a Member of the AusIMM. Mr Stockton is employed by CSA Global.

The information in this report that relates to Technical Assessment of Mineral Resources is based on information compiled and conclusions derived by Ms Ivy Chen, a Competent Person who is a Member of the AusIMM. Ms Chen is employed by CSA Global.

The information in this report that relates to Technical Assessment of the field visit and laboratories is based on information compiled and conclusions derived by Dr Belinda van Lente, a Member of the South African Council for Natural Scientific Professions, and a Member of the Geological Society of South Africa, qualifying Dr van Lente as a Recognised Overseas Professional in accordance with the requirements of the JORC Code. Dr van Lente is employed by CSA Global.

Mr Stockton, Ms Chen and Dr van Lente have sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as Practitioners as defined in the 2015 edition of the "Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets", and as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Stockton, Ms Chen and Dr van Lente consent to the inclusion in the Report of the matters based on their information in the form and context in which it appears.

1.6.3 Site Inspection

Dr Belinda van Lente, an employee of CSA Global, visited the SGS Geochem Services (SGS) laboratory and the ALS Laboratory Services (ALS) laboratory, both located in Bor, Serbia, on 12 January 2018. It is CSA Global's opinion that both the ALS and SGS facilities and equipment are in good working order, personnel are well trained and knowledgeable and best industry standards are observed for sample preparation (and analysis in the case of SGS).

Dr Belinda van Lente, an employee of CSA Global, visited the Veovaca and Rupice projects, located in BiH, over three days from 13 to 15 January 2018. CSA Global recognise the potential for lead and zinc, with associated barium, gold and silver mineralisation on the Veovaca and Rupice projects based on the data available and following the site inspection. The proposed activities of the Company's work program are considered appropriate for the next stage of target development and testing.

1.7 About this Report

This report describes the prospectivity of Adriatic's Vares Project and mineral assets located in BiH. The geology and mineralisation for each tenement or project area are discussed, as well as the exploration work completed, and the results obtained there from. Information relating to data and QAQC for the Mineral Resource estimate, is drawn from an unpublished internal Mineral Resource estimate completed by Mr Bob Annett (a consultant to Adriatic) and Mr Dmitry Pertel (a principal Consultant from CSA Global) in January 2018. An effort was made to summarise this body of work so as to contain the size and readability of the Report. No valuation has been requested or completed for the Project.



2 Vares Project

2.1 Location, Access and Infrastructure

The Vares Project is located near the mining town of Vares approximately 50 km north of the capital, Sarajevo, and about 50 minutes by car, via the Sarajevo–Tuzla freeway to Podlugovi, then a sealed road to Vares. The town of Vares is the administrative centre for the District (Figure 2 and Figure 3).



Figure 2: Location of BiH and the project area

2.2 Climate, Topography and Vegetation

2.2.1 Climate

The area has a continental climate partially affected by the generally mountainous terrain with cool summers and cold winters. Average annual temperature is 7°C with highest recorded temperatures of +30°C in the summer months of July–August, and lowest temperatures of -20°C in January. The average annual rainfall is 1,150 mm, with rain falling year-round as short heavy downpours. Snow is common throughout the winter months with falls of over 2 m, although rarely staying on the ground for long periods.



Figure 3: Vares town monument to mine workers



2.2.2 Infrastructure

The Concession is located in the Vares district of which Vares (Figure 3) is the administrative centre, providing services and supplies. The capital, Sarajevo, is 50 minutes away and the international airport is 40 minutes away. Access between Veovaca and Rupice projects is via 15 km of well-maintained sealed and unsealed roads.

2.2.3 Power

A national electricity grid is operated and maintained by the State company Elektroprivreda doo. Powerlines run to the open pit and abandoned processing facility at Veovaca, and thereafter to nearby villages. Most of these lines deliver a 10 KVA service.

2.2.4 Water

Local water is supplied to all surrounding villages and is maintained by JKP Vares doo, a public company owned and operated by the Vares council.

2.3 Ownership and Tenure

Energoinvest, a parastatal exploration and mining company registered in Belgrade, commenced modern exploration in the late 1940s at a time when Socialist Federal Republic of Yugoslavia was established under a communist government with all assets, including minerals, belonging to the State. This continued until 1992 when BiH declared its independence, and when bankruptcy proceedings were brought against many of the State companies, including Energoinvest and its assets.

The Vares Project was sold following bankruptcy proceedings against Energoinvest in November 2012 to Balamara Resources Limited and Balkan Mining Pty Ltd who were shareholders of MM Project doo.

Exploitation and exploration rights were granted for 25 years on 12 March 2013 by the Ministry of Economy of the Zenica–Doboj Canton (the Concessor) under Concession Agreement number 04-18-21389-1/13. MM Project doo subsequently changed its name to Eastern Mining doo.

Eastern Mining was acquired by Adriatic in February 2017 and is entirely owned through shareholding by Adriatic.

The Exploration Permit overlying the Rupice area was extended for a period to expire on 25 May 2020, whilst the exploration period for the two exploitation areas was extended for period of two and a half years to expire in September 2020.

The Adriatic Concession covers 281.4 ha and is divided into three areas of which the Veovaca pit and plant site are exploitation and exploration areas, and the Rupice Concession is an exploration area (Table 3).

Table 3: Concession status

Project	Tenement	Field	Area (ha)	Status
Vares	Veovaca pit	1	90.54	Approved – exploitation and exploration
	Veovaca plant site	2	107.68	Approved – exploitation and exploration
	Rupice	3	83.18	Approved – exploration

The Vares Project contains two advanced exploration projects. Veovaca was historically mined for lead, zinc and barite. Rupice was historically mined for barite; however, recent drilling by Adriatic has intersected gold, silver, copper, lead and zinc.

2.3.1 Regional Prospect Area

Based on the review of historical exploration data, Adriatic has identified various regional prospects which lie both within, and outside the existing Concession area. All the regional prospects lie within the prospective stratigraphy outlined in (Figure 4).

According to Adriatic, neither the Mining Act nor Concession Law regulate directly geological activities in the regional prospect area surrounding the existing Concession. However, according to Adriatic, with the approval of either a private landowner or the competent state authority (for state owned areas), it is possible to undertake limited exploration activities within the regional area if they are non-ground disturbing, such as geochemistry, geophysics and mapping activities. (Figure 4).

Adriatic intends, subject to the ongoing consent of competent state authority and/or private land owners, to conduct non-ground disturbing work as part of the ongoing assessment of the potential of some of the regional prospects that lie outside the existing Concession boundary. Should Adriatic wish to extend its existing license boundaries, it will need to continue its dialogue with the Ministry of Economy ZDC and take advice on the recommended process to do such an extension.

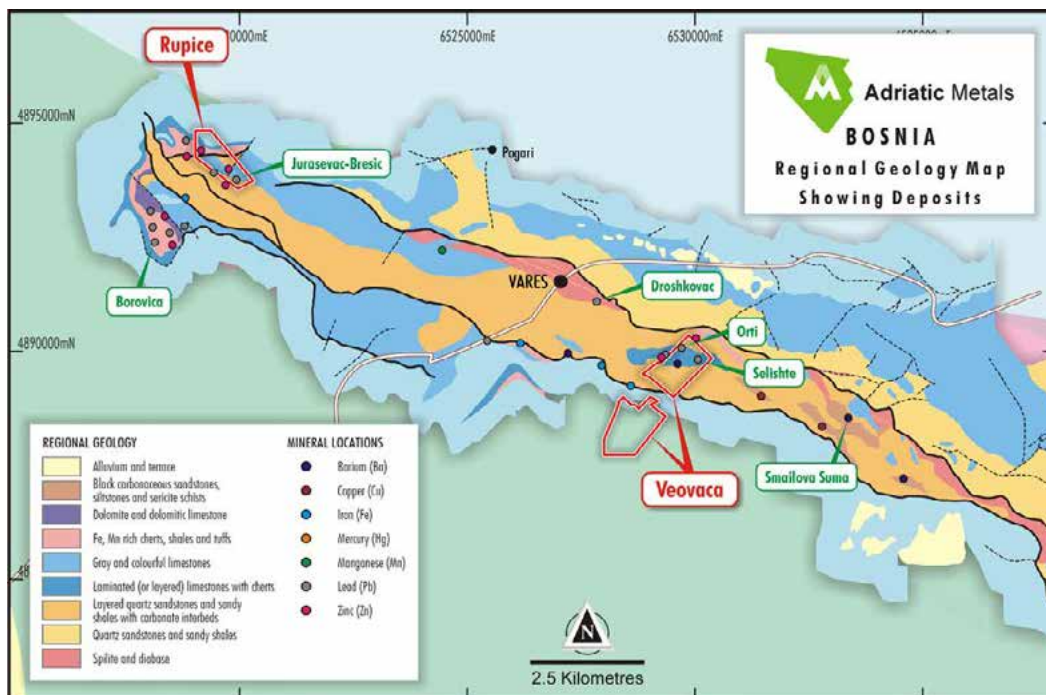


Figure 4: Vares Project Concession, prospects and stratigraphy (the grid is MGI 1901/Balkans Zone 6)

2.4 Geology

2.4.1 Regional Geology

The geological history of Eastern Europe is linked to the closure of the former Tethys geosyncline that had once existed between the African plate and Eurasian plate (Figure 5).

The oldest basement rocks consist of Silurian to Carboniferous aged schist. These are overlain by Mesozoic sedimentary deposits which have been deformed by the Late Palaeozoic Alpine orogeny. During the Triassic, carbonate sediments formed in the Outer Dinarides; flysch sediments in the Central Dinarides; and volcanogenic-sedimentary formations in the Inner Dinarides (Figure 5). Widespread sedimentation



ends in the Cretaceous whilst Quaternary sediments form localised deposits of alluvium, colluvium, sandstone and limestone.

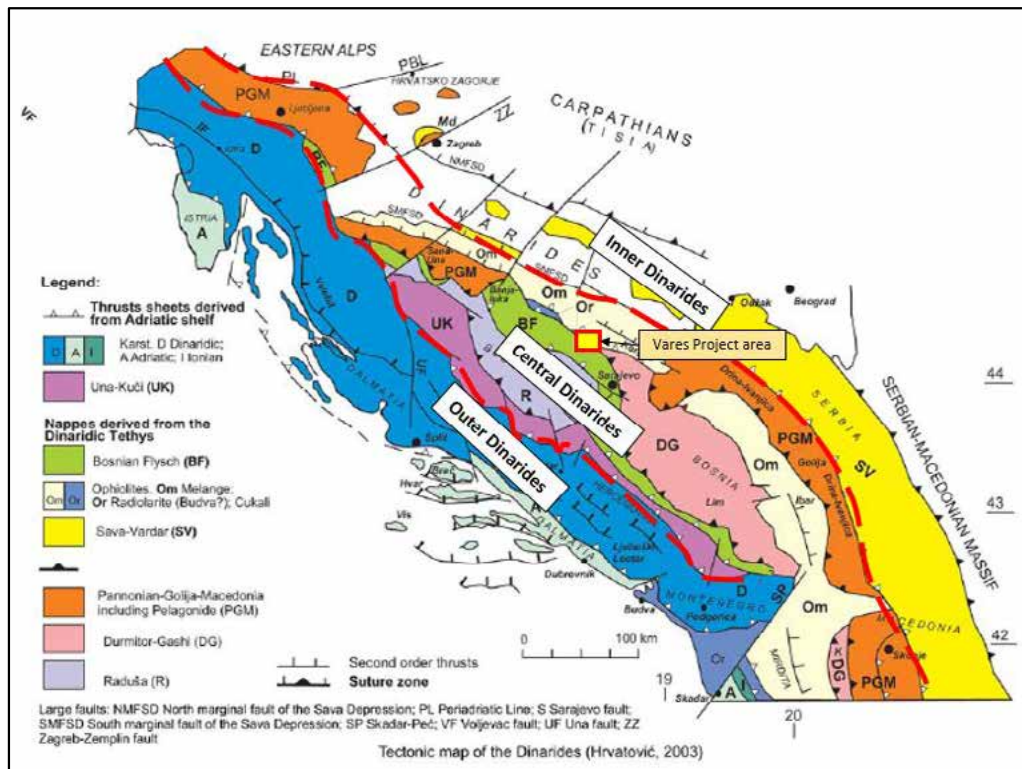


Figure 5: Geotectonic map of the Dinarides within the Balkan states

Source: Hrvatović, 2003

The Vares mineral field is located in the Durmitor Nappe: a thrust, folded and faulted geological succession of Palaeozoic basement, with overlying Triassic and Jurassic-Cretaceous aged rocks. The district-scale geological setting consists of:

1. Mesozoic formations.
2. Lower Triassic siliciclastic sediments.
3. Anisian limestones.
4. Ladinian chert, limestone, breccia, tuff, Fe-Mn and lead-zinc ore.
5. Ophiolite melange.
6. Wild flysch.
7. Base of the Bosnian flysch.
8. Jurassic-Cretaceous paraflysch.
9. Late Cretaceous-Early Paleogene flysch.
10. Sarajevo-Zenica fresh-water sediments.
11. Triassic undifferentiated formations (Figure 6).

A simplified cross section demonstrating these relationships is shown in Figure 7 (Hrvatović, 2004).

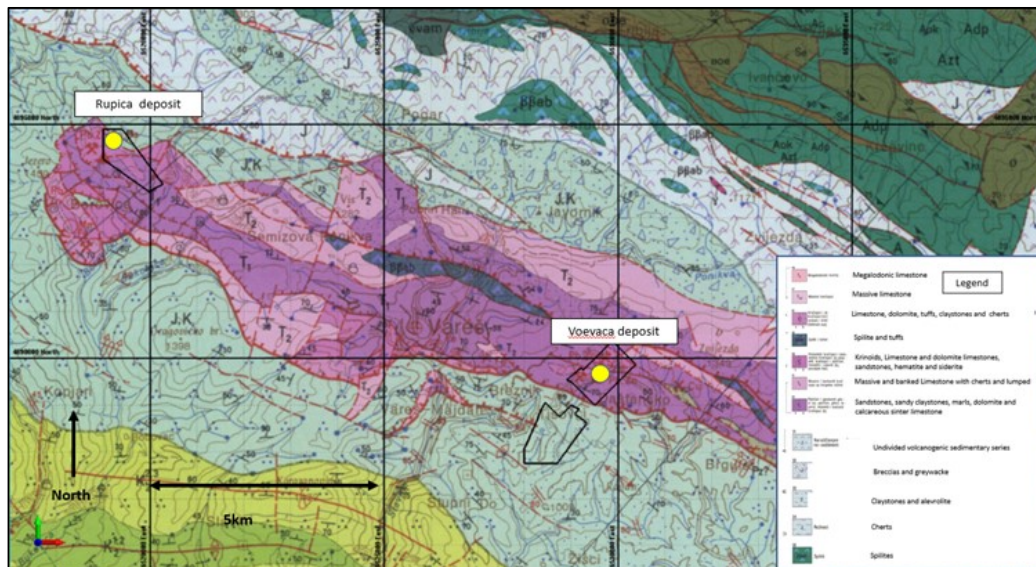


Figure 6: Government map of the district geology, project locations and Concession (grid is MGI 1901/Balkans Zone 6)

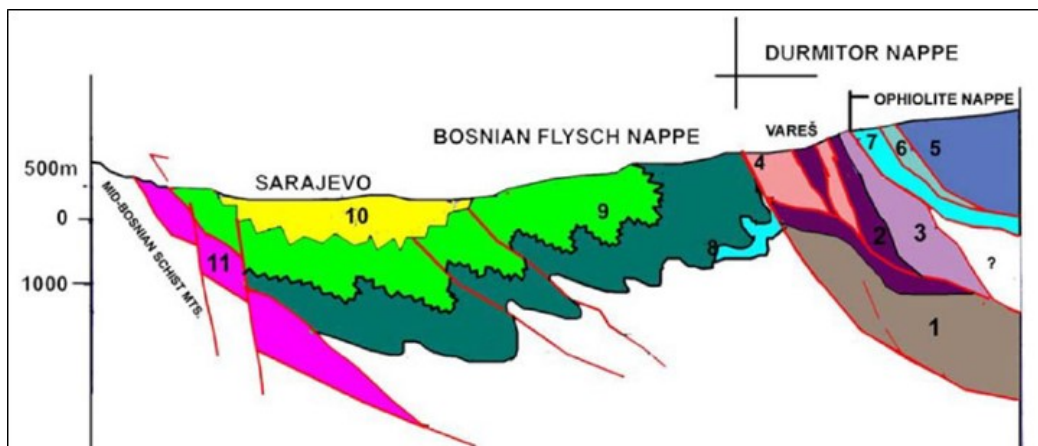


Figure 7: Simplified geology cross section looking northwest

Note: See text above for reference to the 11-stratigraphic description. Source: Hrvatović, 2004

2.4.2 Local Geology

At Veovaca, the Vares Triassic sedimentary package is folded into an east-northeast plunging synform. The core of the syncline consists of a polymictic breccia containing iron, zinc, and lead sulphides; with barite in the matrix. The synform is surrounded by a package of red fine-grained sandstones (alevolites) (Figure 8).

The Rupice area represents the most western extension of Vares ore field, near the western closure of the Durmitor Nappe. The geology of the area consists of Lower Triassic, Middle Triassic and undifferentiated Jurassic-Cretaceous formations (Figure 9). These units are folded into a northwest to southeast trending syncline with the north-east limb being strongly deformed by thrusting. The geological setting at Jurasevac-Brestic potentially represents an extension of this deformed limb.

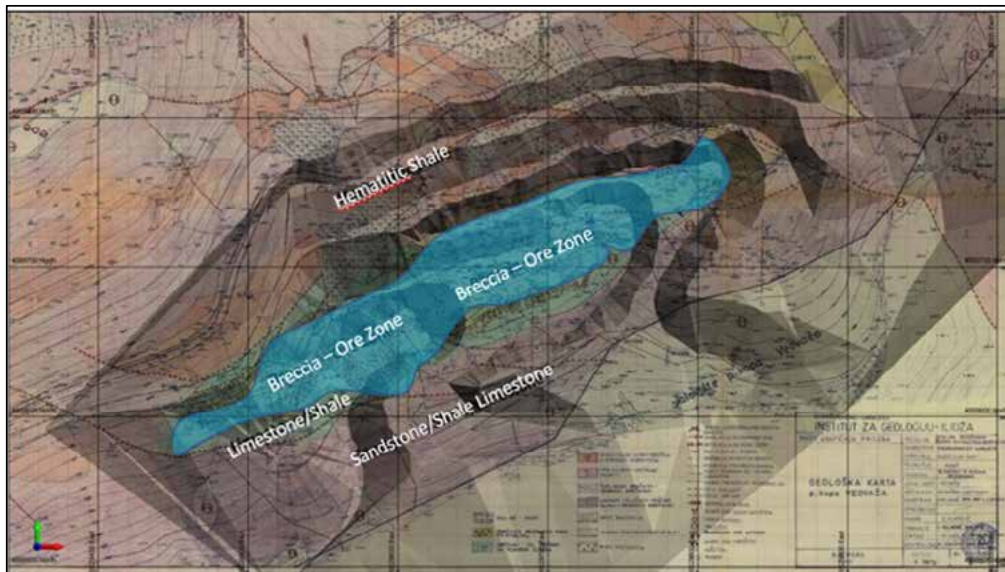


Figure 8: Relationship between plunging breccia zone and surrounding sedimentary units

Note: Data supplied by Adriatic.

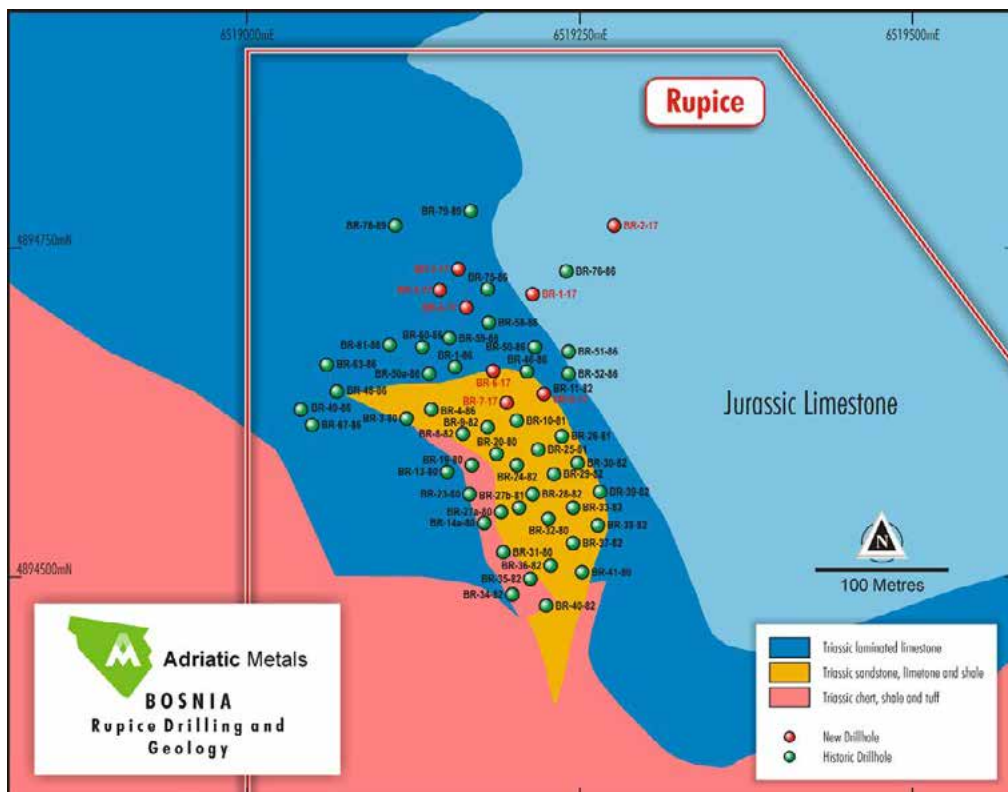


Figure 9: Rupice local geology (the grid is MGI 1901/Balkans Zone 6)

Source: Adriatic.

2.4.3 Mineralisation

The polymetallic mineralisation in the Vares District is associated with Middle Triassic rifting. Mineralisation is predominately hosted in the matrix of a polymictic breccia of banded shale, siltstone or sandstone clasts, both overlain and underlain by a succession of sandstone, siltstone, shale or limestone. Mineralisation has also been observed by Adriatic geologists as semi-conformable with the lithology, though limited in extent, Figure 10 shows the location of the Veovaca and Rupice Concession.

The Vares District hosts several varieties of zinc-lead polymetallic mineralisation:

- Irregular breccia hosted with moderate grade zinc, lead, barite, and silver (Veovacha and Orti)
- Massive barite with high grade zinc-lead-copper sulphides containing silver and gold (Rupice)
- Massive zinc-lead-copper-silver sulphide mineralisation in faults (Jurasevac, Brestic and Mekusa)
- Siderite breccia with medium grade zinc-lead sulphides with silver (Droshkovac and Smreka)
- Barite concentrations with zinc-lead sulphides (Brezik, Smailova Suma).

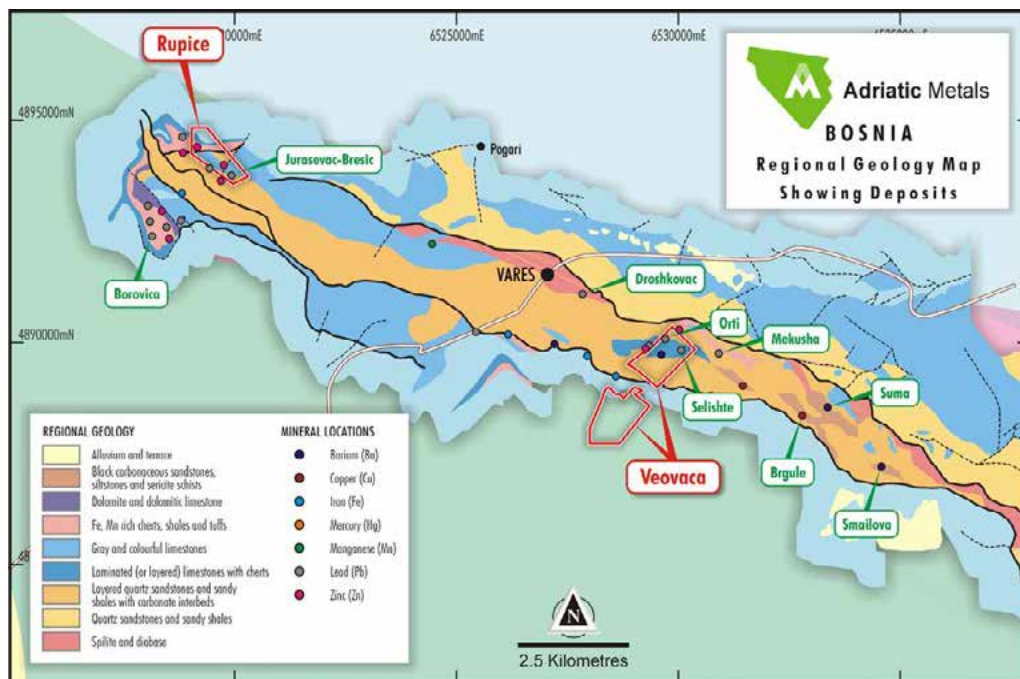


Figure 10: Location of prospects with position of granted Concession and geology (the grid is MGI 1901/Balkans Zone 6)

Mineralogy across the various mineral occurrences includes: sphalerite, galena, chalcopryrite, barite, minor tetrahedrite, and pyrite; with associated silver and gold. There are also rare occurrences of stibnite and cinnabar. Examples of mineralisation from Veovaca and Rupice are shown below (Figure 11 and Figure 12).



Figure 11: Hand specimen of galena and barite (white) material from the Veovaca pit area



Figure 12: Specimen of mineralised core (chalcopyrite and sphalerite) from the Rupice mineralisation

The mineralisation style at Veovaca and Rupice is considered by the Geological Institute in Bosnia to be of sedimentary exhalative (SedEx) origin. However, there is limited information to confirm the presence of finely laminated or bedded sulphide ore that characterise this deposit type (Figure 13). Furthermore, the presence of chalcopyrite and gold mineralisation particularly at Rupice and extensive breccia-hosted mineralisation precludes the SedEx model (Figure 14).

A possible model for the Vares mineral field is a hybrid SedEx-volcanogenic massive sulphide (VMS) deposit style known as Besshi-style VMS, whereby hydrothermal fluids of volcanic affinity deposit associated metals into the sedimentary environment in a similar way to SedEx mineralisation but driven



by volcanic processes rather than sedimentary processes and on a smaller scale. In the Besshi model, there are many common features including syn-deposition of mineralisation and presence of barite; however, the mineralogy and breccia textures are substantially different to those in a SedEx model (Andrews, 2014).

The Besshi model accounts for the presence of chalcopyrite, barite and gold which are not normally associated with SedEx deposits. It would also explain the relatively modest footprint of mineralisation compared to the large scale SedEx deposits.

Subsequent brecciation and remobilisation of mineralisation during deformation of the sedimentary package may have remobilised mineralisation into faults and fractures. Besshi deposits form in clusters along stratigraphic horizons and can be restricted in aerial extent. A typical Besshi model is shown in Figure 14 below. This would be appropriate given the geometry of the Dumitor Nappe and associated geology shown in Figure 7.

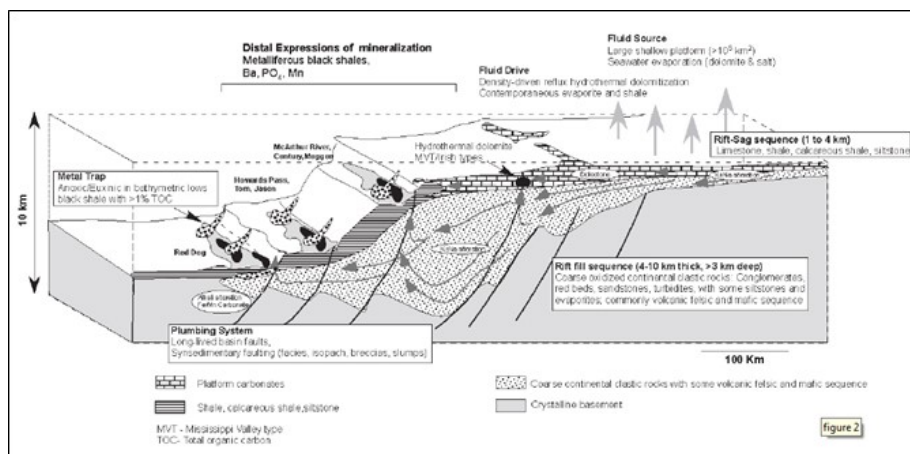


Figure 13: Geologic setting and setting criteria for SedEx zinc-lead-silver deposits (after Embso, 2009)

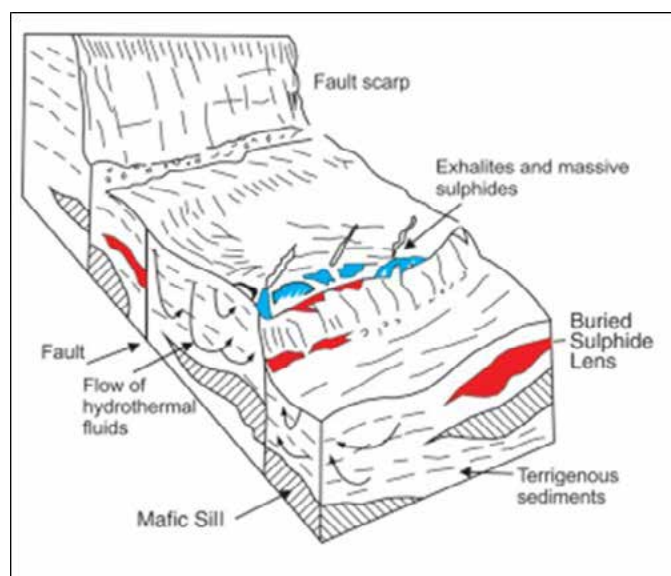


Figure 14: Geological setting of Besshi style (after Pirajno, 2009)



2.5 Historical Mining and Exploration

The Vares District has a significant mining history dating back to Bronze Age. During the Roman era, the town was famous for its miners and iron smiths. During the Austrian rule of BiH the iron-works of Vares were an important exporter of iron products to the rest of the Habsburg empire. The first blast furnace in BiH was built in Vares in 1891 and only ceased operations in 1990.

The Socialist Federal Republic of Yugoslavia through its parastatal company, Energoinvest, commenced modern exploration in the Vares District in the late 1940s, and over a period of 40 years discovered several iron and polymetallic (lead, zinc, barite, silver, gold) deposits within a 30 km x 10 km sedimentary formation extending from Rupice in the northwest to Smailova in the southeast (Figure 10).

There have been several periods of exploration at the Veovaca deposit. These commenced in the 1960s, with follow-up work in the late 1970s. Exploration consisted of a small program of diamond core drilling and surface trenching (1968–1970), followed by the development of exploration adits and drives, and a more substantial program of diamond core drilling in the late 1970s. Surface exploration activities included geophysical (induced polarisation – IP) and geochemical programs. The first mineral reserve for Veovaca was estimated in 1978 and continued to be refined up to 1983 when open pit mining commenced.

Open pit mining commenced at Veovaca in 1983 at an intended production rate of approximately 400,000 tonnes per annum. After four years of mining, some 1.2 million tonnes (Mt) of ore had been mined and hauled to the nearby processing facility some 2 km to the southwest (Figure 5).

Mining activities by Energoinvest reached a peak in the 1980s but by the end of the decade all mines closed due to political instability rather than depleted mine reserves.

No exploration was conducted in the Vares District following the closure of the lead-zinc and iron ore mines in the late 1980s. Thereafter the civil unrest of the 1990s, lack of foreign investment through the early 2000s, and the eventual bankruptcy of the parastatal company, Energoinvest, impeded any attempt at restarting exploration and mining.

2.6 Recent Exploration Activities

2.6.1 Veovaca Exploration

There have been several periods of exploration at the Veovaca deposit commencing in the 1960s and follow-up work in the late 1970s. Exploration consisted of an initial small program of diamond core drilling and surface trenching (1968–1970), followed by the development of exploration adits and drives. A more substantial program of diamond core drilling was completed in the 1970s. In all, a total of 56 diamond drillholes were completed for approximately 8,000 m (Table 4).

Table 4: Significant historical drill results

Drillhole	From (m)	To (m)	Interval (m)	Pb (%)	Zn (%)	BaSO ₄ (%)
BV-I-3	0.0	20.0	20.0	2.6	3.1	31
BV-II-2	18.0	36.0	18.0	1.3	3.3	11
BV-III-1	0.0	12.0	12.0	1.4	1.7	30
BV-III-1	20.0	26.0	6.0	2.8	3.5	33
BV-III-3	0.0	10.0	10.0	3.6	5.0	58
BV-III-3	18.0	40.0	22.0	1.5	1.9	17
BV-IV-2	17.0	33.0	16.0	1.7	1.4	13
BV-IV-2	35.0	55.5	20.5	1.9	3.2	27
BV-IX-1	0.0	34.0	34.0	0.9	1.1	11
BV-IX-1	42.0	66.0	24.0	0.9	1.1	11
BV-IX-1	76.0	140.0	64.0	0.7	1.6	13

5. Independent Geologist's Report

ADRIATIC METALS LIMITED

INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



Drillhole	From (m)	To (m)	Interval (m)	Pb (%)	Zn (%)	BaSO ₄ (%)
BV-IX-1A	46.0	54.0	8.0	0.2	1.4	0
BV-IX-1A	62.0	86.0	24.0	1.1	1.2	19
BV-IX-3	4.0	10.0	6.0	0.4	2.1	40
BV-IX-3	46.0	68.0	22.0	1.7	3.7	32
BV-V-3	6.0	70.0	64.0	2.6	3.2	37
BV-VI-2	0.0	10.0	10.0	0.6	0.5	9
BV-VI-2	18.0	108.0	90.0	3.1	3.7	47
BV-VII-1	8.0	124.0	116.0	0.7	3.3	24
BV-VII-1A	112.0	120.0	8.0	1.0	1.0	0
BV-VII-3	10.0	30.0	20.0	0.5	1.8	14
BV-VII-3	42.0	60.0	18.0	1.1	3.9	37
BV-VIII-1	48.0	57.0	9.0	1.3	1.5	16
BV-VIII-2	10.0	30.0	20.0	0.8	0.9	19
BV-VIII-2	52.0	110.0	58.0	1.6	2.4	30
BV-X-1	18.0	40.0	22.0	1.5	2.3	24
BV-X-1	64.0	78.0	14.0	0.7	1.0	11
BV-X-1	100.0	118.0	18.0	0.7	0.7	13
BV-X-1	130.0	179.0	49.0	0.8	1.1	15
BV-X-2	37.0	63.0	26.0	0.7	0.9	10
BV-X-2	71.0	95.0	24.0	0.8	1.1	14
BV-X-2A	40.0	50.0	10.0	0.5	0.6	0
BV-XI-1	0.5	26.0	25.5	2.9	3.1	38
BV-XI-1	38.0	50.0	12.0	0.7	1.1	7
BV-XI-1	76.0	146.0	70.0	1.1	1.2	14
BV-XI-1A	108.0	114.0	6.0	0.7	1.3	13
BV-XI-1A	120.0	128.0	8.0	0.9	2.1	11
BV-XI-1A	150.0	158.0	8.0	0.7	1.5	9
BV-XI-3	68.0	78.0	10.0	1.3	3.9	33
BV-XI-3	93.0	103.0	10.0	0.8	0.6	6
BV-XII-1	7.0	101.0	94.0	1.1	1.6	16
BV-XII-1	107.0	161.0	54.0	1.0	1.2	12
BV-XII-1	167.0	177.0	10.0	0.7	0.9	9
BV-XII-1A	83.5	101.0	17.5	1.2	1.5	31
BV-XII-1A	108.7	120.5	11.8	0.9	1.1	35
BV-XII-1A	180.5	214.5	34.0	3.3	3.2	42
BV-XIII-1	10.0	38.0	28.0	0.9	1.9	2
BV-XIII-1	60.0	74.0	14.0	2.2	2.4	37
BV-XIII-1	132.0	166.0	34.0	0.7	1.6	19
BV-XIII-4	120.0	138.0	18.0	0.6	0.7	7
BV-XIII-4	164.0	172.0	8.0	1.0	1.3	16
BV-XIII-4	190.0	233.0	43.0	2.3	3.1	36
BV-XIII-5	179.0	191.0	12.0	1.1	1.1	22
BV-XIV-2	44.0	54.0	10.0	0.7	0.9	6
BV-XIV-3	112.0	117.5	5.5	0.5	0.7	0
BV-XIV-3	164.0	180.0	16.0	0.7	1.2	12
BV-XIV-3	190.0	207.7	17.7	1.1	1.8	19
BV-XIV-4	30.0	35.0	5.0	0.2	1.1	1



Drillhole	From (m)	To (m)	Interval (m)	Pb (%)	Zn (%)	BaSO ₄ (%)
BV-XIV-4	172.8	216.0	43.2	1.1	1.8	17
BV-XIV-5	75.0	80.0	5.0	0.2	1.1	0
BV-XIV-5	235.0	248.0	13.0	1.1	0.6	4
BV-XV-2	172.0	192.0	20.0	0.6	0.8	9
BV-XV-3	213.0	222.0	9.0	1.8	2.0	21
BV-XV-4	60.0	65.0	5.0	1.1	0.1	0
BV-XV-4	240.0	250.0	10.0	2.5	2.5	41
BV-XVII-2	145.0	163.0	18.0	0.6	0.9	9

Note: Intersections greater than 4 m interval at grades using lead + zinc greater than 1% with cut-off with no more than two consecutive intervals below cut-off. BaSO₄ = Barite.

Seven diamond drillholes at Veovaca were previously assayed by Energoinvest for silver with three drillholes returning the following results (Table 5).

Table 5: Silver intervals greater than 5 m (with greater than 30 g/t Ag with less than two consecutive intervals <30 g/t Ag)

Drillhole	From (m)	Interval (m)	Ag (g/t)
BV-IX-1A	62	24	71
BV-XI-1A	152	6	44
BV-XIII-5	179	12	45

Several IP programs were also completed in this period with chargeability anomalies extending from the Veovaca deposit to the Mekusa and Barice areas to the east-southeast (Figure 10).

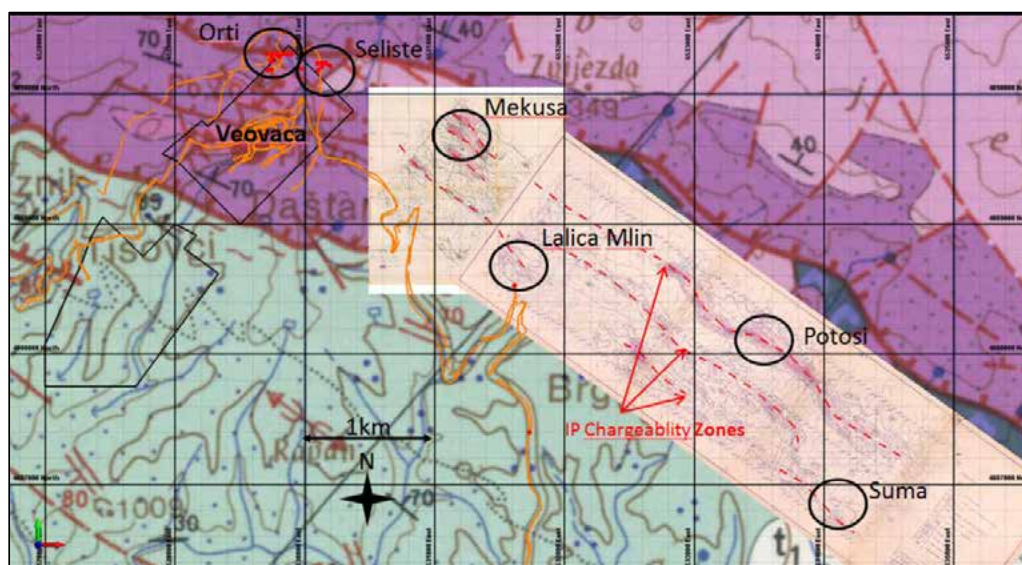


Figure 15: Historical geo-referenced IP to the southeast of Veovaca with IP anomalies (red dashed lines) – the grid is MGI 1901/Balkans Zone 6

Source: Adriatic.

IP and drilling programs are also reported 100 m to the east-northeast of the Veovaca Orti and Seliste. Whilst CSA Global has sighted the drillhole geology logs for Orti; the IP data has not been provided. These prospects are yet to be fully explored and Adriatic consider these to be down plunge extensions to the Veovaca mineralisation (Figure 16 and Figure 17).

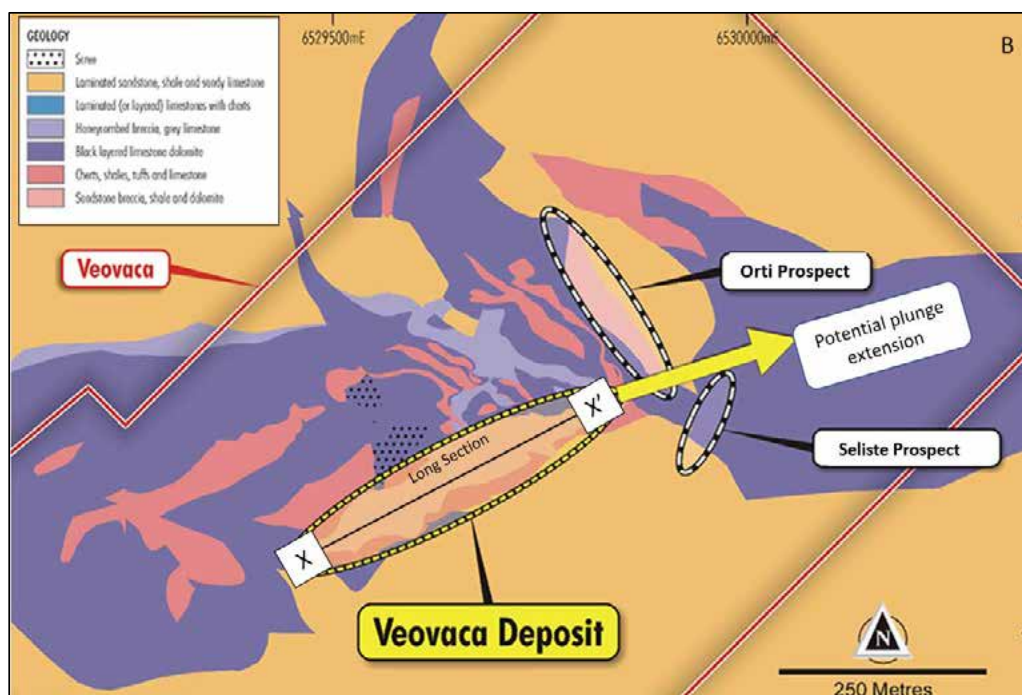


Figure 16: Veovaca plan view with geology mineralisation demonstrating the potential plunge of mineralisation (the grid is MGI 1901/Balkans Zone 6)

Note: Figure modified from Adriatic website.

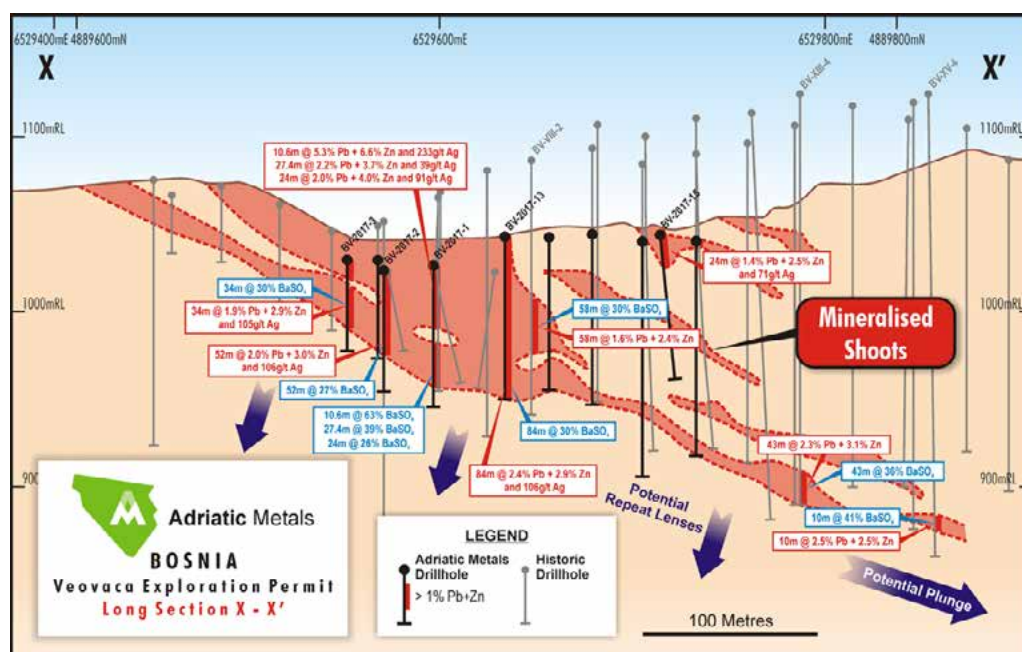


Figure 17: Long section of Veovaca mineralisation and potential targets – the grid is MGI 1901/Balkans Zone 6 (modified from Adriatic presentation) demonstrating potential for repeat lenses below the pit



Adriatic completed 16 new drillholes in 2017 for 1,379 m to supplement and confirm some of the 48 historical drillholes, areas of adit sampling, and open pit grade control samples. Results from this drilling are listed in Table 6.

Table 6: Adriatic drilling results at Veovaca with intervals greater than 5 m (using lead + zinc greater than 1% with, with no more than two consecutive intervals below cut-off)

Drillhole	From (m)	Interval (m)	Pb (%)	Zn (%)	BaSO ₄ (%)	Ag (g/t)	Au (g/t)
BV-2017-1	0.0	10.6	5.3	6.6	63	233	0.2
	12.6	27.4	2.2	3.7	39	121	0.4
	46.0	24.0	2.0	4.0	26	91	0.1
BV-2017-2	0.0	52.0	1.9	2.9	27	106	0.2
BV-2017-3	0.0	34.0	1.9	2.9	30	105	0.2
BV-2017-4	4.0	88.0	2.0	2.3	28	99	0.1
BV-2017-5	0.0	40.0	0.8	1.3	10	37	0.1
BV-2017-6	0.0	88.0	1.3	1.9	17	54	0.1
BV-2017-7	Hole abandoned before target						
BV-2017-8	6.0	12.0	0.7	1.1	7	27	0.0
	32.0	80.0	0.9	1.3	12	37	0.1
BV-2017-9	0.0	20.0	1.4	1.5	17	55	0.1
	34.0	42.0	1.0	1.2	13	46	0.1
	84.0	38.0	1.7	2.6	20	77	0.1
BV-2017-10	0.0	42.0	2.6	3.2	37	125	0.2
BV-2017-11	22.0	38.0	1.6	2.1	17	63	0.1
BV-2017-12	0.0	52.0	2.7	3.3	39	133	0.2
	64.0	16.0	2.8	3.8	28	115	0.1
BV-2017-13	14.0	84.0	2.4	2.9	30	106	0.1
BV-2017-14	0.0	20.0	0.7	0.9	8	23	0.0
BV-2017-14	34.0	24.0	0.9	1.8	13	50	0.1
BV-2017-15	0.0	24.0	1.4	2.5	17	71	0.1
	34.0	16.0	0.7	0.9	9	27	0.0
	58.0	26.0	1.6	2.2	17	70	0.1
BV-2017-16	18.0	24.5	0.5	0.9	5	21	0.0
	68.5	20.0	1.4	1.7	15	53	0.1

Outside of the Veovaca mining area, limited exploration has been undertaken.

2.6.2 Rupice Exploration

The Rupice prospect is located 15 km to the northwest of Veovaca on the western slope of Kiprovac Ridge. Other known prospects include Jurasevac-Brestic and prospects in the Borovica corridor (Kraljeva Jama, Siroki Radakovac, Ceo Sutjeska and Zakruzje) (Figure 18).

Exploration activities in the Rupice area commenced in 1952 and continued intermittently until 1990, initially focusing on barite mineralisation and later on the polymetallic mineralisation.

Exploration activities including geophysics (IP – chargeability), costeans, exploration adits, and drilling. These indicated the presence of polymetallic mineralisation at Rupice and Jurasevac-Brestic. Chargeability anomalies extend to the south-east between Rupice and Jurasevac-Brestic but these trends have not been drill-tested. Other anomalies in the area (at Gornja Borovica and Donja Borovica localities) have not been followed up by drilling either, though these are outside the Adriatic granted Concession.

5. Independent Geologist's Report

ADRIATIC METALS LIMITED

INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



During this period Energoinvest completed 59 holes for 7,000 m targeting Rupica, Borovica and Jurasevac-Brestic (Table 7).

Table 7: Historical drillhole intersections at Rupice (using lead + zinc greater than 1% with no more than two consecutive intervals below cut-off and greater than 5 m interval)

Drillhole	From (m)	Interval (m)	Pb (%)	Zn (%)	BaSO ₄ (%)	Cu (%)	Ag (g/t)	Au (g/t)
BR-1-86	77.0	26.0	1.4	1.9	19	n/a	n/a	n/a
BR-9-82	60.0	17.0	2.6	3.0	64	0.3	223	n/a
	83.0	10.0	0.3	1.0	2	n/a	n/a	n/a
BR-10-81 Including re-assay	85.0	51.0	1.8	2.4	59	n/a	n/a	n/a
	90	34.0	n/a	n/a	n/a	n/a	195	1.8
BR-14a-80	4.0	27.0	1.3	2.0	74	0.3	n/a	n/a
	90	34.00	n/a	n/a	n/a	n/a	195	1.8
BR-19-80	19.0	10.0	1.0	2.3	14	n/a	n/a	n/a
BR-20-80	49.0	14.0	1.0	2.0	47	0.2	518	n/a
BR-24-82	66.4	11.4	2.8	3.8	85	0.3	273	1.1
BR-25-81	88.0	34.0	1.0	0.9	38	n/a	n/a	n/a
BR-25-81	90	26.00	n/a	n/a	n/a	n/a	n/a	0.7
BR-27b-81	52.0	6.0	0.9	0.5	46	0.3	59	n/a
BR-29-82	101.0	9.0	0.5	0.5	26	0.2	39	n/a
BR-30-82	123.0	15.0	2.1	2.2	35	0.7	221	n/a
BR-33-82	99.0	14.0	1.7	1.9	3	0.7	43	0.6
BR-34-82	32.0	14.0	0.5	0.9	21	0.5	113	1.1
BR-46-86	152.0	10.0	4.1	5.6	54	n/a	n/a	n/a
BR-50-86	164.0	10.7	1.3	1.0	8	n/a	n/a	n/a
BR-58-86 Including	137.6	33.9	6.3	11.4	56	n/a	n/a	n/a
	141.0	24.0	8.0	14.8	61	n/a	n/a	n/a
BR-59-86 Including	129.0	24.0	2.0	4.0	41	n/a	n/a	n/a
	147.0	6.0	5.1	11.4	71	n/a	n/a	n/a
BR-60-86	97.0	9.0	2.2	2.0	22	n/a	n/a	n/a
BR-75-86	178.0	12.0	3.6	4.5	4	n/a	n/a	n/a
BR-76-89 Including	190.0	49.0	4.8	5.3	54	n/a	n/a	n/a
	204.4	10.8	8.8	9.3	67	n/a	n/a	n/a
BR-78-89	171.1	14.6	1.3	2.0	9	n/a	n/a	n/a
BR-79-89	196.6	7.0	5.2	8.9	42	n/a	n/a	n/a

According to Adriatic records, less than one-third of the historical drillholes in Rupice were assayed for silver or gold.

Historical IP programs cover the majority of the Concession and part of the Regional (Figure 18). The Rupice and Jurasevac prospects are highlighted by moderate to high chargeability anomalies. Several prospects in the Borovica corridor surrounding the Concession are also highlighted.

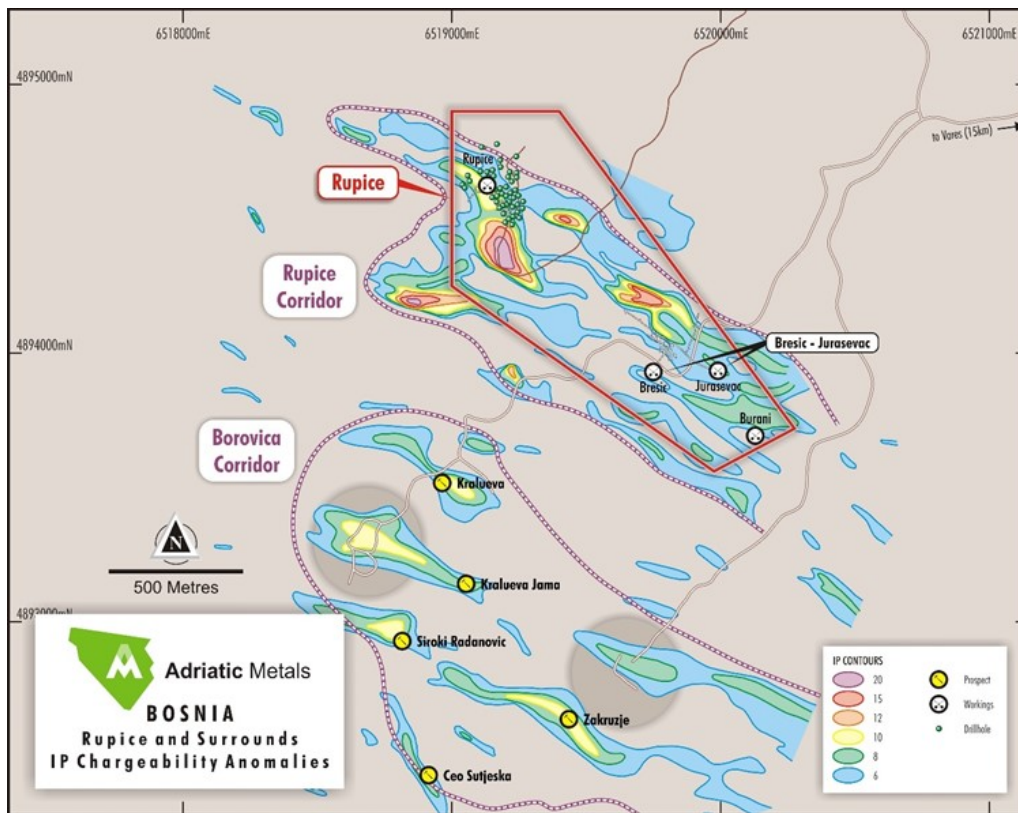


Figure 18: Plan view of Rupice and geophysical (IP) anomalies (100 m spaced lines)

Note: Contour units are mV/m. The grid is MGI 1901/Balkans Zone 6. Source: Adriatic.

Adriatic completed IP (gradient array) programs cover the majority of the Rupice and part of the regional prospect area in 2017 and 2018 (Figure 19). The Rupice and Jurasevac prospects are highlighted by moderate to high chargeability anomalies. In addition, 5 km to the southwest of Jurasevac, there is a parallel chargeable anomaly, within the regional prospect area.

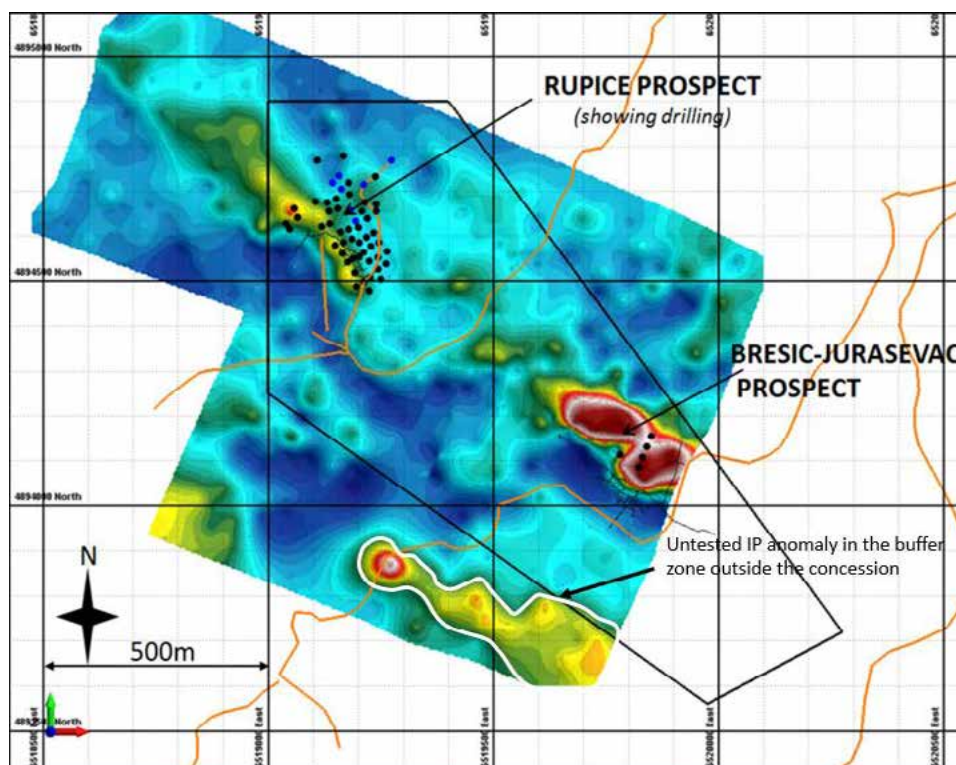


Figure 19: Plan view of the gradient array IP and prospects (100 m east-west grid; 50 dipoles) – the grid is MGI 1901/Balkans Zone 6

Source: Adriatic.

Adriatic completed seven holes at Rupice for 1,800 m in 2017. Drilling targeted down plunge of the mineralisation to confirm historical results and assay additional elements, including copper, gold and silver (Figure 20 and Figure 21, and Table 8). From this work, Adriatic was able to conclude that:

- Mineralisation is open at depth and along strike
- Despite historical irregular sampling for gold, copper and silver, all the Adriatic significant intervals assayed significant grades for these metals that correlate with the zinc and lead mineralisation
- Significant exploration potential exists adjacent and down dip to previous significant drill intersections with the deepest drillhole by Adriatic, BR-1-17 intersecting 64 m at 5.1% lead, 8.5% zinc, 1.0% copper, 374 g/t silver and 2.3 g/t gold (Table 8).

Table 8: Adriatic drilling results at Rupice (using lead + zinc greater than of 1% with no more than two consecutive intervals below cut-off and a minimum of 5 m intervals)

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	BaSO ₄ (%)
BR-1-17	178	242	64	2.26	373.4	0.92	5.11	8.44	43.47
Including	222	236	14	2.18	297.9	2.07	14.16	23.72	33.48
Including	206	238	32	2.86	394.3	1.12	7.98	13.62	53.93
BR-4-17	146	176	30	3.47	382.3	0.21	4.12	5.76	70.93
BR-6-17	116	138	22	0.79	161.4	0.3	1.73	1.78	26.09
Including	120	126	6	1.78	453	0.43	3.94	4.44	70.84
BR-7-17	94	134	40	3.62	478.6	0.58	5.45	8.17	57.28
Including	118	126	8	9.93	1,046.30	0.76	10.75	17.26	43.85

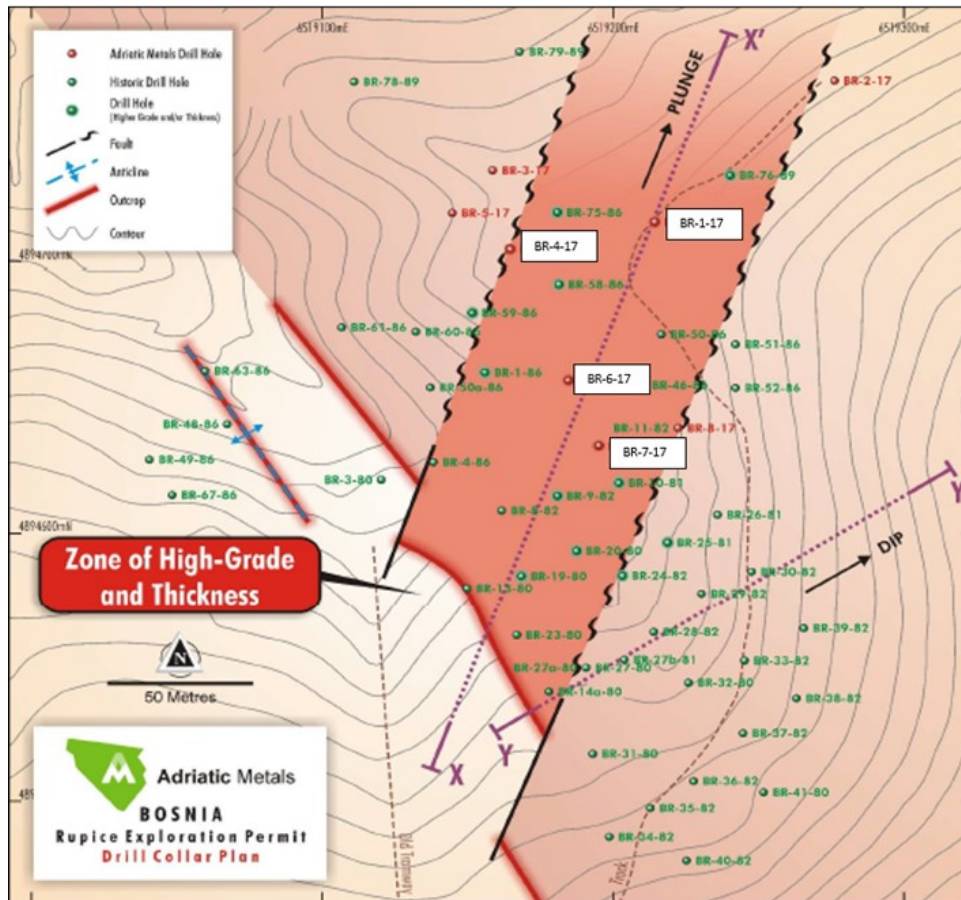


Figure 20: Plan view of plunging mineralised zone with Adriatic drilling at Rupice (the grid is MGI 1901/Balkans Zone 6)

Note: Figure modified from Adriatic website.

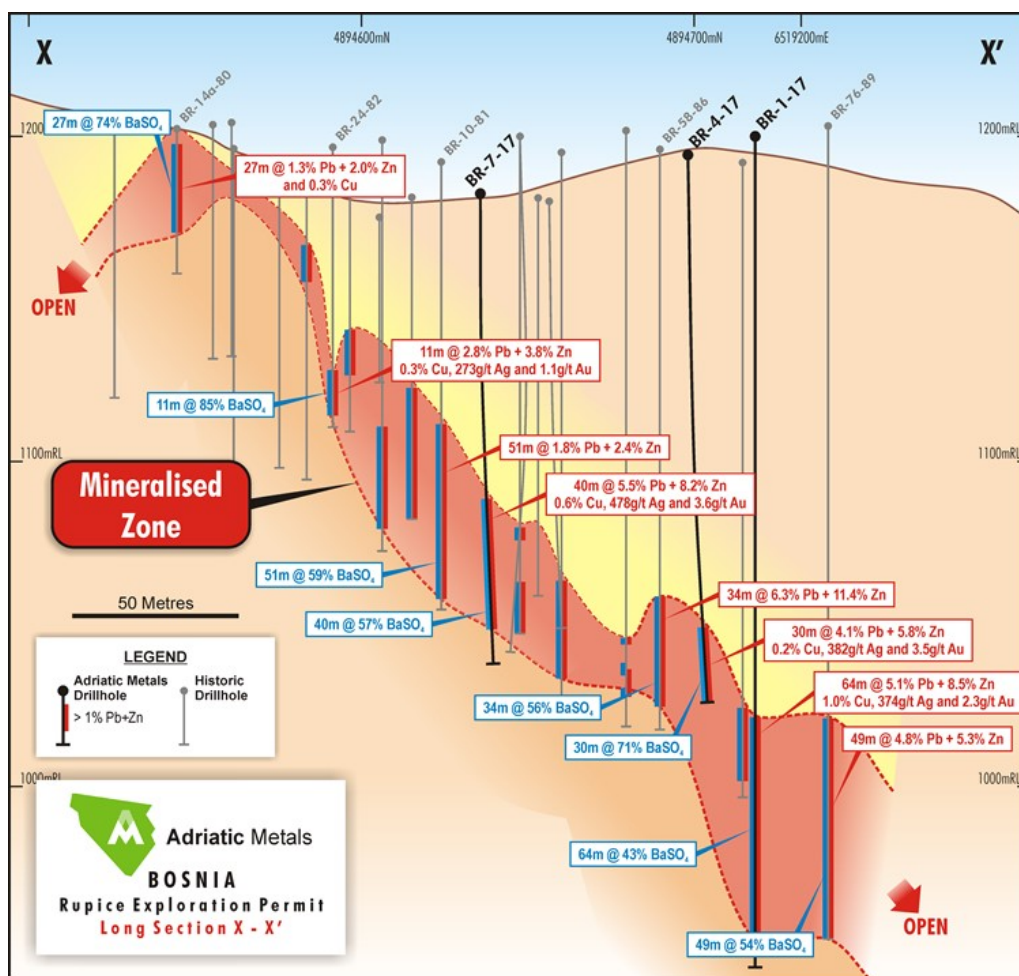


Figure 21: Long section of the mineralised zone at Rupice looking northeast, with recent Adriatic drilling (the grid is MGI 1901/Balkans Zone 6)

Source: Supplied by Adriatic.

2.6.3 Exploration from Smailova to Rupice

Historical exploration activities have tended to focus on Veovaca and Rupice areas in the past. There are however numerous mineral occurrences located on the prospective Triassic stratigraphy between the two projects, covering approximately 20 km (Figure 22).

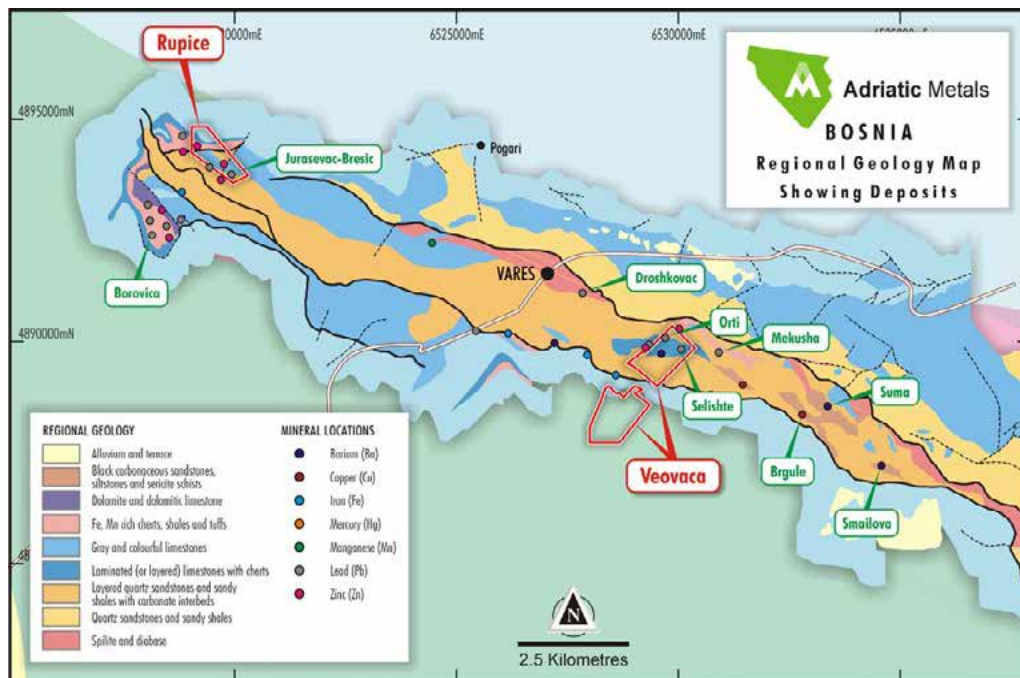


Figure 22: Mineral occurrences within the broad Triassic stratigraphy (the grid is MGI 1901/Balkans Zone 6)

Source: Adriatic.

2.7 Veovacha Mineral Resource Estimate

The Mineral Resource estimate was completed in February 2018 by Mr Dmirty Pertel from CSA Global working with Mr Bob Annett a consultant to Adriatic Metals (Pertel and Annett, 2018). Mr Pertel and Mr Annett are joint Competent Persons for this estimate. Mr Annett's contribution primarily relates to the data, the preliminary mineralisation outlines and QAQC. Mr Pertel's contribution relates primarily to Mineral Resource estimation.

2.7.1 Mineral Resource Overview

Eastern Mining provided databases including drillhole logging, sampling, analytical results and collar locations. Mr Annett performed an evaluation of the quality of the data for the Veovaca deposit (QAQC analysis), whilst Mr Pertel prepared the Mineral Resource estimate. The quality of drilling, sampling, logging, core recovery, and geological description is of a reasonable standard sufficient for Mineral Resource estimate purposes.

Forty-eight historical drillholes, adit sampling, open pit grade control samples, and 16 new drillholes (2017) were used to define the geometry of the mineralised intervals at Veovaca. Several of the new drillholes twinned historical holes whilst others infilled the historical drilling in areas of particular interest. The assays (both recent and historical) are of sufficient industry standard and considered appropriate for Mineral Resource estimates. The following observations were noted:

- The Mineral Resource estimate was based upon assay data from 16 holes from Eastern Mining's recent drilling of twin and infill diamond core holes, adit channel samples from the early 1970s, and 48 diamond core holes drilled by Energoinvest between 1968 and 1970, and 1978 to 1979.

ADRIATIC METALS LIMITED

INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



- The combined drillhole density of approximately 30 m x 30 m closing in places to 20 m x 20 m, provided sufficient data points to model the polymetallic (lead, zinc, silver, gold and barite) lenses over a strike length of approximately 550 m, and the silver and gold over 250 m of the 550 m strike.
- The geology consisted of a sequence of banded sandstone, siltstone and shale which hosts the primary polymetallic mineralisation. The sequence was deformed, uplifted and brecciated into a sub-vertical orientation with secondary remobilisation of some of the mineralisation into high grade veinlets.

A zinc equivalence calculation was used as a mechanism to report the polymetallic block model above cut-off grades. An assumed recovery of 90% was based on historical production records from the Veovaca open pit, and metallurgical testing is in progress to confirm this assumption. The cut-off grades were applied to the zinc equivalent (ZnEq) values in the block model only; the ZnEq values themselves were not reported however, as they were generated only to facilitate the reporting of the estimated lead, zinc, barite, gold and silver grades. The ZnEq formula applied was:

$$\text{ZnEq} = \text{Zn\%} * 90\% + 0.814467 * \text{Pb\%} * 90\% + 0.087413 * \text{BaSO}_4\% * 90\% + 1.463388 * \text{Au(g/t)} * 90\% + 0.019969 * \text{Ag(g/t)} * 90\%$$

Please see Notes 3,4 and 5 below Table 10 for more detail.

The Mineral Resource estimate for the Veovaca deposit is shown in Table 9 and Table 10. The total Veovaca Mineral Resource contains approximately 106 kt of zinc metal, 58 kt of lead metal, and 947 kt of barite, and within 250 m of the 550 m total strike 5,382 koz of silver and 10 koz of gold (with 0.5% ZnEq cut-off). Further drilling is required for silver and gold to be included in the total Mineral Resource estimate.

Mineral Resources were reported using cut-off grade of 0.5% ZnEq, and separately for the deposit area where gold and silver assays were taken and used, and outside of the area where there are no assays for gold and silver (Figure 23). Please note that the tonnage estimates within the areas sampled for gold and silver have not been combined with the areas where no sampling had occurred for gold and silver, to avoid presenting a possibly misleading representation of the metal currently estimated.

Table 9: Veovaca open cut Mineral Resources as at 1 January 2018 (within the area sampled for Au and Ag)

JORC classification	Tonnes (Mt)	Grades					Contained metal				
		Pb (%)	Zn (%)	BaSO ₄ (%)	Au (g/t)	Ag (g/t)	Pb (kt)	Zn (kt)	BaSO ₄ (kt)	Au (koz)	Ag (koz)
Indicated	2.6	1.1	1.9	18	0.09	58	30	51	478	8	4,881
Inferred	1.0	0.3	1.3	5	0.07	16	3	13	55	2	501

Table 10: Veovaca open cut Mineral Resources as at 1 January 2018 (outside the area sampled for Au and Ag)

JORC classification	Tonnes (Mt)	Grades					Contained metal				
		Pb (%)	Zn (%)	BaSO ₄ (%)	Au (g/t)	Ag (g/t)	Pb (kt)	Zn (kt)	BaSO ₄ (kt)	Au (koz)	Ag (koz)
Indicated	2.0	0.9	1.3	15			17	26	304		
Inferred	1.6	0.5	1.0	7			8	16	110		

Notes:

1. Mineral Resources are based on JORC Code definitions.
2. A cut-off grade of 0.5% ZnEq has been applied.
3. ZnEq was calculated using conversion factors of 0.814467 for lead, 0.08413 for barite, 1.463388 for gold and 0.019969 for silver, and recoveries of 90% for all elements. Metal prices used were US\$2,746/t for zinc, US\$2,236/t for lead, US\$240/t for barite, US\$1,250/oz for gold and US\$17/oz for silver.
4. The assumed recovery of 90% was based on historical production records from the Veovaca open pit.
5. The applied formula was: $\text{ZnEq} = \text{Zn\%} * 90\% + 0.814467 * \text{Pb\%} * 90\% + 0.087413 * \text{BaSO}_4\% * 90\% + 1.463388 * \text{Au(g/t)} * 90\% + 0.019969 * \text{Ag(g/t)} * 90\%$.



6. Following recognition of a correlation between specific mineral/elemental concentrations and measured SG, a bulk density was calculated for each model cell using regression formula $BD = 2.718835 + BaSO_4 * 0.01292 + Pb * 0.077334 + Zn * 0.022374$.
7. Rows and columns may not add up exactly due to rounding.

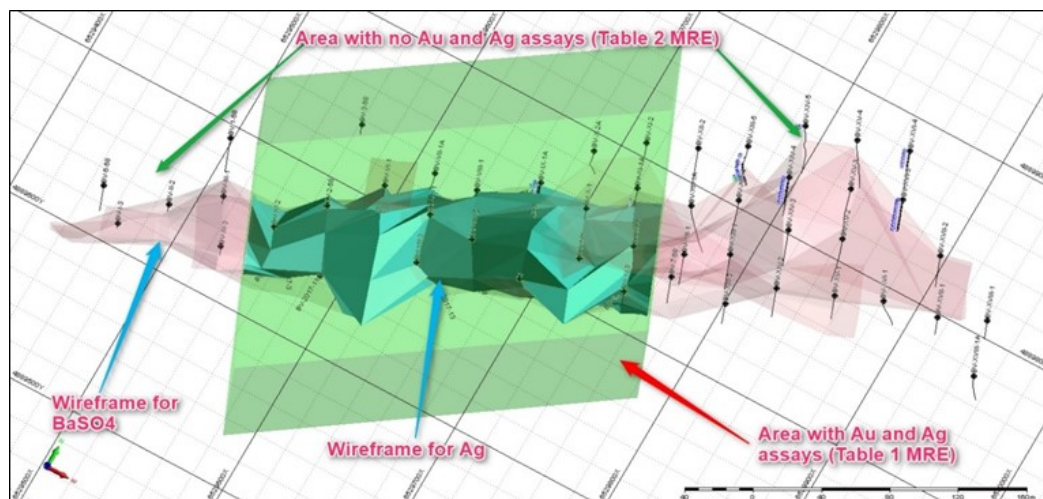


Figure 23: Reporting wireframes (the grid is MGI 1901/Balkans Zone 6)

Underground exploration drives exist at Veovaca, some of which were intersected by the recent drilling. The adit portal(s) of these workings are now collapsed. These are not considered significant, and the Mineral Resource estimates were not depleted for these workings. The Mineral Resource estimate lies beneath the current pit floor and all the mineralisation is considered to be primary (sulphide), based on drill logs.

The mineralisation interpretation and wireframes were generated interactively in 3D for a number of cross sections orientated orthogonal to the geological strike. A 3D block model of the mineralisation was created using Micromine software. Samples were used to interpolate grades into blocks using ordinary kriging with a multiple expanding search pass approach. The block model was validated visually and via trend plot analysis prior to being reported. The following observations apply to the model:

- The geological and mineralisation models first adopted by Energoinvest, and later updated and refined by Eastern Mining, were well defined and robust
- The geological modelling indicated that the mineralisation remained open down plunge to the east-northeast
- Exploration upside exists outside of the resource boundaries particularly at the nearby prospects of Orti and Seliste
- The exploration program for the Concession proposed by Eastern Mining appeared appropriate to continue the development of the interpreted mineralisation.

2.7.2 Reasonable Prospects Hurdle

Clause 20 of the JORC Code requires that reported Mineral Resources must have reasonable prospects for eventual economic extraction, regardless of the classification of the Mineral Resource. The Veovaca Mineral Resource estimate was reviewed and considered to have reasonable prospects for eventual economic extraction on the following basis:

- The deposit is located close to road, power, water and rail infrastructure, approximately 50 km north of the capital, Sarajevo



- The mineralisation contains elevated zinc, lead and barite grades, and supporting silver and gold grades, over a reasonable strike length
- The mineralisation forms a continuous, coherent zone in a favourable orientation which may allow mining with acceptable dilution (subject to robust grade control and mining processes)
- The mineralisation lies immediately beneath the abandoned open pit with reasonable prospects of extraction by way of a conventional cutback
- Conceptual Whittle optimisation using current industry base case parameters indicates there is potential for almost the entirety of the modelled resource
- Results from historical metallurgical testing and previous production of saleable concentrate from a conventional sulphide flotation plant suggest the mineralisation is amenable to beneficiation
- There is potential to increase and upgrade the Mineral Resource with additional drilling.

2.7.3 Mineral Resource Classification

The Mineral Resource was classified in accordance with guidelines contained in the JORC Code. The classification reflects the Competent Persons' views of the strengths and weaknesses associated with the Mineral Resources reported herein, as well as the data upon which the estimate was based. Key criteria that were considered when classifying the Mineral Resource are described in JORC Table 1, which is included in [Appendix 3](#). The Mineral Resource estimates are based on historical drilling results generally obtained between 1967 and 1979, and the drilling of 16 recent twin and/or infill holes during April to October 2017. The Mineral Resource estimate was classified as Indicated and Inferred, reflecting the following observations:

- The close spacing between drillholes
- Accurate survey control (east, north, elevation) for the historical drillholes
- Reasonable confidence in the grade continuity
- Reasonable correlation between the assay results from the twin and infill drillholes (2017), and that of its nearest historical neighbour
- A sufficient number of bulk density determinations.

Confidence in future updates of the Veovaca Mineral Resource estimate can be increased as the project progresses by further resource definition (and extensional) drilling, completing geotechnical studies to feed into pit stability studies or the evaluation of underground mining options, additional metallurgical studies to follow-on from the current studies in progress, and maintaining the currently high standard of quality control and quality assurance of the data collection and management process.

2.8 Exploration Potential and Targets

The Vares mineral field occurs within a well-defined 20 km x 10 km corridor of prospective Triassic stratigraphy with numerous mineralised occurrences. The hydrothermal system driving the mineralisation may be of a Besshi style VMS origin suggesting that mafic units may occur deeper in the stratigraphy. VMS systems typically occur in clusters as appears to be the case in the Vares mineral field, supporting the potential for further discoveries of base metal mineralisation.

The exploration activity for the Vares Project can be approached on scales ranging from near mine, in-mine and regional exploration activities along the 20 km strike length of the prospective Triassic stratigraphy. Notably, exploration within the regional prospect area to the three granted areas is limited to non-destructive exploration activities and is not covered by an exploration Concession.

ADRIATIC METALS LIMITED

INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



Adriatic has summarised the outcropping mineral occurrences and available historical exploration information and prioritised them (Figure 22 and Table 11). These mineral occurrences have not been explored with modern exploration techniques

The tonnage and grade reported below (Table 11) are conceptual in nature. In addition, various mine records and reports refer to uncertified quantities and qualities of ore for several nearby mineral occurrences in the district, and whilst not “verified” at the time, represent potential exploration targets for the district beyond that found at Veovaca. The potential quantities and grades of exploration targets listed in Table 11 is conceptual in nature and that there has been insufficient exploration to estimate a Mineral Resource, and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

A total exploration potential of between 16 Mt and 20 Mt at grades of between 1.4% and 1.7% lead and grades of between 1.6% and 2.0% zinc occur within nine mineral occurrences in the immediate district, as reported by Čičić.

Table 11: Exploration Targets in the immediate district

Deposit	Estimated exploration tonnage potential (kt)	Pb (%)	Zn (%)	BaSO ₄ (%)	Work completed to support the conceptual exploration tonnage potential
Orti	360–440	1.2–1.4	1.7–2.1	21–26	19 diamond drillholes over an area of 500 m x 150 m
Široki -Radakovac	3,600–4,400	1.4–1.8	1.4–1.8	-	Possibly five diamond drillholes, numerous outcrops of lead-zinc mineralisation, and geochemistry, geophysics and mapping of host rock over an area of 1,000 m x 750 m
Ceo-Sutjeska	1,530–1,870	1.4–1.8	1.4–1.8		
Kraljeva Jama	2,610–3,190	1.1–1.4	1.5–1.9		
Zakrušje	387–473	1.2–1.4	1.6–1.9		Underground workings over an area of 400 m x 280 m and five diamond drillholes
Juraševac-Brestić	900–1,100	0.8–1.0	4.1–5.1		At least one diamond hole, and mapping of the host rock over a distance of 400 m x 300 m
Selište	1,170–1,430	2.7–3.3	0.2–0.4		
Suma	4,950–6,050	1.1–1.3	1.4–1.8		Numerous outcrops of lead-zinc mineralisation, and geochemistry, geophysics and mapping of host rocks over an area of 1,000 m x 2,000 m
Total	16,260–19,873	1.4–1.7	1.6–2.0		

Note: Rounded to reflect uncertainty. Source: After Čičić, 1990.

Given the nature of VMS-style deposits and structural complexity, the potential for additional non-outcropping mineralisation appears reasonable. The use of modern exploration techniques and a systematic approach will improve the potential for discovery.

2.8.1 Veovaca Concession Exploration

Within the Veovaca exploitation Concession, there are opportunities for extensional and incremental additions to the defined resource. Extensional opportunities include the down plunge extension to the northeast such as highlighted in Figure 24 and Figure 25. Given the shallow nature of the mineralisation intersected (i.e. 100 m to 150 m), deeper drilling is a low-risk/high reward proposition.

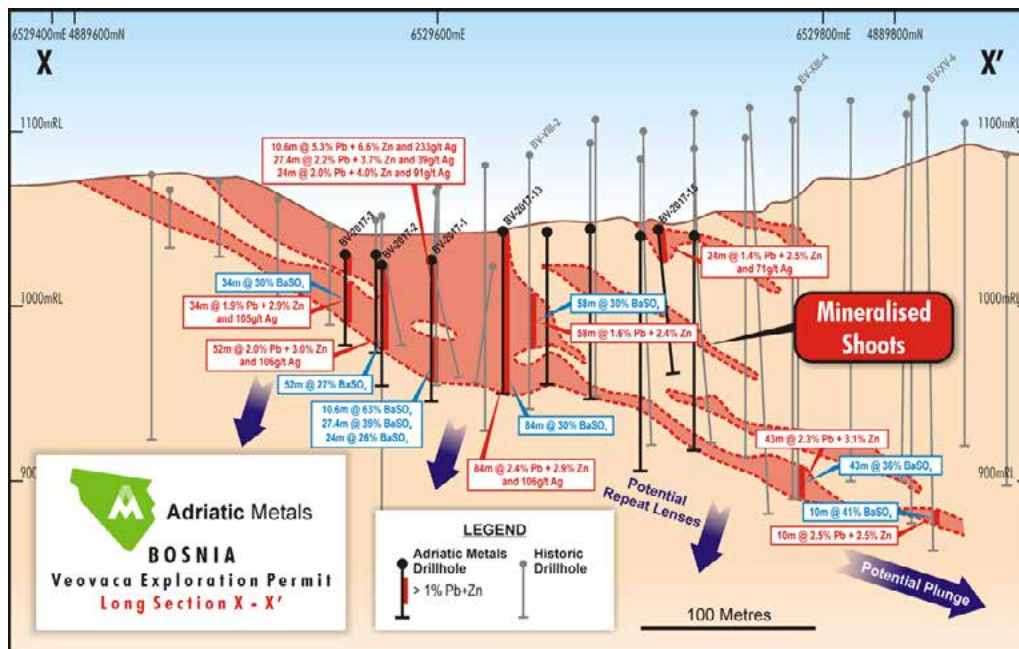


Figure 24: Long sections of Veovaca mineralisation demonstrating potential for repeat lenses below the pit and additional plunging mineralisation

Note: Modified from Adriatic presentation

Other documented prospects include Orti and Seliste prospects, both of which are within 100 m of the main Veovaca mineralisation and have not been explored by Adriatic. The Orti prospect is 100 m to the north of the main Veovaca mineralisation. Adriatic has scanned 18 historical drillholes, some of which have intersected low-grade lead and zinc mineralisation within brecciated limestone. At this stage, the Orti data has not been entered into a database. Seliste is located 100 m to the northeast and little is known about the prospect (Figure 22 and Table 11).

There is little gold or silver analyses available in the prospect drilling on the periphery of the Veovaca resource and future assaying for these elements represents an opportunity to increase the value of the resource.

During exploration drilling, mineralised and waste samples should be subjected to physical properties tests including density, conductivity and magnetic susceptibility to guide future regional geophysical exploration activities. Trace element geochemistry should also be undertaken to provide guidance for lithogeochemical exploration.

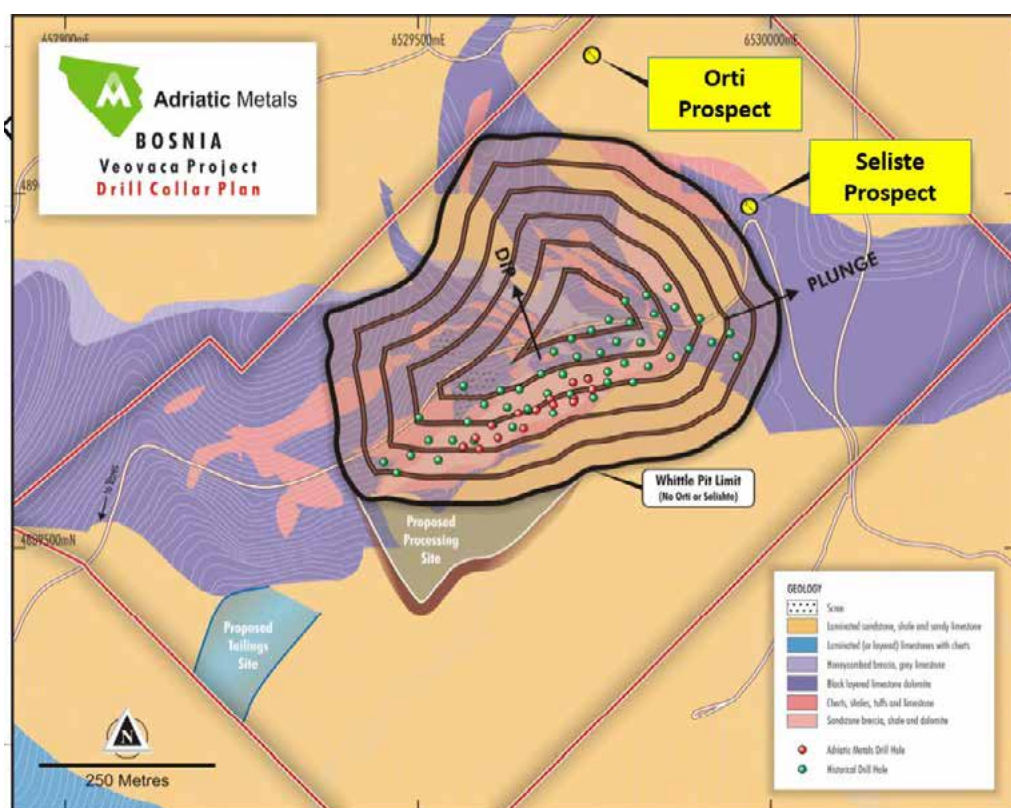


Figure 25: Veovaca whittle pit outline with location of Orti and Seliste prospects (the grid is MGI 1901/Balkans Zone 6)

Note: Figure modified from Adriatic presentation.

2.8.2 Rupice Potential and Targets

The Rupice prospect is the most advanced project in the Rupice area. Historical drilling intersected significant lead, zinc and barite mineralisation and limited mining was undertaken (see Section 2.5). Recent drilling by Adriatic intersected copper, silver and gold mineralisation in addition to lead, zinc and barite. According to Adriatic records, less than one-third of the historical drillholes in Rupice were assayed for gold and silver. Further infill and extensional drilling within the Rupice project has the potential to add to the economics of the project by analysing for copper, gold and silver as well as lead, zinc and barite.

As with Veovaca a full suite of trace elements should be analysed to develop a geochemical model. In addition, physical property tests to determine the geophysical response is recommended.

Historical geophysical programs (IP) from Rupice to Jurasevac defined several chargeability anomalies. This historical data warrants further exploration for repetitions or extensions to the Rupice mineralisation towards Jurasevac (Figure 26).

To the south of Rupice there is a sub-parallel trend with several chargeable anomalies within the Borovica Corridor (Figure 26). The Borovica corridor is within the regional prospect area the Rupice area and whilst these represent significant exploration targets, further exploration at this stage using non-destructive activities (i.e. stream sediment sampling, rock chip sampling and soil sampling) are recommended.

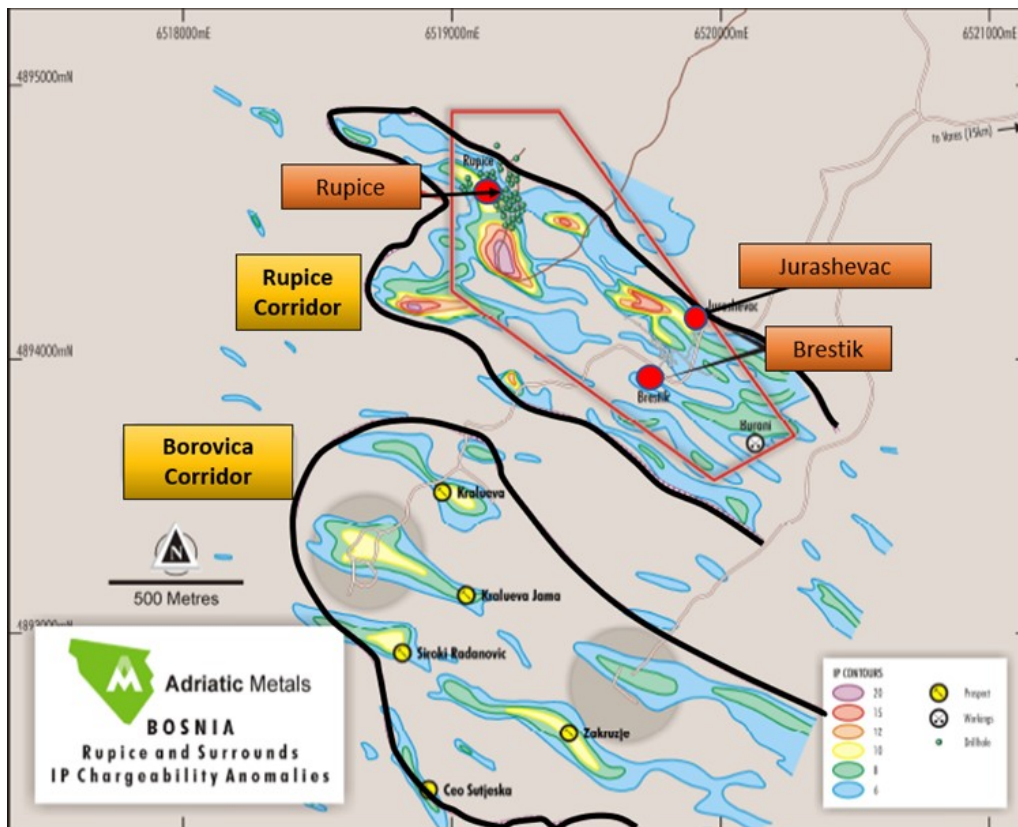


Figure 26: Rupice exploitation Concession with known prospects within it and the Borovica prospects in the regional prospect area to the south (the grid is MGI 1901/Balkans Zone 6)

2.9 Planned Work

Adriatic has planned a systematic exploration program targeting the prospective Triassic stratigraphy. Exploration activities will initially focus on key targets within the granted Concession at Rupice and Veovaca. Activities will include soil geochemistry, geological mapping, IP and gravity surveys followed by drilling on selected targets.

Regional exploration programs will investigate mineral occurrences outside the granted Concession within the regional prospect area. Adriatic has identified several regional exploration targets based on known mineral occurrences. These prospects have been tabulated and ranked in terms of potential size and grade (Table 11 and Figure 22). Exploration activities will consist of non-destructive activities as permitted, including soil sampling, rock chip sampling, geological mapping and geophysical surveys.



Table 12: Use of funds (Australian dollars)

Item	2,018 (Year 1)	2,019 (Year 2)	Total
Exploration Staff	667,000	890,000	1,557,000
New Concession Costs	245,000		245,000
Geochemistry	130,000	35,000	165,000
Geophysics	109,000	58,000	167,000
Drilling	1,969,000	140,000	2,109,000
Assays	446,000	3,000	449,000
Access	84,000	28,000	112,000
<i>Sub-Total Exploration</i>	<i>3,651,000</i>	<i>1,154,000</i>	<i>4,804,000</i>
Metallurgical	210,000	88,000	298,000
Mining	201,000	114,000	315,000
Geotechnical	35,000	114,000	149,000
Hydro	35,000	26,000	61,000
Scoping and Feasibility	158,000	131,000	289,000
Environmental	105,000	0	105,000
<i>Sub-Total Pre-Dev</i>	<i>744,000</i>	<i>473,000</i>	<i>1,216,000</i>
Working Capital	1,064,000	950,000	2,013,902
Public Offering Costs	719,000	86,000	804,875
Grand Total	6,178,000	2,661,000	8,839,000

Note: includes \$839,000 that Adriatic currently has at hand

2.10 Tenure

The Adriatic Concession covers 281.4 ha and is divided into three areas, of which the Veovaca pit and plant site are exploitation and exploration areas, and the Rupice Concession is an exploration area (Table 13). The Concession is granted for a period of 25 years to Adriatic which expires in March 2038. For further details, see the independent solicitors report commissioned by Adriatic.

Table 13: Concession status

Project	Tenement	Field	Area (ha)	Status
Vares	Veovaca pit	1	90.54	Approved – exploitation and exploration
	Veovaca plant site	2	107.68	Approved – exploitation and exploration
	Rupice	3	83.18	Approved – exploration



3 Technical Risks

The key technical risks are as follows:

- The granted exploitation Concession of approximately 200 ha covers the two Veovaca areas. Given the Veovaca conceptual pit, processing and tailings storage facility cover 60% of one of the available areas this limits the expansion potential, particularly for pit depth extension as the conceptual pit abuts against the northern Concession boundary. Adriatic intends to apply for an extension to the Concession.
- The overall prospective Triassic stratigraphy covers an area of approximately 20 km x 10 km, defined as the regional prospect area. Adriatic intends, subject to the ongoing consent of competent state authority and/or private land owners, to conduct non-ground disturbing work as part of the ongoing assessment of the potential of some of the regional prospects that lie outside the existing Concession boundary. Should Adriatic wish to extend its existing license boundaries, it will need to continue its dialogue with the Ministry of Economy ZDC and take advice on the recommended process to do such an extension. Successful exploration at this level of activity will rely on applications for Concessions, which may or may not be granted.
- According to the Resenje (permission Concession document) the current Concession relates to metallic mineral resources including, -lead, zinc and barite analysis and extraction. Historical and recent exploration has identified potential value in silver, gold, antimony and copper as co-products. According to Adriatic, although these elements are not specifically stated, it is in discussion with the Ministry of Mining and expect to have approvals for these additional elements
- Adriatic may seek to apply for more exploration Concessions within the prospective Triassic corridor; however, there is the possibility that these will not be granted.
- Exploration activities are not always successful and, as with any exploration and mining companies, there is the risk that commodity prices may fall below prices that sustain a potential mine.
- The progression of Mineral Resources to increasing levels of confidence is dependent on the outcome of infill drilling. There is no guarantee that additional drilling will lead to progressive upgrades in resource confidence. However, the Company has a strong technical team with local in-country experience, which will mitigate this risk.
- The metallurgy of polymetallic deposit such as Veovaca is complex, and will require additional testing to refine recoveries, and to eventually support a robust zinc equivalence calculation. Marketing of the concentrate products will require further study.



4 Use of Funds

Adriatic proposed exploration expenditure for the initial two years after listing. The total expenditure on exploration in the first two years amounts up to 75% the total funds raised (A\$6 million, out of a total A\$8 million raised).

The focus of expenditure in Year 1 is to progress the key projects in the Vares Project, particularly the Veovaca deposit and the advanced Rupice project. Drilling activities at Veovaca will be used for infill drilling and targeting near-mine extensions such as Orti and Seliste.

Drilling at Rupice is designed to test the main mineralised zone to enable calculation of a JORC compliant resource, should drilling results be successful. Multielement analysis will be undertaken to confirm the copper-lead-zinc-gold-silver potential of the prospect. Additional exploration programs to explore for extensions at Rupice include costeaning, soil geochemistry, IP and gravity surveys.

Other drilling programs on the Concession will target known mineralisation and extensions such as Jurasevac-Brestik. Additional exploration programs will also include costeaning, soil geochemistry and IP.

Exploration activities will also be undertaken on prospects within the regional prospect area on targets within the prospect Triassic stratigraphy (as defined in Table 11 and Figure 19).

Various mining studies will continue over 18 months in parallel with exploration activities to advance the development plan. Metallurgical test work will be undertaken in conjunction with drilling programs. Other studies may include scoping, feasibility, environmental and engineering studies.

CSA Global has reviewed the exploration programs and is of the opinion the programs are appropriate, and the funds allocated will be sufficient to commence the proposed programs and sustain exploration activities over the first two years. Progressive expenditure will naturally depend on the success of the proposed exploration activities. Adriatic may require additional funds should the outcome of the initial stages of exploration require modifications to the proposed activities.



5 Conclusions

In CSA Global's opinion, the Vares Project has good potential for further exploration success with two key projects, Veovaca and Rupice. The Mineral Resource estimated at Veovaca has potential for extension and additional economic studies to increase the level of confidence in the estimates, and to progress towards the eventual declaration of Ore Reserves.

The approach to exploration has been successful to date and CSA Global also recommends the following:

- Advance Rupice as a high priority and progress geological and mining studies
- Refine the ranking and prioritisation of the prospect table with a higher priority on prospects within the current granted Concession
- Consider an exploration Concession application of the Borovica mineralised trend, highlighted by several chargeable anomalies
- Further evaluate the corridor between Rupice and Jurasevac for similar plunging zones which may have a small plan view "footprint"
- Complete further physical property testwork and lithogeochemical analysis to fully understand the properties of the mineralisation to assist with further exploration
- Consider possible airborne surveys should an apparent physical difference be determined (i.e. magnetic susceptibility or radiometric methods could rapidly screen the prospective stratigraphy if the mineralisation had an appropriate signature)
- Continue to develop and refine the geological model with reference to the genetic origin of the mineralisation (e.g. by way of a PhD or Masters study)
- Further studies of the controls on mineralisation (structural, stratigraphic) to explore for similar settings within the Triassic stratigraphy.

CSA Global recommends the following actions are completed to support further advancement of the Veovaca Mineral Resource estimate:

- Complete a preliminary pit optimisation study using all resource categories combined to estimate the following:
 - Economic potential of the project
 - Amount of Inferred material that will occur within the limits of optimal pit shells
 - Requirements for further drilling to upgrade the resource categories.
- Conduct supplementary drilling:
 - for further resource definition (silver and gold) and classification upgrade
 - to provide sufficient rock quality data (RQD) for pit or underground optimisation studies
 - for additional metallurgical studies.
- Conduct final pit optimisation study when the economic potential of the project is established, and supplementary drilling is complete.
- Maintain QAQC procedures to ensure high-quality data is available for subsequent resource upgrades.



6 References

- Čičić, S (1990), Mineral Occurrences in the Immediate District. Publisher unknown.
- Emsbo, Poul, Seal, R.R., Breit, G.N., Diehl, S.F., and Shah, A.K (2009) Sedimentary Exhalative (Sedex) Zinc-Lead-Silver Deposit Model.
- Emsbo, Poul, Seal, R.R., Breit, G.N., Diehl, S.F., and Shah, A.K., 2016, Sedimentary exhalative (sedex) zinc-lead-silver deposit model: U.S. Geological Survey Scientific Investigations Report 2010–5070–N, 57 p., <http://dx.doi.org/10.3133/sir20105070N>.
- Energoinvest, Sarajevo, BiH (OA56,1979), Exploratory Operations at Veovaca for the Period October 1978 to December 1979. Internal company document
- Hrvatovic; 2005. Geological guidebook through Bosnia and Herzegovina". Geological Survey Sarajevo Ustanička 11, B&H-71210 Ilidža, Separate Monograph of Herald Geological, volume 25
- JORC, 2012. *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)* [online]. Available from <http://www.jorc.org> (The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia).
- Jackson A, (2014), Exploration 101 VMS and SEDEX, Economic geologist and analyst with Global Resource Investments.
- Lead-Zinc Ores of Borovica-Vares, 1968. Internal Memorandum for Mine and Steelworks, Vares, BiH (OA25 Geographic Position, Deposits, Communications, Mining Investigations).
- Mineral Raw Material Resources in the Triassic Structure of Borovica-Vares-Drazevici, 1990. Energoinvest, Sarajevo, BiH (OA32, 1990).
- Overview of Generated Production for the Period 1983 to 1986, 1986. OA_63 Report. Internal company report
- Pertel, D, Annett, R (9 January 2018). "Mineral Resource Estimate: Veovaca Deposit, Bosnia and Herzegovina, CSA Report N° R107.2017, 5 February 2018. Unpublished Adriatic Metals Limited internal report
- Pirajno, A, Chen, Y, Li, N, Chao, L, Zhou, L (2009) Geological setting of Besshi style Besshi-type mineral systems in the Palaeoproterozoic Bryah Rift-Basin, Capricorn Orogen, Western Australia: Implications for tectonic setting and geodynamic evolution
- Pirajno, F., Chen, Y., Li, N., Li, C., Zhou, L. (2016) 'Besshi-type mineral systems in the Palaeoproterozoic Bryah Rift-Basin, Capricorn Orogen, Western Australia: Implications for tectonic setting and geodynamic evolution', *Geoscience Frontiers*, 7, pp. 345-357.
- Report on Executed Geological Mining Exploratory Operations of Lead-Zinc at the Locality Droskovac and Mining Exploratory Operations at the Locality Veovaca for the Period of the Term Of 1 January 1969 to 30 June 1969. Mine and Steelworks, Vares, BiH (OA38, 1969).
- Report on Executed Geological Mining Exploratory Operations of Lead-Zinc at the Locality Droskovac and Mining Exploratory Operations at the Locality Veovaca for the Period of the Term Of 1 January 1969 to 30 June 1969. Mine and Steelworks, Vares, BiH (OA38, 1969).
- Technical Note on Data Capture for Balamara Resources Veovaca and Rupice Projects, 2012. Aurum Exploration Services.
- VALMIN, 2015. *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code)* [online]. Available from <http://www.valmin.org> (The VALMIN Committee of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists).



7 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia www.wikipedia.org

Alpine orogeny	Period of mountain building that affected the ancient Tethyan ocean. It began in the Triassic continuing through to the Late Oligocene and Miocene.
Assay	A measured quantity of material within a sample.
Barite	A mineral predominately consisting of barium and composition BaSO ₄ .
Basement	Highly folded, metamorphic or plutonic rocks, often unconformably overlain by relatively undeformed sedimentary beds (or cover).
Breccia	Coarse, clastic, sedimentary rock, the constituent clasts of which are angular. The term may also be applied to angular volcanic rocks from a volcanic vent.
Carboniferous	Penultimate period of the Paleozoic era, preceded by the Devonian and followed by the Permian. It began about 359.2 Ma ago and ended about 299 Ma ago.
Collar	Geographical co-ordinates of a drillhole or shaft starting point.
Concession	System of granted tenure which could refer to either exploration or exploitation.
Costeans	Trench completed for geological mapping and sampling.
Cretaceous	Third of the three periods included in the Mesozoic Era. It began 146 Ma ago and ended 65.5 Ma ago.
Copper	Copper is a chemical element with symbol Cu and atomic number 29. It is a soft, malleable, and ductile metal with very high thermal and electrical conductivity.
Cut-off grade	Threshold above which material is selectively mined or queried.
Dinarides	Dinarides occur in two separate regions: in the Herzegovina area (Outer Dinarides) to the south and in Bosnia to the north. The Inner Dinarides (Bosnia) are composed of deeply weathered clastic, metasedimentary, metamorphic and igneous rocks. They included mostly Palaeozoic-Triassic rocks and the Dinaride Ophiolite Zone.
Faults	Approximately plane surface of fracture in a rock body, caused by brittle failure, and along which observable relative displacement has occurred between adjacent blocks.
Flysch	Sedimentary facies term used to describe a thick succession of redeposited, deep-sea, clastic material.
Gold	Native gold is an element and a mineral. Gold occurs in hydrothermal veins deposited by ascending solutions, as disseminated particles through some sulphide deposits, and in placer deposits.
Lead	Lead is a chemical element with symbol Pb, atomic number 82. It is a heavy metal that is denser than most common materials. Lead is soft and malleable and has a relatively low melting point.
Mesozoic	Geologic age that began with the Triassic approximately 251 Ma ago and ended around 65.5 Ma at the start of the Cenozoic. The Mesozoic comprises the Triassic, Jurassic, and Cretaceous Periods.
Nappe sliding (slide, gravity gliding)	The movement of rock bodies in response to gravitational instability along particular planes in unstable regions which leads to the formation of thrust.
Ophiolite melange	A linear belt of highly deformed rocks, including tectonic mélanges, lenses of ophiolites, deep-sea sediments which is interpreted as the boundary between two collided continents or island arcs.



Palaeozoic	First (542–251 Ma) of the three eras of the Phanerozoic.
Quaternary	Either a sub-era of the Cenozoic Era of geologic time that began 1.806 Ma ago and continues to the present day.
Schist	Regional metamorphic rock of pelitic composition which displays a schistosity. Schists are coarser-grained than phyllites, having a grain size greater than 1 mm.
Sedimentary Exhalative	(SedEx) Exhalative processes associated with the upwelling of mineralising fluids into submarine sedimentary environments, whereby mineral deposits, usually of base-metal sulphides, are formed.
Siliciclastic sediments	Lithified, conglomeratic, siliciclastic rock which is unsorted, with sand and/or coarser particles dispersed through a mud matrix.
Silurian	Third (443.7–416 Ma) of six periods of the Palaeozoic Era.
Triassic	Earliest (251–199.6 Ma) of the three periods of the Mesozoic Era.
VMS	Volcanogenic massive sulphide deposits formed in close temporal association with submarine volcanism by hydrothermal circulation and exhalation of sulphides which are independent of sedimentary processes. When deposited into sedimentary rocks may be termed Besshi Style VMS.
Zinc	Zinc is a chemical element with symbol Zn and atomic number 30. It is the first element in group 12 of the periodic table.



8 Abbreviations and Units of Measurement

%	percent
°C	degrees Celsius
AAS	atomic absorption spectroscopy
Adriatic	Adriatic Metals Limited
AIG	Australian Institute of Geoscientists
ALS	ALS Laboratory Services
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Au	gold
AusIMM	Australasian Institute of Mining and Metallurgy
BiH	Bosnia and Herzegovina
CRM	certified reference material
CSA Global	CSA Global Pty Ltd
g/t	grams per tonne
ha	hectares
IP	induced polarisation
IPO	Initial Public Offering
ITAR	Independent Technical Assessment Report
JORC Code	Australasian Code for Reporting of Mineral Resources and Ore Reserves
km	kilometre(s)
km ²	square kilometre(s)
koz	kilo-ounces
kt	kilo-tonnes
m	metre(s)
M	million(s)
mm	millimetres
Mt	million tonnes
oz	ounce(s)
QAQC	quality assurance and quality control
RQD	rock quality data
SedEx	sedimentary exhalative
SGS	SGS Geochem Services
VMS	volcanogenic massive sulphide
XRF	x-ray fluorescence
ZnEq	zinc equivalent



Appendix 1: Tenement Schedule

The Adriatic Concession cover 281.4 ha and is divided into three areas, of which the Veovaca pit and plant site are exploitation and exploration areas and the Rupice Concession is an exploration area (see table below).

Concession Status

Project	Tenement	Field	Area (km ²)	Status
Vares	Veovaca pit	1	90.54	Approved – exploitation and exploration
	Veovaca plant site	2	107.68	Approved – exploitation and exploration
	Rupice	3	83.18	Approved – exploration



Appendix 2: Drill Collar Listings

Please note: the full list of intersections is available on the Adriatic Metals Limited website at:
<http://www.adriaticmetals.com/projects/veovaca/#data>

Veovaca Drillholes

Hole ID	East	North	RL	Total depth (m)	Azimuth (grid north)	Dip
BV-I-3	6529469	4889606	1066	32.5	0	-90
BV-II-2	6529490	4889631	1071	43.0	0	-90
BV-III-1	6529515	4889651	1061	47.0	0	-90
BV-III-3	6529529	4889624	1056	50.5	0	-90
BV-IV-2	6529549	4889651	1045	55.5	0	-90
BV-IX-1	6529684	4889718	1093	145.8	0	-90
BV-IX-1A	6529674	4889745	1106	156.5	0	-90
BV-IX-3	6529692	4889690	1078	102.0	0	-90
BV-V-3	6529580	4889651	1048	75.5	0	-90
BV-VI-2	6529607	4889674	1065	111.0	0	-90
BV-VII-1	6529626	4889699	1080	124.0	0	-90
BV-VII-1A	6529617	4889723	1081	152.0	0	-90
BV-VII-3	6529634	4889670	1074	106.0	0	-90
BV-VIII-1	6529644	4889724	1092	137.8	0	-90
BV-VIII-2	6529656	4889697	1086	145.5	0	-90
BV-X-1	6529705	4889745	1101	195.0	0	-90
BV-X-2	6529716	4889718	1084	128.0	0	-90
BV-X-2A	6529693	4889776	1119	243.0	0	-90
BV-XI-1	6529741	4889739	1090	160.5	0	-90
BV-XI-1A	6529726	4889769	1109	192.0	0	-90
BV-XI-3	6529749	4889713	1078	117.1	0	-90
BV-XII-1	6529769	4889748	1095	182.0	0	-90
BV-XII-1A	6529759	4889775	1113	232.0	0	-90
BV-XIII-1	6529793	4889761	1106	207.3	0	-90
BV-XIII-4	6529782	4889791	1123	233.0	0	-90
BV-XIII-5	6529771	4889821	1136	236.0	0	-90
BV-XIV-2	6529826	4889756	1103	171.3	0	-90
BV-XIV-3	6529816	4889790	1117	217.6	0	-90
BV-XIV-4	6529801	4889817	1126	230.5	0	-90
BV-XIV-5	6529794	4889848	1136	254.2	0	-90
BV-XV-2	6529846	4889801	1109	208.7	0	-90
BV-XV-3	6529835	4889829	1119	243.0	0	-90
BV-XV-4	6529824	4889857	1127	264.5	0	-90
BV-XVII-2	6529900	4889822	1086	189.0	0	-90
BV-XVIII-1	6529942	4889802	1066	135.0	0	-90
BV-XVIII-1A	6529952	4889770	1056	152.0	0	-90
BV-2017-1	6529604	4889673	1025	80.0	0	-90
BV-2017-2	6529582	4889655	1023	69.1	325	-80
BV-2017-3	6529564	4889643	1023	52.0	331	-60
BV-2017-4	6529642	4889690	1041	92.0	0	-90

ADRIATIC METALS LIMITED

INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



Hole ID	East	North	RL	Total depth (m)	Azimuth (grid north)	Dip
BV-2017-5	6529692	4889703	1041	82.2	0	-90
BV-2017-6	6529667	4889695	1041	89.0	336	-77
BV-2017-7	6529721	4889707	1040	27.0	340	-75
BV-2017-8	6529721	4889711	1040	123.3	344	-75
BV-2017-9	6529747	4889724	1041	124.6	356.1	-77.1
BV-2017-10	6529564	4889642	1029	60.5	357	-80
BV-2017-11	6529587	4889639	1029	72.9	358	-60
BV-2017-12	6529613	4889655	1029	87.0	358	-60
BV-2017-13	6529649	4889668	1045	105.4	315	-65
BV-2017-14	6529687	4889711	1044	80.0	323	-75
BV-2017-15	6529720	4889734	1044	103.0	357	-74
BV-2017-16	6529741	4889738	1044	132.9	341	-70

Rupice Drillholes

Hole ID	East	North	RL	Total depth (m)	Azimuth (grid north)	Dip
BR-1-86	6519156	4894660	1181	122.0	0	-90
BR-9-82	6519181	4894614	1181	98.0	0	-90
BR-10-81	6519202	4894619	1192	137.0	0	-90
BR-14a-80	6519178	4894541	1202	43.7	0	-90
BR-19-80	6519169	4894584	1185	90.4	0	-90
BR-20-80	6519187	4894593	1190	80.0	0	-90
BR-24-82	6519203	4894584	1197	85.5	0	-90
BR-25-81	6519219	4894597	1199	126.0	0	-90
BR-27b-81	6519204	4894553	1204	71.5	0	-90
BR-29-82	6519230	4894578	1205	114.5	0	-90
BR-30-82	6519248	4894586	1212	144.0	0	-90
BR-33-82	6519245	4894552	1211	120.0	0	-90
BR-34-82	6519199	4894487	1222	55.0	0	-90
BR-46-86	6519210	4894655	1195	162.0	0	-90
BR-50-86	6519217	4894674	1202	183.0	0	-90
BR-58-86	6519181	4894692	1196	179.0	0	-90
BR-59-86	6519152	4894682	1186	156.0	0	-90
BR-60-86	6519132	4894675	1177	113.0	0	-90
BR-75-86	6519181	4894718	1192	195.0	0	-90
BR-76-89	6519240	4894732	1203	250.0	0	-90
BR-78-89	6519111	4894767	1180	206.0	0	-90
BR-79-89	6519168	4894778	1176	221.0	0	-90
BR-1-17	6519214	4894715	1200	255.4	0	-90
BR-4-17	6519165	4894705	1195	190.0	0	-90
BR-6-17	6519185	4894657	1180	155.0	0	-90
BR-7-17	6519195	4894632	1182	145.0	0	-90



Appendix 3: Site and Laboratory Visits

Dr Belinda van Lente, an employee of CSA Global, visited the SGS Geochem Services (SGS) laboratory and the ALS Laboratory Services (ALS) laboratory, both located in Bor, Serbia, on 12 January 2018.

This visit was required to inspect the two main laboratories responsible for the preparation of samples from the 2017/2018 sampling and drilling campaigns at Veovaca and Rupice by Adriatic.

ALS is a sample preparation only facility, from which pulps are sent to either ALS Romania or ALS Ireland for analysis. SGS is a sample preparation and assay facility, with capabilities for both AAS and ICP-MS analysis.

CSA Global was given full access to both laboratories and the respective Company personnel to observe and discuss sample preparation and assay procedures, the facilities, and equipment.

It is CSA Global's opinion that both the ALS and SGS facilities and equipment are in good working order, personnel are well trained and knowledgeable, and best industry standards were observed for sample preparation (and analysis in the case of SGS).

Dr Belinda van Lente, an employee of CSA Global, visited the Veovaca and Rupice projects, located in BiH, over three days from 13 to 15 January 2018.

The site visit was required for the purposes of inspection, ground truthing, review of activities, and collection of information and data.

Objectives included:

- Inspect the principal assets within the Veovaca and Rupice projects
- Complete initial geological assessment, including outcropping mineralisation and, areas of historical exploration and mining
- Review access in the tenement areas
- Review geology within the tenements.

CSA Global was given full access to the relevant tenements and discussions were held with Adriatic personnel to obtain information on the planned exploration work.

The following conclusions were made from the site visit:

- Adriatic geologists associated with the project are familiar with the geology, deposit type and mineralisation within the tenements.
- Selected historical exploration, sampling and mining locations, within relevant tenements, were confirmed with visual inspection and located by handheld GPS.
- Vares town sits between the Rupice and Veovaca deposits. Access is generally good throughout the project, with both deposits located close to road, power, water and rail infrastructure. Veovaca is approximately 50 km north of the capital Sarajevo. Several dirt roads, which includes forest tracks, are present and can be readily negotiated with a four-wheel drive vehicle.
- Positions of randomly selected drillholes were verified by means of DGPS, for the 2017 drilling at Veovaca, and both the historical and 2017 drilling at Rupice.
- Sampling and logging procedures were reviewed and found to be suited to the deposit type and style of mineralisation, as currently understood.
- Density determination is by the water immersion method. The procedure and equipment for density measurement was reviewed and is considered acceptable.
- Sample storage and security is considered good.



- The mineralisation at both Veovaca and Rupice contains elevated zinc, lead and barite grades, and supporting silver and gold grades, over reasonable strike lengths.
- At Veovaca, the mineralisation lies immediately beneath the abandoned open pit, as confirmed by 2017 drilling.
- Mineralisation at both Veovaca and Rupice form continuous, coherent zones, tested by 2017 drilling and continued exploration.
- Drill core was inspected for Veovaca (BV-2017-1) and Rupice (BR-1-17). The hangingwall and footwall of the deposits consist of predominantly alternating red fine-grained sandstones. The mineralogical assemblage of the mineralised breccia typically consists of pyrite, sphalerite, galena, chalcopyrite and barite. This was visually confirmed. None of the rocks in the drill core are magnetic (tested with swing magnetic pen).
- Exposure on the pit walls of Veovaca consists of sedimentary packages, that have been intensely folded and faulted. The main breccia unit, which contains the majority of the mineralisation, appears to be plunging to the east-northeast.
- Locations of historic adits were sighted and ground-truthed with DGPS.
- Due to recent snow cover at the time of the site visit, it was not possible to review outcrops other than that exposed at Veovaca open pit, and small isolated outcrops at Rupice.

The method of exploration proposed by the Adriatic is systematic and will include the following:

- Mapping of geology and structural zones of interest.
- Soil and stream sampling for geochemical testing.
- Geophysics – ground magnetic and IP surveys to identify structural targets and zones of alteration.
- Drill testing – in future, programmes are expected for appropriate targets with drill spacing and inclination appropriate to the target. The method of choice is diamond drilling.

CSA Global recognise the potential for lead and zinc, with associated barium, gold and silver, mineralisation on the Veovaca and Rupice projects based on the data available and following site inspection. The proposed activities of the Adriatic work program are considered appropriate for the next stage of target development and testing.



Appendix 4: JORC Table 1

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. 	<p>Drilling comprised a total of 61 diamond core holes for 9,402.8 m made up of 51 historical holes for 8,021.9 m and 16 recent holes for 1,380.9 m.</p> <p>629 m of adit and crosscut were developed on several levels and sampled however, the assays were not used in the resource estimate.</p> <p>21 surface trenches were dug for a total length of 316 m and sampled, however the assays were not used in the resource estimate.</p>
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<p>Historical sampling used whole core, whilst recent sampling used half core of either PQ or HQ diameter. Both methods produced a representative sample. Most of the sampling was at 2 m intervals and produce a sample weighing around 10 kg. All sampling was in fresh material.</p>
	<ul style="list-style-type: none"> 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. 	<p>Diamond drilling was used to obtain 2 m samples from which 10 kg of material was pulverised to produce a 30 g charge for fire assay, a 5 g charge for multi-element ME-ICPORE and/or AAS for silver, lead and zinc, and a further charge of 20 g for x-ray fluorescence (XRF) determination of barite. The mineralisation in the deposit appears uniform and as such high-grade veinlets are not typically present.</p>
Drilling techniques	<ul style="list-style-type: none"> 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.). 	<p>Historically drill core diameter typically commenced with either PQ (122 mm) or HQ (95 mm), and all holes reduced core size once at varying downhole depths. Smallest diameter at the end of hole was NQ (47 mm). Recent drilling used a split tube and drilled as either PQ3 (83 mm) or HQ3 (61 mm).</p>
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<p>Core recovery was estimated using the drillers recorded depth marks against the length of the core recovered. There was no significant core loss with the historical drilling returning 79.5% recovery (82.1% in ore) and the recent drilling returning 93.1% recovery.</p>
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<p>A split tube system was employed 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.</p>
	<ul style="list-style-type: none"> 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. 	<p>There appears to be no potential sample bias as there was no regular or excessive loss of core. A number of diamond twin holes returned similar grades in both tenor and width.</p>



Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> 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. 	<p>Geological core logging to a resolution of 20 cm was undertaken with a record kept of, inter alia, colour, lithology, weathering, grain size, mineralisation, alteration, etc. Diamond core is stored at the Company's warehouse.</p> <p>The data is believed to be of an appropriate level of detail to support a resource estimation.</p>
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. 	Logging was qualitative. Diamond core was photographed.
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	All drilled intervals were logged and recorded.
Subsampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	Historically whole core was collected for assay. Core from the recent drilling was machine sawn and half core taken for analytical analysis purposes.
	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. 	All sampled material was core.
	<ul style="list-style-type: none"> 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 100–250 g charge (either by cone/quarter or riffle) for pulverisation provides an appropriate and representative sample for analysis.
	<ul style="list-style-type: none"> Quality control procedures adopted for all subsampling stages to maximise representivity of samples. 	Whole rock was collected for the entirety of the historical drilling whilst half core was collected for the entirety of the recent drilling, as such there was consistency throughout the two drilling programs and undertaken by qualified geoscientists. Each subsample is considered to be representative of the interval.
	<ul style="list-style-type: none"> 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 whole or half core is representative of the in-situ material. Additionally, samples were sent to umpire laboratories for assaying. All QAQC and umpire laboratory samples returned satisfactory results.
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	Sample sizes collected were considered appropriate to reasonably represent the material being tested.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<p>Historical assays were undertaken at leading Government Institutes and fully reported and certificated at the time of release. Lead and zinc were analysed using a polarography determination. The sample was digested in aqua regia then the solution stabilisation before polarography. Barite was analysed using a gravimetric method. The sample was dissolved in a mixture of aqua regia and sulphuric acid before gravimetric determination in platinum cups. Not routine but on occasion lead and zinc were determined by atomic absorption spectroscopy (AAS). The use of polarographic techniques and AAS was appropriate, accurate and reliable at that time. Check assays on selected historical pulps returned very similar values to better than 0.9 correlation coefficient.</p> <p>Recent assays were undertaken at the accredited laboratories of either ALS (Bor) and/or SGS (Bor). Both laboratories have full certification. Gold was assayed by fire, lead, zinc and silver used an ICP-MS technique, and barite was determined using and XRF technique. All</p>

5. Independent Geologist's Report

ADRIATIC METALS LIMITED

INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



Criteria	JORC Code explanation	Commentary
		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.
	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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. 	QAQC procedures included the insertion of Certified Reference Materials (CRMs) 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	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> The use of twinned holes. 	Five twin or near-twin diamond core holes were drilled to check the validity of the historical assays in both grade and width of mineralisation. In each case, it was clear that the new assays and the historical assays matched both in value and in geometry.
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	Historical data was captured by Aurum geological consultants into a relational database. Subsequent use of the data has found no material error in the database after comparing the principal collar, survey, assay and geology files to the source scans being either original graphical drill logs, collar plans, cross sections, long sections or geology plan maps. Recent 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, Western Australia. It is regularly backed-up.
	<ul style="list-style-type: none"> Discuss any adjustment to assay data. 	No adjustments were necessary.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. 	Drillhole collars were surveyed by registered surveyors using either total station (historic) or DGPS (recent) to better than 5 cm accuracy. Drillholes were downhole surveyed at regular intervals using an Eastman camera arrangement. Drillholes rarely deviated from their set position at ground level.
	<ul style="list-style-type: none"> Specification of the grid system used. 	The grid system used MGI 1901/Balkans Zone 6.
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	The topographic surface of the deposit was generated from a combination of DGPS and GPS survey.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 	Drillhole density across the deposit (including all drilling) is approximately 30 m x 30 m closing in to better than 20 m x 20 m in places.
	<ul style="list-style-type: none"> 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 classification of the Mineral Resources reported.



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	Sample composite was not employed.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	The mineralisation occupies an upright isoclinal synform with mostly vertical drilling, although recent drilling was between -60° and vertical. The drilling orientation is not considered to have created any bias in sampling.
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 necessary, delivered to the assay laboratory. Thereafter laboratory samples were controlled by the nominated laboratory which to date has been ALS and SGS. All sample collection was controlled by digital sample control file(s) and hardcopy ticket books.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	No audits have been undertaken.



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	<ul style="list-style-type: none"> 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 deposit is located within the Company's 100% owned Concession number 04-18-21389-1/13 located 10km east of Vares in Bosnia. There are no known third party issues other than normal royalties due to the State.
	<ul style="list-style-type: none"> 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 believed to be 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 Government requirements.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<p>Modern exploration commenced with the work of Energoinvest in the late 1960s. 24 holes were drilled between 1968 and 1970 for an advance of 2,919 m. From 1969 onwards for a period of two years, underground development of 629 m of drives and crosscuts was made, and 21 surface trenches dug for a total length of 316 m. After 1979, a further 27 holes were drilled for an advance of 5,102.9 m. Material from all these programs was routinely analysed for lead, zinc, and barite, and on occasion silver and gold. The deposit was the subject of a number of resource and reserve estimates between 1980 and 1989. The deposit was mined between 1984 and 1987. This work is documented in any number of reports and variously certified by those geoscientists and Institutes that undertook the work.</p> <p>The work is considered a standard equal to that prevalent within today's exploration industry.</p>
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	The Veovaca deposit is suggested as being of a sedimentary exhalative (SedEx) style. A Triassic 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 sandstones.



Criteria	JORC Code explanation	Commentary
Drillhole information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes: <ul style="list-style-type: none"> easting and northing of the drillhole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar dip and azimuth of the hole downhole length and interception depth 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	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	Exploration results are not being reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. 	
	<ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. 	The mineralisation is confined to a tight isoclinal upright synform with most holes drilled vertical with some later holes drilled with a dip between 60° and 80° to the northwest or north (grid). The drill sections are approximately perpendicular to the strike of the synform. Drilling is either completely within ore or barren surrounding rock with the tightness of the drill spacing able to reasonably determine the contact(s). It should be noted that the mineralisation orientation was demonstrated when the exploration drives were developed, so there is strong support for the interpretation of the mineralisation orientation independent of the surface drilling.
	<ul style="list-style-type: none"> 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.

5. Independent Geologist's Report

ADRIATIC METALS LIMITED

INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



Criteria	JORC Code explanation	Commentary
Diagrams	<ul style="list-style-type: none"> 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 drillhole collar locations and appropriate sectional views. 	Relevant maps and diagrams are included in the body of the report.
Balanced reporting	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 this table has been used in the preparation of this Mineral Resource estimate.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). 	Further work will be focused on infilling the core of the mineralisation in order to upgrade to a higher Mineral Resource classification, and testing for dip extensions and strike extensions. Drilling will also be undertaken for geotechnical purposes.
	<ul style="list-style-type: none"> Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	Diagrams have been included in the body of this report.



Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. 	Data used in the Mineral Resource estimate was provided as a validated Micromine database, which in turn was sourced from a validated database prepared by Aurum Consultants. In both instances validation routines were employed to confirm validity of data. Checks were made to ensure that there were no discrepancies between the Micromine and Aurum databases. Key files (collar, survey, geology, assay) were validated to ensure that they were populated with the correct original data.
	<ul style="list-style-type: none"> Data validation procedures used. 	The resultant database was validated for potential errors in Micromine software using specially designed processes. Validation of the data import include checks for overlapping intervals, missing survey data, missing assay data, missing lithological data, and missing collars. The de-surveyed drillholes were then also verified visually for consistency.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. 	The site was visited on a number of occasions by Robert Annett in order to plan and undertake the recent drilling programs, oversee the preparation of the samples and their dispatch to the various laboratories. Mr Annett assumes responsibility for the data components and geological modelling. Dmitry Pertel assumes responsibility for the grade interpolation and reporting of the Mineral Resource estimate and has not completed a site visit.
	<ul style="list-style-type: none"> If no site visits have been undertaken, indicate why this is the case. 	A site visit has been undertaken.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. 	Sufficient drilling has been conducted to reasonably interpret the geology and the polymetallic mineralisation. The mineralisation is traceable between numerous drillholes and drill sections.
	<ul style="list-style-type: none"> Nature of the data used and of any assumptions made. 	Geological logging in conjunction with assays has been used to interpret the mineralisation. A cut-off grade of 0.3% was used to define the mineralised lead and zinc envelopes. A low-grade and high-grade cut-off of 5% and 33% was used to define the low and high grade mineralised barite envelopes. A low-grade and high-grade cut-off of 15 ppm and 100 ppm was used to define the low and high grade mineralised silver envelopes. A low-grade and high-grade cut-off of 0.2 ppm and 0.5 ppm was used to define the low and high-grade mineralised gold envelopes.
	<ul style="list-style-type: none"> The effect, if any, of alternative interpretations on Mineral Resource estimation. 	Alternative interpretations are likely to materially impact on the Mineral Resource estimate on a local, but not global basis.
	<ul style="list-style-type: none"> The use of geology in guiding and controlling Mineral Resource estimation. 	Geological logging in conjunction with assays has been used to interpret the mineralisation. Available historical maps and sections have been used to guide interpretation.
	<ul style="list-style-type: none"> The factors affecting continuity both of grade and geology. 	Continuity is affected by the synformal nature of the host rocks and associated mineralisation and the apparent down plunge extension of the structure (and mineralisation) to the east-northeast.

5. Independent Geologist's Report

ADRIATIC METALS LIMITED
INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



Criteria	JORC Code explanation	Commentary
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<p>Currently, two main mineralised zones have been defined at the Veovaca deposit with the following dimensions:</p> <ul style="list-style-type: none"> Approximately 570 m along the strike at approximately 248° with a dip of 70°. Mineralised zone has a variable width of up to 60 m. The maximum depth is up to 275 m from the surface. <p>The Competent Person is satisfied that the dimensions interpreted are appropriate to support Mineral Resource estimation.</p>
Estimation and modelling techniques	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. 	<p>The Mineral Resource estimate was based on surface diamond drill core using ordinary kriging (OK) to form 10 m x 10 m x 10 m blocks. The block model was constrained by wireframes modelled using sectional interpretation separately for each element and for low and high-grade domains for barite, gold and silver. The applied cut-off grades were:</p> <ul style="list-style-type: none"> 0.3% Zn for zinc envelopes 0.3% Pb for lead envelopes 5% BaSO₄ for low-grade barite envelopes 33% BaSO₄ for high-grade barite envelopes 0.2 g/t Au for low-grade gold envelopes 0.5 g/t Au for high-grade gold envelopes 15 g/t Ag for low-grade silver envelopes 100 g/t Ag for high-grade silver envelopes. <p>Micromine software was used to generate the wireframes and for block modelling.</p> <p>Hard boundaries were used between mineralised lenses at each domain. The drillhole data were composited to a target length of 2 m based on the length analysis of raw intercepts.</p> <p>Geostatistical analysis was completed for all elements, and averaged long ranges were employed to justify the search ellipse – 51 m along strike, 43 m down dip and 25 m cross dip.</p> <p>Interpolation parameters were:</p> <ul style="list-style-type: none"> Search pass 1: 2/3 of the variogram log ranges. Minimum samples number – 3, minimum holes – 2, maximum samples number – 16. Search pass 2: Full semi-variogram ranges. Minimum samples – 3, maximum samples – 16, minimum holes 2. All subsequent search passes: incremented by full semi-variogram ranges in each direction. Minimum samples – 1, maximum samples – 16, minimum holes – 1. Block discretisation 5*5*5. <p>The optimal parent cell size was selected in the course of block modelling based of 20 m x 20 m exploration drilling. Classical statistical analysis was used to identify grade domains for barite, gold and silver.</p> <p>The Competent Person is satisfied that estimation and modelling techniques are appropriate to support Mineral Resource estimation.</p>



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. 	Data on previous JORC-compliant Mineral Resources were not available. Mine production results were not available.
	<ul style="list-style-type: none"> The assumptions made regarding recovery of by-products. 	The Veovaca deposit is a zinc-lead-barite deposit. Previous mining and beneficiation over a four-year period has shown that a conventional sulphide flotation method is a suitable recovery method.
	<ul style="list-style-type: none"> Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). 	There has been no estimation of deleterious elements or other non-grade variables.
	<ul style="list-style-type: none"> In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. 	The average exploration drilling spacing was 20 m x 20 m. The selected parent cell size was 10 m x 10 m (half the exploration density). The search was based on the results of geostatistical analysis with average long ranges of 51 m x 43 m x 25 m.
	<ul style="list-style-type: none"> Any assumptions behind modelling of selective mining units. 	No assumptions were made for selective mining unit, apart from the assumption that the deposit is likely to be mined by open pit method.
	<ul style="list-style-type: none"> Any assumptions about correlation between variables. 	Correlation between some variables was very strong (e.g. between silver and lead), but no assumptions were made for the modelling purposes.
	<ul style="list-style-type: none"> Description of how the geological interpretation was used to control the resource estimates. 	Geological interpretation was based on the selected natural cut-off grades separately for each element. When grades within modelled wireframes had mixed populations, high grade domain was modelled using cut-offs justified by statistical analysis. Each element was modelled individually. High-grade domains were modelled for barite, silver and gold grades.
	<ul style="list-style-type: none"> Discussion of basis for using or not using grade cutting or capping. 	Classical statistical analysis was carried out for each element and each domain. It was found that the coefficient of variation for all elements was close or below 1, and that histograms and probability plots did not demonstrate any high-grade outliers. It was decided that no top-cutting is required.
	<ul style="list-style-type: none"> The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available. 	Grade estimation was validated using visual inspection of interpolated block grades versus underlying data, and swath plots. All average modelled grades were found to be slightly lower than the average assays in the composite file, which was expected due to the smoothing of grades by interpolators and generally clustering of data. Swath plots demonstrated reasonable correlation of modelled grades with the sample composites.
Moisture	<ul style="list-style-type: none"> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	The tonnages were estimated on an in-situ dry bulk density basis which includes natural moisture. Moisture content was not estimated.
Cut-off parameters	<ul style="list-style-type: none"> The basis of the adopted cut-off grade(s) or quality parameters applied. 	The reporting cut-off grade of 0.5% zinc equivalent (ZnEq) was supported by pit optimisation study, which returned minimum processed grade of about 0.53% ZnEq with given input economic parameters. The Competent Person is satisfied that cut-off parameters were appropriately considered, to support Mineral Resource estimation.

5. Independent Geologist's Report

ADRIATIC METALS LIMITED
INDEPENDENT TECHNICAL ASSESSMENT REPORT – VARES PROJECT



Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	A number of pit optimisation studies were performed using the Whittle software to ensure that there are reasonable prospects for the eventual economic extraction of the mineralisation by open pit mining method(s). Input parameters were provided by the Company as being typical for the commodity, mining method and costs for a Balkan lead-zinc mining operation.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. 	The Veovaca deposit was mined and the ore treated to produce saleable concentrates of lead, zinc and barite over a four-year period commencing 1984.
Environmental factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	No detailed assumptions regarding possible environmental impacts to the site area were considered. The general locality has a number of active mining operations and no environmental impediments are anticipated.
Bulk density	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. 	Bulk densities were determined on drill core every 2 m in ore and every 5 m in waste. 483 determinations were in ore and 156 in waste. On average, the sample for bulk density determination weighed 1.69 kg and was representative of the described mineralisation or rock type.
	<ul style="list-style-type: none"> The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. 	Bulk density determinations adopted the weight in air/weight in water method using a suspended or hanging scale. First the core billet was accurately weighed dry ("in air"), the core billet was removed and the wire cage fully submerged in water and its tare set to "zero" mass. The billet of core was then fully submerged and weighed ("weight in water"). The bulk density is calculated by the formula $BD = \frac{Md}{Md - Mw}$, where Md = weight in air and Mw = weight in water.



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	No assumptions were made for bulk density.
Classification	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. 	Resource classification was based on confidence in the QAQC data analysis, geological interpretation, drill spacing, geostatistical measures, a visual evaluation of cross sections and drill density, and manual interpretation of resource categories. The interpreted boundaries between categories were wireframed and used to code the block models. Generally, the Indicated category was assigned to the areas with reasonable continuity of mineralised lodes based on 20 m x 20 m and 20 m x 40 m exploration drilling. All other blocks were classified as Inferred. No blocks were classified as Measured
	<ul style="list-style-type: none"> Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). 	The classification has taken into account all available geological and sampling information, and the classification level is considered appropriate for the current stage of this project.
	<ul style="list-style-type: none"> Whether the result appropriately reflects the Competent Person's view of the deposit. 	The Mineral Resource estimate appropriately reflects the view of the Competent Person.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	The current model has not been audited by an independent third party but has been subject to CSA Global's internal peer review processes.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. 	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource to an Indicated and Inferred classification as per the guidelines of the 2012 JORC Code.
	<ul style="list-style-type: none"> The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. 	The statement refers to global estimation of tonnes and grade.
	<ul style="list-style-type: none"> These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	No production data is available.



Australia • Canada • Indonesia • Russia
Singapore • South Africa • United Kingdom

csaglobal.com





6. Legal Opinion on Title

MARIĆ & Co

Adriatic Metals PLC
Stamford House
Regent Street
Cheltenham
Gloucestershire
GL50 1HN
United Kingdom

Attention of the Directors

Sarajevo, February 28th, 2018

**Re: Adriatic Metals PLC – Legal Opinion on Title – Concession Agreement 04-18-21389-1/13
belonging to Eastern Mining d.o.o. Sarajevo**

Dear Sirs,

This Legal Opinion has been prepared for inclusion in the prospectus to be issued by Adriatic Metals PLC on or about the date of this document for the offer of up to 50,000,000 CHESS Depository Interests (CDI's) at an issue price of \$0.20 per CDI to raise \$8,000,000 to \$10,000,000.

1. Introduction and Scope

We hereby provide our Legal Opinion in respect of a concession granted for locations known as Veovača 1, Veovača 2 and Rupice-Juraševac-Brestić in the Municipality of Vareš, each location individually referred to as the Field being held by Eastern Mining d.o.o. Sarajevo as the concessionaire, which Adriatic Metals Limited will maintain as its 100% interest at the time of listing.

All of the Fields are located in the Zenica-Doboj Canton of the Federation of Bosnia & Herzegovina, one of the two composing political and legal entities of Bosnia & Herzegovina. A summary of relevant details of the Fields is set out in the Schedule 1 to this Legal Opinion.

In this Legal Opinion the following terms shall have the meaning as defined below:

1 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26	T: +387 33 566 700	ID : 4201562870008	Intesa Sanpaolo Banka d.d. Sarajevo	1541602002346786
71000 Sarajevo	F: +387 33 566 704	VAT: 201562870008	ProCredit Bank d.d. Sarajevo	194141017560014E
Bosnia & Herzegovina	contact@mariclaw.com	www.mariclaw.com	Raiffeisen Bank BIH d.d. Sarajevo	1610000087180022

MARIĆ & Co

- **BAM** means Bosnian Convertible Mark, the official currency of Bosnia & Herzegovina, pegged to the EUR currency under the currency board arrangement, as proscribed by the Law on Central Bank of Bosnia & Herzegovina, at a fixed exchange rate of 1 EUR = 1.955830 BAM;
- **B&H** means Bosnia & Herzegovina;
- **FB&H** means the Federation of Bosnia & Herzegovina;
- **ZDC** means the Zenica-Doboj Canton;
- **the Company** means Adriatic Metals Limited, with registered seat at Stamford House, Regent Street, Cheltenham, Gloucestershire, England, GL50 1HN, United Kingdom of Great Britain and Northern Ireland;
- **Eastern Mining** means Eastern Mining d.o.o. Sarajevo, with registered seat at Maršala Tita 3/2, Sarajevo, Bosnia & Herzegovina;
- **the Concession** means concession granted to Eastern Mining by ZDC, for locations known as Veovača 1, Veovača 2 and Rupice-Juraševac-Brestić in the Municipality of Vareš; and
- **the Field** means each of the individually identified locations of Veovača 1, Veovača 2 and Rupice-Juraševac-Brestić in the Municipality of Vareš.

2. Reviewed Documents

In connection with the foregoing and in our capacity as legal counsel in Bosnia & Herzegovina, we have examined the following documents:

- a) Resolution of the Municipal Court in Zenica, No. 043-0-Reg-17-000256, dated March 16th, 2017;
- b) Resolution of the Municipal Court in Sarajevo, No. 065-0-Reg-17-003419, dated September 20th, 2017;
- c) Resolution of the Municipal Court in Sarajevo, No. 065-0-Reg-17-005416, dated January 26th, 2018;
- d) Land registry excerpt for land registry sheet No. 178, cadastral municipality of SP Daštansko, issued by the Land Registry Office of the Municipal Court in Visoko, dated February 2nd, 2018;
- e) Agreement on Sale of Assets of the Bankruptcy Debtor, No. OPU-IP 418/12, concluded between Eastern Mining and the Mine of Lead, Zinc and Barite Vareš, in bankruptcy, dated November 30th, 2012;
- f) Decision on property transfer tax calculation of the Tax Authority of FB&H, Cantonal Office Zenica, Tax Department Vareš, No. 13-4/10-15-20-6140/12, dated December 13th, 2012;
- g) Transaction record excerpts of Intesa Sanpaolo Banka d.d. Sarajevo for Eastern Mining, dated June 11th, 2012, December 6th, 2012, January 3rd, 2013 and March 18th, 2013;

2 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 154160200234678E
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

- h) Memorandum of the bankruptcy administrator of the Mine of Lead, Zinc and Barite Vareš, No. St-49080/04-26/12-MM P, dated December 3rd, 2012;
- i) Cadastral excerpt for possession sheet No. 46, cadastral municipality of Daštansko, issued by the Municipality of Vareš, dated February 2nd, 2018;
- j) Cadastral excerpt for possession sheet No. 47, cadastral municipality of Pržići, issued by the Municipality of Vareš, dated February 2nd, 2018;
- k) Concession Agreement, No. 04-18-21389-1/13, concluded between ZDC and Eastern Mining, dated March 12th, 2013;
- l) Annex 1 to the Concession Agreement, No. 04-18-21389-2/13, concluded between ZDC and Eastern Mining, dated October 8th, 2013;
- m) Annex 2 to the Concession Agreement, No. 04-18-21389-3/18, concluded between ZDC and Eastern Mining, dated February 19th, 2018;
- n) Decision on concession awarding of the Government of ZDC, No. 02-18-21389/12, dated September 28th, 2012;
- o) Decision on modifying the concession awarding decision of the Government of ZDC, No. 02-18-20406/13, dated September 26th, 2013;
- p) Decision on modifying the concession awarding decision of the Government of ZDC, No. 02-18-1717/18, dated February 1st, 2018;
- q) Decision of the Ministry of Energy, Mining and Industry of FB&H, No. 06-18-381/14, dated October 17th, 2014;
- r) Decision of the Ministry of Energy, Mining and Industry of FB&H, No. 06-18-381/14, dated May 25th, 2017.

3. Legal Framework

The present Legal Opinion has been issued based on the legal framework of Bosnia & Herzegovina, including the following:

- a) Law on Property Rights of FB&H (*Official Gazette of FB&H*, No. 33/13 and 100/13);
- b) Law on Geological Explorations of FB&H (*Official Gazette of FB&H*, No. 09/10 and 14/10);
- c) Law on Mining of FB&H (*Official Gazette of FB&H*, No. 26/10);
- d) Law on Concessions of FB&H (*Official Gazette of FB&H*, No. 40/02);
- e) Law on Geological Explorations of ZDC (*Official Gazette of ZDC*, No. 08/12);
- f) Law on Mining of ZDC (*Official Gazette of FB&H*, No. 10/12);
- g) Law on Concessions of ZDC (*Official Gazette of ZDC*, No. 05/03).

3 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

4. Assumptions

This Legal Opinion is provided based on the aforementioned Reviewed Documents, as well as information received from the Company and Eastern Mining.

In the examination of Reviewed Documents, we have assumed the due authorization, execution and delivery by the parties thereto of any documents referred to herein, the genuineness of all signatures and the authenticity of all documents submitted to us as originals, the conformity with the originals of all documents submitted to us as copies thereof, and we have found nothing to indicate the such assumptions are not fully justified.

We have further assumed that the various parties' signatures on all material agreements and documents relating to the Concession provided to us are authentic, and that the agreements and documents are and were within the capacity and powers of those who executed them. We assume that all of the agreements were validly authorised, executed and delivered by and are binding on the parties to them and comprise the entire agreements of the parties to each of them concerning their respective subject matters.

We have also assumed that none of the parties is or will be seeking to achieve any purpose not apparent from the Reviewed Documents which might render the Reviewed Documents illegal or void.

We are qualified to practice law in Bosnia & Herzegovina. We have made no independent investigation of the laws of any jurisdiction other than Bosnia & Herzegovina as a basis for the opinions hereinafter expressed and do not express or imply any opinion thereon.

Finally, this Legal Opinion is based on the assumption that searches on August 3rd, 2017 of the website, maintained by UK Companies House, at <https://beta.companieshouse.gov.uk/company/10599833> show that Adriatic Metals Limited, now Adriatic Metals PLC, is registered at the UK Companies House.

5. Legal Opinion

Based on all of the aforementioned Reviewed Documents, Legal Framework and Assumptions, but subject to the assumptions and qualifications set out in this Legal Opinion, we hereby provide our Legal Opinion on specific matters, as indicated below.

4 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

a) Corporate Status of Eastern Mining

Eastern Mining has been duly incorporated and is validly existing as a private limited liability company under the laws of Bosnia & Herzegovina with full power, authority and capacity to carry on its business and own its properties, and is in good standing under the laws of Bosnia & Herzegovina.

According to the relevant company registry, all of the issued share capital of BAM 2,284,115.98 has been duly authorized, validly issued and is fully paid. Sole shareholder of Eastern Mining is Adriatic Metals PLC, 10 Pine House, The Square, Stow-On-The-World, Gloucestershire, GL54 1AF, United Kingdom. While we have received information that the current address of Adriatic Metals Limited is Stamford House, Regent Street, Cheltenham, Gloucestershire, England, GL50 1HN, this information has not yet been registered with the company registry. Such an update should be performed based on an application of Eastern Mining, as a matter of routine and technicality, whereby we have been informed by Eastern Mining that this application is pending the delivery of original documents from the UK Companies House.

Adriatic Metals Limited acquired 100% of shares in Eastern Mining by virtue of Share Sale Agreement of February 16th, 2017 and Share Transfer Agreement of March 3rd, 2017, and the change of shareholder was duly registered by the Resolution of the Municipal Court in Zenica, No. 043-0-Reg-17-000256, of March 16th, 2017.

The latest court resolution issued in respect of Eastern Mining, which was made available, i.e. the Resolution of the Municipal Court in Sarajevo, No. 065-0-Reg-17-005416, of January 26th, 2018 does not contain notes that liquidation or similar proceeding for winding up or dissolution has been made or commenced in respect of Eastern Mining.

Historically, Eastern Mining started its business operations under the name Eastern Mining. On September 3rd, 2013, the name and seat of Eastern Mining was changed to Eastern Mining d.o.o. Visoko. Later on, several changes were executed, and the current corporate information, visible in the company registry excerpt, are as follows:

Company name:	EASTERN MINING d.o.o. Sarajevo, company for production, commerce and services
Seat:	Maršala Tita 3/2, Sarajevo
Tax number:	4236448780005

5 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

Registry number:	43-01-0404-13 (old number 51-01-0074-08)
Shareholder:	Adriatic Metals Limited, 10 Pine House, The Square, Stow-On-The-World, Gloucestershire, GL54 1AF, UK
Share capital	BAM 2,284,115.99 (fully paid)
Authorized representatives:	Cronin Paul David – director, without limitation of authorization Miloš Bošnjaković – executive director, without limitation of authorization

b) Concession

The legal area of concession in Bosnia & Herzegovina is regulated at all legislative levels, i.e. the level of Bosnia & Herzegovina, the level of its political entities (Federation of Bosnia & Herzegovina and Republika Srpska), and the level of 10 Cantons composing the Federation of Bosnia & Herzegovina. The application of a particular Law on Concessions is determined on a functional basis, depending on which governance level has granted a concession.

In this particular case, Eastern Mining has been granted the Concession by the Zenica-Doboj Canton, under the Law on Concessions of ZDC. Consequently, all matters relating to the Concession are regulated by this Law. In principle, the provisions of the Law on Concessions of ZDC must be in line with the provisions of the Law on Concessions of FB&H, whereby it is worth noting that the latter entity-level was never directly applied, as to this day no concessions have been granted by FB&H directly.

However, the Law on Geological Explorations and the Law on Mining exist simultaneously on both the level of FB&H and the level of ZDC, whereby these Laws are generally mutually aligned. Nonetheless, Eastern Mining is obliged to observe and comply with both sets of Laws, irrespective of the fact that the Concession has been granted by ZDC, and not FB&H.

It is also important to note that a concessionaire is generally not obliged to own the land on which the concession is to be performed, but instead may lease such land, or obtain usage rights from the land owner, whether the owner is an entity of public law (state, entity, canton or municipality) or a person of private law (legal or physical persons). Nonetheless, in this particular case, we have been informed that Eastern Mining was required to purchase

6 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

property from the defunct state-owned mining company, in a bankruptcy proceeding, as a special precondition to the execution of the Concession Agreement.

The concessions themselves are granted by means of a concession agreement, executed with the respective governance level, such as the Government of ZDC, all based on a preceding tender and awarding procedure. Concessions themselves, as rights granted under the Law on Concessions, cannot be disposed with, i.e. sold or purchased, as they are not an asset of the concessionaire. Instead, for a concession to be transferred to a new concessionaire a special procedure must be respected, requiring the formal consent and approval of the governance level that has originally granted the concession, and the execution of an annex to the concession agreement. To the best of our knowledge, in this particular case Eastern Mining acquired the concession directly from the Government of ZDC, through its legal predecessor Eastern Mining, without any concession transfer procedure being required or performed.

1. On March 12th, 2013, a Concession Agreement has been concluded between ZDC and the company Eastern Mining, based on:
 - (a) the provisions of the Law on Concessions of ZDC;
 - (b) the Decision on concession awarding of the Government of ZDC;
 - (c) the conclusion of the Municipal Council of Vareš;
 - (d) the decision of the bankruptcy administrator of the Mine of Lead, Zinc and Barite Vareš, in bankruptcy, on property sale; and
 - (e) the geodetic report produced by the company Metrix – Inžinjering d.o.o. Tuzla.

Under the said Concession Agreement, the Concession for exploration and exploitation of metallic mineral resources, namely lead, zinc and barite, has been granted to the company Eastern Mining. A summary of the material terms of the Concession Agreement is at Schedule 2.

Three exploration and exploitation Fields have been defined by the Concession Agreement: Veovača 1, Veovača 2 and Rupice-Juraševac-Brestić, all in the Municipality of Vareš. The Concession Agreement further states the geodetic boundaries of the three Fields, specified by their numerical geodetic breaking points, as well as by a list of particular cadastral plots all stated for the three Fields separately.

2. **Under the Concession Agreement, the rights and obligations of the Eastern Mining, as the concessionaire, have been provided jointly and uniformly for all three Fields.** Namely, the concessionaire is obliged to perform the exploration and exploitation, which includes mining, along with the auxiliary works, in accordance with

7 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 154160200234678E
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

the provisions of the Law on Geological Explorations of FB&H and the Law on Mining of FB&H, as well as other applicable laws and regulations. Furthermore, the concessionaire is entitled to, subject to general construction regulations and specific mining construction regulations, within the boundaries of the Fields, and subject to obtained construction permits, construct mining buildings foreseen by the main and the additional mining project.

Finally, all potential damage caused by the exploitation works on the buildings and the surrounding of the mine, as well as to third parties, shall be indemnified to such damaged parties by the concessionaire, in accordance with the applicable regulations. Such provisions are of general nature, and are in accordance with the general damage liability foreseen by the Law on Obligatory Relations of FB&H.

3. The Concession Agreement further stipulates the minimum annual consumption of the concession subject, i.e. the exploitation of metallic mineral resources, in the amount of 100,000 tons of exploitation ore. **The Concession Agreement may be terminated if there is a general failure of the concessionaire to perform its obligations. This may include the failure to meet the annual exploitation minimum.**
4. The Concession is granted under the DBOT (Design-Build-Operate-Transfer) model, for elements that are state owned, whereby the concessionaire is obliged to obtain all the relevant documents, permits and consents prior to beginning the exploration and exploitation. **The duration of the Concession is 25 years, of which the duration of exploration and preparatory works is up to 5 years, both deadlines starting from the date of signing of the Concession Agreement, being March 12th 2013.**

The latter 5-year deadline can only be extended in case of *force majeure*, whereby the breach of this deadline is a reason for automatic Concession Agreement termination. **The Concession Agreement may be extended, without a public tender, for a period of up to one half of the original Concession duration, i.e. 12.5 years.**

On February 19th, 2018, Eastern Mining and ZDC agreed to extend the duration of exploration works under the Concession Agreement until May 25th, 2020

5. The Concession Agreement shall end, i.e. cease to be in force in the following cases:
 - expiry of the term for which the Concession has been granted;
 - institution of a bankruptcy proceeding over the concessionaire;
 - ceasing of existence of the Concession object (i.e. destruction);

8 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

- failure of the concessionaire to perform its obligations under the Concession Agreement;
- termination of the Concession Agreement; and
- failure of the concessionaire to begin with the exploitation within the agreed deadline.

Moreover, the Concession Agreement shall be terminated early by ZDC in the following cases:

- if the concessionaire is prohibited from performing the concession activity by an enforceable court decision;
- if the concessionaire did not initiate or perform the works foreseen by the Concession Agreement within the agreed deadlines;
- if the concessionaire unilaterally makes changes to the facilities used for Concession performance;
- if the concessionaire does not maintain the buildings or facilities or unilaterally changes the conditions under which the Concession has been granted;
- if the concessionaire does not pay or pays irregularly the concession fee; or
- if the price of continuous concession fee is not duly agreed in accordance with the provisions of the Concession Agreement (as explained below).

6. The concession fee is defined in several parts. The first part of the concession fee relates to the payment of the purchase price agreed in the purchase agreement concluded in the bankruptcy proceeding, No. 04-31-12734/12, dated August 6th, 2012, to be paid prior to the signing of the Concession Agreement. According to the information and documents received from Eastern Mining, this is a reference to the Agreement on Sale of Assets of the Bankruptcy Debtor, No. OPU-IP 418/12, concluded between Eastern Mining and the Mine of Lead, Zinc and Barite Vareš, in bankruptcy, dated November 30th, 2012. Under this Agreement, Eastern Mining was obliged to pay a purchase price in amount of BAM 1,250,010.00. Furthermore, according to the transaction record excerpt of Intesa Sanpaolo Banka d.d. Sarajevo dated June 11th, 2012, Eastern Mining has paid a public auction security deposit to the Mine of Lead, Zinc and Barite Vareš, in amount of BAM 120,215.43. This deposit has been taken into account as a partial purchase price payment, while according to the transaction record excerpt of Intesa Sanpaolo Banka d.d. Sarajevo dated December 6th, 2012 the rest of the purchase price in amount of BAM 1,130,010.00 has also been paid to the Mine of Lead, Zinc and Barite Vareš. This has also been confirmed by the memorandum of the bankruptcy administrator of the Mine of Lead, Zinc and Barite Vareš, No. St-49080/04-26/12-MM P, dated December 3rd, 2012.

9 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BiH d.d. Sarajevo 1610000087180022

MARIĆ & Co

On December 13th, 2012 the Tax Authority of FB&H, Cantonal Office Zenica, Tax Department Vareš, issued its Decision on property transfer tax calculation No. 13-4/10-15-20-6140/12, under which Eastern Mining was obliged to pay a 5% property transfer tax, in amount of BAM 62,500.00. According to the transaction record excerpt of Intesa Sanpaolo Banka d.d. Sarajevo dated January 3rd, 2013, this tax has been duly paid by Eastern Mining. **All of this is consistent with the fact that Eastern Mining has been duly registered as the owner of subject land, as the payment of the purchase price and the property transfer tax were preconditions for ownership registration.**

The second part of the concession fee is a one-time fee that was to be paid prior to the signing of the Concession Agreement, in a total amount of BAM 175,205.85. **According to the transaction record excerpt of Intesa Sanpaolo Banka d.d. Sarajevo dated March 18th, 2013, on March 7th, 2013 the company Eastern Mining has performed the payment of this one-time fee, in amount of BAM 175,205.85 to ZDC, which is further confirmed by the fact that the Concession Agreement has been concluded on March 12th, 2013.**

The third, final part of the concession fee is a quarterly fee based on the amount of exploitation ore excavated in the relevant period, determined in a minimum amount of BAM 1.50 per ton of exploitation ore. The continuous concession fee shall be aligned on a quarterly basis, in accordance with the price of the relevant metals at the London exchange, i.e. based on a quarterly average increase or decrease of value of the subject mineral resource at the London exchange, expressed in percentage, but not less than BAM 1.50 per ton of exploitation ore. In any event, the concession fee for the minimum annual amount of 100,000 tons of exploitation ore shall be paid by the concessionaire even if the excavated amount is actually less. If no agreement is achieved in reviewing and aligning the price within 90 days, ZDC is entitled to terminate the Concession Agreement.

7. As part of the payment monitoring mechanism, the concessionaire is obliged to provide ZDC with:
- evidence of advance payments;
 - geodetic records of mining premises at the last calendar day of the previous year, prepared by an authorized person;
 - final balance sheet and business account for the current year.

As security for the due payment of the concession fee, the concessionaire was obliged to provide a bill of exchange for an amount of BAM 300,000.00, with an authorization

10 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 154160200234678E
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

for collection. In case of such a bill of exchange being enforced, the concessionaire is obliged to furnish a new bill of exchange for each next year.

8. Under the Concession Agreement, Eastern Mining is obliged to duly perform its obligations under the forestry, water and physical planning consents, as well as the environmental permit. Under the applicable legal framework of FB&H and ZDC, the physical planning consent is to be obtained from the Municipality of Vareš, while the forestry and water consents are to be obtained from the competent Ministry of Agriculture, Forestry and Water Management of ZDC. Finally, the environmental permit is to be obtained prior to the actual exploitation works being initiated, from the Ministry of Environment and Tourism of FB&H, based on an appropriate application of Eastern Mining, accompanied by an environmental impact study and other technical documents required by the Law on Environmental Protection of FB&H. Environmental permits are issued for a period of five years, upon the expiry of which they must be renewed in a new administrative proceeding. As the holder of an environmental permit is subject to both periodical and continuous supervision of the Ministry during the validity of the environmental permit, any violations by the permit holder noted in that period might adversely affect the renewal of the environmental permit.
9. Furthermore, under the Concession Agreement the concessionaire, i.e. Eastern Mining, is obliged to duly register the concession rights with the competent land registry, over the subject land, and to provide evidence of such registration to ZDC.

Moreover, the concessionaire is obliged to obtain the consent of land owners for all exploration works, prior to beginning such works, in accordance with the provisions of the Law on Expropriation. **However, the latter provision is legally problematic, as under the Law on Expropriation only the public authority, such as ZDC or the Municipality of Vareš, may carry out the expropriation, under the condition of determining the existence of public interest for such expropriation, and providing compensation to land owners. Such a provision is redundant, as, under the Law on Concessions of ZDC, there is no need for Eastern Mining to request expropriation from ZDC, unless a voluntary agreement cannot be achieved with land owners.** According to the information received from Eastern Mining, the use of privately owned land for exploration works has been regulated by a number of written agreements with land owners, on a voluntary basis and without using expropriation.

11 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 154160200234678E
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

Finally, prior to beginning with exploitation works, Eastern Mining is obliged to provide to ZDC evidence of either ownership, or usage rights over the subject land, authorizing it to use the land for exploitation purposes.

10. Based upon the Decision on modifying the concession awarding decision of the Government of ZDC, on October 8th, 2013 Eastern Mining and ZDC have concluded the Annex 1 to the Concession Agreement, which slightly modifies the original Concession. Under the said Annex 1, the new name of the concessionaire is Eastern Mining, in accordance with the status changes to the original concessionaire Eastern Mining. No further changes have been made to the Concession under Annex 1.

On February 1st, 2018 the Government of ZDC has passed another Decision on modifying the concessions awarding decision, providing for another amendment to the Concession Agreement. Accordingly, on February 19th, 2018 Eastern Mining and ZDC have concluded the Annex 2 to the Concessions Agreement, under which the Concession Agreement has been amended by changing the company seat of Eastern Mining, from Visoko to Sarajevo, and also the duration of exploration works. **While the original duration of the exploration works was five years, starting from the signing of the Concession Agreement, under this amendment it is now extended until May 25th, 2020. The duration of the exploitation Concession remains unchanged, i.e. 25 years, starting from the date of signing of the Concession Agreement.**

c) Property Status

As an introductory note on this point, it is necessary to point out the existence of two separate types of land records in FB&H: the cadastral records and the land registry records. The first are being kept by the locally competent municipalities, while the latter one is kept by the Land Registry Offices of locally competent Municipal Courts.

The technical difference between the land registry records and the cadastral records is that the former is based upon an older land survey, while the latter one is based upon a new land survey, which often results in discrepancies between the two records, namely in cadastral plot surface, shape and boundaries. The legal difference between the two records is that of their legal force, whereby land registry records, albeit older, are used as sole proof of ownership and other legal elements of real estate. On the other hand, cadastral records are used as evidence of possession and other factual elements of real estate. However,

12 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

while land registry records are legally binding, cadastral records are used by locally competent physical planning authorities as background documents when issuing construction permits.

Listed below is the break-down of cadastral and land registry information on individual Fields, as provided by the Concession Agreement and other Reviewed Documents.

1. Fields 1 and 2 – Veovača

According to the Concession Agreement, Field 1 – Veovača encompasses land registered with the cadastral records of the Municipality of Vareš as cadastral plots registered in the cadastral municipality of Pržići and the cadastral municipality of Daštansko. According to the Concession Agreement, the total surface of this Field is *“approximately 1,076,887 m²”*, of which surface 666,412 m² are stated owned.

The Concession Agreement further states that Field 2 – Veovača also encompasses land registered with the cadastral records of the Municipality of Vareš as cadastral plots registered in the cadastral municipality of Pržići and the cadastral municipality of Daštansko. According to the Concession Agreement, the total surface of this Field is *“approximately 905,441 m²”*, of which surface 152,085 m² are stated owned.

However, the provided and reviewed cadastral documents indicate that Eastern Mining is the registered possessor of only 300,541 m² of land in the cadastral municipality of Pržići (possession sheet No. 47) and 115,868 m² of land in the cadastral municipality of Daštansko (possession sheet No. 46). **Given that both Field 1 and Field 2 are located within the cadastral municipalities of Pržići and Daštansko, we can only conclude that Eastern Mining is not the registered possessor of all land included in Field 1 and Field 2.**

However, it is important to note that the aforementioned cadastral records are not evidence of any property rights, but merely of their possession status. Land registry records should be used to obtain information on actual ownership, as well as registered concession rights. **We have not viewed cadastral records that contain the comparison and identification of cadastral plots between the new land survey and the old land survey, and as a result we cannot determine the legal ownership status of land encompassed by Fields 1 and 2.**

13 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 154160200234678E
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

Such legal situations are, unfortunately, not rare in FB&H, as land registry and cadastral records are often not aligned, resulting in differences between land plot numeration, surface and shape under the old and the new land survey. **Under the Concession Agreement, Eastern Mining must perform the registration of concession rights on such land with the locally competent Land Registry Office of the Municipal Court in Visoko, and resolve property rights on such land, by either buying it, or by acquiring usage rights, as a precondition for exploitation.**

In terms of acquiring either ownership or usage rights on such land that is not already owned by Eastern Mining, this would involve paying a purchase price or a usage fee to the land owners, subject to current real estate market terms.

In any case, obtaining the ownership or usage rights over subject land is a preconditions for the exploitation, under both the Concession Agreement and the Law on Mining.

2. Field 3 – Rupice-Juraševac-Brestić

According to the Concession Agreement, Field 3 – Rupice-Juraševac-Brestić encompasses land registered with the cadastral records of the Municipality of Vareš as cadastral plots registered in the cadastral municipality of Borovica. According to the Concession Agreement, the total surface of this Field is “*approximately 831,898 m²*”, of which surface 349,542 m² are stated owned.

The Concession Agreement further states that the company Eastern Mining is the registered owner of land registered in the land registry sheet No. 178, cadastral municipality of SP Daštansko, according to the old land survey. **Based on the provided and reviewed land registry excerpt, we can confirm this land is owned by Eastern Mining, whereby concession rights under both the original Concession Agreement and its Annex 1 have also been registered.**

However, as in the case of Fields 1 and 2, we were not provided with any comparison and identification of cadastral plots between the new land survey and the old land survey. **Consequently, we cannot determine if all the land encompassed by Field 3, specified in the Concession Agreement in accordance with the new land survey (cadastral records), is included in the land registry sheet No. 178, specifying the old land survey (land registry records).**

As in the case of Fields 1 and 2 **under the Concession Agreement, Eastern Mining must perform the registration of concession rights on such land with the locally**

14 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

competent Land Registry Office of the Municipal Court in Visoko and resolve property rights on all land not already owned, by either buying it, or by acquiring usage rights, as a precondition for exploitation.

In terms of acquiring either ownership or usage rights on such land that is not already owned by Eastern Mining, this would involve paying a purchase price or a usage fee to the land owners, subject to current real estate market terms.

In any case, obtaining the ownership or usage rights over subject land is a preconditions for the exploitation, under both the Concession Agreement and the Law on Mining.

d) Exploration Requirements

1. Geological exploration is treated by the Law on Geological Explorations of FB&H, as well as the Law on Geological Explorations of ZDC. **However, the Law on Geological Explorations of FB&H, in its Articles 3 and 26, explicitly states that for all mineral deposits from which metals or metallic alloys may be produced, the Ministry of Energy, Mining and Industry of FB&H is competent, and consequently for such cases the Law on Geological Explorations of FB&H shall be applied.**

Under the said Law, geological exploration is defined as exploration and testing conducted with the goal of familiarizing with the structure of Earth's crust, drafting geological maps, forecasting, finding and determining raw mineral deposits, as well as determining their quality, quantity and economical value, as well as other functions. **In that sense, geological exploration is divided into basic geological exploration, regional geological exploration, detailed geological exploration and exploitation geological exploration.**

The Law on Geological Explorations of FB&H explicitly prohibits performing geological exploration for the purpose of mineral exploitation in areas of water facilities, defence related structures, cultural monuments, natural rarities, cemeteries and other legally protected areas. Furthermore, the Ministry of Energy, Mining and Industry of FB&H is charged with keeping the cadastre of authorized exploratory areas, and the Geological Institute of FB&H is charged with keeping the cadastre of mineral deposits and geological anomalies.

The legal conditions for a service company conducting geological exploration, as well as drafting and reviewing projects, technical and other documents, are that it is

15 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 154160200234678E
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

registered for such activity, and that it employs at least two experts with a university grade degree in geology and that have passed the expert exam of the Ministry of Energy, Mining and Industry of FB&H. The experts must also meet particular standards in relation to their professional education and experience, explicitly proscribed by the Law. The service company would also need to possess the necessary geological equipment and machinery, which needs to be certified. The fulfilling of these conditions is verified by a special committee of the Ministry of Energy, Mining and Industry of the FB&H through an inspection requested by the service company itself. Upon successful inspection, the competent Minister shall issue a decision on fulfilling the conditions, whereupon the service company may begin operational work. If the service company operates a laboratory, it needs to be certified by the Ministry, based on the previously obtained certificates of the competent certifying authority.

In order for an investor, such as Eastern Mining, to conduct geological exploration, a geological explorations permit must be obtained, issued by the above mentioned Ministry. The mentioned permit is applied for through an application including the exploration subject, type, extent, location and duration, which is accompanied by an appropriate topographic map, physical planning consent, revised exploration project, evidence on company registration and the consent to exploration from the owner of the subject land. In the process of issuing the geological exploration permit a public debate will be held and the invited parties are the applicant, the company performing the exploration or exploitation of the neighbouring field (if available and applicable), the local municipality and the local community. After the public debate, and under the condition that the applicant has met all the legal conditions, the geological exploration permit is issued.

Based on the issued permit, the investor company performing geological exploration is obliged to periodically report to the Ministry on the status and progress of the exploration, as well as to provide the Ministry with an annual report on the exploration, at the latest on March 15th of the current year for the previous year. The company that has conducted a geological exploration can transfer its report on findings to another entity, based on a written contract and the previous consent of the Ministry of Energy, Mining and Industry of FB&H.

- On October 17th, 2014, the Ministry of Energy, Mining and Industry of FB&H has issued its Decision No. 06-18-381/14, authorizing Eastern Mining to perform detailed geological exploration on the locality of Rupice-Juraševac-Brestić, as determined by

16 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 154160200234678E
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

geographical coordinates contained in the Decision. **This Decision is the actual detailed geological exploration permit mentioned above.**

Under the said Decision, the exploration works are authorized for a period of three years, starting from the day of receipt of the Decision, whereby Eastern Mining was obliged to begin with exploration works in the year 2014. The exploration works are to be carried out in accordance with the Project of detailed exploration works, provide to the Ministry.

During the exploration works, Eastern Mining is obliged to comply with the provisions of the Law on Geological Explorations of FB&H, as well as the respective physical planning consent issued by the Ministry of Physical Planning, Transport and Communications of ZDC. Under this Decision, prior to initiating exploratory works on land not owned by it, Eastern Mining is obliged to obtain the consent of owners of such land. Upon the completion of exploratory works, Eastern Mining is obliged to re-cultivate the land affected, whereby it is also liable for any damage caused in accordance with the applicable legal framework, i.e. the Law on Obligatory Relations of FB&H. **Finally, upon the completion of the first phase of exploratory works, Eastern Mining is obliged to provide the Ministry with a report on exploration results.**

The subject Decision has been amended by the Ministry of Energy, Mining and Industry of FB&H on May 25th, 2017, extending the duration of the authorization to perform exploratory works until May 25th, 2020.

According to the information received from Eastern Mining, an exploration permit is not required for Fields 1 and 2 as a report on exploration results has already been provided to the Ministry by previous concessions holders of these Fields.

3. It is worth noting that under the provisions of Article 9 of the Law on Geological Explorations of FB&H, the exploitation geological exploration encompasses geological mining exploratory works for the purpose of a rational exploitation of raw minerals, as well as protecting and securing the work environment, employees, equipment and buildings in the exploitation field. The Law defines the purpose of exploitation geological exploration as following the composition and determining the quality of raw minerals foreseen for exploitation, mapping the location of deposits, etc. **In that sense, all companies undertaking the exploitation of minerals are obliged to conduct such exploitation geological exploration, and based on it draft geological plans and detailed geological maps of exploitation fields.**

17 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

4. The actual exploitation works are to be carried out in compliance with the Law on Mining, which also exists on both the level of FB&H and ZDC. **As in the case of the Law on Geological Explorations of FB&H, under the provisions of Articles 7 and 37 of the Law on Mining of FB&H, for all mineral deposits from which metals or metallic alloys may be produced, the Ministry of Energy, Mining and Industry of FB&H shall be competent, and consequently for such cases the Law on Mining of FB&H shall be applied.**

Under the provisions of Article 10 of the Law on Mining of FB&H, the right to exploit mineral resources is granted through the issue of an exploitation permit, as well other permits required and issued under this Law. These other permits, under Article 37 of the same Law, include the:

- permit for complete and permanent termination of exploitation;
- permit for carrying out works in accordance with the mining project;
- usage permit for mining buildings, devices and installations;
- permit for carrying out of mining attesting;
- temporary permit for carrying out of works; and
- final permit for carrying out of works.

All of these are technical permits required in the exploitation process itself, once the exploitation permit is issued.

The provisions of Article 38 of the Law on Mining of BF&H state that an application for the issuing of an exploitation permit must be accompanied by:

- a copy of the concession agreement;
- documentation on performed exploratory works, mining deposits, determined quantity and quality of mineral ore (confirmation of revised deposits);
- evidence on usage rights or easement rights on the land determined for exploitation of mineral ore;
- physical situation plan, with exploitation field boundaries in an appropriate scale and with the relevant technical and geodesic information;
- information on technical capacities of the mining company and on the expertise of its employees; and
- environmental permit and physical planning consent.

Finally, an exploitation permit is terminated if:

- revoked by the Ministry;
- the mining company stops operating;
- the mineral deposits of the exploitation field have been depleted;

18 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

- the mining company cancels the issued exploitation permit, or
- if the concession agreement expires.

6. Consent

The information contained herein is solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body without our prior consent.

Yours faithfully,

MARIĆ & Co

ADVOKATSKO DRUŠTVO
IZ OBLASTI PROM. ODGOVORNOSTI

Slaven Dizdār

Attorney at Law

19 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahić 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID: 4201562870003
VAT: 201562870008
www.mariclaw.com

Iniesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 1941410175500146
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & CO

Schedule 1 - Fields

Field	Area	Registered Proprietor	Permitted Activity	Grant Date	Expiration	Status
Veovača 1	approximately 1,076,887 m ²	Owner unknown. Indicated to be in the possession of Eastern Mining. See section 5(c)(1) of this Legal Opinion.	Exploration and exploitation	12 March 2013	12 March 2028	Exploitation activity must start before 25 May 2020.
Veovača 2	approximately 905,441 m ²	Owner unknown. Indicated to be in the possession of Eastern Mining. See section 5(c)(1) of this Legal Opinion.	Exploration and exploitation	12 March 2013	12 March 2028	Exploitation activity must start before 25 May 2020.
Rupice-Juraševac-Brestić	approximately 831,898 m ²	Eastern Mining. See section 5(c)(2) of this Legal Opinion.	Exploration and exploitation	12 March 2013	12 March 2028	Exploitation activity can only commence once an exploration report is lodged with the Ministry. Exploitation activity must start before 25 May 2020.
			Exploration	17 October 2014	25 May 2020	Exploration permit expires on 25 May 2020.

20 / 22

MARIĆ & Co Law Firm Ltd
 Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10
 Mehmeda Spahić 26
 71000 Sarajevo
 Bosnia & Herzegovina
 T: +387 33 566 700
 F: +387 33 566 704
 contact@marićlaw.com
 ID: 4201562870008
 VAT: 201562870008
 www.marićlaw.com
 Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
 ProCredit Bank d.d. Sarajevo 194141017560014E
 Raiffeisen Bank BiH d.d. Sarajevo 1610000087180022

MARIĆ & Co

Schedule 2 – Concession Agreement

Set out below are the material terms of the Concession Agreement, as amended.

- Eastern Mining holds the right to explore and exploit the Fields.
- Eastern Mining has been granted up to, and until, 25 May 2020 to complete exploration of the Fields. In the event that Eastern Mining does not commence mineral exploitation of the Fields by this date, except in the case of *force majeure*, the Concession Agreement is terminated. Mineral exploitation can presume up to and until 12 March 2028.
- Before exploration work can be conducted, Eastern Mining must obtain the consent of land owners in accordance with the provisions of the Law on Expropriation.
- Eastern Mining has made, or agreed to make, the following payments.
 - A payment for the purchase of land held by the former mining company, now bankrupt, in amount of BAM 1,250,010.00, made on 6 August 2012.
 - A payment of a one-time concession fee of BAM 175,205.85, made on 12 March 2013.
 - A concession fee every quarter, charged per tonne of ore exploited in the period, at a rate determined between the parties based on the relevant mineral prices on the London Stock Exchange, but no less than BAM 1.50 per tonne, with an obligatory minimum annual payment equal to an amount of 100,000 tons of exploitation ore, even if the excavated amount is actually less.
- As security for the quarterly concession fees payable, Eastern Mining has issued a bill-of-exchange with a value of BAM 300,000 to ZDC.
- Eastern Mining also has the following additional obligations.
 - Reimburse third parties for any damage caused by exploration and exploitation activity.
 - Comply with the relevant environmental protection laws and regulations during the term of the Concession Agreement.
 - Perform technical recovery and biological re-cultivation of any sites where exploitation has been undertaken.
 - Enable the implementation of all projects for which the Vareš Municipal Council shows an interest, that do not impede Eastern Mining's operations at the Fields.
 - Reimburse ZDC for any damage caused by irregular, excessive or otherwise harmful utilisation the rights granted under the Concession Agreement.
 - Inform ZDC of any precious metal deposits worth exploiting, for the purpose of obtaining a concession for the exploitation of these minerals.
 - Should paleontological or archaeological artefacts, or any other similar items, be discovered by Eastern Mining at the Fields, ZDC must be informed and the appropriate

21 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

MARIĆ & Co

natural heritage body will take the appropriate protective measures in relation to the findings.

- ZDC can terminate the Concession Agreement in the following circumstances:
 - Eastern Mining does not commence exploitation activity by 25 May 2020;
 - expiry of the agreed term, being up until 12 March 2028;
 - Eastern Mining fails to pay the quarterly concession fee;
 - the parties fail to agree on the amount of the quarterly concession fee;
 - bankruptcy proceedings are commenced against Eastern Mining;
 - Eastern Mining fails to meet any of the obligations under the Concession Agreement;
 - the parties mutually consent to termination; and
 - *force majeure*.
- ZDC must provide Eastern Mining at least 30 days to remedy a breach of the Concession Agreement. If the breach is not remedied in this time, ZDC can issue a written notice requiring Eastern Mining to vacate the Fields in no less than 3 months' time, but in no more than 6 months' time.

22 / 22

MARIĆ & Co Law Firm Ltd

Registered with the Municipal Court in Sarajevo under the reg. no. MBS: 65-01-0251-10

Mehmeda Spahe 26
71000 Sarajevo
Bosnia & Herzegovina

T: +387 33 566 700
F: +387 33 566 704
contact@mariclaw.com

ID : 4201562870008
VAT: 201562870008
www.mariclaw.com

Intesa Sanpaolo Banka d.d. Sarajevo 1541602002346786
ProCredit Bank d.d. Sarajevo 194141017560014E
Raiffeisen Bank BIH d.d. Sarajevo 1610000087180022

This page has been left blank intentionally.



7. Key Persons and Corporate Governance

7.1 BOARD OF DIRECTORS

The Board is responsible for:

- setting and reviewing strategic direction and planning;
- reviewing financial and operational performance;
- identifying principal risks and reviewing risk management strategies; and
- considering and reviewing significant capital investments and material transactions.

Collectively, the Directors have significant experience in the mineral exploration and development industry. Brief profiles of the Directors are set out below.

Peter Bilbe **(B. Eng (Mining)(Hons)), Non-Executive Chairman**

Mr Bilbe is a mining engineer with 40 years Australian and international mining experience in gold, base metals and iron ore at the operational, CEO and board levels.

Mr Bilbe is currently Non-executive Chairman of Independence Group NL and since 2009 has overseen the growth from a single mine to a \$3 billion diversified gold and base metals mining company. Mr Bilbe is also Non-executive Chairman of Intermin Resources Ltd, an emerging gold developer.

Mr Bilbe was a Director of ASX listed Northern Iron Limited from 2007 to 2016. Northern Iron Limited, through its Norwegian subsidiary, was a small scale producer of iron ore concentrate. In 2012, Northern Iron Limited was served with an infringement notice issued by ASIC, alleging that the Company had failed to comply with its continuous disclosure obligations. Northern Iron Limited complied with the infringement notice without admission of guilt or liability. Throughout 2014 and 2015 the iron ore price declined drastically. As a result of the substantial adverse impact this had on Northern Iron Limited's sales revenue, the directors anticipated that it would become insolvent, and placed the company into voluntary administration in 2015.

Peter Bilbe was appointed as the Non-Executive Chairman of the Company on 16 February 2018.

7. Key Persons and Corporate Governance

Paul Cronin

(B. Com & MBA), Non-Executive Director

Mr Cronin is a unique resource finance specialist, with significant experience in equity, debt and mergers and acquisitions within the sector. As CEO of ASX Listed Anatolia Energy, Paul oversaw two successful and oversubscribed capital raisings, steering the stock to be the best performing uranium stock globally during his time with the company, and prior to its sale at a significant premium to its market capitalization. Prior to Anatolia, Paul was Vice President at the highly regarded resource fund, RMB Resources where he originated, structured and managed several debt and equity investments on behalf of the fund.

Paul Cronin was appointed as a Director of the Company on 3 February 2017.

Julian Barnes

Bsc(Hons), PhD, Non-Executive Director

Mr Barnes is a geologist with extensive experience in major exploration and development projects. Previously, he was Executive Vice President Dundee Precious Metals where he lead exploration, project acquisition, and due diligence with a strong focus on Balkan mining & development.

He founded and led Resource Service Group for nearly two decades, which ultimately became RSG Global and has since been sold to Coffey Mining. He is also a Non-Executive Director of Thor Explorations Ltd, a company listed on the Toronto Stock Exchange (Venture Exchange).

Julian Barnes was appointed as a Director of the Company on 16 February 2018.

Eric de Mori

(B. Marketing & Dip. Financial Services), Non-Executive Director

Mr de Mori has over 15 years' experience in ASX small capital investment and corporate finance, specializing in natural resources, biotechnology and technology. Eric has a broad skill set across ASX listed company corporate finance and has held several director and major shareholder positions with ASX listed technology and resource companies. Eric is the head of natural resources for institutional stockbroker Ashanti Capital and a Non-Executive Director of Interpose Holdings Ltd.

Eric de Mori was appointed as a Director of the Company on 10 August 2017.

7.2 SENIOR MANAGEMENT TEAM

The Board has delegated responsibility for the business operations of the Company to the senior management team. The senior management team, led by the Company's Chief Executive Officer, Geraint Harris, is accountable to the Board.

Collectively, the senior management team has extensive experience in the mineral exploration and development industries. Brief profiles of the persons comprising the senior management team are set out below.

Geraint Harris

(B. Eng (Hons) & M. Sc. Eng. (Mining))

Chief Executive Officer

Mr Harris is a mining engineer with over 20 years' experience across mining operations, consultancy, fund management and project finance – specialising in gold and base metals.

Mr Harris has worked and lived in numerous countries across his career including Europe, North and South America, Central Asia, former Soviet Union and China. Geraint was also Manager mine services for Lisheen (high grade U/G) in Ireland, one of the biggest zinc mines in the world until its recent closure.

Geraint Harris was appointed as Chief Executive Officer on 1 October 2017.

Milos Bosnjakovic

(LLB & Registered Building Certification)

Head of Regulatory

Mr Bosnjakovic is a dual national of Australia and Bosnia and Herzegovina and was the co-founder of ASX-listed Sultan Corporation Limited which became Balamara Resources Limited, which held the Monty Zinc Project in Montenegro from 2010 to 2014. He has significant resource project experience in the region and is a qualified lawyer with extensive experience in the Former Yugoslav Republics, Australia and New Zealand.

Milos Bosnjakovic was appointed as Head of Regulatory of the Company on 7 February 2017.

Robert Annett

(BSc (Hons), ARSM, AIMM, AIG & MIQ)

Head of Exploration

Mr Annett is an experienced geologist with over 40 years' experience across all aspects of exploration, evaluation and mining of precious, base & industrial metals. He is a Competent Person under the JORC Code and is responsible for the day to day management of all exploration works, based primarily in Bosnia.

Robert Annett was appointed as Head of Exploration on 1 April 2017.

Sean Duffy

(MBA, Grad Cert. in Business Marketing)

Chief Financial Officer

Mr Duffy brings with him more than 20 years of international finance experience in the mining industry, including key positions with BHP Billiton and other AIM/ASX listed companies.

Sean Duffy was appointed as Chief Financial Officer and Company Secretary on 17 November 2017.

Emir Sudzuka

(Ph.D (Law))

General Manager (Eastern Mining)

Mr Sudzuka obtained a Ph.D in Law from University VITEZ in Bosnia and Herzegovina and proceeded to work as an Assistant Professor in the legal faculties at University VITEZ and the International University of Sarajevo.

Mr Sudzuka was appointed General Manager of Eastern Mining on 1 May 2017.

7.3 COMPANY SECRETARY

Sean Duffy

Company Secretary

See section 7.2.

Sean Duffy was appointed as secretary of the Company on 17 November 2017.

7.4 AUSTRALIAN LOCAL AGENT

Gabriel Chiappini

(CA ANZ, GAICD, B. Bus)

Australian Local Agent

Mr Chiappini is an experienced ASX director and has been active in the capital markets for 17 years. Mr Chiappini has assisted in raising in excess of AUD \$400m in funding and has provided investment and divestment guidance to a number of companies. Mr Chiappini specialises in start-up companies and assists companies with their growth and strategic direction. Mr Chiappini is a member of the Australian Institute of Company Directors and Chartered Accountants Australia & New Zealand.

Mr Chiappini was appointed as the Australian Local Agent of the Company on 22 January 2018.

7.5 DIRECTOR INTERESTS

Other than as disclosed in this Prospectus, no existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offers,

and no amount (whether in cash, securities or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director for services in connection with the formation or promotion of the Company or the Offer or to induce them to become, or qualify as, a Director.

7.5.1 REMUNERATION

The Articles provide that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Directors prior to the first annual general meeting. The aggregate remuneration for all non-executive directors has been set at an amount of \$400,000 per annum by the Directors. The remuneration of the Non- Executive Directors must not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the proposed increase has been given to Shareholders in the notice convening the meeting.

Set out below is the initial remuneration payable by the Company to each Director.

Director Role	Annual Salary	
Peter Bilbe	Non-Executive Chairman	AUD90,000
Paul Cronin	Non-Executive Director	GBP30,000 (AUD53,418)
Julian Barnes	Non-Executive Director	GBP30,000 (AUD53,418)
Eric de Mori	Non-Executive Director	AUD54,000

7.5.2 SECURITY HOLDINGS

The Directors are not required to hold any securities under the Constitution of the Company.

Set out below are the anticipated relevant interests of the Directors in the CDIs and Options of the Company upon completion of the Offer.

Director	Options	CDIs ¹	Voting power	
			Minimum Subscription	Full Subscription
Peter Bilbe	1,500,000 ²	250,000	0.21%	0.19%
Paul Cronin	5,000,000 ³	16,851,332	13.95%	12.88%
Julian Barnes	1,000,000 ⁴	-	-	-
Eric de Mori	4,000,000 ⁵	10,804,000	8.94%	8.26%
Total	11,500,000	27,680,332	22.92%	21.16%

Notes:

1. Assumes that Peter Bilbe applies for 250,000 CDIs under the Offer and that no other directors apply for CDIs under the Offer.
2. Peter Bilbe is to be issued 1,500,000 Executive Options under the Share Option Plan. See section 9.5.5 for the full terms of the Executive Options and section 9.5.4 for a summary of the Share Option Plan.
3. 5,000,000 Founder Options are to be issued to Swellcap Limited (and/or its nominees), an entity controlled by Paul Cronin, under the Swellcap Limited corporate advisory agreement. See section 9.5.5 for full terms and conditions of the Founder Options and section 8.2.2 for a summary of the Swellcap Limited advisory agreement.
4. Julian Barnes is to be issued 1,000,000 Executive Options under the Option Share Plan. See section 9.5.5 for the full terms of the Executive Options and section 9.5.4 for a summary of the Share Option Plan.
5. 4,000,000 Founder Options are to be issued to Lancaster Corporate (and/or its nominees), an entity controlled by Eric de Mori, under the Lancaster Corporate advisory agreement. See section 9.5.5 for full terms and conditions of the Founder Options and section 8.2.3 for a summary of the Lancaster Corporate advisory agreement.

7.6 CORPORATE GOVERNANCE

7.6.1 BOARD COMPOSITION

The Board currently comprises of 4 members, all of which are Non-Executive Directors (including the Non-Executive Chairman).

The Board considers an independent Director to be a Non-Executive Director who is not a substantial Shareholder or a member of management and who is free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of that Director's judgment. The Company considers Peter Bilbe and Julian Barnes to be independent Directors.

7.6.2 POLICIES

The Board recognises the importance of good corporate governance and establishing the accountability of the Board and management. To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with the *Corporate Governance Principles and Recommendations (3rd Edition)* published by ASX Corporate Governance Council ("**Recommendations**").

The Board has adopted the following suite of corporate governance policies which are available on the Company's website at www.adriaticmetals.com:

- Board Charter
- Board Performance Evaluation Policy
- Corporate Code of Conduct
- Risk Management Policy

7. Key Persons and Corporate Governance

- Remuneration and Nomination Committee Charter
- Security Trading Policy
- Continuous Disclosure Policy
- Shareholder Communications Strategy
- Diversity Policy

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

Following admission to the official list of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report. As at the date of this Prospectus the Company complies with the Recommendations other than to the extent set out below.

No.	Recommendation	Explanation for non-compliance
2. Structure the Board to add value		
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Company does not have a skills or diversity matrix in relation to the Board members. The Board considers that such a matrix is not necessary given the current size and scope of the Company's operations. The Board may adopt such a matrix at a later time as the Company's operations grow and evolve.
4. Safeguard integrity in financial reporting		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an Audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the</p>	<p>Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of the Audit committee are undertaken by the Board.</p> <p>The full Board in its capacity as the Audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external Auditors. The duties of the full Board in its capacity as the Audit committee are set out in the Company's Audit Committee Charter which is available at www.adriaticmetals.com.</p> <p>When the Board meets as an Audit committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.</p> <p>The Board is responsible for the initial appointment of the external Auditor and the appointment of a new external Auditor when any vacancy arises. Candidates for the position of external Auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise</p>

No.	Recommendation	Explanation for non-compliance
	appointment and removal of the external Auditor and the rotation of the Audit engagement partner.	<p>select an external Auditor based on criteria relevant to the Company's business and circumstances. The performance of the external Auditor is reviewed on an annual basis by the Board.</p> <p>The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed at www.adriaticmetals.com.</p>
7. Recognise and manage risk		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least 3 members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.</p> <p>When the Board meets as a risk committee is carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required.</p> <p>The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed at www.adriaticmetals.com.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal Audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal Audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company does not currently have an internal Audit function however, following admission to the Official List of the ASX the Company will consider establishing an internal Audit function in the future should the need arise.</p> <p>The Company monitors, evaluates and improves its risk management and internal control processes in line with the processes set out in its Risk Management Policy. A copy of this policy is available at www.adriaticmetals.com.</p>

7. Key Persons and Corporate Governance

No.	Recommendation	Explanation for non-compliance
8.	Remunerate fairly and responsibly	
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least 3 members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board.</p> <p>The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration and Nomination Committee Charter which is available at www.adriaticmetals.com.</p> <p>When the Board meets as a remuneration committee it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.</p> <p>The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed at www.adriaticmetals.com.</p>



8.

Material Contracts

Set out in this section is a summary of the material contracts to which the Company is a party that may be material in terms of the Offer, for the operation of the business of the Company, or which may otherwise be relevant to a potential investor in the Company.

The whole of the provisions of the contracts are not repeated in this Prospectus and any intending applicant who wishes to gain a full knowledge of the content of the material contracts should inspect the same at the registered office of the Company.

8.1 EXECUTIVE AGREEMENTS

8.1.1 CHIEF EXECUTIVE OFFICER – GERAINT HARRIS

Geraint Harris has been engaged as the Company's Chief Executive Officer pursuant to an agreement dated 1 October 2017.

Upon presentation of an invoice, Mr Harris shall receive a fee of GBP8,500 per month, plus VAT. Upon completion of the Offer, the fee will increase to GBP12,000 per month, plus VAT.

Under the agreement Mr Harris was issued 400,000 Shares following the Company's successful seed capital raising. In the event of a takeover or merger, Mr Harris is entitled to a transaction bonus of GBP150,000 in addition to any termination payments (see below).

Fees owing to Mr Harris under this agreement will be settled through the issue of 400,000 CDIs upon the Company's listing on the ASX.

Among other things, Mr Harris' duties will include:

- overseeing the operational activities in Bosnia and Herzegovina of the Company and any subsidiary companies;
- overseeing the technical and commercial aspects associated with development of the assets of the Company;
- providing strategic guidance to the company and the preparation of financial and commercial business planning solutions;
- marketing the Company and liaising with relevant stakeholders, investors and potential investors;
- other duties as required, and mutually agreed between the Consultant and the Board of the Company; and
- other general duties as required by the Board of the Company.

8. Material Contracts

The Company may terminate the agreement without cause by providing 3 months' written notice to Mr Harris or by making a termination payment in lieu of notice. Mr Harris may terminate the agreement by providing the Company with 3 months' written notice.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.1.2 HEAD OF REGULATORY - MILOS BOSNJAKOVIC

Milos Bosnjakovic has been engaged by the Company as the Head of Regulatory, pursuant to an agreement dated 7 February 2018. Mr Bosnjakovic's duties include:

- managing the extensions of the Company's exploration licences in Bosnia and Herzegovina, and the application for any new concession areas that the Company may apply for in Bosnia and Herzegovina;
- managing the granting of all other licenses or permits required by the Company or its subsidiaries to operate in Bosnia and Herzegovina;
- cooperating with the Company's consultants in the preparation of applications for licenses and permits;
- managing other junior regulatory, administrative and legal staff as required; and
- identifying potential new business for the Company in Bosnia and Herzegovina.

Under the agreement, the Company is to pay Mr Bosnjakovic GBP60,000 for services provided from 1 February 2017 to 31 January 2018. Mr Bosnjakovic will also receive a fee of GBP5,000 per month which shall accrue daily from 31 January 2018 until the date CDIs are issued under the Offer.

As of the date CDIs are issued under the Offer, the fee will increase to GBP7,500 per month.

The Company may terminate the agreement without cause by providing 3 months' written notice to Mr Bosnjakovic or by making a termination payment in lieu of notice. Mr Bosnjakovic may terminate the agreement by providing the Company with 3 months' written notice.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.1.3 HEAD OF EXPLORATION – ROBERT ANNETT

Robert Annett has been engaged as the Company's Head of Exploration pursuant to an agreement dated 1 April 2017.

Under this agreement, Mr Annett will receive a fee of \$16,000 per month as consideration for providing services. Mr Annett was also issued 400,000 Shares in accordance with the agreement.

Among other things, Mr Annett's duties will include:

- overseeing the exploration activities in Bosnia and Herzegovina, including but not limited to drilling, sampling, surveys, core preparation and historical data review;
- cooperating with the Company's consultants in the preparation of Mineral Resource estimates;
- managing junior exploration staff as required; and
- other official and general duties as required by the Board.

Either party may terminate the agreement without cause by providing 1 months' written notice to the other party.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.1.4 CHIEF FINANCIAL OFFICER – SEAN DUFFY

Sean Duffy has been engaged as the Company's Chief Financial Officer and Secretary pursuant to an agreement dated 27 November 2017.

Upon presentation of an invoice, Mr Duffy shall receive a fee of GBP4,167 per month.

Among other things, Mr Duffy's duties include:

- assisting with the financial and regulatory disclosures and reports required for the Initial Public Offering of the Company;
- cooperating with the Companies consultants in the preparation of feasibility studies;
- making all required disclosures to the ASX;
- preparation of the Companies statutory and management accounts on a timely basis;
- management of audits;
- implementation of internal controls and alignment with corporate policy and procedures;
- preparation of monthly board reports, and attendance of Board meetings as required; and
- other official and general duties as required by the Board of the Company.

Either party may terminate the agreement without cause by providing 2 months' written notice to the other party.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.2 CORPORATE ADVISORY AGREEMENTS

8.2.1 DISCOVERY CAPITAL

The Company has engaged Discovery Capital as its corporate adviser through an agreement date 19 December 2017. Among other things, Discovery Capital provides the following services to the Company:

- assistance with the due diligence process;
- capital raising services;
- preparing the Company's investor presentations; and
- management and promotion assistance following the Company's listing on the ASX.

The Company will pay Discovery Capital a monthly fee of \$5,000 plus GST, payable in arrears from the date the Company is admitted to the official list of the ASX. Upon the Company's listing on the ASX, Discovery Capital shall have the right, but not the obligation, to subscribe for 2,000,000 Adviser Options with an exercise price of \$0.40 each and an expiry date that is 3 years from the date of issue for a subscription price of \$0.00001 per Adviser Option. Discovery Capital has indicated its intention to subscribe for 2,000,000 Adviser Options.

Discovery Capital will act as the lead manager of the Offer and the Company will pay Discovery Capital a capital raising fee of 6% of all funds raised under the Offer, out of which the fees of any co-managers will be paid.

Discovery Capital and the Company have engaged Canaccord Genuity (Australia) Limited and Ashanti Capital Pty Ltd to provide financial advisory services to Discovery Capital in connection with the Offer and to assist with generating demand for the Offer.

Canaccord will receive a fee equal to the larger of either \$100,000 plus GST, or 5% of the funds raised under the Offer by Canaccord. Ashanti will receive a capital raising fee equal of 5% of the funds raised under the Offer by Ashanti and a spread management fee of 1% of the funds raised under the Offer by Ashanti.

The agreement will expire on 19 December 2018.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.2.2 SWELLCAP LIMITED

The Company has engaged Swellcap Limited as a corporate adviser under a corporate advisory agreement which commenced on 1 February 2017. Swellcap is a related party of the Company as it is controlled by Paul Cronin, a Director of the Company.

Among other things, Swellcap will provide the following services:

- assist with roadshows;
- brand development;
- management of analysts and brokers;
- commissioning and development of third party research;
- management of investor relations activities;
- management of capital raisings and appointment of brokers as required; and
- management of investor due diligence requirements.

The Company has paid Swellcap advisory fees of GBP100,000(AUD178,063). Under the agreement, the Company will pay Swellcap a further GBP10,000(AUD17,806) per month from 1 February 2017, capped at GBP100,000(AUD178,063), for services provided by Paul Cronin in his capacity as a Director. In the event the agreement is terminated but the Company is admitted to a securities exchange within 24 months of the termination, the fee of GBP100,000(AUD178,063) will remain payable by the Company to Swellcap. Swellcap will also be issued 5,000,000 Founder Options.

The Company's engagement of Swellcap as corporate adviser will expire upon the admission of the Company to the official list of the ASX. Both the Company and Swellcap may terminate the agreement by providing 12 months' notice to the other party. Where there has been a serious or persistent breach by Swellcap of this agreement, the Company may, without notice, instruct Swellcap to cease the provision of services under the agreement.

Swellcap acknowledges that all intellectual property rights deriving from the services performed under the agreement shall belong to the Company.

The Company has also engaged Swellcap to provide the Company with corporate office facilities and services relating to marketing and public relations from 1 April 2018. Swellcap will be paid GBP5,000 (AUD8,903) per month for these services.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.2.3 LANCASTER CORPORATE

The Company has engaged Lancaster Corporate Pty Ltd as a joint corporate adviser under a corporate advisory agreement which commenced on 1 February 2017. Lancaster is a related party of the Company as it is controlled by Eric de Mori, a Director of the Company.

Among other things, Lancaster will provide the following services:

- provide advice in relation to capital structure, board composition and capital raising;
- identification of suitable listed vehicles regarding reverse takeover opportunities for the Company;
- engaging on behalf of the Company appropriate experts, service providers and consultants to complete the Offer and listing on the ASX; and
- preparation of various marketing material such as investor presentations.

The Company has paid Lancaster fees of GBP50,000(AUD89,031). Under the agreement, the Company will pay Lancaster a further GBP10,000(AUD17,806) per month from 1 February 2017, capped at GBP100,000(AUD178,063), for services provided by Eric de Mori in his capacity as a Director. The Company will also issue 4,000,000 Founder Options to Lancaster upon the Company's admission to

the official list of the ASX. In the event the agreement is terminated but the Company is admitted to a securities exchange within 18 months of the termination, this consideration will remain payable by the Company to Lancaster.

The agreement may be terminated by either party at any time, with or without cause, by providing written notice to the other party. The intention of the parties is to terminate the agreement upon the Company's listing on the ASX.

The Company shall indemnify and hold harmless Lancaster from and against any actions, claims, demands, proceedings, losses, liabilities, damages or costs that relate to or arise from the agreement. However Lancaster shall accept liability to pay damages for losses arising as a direct result of wilful default or negligence on its part in respect of the services provided under the agreement.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.3 DEEDS OF INDEMNITY AND INSURANCE

The Company has entered into deeds of indemnity and insurance with each existing Director which require the Company to provide an indemnity for liability incurred as an officer of the Company, to the maximum extent permitted by law.

Under the deeds, the Company must arrange and maintain Directors' and Officers' insurance during each Director's period of office and for a period of 6 years after a Director ceases to hold office. The deeds also require the Directors to provide certain information to enable the Company to comply with its continuous disclosure obligations.

The deeds are otherwise on terms and conditions considered standard for deeds of this nature in the UK.

8.4 ESCROW AGREEMENTS

Please see section 1.7 for details of the escrow agreements to be entered into by the Company prior to re-admission to the official list of ASX.

The escrow agreements will be on ASX's standard terms and conditions as set out in Appendix 9B of the Listing Rules.

This page has been left blank intentionally.

9.

Additional Information

9.1 CORPORATE INFORMATION

The Company is registered in England and Wales, having been incorporated on 3 February 2017 with company number 10599833. The liability of the members is limited.

9.2 FOREIGN COMPANY REGISTRATION IN AUSTRALIA

On 30 January 2018 the Company was registered as a foreign company in Australia pursuant to the provisions of the Corporations Act with an ARBN of 624 103 162. As part of this process, the Company has appointed Gabriel Chiappini as its local agent.

9.3 COMPANY TAX STATUS AND FINANCIAL YEAR

The Company is registered in England and Wales. The Company is not tax resident in Australia. The financial year of the Company ends on 30 June of each year.

9.4 CHESS DEPOSITARY INTERESTS

Time	Event
What are CDIs?	<p>The Company is incorporated under the legal jurisdiction of England and Wales. To enable companies such as the Company to have their securities cleared and settled electronically through CHESS, Depositary Instruments called 'CDIs' are issued.</p> <p>Each CDI represents one underlying Share. The main difference between holding CDIs and Shares is that CDI holders hold the beneficial ownership in the Shares instead of legal title. CHESS Depositary Nominees Pty Limited ("CDN"), a subsidiary of ASX, will hold the legal title to the underlying Shares.</p> <p>Pursuant to the ASX Settlement Operating Rules, CDI holders receive all of the economic benefits of actual ownership of the underlying Shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.</p> <p>CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI holders. Shareholders cannot trade their Shares on ASX without first converting their Shares into CDIs.</p>

9. Additional Information

The Shares underlying the CDIs will be registered in the name of CDN and will be held on behalf of and for the benefit of the CDI holder. CDN will receive no fees for acting as the depository for the CDIs. CDIs will be CHESS-approved from the date of the official quotation of the CDIs on the Official List in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. The Shares underlying the CDIs will rank equally with the Shares that the Company has previously issued.

By completing an Application Form, an Applicant will apply for Shares to be issued to CDN, which will in turn issue CDIs to the Applicant.

Investors should note that there are certain differences between Shares in the Company and ordinary shares which are typically issued by Australian incorporated public companies. A summary of the key rights attaching to CDIs and Shares is set out in Sections 9.8.

What registers will be maintained recordings your interests?

The Company will operate a certificated principal register of Shares in the UK, and in Australia a branch register of Shares and an uncertificated issuer sponsored sub-register of CDIs and an uncertificated CHESS sub-register of CDIs.

The Company's uncertificated issuer sponsored sub-register of CDIs and uncertificated CHESS sub-register of CDIs will be maintained by the Share Registry. The branch register is the register of the legal title (and will reflect legal ownership by CDN of the Shares underlying the CDIs with the Shares held by CDN recorded on the branch register of Shares in Australia). The two uncertificated sub-registers of CDIs combined will make up the register of beneficial title of the Shares underlying the CDIs.

How is local and international trading in CDIs effected?

CDI holders who wish to trade their CDIs will be transferring the beneficial interest in the Shares rather than the legal title. The transfer will be settled electronically by delivery of the relevant CDI holdings through CHESS. In other respects, trading in CDIs is essentially the same as trading in other CHESS approved securities, such as shares in an Australian company.

What will Applicants receive on acceptance of their Applications?

Successful Applicants will receive a holding statement which sets out the number of CDIs held by the CDI holder and the reference number of the holding. These holding statements will be provided to a holder when a holding is first established and where there is a change in the holdings of CDIs.

How do CDI holders convert from a CDI holding to a direct holding of Shares on the UK principal register?

CDI holders may at any time convert their CDIs into Shares in the following ways:

- (a) for CDIs held through the issuer sponsored sub-register, contracting the Share Registry directly to obtain the applicable request form; or
- (b) for CDIs held on the CHESS sub-register, contracting their controlling participant (generally a stockbroker), who will liaise with Computershare in Australia to obtain and complete the request form.

Upon receipt of a request form, the relevant number of CDIs will be cancelled and Shares will be transferred from the Depository Nominee into the name of the CDI holder and a registered share certificate will be issued. Once CDIs are converted to Shares they are no longer tradable on the ASX, but may be traded by a usual paper-based transfer. Investors may also convert their Shares to CDIs, by contacting the Share Registry in Australia or the United Kingdom, or

their stockbroker (or applicable controlling participant). In this case, the Shares will be transferred from the Shareholder's name into the name of the Depository Nominee and a holding statement will be issued for the CDIs. It is expected that requests to issue CDIs will be processed on the next business day after the request is received. The CDIs will be tradable on ASX.

What are the voting rights of a CDI holder?

If holders of CDIs wish to attend and vote at the Company's general meetings, they will be able to do so. Under the ASX Listing Rules and the ASX Settlement Operating Rules, the Company as an issuer of CDIs must allow CDI holders to attend any meeting of the holders of Shares unless relevant English law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders have the following options:

- (a) instructing CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Company's Share Registry prior to the meeting; or
- (b) converting their CDIs into a holding of Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.
- (c) converting their CDIs into a holding of Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.

As holders of CDIs will not appear on the Company's share register as the legal holders of the Shares, they will not be entitled to vote at Shareholder meetings unless one of the above steps is undertaken.

As each CDI represents one Share, a CDI Holder will be entitled to one vote for every CDI they hold.

Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI holders by the Company.

These voting rights exist only under the ASX Settlement Operating Rules, rather than under the English Companies Act. Since CDN is the legal holder of the applicable Shares and the holders of CDIs are not themselves the legal holder of their applicable Shares, the holders of CDIs do not have any directly enforceable rights under the Company's Articles.

What dividend and other distribution entitlements do CDI holders have?

Despite legal title to the Shares being vested in CDN, the ASX Settlement Operating Rules provide that CDI holders are to receive all direct economic benefits and other entitlements in relation to the underlying Shares. These include dividends and other entitlements which attach to the underlying Shares. These rights exist only under the ASX Settlement Operating Rules (which have the force of law by virtue of the Corporations Act), rather than under the English Companies Act.

9. Additional Information

Whilst the Company does not anticipate declaring any dividends in the foreseeable future, should it do so in the longer term, the Company will declare any dividends in Pounds Sterling as that is its main functional currency. In that event, the Company will pay any dividends in Pounds Sterling or Australian dollars depending on the country of residence of the CDI holder. If the CDI holder in Australia wishes to receive dividends in Pounds Sterling they must complete an appropriate election form and return it to the Company's Share Registry, no later than the close of business on the dividend record date.

What corporate action entitlement (such as rights issues and bonus issues) do CDI holders have?	CDI holders receive all direct economic benefits and other entitlements in relation to the underlying Shares. These include the entitlement to participate in rights issues, bonus issues and capital reductions. These rights exist only under the ASX Settlement Operating Rules, rather than under the English Companies Act.
What rights do CDI holders have in the event of a takeover?	If a takeover bid or similar transaction is made in relation to the Shares of which CDN is the registered holder, under the ASX Settlement Operating Rules CDN must not accept the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant CDI holder. CDN must ensure that the offeror processes the takeover acceptance of a CDI holder if such CDI holder instructs CDN to do so.
What notices and announcement will CDI holders receive?	These rights exist only under the ASX Settlement Operating Rules, rather than under the English Companies Act.
What rights do CDI holders have on liquidation or winding up?	CDI holders will receive all notices and company announcements (such as annual reports) that Shareholders are entitled to receive from the Company. These rights exist only under the ASX Settlement Operating Rules, rather than under the English Companies Act.
Will CDI holders incur any additional ASX or ASX	In the event of the Company's liquidation, dissolution or winding up, a CDI holder will be entitled to the same economic benefit on their CDIs as holders of Shares. These rights exist only under the ASX Settlement Operating Rules, rather than under the English Companies Act.
Settlement fees or charges as a result of holding CDIs rather than Shares?	A CDI holder will not incur any additional ASX or ASX Settlement fees or charges as a result of holding CDIs rather than Shares.
Where can further information be obtained?	For further information in relation to CDIs and the matters referred to above, please refer to the ASX website and the documents entitled (a) "Understanding CHESS Depositary Interests" at: https://www.asx.com.au/documents/settlement/CHESS_Depositary_Interests.pdf (b) ASX Guidance Note 5 at: https://www.asx.com.au/documents/rules/gn05_chess_depositary_interests.pdf or contact your stockbroker or the Share Registry on +61 08 9323 2000.

9.5 MEMORANDUM AND ARTICLES OF ASSOCIATION AND RIGHTS ATTACHING TO SHARES AND OPTIONS

9.5.1 MEMORANDUM OF ASSOCIATION

In accordance with section 31 of the English Companies Act and the Articles, the objects of the Company are unrestricted.

9.5.2 GENERAL

The rights attaching to ownership of the Shares are detailed in the Articles of the Company and, in certain circumstances, regulated by the Corporations Act, the English Companies Act, ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

The following is a broad summary of the more significant rights, privileges and restrictions attaching to the Company's Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

All CDIs issued pursuant to this Prospectus will, from the time that they are issued, rank equally with the Company's existing issued Shares.

9.5.3 ARTICLES OF ASSOCIATION

The Articles (which were adopted by a special resolution of the members of the Company, effective 8 February 2018) contain (amongst others) provisions to the following effect:

(a) Voting

Shareholders must be informed of, and invited to attend, general meetings with at least 28 days' notice. Instead of attending themselves and voting in-person, they may send a proxy to speak and vote for them. Voting at general meetings is in one of two ways:

- (i) on a show of hands; or
- (ii) using a poll vote.

All Shareholders with at least 10% of the Company shares have the right to demand a poll vote.

(b) Dividends and Distributions to Shareholders

The Company may, by ordinary resolution, declare dividends. The Directors may decide to pay interim dividends. Unless:

- (i) a resolution of Shareholders or Directors; or
- (ii) the terms on which shares are issued,

specify otherwise, dividends must be paid by reference to each Shareholders holding of shares on the date of the resolution.

(c) Rights attaching to Shares

Shareholders possess the right to:

- (i) vote at meetings;
- (ii) inspect Company registers; and
- (iii) inspect key documents, such as material contracts.

(d) Distributions on a Winding Up

In accordance with sections 175, 176ZA and 176A of the UK's Insolvency Act 1986 and subject to any fixed charges, a liquidator must distribute assets in the following order:

- (i) expenses of the winding up;

9. Additional Information

- (ii) preferential debts;
- (iii) monies secured by floating charges; and
- (iv) unsecured creditors; and then
- (v) Shareholders.

(e) Appointment of Directors

Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director by:

- (i) an ordinary resolution of Shareholders; or
- (ii) a resolution of the Directors.

(f) Retirement of Directors

At the first annual general meeting all the Directors must retire from office. At every subsequent annual general meeting any Directors:

- (i) who have been appointed by the Directors since the last annual general meeting, or
- (ii) who were not appointed or reappointed at one of the preceding two annual general meetings, must retire from office and may offer themselves for reappointment by the Shareholders.
- (iii) The Company must hold an election of Directors at each annual general meeting.

(g) Removal and Resignation of Directors

A person ceases to be a Director as soon as:

- (i) that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
- (ii) a bankruptcy order is made against that person;
- (iii) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (iv) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or
- (v) notification is received by the Company from the Director that the Director is resigning from office as Director, and such resignation has taken effect in accordance with its terms.

(h) Amendment of Articles of Association

The Company can only amend its Articles by the Shareholders passing a special resolution.

(i) Size of Board and Board Vacancies

As a Public Limited Company, the minimum number of Directors required by the Articles is 2. The Company may appoint Directors by an ordinary resolution of Shareholders or by a resolution of the Directors.

(j) Annual General Meeting

Section 336 of UK Companies Act 2006 requires that the Company hold a general meeting as its annual General Meeting within 6 months of the end of the Company's financial year.

(k) General Meetings

The usual method for the calling of general meetings is for the Board to pass a resolution. If Shareholders representing not less than 5% of the paid up, voting shares of the Company wish for a general meeting to be called, they can request the Board to pass a resolution to call one. The

Directors then have 21 days to pass a Board resolution to call a general meeting, to be held not more than 28 days after the notice of the meeting has been sent. If the Board refuse the Shareholder's request, the Shareholders who requisitioned the meeting may call the meeting themselves for a date not more than three months after the date on which the request for the Directors to call a meeting was made. The expenses of calling the meeting are to be paid by the Company.

(l) Length and Form of Notice

At least 28 days' notice (exclusive of the day on which the notice is served, or deemed to be served, and of the day for which notice is given) specifying the place, day and the hour of the meeting, and in the case of special business, the general nature of that business, must be given to such persons who are entitled to receive notices from the Company. The notice must specify a place and fax number, and may specify an electronic address, for proxy appointments to be sent. The non-receipt of a notice of a general meeting by, or the accidental omission to give notice of a general meeting to, a person entitled to receive notice does not invalidate the meeting nor any resolution passed at the general meeting.

(m) Ordinary Resolutions

Under section 262 of the UK Companies Act 2006, an ordinary resolution is passed if a simple majority of the Shareholders voting at the meeting are in favour. It is important to note that at a general meeting, an ordinary resolution will be passed by a simple majority of those who vote, it does not require over 50% of all votes in the Company. Shareholders (or their proxy) representing 5% of the Company may require an ordinary resolution to be determined by a poll vote if they believe that a show of hands produced, or might produce, an unfair result. If a poll vote is taken, each Shareholder or proxy has one vote for each share they own or represent at the meeting.

(n) Special Resolution

Section 263 of UK companies Act 2006 requires a 75% majority for the passing of a special resolution. It is important to note that at a general meeting, a special resolution will be passed if 75% of those who vote on a show of hands, or who represent 75% of the votes at the meeting if a poll vote is called, it does not require 75% of all votes in the Company.

9.5.4 SHARE OPTION PLAN

The Company has adopted a company share option plan (**Plan**). The Plan forms what the Board considers to be an important element of the Company's total remuneration strategy for its officers and staff. Set out below is a summary of the Plan's rules.

(a) Eligible Participants

The Board at its sole discretion may invite any eligible person selected by it to complete an application relating to a specified number of Executive Options allocated to that eligible person by the Board. The Board may offer Executive Options to any eligible person it determines and determine the extent of that person's participation in the Plan ("**Participant**").

An offer by the Board is required to specify, among other things, the terms of the Executive Option offered, the date and total number of Executive Options granted, the exercise price and exercise period and any other matters the Board determines necessary, including the exercise conditions and disposal restrictions attaching to the Executive Options.

(b) 10% Limit

The Plan has been prepared to comply with the laws of England and Wales and, as such, offers under the Plan are limited to a 10% capital limit of the total number of Shares, when aggregated, issued by the Company during the previous five years or under the Plan.

(c) Option Rights

Unless the Board determines otherwise, and subject to the Listing Rules, Executive Options granted under the Plan are not capable of being transferred or encumbered by a Participant unless to a

spouse or an entity they have majority control over. Executive Options do not carry any voting or dividend rights however Shares issued to Participants on the exercise of an Executive Option carry the same rights and entitlements as other Shares on issue. The Company will not seek quotation of any Executive Options on the ASX however will seek quotation of CDIs with underlying Shares issued on the exercise of Executive Options.

(d) Exercise of Options

At the sole and absolute discretion of the Board, and in general terms, Executive Options granted under the Plan may only be exercised if particular exercise or vesting conditions have been met, the exercise price has been paid to the Company and the Executive Options are exercised within the respective exercise period.

An Executive Option granted under the Plan may not be exercised once it has lapsed. Subject to the laws of England and Wales, or unless otherwise agreed by the Directors, an Executive Option may only be exercised after the first anniversary of its issue date.

(e) Cessation of Employment

If a Participant ceases to be a Director, employee or a contractor of any member of the Company's group, being associated bodies corporate of the Company, due to his or her resignation, redundancy dismissal for cause or poor performance on or before the relevant exercise period, the Executive Options will lapse.

If a Participant ceases to be a Director, employee or a contractor of any member of the Company's group, being associated bodies corporate of the Company, due to his or her resignation, redundancy dismissal for cause or poor performance during the exercise period, the expiry date is adjusted to 60 days (in cases of resignation or redundancy) or 30 days (in cases of dismissal for cause or poor performance) after the termination date (or a later date determined by the Board).

(f) Fraudulent Behaviour

If, in the opinion of the Board, a Participant has acted fraudulently or dishonestly, the Board may determine that any Executive Option granted to that Participant should lapse, and the Option will lapse accordingly.

(g) Reconstruction of Share Capital

In the event of any reconstruction of the share capital of the Company, the number of Executive Options to which each Participant is entitled and/or the exercise price must be reconstructed in accordance with the Listing Rules. Executive Options must be reconstructed in a manner which is fair with respect to the Participants and the holders of other securities in the Company, subject to the Listing Rules.

(h) Participation Rights

Holders of Executive Options issued under the Plan may only participate in rights issues of securities by the Company if they have first exercised their Executive Options within the relevant exercise period and become a shareholder of the Company prior to the relevant record date and are then only entitled to participate in relation to Shares of which they are a registered holder.

(i) Compliance with Laws

The terms of the Plan must at all times comply with the Listing Rules and if there is any inconsistency between the terms of the Plan and the Listing Rules will prevail.

Executive Options may not be granted and/or Shares may not be allotted and issued, acquired, transferred or otherwise dealt with under the Plan if to do so would contravene any other applicable laws or regulations.

The Plan rules contain customary and usual terms having regard to the laws of England and Wales for dealing with administration, variation and termination of the Plan (including data protection and third party rights).

Below are the terms of Executive Options that, as at the date of this Prospectus, are to be issued under the Plan. These Executive Options will vest in the following officers (and/or their nominees) on 1 April 2019 subject to the respective vesting conditions.

Name	Role	Executive Options	Exercise Price	Expiry Date	Vesting Conditions
Geraint Harris	CEO	1,250,000	\$0.40	1 July 2021	5,000 metres of drilling completed by the Company
Geraint Harris	CEO	750,000	\$0.60	1 July 2021	Scoping study completed by the Company
Peter Bilbe	Non-Executive Chairman	1,500,000	\$0.30	1 July 2021	Nil
Sean Duffy	CFO	1,000,000	\$0.40	1 July 2021	Completion of 30 June 2018 Audit
Robert Annett	Head of Exploration	1,000,000	\$0.40	1 July 2021	5,000 metres of drilling completed by the Company
Julian Barnes	Non-Executive Director	1,000,000	\$0.30	1 July 2021	Nil
Milos Bosnjakovic	Head of Regulatory	1,000,000	\$0.40	1 July 2021	Additional licence obtained and the commencement of drilling

9.5.5 TERMS OF OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Expiry Date

Each Option will expire at 5.00pm (WST) on the dates ("**Expiry Date**") set out below.

- (i) **Founder Options:** 1 July 2023.
- (ii) **Adviser Options:** 1 July 2021.
- (iii) **Executive Options:** See section 9.5.4.

(c) Exercise Price

Each Option will have an exercise price ("**Exercise Price**") equal to the prices set out below.

- (i) **Founder Options:** \$0.20.
- (ii) **Adviser Options:** \$0.40.
- (iii) **Executive Options:** See section 9.5.4.

(d) Vesting, exercise period and lapsing

Executive Options will only vest and become exercisable upon the conditions set by the Board under the Share Option Plan being satisfied. See section 9.5.4.

Subject to the foregoing, Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Options will automatically lapse.

(e) Exercise Notice and payment

Options may be exercised by notice in writing to the Company ("**Exercise Notice**") together with payment of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt and must be processed as soon as possible. Payment in connection with the exercise of Options must be in Australian currency, and made payable to the Company in cleared funds.

(f) Shares issued on exercise

Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(g) Quotation of Shares

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of CDIs with the underlying Shares issued upon the exercise of the Options.

(h) Timing of issue of Shares

Subject to clause (i) (Shareholder and regulatory approvals), within 5 business days after the later of the following:

- (i) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price in cleared funds for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (ii) the date that the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Exercise Notice and payment of the Exercise Price in cleared funds for each Option being exercised by the Company,

the Company will allot and issue the Shares pursuant to the exercise of the Options and, to the extent that it is legally able to do so:

- (iii) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iv) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options.

If the Company is unable to lodge a notice that complies with section 708A(5)(e) of the Corporations Act then the Company may, in its absolute discretion, issue the Shares after the lodgement of a disclosure document issued by the Company complying with Part 6D.2 of the Corporations Act in respect of an offer of Shares ("**Cleansing Prospectus**") or, if agreed by the holder, issue the Shares after the holder signs an undertaking not to deal in the Shares until the earlier of: (a) the Company issuing a Cleansing Prospectus; and (b) 12 months from issue, and agrees to a holding lock being placed on the Shares for this period.

(i) Shareholder and regulatory approvals

Despite any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. The Options will be subject, in the UK, only to any necessary shareholder and regulatory approvals governing the allotment of shares in a public

company. See section 9.7 for a summary of takeover regulation in the UK. There is no UK equivalent to section 606. The provisions governing share interests in public companies are set out in the AIM Rules and the Takeover Code, neither of which applies to the Company as it is not being listed in the UK.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(l) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) Quotation

The Company will not apply for quotation of the Options on ASX.

9.6 ASX LISTING RULES AND THE ARTICLES OF ASSOCIATION

Once the Company is listed on ASX, the Articles provide that, notwithstanding anything in the Articles, if the ASX Listing Rules prohibit an act being done, the act must not be done. Also nothing in the Articles prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).

If the ASX Listing Rules require the Articles to contain a provision or not to contain a provision the Articles are deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Articles is or becomes inconsistent with the ASX Listing Rules, the Articles are deemed not to contain that provision to the extent of the inconsistency.

9.7 TAKEOVER REGULATION

Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (including acquisitions and takeovers) does not apply to the Company given it is incorporated in England and Wales. Instead the Company is subject to the application of the City Code as further detailed below.

9.7.1 MANDATORY BID

The Company is subject to the application of the City Code. Under Rule 9 of the City Code, any person who acquires an interest in shares which, taken together with shares in which he or persons acting in concert with him are interested, carry 30% or more of the voting rights in the Company will normally be required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert is interested in shares which in aggregate carry 30% of the voting rights of the Company but which do not carry more than 50% of the voting rights in the Company, a general offer will normally be required to be made if he or any person acting in concert with him acquires an interest in any other shares in the Company. An offer under Rule 9 must be in cash, normally at the highest price paid within the preceding 12 months for any interest in shares of the same class acquired in the Company by the person required to make the offer or any person acting in concert with him

9.7.2 SQUEEZE-OUT

Under the English Companies Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire 90% of the shares to which such offer related it could then compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

9.7.3 SELL-OUT

The English Companies Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offerors are entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

9.8 COMPARISON OF LAWS

The Company is incorporated under the laws of England and Wales and its corporate affairs are governed (amongst other things) by the Articles and the English Companies Act. The following table sets out the principal differences between laws and regulations concerning shares in a company incorporated in England and Wales as opposed to Australia. Unless otherwise stated, the Corporations Act provisions referred to below do not apply to the Company as a foreign company.

This summary is provided as a general guide only, and is not a comprehensive summary or analysis of all of the consequences resulting from acquiring, holding or disposing of shares or interests in such companies. The laws, rules, regulations and procedures described are subject to change from time to time, and investors should seek their own independent advice in relation to such differences. Please also refer to the risk factors set out in Section 3.

	Australian Law	English Law
Transactions that require shareholder approval	<p>Under the Corporations Act, the principal transactions or actions requiring shareholder approval include:</p> <ul style="list-style-type: none"> • adopting or altering the constitution of the company; • appointing or removing a director or auditor; • certain transactions with related parties of the company; • putting the company into liquidation; and • changes to the rights attached to shares. <p>Shareholder approval is also required for certain transactions affecting share capital (e.g. share buybacks and share capital reductions).</p> <p>Under the ASX Listing Rules, shareholder approval is required for matters including:</p> <ul style="list-style-type: none"> • increases in the total amount of directors' fees; • directors' termination benefits; • certain transactions with related parties; • certain issues of shares; and • if a company proposes to make a significant change to the nature or scale of its activities or proposes to dispose of its main undertaking. 	<p>The position is comparable under the English Companies Act.</p>

Shareholders' right to request or requisition a general meeting

The Corporations Act requires the directors to call a general meeting on the request of members with at least 5% of the votes that may be cast at the general meeting.

Shareholders with at least 5% of the votes that may be cast at the general meeting may also call and arrange to hold a general meeting at their own expense.

The English Companies Act allows for shareholders representing at least 5% of the paid-up share capital of a company (excluding treasury shares) to require the company to call a general meeting. The requisition must set out the business to be dealt with at the meeting and may include the text of any resolution properly proposed to be tabled.

On receipt of a valid requisition request, the board must call a general meeting within 21 days. The notice of meeting must include notice of the proposed resolution(s). The board must also provide for the general meeting to be held on a date not more than 28 days after the date of the notice of meeting.

If the directors fail to call the meeting in time, the members who requisitioned the meeting may call the meeting themselves for a date not more than three months after the date on which the directors became subject to the requirement to call a meeting.

Shareholders' right to appoint proxies to attend and vote at meetings on their behalf

A member of a company who is entitled to attend and cast a vote at a meeting of the company's members may appoint a person as the member's proxy to attend and vote for the member at the meeting.

The English Companies Act gives members the right to appoint a proxy to exercise all or any of the member's rights to attend, speak and vote at general meetings. The English Companies Act overrides any contrary provision in a company's articles.

The English Companies Act requires every notice of meeting to include a statement of reasonable prominence setting out the members' rights under the English Companies Act to appoint a proxy and any more extensive rights to appoint more than one proxy by virtue of the company's articles. Failure to comply with the English Companies Act does not invalidate the meeting or any resolutions passed at the meeting but officers in default are liable to be fined.

Changes in the rights attaching to shares

The Corporations Act allows a company to set out in its constitution the procedure for varying or cancelling rights attached to shares in a class of shares.

If a company does not have a constitution, or has a constitution that does not set out a procedure, such rights may only be varied or cancelled by:

- a special resolution passed at a meeting for a company with a share capital of the class of members holding shares in the class; or
- a written consent of members with at least 75% of the votes in the class.

The English Companies Act provides that the process for varying class rights will depend upon the provisions of a company's articles of association.

Where the articles of association of the company contain provisions for variation of class rights, the class rights can only be varied in accordance with the relevant provisions of the articles.

Where the articles of association of the company are silent on the variation of class rights, any proposed variation to class rights will require the consent of three-quarters of the holders of the issued shares of the relevant class. Such consent can be given either in writing, or by way of a special resolution passed at a separate meeting of the holders of the relevant class of shares.

The Company's articles of association provide that any rights attached to any class of shares may only be modified, varied, or abrogated by a special resolution passed at a separate meeting of the holders of that class.

Shareholder protections against oppressive conduct

Under Australian law, a shareholder of an Australian company may apply to the court under the Corporations Act to bring an action in cases of conduct which is either contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholders in their capacity as a shareholder, or themselves in a capacity other than as a shareholder.

Under the English Companies Act, if shareholders consider that a company's affairs are being conducted in an unfairly prejudicial manner to the interests of shareholders generally or to some part of its shareholders, or that an actual or proposed act or omission would be so prejudicial, they may apply to the court for an order. If the court is satisfied that the action is well founded, it may make such order as it thinks fit (such as a purchase order requiring the company to purchase the petitioner shareholder's shares).

Under English law, minority shareholders also have the following protections: (i) they may, in certain circumstances, take proceedings for injunctive or other relief to prevent the majority from exercising their voting power improperly by virtue of the doctrine of fraud on the minority; and (ii) they may bring proceedings on behalf of a company (i.e. a derivative action) in certain circumstances.

Shareholders' rights to bring or intervene in legal proceedings on behalf of the company

The Corporations Act permits a shareholder to apply to the court for leave to bring proceedings on behalf of the company, or to intervene in proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for those proceedings, or for a particular step in those proceedings.

The court must grant the application if it is satisfied that:

- it is probable that the company will not itself bring the proceedings, or properly take responsibility for them, or for the steps in them;
- the applicant is acting in good faith;
- it is in the best interests of the company that the applicant be granted leave;
- if the applicant is applying for leave to bring proceedings, there is a serious question to be tried; and
- either at least 14 days before making the application, the applicant gave written notice to the company of the intention to apply for leave and of the reasons for applying, or the court considers it appropriate to grant leave.

The Corporations Act provides that proceedings brought or intervened in with leave must not be discontinued, compromised or settled without the leave of the court.

Under English law, the proper claimant in wrongs committed against a company, whether by directors or by third parties, is the company itself. The ability to decide whether to sue or not is generally vested in the board of directors.

The English Companies Act provides an exclusive regime for derivative claims that a member of a company wishes to bring in respect of a cause of action vested in that company. The English Companies Act provides that a derivative claim may be brought only in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by a director of the company.

A derivative claim may only be brought in respect of a cause of action arising from an actual or proposed act or omission involving any negligence, default, breach of duty and/or breach of trust by a director of a company.

Leave of the court is not required to issue a derivative claim but permission must be sought to continue such claim. This ensures that the courts are able to scrutinise whether such claims satisfy the statutory pre-conditions.

Limitations on directors' liability

Under the Australian Corporations Act a company or a related body corporate must not exempt a person (whether directly or via an interposed entity) from a liability to the company incurred as an officer of the company.

A company or a related body corporate cannot indemnify a director from any of the following liabilities incurred as an officer of the company:

- a) a liability owed to the company;
- b) a liability for a pecuniary penalty or a compensation order incurred under the Corporations Act; or
- c) a liability that is owed to someone other than the company or a related body corporate and did not arise out of conduct in good faith. This prohibition does not apply to legal costs (but the Corporations Act also restricts a company from indemnifying directors against certain types of legal costs).

Under the English Companies Act, an English company may not generally exempt a director from, or indemnify him against, liability in connection with any negligence, default, breach of duty or breach of trust by him in relation to the company. However, the general prohibition against exemption or indemnification by a UK company of its directors is subject to relaxation and the Company's Articles provide that:

- a) the Company may, at its discretion and subject to any policies adopted by the directors, indemnify every director or other officer or auditor of the Company out of the assets of the Company against all costs, damages, losses, expenses and liabilities incurred by him in relation to the Company in or about the actual or purported execution of the duties of his office or the exercise or purported exercise of his power or otherwise in relation thereto, including any liability incurred by him in defending any criminal or civil proceedings (subject to various exceptions); and
- b) the Company may at its discretion provide a director or other officer with funds, or otherwise arrange, to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or defending himself in, for example, an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority.

**Two “strikes”
rule in relation
to remuneration
reports**

The Corporations Act requires that a company’s annual report must include a report by the directors on the company’s remuneration framework (called a remuneration report).

A resolution must be put to shareholders at each annual general meeting of the company’s shareholders (“**AGM**”) seeking approval for the remuneration report.

The approval is advisory only, however, if more than 25% of shareholders vote against the remuneration report at two consecutive AGMs (i.e. two strikes) an ordinary (50%) resolution must be put to shareholders at the second AGM proposing that a further meeting be held within 90 days at which all of the directors who approved the second remuneration report must resign and stand for re-election.

Under the English Companies Act, the directors of a UK company whose shares have been included in the Official List of the Financial Conduct Authority (which the Company’s have been) must prepare a directors’ remuneration report for each financial year.

The remuneration report comprises two sections: 1) annual report on remuneration; and 2) directors remuneration policy.

The remuneration report must be tabled at the AGM. Voting on part 1 of the remuneration report is advisory only as such a person’s entitlement to remuneration is not conditional upon the resolution for part 1 being passed.

There must be a binding shareholder vote (by way of an ordinary resolution) on part 2 at least every three years. Shareholder approval will be required if the directors wish to change the policy within that three year period or the annual report on remuneration was not approved at the last AGM.

Share capital and issue of Securities

The constitution of a typical Australian public company authorises the board to issue shares, options and other securities with preferred, deferred or other special rights or such restrictions, whether with regards to dividends, voting, return of capital and other matters as the directors may decide. The constitution typically does not impose any maximum limit on the number of shares.

Under Australian law a company, as part of its legal personality, has the power to issue and cancel shares in the company. In addition to this power a company may also issue bonus shares, preference shares and partly paid shares. The company has the power to determine the terms of and rights and restrictions attaching to the shares it issues.

The articles of association of some English companies contain a limit on authorised share capital (the Company's Articles do not contain such a limit). This may be increased by way of ordinary resolution of the company's shareholders.

The directors may allot shares if authorised to do so by either an ordinary resolution of the Company's shareholders or by the articles of association.

Under English law, shareholders have pre-emption rights unless those rights are explicitly excluded or disappplied. This means that on an issue of equity securities (which term includes rights to subscribe for or convert into ordinary shares), such equity securities must be offered in the first instance to the existing equity shareholders in proportion to their respective nominal values of their holdings, unless a special resolution has been passed at a general meeting of shareholders to the contrary.

At the annual general meeting of the Company held on 23 August 2017, Shareholders approved the Directors' authority to allot shares up to an aggregate nominal amount of £112,000 (being approximately \$189,830 using the Indicative Exchange Rate of \$1: £0.59) and suspend the application of the UK pre-emption rights up to an aggregate nominal amount of £112,000 (approximately \$189,830) until conclusion of the next AGM.

The Company's ability to issue shares will from Listing also be subject to restrictions set out in the ASX Listing Rules.

Disclosure of substantial holdings

Under the Corporations Act, a shareholder who begins or ceases to have a substantial holding in a listed company or has a substantial holding in a listed company and there is a movement by at least 1% in their holding, must give a notice to the company and ASX. A person has a substantial holding if that person and that person's associates have a relevant interest in 5% or more of the voting shares in the company. The Company is not subject to the provisions of the Corporations Act relating to the disclosure of substantial holdings.

Under the Financial Conduct Authority's ("FCA") Disclosure and Transparency Rules ("DTR"), a shareholder of a company listed on a regulated or prescribed market has a substantial and disclosable interest in shares when it increases its shareholding to over 3% of the nominal value of the share capital of the company, when it increases its shareholding to over 10% of the nominal share capital; or where there is any movement by at least 1% of its holding over 3% of the nominal value of the share capital of the company.

These interests must be disclosed to the relevant company and the FCA.

How takeovers are regulated?

The Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if any person's voting power in the company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

Exceptions to the prohibition apply (e.g. acquisitions with shareholder approval, 3% creep over six months and rights issues that satisfy prescribed conditions).

Substantial holder notice requirements apply (as discussed above under the heading "Disclosure of substantial holdings").

Compulsory acquisitions are permitted by persons who hold 90% or more of the securities or voting rights in a company.

The Australian takeovers regime will not apply to the Company.

In the UK the City Code sets out the provisions if a person (on his own or together with his 'concert' parties) makes an offer to acquire all the issued securities of a public limited company. Its purpose is to ensure commercial fairness for all shareholders of the target company.

If the acquisition results in the person holding shares over 30% of the voting rights of the Company, under the City Code, the shareholder will, subject to certain limitations, be required to make a mandatory offer for the company.

A person who holds 90% of the shares in a company may conduct a compulsory acquisition of all remaining shares under the English Companies Act.

See Section 9.7 for further information on UK takeovers.

Winding up

Under the Corporations Act, voluntary winding up requires the company to pass a special resolution that it be wound up voluntarily. Subject to the provisions of the Corporations Act regarding preferential payments, upon winding up the property of the company must be applied in satisfaction of its liabilities equally and, unless the company's constitution otherwise provides, be distributed among the members according to their rights and interests in the company. For winding-up in insolvency or by the court, a distribution of the surplus assets can only be made by order of the court.

A company can be wound up voluntarily by the shareholders if the directors are prepared to give a statutory declaration of solvency. A shareholders' voluntary winding up is started by the shareholders passing a special resolution.

If the directors are not willing to give a statutory declaration of solvency, a creditors' voluntary winding up can commence by the shareholders passing a special resolution. Any surplus after payment of debts and interest will go to the shareholders according to the rights attached to their shares.

As with unsecured creditors, they would be paid out of free assets or any funds available from charged assets following payment of all prior claims (i.e. fixed charge holders, preferential creditors and floating charge holders).

Accounting and Auditors

Under the Corporations Act a company must report to members for a financial year by providing financial reports for the year, directors' reports for the year and an auditor's report on the financial report or a concise report as specified under the Corporations Act.

The directors of a public company must appoint an auditor within one month after the day on which the company is registered; however this appointment is subject to confirmation at the next annual general meeting. A public company must appoint an auditor of the company to fill any vacancy in the office of auditor at each subsequent annual general meeting.

English registered companies are required to prepare for circulation to shareholders and filing with the UK Companies House annual accounting records in the prescribed form. Failure to do so will result in a penalty being payable by the company and directors of the company being liable for prosecution.

The English Companies Act provides that shareholders of public companies may appoint auditors by ordinary resolution at the general meeting of the company at which the company's annual accounts are laid (usually the annual general meeting). Members can also appoint auditors if the company should have made the appointment at such an accounts meeting but failed to do so or where the directors have the power but have failed to do so. Directors can appoint the auditors at any time before the company's first accounts meeting, after a period of exemption or to fill a casual vacancy. The Secretary of State has power to appoint an auditor where the company has failed to do so.

9.9 TAXATION

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer by consulting their own professional tax advisers. To the maximum extent permitted by law, neither the Company nor any of its Directors or officers nor any of their respective advisers accepts any liability or responsibility in respect of the taxation consequences.

9.9.1 AUSTRALIAN TAX IMPLICATIONS OF THE OFFER

This Section provides a general overview of certain Australian tax consequences for general classes of Australian tax-resident Applicants (**Investors**) who acquire CDIs. The following tax comments are based on the tax law in Australia in force as at the date of this Prospectus. This summary is general in nature and is not intended to be authoritative or a complete statement of all potential tax implications for each Investor. During the ownership of a CDI, the interpretation of the taxation laws of Australia may change. The precise tax implications of ownership or disposal of a CDI will depend upon each Investor's specific circumstances. Investors should seek their own professional advice on the taxation implications of ownership and disposal of CDIs, taking into account their specific circumstances.

The following information is a general summary of the Australian implications for Australian tax-resident individuals, complying superannuation entities, trusts and partnerships. The comments are also applicable to Australian resident corporate Investors that hold a less than 10% direct or indirect shareholding in the Company. The information is given on the basis the Company is a UK Tax resident and not an Australian tax resident. These comments do not apply to Investors who are exempt from Australian income tax or Investors subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 which have made elections for the fair or Reliance on Financial Reports (ROFR) methodologies.

Taxation issues, such as (but not limited to) those covered by this Section, are only one of the matters an Investor needs to consider when deciding about a financial product such as a CDI. Investors should seek advice from someone who holds an Australian financial services licence before making such a decision whether to acquire a CDI. The tax comments noted in this Section are not intended to be financial and/or investment advice.

What is the tax treatment of dividends received?

Dividends paid by the Company will be considered assessable income of the Investor.

Australian tax resident Investors should include any dividend received into their assessable income. Some superannuation funds may be exempt from tax in relation to the dividends to the extent the superfund is in pension mode in the year the dividend is received.

Franking credits will not be attached to any dividends paid by the Company. This is because the Company is a UK tax resident and not an Australian tax resident. As dividends will not have any franking credits attached, the dividends will be taxed at the prevailing tax rate of the Investor. The dividends paid by the Company to an Investor may be subject to a UK Government dividend withholding tax of no more than 15%. To the extent UK dividend withholding tax is withheld on dividend payments to Australian resident Investors, a foreign income tax offset (FITO) should be available in Australia to the Investor. A FITO acts as a tax credit against the Australian tax liability arising from the dividends received though if the Australian tax liability is less than the FITO, the excess FITO is not refundable or otherwise available for use.

What is the tax treatment of disposing of CDIs

Australian tax resident Investors who acquire their CDIs in the ordinary course of their business and/or hold their CDIs on revenue account should be required to include any gains made on the disposal of the CDIs in their assessable income. Conversely, any losses made on the disposal of the CDIs in these circumstances should be deductible.

Australian tax resident Investors who hold their CDIs on capital account will be required to consider the impact of the Australian capital gains tax (CGT) provisions in respect of the possible future disposal of their CDIs.

Where the capital proceeds received on disposal of the CDIs exceed the CGT cost base of those CDIs, Australian tax-resident Investors will be required to recognise a capital gain. The CGT cost base of the CDIs should generally be equal to the Offer Price or acquisition price of the CDIs plus, among other things, incidental costs associated with the acquisition and disposal of the CDIs. In respect of the CGT cost base of the CDIs, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident Investors may recognise a capital loss on the disposal of CDIs where the capital proceeds received on disposal are less than the reduced CGT cost base of the CDIs.

All capital gains and losses recognised by an Australian tax-resident Investor for an income year are added together. To the extent that a net gain exists, such Investors should be able to reduce the net gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied).

Any remaining net gain (after the application of any carried forward tax losses) will then be required to be included in the Australian tax resident Investor's assessable income (subject to the comments below in relation to the availability of the CGT discount concession) and will be taxable at the Investor's applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against future capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Investors may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the investment has been held for at least 12 months prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain (after the application of any capital losses) for an individual Investor or trust, and a one third reduction of a capital gain for an Australian tax resident complying superannuation entity Investor. The concession is not available to a corporate Investor.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied.

9.10 CONTINUOUS DISCLOSURE

The Company will be a 'disclosing entity' for the purposes of Part 1.2A of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations which will require it to disclose to ASX any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

9.11 SUBSTANTIAL HOLDERS.

Following completion of the Offer but prior to CDIs commencing trading on ASX, the Company will announce to ASX details of its top 20 Shareholders by number of CDIs.

Shareholder	CDIs ¹	Voting power	
		Minimum Subscription	Full Subscription
Paul Cronin ²	16,851,332	13.95%	12.88%
Milos Bosnjakovic	16,000,000	13.25%	12.23%
Glamour Division Pty Ltd ³ as trustee for the Hammer Trust	10,804,000	8.94%	8.26%
Charles Morgan	6,400,000	5.30%	4.89%
Total	50,055,332	41.44%	38.27%

Notes:

1. Assumes that none of the above Shareholders apply for CDIs under the Offer. The relevant interest of a substantial holder in CDIs, and its voting power, will increase to the extent that the substantial holder applies for, and is issued, CDIs under the Offer.
2. Includes Shares issued to Rebecca Cronin, who is the spouse of Paul Cronin.
3. An entity controlled by Eric de Mori, a Director of the Company.

9.12 EXPERT AND ADVISER INTERESTS

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or other person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, securities or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer.

Discovery Capital will act as the lead manager of the Offer and has acted as a corporate adviser to the Company in relation to the Offer. Total fees payable to Discovery Capital for these services are set out in section 8.2.1.

Canaccord Genuity (Australia) Limited will act as a co-manager of the Offer. Total fees payable to Canaccord for these services are set out in section 8.2.1.

Ashanti Capital Pty Ltd will act as a co-manager of the Offer. Total fees payable to Ashanti for these services are set out in section 8.2.1.

Swellcap Limited has acted as a corporate adviser to the Company in relation to the Offer. Total fees payable to Swellcap Limited for these services are set out in section 8.2.2.

Lancaster Corporate has acted as a corporate adviser to the Company in relation to the Offer. Total fees payable to Lancaster Corporate for these services are set out in section 8.2.3.

BDO (WA) Corporate Finance Pty Ltd has prepared the Investigating Accountant's Report which is included in section 4. Fees payable to BDO (WA) Corporate Finance Pty Ltd for these services are approximately \$8,000 plus GST.

CSA Global Pty Ltd has prepared the Independent Geologist's Report which is included in section 5. Fees payable to CSA Global Pty Ltd for these services are approximately \$41,000 plus GST.

Maric & Co Law Firm Ltd has prepared the Legal Opinion on Title which is included in section 6 and has acted as the Bosnian legal adviser to the Company in relation to the Offer. Fees payable to Maric & Co for these services are \$7,122.

Proelium Law LLP has acted as the UK legal adviser to the Company in relation to the Offer. Fees payable to Proelium Law for these services are approximately GBP19,000 (AUD33,832) plus VAT. Proelium Law may receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

Price Sierakowski Corporate has acted as the Australian legal adviser to the Company in relation to the Offer. Fees payable to Price Sierakowski Corporate for these services are approximately \$40,000 plus GST. Price Sierakowski Corporate may receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

9.13 CONSENTS

Each of the parties referred to below:

- does not make the Offer;
- does not make, or purport to make, any statement that is included in this Prospectus, or a statement

on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;

- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statement in this Prospectus that are specified below in the form and context in which the statements appear.

Discovery Capital has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the lead manager of the Offer and a corporate adviser to the Company in the form and context in which it is named. Discovery Capital has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Canaccord Genuity (Australia) Limited has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the co-manager of the Offer in the form and context in which it is named. Canaccord has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Ashanti Capital Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the co-manager of the Offer in the form and context in which it is named. Ashanti has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

BDO (WA) Corporate Finance Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the investigating accountant to the Company in the form and context in which it is named and to the inclusion of the Investigating Accountant's Report in section 4 in the form and context in which it is included. BDO (WA) Corporate Finance Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name and the Investigating Accountant's Report in section 4.

CSA Global Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the independent geologist for the Company in the form and context in which it is named and to the inclusion of the Independent Geologist's Report in section 5 in the form and context in which it is included. CSA Global Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name and the Independent Geologist's Report in section 5.

Maric & Co Law Firm Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Bosnian legal adviser to the Company in the form and context in which it is named and to the inclusion of the Legal Opinion on Title in section 6 in the form and context in which it is included. Maric & Co has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name and the inclusion of the Legal Opinion on Title in section 6.

Proelium Law LLP has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the UK legal adviser to the Company in the form and context in which it is named. Proelium Law LLP has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Price Sierakowski Corporate has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Australian legal adviser to the Company in the form and context in which it is named. Price Sierakowski Corporate has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

9. Additional Information

Lubbock Fine Chartered Accountants has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the auditor to the Company in the form and context in which it is named. Lubbock Fine Chartered Accountants has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Computershare has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the share registry to the Company in the form and context in which it is named. Computershare has had no involvement in the preparation of any part of this Prospectus other than being named as the share registry. Computershare has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

9.14 OFFER EXPENSES

The Company's anticipated expenses of the Offer (exclusive of any GST) are set out below.

Expense	Minimum Subscription	Full Subscription
Capital raising fees	\$480,000	\$600,000
Adviser fees (corporate, accounting, legal, other)	\$129,954	\$129,954
ASX and ASIC fees	\$90,767	\$92,867
Printing, design and miscellaneous	\$10,000	\$10,000
Total	\$710,721	\$832,821

9.15 LITIGATION

No company within the Company is involved in any litigation that is material for the purposes of this Prospectus, and the Directors are not aware of any circumstances that might reasonably be expected to give rise to such litigation.

9.16 TAXATION

The tax consequences of any investment in CDIs will depend upon each applicant's particular circumstances. It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer by consulting their own professional tax advisers. Accordingly, the Company strongly recommends that all applicants obtain their own tax advice before deciding on whether or not to invest. Neither the Company nor any of its Directors accepts any liability or responsibility in respect of the taxation consequences of an investment in CDIs under the Offer. Please see section 9.9 for more information.

9.17 FOREIGN INVESTOR RESTRICTIONS

This Prospectus does not constitute an offer of securities in any jurisdiction in which it would be unlawful. No action has been taken to register or qualify securities that are offered under this Prospectus or otherwise permit a public offering of the securities in any jurisdiction outside Australia.

9.17.1 UNITED KINGDOM

Neither the information in this document nor any other document relating to the Offers has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) has been published or is intended to be published in respect of the Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("**FPO**"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together, "**relevant persons**"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

9.17.2 HONG KONG

This Prospectus has not been, and will not be, registered as a prospectus by the Registrar of Companies in Hong Kong pursuant to the Companies Ordinance (Winding Up and Miscellaneous Provisions) (Cap. 32) of the Laws of Hong Kong (**Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than:

- (a) to 'professional investors' (as defined in the SFO and any rules made under thereunder); or
- (b) in other circumstances that do not result in this Prospectus being a 'prospectus' (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person that acquires Shares may sell, or offer to sell, such Shares in circumstances that amount to an offer to the public in Hong Kong within 6 months following the date of issue of such Shares.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

9.17.3 SINGAPORE

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

10. Director Authorisation

8 March 2018

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of Adriatic Metals PLC.



Peter Bilbe

Non-Executive Chairman

This page has been left blank intentionally.



11.

Definitions

“**Adviser Options**” means an option to acquire a Share on the terms set out in section 9.5.5.

“**Application Form**” means the application form in the form accompanying this Prospectus pursuant to which investors may apply for CDIs under the Offer.

“**Application Monies**” means the amount of money payable for CDIs under the Offer at \$0.20 each.

“**Articles of Association or Articles**” means the articles of association of the Company in force from time to time.

“**ASIC**” means Australian Securities and Investments Commission.

“**ASX**” means ASX Limited ABN 98 008 624 691, or the Australian Securities Exchange, as the context requires.

“**ASX Settlement**” means ASX Settlement Pty Limited ABN 49 008 504 532.

“**ASX Settlement Operating Rules**” means the settlement and operating rules of ASX Settlement.

“**Board**” means the board of Directors.

“**CDI**” means a CHESS Depository Interest representing one Share in the Company.

“**CHESS**” means the Clearing House Electronic Subregister System operated by ASX Settlement.

“**CHESS Depository Interest**” has the meaning in section 2 of the ASX Settlement Operating Rules. Further information is detailed in section 9.4 under the heading “CHESS Depository Interests”.

“**Closing Date**” means the date that the Offer which is 5.00pm (WST) on 13 April 2018 or such other time and date as the Board determines.

“**Company**” means Adriatic Metals PLC ARBN 624 103 162.

“**Constitution**” means the constitution of the Company.

“**Corporations Act**” means the *Corporations Act 2001* (Cth).

“**Director**” means a director of the Company.

“**Discovery Capital**” means Discovery Capital Partners Pty Ltd ACN 615 635 982.

“**Eastern Mining**” means Eastern Mining d.o.o Sarajevo (Registration Number 43-01-0404-13), a company registered in Bosnia and Herzegovina.

“**Executive Options**” means an option to acquire a Share on the terms set out in section 9.5.5.

11. Definitions

“Exploration Concession” means the exploration concession granted under the concession agreement number 04-18-21389-1/13 between the Government of Zenica-Doboj Canton and the Eastern Mining as modified set out in the Legal Opinion on Title in section 6.

“Founder Options” means an option to acquire a Share on the terms set out in section 9.5.5.

“Full Subscription” means the subscription of 50,000,000 CDIs at an issue price of \$0.20 each to raise \$10,000,000 under the Offer.

“Investigating Accountant’s Report” means the investigating accountant’s report prepared by BDO (WA) Corporate Finance Pty Ltd and included in section 4.

“JORC” means the Joint Ore Reserves Committee of Australasia.

“Listing Rules” means the official listing rules of ASX.

“Minimum Subscription” means the subscription of 40,000,000 CDIs at an issue price of \$0.20 each to raise \$8,000,000 under the Offer.

“Offer” means the offer of up to 50,000,000 CDIs under this Prospectus at an issue price of \$0.20 each to raise up to \$10,000,000 before costs, with a minimum subscription of \$8,000,000 before costs.

“Opening Date” means the date that the Offer open being 9:00am WST on 15 March 2018, subject to any extension of the Exposure Period by ASIC.

“Option” means a Founder Option, Adviser Option and/or Executive Option as the context requires.

“Option Share Plan” means the plan set out at section 9.5.4.

“Project” means the Rupice Project and/or the Veovaca Project, as the context requires.

“Prospectus” means this prospectus dated 8 March 2018.

“Rupice Project” means the Rupice Project described in section 2.4.2.

“Share” means a fully paid ordinary share in the capital of the Company.

“Shareholder” means a holder of one or more Shares and/or CDIs.

“Share Registry” means Computershare Investor Services Pty Limited ACN 078 279 277.

“UK” means the United Kingdom.

“Veovaca Project” means the Veovaca Project described in section 2.4.1.

“WST” means Western Standard Time, being the time in Perth, Western Australia.



12. Application Form

This page has been left blank intentionally.

APPLICATION FORM

Adriatic Metals PLC

ARBN 624 103 162

Fill out this Application Form if you wish to apply for CDIs in Adriatic Metals PLC.

- x Please read the Prospectus dated 8 March 2018.
- x Follow the instructions to complete this Application Form (see reverse).
- x Print clearly in capital letters using black or blue pen.

Offer closes at 5.00pm WST on 13 April 2018

A Number of CDIs you are applying for
B Total amount

Minimum of 10,000 CDIs to be applied for.

C Write the name(s) you wish to register the CDIs in (see reverse for instructions)

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D Write your postal address here

Number / Street

Suburb/Town

State

Postcode

E CHESS participant – Holder Identification Number (HIN)
☒

Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any CDIs issued as a result of your application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

G Cheque payment details – PIN Cheque(s) Here

Please enter details of the cheque(s) that accompany this Application Form. Make your cheque or bank draft payable to "Adriatic Metals PLC – Subscription Account".

Name of drawer of cheque

Cheque No.

Cheque Amount A\$

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

H Contact telephone number (daytime/work/mobile)

By submitting this Application Form, I/We declare that this application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the Constitution of Adriatic Metals PLC (Company). I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above CDIs will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for CDIs in the Company.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BRICK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- | | |
|--|---|
| A. If applying for CDIs insert the number of CDIs for which you wish to subscribe at Item A (not less than 10,000). Multiply by \$0.20 to calculate the total for CDIs and enter the dollar amount at B. | F. Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. |
| C. Write your full name. Initials are not acceptable for first names. | G. Complete cheque details as requested. Make your cheque payable to "Adriatic Metals PLC – Subscription Account", cross it and mark it "Not negotiable". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank. |
| D. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered. | H. Enter your contact details so we may contact you regarding your Application Form or Application Monies. |
| E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. | |

NB: Your registration details provided must match your CHESS account exactly.

Correct form of Registrable Title

Note that ONLY legal entities can hold CDIs. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	<J D Smith Family A/C>	John Smith (deceased)
Partnerships	Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	<Est Lte John Smith A/C>	Smith Investment Club
Superannuation Funds	Mr John David Smith & Mr Ian Lee Smith	John Smith Superannuation Fund

Lodgement

Post your completed Application Form with cheque(s) attached to the following address:

Post to:
Adriatic Metals PLC
C/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

It is not necessary to sign or otherwise execute the Application Form. For questions on how to complete the Application Form, please contact Discovery Capital on +61 8 6365 5200.

Privacy Statement

Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you as a shareholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting Discovery Capital on +61 8 6365 5200, or the Share Registry on +61 08 9323 2000.





Adriatic Metals

50 Ord Street
West Perth WA 6005
Telephone: +61 8 9463 3260

adriaticmetals.com