Registered number: 10599833

ADRIATIC METALS LIMITED AND SUBSIDIARY UNDERTAKINGS

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIOD SIX MONTHS ENDED 31 DECEMBER 2017 AND FIVE MONTHS ENDED 30 JUNE 2017

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ADRIATIC METALS LIMITED

DIRECTORS' REPORT

SIX MONTHS ENDED 31 DECEMBER 2017 AND FIVE MONTHS ENDED 30 JUNE 2017

The directors have pleasure in presenting their report and the interim consolidated financial statements of the Group for the six months ended 31 December 2017. The consolidated financial statements comprise the financial statements of Adriatic Metals Limited, "the Company", and its subsidiary undertakings.

DIRECTORS

The directors who served the Company during the six months were as follows:

P Cronin (Appointed 3 February 2017)
E De Mori (Appointed 10 August 2017)
C Morgan (Appointed 16 February 2017, resigned 10 August 2017)

Signed on behalf of the directors

Mr P Cronin
Director

Approved by the director on 8/2/2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SIX MONTHS ENDED 31 DECEMBER 2017 AND FIVE MONTHS ENDED 30 JUNE 2017

	Period from 1 July 2017 to 31 Dec 2017 £	Period from 3 Feb 2017 to 30 Jun 2017 £
REVENUE		
Sale of services	-	1,519
GROSS PROFIT	-	1,519
Administrative expenses	(418,655)	(286,461)
OPERATING LOSS	(418,655)	(284,942)
Finance income / (loss)	6,008	(7,365)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(412,647)	(292,307)
Tax	-	-
LOSS FROM CONTINUING OPERATIONS	(412,647)	(292,307)
Other comprehensive income	8,173	25,402
TOTAL COMPREHENSIVE INCOME	(404,474)	(266,905)

All the activities of the group are classed as continuing.

The notes on pages 6 to 10 form part of these financial statements.

ADRIATIC METALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 AND 30 JUNE 2017

	Note	Period from 1 July 2017 to 31 Dec 2017 £	Period from 3 Feb 2017 to 30 Jun 2017 £
NON-CURRENT ASSETS			
Intangible assets	3	626,161	282,107
Tangible assets		616,014	585,686
		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
		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	4	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

The notes on pages 6 to 10 form part of these financial statements.

These interim financial statements were approved by the board and were signed on its behalf by:

Mr P Cronin
Director

Date: 8/2/2018

Company Registration Number: 10599833

ADRIATIC METALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 31 DECEMBER 2017 AND FIVE MONTHS ENDED 30 JUNE 2017

	Share Capital £	Share Premium £	Retained deficit £	Other Reserves (Foreign currency translation reserves) £	Total £
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

The notes on pages 6 to 10 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 31 DECEMBER 2017 AND FIVE MONTHS ENDED 30 JUNE 2017

	Period ended 31 Dec 17 £	Period ended 30 Jun 17 £
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

The notes on pages 6 to 10 form part of these financial statements.

1. CORPORATE INFORMATION

The consolidated interim financial statements present the financial information of Adriatic Metals and its subsidiaries (collectively, the Group) for the six months period ended 31 December 2017 and five months ended 30 June 2017. Adriatic Metals Limited (the Company or the parent) is a limited company incorporated in England & Wales. The registered office is located at Second Floor, Stamford House, Cheltenham, United Kingdom, GL50 1HN.

The Group is principally engaged in the exploration for metals for future mining activity.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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").

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

A comprehensive summary of the principal accounting policies adopted by the Group is presented in the statutory financial statements for the period ended 30 June 2017. A number of the significant accounting policies have been repeated below due to their importance in relation to the interim financial statements.

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

Going concern

The Group incurred a loss of £412,647 (30 June 2017: £292,307) in the period however the Group also had a net asset position at the balance sheet date.

The Company and Group meet their 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 and the Group will continue in operational existence for the foreseeable future on the basis of the Group's plans and the continued support of investors

If the Company and Group are 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.

2. ACCOUNTING POLICIES *(continued)*

Group companies

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.

Exploration and Evaluation Expenditure
Pre-licence costs
Pre-licence costs relate to costs incurred before the Group 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 expenditure
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
- 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 Group 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 Group considers it probable that economic benefits will be realised), the Group 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.

2. ACCOUNTING POLICIES *(continued)*

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.

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

Patents & Licenses – 5%

3. INTANGIBLE ASSETS

GROUP	**Exploration & Evaluation Assets £**	**Patents and Licenses £**	**Total £**
COST			
At 3 February 2017	-	-	-
Acquired through acquisition	-	107,453	107,453
Additions	172,337	-	172,337
Foreign exchange differences	-	4,287	4,287
At 30 June 2017	172,337	111,740	284,077
Additions	342,439	-	342,439
Foreign exchange differences	891	2,694	3,585
At 31 December 2017	515,667	114,434	630,101
AMORTISATION AND IMPAIRMENT			
At 3 February 2017	-	-	-
Charge for the period	-	1,970	1,970
At 30 June 2017	-	1,970	1,970
Charge for the period	-	1,970	1,970
At 31 December 2017	-	3,940	3,940
NET BOOK VALUE			
At 30 June 2017	172,337	109,770	282,107
At 31 December 2017	515,667	110,494	626,161

4. SHARE CAPITAL

GROUP AND COMPANY	31 Dec 2017 £	30 June 2017 £
Issued and fully paid		
Shares issued	1,056,213	856,323

On incorporation the company issued 20 shares of par value £0.0005 at £0.01 each, totalling £0.20.

On 10 February 2017 the company issued 12 million shares with par value of 0.05342, totalling £638,950.

On 13 February 2017, the company cancelled the 20 shares of par value £0.0005.

In April 2017, the company issued 200,000 shares with par value of £0.05342 at £0.15, totalling £30,000.

In April 2017, the company issued a further 200,000 shares with par value of £0.05342 at £0.15, totalling £30,000.

In April 2017, the company issued a further 3,757,036 shares with a par value of £0.05342 at £0.15, totalling £563,555.

In October 2017, the company issued a further 3,641,863 shares with a par value of £0.05342 at £0.3, totalling £1,092,559

5. RELATED PARTIES

During the period the Group was charged key management personnel services of £175,000 (period ended 30 June 2017: £175,000) by other related parties. At the balance sheet date a total of £350,000 (at 30 June 2017: £175,000) was outstanding, and these amounts are unsecured and interest fee.