

QUARTERLY ACTIVITIES REPORT For the period ending 30 June 2018

HIGHLIGHTS

- Successfully listed on the ASX on May 1st 2018 and raised A\$10M through an oversubscribed IPO.
- Commenced a 15,000m drilling program, focussed on Rupice, also Brestic Jurasevac and Veovaca, currently with three drill rigs in operation and a fourth planned to start.
- Recent drilling in the Rupice Area has intersected an extension of the North Zone of mineralisation containing exceptionally high grades which are up to 66m thick which has extended the known mineralisation by nominally 116m along plunge and 100m down dip, the defining holes are as follows:
 - Drill hole BR-2-18: 64m @ 4.6g/t Au, 537g/t Ag, 0.9% Cu, 7.7% Pb, 10.8% Zn, 46% BaSO₄ from 214m.
 - Drill Hole BR-3-18: 36m @ 4.4g/t Au, 463g/t Ag, 0.5% Cu, 4.3% Pb, 5.7% Zn, 55% BaSO₄ from 196m, plus 22m @ 4.1g/t Au, 258g/t Ag, 0.8%Cu, 7.5% Pb, 12.8% Zn, 56% BaSO₄ from 244m.
 - Drill hole BR-5-18: 66m @ 2.1g/t Au, 158g/t Ag, 2.3% Cu, 8.6% Pb, 12.8% Zn and 37% BaSO₄ from 210m.
- Completed an IP geophysical and soils geochemical program over the full licence area, which has defined multiple new and highly prospective drill targets.
- Strengthened our Board and Management with two key additions.
- Formed a technical collaboration working group with Sandfire Resources NL (ASX:SFR).
- Well capitalised with cash at June 30 of A\$8.3 million (using FX GBP/AUD of 1.78349).

Adriatic Metals PLC (ASX:ADT) ('Adriatic' or the 'Company') is pleased to provide the following activities report that outlines the progress made during the June 2018 Quarter. It has been a highly productive quarter with a number of key developments which are extremely positive for the Company.

Adriatic's Chief Executive Officer, Geraint Harris commented, *"the June quarter was a defining period for our Company following our Initial Public Offering on May 1, which was followed up with multiple world class drilling results. The exploration we have undertaken in a short period of time has enabled us to also define several extensional drill targets at Rupice and a number of exciting green fields targets including the Jurasevac – Brestic corridor."*

"We are well capitalised to fulfil our exploration goals and deliver a Maiden Resource on Rupice and a development study in H1 2019. Also, the key additions to our board and management have strengthened our position to maximise value from our projects and will help us deliver on our first mover advantage in Bosnia and Herzegovina."

ABOUT ADRIATIC METALS (ASX:ADT)

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

130.8 million CDIs Outstanding

19.5 million options on issue

A\$59.5 million market capitalisation

DIRECTORS AND MANAGEMENT

Mr Peter Bilbe
NON-EXECUTIVE CHAIRMAN

Mr Geraint Harris
CHIEF EXECUTIVE OFFICER

Mr Paul Cronin
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes
NON-EXECUTIVE DIRECTOR

Mr Milos Bosnjakovic
NON-EXECUTIVE DIRECTOR

Mr Eric de Mori
NON-EXECUTIVE DIRECTOR

Mr Sean Duffy
CFO AND COMPANY SECRETARY

2018 Drilling Program

Since inception in late May 2018, the 15,000m drilling campaign has so far focussed on exploring the mineralised trend at Rupice North, principally in a northerly direction, building on the Company's success in discovering exceptionally thick and high-grade mineralisation in the hole BR-1-17, which was drilled in 2017. Already in 2018, three drill holes have intersected similarly exceptional mineralisation in what appears to be a continuous zone, at an average depth of approximately 200m below surface. These holes have extended the known mineralisation approximately 116m along plunge and approximately 100m down dip, from the nearest previously drilled holes. At Rupice North the mineralisation remains open in all directions and the Company has mobilised three rigs and will add a fourth to the campaign. The Company will continue to explore further to the north and also to the west, east and back to the south in order to expand the area of known mineralisation and also to provide sufficient sample data to allow preparation of a Maiden Resource Estimate in 2019.

Highlighted drilling results from the 2017 and 2018 drilling programmes are in Table 1 below.

Table 1. Selected drill hole results from the ongoing 2018 and the 2017 campaigns at Rupice; Lead or Zinc greater than 0.5%

HOLE	FROM M	TO M	INTERVAL M	Au g/t	Ag g/t	Cu %	Pb %	Zn %	BaSO4 %
BR-5-18	210	276	66	2.1	158	2.3	8.6	12.8	37
BR-3-18	196	232	36	4.4	463	0.5	4.3	5.7	55
BR-3-18	244	266	22	4.1	258	0.8	7.5	12.8	56
BR-2-18	214	278	64	4.6	537	0.9	7.7	10.8	46
BR-1-17	178	242	64	2.3	373	0.9	5.1	8.4	44
BR-4-17	146	176	30	3.5	382	0.2	4.1	5.8	71
BR-6-17	116	138	22	1.8	161	0.3	1.7	1.8	26
BR-7-17	94	134	40	3.6	479	0.6	5.5	8.2	57

Figure 1. – Plan Map showing Rupice and the drill holes completed so far in the 2018 campaign, nearby holes and the outline of known mineralisation

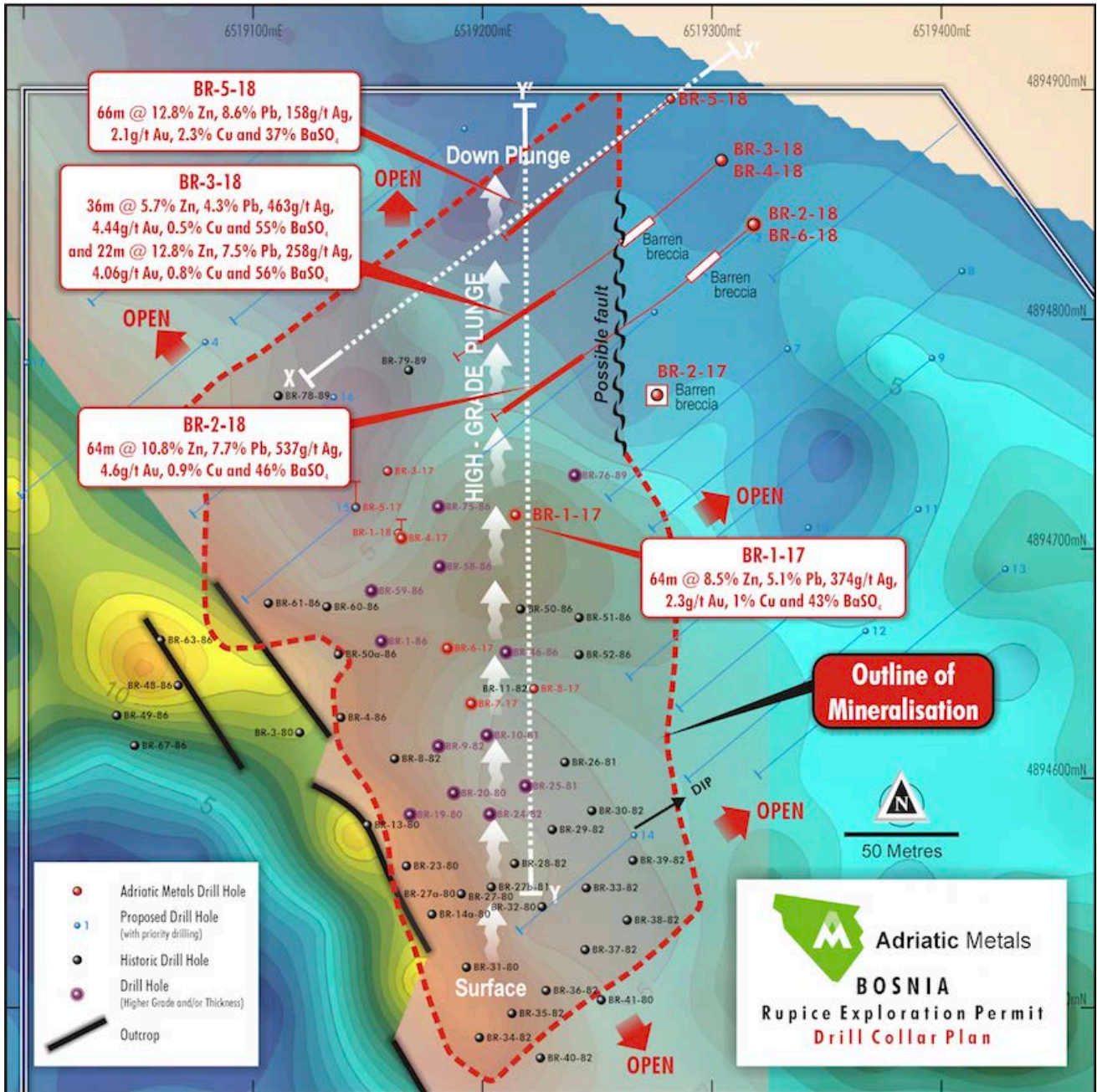
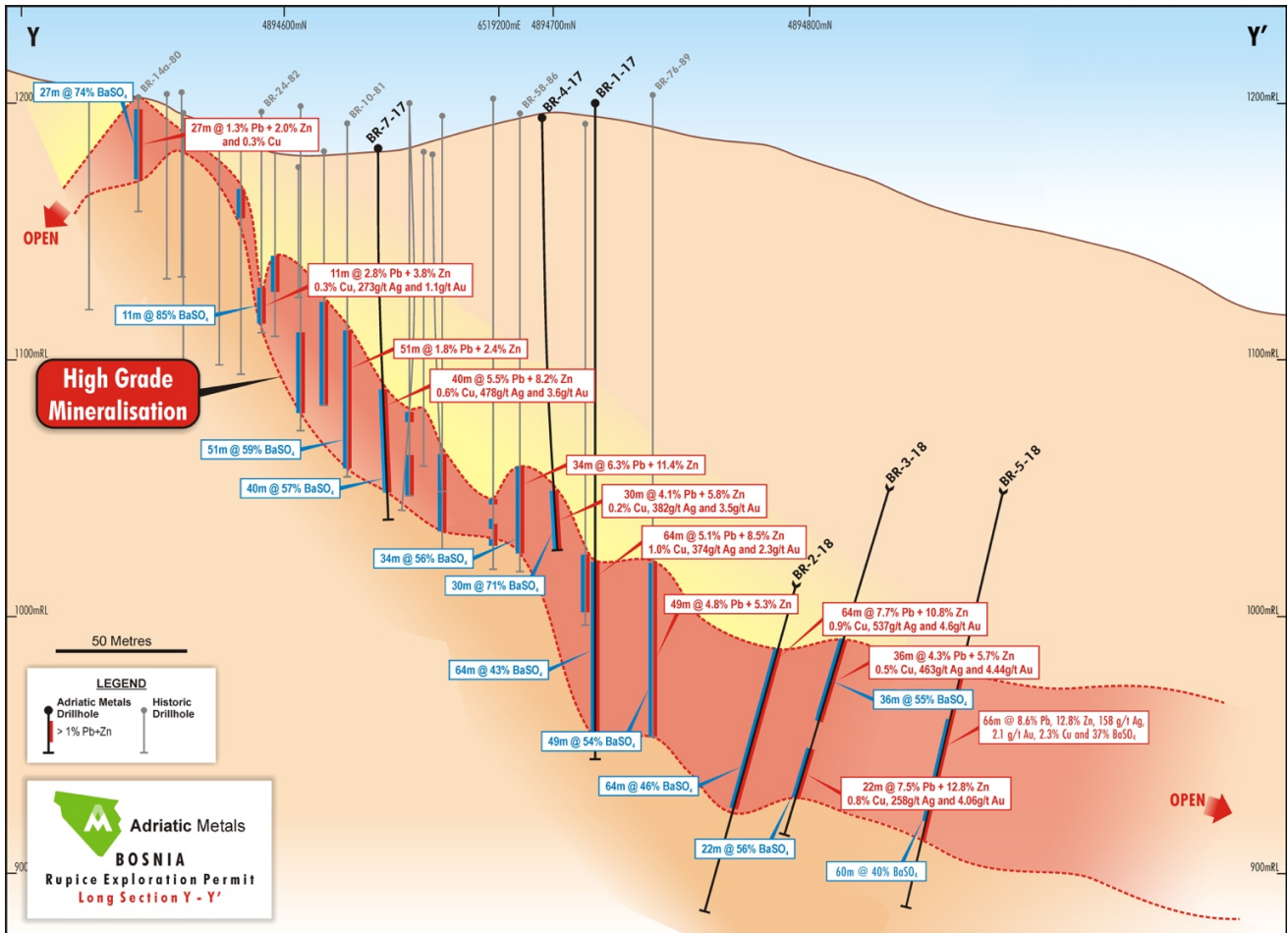


Figure 2. Long-section of Rupice highlighting the mineralised zone and locations of the BR-1-17, BR-2-18, BR-3-18 and BR-5-18 intercepts.



Drilling also continues at Jurasevac-Brestic, albeit at a much earlier stage, where the Company is focused on making a new mineral discovery; by targeting the GAIP and soils geochemistry anomalies and the source of the mineralisation previously excavated from the historic adits underlying that area.

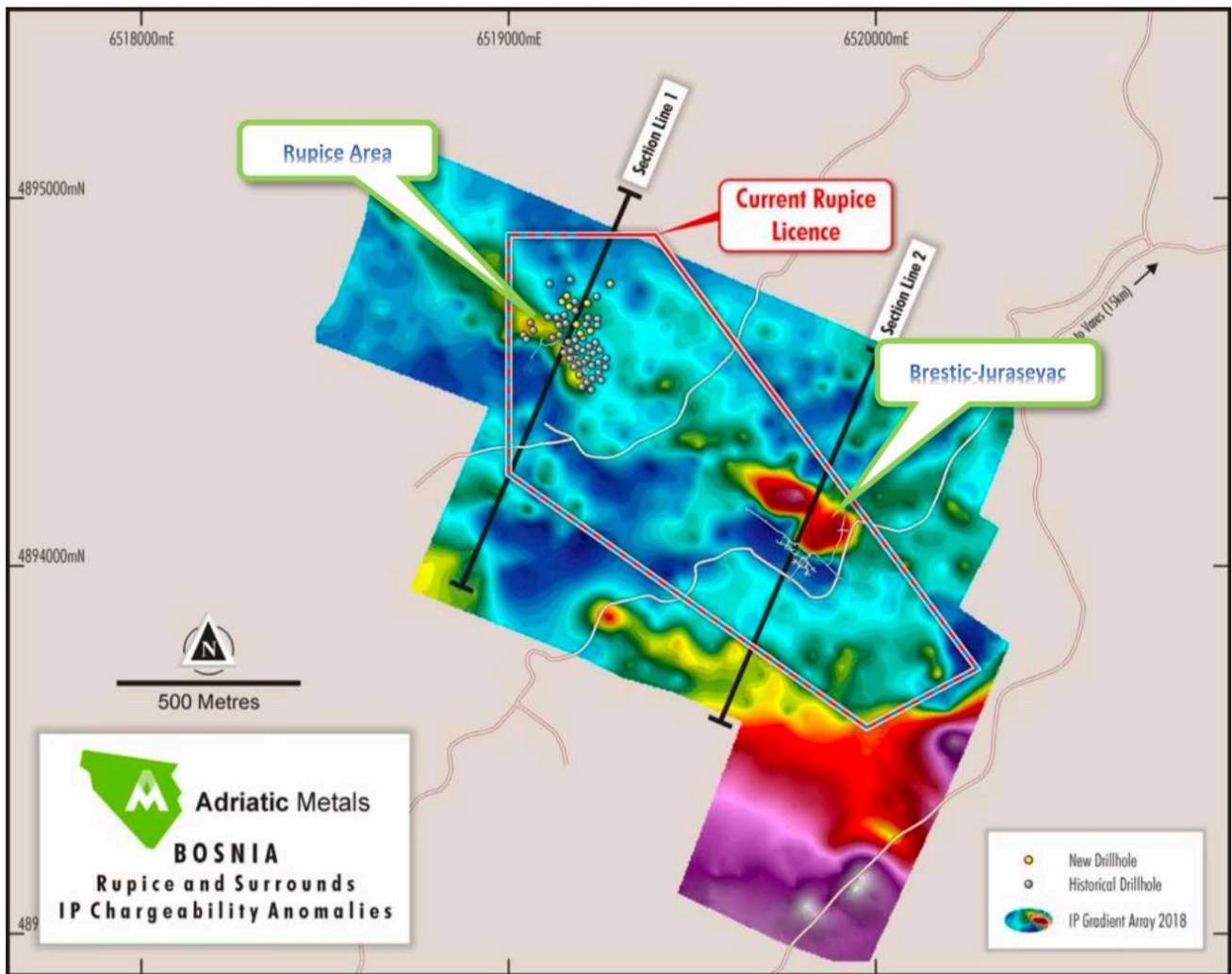
Geophysics and Soils Geochemistry Program

The style of sulphide mineralisation at Rupice makes an excellent target for induced polarisation (IP) geophysical surveys where the presence of sulphides results in an increased “chargeability” anomaly against the host sediments. The Company has carried out an IP program used two different arrays; gradient array (GAIP), see Figure 3, which allows for the rapid coverage of large areas, and pole-dipole array (PDP) which gives better depth resolution, allowing confirmation of the chargeability anomaly and defining a target for drilling.

These techniques have defined 5 anomalies exhibiting increased chargeability. The Rupice anomaly is clearly associated with the polymetallic mineralisation intersected in drilling. The anomaly extends over a strike length of +600m and remains open to the northwest, with current drilling only covering nominally 17% of that strike length.

The eastern anomaly is proximal to the historic underground workings at Brestic and Jurasevac although the peak anomaly values are offset to the north, possibly suggesting that the anomaly is associated with a sub-parallel chargeable zone. The remaining anomalies appear to be associated with a sub-parallel chargeable zone to the south of the Rupice to Jurasevac-Brestic corridor.

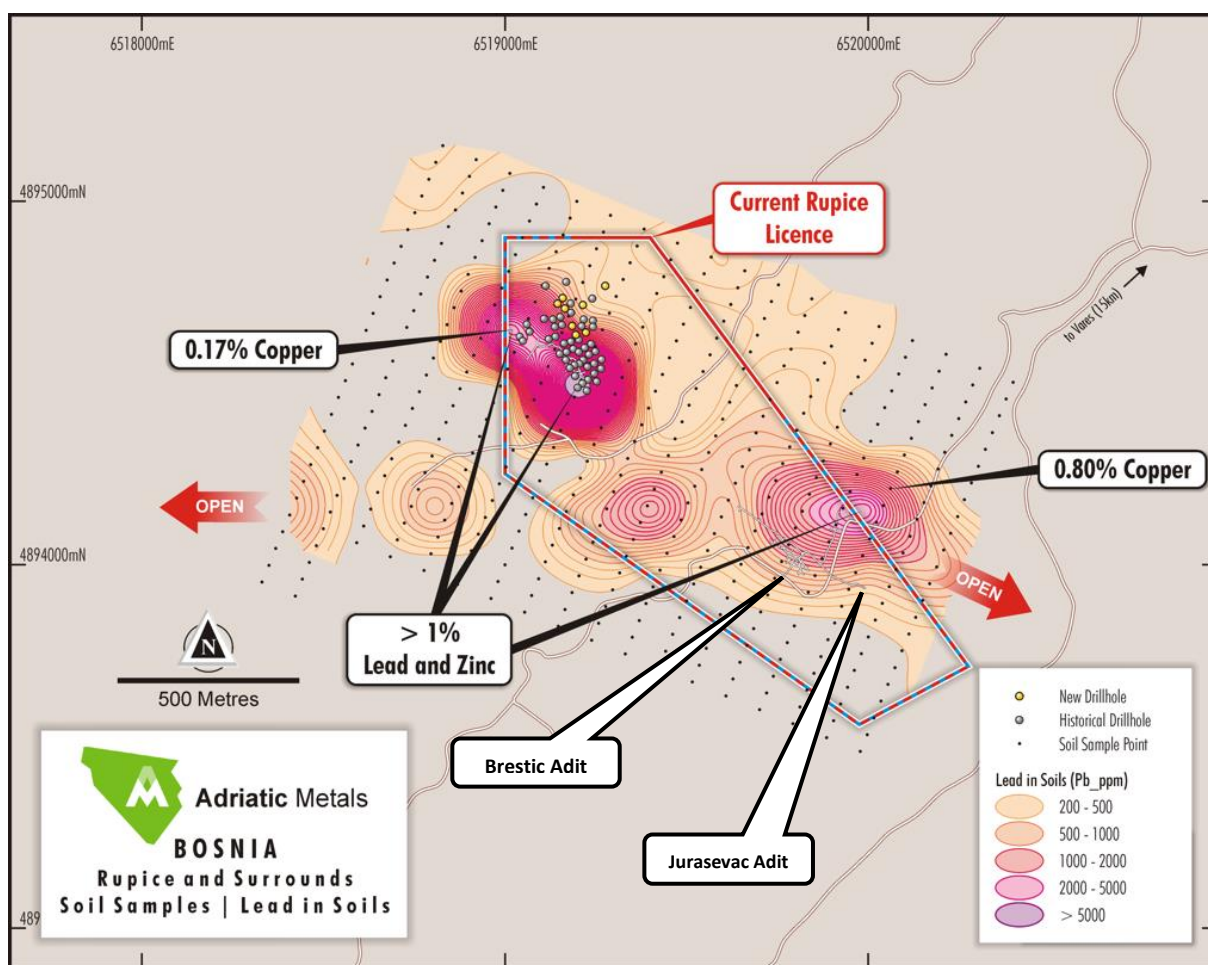
Figure 3. Rupice Gradient Array Induced Polarisation Survey Results



A soil sampling program (Figure 4) has also been completed over the Rupice Concession area including an area which lies within open ground surrounding and abutting the Rupice area

The program defined five anomalies exhibiting high metal values in soils with peak lead, zinc, copper and barite values coinciding with the near surface mineralisation of the Rupice and the Jurasevac-Brestic areas. The Jurasevac-Brestic anomaly remains open to the east as do the two anomalies located on the extreme western most line of sampling. It is clear that both IP (Gradient and PDP) and soil sampling are effective methods for rapid exploration for polymetallic mineralisation in the Vareš Project area.

Figure 4. Rupice and Brestic-Jurasevac Lead in Soil Contours



As a part of the sampling program, the Company took 10 regularly spaced grab samples, from the dump at the now closed portal of the historic adit at Jurasevac. These samples returned high grades and had a very similar mineral assemblage to the mineralisation intersected in the high-grade drill holes at Rupice North. This has added further support of the current drill plan for the JB Zone.

Table 2. A summary of the highlighted grab sample from the Jurasevac Adit dump; Lead or Zinc greater than 0.5%

Location	Sample ID	Depth (m)	Pb %	Zn %	Cu %	Ag g/t	Au g/t
Jurasevac	1555	Surface	12.25	19.4	0.84	186	2.59
Jurasevac	1553	Surface	9.17	14.8	0.33	231	3.47
Jurasevac	1551	Surface	12.21	9.8	3.3	339	1.28
Jurasevac	1573	0.5	7.06	4.42	4.78	118	0,28
Jurasevac	1554	Surface	8.19	0.79	6.49	120	0.07
Jurasevac	1552	Surface	6.85	1.81	7.34	128	0.47
Jurasevac	1574	0.5	5.57	2.71	0.82	72	0.87
Jurasevac	1576	0.6	4.55	2.91	2.51	105	0.76

Corporate

Several key additions were made to the management and board of the Company. At the start of June, Mr. Adnan Teletovic was appointed as the General Manager of Adriatic's wholly owned subsidiary, Eastern Mining d.o.o.. Mr. Teletovic is a dual national of Australia and Bosnia and Herzegovina with extensive experience in the mining industry, having previously held senior positions at Kalgoorlie Consolidated Gold Mines, BHP Billiton and the Prevent Group; one of Bosnia's largest diversified industrial corporations. He also has a significant skill set in mechanical engineering and capital (mining) project management and an in-depth understanding of the BiH operating environment.

Immediately post the reporting quarter, in July, Mr Milos Bosnjakovic was appointed as a Non-Executive Director to the board of the Company. Mr Bosnjakovic is a dual national of Australia and Bosnia and Herzegovina, and has significant experience of mineral projects in the Balkans and is a qualified lawyer with extensive experience in the Former Socialist Federal Republic of Yugoslavia. Mr Bosnjakovic also continues to be responsible for the government and regulatory relations of the Company and is fundamental to the ongoing permitting process through his deep and constructive relationships with all levels of the Municipal, Federal and Cantonal government.

The Sandfire technical collaboration continues and is focussed on contextualising the ongoing results of the Company's 2018 drilling campaign; sharing the Company's deep understanding of the BiH regulatory and operating environment and the permitting pathway; also, starting to better understand the potential for additional mineral discoveries on the current concessions and in the nearby region.

The management and board have continued to focus on advancing the permitting for their Concession areas. In particular, defining and starting preparation of the specific inputs required for application and award of the Veovaca Exploitation Licence to result in the Company gaining an Exploitation Licence on or before May 2020. Also, the subsequent approvals required for gaining construction and operating permissions, which under BiH regulations are based on the results of a Feasibility Study, to be submitted after the Exploitation Licence is granted.

The management and board have also been active in preparations for expanding the Concession areas, as the surrounding ground is not currently subject to any known third party exploration licences or concession agreements.

Several marketing trips have been undertaken in Australia and Europe, to engage investors in support of the Australian and the Frankfurt Stock Exchange listings.

For further information please contact:

Geraint Harris
Chief Executive Officer
info@adriaticmetals.com

Competent Persons Statement

The information in this report which relates to Exploration Results is based on information compiled by Mr Robert Annett, who is a member of the Australian Institute of Geoscientists (AIG). Mr Annett is a consultant to Adriatic Metals PLC, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Annett consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

Notes Specific - ASX Announcements

The information in this announcement that relates to Exploration Results was first reported by the Company to the ASX on 29 May 2018, 12 June 2018, 22 June 2018, 16 June 2018, and 17 June 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

ABOUT ADRIATIC METALS

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



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ADRIATIC METALS PLC

ABRN

624 403 162

Quarter ended ("current quarter")

30 JUNE 2018

Consolidated statement of cash flows	Current quarter £GBP '000	Year to date (12 months) £GBP '000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(322)	(748)
(b) development	-	-
(c) production	-	-
(d) staff costs	(88)	(188)
(e) administration and corporate costs	(239)	(1,069)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(649)	(2,005)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(22)	(44)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter £GBP '000	Year to date (12 months) £GBP '000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(22)	(44)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	5,397	6,525
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(356)	(375)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,041	6,150

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	32	311
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(649)	(2,005)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(22)	(44)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,041	6,150
4.5	Effect of movement in exchange rates on cash held	242	232
4.6	Cash and cash equivalents at end of period	4,644	4,644

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter £GBP '000	Previous quarter £GBP '000
5.1 Bank balances	1,903	32
5.2 Call deposits	2,741	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,644	32

6. Payments to directors of the entity and their associates	Current quarter £GBP '000
6.1 Aggregate amount of payments to these parties included in item 1.2	30
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter £GBP '000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end £GBP '000	Amount drawn at quarter end £GBP '000
-	-
-	-
-	-

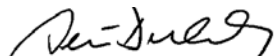
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9. Estimated cash outflows for next quarter	£GBP '000
9.1 Exploration and evaluation	1,604
9.2 Development	-
9.3 Production	-
9.4 Staff costs	26
9.5 Administration and corporate costs	236
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,866

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 31 July 2018

Print name: Sean Duffy

Notes

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