



## Notice of General Meeting

Adriatic Metals PLC (ASX: ADT, FSE:3FN & LON:ADT1) ('Adriatic' or the 'Company') advises the following details of a General Meeting of the Company.

Date: 30 January 2020

Time: 11am Perth Time (Australian Western Standard Time)/3am GMT (London Time)

Place: DLA Piper Office, Level 31, Central Park, 152-158 St Georges Terrace, Perth WA 6000

The Notice of General Meeting and the CDI Voting Instruction Form or Proxy Form (as applicable) is being sent via post or emailed to all shareholders. A copy of the Notice of General Meeting is attached to this announcement and can be viewed on the Adriatic Metals website at: <http://www.adriaticmetals.com>.

Holders of CDIs in Adriatic Metals PLC will be sent a CDI voting instruction form, while holders of shares in Adriatic Metals PLC will be sent a proxy form.

Sean Duffy (CFO and Joint Company Secretary) has authorised this announcement to be given to ASX and LSE.

### CONTACTS:

For further information on this update or the Company generally, please visit our website at <http://www.adriaticmetals.com> or contact:

#### UK Contacts:

Sean Duffy (CFO and Joint Company Secretary)  
Email: [sean.duffy@adriaticmetals.com](mailto:sean.duffy@adriaticmetals.com)

#### Australian Contact:

Gabriel Chiappini (Joint Company Secretary)  
Email: [info@adriaticmetals.com](mailto:info@adriaticmetals.com)

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the contents of this document and/or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser. If you have sold or otherwise transferred all of your ordinary shares in Adriatic Metals PLC, please forward this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can forward these documents to the person who now owns the ordinary shares.

The distribution of this document in jurisdictions other than the United Kingdom and Australia may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute any offer to issue or sell or a solicitation of any offer to subscribe for or buy ordinary shares in Adriatic Metals PLC.

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## **ADRIATIC METALS PLC**

(incorporated and registered in England and Wales under number 10599833 and registered as a foreign company in Australia ARBN 624 103 162)

## **Notice of General Meeting**

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This Notice of General Meeting of the Shareholders of the Company to be held at 11am (Perth Time) on 30 January 2020 at DLA Piper Office, Level 31, Central Park, 152-158 St Georges Terrace, Perth WA 6000 and accompanying Explanatory Notes, Proxy Form, and CDI voting instruction form (as applicable) should be read in their entirety. If Shareholders or CDI Holders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The Explanatory Notes that accompany and form part of this Notice of Meeting describe the matters to be considered.

## As Ordinary Resolutions

**Resolution 1.** To approve and ratify, under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, the grant and issue by the Company of 1,000,000 unlisted Options to Ms Sandra Bates as more particularly detailed in the Explanatory Notes for this resolution.

Resolution 1 Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who participated in the issue (being Sandra Bates); or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 2.** To approve and ratify, under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, the grant and issue by the Company of 1,000,000 unlisted Options to Mr John Richards as more particularly detailed in the Explanatory Notes for this resolution.

Resolution 2 Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who participated in the issue (being John Richards); or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 3.** To approve, under and for the purposes of ASX Listing Rule 10.11 and for all other purposes, the grant and issue by the Company of 4,000,000 unlisted Performance Rights to Mr Milos Bosnjakovic as more particularly detailed in the Explanatory Notes for this resolution.

**Resolution 3 Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mr Milos Bosnjakovic and any other person who will obtain a material benefit as a result of the issue of the Performance Rights (except a benefit solely by reason of being a Shareholder); or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 4.** To approve and ratify, under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue of 15,878,508 New CDIs to institutional investors as more particularly detailed in the Explanatory Notes for this resolution.

**Resolution 4 Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who participated in the issue under Resolution 4; or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the chair decides; or

- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 5.** To approve and ratify, under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue of 9,121,492 New CDIs to institutional investors as more particularly detailed in the Explanatory Notes for this resolution.

**Resolution 5 Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who participated in the issue under Resolution 5; or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board

Sean Duffy

CFO and Joint Company Secretary

24 December 2019

Registered Office: Second Floor, Stanford House, Regent Street, Cheltenham, Gloucestershire, GL50 1NH, United Kingdom.

Incorporated and Registered in England and Wales under Companies Act 2006 with registered number 10599833

## EXPLANATORY NOTES

### Entitlement to attend and vote

- 1 Please see Explanatory Notes 2 to 17 for information on how to appoint a proxy. Under the ASX Listing Rules and the ASX Settlement Operating Rules, the Company as an issuer of CDIs permits CDI Holders to attend any meeting of the holders of Shares. Please see Explanatory Notes 18 to 26 for more information on how to vote your CDIs.

### Appointment of proxies

- 2 As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Proxy Form with this Notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form.
- 3 A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the Proxy Form. If you wish your proxy to speak on your behalf at the Meeting you must appoint your own choice of proxy (not the chairman) and give your instructions directly to the relevant person.
- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, you must complete a separate proxy form for each proxy and specify against the proxy's name the number of Shares over which the proxy has rights. If you are in any doubt as to the procedure to be followed for the purpose of appointing more than one proxy you must contact the Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. If you fail to specify the number of Shares to which each proxy relates or specify a number of Shares greater than that held by you on the record date, proxy appointments will be invalid.
- 5 If you do not indicate to your proxy how to vote on any Resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

### Appointment of proxy using the hard copy proxy form

- 6 The notes to the proxy form explain how to direct your proxy how to vote on each Resolution or withhold his or her vote.
- 7 To appoint a proxy using the Proxy Form, it must be:
  - 7.1 completed and signed;
  - 7.2 sent or delivered to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; and
  - 7.3 received by Computershare Investor Services PLC no later than Tuesday, 28 January 2020 at 3:00am GMT / 11:00am Australian Western Standard Time.
- 8 In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the

company.

- 9 Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.
- 10 The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those ordinary Shareholders registered in the register of members of the Company 48 hours before the Meeting shall be entitled to attend or vote at the Meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting. If the Meeting is adjourned by more than 48 hours, then to be so entitled, shareholders must be entered on the Company's register of members 48 hours before the time appointed for holding the adjourned meeting or if the Company gives notice of the adjourned meeting, at the time specified in that notice.

#### **Appointment of proxy by joint members**

- 11 In the case of joint holders of Shares, where more than one of the joint holders' purports to appoint a proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Company's register of members) will be accepted.

#### **Changing proxy instructions**

- 12 To change your proxy instructions simply submit a new proxy appointment using the method set out in paragraph 7 above. Note that the cut off time for receipt of proxy appointments specified in that paragraph also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut off time will be disregarded.
- 13 Where you have appointed a proxy using the hard copy Proxy Form and would like to change the instructions using another hard copy Proxy Form, please contact Computershare Investor Services PLC as indicated in paragraph 4 above.
- 14 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### **Termination of proxy appointments**

- 15 In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company as indicated above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- 16 The revocation notice must be received by the Company no later than Tuesday, 28 January 2020 at 3:00am GMT / 11:00am Australian Western Standard Time. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 17 below, your proxy appointment will remain valid.
- 17 Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

## **Corporate representatives**

- 18 A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

## **CREST Shareholders**

- 19 CREST Shareholders who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.
- 20 CREST personal shareholders or other CREST sponsored shareholders, and those CREST Shareholders who have appointed a voting service provider(s), should refer to the CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 21 To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which an issuer's agent is able to retrieve the message.
- 22 The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## **Instructions for Holders of CDIs in the Australian register only:**

- 23 Holders of CDIs will be permitted to attend the Meeting but may only vote by directing CHESS Depository Nominees Pty Ltd ("CDN") to cast proxy votes in the manner directed in the CDI voting instruction form enclosed.
- 24 The CDI voting instruction, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, should be sent to:

Postal address:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to:

(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

- 25 Holders of CDIs can instruct CDN to cast proxy votes online by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and entering the Control Number, Shareholder's SRN/HIN and their postcode, which are shown on the first page of the enclosed Proxy Form.
- 26 Directions must arrive by not later than 4:00pm Australian Western Standard Time on Friday, 24 January



2020. to allow CDN sufficient time to lodge the combined proxies 48 hours before the time of the Meeting (without considering any part of a day that is not a working day).
- 27 Instructions for completing and lodging the CDI voting instruction form are appended to it.
- 28 You must be registered as the holder of CDIs as at 4:00pm Australian Western Standard Time Thursday, 23 January 2020 for your CDI voting instruction to be valid.
- 29 Should the Meeting be adjourned then the deadline for revised voting instructions and the record date for determining registered holders of CDIs will be 72 hours before the time that the adjourned Meeting recommences, excluding any part of a day that is not a working day.
- 30 To obtain a copy of the Understanding CHESS Depository Interests guide, go to [https://www.asx.com.au/documents/settlement/CHESS\\_Depository\\_Interests.pdf](https://www.asx.com.au/documents/settlement/CHESS_Depository_Interests.pdf) or phone 1300 300 279 if you would like one sent to you by mail.

#### **Total voting rights**

- 31 As at 20 December 2019 the Company's issued share capital comprised 177,815,987 ordinary shares, with voting rights ("Shares"). The Company does not hold any Shares in Treasury. Therefore, the total number of voting rights in the Company as at 20 December 2019 is 177,815,987.

#### **Communications with the Company**

- 32 You may not use any electronic address provided either in this notice or any related document (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

#### **Anti-dilution right - Sandfire Resources NL**

- 33 In considering the Resolutions, Shareholders should be cognisant of the anti-dilution right in relation to Sandfire Resources NL, which the Company announced to the ASX on 30 August 2018.

#### **Notes to Resolution 1 – Ratification and approval of the grant and issue of Options to Sandra Bates**

- 34 As part of the appointment of Ms Sandra Bates as a Director, Sandra Bates was granted and issued the Options as set out below. Pursuant to her letter of appointment, which was negotiated prior to her appointment, the Company agreed to grant 1,000,000 unlisted Options to Sandra Bates on the following terms:
- i. 3 year term
  - ii. Exercise price of AUD\$1.25
- 35 Please refer to Schedule 1 for an expanded summary of the terms and conditions of the Options.
- 36 On 29 November 2019, Adriatic issued the above Options to Ms Bates. Prior Shareholder approval was not required for that issue due to them being issued from Adriatic's placement capacity and because they were negotiated and agreed prior to Ms Bates becoming a Director of Adriatic.
- 37 Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.
- 38 The issue of Options to Ms Bates does not fit within any of these exceptions (as it did not occur pursuant to the New ESOPs) and, as it has not yet been approved by Adriatic's Shareholders, it

effectively uses up part of the 15% limit in Listing Rule 7.1, reducing Adriatic's capacity to issue further equity securities without shareholder approval under Listing Rule 7.1 for the 12 month period following 29 November 2019.

- 39 Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.
- 40 Adriatic wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.
- 41 To this end, Resolution 1 seeks Shareholder approval to the issue of the 1,000,000 Options to Ms Bates under and for the purposes of Listing Rule 7.4 (and for all other purposes).
- 42 If Resolution 1 is passed, the issue of the 1,000,000 Options to Ms Bates will be excluded in calculating Adriatic's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following 29 November 2019.
- 43 However, Resolution 1 does not increase the ultimate directors' authority to allot shares and disapplication of statutory pre-emption rights that are available under the UK Companies Act pursuant to the resolutions passed at Adriatic's 2019 Annual General Meeting, and which authorities have been partially eroded by the part of the Placement (defined in paragraph 71 below) which was issued after the Annual General Meeting and the grants of Options and Performance Rights by Adriatic after the date of the Annual General Meeting. Consequently, the extent of those UK Companies Act share authorities still limit the numbers of equity securities that can be issued by Adriatic absent further shareholder resolutions being passed to grant further authorities.
- 44 If Resolution 1 is not passed, the issue of the 1,000,000 Options to Ms Bates will be included in calculating Adriatic's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following 29 November 2019.
- 45 Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of Options the subject of Resolution 1:
- 45.1 the Options were issued to Ms Sandra Bates, who is a Director;
  - 45.2 the number of Options issued to Ms Bates on the terms set out in Schedule 1 was 1,000,000;
  - 45.3 the Options the subject of Resolution 1 were issued on 29 November 2019;
  - 45.4 the Options were issued for nil cash consideration and consequently no funds were raised from the issue of the Options;
  - 45.5 the purpose of the issue of the Options is to incentivise Ms Bates to align her interests with the interests of Shareholders as investors in the Company;
  - 45.6 the appointment letter for Ms Bates to act as a Director of Adriatic contains customary terms including providing for the following remuneration, insurance and reimbursements:
    - (i) A before tax base fee of GBP30,000 per annum. Fees may be adjusted at any time by the Board, including increases for where Ms Bates is required to provide additional input and time that is over and above what would ordinarily be required of a non-

executive director.

- (ii) The Options the subject of Resolution 1.
- (iii) Directors' and officers' liability insurance.
- (iv) Entitlement for Ms Bates to be reimbursed reasonable and properly documented expenses incurred in performing duties, including the cost of attending Board meetings, travel, accommodation and entertainment where agreed to by the Board. Expenses would include reasonable legal and other fees which may arise should Ms Bates feel it necessary to seek independent professional advice on matters relating to her position as a Director of the Company, subject to prior approval of the Chairman of the Audit and Risk Committee; and

45.7 a voting exclusion statement is included in the Notice for this Resolution.

#### 46 **Directors' recommendations**

The Directors (other than Sandra Bates) recommend that Shareholders vote in favour of this Resolution.

#### **Notes to Resolution 2 – Ratification and approval of the grant and issue of Options to John Richards**

- 47 As part of the appointment of Mr John Richards as a Director, John Richards was granted and issued the Options as set out below. Pursuant to his letter of appointment, which was negotiated prior to his appointment, the Company agreed to grant 1,000,000 unlisted Options to John Richards on the following terms:
- i. 3 year term
  - ii. Exercise price of AUD\$1.25
- 48 Mr Richards' appointment follows a request from Sandfire Resources NL ("Sandfire"), under the terms of the Collaboration and Strategic Partnership Deed between Sandfire and Adriatic, to appoint a nominee to the Board of Adriatic following Sandfire increasing their interest in Adriatic to greater than 10% of issued capital of Adriatic.
- 49 Please refer to Schedule 1 for an expanded summary of the terms and conditions of the Options.
- 50 On 29 November 2019, Adriatic issued the above Options to Mr Richards. Prior Shareholder approval was not required for that issue due to them being issued from Adriatic's placement capacity and because they were negotiated and agreed prior to Mr Richards becoming a Director of Adriatic.
- 51 Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.
- 52 The issue of Options to Mr Richards does not fit within any of these exceptions (as it did not occur pursuant to the New ESOPs and, as it has not yet been approved by Adriatic's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing Adriatic's capacity to issue further equity securities without shareholder approval under Listing Rule 7.1 for the 12 month period following 29 November 2019).
- 53 Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

- 54 Adriatic wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.
- 55 To this end, Resolution 2 seeks Shareholder approval to the issue of the 1,000,000 Options to Mr Richards under and for the purposes of Listing Rule 7.4 (and for all other purposes).
- 56 If Resolution 2 is passed, the issue of the 1,000,000 Options to Mr Richards will be excluded in calculating Adriatic's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following 29 November 2019.
- 57 However, Resolution 2 does not increase the ultimate directors' authority to allot shares and disapplication of statutory pre-emption rights that are available under the UK Companies Act pursuant to the resolutions passed at Adriatic's 2019 Annual General Meeting, and which authorities have been partially eroded by the part of the Placement (defined in paragraph 71 below) which was issued after the Annual General Meeting and the grants of Options and Performance Rights by Adriatic after the date of the Annual General Meeting. Consequently, the extent of those UK Companies Act share authorities still limit the numbers of equity securities that can be issued by Adriatic absent further shareholder resolutions being passed to grant further authorities.
- 58 If Resolution 2 is not passed, the issue of the 1,000,000 Options to Mr Richards will be included in calculating Adriatic's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12-month period following 29 November 2019.
- 59 Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of Options the subject of Resolution 2:
- 59.1 the Options were issued to Mr John Richards, who is a Director;
  - 59.2 the number of Options issued to Mr Richards on the terms set out in Schedule 1 was 1,000,000;
  - 59.3 the Options the subject of Resolution 2 were issued on 29 November 2019;
  - 59.4 the Options were issued for nil cash consideration and consequently no funds were raised from the issue of the Options;
  - 59.5 the purpose of the issue of the Options is to incentivise Mr Richards to align his interests with the interests of Shareholders as investors in the Company;
  - 59.6 the appointment letter for Mr Richards to act as a Director of Adriatic contains customary terms including providing for the following remuneration, insurance and reimbursements:
    - (i) A before tax base fee of AUD\$54,000 per annum. Fees may be adjusted at any time by the Board, including increases for where Mr Richards is required to provide additional input and time that is over and above what would ordinarily be required of a non-executive director.
    - (ii) The Options the subject of Resolution 2.
    - (iii) Directors' and officers' liability insurance.
    - (iv) Entitlement for Mr Richards to be reimbursed reasonable and properly documented expenses incurred in performing duties, including the cost of attending Board meetings, travel, accommodation and entertainment where agreed to by the Board; and

59.7 a voting exclusion statement is included in the Notice for this Resolution.

60 **Directors' recommendations**

The Directors (other than John Richards) recommend that Shareholders vote in favour of this Resolution.

**Notes to Resolution 3 – Approval of the grant and issue of Performance Rights to Milos Bosnjakovic**

- 61 As part of the proposed remuneration of Mr Milos Bosnjakovic for his ongoing services to the Company, but conditional on Shareholder approval and subject to the Board resolving to do so, Milos Bosnjakovic is proposed to be offered, granted and issued 4,000,000 Performance Rights on the terms and conditions set out in Schedule 2. Those Performance Rights are divided into three tranches as described in that Schedule. The proposed award of the Performance Rights is a result of extended negotiations with Mr Bosnjakovic and his legal advisors and reflect the substantial efforts and contribution he has made to the Company from its inception, as well as the significant future milestones which the Performance Rights are conditional upon (as described in Schedule 2).
- 62 This Resolution seeks Shareholder approval to allow the Company to, at the Board's discretion, issue the above Performance Rights to Milos Bosnjakovic.
- 63 Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:
- 10.11.1 a related party;
  - 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
  - 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
  - 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
  - 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,
- unless it obtains the approval of its shareholders.
- 64 The issue of Performance Rights pursuant to Resolution 3 falls within Listing Rule 10.11.1 (as Mr Bosnjakovic is a related party of Adriatic due to being a Director) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Adriatic's shareholders under Listing Rule 10.11.
- 65 Resolution 3 seeks the required shareholder approval to the issue of the above Performance Rights to Milos Bosnjakovic under and for the purposes of Listing Rule 10.11 (and for all other purposes).
- 66 If Resolution 3 is passed, Adriatic will be able to proceed with the issue of the above Performance Rights, which may be converted into Shares in accordance with their terms summarised in Schedule 2.
- 67 If Resolution 3 is not passed, Adriatic will not be able to proceed with the issue of the above

Performance Rights and consequently they will not be issued. The Company reserves the right to alter Mr Bosnjakovic's remuneration from time to time, subject to compliance with applicable laws and the Listing Rules.

68 Pursuant to Listing Rule 7.2 exception 14, as Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

69 Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to this Resolution:

- 69.1 Milos Bosnjakovic falls within Listing Rule 10.11.1 as a related party of Adriatic, due to him being a Director of Adriatic;
- 69.2 the number of Performance Rights to be issued to Mr Bosnjakovic is 4,000,000;
- 69.3 a summary of the material terms of the Performance Rights is set out in Schedule 2;
- 69.4 the Performance Rights will be issued as soon as practicable after the Meeting but, in any event, no later than one month after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules);
- 69.5 the Performance Rights will be issued for nil cash consideration and consequently no funds will be raised from the issue of the Performance Rights;
- 69.6 the purpose of the proposed issue Performance Rights is to incentivise Mr Bosnjakovic to seek to advance the Company's development via the performance conditions of the Performance Rights, as described in Schedule 2;
- 69.7 Mr Bosnjakovic's total remuneration package consists of:
  - (i) A before tax base fee of GBP2,500 per month as Director fees. Fees may be adjusted at any time by the Board, including increases for where Mr Bosnjakovic is required to provide additional input and time that is over and above what would ordinarily be required of a non-executive director (for example being increased to a before tax base fee of GBP5,000 per month whilst a relevant transaction is ongoing).
  - (ii) A before VAT base fee of GBP150,000 per annum as fees for his role as an executive of the Company.
  - (iii) Bonuses if agreed and determined by the Directors from time to time upon achieving key performance indicators. No such bonus has currently been agreed.
  - (iv) BAM1,700 (approximately GBP£740 per month payable for Milos' services as Executive Director of Eastern Mining d.o.o.
  - (v) The Performance Rights the subject of Resolution 3. An indicative valuation in relation to those Performance Rights is included in Schedule 3.
  - (vi) Directors' and officers' liability insurance.
  - (vii) Entitlement for Mr Bosnjakovic to be reimbursed reasonable and properly documented expenses incurred in performing duties, including (among other things) the cost of attending Board meetings, travel, accommodation and entertainment where agreed to by the Board. Expenses would include reasonable legal and other fees which may arise should Mr Bosnjakovic feel it necessary to seek independent professional advice on matters relating to his position as a Director of the Company, subject to prior approval of the Chairman of the Audit and Risk Committee.

- 69.8 the value the Company attributes to the Performance Rights and the basis is set out in Schedule 3, which comprises an independent valuation of the Performance Rights prepared by Moore Stephens Corporate Services Pty Ltd;
- 69.9 the exercise price of the Performance Rights is set out in Schedule 2 (which formula is referable to the nominal value of each Share to be issued upon exercise - which nominal value is £0.013355); and
- 69.10 a voting exclusion statement is included in the Notice for this Resolution.

#### 70 **Directors' recommendations**

The Directors (other than Milos Bosnjakovic) recommend that Shareholders vote in favour of this Resolution.

#### **Notes to Resolutions 4 and 5 – Ratification and approval of Placement**

- 71 On 30 October 2019, the Company announced a placement to existing and new institutional investors, including existing Shareholder Sandfire Resources NL, to raise a total of AUD\$25 million from the issue of 25,000,000 CDIs in consideration for AUD\$1.00 per new CDI (those CDIs (and the Shares for which they are a unit of beneficial ownership) are defined as "New CDIs") ("Placement").
- 72 Resolutions 4 and 5 seek Shareholder ratification and approval pursuant to Listing Rule 7.4 (and for all other purposes) of the issue of the 25,000,000 New CDIs pursuant to the Placement, being:
  - 72.1 15,878,508 New CDIs issued pursuant to the Company's Listing Rule 7.1 placement capacity (10,878,508 of which were issued on 6 November 2019 and the remaining 5,000,000 of which were issued on 22 November 2019); and
  - 72.2 9,121,492 New CDIs issued on 14 November 2019 pursuant to the Company's Listing Rule 7.1A placement capacity.
- 73 Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period ("15% Placement Capacity").
- 74 In addition to its 15% Placement Capacity, the Company obtained Shareholder approval at its 2019 Annual General Meeting pursuant to Listing Rule 7.1A to issue equity securities up to 10% of its issued share capital for up to a 12 month period after the Company's 2019 Annual General Meeting, without needing prior Shareholder approval ("10% Placement Capacity").
- 75 The issues of New CDIs under the Placement did not fit within any exceptions to Listing Rule 7.1 and, as they have not yet been approved by Adriatic's Shareholders, those issues effectively use up part of the 15% Placement Capacity and 10% Placement Capacity, reducing Adriatic's capacity to issue further equity securities without shareholder approval under Listing Rule 7.1 for the 12 month period following the above issue dates of the relevant New CDIs and under Listing Rule 7.1A (in accordance with the Shareholder approval under Listing Rule 7.1A at the 2019 Annual General Meeting).
- 76 Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.
- 77 In the Company's case, if the Company in general meeting approves the previous issue of securities



made pursuant to Listing Rule 7.1 or Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be treated as having been made with Shareholder approval for the purpose of Listing Rule 7.1 and so do not reduce the company's capacity to issue further equity securities without shareholder approval under the 15% Placement Capacity or the 10% Placement Capacity.

- 78 Adriatic wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.
- 79 To this end, Resolution 4 seeks ratification and approval to the issue of 15,878,508 New CDIs under and for the purposes of Listing Rule 7.4 (and for all other purposes). Resolution 5 seeks ratification and approval to the issue of 9,121,492 New CDIs under and for the purposes of Listing Rule 7.4 (and for all other purposes).
- 80 If Resolutions 4 and 5 are passed, the issue of the New CDIs will be excluded (as applicable) in calculating Adriatic's 15% limit in Listing Rule 7.1 and Adriatic's 10% limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the relevant issue dates of the Placement in paragraph 72.1 (or, in the case of Listing Rule 7.1A, after the 2019 Annual General Meeting).
- 81 Again, Resolutions 4 and 5 do not increase the ultimate directors' authority to allot shares and disapplication of statutory pre-emption rights that are available under the UK Companies Act pursuant to the resolutions passed at Adriatic's 2019 Annual General Meeting, and which authorities have been partially eroded by the part of the Placement which was issued after the Annual General Meeting and the grants of Options and Performance Rights by Adriatic after the date of the Annual General Meeting. Consequently, the extent of those UK Companies Act share authorities still limit the numbers of equity securities that can be issued by Adriatic absent further shareholder resolutions being passed to grant further authorities.
- 82 If Resolution 4 and 5 are not passed, the issue of the New CDIs will be included (as applicable) in calculating Adriatic's 15% limit in Listing Rule 7.1 and Adriatic's 10% limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the relevant issue dates of the Placement in paragraph 72.1 (or, in the case of Listing Rule 7.1A, after the 2019 Annual General Meeting).
- 83 Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issues of New CDIs the subject of Resolutions 4 and 5:
- 83.1 the New CDIs were issued to existing and new institutional investors (including Sandfire Resources NL, which received 3,179,872 of the New CDIs pursuant to the Placement, and also Datt Group (which has announced a substantial holder notice to the ASX on 6 December 2019) took up 2,000,000 New CDIs pursuant to the Placement);
  - 83.2 a total of 25,000,000 New CDIs were issued pursuant to the Placement, on the same terms as existing CDIs;
  - 83.3 the dates of issue of the New CDIs are listed in paragraph 72 above;
  - 83.4 the New CDIs were issued for AUD\$1.00 cash consideration each;
  - 83.5 the purpose of the issue of the New CDIs was to raise funds to be used (together with the Company's pre-existing cash balance) to expedite exploration and development activities at the Company's Vares Project, including:



- (i) ongoing exploration drilling;
- (ii) completion of an Environmental Impact Assessment and permitting activities;
- (iii) completion of a Bankable Feasibility Study; and
- (iv) general working capital requirements; and

83.6 voting exclusion statements are included in the Notice for Resolution 4 and 5.

84 **Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 4 and 5.

## DEFINITIONS

In this document, the following words and expressions shall, except where the context requires otherwise, have the following meanings:

**10% Placement Capacity** has the meaning given in paragraph 74 in the Explanatory Notes.

**15% Placement Capacity** has the meaning given in paragraph 73 in the Explanatory Notes.

**Act** or **UK Companies Act** means the UK Companies Act 2006, as amended.

**Adriatic, Adriatic Metals** means Adriatic Metals PLC, a company incorporated and registered in England and Wales under number 10599833.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**BAM** means Bosnia-Herzegovina Convertible Marks.

**Board** means the current board of directors of the Company.

**CDI** means CHES Depositary Interest, being a unit of beneficial ownership of a Share legally held by CHES (provided that a reference to a "CDI" may also be construed as a reference to a Share, with each such Share representing one CDI).

**CDI Holder** means a holder of CDIs.

**CDN** means CHES Depositary Nominees Pty Ltd (ACN 071 346 506).

**Company** means Adriatic Metals PLC.

**Directors** means the current directors of the Company.

**equity securities** has the meaning given in the Listing Rules.

**Explanatory Notes** means the explanatory notes incorporated in this Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**LSE** means the London Stock Exchange plc.

**New CDIs** has the meaning given in paragraph 71 in the Explanatory Notes.

**New Employees and Consultants ESOP** means the Company's employee and consultant incentive plan entitled 'EMPLOYEE INCENTIVE PLAN (1) (EMPLOYEES & CONSULTANTS)', as approved at the Company's 2019 Annual General Meeting.

**New Employees ESOP** means the Company's employee incentive plan entitled 'EMPLOYEE INCENTIVE PLAN (2) (EMPLOYEES ONLY)', as approved at the Company's 2019 Annual General Meeting.

**New ESOPs** means the New Employees ESOP and the New Employees and Consultants ESOP.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Notes to the resolutions and the Proxy Form.

**Option** means an option to acquire a Share.

**Performance Right** means a right to be issued one new Share subject to the terms and conditions of that right.

**Placement** has the meaning given in paragraph 71 in the Explanatory Notes.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company (provided that a reference to a "Share" may also be construed as a reference to a CDI, with each such CDI representing one Share).

**Shareholder** means a holder of a Share.

## Schedule 1: TERMS AND CONDITIONS OF OPTIONS – RESOLUTIONS 1 AND 2

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (m), the amount payable upon exercise of each Option will be \$1.25 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 28 November 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Conditions for Vesting**

Nil, all options vest upon the allotment of the options.

(e) **Exercise Period**

The exercise period for Options will commence when the Options have vested in accordance with the Vesting Condition and will end on the Expiry Date (**Exercise Period**).

(f) **Cessation of Employment or Engagement**

Where the holder of an Option ceases employment or engagement (as applicable) with the Company:

- (i) all vested Options that have not been exercised will continue in force and remain exercisable, for a period of 3 months from the date the holder's employment ceases.

(g) **Lapse of Options**

Unless the Board determines otherwise in its sole and absolute discretion, unvested Options will lapse on the earlier of:

- (i) the cessation of employment, engagement or office of a holder in accordance with clause (h); or
- (ii) the Expiry Date.

(h) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(i) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(j) **Change of Control Event**

(i) Subject to clause (j)(ii), a Change of Control event occurs where:

- (A) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act (or equivalent regulation or law of foreign jurisdiction) and is, or is declared, unconditional; or
- (B) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (C) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50 per cent or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; or
- (D) the Company enter into agreements to its main business undertaking or the principal assets (whether or not in the form of shares in the Company) of the Company to a person, or a number of persons, and those agreements become unconditional; or
- (E) the Board determines in its reasonable opinion, control of the Company has or is likely to change or pass to one or more persons.

(ii) Unless determined by the Board in accordance with clause (j)(i)(E), the Company's admission to the official list of the ASX or recognised stock exchange, either by way of initial public offering or acquisition by a listed company, will not be deemed a Change in Control Event.

On the occurrence of a Change of Control Event all unvested Options will vest and become exercisable in accordance with this clause (j) with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the holder is terminated or ceases in connection with the Change of Control Event.

In the case of clause (j)(i)(D), where the Company agrees to sell or dispose of its main business undertaking or principal assets for cash (**Business Sale**) and the Company decides not to distribute the cash proceeds of the Business Sale to Shareholders, the Company, with the consent of the holder, may cancel or buy-back vested Options for a price per Option that is equal to the net proceed of the Business Sale divided by the number of Shares on issue, less the Exercise Price.

The Company shall give written notice of any Change of Control Event to each holder. Upon the giving of any such notice a holder may exercise any of their vested Options within the Exercise Period by delivery to the registered office of the Company or such other address as determined by the Board of:

- (i) a signed Notice of Exercise;
- (ii) a cheque or cash or such other form of payment determined by the Board in its sole and absolute discretion as satisfactory for the amount of the Exercise Price; and
- (iii) the Option certificate, or documentary evidence satisfactory to the Board that the Option certificate was lost or destroyed.

**(k) Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (k)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(l) Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

**(m) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(n) 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 without exercising the Options.

(o) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(p) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## Schedule 2: TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PROPOSED TO BE ISSUED TO MILOS BOSNJAKOVIC PURSUANT TO RESOLUTION 3

### 1 Expiry Date and Performance Conditions

- 1.1 Before the Performance Rights vest and can be exercised the following conditions precedent must be satisfied (each a **Performance Condition**):

Tranche	Number of Performance Rights to vest	Condition Test Date	Performance Condition
1	2,000,000	30 April 2020	Both of the following must be satisfied: <ul style="list-style-type: none"> <li>• Eastern Mining d.o.o entering into a Concession Annexure pursuant to which the existing Concession Agreement in respect of the Veovaca and Rupice deposits is extended to include the exploitation of Gold, Silver and Copper by 30 April 2020; and</li> <li>• Eastern Mining d.o.o being granted the Veovaca Exploitation Permit by 30 April 2020.</li> </ul>
2	1,000,000	30 July 2020	Eastern Mining d.o.o being granted the Rupice Exploitation Permit by 30 July 2020.
3	1,000,000	30 July 2020	Eastern Mining d.o.o enters into a new Concession Agreement by 30 July 2020.

- 1.2 Subject to the satisfaction of the relevant Performance Condition, the relevant tranche of Performance Rights will vest on the relevant Condition Test Date set out above.
- 1.3 Each Performance Right shall expire at 5:00pm (London time) on the day after the relevant Condition Test Date (**Expiry Date**).
- 1.4 Upon a Performance Condition having been satisfied by the relevant Condition Test Date, the Company shall notify the Holder in writing that the relevant tranche of Performance Rights referred to in paragraph 1.1 has vested (such Performance Rights being **Vested Performance Rights**).
- 1.5 Performance Rights shall immediately lapse and the Company shall notify the Holder of the same (however, any failure by the Company to make such notification will have no impact on the lapse of the applicable Performance Right(s)), if any applicable Performance Condition is not satisfied by the relevant Condition Test Date.



- 1.6 Subject to compliance with applicable laws and regulations and stock exchange rules, the Board has discretion at any time to declare any Performance Rights held by the Holder which have not vested or lapsed in accordance with their terms and conditions as Vested Performance Rights (in which case their Expiry Date is deemed to be 5:00pm (London time) on the third day after vesting).

## 2 QUOTATION

- 2.1 The Performance Rights will not be quoted or admitted to trading. No application for the quotation or admission to trading of Performance Rights will be made by the Company.

## 3 Exercise of Vested Performance Rights

- 3.1 Subject to the remainder of this paragraph 3 and any adjustment prescribed hereby, Vested Performance Rights may be exercised at any time during the Exercise Period (subject to compliance with the Company's Securities Trading Policy) for those Vested Performance Rights by the Holder giving the Company an Exercise Notice signed by the Holder and by the Holder paying to the Company the aggregate Exercise Price (as defined below) for the Vested Performance Rights being exercised.
- 3.2 The issue of Performance Right Shares to the Holder following the exercise of Vested Performance Rights is subject to such issue not contravening the Company's Securities Trading Policy, the Companies Act 2006, the Corporations Act, the ASX Listing Rules, the FCA Listing Rules, EU Market Abuse Regulation (596/2014) (**MAR**), other applicable laws, regulations, stock exchange rules, any ASIC Class Order and other regulatory or government relief on which the Company is reliant, the Company's Securities Trading Policy or any other applicable law.
- 3.3 The exercise price for the Vested Performance Rights on each respective tranche shall be the higher of £1 and the aggregate nominal value of the Performance Right Shares to be allotted and issued pursuant to that tranche (**Exercise Price**). For example, if the Tranche 1 Performance Rights become Vested Performance Rights and are exercised by the Holder in full (such that 2,000,000 Performance Right Shares are to be allotted and issued by the Company), the Exercise Price shall be £26,710 (being 2,000,000 multiplied by the nominal value of an ordinary share in the capital of the Company of £0.013355).
- 3.4 The Holder must exercise Vested Performance Rights in multiples of 250,000 or such other multiple as the Board determines unless the Holder exercises all Vested Performance Rights able to be exercised by the Holder at that time. The exercise by the Holder of only some of the Vested Performance Rights held by the Holder will not affect the Holder's right, during the relevant Exercise Period, to exercise Vested Performance Rights held by the Holder. In exercising any Vested Performance Rights, the Holder must comply with the requirements of the Company's Securities Trading Policy.
- 3.5 Following the exercise of Vested Performance Rights in accordance with paragraph 3.1, the Company must:
- 3.5.1 issue the relevant number of Performance Right Shares to the Holder;
  - 3.5.2 (provided no ASX imposed escrow period applies) apply for official quotation on ASX of the Performance Right Shares within the period required by ASX;

- 3.5.3 (provided no ASX imposed escrow period applies) if required to enable the Performance Right Shares to be freely tradeable on the ASX, subject to paragraph 3.6, within 5 Business Days of the issue of the Performance Right Shares under paragraph 3.5.1, issue a cleansing notice under section 708A(5) of the Corporations Act; and
  - 3.5.4 provided that the Company is listed on the LSE at the time, make application for the Performance Right Shares to be admitted to the standard segment of the Official List of the FCA, and to trading on the main market of the LSE.
- 3.6 If the Company is not permitted to issue a cleansing notice under section 708A(5) of the Corporations Act within the time required under paragraph 3.5.3, or for any reason that cleansing notice is not effective to enable the Performance Right Shares to be freely tradable on the ASX then, provided the Performance Right Shares are not subject to ASX imposed escrow, the Company must either:
- 3.6.1 issue a prospectus on the date that the Performance Right Shares are issued (in which case the date for issuing those Performance Right Shares may be extended to not more than 15 Business Days after the exercise of the Vested Performance Rights, to allow the Company time to prepare that prospectus); or
  - 3.6.2 issue a prospectus before the date that the Performance Right Shares are issued, provided that offers under that prospectus must still be open for acceptance on the date those Performance Right Shares are issued,
- in accordance with the requirements of section 708A(11) of the Corporations Act.
- 3.7 If the Holder dies during the term of a Vested Performance Right, the Holder's legal personal representative shall stand in the place of the Holder for the purposes of paragraph 3.5, subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of any Shares held by the Holder.
- 3.8 From and including the date of issue to the Holder of any Performance Right Shares, the Holder must not sell or transfer those Performance Right Shares if to do so would be in breach of the insider trading or insider dealing provisions of the Corporations Act (Part 7.10 Division 3), section 707(3) of the Corporations Act, MAR, the UK Criminal Justice Act 1993 any other applicable law or any Securities Trading Policy.
- 3.9 From and including the date of issue to the Holder of any Performance Right Shares the Holder shall:
- 3.9.1 be the absolute indefeasible beneficial owner of those Performance Right Shares; and
  - 3.9.2 subject to paragraph 3.8, the Companies Act 2006, the Corporations Act, the ASX Listing Rules, MAR, any Securities Trading Policy, any Class Order on which the Company is relying or any other applicable law, be entitled to sell, transfer, dispose of, mortgage, pledge or otherwise deal with those Shares or any interest therein in every manner whatsoever.
- 3.10 All Performance Right Shares will rank equally in all respects with all previously issued Shares at the time being on issue except as regards to any entitlements attaching to such Shares by reference to a record date that is prior to the date of issue of the Performance Right Shares.

#### **4 Transfer of Rights**

- 4.1 Performance Rights may not be transferred, assigned or novated except with the prior approval of the Board.

#### **5 Security Interest**

- 5.1 Subject to paragraph 4, the Holder must not grant a Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the underlying Performance Right Shares are issued to the Holder, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company and shall at the election of the Board result in the Performance Rights being declared to lapse immediately.

#### **6 Dividend and Voting Rights**

- 6.1 Performance Rights will not confer upon the Holder the right to dividends or to vote as a Shareholder until the Vested Performance Rights have been exercised and the Performance Right Shares issued to the Holder.

#### **7 Takeover, Scheme of Arrangement and Change in Control**

- 7.1 If any of the following events occurs, or the Board determines that such event is likely to occur (in each case, subject to compliance with applicable laws and regulations and stock exchange rules):
- 7.1.1 the Company announcing that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;
  - 7.1.2 a Takeover Bid:
    - 7.1.2.1 is announced; and
    - 7.1.2.2 has become unconditional;
  - 7.1.3 any person acquires a Relevant Interest in 50.1% or more of the Shares by any other means; or
  - 7.1.4 any person acquires Control of the Company,

the Board will immediately declare all Performance Rights held by the Holder which have not lapsed in accordance with their terms and conditions as Vested Performance Rights (in which case their Expiry Date is deemed to be 5:00pm (London time) on the third day after vesting) or deal with the Performance Rights in such other manner that allows the holder of the Performance Right to participate in any of the above events.

## **8 Pro Rata Issue of Securities**

- 8.1 If during the term of any Performance Right, the Company makes a pro rata issue of securities to the Shareholders by way of a rights issue, open offer or any other pro rata issue, the Holder shall not be entitled to participate in the rights issue, open offer or any other pro rata issue in respect of any Performance Rights, only issued Performance Right Shares held by the Holder at the relevant record date of the pro rata issue.
- 8.2 The Holder will not be entitled to any adjustment to the number of Performance Right Shares he is entitled to, nor adjustment to any Performance Condition, as a result of the Company undertaking a rights issue.

## **9 Adjustment for Bonus Issue**

- 9.1 If, during the term of any Performance Right, securities are issued pro rata to Shareholders generally by way of bonus issue, the number of Performance Right Shares to which the Holder is then entitled, shall be increased by that number of securities which the Holder would have been issued if the Performance Rights then held by the Holder were exercised immediately prior to the record date for the bonus issue.

## **10 Adjustment for Reconstruction**

- 10.1 In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company (not being a reconstruction referred to in paragraphs 8 and 9 above), the number of Performance Rights shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules (applying at that time) and in a manner which will not result in any additional benefits being conferred on the Holder which is not conferred on holders of Shares generally, but in all other respects the terms of vesting and exercise will remain unchanged.

## **11 Accumulation of Adjustments**

- 11.1 Paragraphs 8, 9 and 10 are cumulative and shall apply (without duplication) to successive issues, subdivisions, combinations, consolidations, distributions and any other events that require adjustment of the number of Shares or the number or kind of securities that can be acquired upon the exercise of Vested Performance Rights.

## **12 No participation in new issues**

- 12.1 If, during the life of any Performance Right, securities of the Company or any other corporation are offered by the Company, the Performance Rights will carry no entitlement to participate in such offers.

## 13 Definitions

### 13.1 In this Schedule:

A reference in this Schedule to a **paragraph** is to a paragraph in this Schedule.

**Adriatic Group** means the Company and its subsidiary Eastern Mining d.o.o and every other direct or indirect subsidiary of the Company.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691).

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the board of directors of the Company.

**Business Day** means a day other than a Saturday, Sunday and public holidays in England.

**CDI** has the same meaning as given in the ASX Listing Rules.

**Class Order** means an instrument issued by ASIC that, among other things, exempts a person(s) from compliance with certain provisions of the Corporations Act, or other acts administered by ASIC.

**Company** means Adriatic Metals PLC.

**Concession Agreement** means an agreement between the Company (or its subsidiaries) and any government authority in Bosnia and Herzegovina to explore for minerals.

**Condition Test Date** means the relevant Performance Condition test date provided in paragraph 1.1 for a particular tranche of Performance Rights

**Control** has the meaning given in section 50AA of the Corporations Act.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Eligible Person** means an employee, director or contractor of the Company or of another company within the Adriatic Group or such other person as determined by the Board to be an Eligible Person.

**Exercise Notice** means a duly completed exercise notice of Vested Performance Rights signed by the Holder.

**Exercise Price** has the meaning given in paragraph 3.3.

**Exercise Period** subject to paragraph 3, means the period up to the Expiry Date during which Vested Performance Rights may be exercised.

**Expiry Date** subject to paragraph 7, has the meaning given in paragraph 1.3.

**FCA** means the United Kingdom Financial Conduct Authority.

**Holder** means the holder of the Performance Rights (being Mr Milos Bosnjakovic).

**LSE** means the London Stock Exchange plc.

**MAR** has the meaning given in paragraph 3.2.

**Performance Condition** has the meaning given in paragraph 1.1.

**Performance Right** means a right granted on the terms and conditions in this Schedule to be issued one Share.

**Performance Right Share** means, in respect of any Vested Performance Right, the Share which the Holder is entitled to subscribe for during the Exercise Period, by reason of the grant to him, and vesting, of that Performance Right, including any securities resulting from an adjustment made thereto pursuant to the terms and conditions of the Performance Right.

**Relevant Interest** has the meaning given in the Corporations Act.

**Rupice Exploitation Permit** means approval by the Federation of Bosnia and Herzegovina of an application for Exploitation by the Company at the Company's Rupice Project.

**Security Interest** means any mortgage, pledge, charge, lien, encumbrance, assignment, security, interest, preferential right, set-off or any other security arrangement.

**Securities Trading Policy** means any policy established by the Company applicable to trading in securities of the Company.

**Share** means a fully paid ordinary share in the Company (or a CDI over that fully paid ordinary share in the Company).

**Shareholder** means a holder of a Share.

**Takeover Bid** has the meaning given to that term in Part 28 of the Companies Act 2006.

**Vested Performance Right** subject to paragraph 7, has the meaning given in paragraph 1.4.

**Veovaca Exploitation Permit** means approval by the Federation of Bosnia and Herzegovina of an application for Exploitation by the Company at the Company's Veovaca Project.

### Schedule 3: INDICATIVE VALUATION OF PERFORMANCE RIGHTS THE SUBJECT OF RESOLUTION 3

The valuation of the Performance Rights the subject of Resolution 3 was undertaken by Moore Stephens Corporate Services Pty Ltd in accordance with AASB 2. All references to dollars in this Schedule are to Australian dollars.

The key assumptions used in determining a valuation for the Performance Rights are outlined below using the trinomial valuation methodology:

Assumptions	Ref	Tranche 1	Tranche 2	Tranche 3
Valuation Date	1	17 December	17 December	17 December
Spot Price (A\$)	2	\$1.60	\$1.60	\$1.60
Exercise Price (£)	3	£0.013355	£0.013355	£0.013355
Exchange Rate (GBP:AUD)	4	1.93	1.93	1.93
Issue Date	5	TBD	TBD	TBD
Expiry date	6	30 April 2020	30 July 2020	30 July 2020
Expected future volatility (%)	7	69%	69%	69%
Risk free rate (%)	8	0.79%	0.79%	0.79%
Dividend yield (%)	9	Nil	Nil	Nil
Vesting Date	10	30 April 2020	30 July 2020	30 July 2020
Provision for Employee Exit (%)	11	Nil	Nil	Nil
Performance Hurdle	12	Set out in section	Set out in section	Set out in section
Probability of Achieving Hurdle	13	60%	60%	60%

1. *Valuation Date:* Assumed the valuation date to be 17 December 2019.
2. *Spot Price:* The last closing spot price prior to the Valuation Date within our calculations. Based on Capital IQ market data the spot price prior to the Valuation Date is \$1.60
3. *Exercise Price:* We understand that the Performance Rights have an exercise price of £0.013355
4. *Exchange Rate:* Used the last closing GBP:AUD exchange rate prior to the Valuation Date within our calculations. Based on Capital IQ market data the exchange rate prior to the Valuation Date is 1.93.
5. *Issue Date:* The date of issuance will be upon shareholder approval. The approval date is still to be determined. For the purpose of this valuation we have valued the Performance Rights as at the same as the Valuation Date.
6. *Expiry period:* The Performance Rights will expire on the following dates:
  - Tranche 1:* 30 April 2020
  - Tranche 2:* 30 July 2020
  - Tranche 3:* 30 July 2020

7. *Expected future volatility*: Assessed the share price volatility of the Company based on assessing historical volatility over relevant trading periods. Based on the historical and recent trading patterns of the company we have applied a volatility of 69% to all Performance Rights tranches.
8. *Risk free rate*: Determined this based on the yields of Commonwealth bonds using the period which most closely corresponds to the maximum life of the Performance Rights. The interest rates are measured as the closing rate on the business day prior to the Valuation Date, with rates disclosed by the Reserve Bank of Australia. The closing yield applicable to the Performance Right is 0.79%.
9. *Dividend yield*: The directors of the company do not expect to pay a dividend within the period of the right life for all Performance Rights granted.
10. *Vesting date (Condition Test Date)*: The Performance Rights vest as at the following dates:
 

<i>Tranche 1:</i>	<i>30 April 2020</i>
<i>Tranche 2:</i>	<i>30 July 2020</i>
<i>Tranche 3:</i>	<i>30 July 2020</i>
11. *Employee Exit*: Based on the terms of the Performance Rights provided to us there is no lapse of the Rights based on an exit from Adriatic.
12. *Performance Hurdle*: Performance Rights will vest based on a performance condition of achieving the following:

*Tranche 1: Both of the following must be satisfied:*

- Eastern Mining d.o.o entering into a Concession Annexure pursuant to which the existing Concession Agreement in respect of the Veovaca and Rupice deposits is extended to include the exploitation of Gold, Silver and Copper by 30 April 2020; and
- Eastern Mining d.o.o being granted the Veovaca Exploitation Permit by 30 April 2020

*Tranche 2: Eastern Mining d.o.o being granted the Rupice Exploitation Permit by 30 July 2020.*

*Tranche 3: Eastern Mining d.o.o enters into a new Concession Agreement by 30 July 2020.*

13. *Probability of Achieving Performance Hurdles*: The Performance Rights have an intrinsic value



reflective of the current share price (less exercise price). However, due to the assumption on the likelihood of achieving the performance hurdles there is a discount to the current share price. The probabilities of achieving the performance hurdles at or before the Vesting date as follows:

*Tranche 1: Within a range of 50% to 70% with a midpoint of 60%*  
*Tranche 2: Within a range of 50% to 70% with a midpoint of 60%*  
*Tranche 3: Within a range of 50% to 70% with a midpoint of 60%*

Based on the methodology and assumptions set out above, Moore Stephens Corporate Pty Ltd's assessment of the indicative fair value of the 4,000,000 Performance Rights the subject of Resolution 3, as at the Valuation Date, is AUD\$3,780,000 in total, as particularised below.

#### Performance Rights measured

Performance Rights	Tranche 1	Tranche 2	Tranche 3
Value of each Performance Right before probability adjustment	AUD \$1.574	AUD\$1.574	AUD\$1.574
Probability of achieving the performance hurdles	60%	60%	60%
Adriatic Metals Limited – value per Performance Right	AUD\$0.945	AUD\$0.945	AUD\$0.945



Adriatic Metals

ARBN 624 103 162

ADT

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123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received by **4:00pm (AWST) Friday, 24 January 2020.**

# CDI Voting Instruction Form

## How to Vote on Items of Business

Each CHESS Depositary Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI registered in your name at Thursday, 23 January 2020 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHESS Depositary Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHESS Depositary Nominees Pty Ltd enough time to tabulate all CHESS Depositary Interest votes and to vote on the underlying shares.

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable.

## Lodge your Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## CDI Voting Instruction Form

Please mark ☒ to indicate your directions

### STEP 1

#### CHESS Depositary Nominees will vote as directed

##### Voting Instructions to CHESS Depositary Nominees Pty Ltd

XX

Please mark box A OR B

I/We being a holder of CHESS Depositary Interests of Adriatic Metals PLC, hereby direct CHESS Depositary Nominees Pty Ltd (CDN) to:

A ☐ vote on my/our behalf with respect to the Resolutions below in the manner instructed in Step 2 below.

OR

B ☐ appoint the Chairman of the Meeting

OR

to attend, speak and vote the shares underlying my/our holding at the Annual General Meeting of Adriatic Metals PLC ("the Company") to be held at DLA Piper Office, Level 31, Central Park, 152-158 St Georges Terrace, Perth, Western Australia on Thursday, 30 January 2020 at 11:00am (Perth Time) / 3:00am (London Time) and at any adjournment of that meeting.

CDN instructs its proxy to vote on the resolutions proposed at the meeting in accordance with the directions in Step 2 below. Where no direction is given, the proxy may vote as they see fit. In addition, the proxy can vote as they see fit on any other business of the meeting, including amendments to the resolutions and at any adjournment of the meeting.

The Chairman of the Meeting intends to vote all valid undirected proxies in favour of each item of business, set out in Step 2 below.

### STEP 2

#### Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CHESS Depositary Nominees Pty Ltd or their appointed proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	To approve and ratify, under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, the grant and issue by the Company of 1,000,000 unlisted Options to Ms Sandra Bates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To approve and ratify, under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, the grant and issue by the Company of 1,000,000 unlisted Options to Mr John Richards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To approve, under and for the purposes of ASX Listing Rule 10.11 and for all other purposes, the grant and issue by the Company of 4,000,000 unlisted Performance Rights to Mr Milos Bosnjakovic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	To approve and ratify, under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue of 15,878,508 New CDIs to institutional investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	To approve and ratify, under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue of 9,121,492 New CDIs to institutional investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Contact  
Name

Securityholder 2

Director

Contact  
Daytime  
Telephone

Securityholder 3

Director/Company Secretary

Date / /

ADT

999999A



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