

27 OCTOBER 2020

BINDING TERMS SIGNED FOR US\$28 MILLION FINANCING

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

Adriatic Metals Plc is focused on the development of the 100%-owned, Vares high-grade silver project in Bosnia & Herzegovina, and exploration at the Raska base & precious metals project in Serbia.

DIRECTORS

Mr Michael Rawlinson
NON-EXECUTIVE CHAIRMAN

Mr Paul Cronin
MANAGING DIRECTOR & CEO

Mr Peter Bilbe
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes
NON-EXECUTIVE DIRECTOR

Ms Sandra Bates
NON-EXECUTIVE DIRECTOR

Ms Sanela Karic
NON-EXECUTIVE DIRECTOR

adriaticmetals.com

Adriatic Metals Plc (ASX:ADT, LON:ADT1) is pleased to announce that it has entered into binding agreements for a US\$28 million financing, comprising a US\$20 million private placement of 8.5% unsecured convertible debentures (the "Debentures") to Queen's Road Capital Investment Ltd. ("QRC") (TSXV: QRC) and a subscription by the European Bank for Reconstruction and Development ("EBRD") for £6.2 million (~US\$8 million) in ordinary shares of the Company ("Ordinary Shares") at a price of £1.175 per share (the "EBRD Subscription").

Paul Cronin, Chief Executive Officer of Adriatic, commented, "We are very pleased to welcome both QRC and EBRD as investors in the Company. These investments follow an extensive due diligence exercise conducted by both parties and are a strong endorsement of the quality of the Company's assets, ESG credentials and the contribution our projects will make to the communities in which we operate. This financing follows the recent publication of a robust and highly attractive pre-feasibility study on the Vareš Silver Project and leaves the Company very well-funded to complete the definitive feasibility study, detailed engineering work and remaining permitting processes. The financing also positions the Company to aggressively explore our highly prospective Serbian assets following the acquisition of Tethyan Resource Corp and our recently acquired wider land holding in Bosnia."

Terms of the Debentures

The Company and QRC have entered into a legally binding term sheet in relation to the Debentures financing.

The Debentures are unsecured and will have a four-year term from closing. If not otherwise converted earlier into Ordinary Shares, the Debentures are therefore expected to be refinanced as part of the development funding for the construction of the Vareš Silver Project, significantly before they become due for payment.

A cash coupon of 8.5% per annum is payable quarterly. The Debentures will be convertible at the holder's option into Ordinary Shares at a conversion price (the "Conversion Price") of A\$2.7976, representing a 30% premium to the 20 day volume weighted average price ("VWAP") of the Company's Chess Depository Interests on the Australian Securities Exchange ("ASX") to 23 October 2020.

The Company shall be entitled to redeem the Debentures early at par plus accrued and unpaid interest (i) at any time that the 20-day VWAP on the ASX exceeds 125% of the Conversion Price; (ii) on or after the third anniversary of the date of the issuance of the Debentures, or (iii) from the proceeds of any project financing or other secured debt financing completed after the Closing Date.



The Debentures may not be transferred (other than to a wholly owned affiliate) without the consent of the Company, such consent not to be unreasonably, withheld, conditioned or delayed in the case of a transfer to a financial institution, investment fund or other investor which customarily invests in mining companies, but may be withheld in the Company's absolute discretion in the case of a transfer to a shareholder of the Company or to a mining company.

The Debentures financing is subject to the satisfaction of customary closing conditions for a transaction of this nature, including but not limited to, the execution of definitive documentation, there being no material adverse change in the business of the Company, or a major event of national or international consequence that disrupts the financial markets or the business, operations or affairs of the Company.

The Company will pay to QRC on the Closing Date an establishment fee equal to 3% of the principal amount of the Debentures, payable in either cash or Ordinary Shares issued at A\$2.1520 per share.

The Debentures financing is expected to close on or around 6 November 2020, following the Company's Annual General Meeting. The Debentures will be issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1.

Tamesis Partners LLP is acting as financial advisor to the Company in relation to the Debentures financing.

Terms of the EBRD Subscription

The Company and EBRD have entered into a binding subscription agreement (the "**Subscription Agreement**") for EBRD to subscribe for 5,276,595 Ordinary Shares (the "**Subscription Shares**") at a price of £1.175 per share (the "**Subscription Price**") for gross proceeds of £6.2 million (~US\$8 million) representing a 4.5% discount to the 20 day VWAP on the London Stock Exchange on 23 October 2020. The proceeds of the EBRD Subscription will be used to finance pre-development work in respect of the Vareš Silver Project.

In addition to the Subscription Agreement, EBRD, Adriatic and Adriatic's 100% owned subsidiary, Eastern Mining d.o.o. in Bosnia & Herzegovina ("**Eastern Mining**"), have entered into a Project Support Agreement. As per the agreements the Company and Eastern Mining have, inter alia, committed to comply with EBRD's environmental and social requirements (the Performance Requirements as per EBRD's Environmental and Social Policy), including undertaking an International Environmental & Social Assessment for Vares that is currently being prepared by the Company, and report to all shareholders against key elements of our Environmental, Social and Governance frameworks.

The EBRD Subscription is conditional on, inter alia, the admission of the Subscription Shares to listing on the standard listing segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange plc occurring and becoming effective by 8.00 a.m. (London time) on the date falling two business days after the conditional allotment and issue by the Company of the Subscription Shares pursuant to the terms of the Subscription Agreement (or such later time and date being not later than 14 days after the satisfaction of all conditions contained in the Subscription Agreement). Settlement of the EBRD Subscription is expected to occur on or around 30 October 2020.

The subscription shares will be issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1.

About Queen's Road Capital Investment Ltd.

Queen's Road Capital Investment Ltd. ("**QRC**") listed on the Toronto Stock Exchange in 2020 and is becoming a leading financier to the global resource sector. The company is a resource-focused investment company, making investments in privately held and publicly traded resource companies. The company acquires and holds securities for both long-term capital appreciation and short-term gains, with a focus on convertible debt securities and resource projects in advanced development or production located in safe jurisdictions. QRC is well funded and backed by a number of significant investors, including two of Australia's most successful entrepreneurs, Jack Cowin (Competitive Foods) and Andrew Forrest (Fortescue Metals). QRC's executive management team is led by



CEO, Warren Gilman and President, Alex Granger who have over 60 years' collective experience of financing projects in the global resources sector.

About The European Bank For Reconstruction And Development

The European Bank for Reconstruction and Development ("EBRD") fosters transition to market economies in countries from central and eastern Europe to central Asia and the southern and eastern Mediterranean. The EBRD is owned by 69 countries, the European Union and the European Investment Bank. Each shareholder is represented individually on the Board of Governors of the EBRD which has overall authority over the Bank and is responsible for approving its overall strategic direction. In Bosnia and Herzegovina, EBRD have invested over €2.6 billion across 183 projects and remains one of the largest sources of Foreign Direct Investment in the country.

Authorised by, and for further information please contact:

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MARKET ABUSE REGULATION DISCLOSURE

The information contained within this announcement is deemed by the Company (LEI: 549300OHAH2GL1DP0L61) to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. The person responsible for arranging and authorising the release of this announcement on behalf of the Company is Paul Cronin, Managing Director and CEO.

For further information please visit www.adriaticmetals.com, [@AdriaticMetals](https://twitter.com/AdriaticMetals) on Twitter, or contact:

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ABOUT ADRIATIC METALS

Adriatic Metals Plc (ASX:ADT, LSE:ADT1) is a precious and base metals explorer and developer that owns the world-class Vares Silver Project in Bosnia & Herzegovina and holds licences across the Raska District in Serbia.

The Vares project's captivating economics and impressive resource inventory have attracted Adriatic's highly experienced team, which is expediting exploration efforts to expand the current JORC resource. Results of a recent pre-feasibility study announced on 15 October 2020 indicate a post-tax NPV8% of US\$1,040 million and IRR of 113%. Leveraging its first-mover advantage, Adriatic is rapidly advancing the project into the development phase and through to production with significant cornerstone investment of US\$28 million from Queen's Road Capital Investment and European Bank for Reconstruction and Development.

There have been no material changes to the assumptions underpinning the forecast financial information derived from the production target in the 15 October 2020 announcement and these assumptions continue to apply.



There have been no material changes to the assumptions and technical parameters on the updated Mineral Resource Estimate announced on 1 September 2020 and these assumptions continue to apply.

Adriatic Metals acquired TSX-listed Tethyan Resource Corp in 2020, to advance the former Kizevak and Sastavci polymetallic mines in the Raska District, southern Serbia.