

30 MAY 2022

ABOUT ADRIATIC METALS (ASX:ADT, LSE:ADT1, OTCQX:ADMLF)

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

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VARES PROJECT UPDATE

HIGHLIGHTS

- Lower decline construction to the Rupice underground mine expected to commence imminently. Upper decline construction expected to start by quarter end.
- Mobilisation of underground mining equipment underway
- Haul road construction has commenced
- Vares Processing Plant civil works expected to commence in the coming weeks
- The newly appointed drilling contractor delivering a dramatic increase in productivity
- Rupice NW continues to show continuity of high grade mineralisation
- In-fill drilling program targeting the conversion of Inferred Mineral Resources on the periphery of the Rupice orebody
- New healthcare facilities opened in Vares town
- Project Webinar at 10:30am BST today – will start following the AGM. Registration details below.

Paul Cronin, Adriatic's Managing Director and CEO commented:

"We are very happy with the advances made in construction activities so far, with the Project progressing on time as planned. Site preparation activities at Rupice Surface Infrastructure have progressed well and with the recent mobilisation of Ciftay, the first phase of underground construction is due to start imminently. Concurrently we have recently started site works on the haul road connecting Rupice to the Vares Processing Plant site.

The strong oil price continues to impact the cost of diesel in Bosnia, however this has not made a substantial impact overall on Project costs, which is promising. Therefore we are not experiencing any major changes in budget estimates due to cost inflation.

We continue to be excited about the north west extension to the Rupice deposit. Although assays are pending, analysis from the core logging completed to date has significantly improved our understanding of the continuity and grade of the main Rupice deposit."



Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) ("Adriatic" or the "Company") is pleased to provide an update on the construction activities and drilling at its flagship Vares Silver Project in Bosnia & Herzegovina ("Project or Vares Project"). In addition, the Company invites investors to join a webinar starting today at 10.30am BST / 5:30pm AWST / 7:30pm AEST. Registration details are provided below.

For a short video on recent developments, click here: <https://youtu.be/htXMoyVdLC0>

CONSTRUCTION ACTIVITIES

Construction activities are advancing on time as planned. Activities are split across the following three sites:

1. Rupice Surface Infrastructure Site / Rupice Underground Mine

Ground support installation around the lower portal to the Rupice underground mine has been completed and decline development is expected to commence in the coming weeks. Excavation of the upper portal is ongoing and ground support installation is expected to start in the coming weeks, with decline development ready to start at the end of the quarter.



Aerial photo of the lower portal at the Rupice Surface Infrastructure Site



Aerial photo of the upper portal pad at the Rupice Surface Infrastructure Site

The imminent start of construction of the lower decline will mark the start of the three phases of mining at Rupice. The first phase is the concurrent construction of the two declines from the upper and the lower portal, down to the two parallel production levels of the Rupice orebody. The first phase is expected to be completed during Q4 2022.



Shotcreting of the lower portal in preparation for decline construction to start

Phase two of mining will start at the beginning of Q1 2023, with the construction of the production levels, cross cuts, ore development drives and installation of underground infrastructure ready for production mining. Phase two will be when the majority of the underground equipment mining fleet is mobilised, as there will be the multiple simultaneous



headings under development. There will be just two concurrent development headings in phase 1.

The final and third phase of mining, will be production mining in ore as well as backfilling. This is expected to commence in Q2 2023. Phase three will also have additional underground mobilised, albeit in smaller incremental increase than that for phase 2.



Underground concrete mixer trucks, jumbo & excavator will be used during the first phase of mining for decline construction

Çiftay İnşaat Taahhüt ve Ticaret A.Ş. ("Çiftay"), the Company's appointed underground mining contractor, has started its initial mobilisation of mining equipment and workshop facilities to site. By the end of this quarter, the initial phase of mobilisation will have been completed. This includes the mobilisation of equipment for the first phase of mining, as well as the installation of temporary surface facilities (offices, warehouse and workshops). Over the next 12 months further supplementary equipment will be mobilised, as required for the subsequent second and third phase of mining.

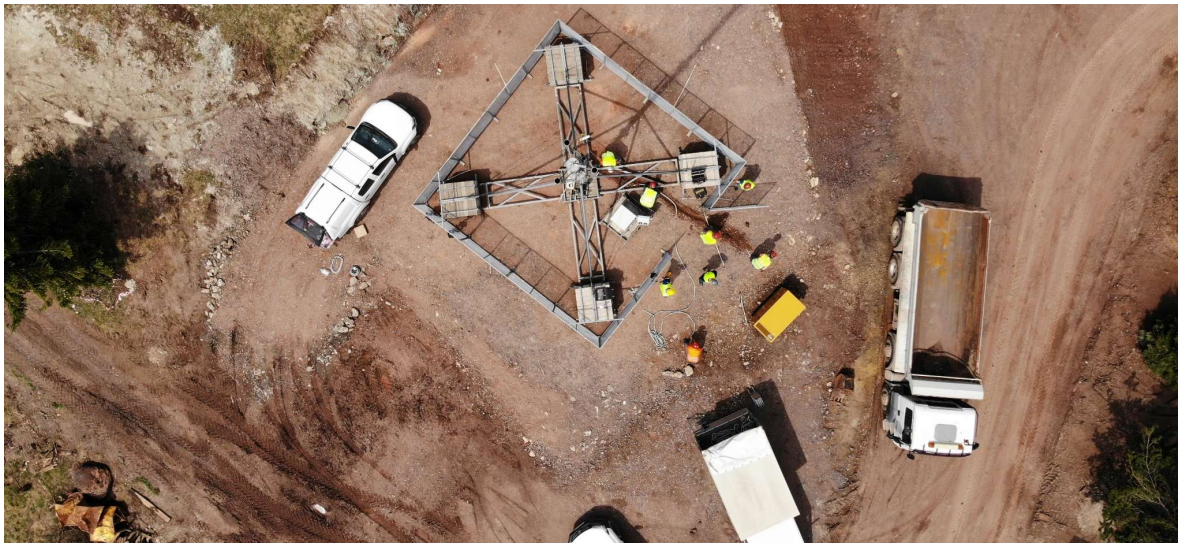


Construction of the temporary surface facilities at Rupice

The installation of utilities (water, telecommunications, compressed air, ventilation fans and generators) for the underground development has started. The ventilation fans and compressors for compressed air will be delivered within the next 2 weeks, and the installation



of the surface water distribution system is also nearing completion. A telecommunications mast providing 4G network coverage across the site has also been installed.



Installation of telecommunications mast at Rupice

Diesel generators (“Gen-sets”) have been purchased and are currently in the process of being delivered. The Gen-sets will provide power to the Rupice underground mine during the early stages of mine development until the 35kV buried cable grid connection is laid and electrified, which is expected to be completed in Q1 2023. Thereafter, the Gen-sets will remain in place as a backup power source for underground operations. In addition, a fuel supply contract has been signed for the supply of diesel for the Gen-sets, as well as the site’s mobile equipment.

A temporary explosives magazine is in the process of being installed near the lower portal. It will be utilised until the underground development has been completed in Q1 2023. At which point the explosives magazine will be relocated to a new secure location underground.

Long lead order mechanical equipment packages for the backfill plant, will be imminently awarded by subcontractor Paterson and Cooke. These items include the positive displacement pumps and batching plant. The longest lead time on these items is expected to be 8 months. Backfilling of stopes will start in Q3 2023.

2. Haul Road

The first section of the haul road’s construction commenced earlier this month. The 25km haul road construction is phased into 5 lots of approximately 5km each in length. Roadworks have started on Lot 1, with Lot 5 expected to commence in early June. Lot 1 is the first 5km of road from Rupice Surface Infrastructure site towards the Vares Processing Plant site, and Lot 5 is last 5km. Permitting for Lots 2, 3 and 4 is underway and completion of the haul road is expected in Q1 2023. The haul road is being constructed by the Vares Municipality, but with funding and technical assistance from the Company.



Haul road construction at Lot 1

3. Vares Processing Plant Site

The contract for the preparation of the foundations for the Vares Processing Plant has been signed and work is expected to start in the coming weeks. Following the demolition in 2021 of the buildings that were formerly on the site, a number of shallow subterranean cavities and channels remained. Building of the foundations will require these shallow voids to be filled and in addition some of the remaining concrete removed. The new Vares Processing Plant buildings will be constructed on the existing concrete infrastructure from the historical processing facilities, which saves a substantial amount of time, engineering and expense. The contract for the construction of the Vares Processing Plant buildings is expected to be awarded imminently.



Concrete pad foundations at the Vares Processing Plant site



PORT & INFRASTRUCTURE

A site visit to the deep-water port of Ploče in Croatia took place earlier this month ahead of a planned engineering survey next month. The result of the survey will confirm the most practical areas within the port as well as a report on the available infrastructure in place and any upgrades that may be required.



Aerial view of the container terminal (far side) and bulk terminal (centre & left) at the port of Ploče

The Company has modified its concentrate handling and shipping strategy as a result of advancing offtake discussions. The zinc concentrate will now be shipped in bulk, rather than in lined containers. The silver-lead concentrate will continue to be shipped in containers. Both concentrates, as outlined in the Definitive Feasibility Study will be exported from the port of Ploče.

Despite having experienced an increase in activity in comparison to the 2 previous years, port of Ploče still operates at circa 50% capacity at both its bulk and container terminals. The bulk terminal is currently only used for coal and scrap steel exports. However, in recent history the wharf used to ship bulk cargoes of bauxite, iron ore, lead and zinc concentrates. Therefore, it is not expected that any major upgrades will be required.

In addition, conversations are advancing with major global shipping companies regarding the shipment of concentrate in both container and bulk to a number of European and Asian destinations. The port of Ploče has a depth of up to 17.8 m at the bulk terminal, which can berth Capesize vessels (100,000 dwt). Whereas, the container terminal has a depth of 14 m that typically berth feeder ships with between 300 and 1,000 TEU capacity.

Engineering studies on the Vares Railhead has been completed by Saraj Engineering of Bosnia & Herzegovina. The site of the Vares Railhead had been moved from central Vares to a new location, 1.8 km south in Vares Majden. The new site has a similar capacity to the former site with temporary storage for up to 100 containers, which is approximately 3 full train loads .



An independent survey is due to be conducted within the next month on the 25km of dedicated rail line from Vares Majden to Podlugovi, south of Breza, where it connects to the wider domestic Bosnian railway network.



Drone photo of the Vares Majden Railhead

OFFTAKE

As announced on 20 April 2022, the Company signed heads of terms for the offtake of the Vares Projects' concentrates with Glencore, Trafigura, Boliden and Transamine (collectively, the "Offtakers"). The Company is advancing the execution of the full contracts with each of the Offtakers, which is expected to be completed by quarter end.

GEOLOGICAL DRILLING

Drilling performance has improved since the appointment of Drillex, the new drilling contractor, as announced on 28 February 2022. Compared to the prior performance, there has been a marked improvement in productivity. Advancement rates have dramatically increased with 4,450 metres already completed within the past 7.5 weeks.



Drillex International diamond core drilling rigs operating near Rupice

Of the three rigs that Drillex have mobilised to the Vares Project site, two rigs are currently deployed for resource definition drilling within the central part of the Rupice deposit, and one rig is stepping out along the northwest extension of the Rupice deposit.

Resource Definition

The resource definition program is focussed on improving the boundary definition of the Rupice deposit, specifically targeting the mining areas over the first two years of operations. The program will generate more accurate data on grade, tonnage and geometallurgical recovery assumptions used in the existing mine plan to better reflect what the Vares Processing Plant expects to process and produce. Initial results are validating well against the existing assumptions used in the mine plan. In addition, the improved metallurgical data will more accurately determine over this period the expected assay profile of the zinc and silver-lead concentrates, ensuring greater certainty that the concentrates will be within the assay limits of the recently signed concentrate offtake head of terms.

Exploration Step Out

Recent step-out drilling on the Rupice northwest extension continues to further improve the Company's understanding of the continuity of mineralisation from the main Rupice orebody. Up-dip from the mineralisation discovered last year, recent drilling at Rupice northwest has continued to intersect the same style of massive sulphide mineralisation at similar thicknesses. The extent at which mineralisation extends both up and down dip, and along strike is still to be determined and will continue to be the focus of this on-going drilling. Drilling at the northwest extension is approximately on a 50m by 50m grid. Assays on completed holes are pending.

In-Fill Drilling

In parallel with the resource definition and extension drilling at northwest of Rupice, the company is completing an in-fill drilling program targeting the Inferred Mineral Resources on the periphery of the Rupice orebody. The Company believes there are a number of areas that may be able to be reclassified into Indicated Mineral Resources, potentially increasing the current ore reserves. The company expects to complete the resource definition and in-fill



drilling in preparation for a resource upgrade planned in the next quarter, but is adjusting the mine plan to ensure that those areas likely to be converted from Inferred Resources into Ore Reserves can be easily included in the stope sequencing.

Other Exploration Activities

Concurrently, the field exploration activities continue across the 42 km² Vares Concession area with field mapping and ground gravity surveys being the main activities.

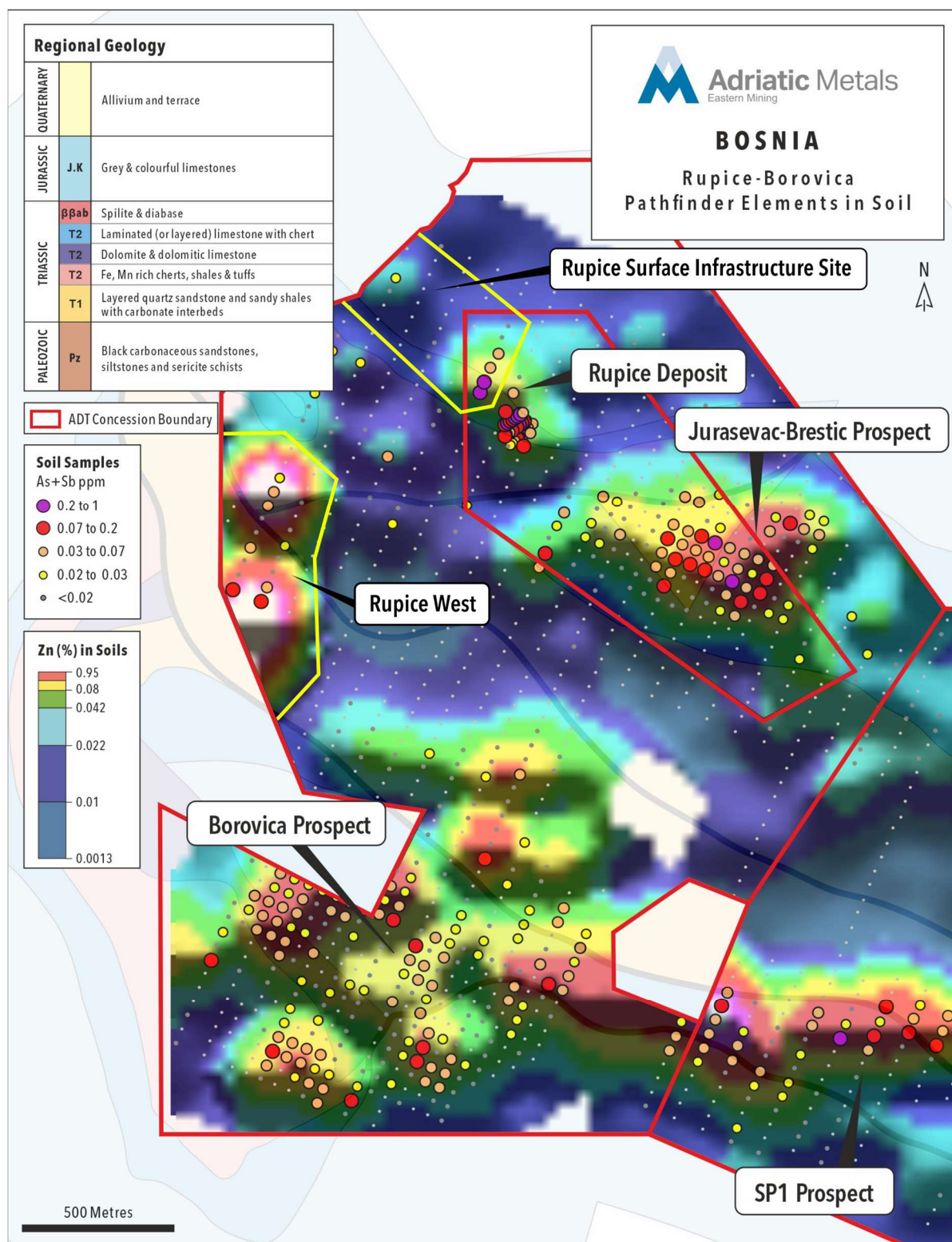


Enerson Engineering performing the ground gravity survey near the SP1 target

Given the density of the mineralisation, ground gravity surveys have proven to be a successful way of highlighting massive sulphide mineralisation at Rupice. The Company initiated a new ground gravity survey earlier this month focussing on the key exploration targets of SP1 & SP2, Droskovac, as well as a potential new target of Rupice West.

Soil sampling and field reconnaissance mapping at Rupice West has highlighted a strong zinc and path-finder element anomaly similar to what is seen at Rupice, SP1 & SP2. The Company is about 20% through the ground gravity survey and will update the market in due course once data processing and analysis has been completed

Drilling data from the northwest extension drilling, as well as the resource definition and in-fill drilling programs will be fed into an updated Rupice Resource Estimate, planned during Q4 2022.



Pathfinder Elements (As, Sb and Zn) in Soil in the Rupice – Borovica Area

GEOMETALLURGICAL WORK

Metallurgical test work by Wardell Armstrong is ongoing and will continue into Q3 2022, as planned. As the testwork progresses, Blue Coast Research are completing the geometallurgical analysis. Work is being undertaken on a phased basis representing the stages of planned mine development. An



initial geometallurgical report covering the early years of mine development is expected in the coming weeks. The test work to date confirms the metallurgical assumptions used in the DFS and the geometallurgical analysis will further increase the understanding of the complete orebody nature, and offer the potential to increase metal recovery and payability.

SUSTAINABILITY

Community Development Plan

The Company is in consultation with the Mayor of Vares on producing a mutually agreed sustainable community development plan for Vares.

In order to attract donations for the development of small and medium sized enterprises ("SMEs") in the region, an open day for potential donors was organised by Eastern Mining and European Bank for Reconstruction and Development ("EBRD") in Vares. Representatives from the following organizations attended: UNDP, USAID, GIZ, SECO, Mozaik Foundation, microfinance organisations, as well as the ESG representatives from the Banks of Raiffeisen, UniCredit and Sparkasse.

See link to a recent video of Eric Rasmussen from EBRD, discussing their strategy for Bosnia & Herzegovina and why EBRD invested in Adriatic Metals. By partnering with Adriatic, EBRD are contributing to their plans for the future development of the region.
<http://ow.ly/U4RL50Jch2Q>

Alfa Energy Contract

The Company has signed a contract with Alfa Energy, a UK based energy and sustainability consultancy. They will advise with the Company on developing its emissions reporting for both Scope 1 and Scope 2, as well as its future Net Zero strategy, Climate strategy, and supply chain configuration and optimization. Full details will be covered in the Company inaugural 2022 Sustainability Report that will be released next year.

Opening of New Healthcare Facility in Vares

Eastern Mining, the Company's wholly owned local subsidiary, made an agreement with Eurofarm d.o.o., a Bosnia based healthcare facility, to provide private medical services for all its staff and family members. As a result, Eurofarm recently opened the first private healthcare facility in Vares. The new facility also be open to local residents and will complement the existing primary healthcare facilities in Vares.

The new facility was opened by Paul Cronin, CEO of Adriatic Metals and Zdarko Marosevic, the Mayor of Vares. All local residents that attended the opening were invited to have a free blood test. See link the Company's facebook page for information on the event:

<https://www.facebook.com/2292918831029359/posts/3206678876320012/>



Paul Cronin, CEO of Adriatic Metals and Zdarko Marosevic, Mayor of Vares opening the Eurofarm healthcare facility in Vares

Commitments from ESIA in Local Recruitment

Ciftay, the Company's underground mining contractor, has currently mobilised 54 personnel to Vares as part of the initial mobilisation for the first phase of mining. The total headcount of mining contractor personnel is expected to increase to approximately 220 by the start of the third phase of mining. In line with the commitments made in the Company's Environmental, Social Impact Assessment ("ESIA") for contractors and subcontractors, Ciftay are obligated to recruit the majority of their staff from within the local area.

Community Resource Centre (Adriatic Foundation)

To date the Adriatic Foundation has received 227 applications for free English lessons. The initiative will be funded by the Adriatic Foundation and will start on 1 June 2022 in the Vares High School, until a Resource Centre is established in Vares.

The Resource Centre, once established, will be located in central Vares and be a space open to all members of the community. It will also be equipped with computers and free Wifi. The Resource Centre, will be a repurposed and refurbished building with works being managed by local contractor JKP Vares d.o.o., who will be donating their services, as well as the fixtures, fittings and furniture.

Site Tours

The Company hosted a site visit to Rupice for councillors of both the Vares and Kakanj Municipalities. The Company currently has pending applications for the extension of the Project's concession areas within both municipalities.

The Company hosted a visit by geology students from the Zagreb Institute in Croatia and Environment engineering students and Health and Safety students from the Tuzla University in Bosnia.



Site visit to Rupice by councillors of Vares and Kakanj Municipalities

VARES PROJECT WEBINAR - TODAY

Immediately following the Company's AGM (taking place at 10.00am BST / 5:00pm AWST / 7:00pm AEST today), Paul Cronin, CEO and MD of Adriatic Metals will be presenting a live webinar at 10.30am BST / 5:30pm AWST / 7:30pm AEST. There will be an investor Q&A session at the end of the presentation.

Registration for attending both the AGM and webinar is via the same following link: https://bit.ly/ADT_AGM_AND_CORP_PRESENTATION. Note the start times for each in the paragraph above. The Company requests that attendees register with their full name and email address, as the Company reserves the right to decline the attendance for those using non-genuine identities

-ends-

Authorised by Paul Cronin, Managing Director & CEO

For further information please visit www.adriaticmetals.com, @AdriaticMetals on Twitter, or contact:

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ABOUT ADRIATIC METALS

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) is a precious and base metals developer that is advancing the world-class Vares Silver Project in Bosnia & Herzegovina, as well as the Raska Zinc-Silver Project in Serbia.

The Vares Silver Project is fully-funded to production, which is expected in Q2 2023. The 2021 Project Definitive Feasibility Study shows robust economics of US\$1,062 million post-tax NPV₈, 134% IRR and a capex of US\$168



million. Concurrent with ongoing construction activities, the Company continues to explore across its highly prospective 42km² concession package.

There have been no material changes to the assumptions underpinning the forecast financial information derived from the production target in the 19 August 2021 DFS announcement and these assumptions continue to apply and have not materially changed. Adriatic Metals is not aware of any new information or data that materially affect the information included in the announcement of the updated Mineral Resource Estimate announced on 1 September 2020 and all material assumptions and technical parameters underpinning the Mineral Resource Estimate continue to apply and have not materially changed.