

23 September 2024

Adriatic Metals PLC
("Adriatic Metals" or the "Company")

Operations Update

Adriatic Metals plc ("Adriatic" or "the Company") is pleased to announce an operations update for the Vares Silver Operation. The Company will host an associated webinar on Monday 23 September at 8am BST / 5pm AEST. The presentation is open to sell-side analysts and investors. To register and submit a question, please contact Burson Buchanan via adriatic@buchanan.uk.com

Mining

August was a milestone month at the Rupice Mine. The first stope was brought into production and resulted in record ore production of 25,514t, compared to 5,595t in July and a total of 9,513t across H1 2024. Mined grades were higher than expected and exceeded the monthly plan on a contained metal basis. Development rates also increased to a record high of 318m in August, 6% above the forecasted 300m/month.

Over the coming months, the mine is on track to increase the number of active stopes from one per month to two by December 2024. The number of available headings will rise from 11 to 15, which will allow the mine to ramp up from current rates towards commercial production levels by the end of the year.

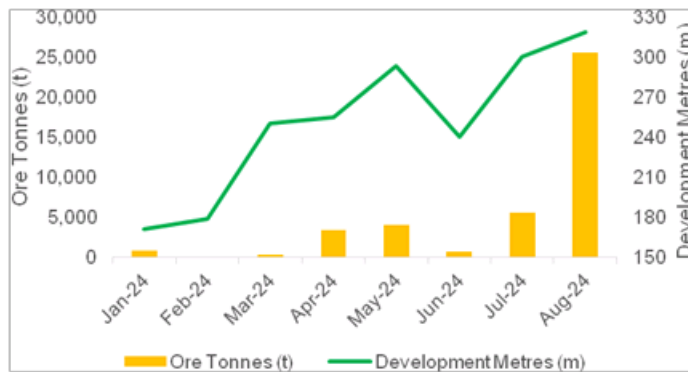


Figure 1 - YTD Production Metrics

Month-to-date mining in September has produced approximately 26,000t at 500g/t AgEq, averaging 1,250tpd, with grades reconciling well to the reserve model. While mining rates continue to ramp-up, due to development delays experienced in earlier quarters, Adriatic expects full-year 2024 mine production to be approximately 180,000t, which is below the lower end of guidance provided in January 2024. Guidance for 2025 remains unchanged at 750,000-800,000t, and the Company will provide updated long-term guidance after reaching commercial production, anticipated in Q4.

Processing and Concentrate Sales

The Vares Processing Plant continues to ramp-up and process higher grade feed now containing stoping ore, which has led to increased concentrate production. The crushing and haulage processes are working well and continue to ramp up to meet the increasing supply of ore from the mine. Head grades month-to-date are 10.8% Zn, 6.9% Pb, 292g/t Ag, 3.4g/t Au.

Recoveries recorded month-to-date are 66% Zn, 54% Pb, 86% Ag and 60% Au into their respective concentrates. These are below design rates but are as expected during the initial ramp-up phase of processing. With increasing

These are below design rates but are as expected during the initial ramp-up phase of processing. With increasing stabilisation of feed grade, base metal recoveries are expected to improve to over 70% through Q4 as the plant moves to 24/7 operations.

The stockpile at Rupice currently contains approximately 37,000t at 6.5% Zn, 4.9% Pb, 302g/t Ag, 2.8g/t Au, which will allow for blended plant feed closer to design head grades. As stoping ore increases, grade variability will decrease which will further optimise recoveries.

Concentrate grades have been good, averaging 47% Zn, 2,200g/t Ag and 44% Pb month-to-date. Sales are also progressing well with no issues on concentrate spec, and all logistical aspects (truck, rail, port) are working as expected as shipment volumes continue to increase. During September, the first full train shipment of 36 containers moved concentrate to the port.

Ausenco are currently completing a study on increased plant throughput at a range of different rates from the current capacity of 800ktpa, aligning with expanded mine production from the additional reserves added at Rupice Northwest in 2023. The Company will provide an update on this organic growth opportunity and how it fits into the strategy for future value once the study is completed.

Constitutional Court Ruling Impacts

The Constitutional Court decision regarding access to state forestry land in July 2024 has impacted the Company's ability to use the planned Tailings Storage Facility ('TSF') and waste rock storage facility. Therefore, Adriatic is progressing plans for an alternative TSF at the former Veovaca open pit site, as well as permitting for the waste rock area.

The new Veovaca TSF area is located approximately 2km from the Vares Processing Plant. It is within the existing concession boundary, does not involve the use of state forestry lands and the Company owns the surface rights. The required water and environmental permits are in progress, the design is in its final stages and the construction approval is expected in October. Early surface works and procurement are ongoing, and permitted construction on road access has commenced.

The current operating TSF has a maximum capacity of approximately 133,000t, which on current projections will allow tailings deposition into mid-Q1 2025. Adriatic expects construction at the Veovaca TSF will be completed by the end of 2024 and does not expect any impact on production from lack of access to TSF capacity.

Financial

The Company's balance sheet remains strong with 35.6m in cash as of the end of August and an additional 25m in liquidity from the Orion facility (subject to conditions precedent), which can be drawn until 31 December. Combined with revenue from current stockpiles and ongoing production, the Company expects to have sufficient liquidity to ramp up to commercial production and cover debt repayments. The first quarterly debt repayment to Orion of approximately 18m is scheduled for 31 December 2024.

Laura Tyler, Interim Chief Executive Officer commented:

"Adriatic has achieved a major milestone with mining its first ore stopes in August, leading to a record month of production, in addition to record development metres. Production in September has already exceeded that total, another positive step as we continue to ramp up towards nameplate production.

Over the last few weeks, I have spent time across the operation, meeting our leaders, employees and contractors. It has been awesome to see the connection they have to our values and their pride in the Vares Silver Operation and its success. I have also taken time to understand the support in the communities and government - building a mining project is not easy, but the support in Bosnia & Herzegovina is tremendous and the Company is grateful for such unwavering endorsement.

We are continuing to ramp up production - the heavy lifting of construction has been completed and while there are a few elements of infrastructure remaining to be finished, there is nothing in the way of achieving commercial production over the coming months.

We have made excellent progress on the Veovaca tailings facility, with early works started and permits expected in

October. With the continued use of the current temporary TSF into Q1 2025, I expect production to be uninterrupted by tailings capacity issues through 2025 and beyond.

I look forward to welcoming investors and analysts to site this week to show them how Vares is now delivering critical metals to Europe, and continuing to provide long term value for all our stakeholders."

The webinar presentation is available at: <https://www.adriaticmetals.com/investors/corporate-presentations>. A recording of the webinar will be also published on the Adriatic website post the event.

-ends-

Authorised by Laura Tyler, Interim CEO

For further information please visit: www.adriaticmetals.com; email: info@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, 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. First concentrate production took place in February 2024 and the Vares Silver Operation is fully funded to nameplate production, which is expected in Q4 2024. Concurrent with ongoing operational activities, the Company continues to explore across its highly prospective 44km² concession package.

MARKET ABUSE REGULATION DISCLOSURE

The information contained within this announcement is deemed by the Company (LEI: 549300OHAH2GL1DP0L61) to constitute inside information for the purpose of Article 7 of EU Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) ACT 2018, as amended. The person responsible for arranging and authorising the release of this announcement on behalf of the Company is Laura Tyler, Interim CEO.

information, please contact rs@seg.com or visit www.ms.com.

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