Adriatic Metals

Producing metal concentrates at the Vareš Silver Operation

2024

Annual Report for the Year
Ended 31 December 2024

Introduction

ABOUT US

Adriatic Metals is a metals mining company that is producing silver/lead and zinc concentrates from the Vareš Silver Operation in Bosnia and Herzegovina. Concurrent with ongoing mining activities, the Company continues to explore across its highly prospective 44km^2 concession package. Adriatic Metals is listed on the London Stock Exchange (LSE:ADT1), the Australian Stock Exchange (ASX:ADT) and the OTC Markets Group (OTCQX:ADMLF).

Adriatic Metals

Corporate Report

Strategic Report

Governance Report

Financial

Delivering metal concentrates into Europe

CORPORATE

Company Overview

OUR MISSION, VISION AND VALUES

OUR MISSION:

To supply metals the world needs to thrive

OUR VISION:

To become a European-based mining company, highly valued locally and globally recognised for our sustainable operations and for delivering consistent products to our customers

OUR VALUES:

ACCOUNTABILITY
We take ownership of our actions and strive for discipline and excellence.

EMPOWERMENT
We foster a culture to enable people to take initiative and thrive.

GROWTH
We seek opportunities to improve, innovate and drive progress.

INTEGRITY
We build trust through fairness, equality and transparency

PARTNERSHIP
We collaborate with stakeholders to create positive impacts and shared value.

RESPONSIBILITY
We carry out our operations responsibly and safely to benefit future generations.

Our operations and European smelter locations

Likely customers in Europe

COMPANY OVERVIEW

Adriatic Metals is a metals mining company that is producing silver/lead and zinc concentrates from the Vareš Silver Operation in Bosnia and Herzegovina. The Company's asset portfolio consists of two polymetallic projects in southeast Europe, which are both situated within the Tethyan Metallogenic Belt. Adriatic's flagship asset is the Vareš Silver Operation in Bosnia and Herzegovina, which commenced operations in 2024. The Company also has the exploration-stage Raška Project in Serbia.

VAREŠ SILVER OPERATION, BOSNIA AND HERZEGOVINA

The Company's flagship Vareš Silver Operation is located in the municipality of Vareš, within the Zenica-Doboj canton, approximately 50km north of the Bosnian capital of Sarajevo. The town has a long history of mining. State-owned iron ore mining operations and associated steelworks operated from the 1890s until the late 1980s and, as a result, there remains existing road, rail, water and power infrastructure.

2024 was a significant year for the Vareš Silver Operation as construction was completed and first concentrates were produced and shipped to customers. On 5 March 2024, Adriatic marked the Grand Opening of the Vareš Silver Operation in Bosnia and Herzegovina. The official opening event took place at the Vareš Processing Plant and was attended by Nermin Nikšić, Prime Minister of the Federation of Bosnia and Herzegovina, Zdravko Marošević, Mayor of Vareš and other key dignitaries.

The Vareš Silver Operation is now ramping up production to nameplate capacity of 0.8Mtpa which is expected in the second half of 2025. Adriatic is also undergoing expansion studies to potentially increase production from 0.8Mtpa to 1.3Mtpa.

Adriatic continues to explore across its highly prospective 44km^2 concession package in Vareš, Bosnia and Herzegovina. Exploration activity will continue to realise the resource and reserve potential of the Rupice Mine as the deposit remains open and still to be fully defined. In the wider Vareš region, significant potential remains across the range of greenfield, brownfield and advanced exploration targets. Adriatic is committed to advancing exploration regionally to find the next economic deposit that will diversify the current production profile and capitalise on the existing tenement holdings.

Adratic Metals is committed to responsible and sustainable resource extraction. The Company prioritises environmental stewardship, community engagement, and operational excellence.

Bosnia and Herzegovina

- Candidate for EU membership
- Local and federal government are supportive of mining industry
- Strong mining history and highly skilled workforce
- Clear and concise mining code in a stable democracy
- 10% corporate tax and favourable royalty regime
- Business friendly environment
- Extensive access to rail networks linking European smelters and the seaborne market

Chairman's Statement

The Vareš Silver Operation has brought significant foreign direct investment to the country.

Michael Rawlinson
Chairman of the Board

I am proud to have overseen the remarkable transformation of Adriatic Metals. In just seven years, the Company has evolved from an exploration and development stage entity to a revenue-generating European mining company. This achievement is especially noteworthy given the challenges of establishing a new mining operation in Bosnia and Herzegovina - a country with a rich mining heritage but only a few small hard rock mines today.

The Vareš Silver Operation has brought significant foreign direct investment to the country, created numerous employment opportunities, and revitalised the local economy in a region that has long faced economic challenges. Adriatic has demonstrated that it is not only possible to build a modern, sustainable, and efficient mine in Europe, but that such projects can also bring substantial benefits to all stakeholders involved.

2024 has been a year of profound global change, marked by an unprecedented number of elections worldwide. The mining industry continues to face significant challenges. Commodity prices have diverged sharply, with some, like lithium, falling to historic lows, while others, such as gold and antimony, have soared to new heights. As we approach 2025, industry sentiment remains uncertain. Gold prices are projected to rise further, while the strength of the US dollar will largely hinge on upcoming tariff decisions. Political risk is also on the rise, as miners and investors grapple with a new wave of resource nationalism spanning regions from Mali to Indonesia.

The start of operations at Vareš coincides with a period when mining in Europe is under intense political scrutiny. This comes as the EU strives to meet the ambitious goals set by its Critical Raw Materials Act 2023, driven by the pressing need to establish a regional, critical minerals supply chain. Collaboration across Europe is essential to achieving this objective. Zinc, recently added to the UK's Critical Minerals list, underscores its pivotal role in the global transition to Net Zero. Similarly, silver - renowned as the world's most efficient energy conductor - is indispensable for manufacturing solar panels, wind turbines, and batteries.

Meanwhile, the once-contentious role of mining in society is undergoing a shift. Even former critics now acknowledge that the transition to green energy relies heavily on an increased supply of minerals and metals. However, to meet this surging demand, the extractive sector must navigate additional pressures; advancing sustainable mining practices, maintaining capital discipline, and fulfilling ever-growing stakeholder expectations.

Bringing the Vareš Silver Operation into production within seven years has been an exceptional accomplishment. This remarkable achievement was further celebrated during the mine's official opening in early March. The event was attended by notable dignitaries, including Bosnia and Herzegovina's Prime Minister, Nermin Nikšić, and the British Ambassador, Julian Reilly, who joined us to commemorate the launch of Europe's newest metals mine. This official event was followed by a celebratory 'Vareš Fest' in the town square, with the local community, employees and key suppliers coming together to mark the momentous occasion.

Firstly, I would like to extend my commendation and gratitude to outgoing CEO Paul Cronin, whose bold vision turned the ambitious goal of building a silver-zinc-lead mine in the emerging mining jurisdiction of Bosnia and Herzegovina into a reality. I wish him every success in his future endeavours and I am confident that, as a founder and shareholder, he will continue to strongly support the business.

I would also like to warmly commend Laura Tyler for taking the role of permanent CEO during a crucial inflection point for Adriatic as it transitions to the next phase of growth. With her extensive experience, exceptional skill set, and adaptability, I have every confidence in her ability to steer the company forward and drive its continued success.

Throughout 2024, we further strengthened our Board to align with Adriatic's corporate transition, welcoming several esteemed new members. Among them was Eric Rasmussen, formerly with Rio Tinto and the EBRD as Global Head of Natural Resources, who brings extensive expertise in financing European and global mining projects. In October, we also appointed Mirco Bardella as a Non-Executive Director. Mirco is an experienced specialist in assurance and governance, predominantly in the natural resources sector, having previously advised companies including Xstrata, Rio Tinto, Gold Fields and Hochschild Mining in his capacity as Assurance Partner at professional services firm, Ernst & Young. An expert in assurance and governance within the natural resources sector, Mirco's skills have already proven to be invaluable to both our Board and management team.

Additionally, our Non-Executive Director, Sandra Bates, was promoted to Senior Independent Director, a milestone as the first such role on the Adriatic Board. This appointment reflects the evolution of the Company's corporate structure in line with its growth into a stronger and more dynamic entity. Additionally, Sanela Karic was appointed as Executive Director for Corporate Affairs at Adriatic and as a Director of Adriatic's operating subsidiary in Bosnia and Herzegovina. A Bosnian native and practicing lawyer, Sanela has the relevant experience for this key role, which involves engaging with all levels of government and leveraging her deep expertise to support the Company's strategic goals.

In May 2024, we completed a successful capital raising of $50m, which saw a number of new institutional investors join our share register and was also backed by our existing shareholders. This is not only a huge vote of confidence in Adriatic, but also provided vital flexibility to the balance sheet during the crucial stages of operational ramp up.

Throughout the year, the fourth and final tranche of $30m of senior secured debt from Orion was drawn down and the first debt repayment of $19m was rescheduled to 31 March 2025. Post-period, in January 2025, Adriatic completed a $25m concentrate prepayment arrangement with our offtaker, Trafigura, at competitive terms, and in February 2025, Adriatic raised $50m, through a well-supported placement. The proceeds of this placement will be used to fast-track the Vareš Processing Plant expansion to 1.3Mtpa, initiate studies and workstreams at Rupice Mine to support this production growth and de-risk the ramp-up to nameplate production.

> **Our 2025 strategy will prioritise debt repayment as ramp up continues to nameplate capacity in the second half of the year.**

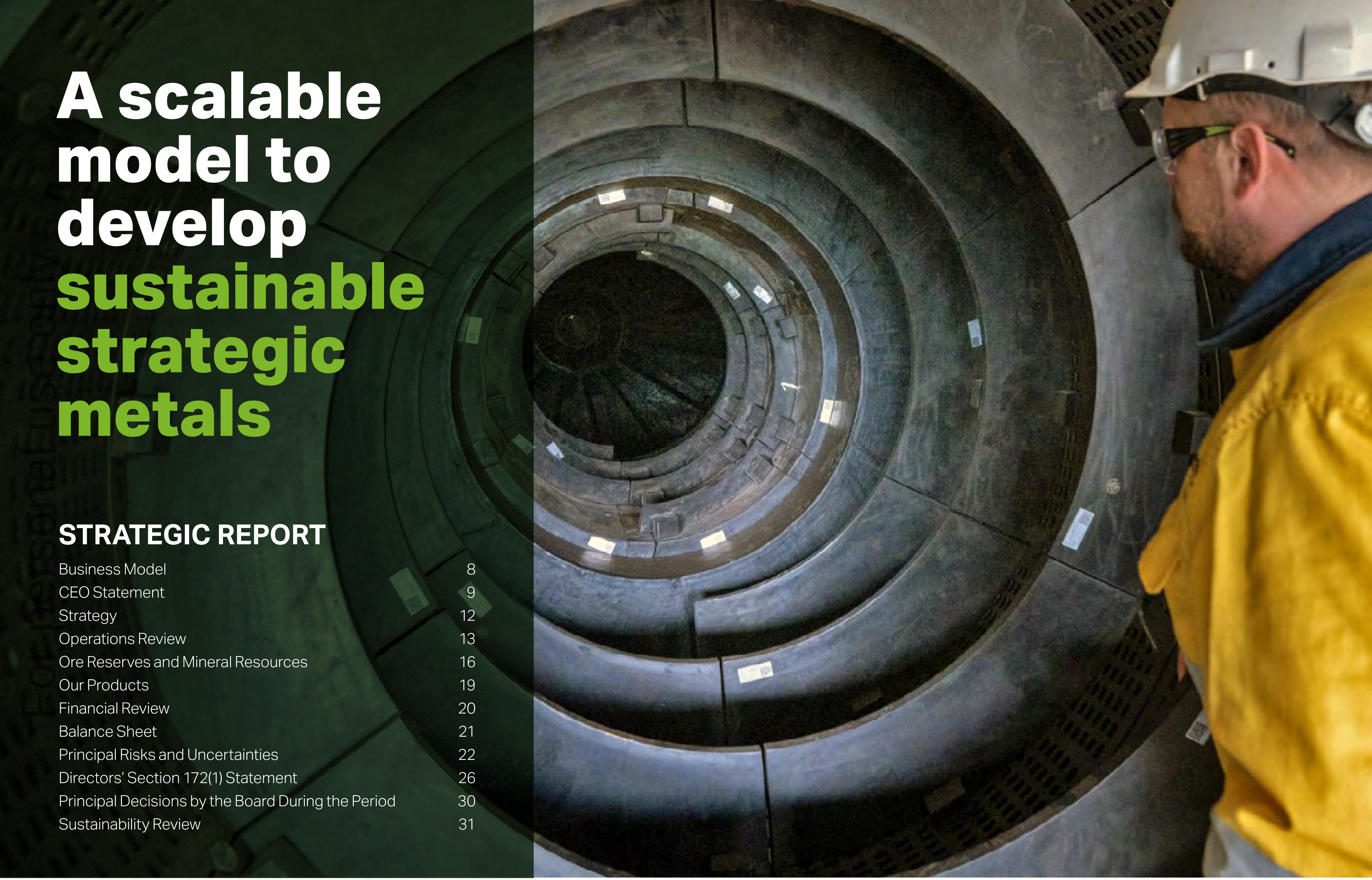
In February 2025, we also announced that Adriatic is working with its advisors regarding the transfer of the listing category of all of its ordinary shares from the Equity Shares (Transition) category of the Official List to the Equity Shares (Commercial Companies) category of the Official List on the London Stock Exchange. Among other benefits, the Board believes the transfer will enable the ordinary shares to be considered for inclusion in the FTSE UK Index Series (subject to meeting certain other eligibility criteria), which are widely utilised investment benchmarks for institutional investors, in due course. We hope to update our stakeholders on this process in due course.

We are excited to share the success of Vareš with our loyal shareholders and stakeholders who have supported us throughout this journey to production. Our vision extends beyond current operations - we aim to leave a lasting legacy for future generations in the country and community where we operate. By fostering employment, driving sustainable economic growth, and supporting the community through the Adriatic Foundation, we strive to enable this vibrant region to thrive and prosper.

On behalf of the Board, I extend my heartfelt thanks to our management team, employees, and stakeholders at all levels - local, regional, and national - for their dedication, hard work, and unwavering support during this remarkable period of success.

As we look ahead, we are filled with excitement as the Company begins to execute its strategy for long-term sustainable growth. I would also like to express my gratitude to our shareholders for their steadfast support during what has been, at times, an unprecedented and challenging year. Thanks to your confidence in us, we are now firmly on track to achieve nameplate production in 2025.

Michael Rawlinson
Chairman of the Board



A scalable model to develop sustainable strategic metals

STRATEGIC REPORT

Business Model

Generating positive stakeholder outcomes

Adriatic believes that economic development should underpin the prosperity and well-being of stakeholders at both local and national levels. From inception, Adriatic has been committed to driving a culture that places host communities at the centre of the Company's objectives. Demonstrating these embedded values and principles, the development and production of mineral resources have the potential to deliver long term value for all shareholders and stakeholders.

Sustainable development goals

Decent work and economic growth

Generating a significant increase in local tax revenues through royalties, concession fees, local employment and procurement

Industry innovation and infrastructure

Industry innovation & infrastructure. Driving highly technical and remunerated roles and skills development for local workforce

Sustainable communities

Sustainable communities. Realising the commercial and environmentally sustainable development of critical raw materials

Responsible consumption and development

Responsible consumption and development. Developing local renewable sources of energy as primary resource can minimise the carbon profile of the mine

DEVELOPMENT CYCLE	RESOURCES & RELATIONSHIPS
Portfolio Targeting Pan-European, value accretive assets to diversify the portfolio	**Leadership Expertise** • Strong ethics and clear policies • Robust governance framework • Experienced in-country team
Asset Continued exploration to add ore reserves to existing Vareš concession	**Strong financial position** • Ample financing capacity to ramp up production • Strong cash flow projections • Stable balance sheet
Operational Construction, production, workforce development and high operational standards	**High grade deposits** • Premium products can drive a higher valuation • Quality source material can lower processing costs and environmental impacts meeting supply chain requirements
Sustainable Reducing our environmental impact whilst increasing our positive social impacts	**Supportive community** • Historic mining region with strong links to industry • Existing industrial infrastructure • Stable geo-political environment
Restoration Rehabilitation to ensure that biodiversity impacts are more than replaced	**Local capability and capacity** • A source of committed employees • Established supply chain partnerships

CEO Statement

I am delighted to deliver this message as the new CEO of Adriatic Metals.

Laura Tyler
Managing Director and Chief Executive Officer

OVERVIEW

I am delighted to deliver this message as the new CEO of Adriatic Metals. I joined the Company as a Non-Executive Director on 1 July 2024 and was drawn in by the immense potential of the Vareš Silver Operation based on the world-class, high-grade orebody at Rupice.

I was equally impressed by the speed at which the project progressed, from the first drill hole in 2017 to the commencement of concentrate production in February 2024.

Since assuming the CEO role in August and relocating to Sarajevo, I have worked closely with the exceptional team in Bosnia and Herzegovina. Witnessing their commitment and pride to deliver this project is inspiring; they fully understand the transformative impact this investment will have. The Vareš Silver Operation is the largest private foreign direct investment in the country since the war in Bosnia and Herzegovina ended in 1995. This world-class asset stands to bring substantial benefits, not only through local employment and regeneration but also on a national scale. Once operating at nameplate capacity of 0.8Mtpa, it is expected to make a significant contribution to the economy of Bosnia and Herzegovina and future prosperity of the nation.

SUSTAINABILITY AND GOVERNANCE

Our people are the foundation of our business, and ensuring the health, safety, and well-being of our team at the Vareš Silver Operation is my top priority.

Sadly, in August we experienced the loss of a subcontractor in a fatal incident onsite. This heartbreaking event meant we intensified our efforts to enhance safety protocols for our team, contractors, and subcontractors. Our commitment is unwavering: we strive to make sure every employee and contractor returns home to their families safely at the end of each day.

Despite this tragic occurrence, our overall health and safety performance continued to improve throughout the year. At the end of Q4 2024, the 12-month rolling total recordable incident frequency rate (TRIFR) was 1.05, a marked improvement compared to 1.40 in 2023. Hazard reporting continues to improve and our critical control management program has matured through the year with increased use of structured safety dialogue - Life Conversations. This progress reflects our ongoing dedication to fostering a safer working environment for all.

> Sustainability is a cornerstone of our business model. Our primary commitment is the health and safety of our employees and contractors, the protection and preservation of the natural environment, and the adoption of sustainable practices across all aspects of our operation.

The Company has long recognised the importance of maintaining our social license to operate, by sustaining strong relationships with our local communities, as well as with Bosnian governmental bodies and ministries; they underpin our way of working.

Our commitment to responsible stewardship is embedded in our Environmental and Social Management System to make sure responsible business practices are at the heart of our operational design through the use of modern mining methods and technology. Adriatic understands that our social and environmental footprint is constantly evolving, and that the scope and impact of our sustainability initiatives will grow in significance in the years ahead.

In 2024, we saw a significant increase in our employee headcount, growing from under 300 employees in 2023 to over 500 by the end of the year. This exciting growth reflects Adriatic's transition from contract mining to owner-operator and from a project phase to operational status.

The expansion of our workforce also has underscored the importance of people management and placed a strong emphasis on our corporate culture. We remain dedicated to ongoing skills assessments and training to make sure our team is equipped to meet the challenges of our evolving operations while continuing to drive excellence in all areas.

OPERATIONS

2024 saw Adriatic transition from a mine developer into a fully functioning mining and concentrate processing operation with the potential to be a leading European producer of critical metals. Early in the year, first concentrates were produced from the Vareš Silver Operation and since then operations have been ramping up, with a total of 146,000 tonnes mined in 2024. Our team achieved total underground development of 3km across 2024, doubling the development totals in 2023. The Rupice Mine is now operating from two active production levels and the Vareš Processing Plant is operating 24/7 with recoveries improving as expected.

In May, Adriatic announced the first sale of on-specification grade concentrates from Vareš with the first shipment leaving site for the port of Ploče. Subsequently, all our concentrates have been sold and shipped to European smelters and beyond.

We have faced our share of challenges throughout the year. In July, the Constitutional Court ruled against previous permit issuances which impacted on the original location of our proposed tailings facility. However, this setback underscored the strength of our collaboration with local, regional, and national stakeholders. Together with the relevant authorities, Adriatic worked effectively to identify, fully permit, and construct the Veovača Tailings Storage Facility, now expected to begin operations in Q1 2025. This achievement highlights the power of cooperation, teamwork, and a shared vision for the Vareš Silver Operation's contribution to Bosnian society.

Vareš Silver Operation

146,000

Tonnes mined in 2024

Another significant challenge was the extreme weather that affected Bosnia and Herzegovina at the end of 2024. In October, a severe storm and flooding caused significant damage to a section of the railway line connecting Sarajevo to the port of Ploče, a critical component of our transport infrastructure. Fortunately, the country's robust transport network allowed us to pivot to a road haulage solution, ensuring uninterrupted delivery of concentrates while repairs to the railway were underway.

In late December, a severe snowstorm swept across the Balkan region, disrupting operations as blocked roads and widespread power and communication outages hampered the transportation of ore and concentrates. Throughout this period, our priority was the safety of our employees. The team's response to these challenges provided valuable winterisation experience and we have since implemented additional procedures for winter production.

In the Q4 QAR announcement, we introduced an exciting opportunity to the market: Ausenco had completed a comprehensive technical review to evaluate the potential to increase throughput at the Vareš Processing Plant. The review confirmed that throughput could be increased from the nameplate capacity of 0.8Mtpa to 1Mtpa without significant capital expenditure. Additionally, achieving a throughput of up to 1.3Mtpa would require approximately $25m in process plant growth capital.

This proposed expansion aligned with longer dated plans to increase mine production, following the Ore Reserve expansion at Rupice Northwest to 13.8Mt announced on 20 December 2023. After consulting key shareholders, Adriatic successfully completed a $50m capital raise in February 2025 to fast-track this debottlenecking and expansion project. Increasing capacity by 63% will position the Vareš Silver Operation among the world's largest primary silver producers, enabling the Company to produce over 20Moz AgEq annually.

FINANCES

During the reporting period, our balance sheet was significantly strengthened by two key developments: the conversion of the $20m convertible bonds held by Queens Road Capital in March and a $50m equity fundraise in May. These actions were taken to cover the costs associated with transitioning to an owner-operator mining model and to reinforce our financial position.

In Q4 2024, we reached an agreement with our debt provider, Orion Mine Finance, to defer the first debt repayment to 31 March 2025. We also secured a term sheet for a $25m prepayment facility with Trafigura, enhancing our liquidity further. As of the end of the year, Adriatic held $21m in cash. With increasing revenues, combined with efficiency initiatives implemented during the period, we are well positioned financially, with sufficient contingency to ensure a smooth path to sustainable commercial production.

IN CONCLUSION

All the progress made in 2024 could not have been possible without the extraordinary determination of my predecessor, Paul Cronin. Paul worked tirelessly to bring the Vareš Silver Operation into production over the past seven years and I would like to thank him for his time and support. His commitment to ensure the Company is a sustainable, modern mining operation that will ensure prosperity to all stakeholders has been uncompromising.

Looking into 2025, the opportunity that lies ahead for Adriatic is immense and we are excited about the future. However, I acknowledge that there is still much work to be done. This includes a strengthened safety culture, consistency of our operational performance, and making sure we seize strategic opportunities to create value for all our stakeholders. We remain committed to continuous improvement and to building on our successes as we progress toward our long-term goal to be a multi-generational source of sustainable, critical metal in the heart of Europe.

I would like to extend my sincere thanks to the Board, particularly Michael Rawlinson, Chairman, for their invaluable counsel, guidance, and support during this pivotal time. The strengthening of the Board is a crucial development for the Company as we place increased emphasis on enhancing our corporate governance. Their leadership will continue to be instrumental as we navigate the next phase of our growth and success.

I would also like to extend my thanks to both our new and long-term investors for their confidence and continued commitment. We look forward to delivering significant returns over the years to come as we ramp up production in the coming months and continue our corporate evolution.

In closing, I would like to express my deep gratitude to our dedicated employees across the Company and to our stakeholders around the world. On behalf of the entire team, thank you for your unwavering support. Your commitment and partnership are vital to our continued success, and we look forward to achieving even greater milestones together in the future.

Laura Tyler
Managing Director and Chief Executive Officer

Strategy

Adriatic is committed to setting high standards across its operations

CORPORATE STRATEGY

TO BUILD LONG TERM VALUE FOR ALL OUR STAKEHOLDERS THROUGH:

1. NEAR TERM CASH GENERATION

- Provide consistent operating track record
- Be in the 1st quartile of the cost curve among silver producers
- Generate significant free cash flow over LOM
- Adopt disciplined cash allocation to maximise return on investment for shareholders

2. ORGANIC GROWTH

- Maintain strong local recognition and support for the benefits we bring
- Accelerate definition of brownfield exploration upside at Rupice Mine
- Keep exploring! Deliver additional greenfield opportunities within existing Vareš concession and the region

3. EXTERNAL GROWTH OPPORTUNITIES

- Target value accretive assets and projects in Europe and nearshore
- Focus on polymetallic deposits with potential for sustainable footprint and technology application

Key Target Areas

SUSTAINABILITY

PEOPLE

OPERATIONAL DISCIPLINE

2025 KPI Targets

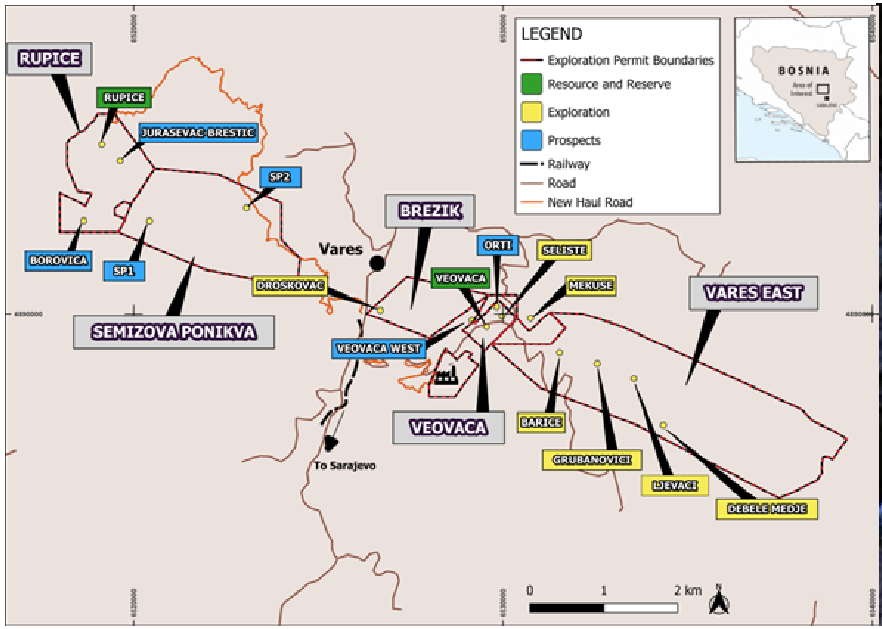
30%	5%	Health
	10%	Safety
	10%	Environment
	5%	Stakeholder Perceptions of Company in Local Community
20%	5%	Diverse Workforce
	5%	Local Workforce
	10%	Inclusive Culture
50%	20%	Operational Effectiveness - Production
	10%	Operational Effectiveness - Costs
	10%	Operational Effectiveness - Capital
	10%	Enterprise Value

Operations Review

THE VAREŠ SILVER OPERATION, BOSNIA AND HERZEGOVINA

The Company's flagship Vareš Silver Operation is located approximately 50km north of Sarajevo, in the district of Vareš.

Adriatic Metals owns 100% of the 44km^2 Vareš concession. The concession area includes the mineralisation included in the Mineral Resource Estimates of Rupice, as well as a number of prospects and exploration targets as outlined in the map below:



BUSINESS REVIEW

Highlights of 2024

OPERATIONAL

- The 12-month rolling Lost Time Injury Rate ('LTIFR') and Total Recordable Injury Rate ('TRIFR') were 0.45 and 1.05 respectively at 31 December 2024 (200,000 work hour multiplier used).
- A total of 76kt of ore milled at 217g/t Ag, 2.3g/t Au, 7.1% Zn, 4.6% Pb and a total of 1,335koz silver equivalent ('AgEq') produced in 2024.
- Production ramp up continues at the Vareš Silver Operation, with commercial production and nameplate production expected to be reached in 2025.
- Underground development of 3km in 2024, an increase of 100% compared to 1.5km 2023.
- Mine officially opened on 5 March and first concentrate sales took place during 2024.
- In April, Adriatic completed the transition to owner-operator of Rupice Mine following the signed agreement with the former mining contractor Nova Mining and Construction d.o.o, ('Nova').
- On 14 August, a fatal accident occurred involving a subcontractor's vehicle. The vehicle overturned near the rescue station at Rupice and tragically the driver, an employee of a local Bosnian subcontractor, sustained fatal injuries. No other individuals were seriously injured in the accident.
- First stoping underground occurred in August.
- On 3 October, severe storms and subsequent flooding hit Bosnia and Herzegovina. Production was unaffected, however the railway line that connects Sarajevo to the port of Ploče was damaged. Concentrate was trucked by road to the port of Ploče while the railway line was repaired. In February 2025, the rehabilitation of the railway line was completed and rail transportation of concentrate recommenced in Q1 2025.
- Ore stockpile at Rupice contained approximately 61kt at 31 December 2024.
- Staff headcount at 31 December 2024 of 549 employees.
- Full Year 2025 production guidance of 625-675kt ore milled and 12,000-13,000koz AgEq produced.
- In Q4 2024, Ausenco completed a comprehensive technical review to assess the potential for increasing throughput at the Vareš Processing Plant. The review confirmed that no material capital expenditure is needed to raise throughput from the nameplate capacity of 0.8Mtpa to 1Mtpa, while approximately $25m of growth capital would be required to achieve up to 1.3Mtpa. This proposed increase in plant throughput aligns with longer term plans to boost mine production, following the expansion of the Ore Reserve at Rupice Northwest. A plan for enhancing underground mine production will be completed in 2025.
- Exploration continued across Vareš and Raška, with total of 14,764m from 57 drill holes completed at Rupice and 15,973m drilled at Raška.
- The Rupice Indicated and Inferred Minerals Resources statement as of 31 December 2024 stands at 20.9Mt at 153g/t Ag, 1.1g/t Au, 4.3% Zn, 2.8% Pb, 0.4% Cu and 0.2% Sb, and 28% $BaSO_4$ (reported above a cut-off grade of 50g/t AgEq) containing 103Moz Ag, 753koz Au, 902kt Zn and 586kt Pb.
- The Rupice Ore Reserve as of 31 December 2024 stands at 12.3Mt at 191.8g/t Ag, 5.7% Zn, 3.6% Pb, 1.46g/t Au, 0.49% Cu and 0.2% Sb reported above an NSR cut-off value of $130/t assuming minimum mining widths of 15m dependent on orebody thickness.

FINANCIAL

- On 4 March, Queens Road Capital Investment Ltd. ('QRC') converted its $20m bond into 10,981,770 Adriatic new ordinary shares of £0.013355 each.
- On 20 May, an equity raising of $50m took place. The funds were raised to provide flexibility to the Company's balance sheet during the final stages of ramp up to nameplate capacity and to finalise the termination payment payable to Nova.
- $120m of senior secured debt from Orion has been drawn. The first debt repayment is scheduled for 31 March 2025, with quarterly repayments thereafter.
- $21m in cash plus approximately $2m in finished concentrate on 31 December 2024.
- In December, the Company agreed a $25m concentrate prepayment arrangement with Trafigura. The agreement was completed on 17 January 2025 with funds received.
- During the period, Gold Royalty Corp announced that it had entered into a binding purchase and sale agreement with OMF Fund III to acquire the Copper Stream on the Vareš Silver Operation. The terms of the stream have not changed.
- An equity raising of $50m took place on 18 February 2025. The funds were raised to secure long-lead items to fast-track the Vareš Processing Plant expansion to 1.3Mtpa, initiate studies and workstreams at Rupice Mine to support production growth and provide spare capacity to de-risk ramp-up to nameplate production.

CORPORATE

- On 3 May, Mike Norris, Chief Financial Officer, resigned to pursue other opportunities. Michael Horner, Head of Business Development, was appointed interim Chief Financial Officer.
- A ruling by the Constitutional Court of Bosnia and Herzegovina on 11 July suspended the plans for the extended tailings storage facility at the Vareš Processing Plant and waste rock storage facilities at the Rupice Mine. Alternative tailing storage facilities were identified at Veovača and on 24 October, Adriatic was granted all of the permits for Phase I of the tailings storage facility at Veovača ('Veovača TSF'). Construction has advanced at the Veovača TSF with completion expected in Q1 2025.
- On 13 June, Eric Rasmussen was appointed to the Board of Directors as a Non-Executive Director and Julian Barnes stepped down from his duties as a Non-Executive Director of Adriatic.
- On 7 August, Paul Cronin, CEO and Managing Director, tendered his resignation to the Board.
- Laura Tyler, who was appointed to the Board of Directors on 1 July as a Non-Executive Director, was appointed interim CEO effective 9 August and permanent CEO effective 17 Oct 2024. Ms Tyler has a wealth of industry knowledge with over 30 years' experience in mining, and is a specialist in technical, operational, technology and safety applications for Tier 1 projects globally.
- On 9 August, Sanela Karic, Non-Executive Director, became Executive Director for Corporate Affairs. Eric Rasmussen, Non-Executive Director, became Chair of the Sustainability Committee.
- On 3 October, Mirco Bardella was appointed to the Board of Directors as a Non-Executive Director and Chair of the Audit and Risk Committee and Sandra Bates was appointed Senior Independent Director.

Exploration

OVERVIEW

With underground grade control drilling commencing in May the Company is benefiting from greater accuracy and precision in the definition, planning and reconciliation of ore mined. Results from grade control drilling were combined with new resource development drilling to produce the updated Rupice Resource Estimate with no material change in resources as material mined had been replaced, with 88% of the 2024 Rupice MRE converted to Indicated resource status.

Rupice Northwest remains open beyond the Company's northern Exploitation License boundary. The focus in 2025 is to extend the current license to allow further exploration to expand the Rupice Northwest deposit.

EXPLORATION AT VAREŠ, BOSNIA AND HERZEGOVINA

> The 2024 exploration programme across Vareš was focused on five key prospects: Rupice, Droškovac, Brezik, Seliste and Vareš East.

A total of 57 boreholes were drilled at Rupice and Droškovac, amounting to 14,763m of core, with 9,821 samples dispatched for assay. Additionally, 210m of trenches and channels were mapped, with the collection and dispatch of 259 samples for analysis. The soil sampling campaign yielded 1,561 samples, contributing to a broader geochemical understanding of the region and new exploration targets.

Drill intercepts from 2024 Rupice drilling combined with the results of 2023 Rupice Northwest drilling have reduced the spatial distance between these two deposits and shown an increase in mineralisation grade and content at the two orebodies peripheries. Mineralisation is increasingly structurally controlled and tightly constrained within narrow zones.

At Droskovac, the 2024 exploration campaign focused on defining the mineralized system and assessing its potential size, involving step-out drilling from the 2023 campaign. 2024 drilling results confirmed 2m to 5m wide intervals of semi-massive Pb-Zn-Ag-Ba mineralization 75m to 130m northeast of 2023 drill holes. The new intercepts are spaced over 180m along the mineralisation trend, suggesting significant continuity.

The Vareš East tenement was selected for 2025 drill testing after successful target delineation campaigns in Q3 and Q4 2024. Initial outcrop mapping and sampling defined a 4km long base metal mineralised trend. Outcrop mapping was followed up with a soil sampling campaign over 4km on a 50m-by-50m sample grid. The soil sampling covered a historic IP geophysical anomaly across Palaeozoic sediments hosting Cu and Au bearing sulphides. Further mapping, rock chip and channel sampling extended the mineralised surface anomaly. Soil sampling assay results identified new anomalies and new anomalous trends. Vareš East will be a major exploration drilling focus area in 2025.

EXPLORATION AT RAŠKA, SERBIA

In 2024 exploration across the Raška Project in southern Serbia in 2024 was focused on the Rudnica, Rudnica North, and Plavkovo prospects. There was a successful intersection of mineralisation on the Plavkovo (Cu-Au-Ag) and Rudnica (Cu-Au) prospects from trench, surface and drill core sampling. Drilling results from the Rudnica prospect identified the potential for a significant increase in the size of the historical Rudnica porphyry deposit. Drilling defined a low-grade gold leach cap from surface, extensions to the known higher grade copper supergene zone below the leach cap, and an expansion of mineralisation potential within fresh rock at depth.

In 2024, at the Rudnica and Plavkovo prospects, a total of 79 drill holes were collared and 15,973m drilled with a total of 18,208 drill core samples dispatched for assay and 3,810 samples sent for spectral analysis. In total, 516m of trenches and channels have been mapped and sampled and 304 samples were dispatched for assay. During field mapping and reconnaissance, a total of 39 rock samples were collected and dispatched for assay.

Ore Reserves and Mineral Resources

GOVERNANCE AND CONTROLS

Adriatic reports its Mineral Resources and Ore Reserves on an annual basis, with Mineral Resources inclusive of Ore Reserves. Reporting is in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and applicable Listing Rules. All Competent Persons named by Adriatic Metals are suitably qualified and experienced as defined in accordance with the Joint Ore Reserves Committee (JORC) Code 2012 Edition.

RUPICE ORE RESERVES STATEMENT AS AT 31 DECEMBER 2024

The December 2024 Ore Reserve estimate for the Rupice deposit stands at: 12.3Mt at 192g/t Ag, 5.7% Zn, 3.6% Pb, 1.5g/t Au, 0.5% Cu and 0.2% Sb reported above an NSR cut-off value of $130/t assuming minimum mining widths of 5m dependent on orebody thickness.

No Inferred Mineral Resource was used to support the Ore Reserve, and none is included in the Ore Reserve estimate. At the cut-off date of this report, three stopes had been mined at the 1050 Level. No additional stoping had taken place, and there are no underground stockpiles. The Ore Reserve is reported on a 100% basis, with a cut-off applied using an NSR of $130/t ore. Adriatic has demonstrated that the operation has a positive net present value (NPV), supporting the statement of Ore Reserves.

The Rupice Ore Reserve Estimate has decreased from 13.8Mt as published in December 2023 by 10.9% primarily due to a higher cut-off NSR value being applied. The 2024 applied NSR cut-off value is $130/t (previously $68/t). Application of a higher cut-off NSR value has resulted in conversion of fewer Indicated mineral resource tonnes to mineable reserve tonnes.

The Ore Reserve estimate was prepared jointly by Adriatic and AMC Consultants and comprises Probable Reserves as shown in the table above:

RUPICE ORE RESERVE STATEMENT

Rupice Ore Reserve Estimate, 31 December 2024

Deposit	JORC Class.	Ore Mt	Ag g/t	Zn %	Pb %	Au g/t	Cu %	Sb %
Rupice	Probable	12.3	192	5.7	3.6	1.5	0.5	0.2

Notes:

- Ore Reserves are based on 2012 JORC Code definitions
- It is the opinion of Adriatic Metals and the Competent Persons that all elements and products included in the metal equivalent formula have a reasonable potential to be recovered and sold
- Rows and columns may not add up exactly due to rounding
- FS metal prices, payabilities and recoveries have been applied

The Ore Reserves for the Vareš Silver Operation deposits have been estimated in accordance with the 2012 JORC Code. The Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. The 2012 JORC Code defines an Ore Reserve as: "An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified."

The material changes to the assumptions underpinning the technical parameters for the Ore Reserves have been announced on 31 March 2025.

In addition to the Company's internal resources, the Company also utilises the services of independent specialist consultants including AMC (Australia) as part of the governance and internal controls in relation to ore reserve estimates and the reporting thereof.

BASIS OF ESTIMATE

An Ore Reserve estimate was completed jointly by Adriatic and AMC under the direction of the Competent Persons (CP) who were assisted by key technical staff at Adriatic and AMC. Adriatic used a Life of Mine (LOM) approach, whereby all mining areas were re-evaluated using the new NSR calculation to determine economic mining areas.

COMPETENT PERSON

The information in this report that relates to the Ore Reserves is based on and fairly represents information and supporting information compiled by Dominic Claridge and Christopher Hunter. Dominic Claridge is a full-time employee of AMC Consultants and is a Fellow of the Australian Institute of Mining and Metallurgy. Christopher Hunter is a full-time employee of Adriatic Metals and is a Member of the Australian Institute of Mining and Metallurgy. Dominic Claridge and Christopher Hunter have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Dominic Claridge and Christopher Hunter consent to the disclosure of information in this report in the form and context in which it appears.

RUPICE MINERAL RESOURCE STATEMENT AS AT 31 DECEMBER 2024

At end of December 2024, the Rupice Mineral Resource Estimate (MRE) was updated with the results of new resource development and grade control drilling not included in the July 2023 Rupice MRE and depleted of 2024 mined ore tonnes. There was no material change to the Rupice MRE as at end of December 2024 as new drilling had replaced ore that had been mined.

The December 2024 MRE for the Rupice silver-zinc-lead-gold-copper deposit stands at: 20.9 Mt at 153g/t Ag, 4.3% Zn, 2.8% Pb, 1.1g/t Au, 0.4% Cu, 0.2% Sb, and 28% BaSO$_4$ (reported above a cut-off grade of 50g/t AgEq) containing 103Moz Ag, 753koz Au, 902kt Zn and 586kt Pb.

A total of 88% of the 2024 Rupice MRE is classified as Indicated resource ready to be converted to Probable reserve status.

There has been sufficient growth in the Indicated resource through additional drilling since previous reporting to replace depleted reserves and deliver 1% more Indicated resource tonnes compared to 2023 Mineral Resource reporting.

The Rupice ore deposit is comprised of two separate significant orebodies – Rupice Main (Rupice) and Rupice Northwest (RNW). When estimating the Rupice MRE, the Rupice and RNW orebodies are estimated separately and then combined into a single combined MRE.

The estimates are inclusive of exploration infill drilling; step-out drilling to extend mineralisation; verification drilling of historical holes at RM and RNW; and underground grade control drill holes completed between the beginning of May 2024 and the end of September 2024.

Summary Table 1 - Rupice Mineral Resources – Rupice Main and RNW Zones combined, 31 December 2024

			Grades							Contained metal						
Domain	Resource Classification	Tonnes (Mt)	Ag (g/t)	Zn (%)	Pb (%)	Au (g/t)	Cu (%)	Sb (%)	BaSO$_4$ (%)	Ag (Moz)	Zn (Kt)	Pb (Kt)	Au (Koz)	Cu (Kt)	Sb (Kt)	BaSO$_4$ (Kt)
Rupice + RNW	Indicated	18.4	164	4.7	3.0	1.2	0.4	0.2	30	97	858	554	721	81	35	5,490
	Inferred	2.5	67	1.7	1.3	0.4	0.2	0.1	13	5	43	32	32	5	3	323
	Total	**20.9**	**153**	**4.3**	**2.8**	**1.1**	**0.4**	**0.2**	**28**	**103**	**902**	**586**	**753**	**86**	**38**	**5,813**

Rupice MRE Notes:

- COG - A cut-off grade of 50g/t silver equivalent has been applied.
- AgEq – Silver equivalent was calculated using conversion factors of 31.10 for Zn, 24.88 for Pb, 80.00 for Au, 1.87 for BaSO$_4$, 80.87 for Cu and 80.87 for Sb. Metal prices used were US$2,500/t for Zn, US$2,000/t for Pb, $150/t for BaSO$_4$, $2,000/oz for Au, $25/oz for Ag, $6,500/t for Sb and $6,500/t for Cu.
- ZnEq – zinc equivalent is calculated using AgEq*1/31.1.
- Metal recoveries and payabilities have been applied from PFS.
- AgEq applied formula: AgEq = Ag(g/t) * 90% + 31.1 * Zn(%) * 90% + 24.88 * Pb(%) * 90% + 1.87 * BaSO$_4$(%) * 90% + 80 * Au(g/t) * 90% + 80.87 * Sb(%) * 90% + 80.87 * Cu(%) * 90%.
- A bulk density (BD) was calculated for each model cell based on its domain, using regression formulas. For the Main zone: BD =2.66612 + BaSO$_4$ x 0.01832 + Pb x 0.03655 - Zn x 0.02206 + Cu x 0.09279 for the barite high-grade domain, BD = 2.72748 + BaSO$_4$x 0.02116 + Pb * 0.04472 + Zn x 0.01643 - Cu x 0.08299 for the barite low-grade domain; and for the RNW zone: BD = 2.92581 + BaSO$_4$ x 0.01509 + Pb x 0.04377 - Zn x 0.02123 + Cu x 0.10089 for the barite high-grade domain, BD = 2.74383 + BaSO$_4$ x 0.01731 + Pb x 0.04573 + Zn x 0.02023 - Cu x 0.06041 for the barite low-grade-domain (the barite domains were interpreted using 30% BaSO$_4$ cut-off).

COMPETENT PERSONS' STATEMENT

The information in this report that relates to Mineral Resources is based on and fairly represents information and supporting information compiled by Dmitry Pertel. Dmitry Pertel is a full-time employee of AMC Consultants and is a Member of the Australian Institute of Geoscientists. Dmitry Pertel has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Dmitry Pertel consents to the disclosure of information in this report in the form and context in which it appears.

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

The information in this report which relates to Metallurgical Results is based on, and fairly represents, information compiled by Mr. Philip King of Wardell Armstrong. Mr. King and Wardell Armstrong are consultants to Adriatic Metals PLC and Mr. King has sufficient experience in metallurgical processing of the type of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. King is a Fellow of the Institute of Materials, Minerals & Mining (which is a Recognised Professional Organisation (RPO) included in a list that is posted on the ASX website from time to time), and consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

The Mineral Resources and Ore Reserves Statement in this Annual Report is based on and fairly represents, information and supporting documentation prepared by Sergei Smolonogov, Dominic Claridge and Christopher Hunter (positions and titles outlined above). The Mineral Resources and Ore Reserves Statement as a whole has been approved by Sergei Smolonogov, Dominic Claridge and Christopher Hunter. Sergei Smolonogov, Dominic Claridge and Christopher Hunter has provided their prior written consent as to the form and context in which the Mineral Resources and Ore Reserves Statement appears in this Annual Report.

Our Products

The Vareš Silver Operation produces two concentrate products, which contain a portfolio of metals - silver, zinc, lead, gold, copper, and antimony.

These metals are fundamental to the operation of advanced technologies, sustainable infrastructure, and everyday applications.

Through responsible mining practices, Adriatic Metals will supply high-demand metals that power today's industries and support a sustainable future.

SILVER (AG)

Silver is used in various industries due to its high electrical conductivity, thermal conductivity, and antibacterial properties. Silver's demand in the global market is largely driven by the electronics industry and it is essential in electronics for circuit boards, connectors, and batteries. Silver is also widely used in jewellery, coins, and decorative items. In medicine, its antimicrobial properties make it valuable for wound dressings, medical instruments, and water purification.

Silver's unique properties that support technological advancements, healthcare, and renewable energy. Its role in electronics and clean energy solutions, such as solar power, makes it a critical resource for modern industries. Notably, silver's near-total recyclability adds to its value in a circular economy, underscoring its environmental and economic benefits.

ZINC (ZN)

Zinc is a versatile metal used in various industries. It is primarily used for galvanizing steel to prevent rust, making it essential in construction, automotive, and infrastructure. Zinc enables innovative, sustainable battery solutions for long-lasting, corrosion resistant structures. In health, it plays a crucial role in immune function, wound healing, and enzyme production, often found in supplements and fortified foods. Additionally, zinc is used in cosmetics, and fertilizers, contributing to energy storage, skincare, and agriculture. In agriculture, zinc fertilizers have been shown to significantly boost crop yields, therefore contributing to global food security. Additionally, zinc-air batteries are emerging as a promising energy storage solution.

GOLD (AU)

The main use of gold is as a storage of wealth. Gold is also important due to its rarity, durability, conductivity, and resistance to corrosion. It has been valued for centuries as a form of currency, investment, and jewellery. In modern industries, gold is essential in electronics, used in circuit boards, connectors, and high-performance technology due to its excellent conductivity and resistance to tarnish. It also plays a role in medicine, used in dental work, medical implants, and cancer treatments. Additionally, gold is a key component in aerospace technology, where reliability is crucial. Its role as a store of value and hedge against economic instability further solidifies its significance in global finance.

LEAD (PB)

Lead is used in various industries due to its density, malleability, and resistance to corrosion. It is commonly found in batteries, particularly in lead-acid car batteries, which are essential for vehicles and backup power systems. Lead is also used in radiation shielding for medical and industrial applications, such as X-ray rooms and nuclear facilities. Additionally, it is used in some construction materials, ammunition, and protective coatings.

Lead is important because of its ability to store energy efficiently, block harmful radiation, and provide durability in industrial applications.

COPPER (CU)

Copper is essential due to its outstanding electrical and thermal conductivity and its versatility comes from its malleability, softness, and high conductivity, making it indispensable in construction and manufacturing, Its corrosion resistance and durability contribute to its widespread use in plumbing, construction, and transportation. Copper plays a crucial role in the electrification of transportation, renewable energy grids, and power infrastructure, offering unmatched recyclability.

Copper is crucial for renewable energy, used in solar panels, wind turbines, and electric vehicles. The expanding EV market further increases copper demand, as both electric vehicle technology and charging stations require significant amounts of this metal.

ANTIMONY (SB)

Antimony is used to increase the hardness of alloys, with lead alloys for batteries, with lead/copper/tin alloys for machine bearings. It is also used in automotive clutch and brake parts. The other major use is as antimony trioxide, which is used to produce flame retardant chemicals and lead-acid batteries. Additionally, antimony is used in a variety of military applications, including night vision goggles, explosive formulations, flares, nuclear weapons production, and infrared sensors. These expanded uses for antimony contribute to its inclusion as a 'critical material', particularly with respect to battery technology

Recent export restrictions by China, the world's largest antimony producer, have led to supply constraints and price increases, impacting global markets.

Financial Review

INCOME STATEMENT

(In USD'000)	At 31 December 2024	At 31 December 2023	Change
Operating Loss	**(45,556)**	**(22,058)**	**(23,498)**
Net finance expense & fair value movements	(21,798)	(8,054)	(13,744)
Loss before taxation	**(67,354)**	**(30,112)**	**(37,242)**

REVENUE AND COST OF SALES

The Group generated pre-commercial production revenue of

$27.6m (2023: Nil),

reported after deduction of treatment charges and offtake buyers' fees.

The Group generated pre-commercial production revenue of $27.6m (2023: Nil), reported after deduction of treatment charges and offtake buyers' fees.

Gross margin after $0.9m selling and distribution costs (2023: Nil) was $1.0m (2023: Nil) which was driven by greater mining and processing costs of sold ore during the ramp up phase, as expected.

GENERAL AND ADMINISTRATIVE EXPENSES

During the year general and administrative increased to $39.9m (2023: $18.4m). This reflects the higher headcount and greater business activity and includes a $3.5m one off termination payment to Nova Mining.

Non-capitalised employee costs in the year totalled $26.1m, an increase of $18.6m compared with prior year driven by a higher headcount and greater proportion of expatriate workers, with the average total number of employees increasing to 549 in the year (2023: 296).

EXPLORATION COSTS

Expensed exploration costs increased to $5.2m (2023: $2.1m) due to greater activity in Serbia with two drill rigs completing a programme primarily focused on the Rudnica copper-gold porphyry and additional work across the licences there and in Bosnia and Herzegovina completed to advance new targets and maintain the concessions.

FINANCING MOVEMENTS

The Group incurred finance expenses of $28.7m (2023: $5.5m) which increased due to $12.4m interest accrued on the Orion Senior Secured Debt being expensed in 2024 compared with prior year where it was 100% capitalised. Capitalised amounts in both years are shown in note 12. This was offset by nil interest in current year on the QRC Convertible Debt (2023: $1.9m) which was converted to equity in March 2024.

In addition, included within finance expenses is a revaluation loss of $12.1m (2023: loss $2.5m) on the Copper Stream liability due to an increase in forward copper price estimates and a reduction in the discount rate.

This is offset by a revaluation gain of $6.5m (2023: loss $3.5m) recorded on the QRC Convertible Debt primarily due to a lower share price at the time of conversion of A$3.28 (2023: $4.01) compared with the conversion strike price of A$2.80 per ordinary share.

Balance Sheet

CASH FLOW

(In USD)	Year ended 31 December 2024	Year ended 31 December 2023	Change
Net cash used in operating activities	(53,329)	(22,887)	(30,442)
Net cash used in investing activities	(44,821)	(99,485)	54,664
Net cash inflows from financing activities	74,672	106,999	(32,327)
Net decrease in cash and cash equivalents	**(23,478)**	**(15,373)**	**(8,105)**

Net cash used in operating activities during the year was $53.3m compared with $22.9m in the prior year.

Investing activities included cash outflows for the purchase of property, plant and equipment during the year of $40.8m (2023: $94.4m) reflecting continued investment in the development and ramp-up of the Vareš Silver Operation.

Net cash inflows from financing activities totalled $74.7m, a decrease of $32.3m on the prior year. This includes one drawdown of $30m in relation to the Orion Senior Secured Debt, net of fees and associated legal costs totalling $29.2m.

Other financing inflows include $46.9m (net of transaction costs of $3.1m) from issue of share capital to accelerate and expand the Company's ramp-up. These inflows were partially offset by $3.4m capital and interest paid in lease payments and $0.6m in settlement of copper warrants.

WORKING CAPITAL

As at 31 December 2024, current trade and other receivables were $13.4m (2023: $13.2m). This increase from the prior year is primarily driven by contract assets of $1.4m (2023: Nil) which was offset by a reduction in VAT receivables of $1.8m due to timing of tax receipts.

Current trade and other payables increased to $37.3m (2023: $22.9m), primarily due to $10.9m higher accrued liabilities due to the increase in employees and contractors causing an uplift in global employment taxes and social security contributions owed. Deferred revenue of $1.9m (2023: Nil) was also recognised at year-end.

Total inventories at 31 December 2024 increased to $16.8m (2023: $1.6m) driven by the stockpiling of ore at Rupice as operations ramped up totalling $10.8m (2023: $0.1m), unsold finished concentrate in containers at the port of Ploče $1.9m (2023: Nil), and an increase in spares and consumables to $4.1m (2023: $1.4m) as the business procured necessary materials to support the operational ramp-up and also acquired inventories from Nova Mining during the transition to owner-operator.

CASH AND BORROWINGS

(In USD)	At 31 December 2024	At 31 December 2023	Change
Cash and cash equivalents	20,697	44,856	(24,159)
Current borrowings	(79,989)	(47,373)	(32,616)
Net current liability	**(59,292)**	**(2,517)**	**(56,775)**

> **The Group had a cash balance at 31 December 2024 of $20.7m (2023: $44.9m) which was bolstered post period by a $25m prepayment agreement with Trafigura which was drawn down in January 2025, and the successful completion of a two-tranche institutional placement, raising approximately $50.0m before fees.**

Current borrowings were $80.0m (2023: $47.4m) with the Group being in a net current liability position as at 31 December 2024 of $59.3m (2023: $2.5m). The increase in net current liability position was driven by the cash flow movements noted above, additional interest accruing on the Orion Senior Secured Debt, a significant increase in the fair value of the Copper Stream due to a reduction in the discount rate used for valuation and four instalments of loan and interest repayments forecast in 2025 (2024: three).

Principal Risks and Uncertainties

ENTERPRISE RISK MANAGEMENT

The Board is responsible for putting in place a system to manage risk and implement internal controls. The Board has considered mechanisms by which the business and financial risks facing the Group are managed and reported to the Board. The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges it has the responsibility for reviewing the effectiveness of the systems that are in place to manage risk.

The Board has delegated certain authorities for risk management to the Audit & Risk Committee, which has its own formal terms of reference. The Audit & Risk Committee meets at least twice a year to consider presentations by the auditors and drafts of the Annual and Interim Financial Statements and to assess the effectiveness of the Group's system of internal controls. The Audit & Risk Committee is chaired by Mirco Bardella, who has recent and relevant financial and business experience. All the members of the Committee are Non-Executive and Independent.

The Audit & Risk Committee is responsible, inter alia, for:

1. Reviewing the Company's risk management framework at least annually to satisfy itself that the framework continues to be sound and to determine whether there have been any changes in the material business risks the Company faces;
2. Ensuring that the material business risks do not exceed the risk appetite determined by the Board; and
3. Overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management, and compliance with internal guidelines and external requirements.

A. RISK MANAGEMENT POLICY

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal controls.

The Board has delegated to the Audit & Risk Committee responsibility for implementing the risk management system.

The Audit & Risk Committee submits particular matters to the Board for its approval or review.

Among other things, the Audit & Risk Committee is responsible for:

1. Overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management, and compliance with internal guidelines and external requirements;
2. Assisting management to determine whether the Company has any material exposure to economic, environmental and/or social sustainability risks and, if it does, how it manages, or intends to manage, those risks;
3. Assisting management to determine the key risks to the business, and prioritising work to manage those risks; and
4. Reviewing reports from management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The Company's process of risk management and internal compliance and control includes:

- Identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- Formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- Monitoring the performance and improving the effectiveness of risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- Compliance with applicable laws and regulations;
- Preparation of reliable published financial information; and
- Implementation of risk transfer strategies where appropriate (e.g. insurance).

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back to the Audit & Risk Committee at least annually. The Board reviews assessments of the effectiveness of risk management and internal compliance and control at least annually.

B. PRINCIPAL RISKS

The following risks are those that the Group considers could have the most serious adverse effect on its performance and reputation. The Principal Risks have evolved from those reported in 2023 commensurate with the advancement of operations and increased maturity of the organisation's systems and processes for managing risk.

Organisational and operational risks are reviewed and re-evaluated quarterly for changes to material risks, new risks, effectiveness of controls and status of work underway to improve the control environment. This process underpins the Principal Risks reported.

Workforce fatality, serious illness and injury prevention

The risk of single or multiple fatalities, and serious illnesses or injuries, is a fundamental point of focus for the organisation. Specific vulnerabilities include maturity of the organisation's health and safety control environment defined in its Health and Safety Management System, embedding safety behaviours and mindsets in the workforce and frontline leadership, and aligning contracting partners with the organisation's health and safety performance expectations. The tragic event in August 2024 where a sub-contractor was fatally injured while carrying out construction works catalysed a doubling down on commitment and effort invested in preventing serious incidents.

During 2024, the organisation made advancements in:

- Designing and deploying a routine, detailed assurance process of critical controls for major health and safety hazards;
- Embedding 'Life Saving Rules' into day-to-day decision making and leadership processes;
- Enhancing positive communication of safety risks, controls and safety mindsets; and
- Controls to minimise and monitor exposure to inhalable and ingestible agents, in particular lead.

These and other improvements have considerably increased the level of control of this risk, and have provided demonstrable improvements in lag safety performance indicators.

Maintaining a Social Licence to Operate

The formal and informal support of our host community, including our Government and Regulatory Bodies, local and regional communities, remains increasingly important to maintaining our social licence to operate. Expectations of our business and our stakeholders on social, compliance, health and safety, and environmental outcomes are high.

The Company continues to maintain an active, two-way dialogue with the communities surrounding the Operation with the aim of mitigating the risk of potential opposition from environmental groups, local residents or others. This is primarily achieved through three channels: The Public Liaison Committee ("PLC"), the Vareš Information Centre and the many staff that the Company employs from its local communities. The PLC consists of 28 members, was set up in July 2020 and meets on a quarterly basis. The Information Centre is a staffed location, open to the public, located centrally in the town of Vareš and has been open since September 2019.

The community of Vareš, government stakeholders and the wider audience in Bosnia and Herzegovina remain supportive of the Vareš Silver Operation. A significant proportion of the Company's staff is from the local communities of Vareš, Breza and Kakanj. An ongoing priority for the Company is the importance of carefully managing the activities of its employees, contractors and sub-contractors to ensure that they adhere to the highest standards of environmental, social and safety practices, and to rectify any issues arising through sincere and transparent communication and committed, prompt action. Efforts in this regard are maintained on a continuous basis to anticipate any concerns posed by community or NGOs. The Company seeks to mitigate these risks through effective engagement with relevant stakeholders, including all levels of government and local communities.

These relationships have naturally been tested through a dynamic change environment, as the Company progressed from construction into commissioning, and subsequently into operations. Attention and interest in perceived and actual impacts from our operations have increased on topics such as Tailings Storage Facility construction, local road use and local economic benefits. An increase in interest from local community and NGOs has been met with increased efforts to work with stakeholders on mutually beneficial solutions. Relationships with Government and Regulatory stakeholders continued to improve through a proactive approach to engagement.

A stakeholder survey was undertaken in Vareš in 2024 and it has provided unique insights into the potential risks and opportunities that lie ahead. Analysis from this survey, as well as the feedback from ongoing consultations, has positioned the organisation to improve its stakeholder strategy for 2025 and beyond.

Protecting Sensitive Environmental and Social Receptors

Environmental and social values must be identified, understood and protected from harm from the activities of the organisation. The main potential impact vectors are environmental water quality, visual amenity, noise, dust, air quality and operational traffic on public roads.

Impact on environmental values is highly regulated in Bosnia and Herzegovina, and monitoring throughout 2024 confirmed that controls were effective and the organisation remained compliant with regulations and permit conditions. Considerable advancements of engineering controls for water management at Rupice have led to observable and measurable improvements in water quality, and a reduction in the number and severity of incidents. Dust management from vehicle movement near the processing plant remains an opportunity that is being progressed through measures such as additional water carts, street sweepers and additional asphalting of unsealed surfaces. Improvements to local roads were advanced and continue to reduce social impact from increase in public road use.

Achieving Full Operational Potential

Project development is no longer considered a Principal Risk as the Company has been in production for several quarters. The Company's future success will therefore largely depend upon the Company's ability to complete the production stabilisation and ramp-up through to nameplate production.

Related to this is the challenge of achieving all the plans set out in the Definitive Feasibility Study (DFS). The DFS is a conceptual study based on certain technical and economic assessments. As such, it is insufficient to provide certainty that the conclusions of the DFS will be realised or that any conceptual, projected or indicative net present value or internal rate of return is assured or certainty as to the estimation of ore reserves.

It is not uncommon for new mines to experience unexpected problems, increased costs and delays during production ramp-up. Any adverse event affecting the Vareš Silver Operation following the commencement of production, would have a material adverse effect on the Company's business, results of operations, financial condition and the price of its Ordinary Shares. The Company's ultimate success will depend on its ability to reach nameplate concentrate production and generate positive cash flow from operations, with the principal risks being:

- adverse ground conditions and slow advance rates of underground development and mining; and
- difficulties in ramping up the plant and equipment to nameplate capacity.

The threats to steady operation of the Vareš Silver Operation are unchanged as follows. In the event that any of these situations arise, the Company's operational and financial performance may be adversely affected. This includes, but is not limited to:

- shortages or delays in obtaining critical mining and processing equipment, or the breakdown or failure of such equipment;
- operational and technical difficulties encountered during mining;
- insufficient or unreliable infrastructure, such as power, water and transportation;
- difficulties in operating the plant and equipment, including mechanical failure or plant breakdown;
- shortage of transportation and interruptions in transportation services;
- increases in extraction, processing or transportation costs, including unanticipated metallurgical problems which may affect extraction costs;
- performance of the Vareš Processing Plant and ancillary operations falling below expected levels of output or efficiency;
- difficulties experienced by the state rail operator of Bosnia and Herzegovina in operating the railway line for the movement and storage of concentrates from the Vareš Railhead to the port of Ploče;
- difficulties in operations at the deep-water port of Ploče required for shipping of concentrates to smelters;
- changes in the regulatory environment including environmental compliance requirements;
- inability to comply with the conditions attached to the various permissions, permits and licences;
- non-performance by third party operations contractors;
- inability to attract and retain a sufficient number of qualified workers;
- hazards associated with the use of heavy machinery;
- catastrophic events such as fires, adverse weather, explosions, flooding, seismic activity, underground integrity issues, discharges of gas in the air or lubricants, fuel oil or other contaminants into watercourses;
- opposition from environmental groups, local residents or others;
- civil unrest around the mine site, processing plant and supply routes;
- changes to anticipated levels of taxes and royalties; and
- a material and prolonged deterioration in the prices of the commodities to be produced by the Vareš Silver Operation.

Progressing of the Organisation's Growth Agenda

The organisation maintains a pipeline of key growth projects, which are vulnerable to political, regulatory, economic and public sentiment headwinds.

> During the year, the Company achieved further success with its exploration programme at Vareš, with strong drilling results both at the Rupice main orebody and at Rupice Northwest, serving to de-risk the operation and its commercial viability.

Nonetheless, there can be no assurance that continued exploration on the Vareš Silver Operation, or any other exploration properties that may be acquired in the future, will result in the discovery of further economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, unavailability of drilling rigs, insufficient or unreliable infrastructure (such as power, water and transport), unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation which may prove to be inaccurate.

The Company follows industry standard Quality Assurance and Quality Control ("QA/QC") practices. AMC (Perth) provides services for resource estimation and sign-off on the QA/QC related to all resource block models and resultant estimates produced. AMC is a globally recognised geological consultancy providing registered competent persons capable of completing and signing off on JORC standard resource estimates.

Climate Change

The Company has considered the resilience of its strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. Although overall precipitation rates are expected to decrease, higher intensity events may occur and increased temperatures in winter mean that snowfall melts more quickly than was previously the case and this, in turn, could increase the risk of flooding. The design of both Rupice Mine and Vareš Processing Plant allows for accommodating drainage and storage from intense stormwater events. However, the haul road may be at increased risk of surface damage, wash outs and landslides. Climate change risks and mitigations have been considered in the Task Force on Climate-related Financial Disclosures (TCFD) within the Directors' report.

Inherent within climate change risk is the ability of the organisation to economically and efficiently navigate towards 'net zero' emissions from its operations. Dependable energy sources in the region are largely limited coal-fired reticulated electricity and imported diesel for mobile equipment. Despite this, there are pathways to materially improve energy efficiency and increase energy derived from low or zero emission sources that the organisation is currently analysing for viability.

Operating Legally and Ethically

The Company must understand and comply with a complex landscape of national and international legal and other requirements. Bosnia and Herzegovina maintains a comprehensive legal framework at local (municipal), Cantonal, State and Federal levels of Government. Legal requirements are subject to frequent change linked to a dynamic domestic political environment. Adriatic maintains in-house and external legal counsel, dedicated internal audit resources, as well as strong management system controls, to ensure we remain abreast of, and compliant with, legal requirements including the need for all our operational activities to be permitted.

The Company's code of corporate governance specifies the measures the Company takes to comply with all applicable Anti-Bribery & Corruption legislation. A Speak Out (whistleblowing) programme has been in place for several years, providing all staff with the opportunity to disclose anonymously any infringement of the Company's codes, including incidences of bribery and corruption, departures from legal requirements, bullying, harassment and other unethical behaviour. This is supported by continually improving the training and awareness programmes for the workforce, and routine reporting to the Adriatic Board Audit and Risk Committee on the health and outcomes of these exercises.

Mining concessions in Bosnia and Herzegovina and Serbia

The laws and regulations on mining in Bosnia and Herzegovina and Serbia are still evolving and, as a result, some areas of the laws on mining are unclear. If the Company does not comply with the terms of agreement, it may be in default and the mining concession may be terminated, which would have adverse consequences for the Company's operational and financial performance.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Outcomes in courts in Bosnia and Herzegovina and Serbia may be less predictable than in the United Kingdom, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Bosnia and Herzegovina and Serbia.

There is no guarantee that the Company will be able to obtain all required approvals, licences and permits relating to its exploration and subsequent exploitation activities. Notwithstanding these risks, the Company has made good progress in obtaining the permits it needs for development and preparation for operations.

Guarding Cybersecurity and Data Privacy

The business maintains sensitive business systems, intellectual property and personal data that must comply with legal requirements and be protected from violation. As the sophistication of attacks on data and systems increases, the Company must remain agile and vigilant and adapt to the changing threat profile. The Company deploys a variety of software and physical controls, as well as internal training and auditing of system controls, to manage cybersecurity and data privacy risk.

Workforce Capability and Resilience

The Company relies heavily on a small number of key individuals, in particular the Directors, its senior management and consultants, including, among other matters, to manage its operations and to develop and maintain effective engagement with government, regulatory authorities and communities in Bosnia and Herzegovina and Serbia. The Group's business may be negatively affected by the departure of any of these key individuals or any other key employees and the failure to attract suitable replacements. Although the Company has succeeded in attracting and retaining key personnel and is confident of continuing to do so, there can be no guarantee of this.

The loss or diminution in the services of any of the Directors or any member of the management team or an inability to recruit, train and/or retain necessary personnel could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

More broadly, the access to requisite skills and experience in the labour market is limited given the relatively low number of comparable operations in the region. Adriatic meets this challenge through Technical Training Programmes, Student Programmes, Development Pathways and targeted appointments to catalyse skill transfer. These processes have been successful in meeting the operational needs of the organisation to date, but as the regional industry develops, skill migration remains a future threat.

Business Interruption

The Company endures business continuity risk of disruption from major disruptive natural and organisational events, such as inclement weather (extreme wind, snow and rainfall events), water supply disruption and major equipment damage. These have and can have direct and indirect impacts to stable performance. Examples experienced in 2024 include inclement snow impacting access and operations, and intense rainfall causing considerable and prolonged structural damage to sections of the rail line to the port of Ploče. The organisation has been relatively resilient to these events through enacting response and contingency plans and improving preventative controls as learnings from events when they occur either inside of, or outside of the organisation.

Directors' Section 172(1) Statement

WORKING AND COMMUNICATING WITH OUR STAKEHOLDERS

This statement, a key component of the Strategic Report, is intended to demonstrate how the Directors have approached and fulfilled their responsibilities under Section 172(1) (a) to (f) of Companies Act 2006 ("Section 172(1)") during the period under review.

In accordance with Section 172(1), Directors must act in a way he/she considers, in good faith, would most likely promote the long-term success of the Company for the benefit of its members as a whole, having regard for its stakeholders and the matters set out in Section 172(1). In doing this, the Director must have regard, amongst other matters, to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

Adriatic consistently communicates and collaborates with individuals or groups that have influence or have an impact on the organisation. Through both formal and informal engagement, the objective is to understand and respond to the needs and concerns of stakeholders, and to work together to find mutually beneficial solutions.

The Board acknowledges the importance of forming and retaining constructive relationships with all stakeholder groups. Effective engagement with stakeholders yields valuable feedback and insights, enabling Directors to incorporate stakeholder interests in decision-making processes, ultimately contributing to the long-term success of the Company.

The Company maintains ongoing interactions with a variety of stakeholders including shareholders, debt providers, staff, national, cantonal and municipal government administrative and environmental bodies, NGOs, the local community and suppliers.

The Board is committed to providing shareholders with clear and timely information on Adriatic's activities, strategy and financial position. General communication with shareholders is coordinated by the Chairman and Managing Director and Chief Executive Officer together with the General Manager – Corporate Development.

Corporate engagement can take many forms, including surveys, focus groups, town hall meetings and one-on-one conversations. It is a key aspect of corporate social responsibility and is often considered essential for companies seeking to build and maintain a positive reputation and achieve long term success.

The Company publishes on its website a range of information which helps current and potential shareholders to assess the Group's position and prospects. This includes investor presentations, technical reports on projects, resource estimates, drilling updates, annual and interim financial statements, sustainability reports, quarterly activities report, business strategy documents, governance materials, and regulatory announcements, among others.

CONSIDERATIONS OF KEY STAKEHOLDERS

SHAREHOLDERS

Acknowledging that a majority of private investors hold shares via nominee shareholders, limiting the full exploitation of their shareholder rights, the Company is committed to engaging with all shareholders, not just institutional ones. The General Manager – Corporate Development, based in London, manages shareholder inquiries and collaborates with the Company's brokers and public relations advisers to facilitate engagement.

BOARD REVIEW

To keep the Board informed about the perspectives and concerns of major shareholders, briefings from the CEO, CFO, Chairman, General Manager – Corporate Development, and the Company's brokers are regularly conducted. External consultants provide share register analyses on a monthly basis, along with significant investment reports from sell-side analysts.

The Company's annual general meeting, open to all shareholders, will be held following the publication of annual results and the issuance of the Notice of Annual General Meeting.

LOCAL STAKEHOLDERS

Adriatic Metals recognises that its activities and the ongoing operation of the Vareš Silver Operation create significant potential impacts on, as well as opportunities for, local people. The ongoing management of environmental and social issues is based on an international standard of ESIA. In addition, the Company is committed to regular consultation and engagement with the community, including through a Community Information Centre and a Public Liaison Committee.

KEY CONSIDERATIONS UNDER SECTION 172(1)

A. THE LIKELY CONSEQUENCES OF ANY DECISION IN THE LONG TERM

The Board prioritises the long-term success of the Company, evaluating decisions with a focus on sustained growth and value generation. Strategies, such as ongoing engagement and environmental impact assessments, contribute to the Company's long-term success.

B. THE NEED TO FOSTER BUSINESS RELATIONSHIPS WITH KEY STAKEHOLDERS

The Board acknowledges the significance of relationships with key stakeholders, emphasising effective engagement and relationship-building. Analyses of stakeholder engagement mechanisms and ongoing reports ensure a comprehensive understanding of stakeholder feedback and insights.

C. THE DESIRABILITY OF MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

The Board oversees the Company's culture, values, and reputation. A commitment to high standards of business conduct is maintained through compliance reports, stakeholder engagement, and metrics that contribute to upholding the Company's reputation.

D. THE IMPACT OF THE COMPANY'S OPERATIONS ON THE COMMUNITY AND ENVIRONMENT

The Board actively monitors the Company's community and environmental impact through reporting from senior management, aligning with ESG objectives. Comprehensive discussions on environmental issues and ongoing engagement with the local community guide decision-making.

E. THE NEED TO ACT FAIRLY AS BETWEEN MEMBERS

The Company's Directors engage with shareholders through various channels, ensuring accessibility and transparency. Regular meetings, comprehensive online updates, and the publication of key information contribute to fair and transparent communication with members.

In adherence to our purpose and strategy, these considerations contribute to the long-term sustainable success of the Company.

The following table sets out the Company's key stakeholder groups, how the Company has engaged them during the year.

Key Stakeholder groups	Key topics raised	How and why we engage	Engagement outcomes
Shareholders Current or potential individuals or entities that may own shares have a financial interest in its performance through changes in share price or payment of dividends. Shareholders also have the right to vote on certain important matters, such as the election of directors and approval of major corporate actions such as mergers, acquisitions and fundraises.	As the Company progresses through development and into production, shareholders have raised the following topics: • Operational ramp up at the Vareš Silver Operation • Location of the Tailings Storage Facility • Management changes • Geopolitical impacts on supply chain and sourcing key equipment • NGO activity • Inflationary impact on costs • Climate change / TCFD reporting • Political climate in Bosnia and Herzegovina • Executive remuneration versus targets	The Company maintains a regular dialogue with investors, providing them with such information on the Company's progress as commercial confidentiality, market abuse rules and other legal requirements permit. The Company typically holds meetings with institutional investors and other large shareholders following the release of major news flow, interim and annual financial results. The key mechanisms of engagement included: • The Annual General Meeting • Annual and Interim Results • Investor roadshows and presentations • One-on-one investor meetings with the Chairman, CEO and CFO • Access to the Company's brokers and advisers • Regular news and operational updates • Social media posts • Site visits for existing and potential investors and equity analysts Shareholders with queries are encouraged to contact Klara Kaczmarek, the Company's General Manager – Corporate Development at klara.kaczmarek@adriaticmetals.com	The Company has engaged with investors on topics of strategy, governance, operational updates and performance. In addition to a number of investor roadshows and one-to-one meetings, the Company conducted a number of investor site visits in 2024 which provided direct experience of the progress of the Vareš Silver Operation and understand more about the development process. The Company also held investor roadshows and attended key industry conferences globally.
Existing and potential future debt providers Individuals or entities that provide loans to fund operations and finance growth in exchange for fixed income payments, such as interest and principal repayments.	The Orion Debt Finance Package agreements contain a number of financial and other operational-related reporting obligations that the Company must comply with on a regular basis; and has done so during the year.	During the year, one-to-one meetings with the CEO and/or CFO were undertaken on a regular basis to provide regular updates on progress of the Vareš Silver Operation. Regular technical team meetings have taken place between the Company and Orion Mine Finance throughout the construction phase of the Vareš Silver Operation. The CEO and CFO maintained regular and open communications with Orion Mine Finance and Queens Road Capital, as well as external consultants, on an ongoing basis.	In 2024, Adriatic Metals hosted site visits for Orion Mine Finance, Trafigura and Queens Road Capital.

Key Stakeholder groups	Key topics raised	How and why we engage	Engagement outcomes
Workforce Employees are critical to Adriatic Metals' culture and have a vested interest in the Company's success. Employees have a direct impact on the Company's performance and can also be impacted by its decisions.	Employees have raised a number of topics during the course of the year, including: • Compensation and benefits • Health and safety • Career development • Diversity and inclusion	Adriatic Metals maintains an open line of communication between its employees, senior management and Board. The Group monitors health and safety on a daily basis and reports performance of lost time injury and frequency rates. The Group undertakes annual group-wide employee surveys to capture important insights and monitor workforce satisfaction. The CEO and CFO report regularly to the Board, including the provision of board information. Key members of the finance team are invited to the Audit & Risk Committee meetings. There is a formalised employee induction into the Company's corporate governance policies and procedures. Senior management regularly visit the operations in Bosnia and Herzegovina and Serbia and engage with employees through one-on-one and staff meetings, employee events and operational updates.	**Health & safety** The Company maintained an excellent safety record during the year. The 12-month rolling Lost Time Injury Rate ('LTIFR') and Total Recordable Injury Rate ('TRIFR') were 0.45 and 1.05 respectively. **Training** 2024 focused on a fit for purpose Technical Training solution, to ensure operational readiness and safe production. **Diversity** The Company has maintained a strong level of female representation in the workforce of 24%. **Employee Survey outcome** In October 2024, an Employee Survey was conducted to gauge the performance of senior management's delivery of the Company's values and visions. **Employee Council** In Q4 management conducted an extensive review of the legal and organisational framework governing the existing Employee Council, with significant changes made. Meetings take place monthly and Employee Council elections to take place in Q3 2025.
Governmental and NGO bodies Adriatic Metals maintains strong working relationships with governmental representatives at all levels in the host regions where we operate, to foster continual dialogue and build trust. Governmental bodies are critical in determining local regulations and can influence decision-making through their input, feedback, advocacy and policies. We also engage with independent, non-governmental organisations that focus on socio-political and environmental goals such as human rights, education, business ethics, health, safety and biodiversity preservation.	Areas that were raised and discussed during the course of the year, included: • Licencing and permitting • Site visits	The Company engages with local (Municipal), regional (Cantonal) and national (Federal) government in Bosnia and Herzegovina. In Serbia the Company engages with local (Municipal) and national government. In addition to statutory reporting the Company regularly updates the government departments. Open, continuous engagement is key to developing a successful permitting regime. The Country Managers report regularly to the Board on progress with obtaining licences and permits. Adriatic Metals is committed to being a long term participant in both Bosnia and Herzegovina and Serbia with a firm commitment to each country's sustainable development. We are committed to conducting our relationships on the basis of transparency, partnership, integrity and shared prosperity.	**Bosnia and Herzegovina** On 5 March 2024, Adriatic celebrated the inauguration of its mine at the Vareš Processing Plant, an occasion attended by government officials and diplomats. The event continued in the town with Vareš Fest, a local celebration featuring music, crafts, and cuisine. The milestone occasion underscored the mutually beneficial relationship between the Company and the local community, reaffirming Adriatic's steadfast dedication to sustainability and fostering strong community relations. Throughout 2024 Adriatic Metals also conducted several site visits for guests such as the British Embassy, the Prime Minister and Cabinet of Zenica-Doboj Canton, the Federal Minister of Environment, and representatives from various Balkan governments. During 2024 eight key permits were successfully completed, as well as 39 permits for the execution of works on mining projects and facility usage and six urban planning consents for haulage road. On 24 October 2024, Adriatic received the permits and licence for the Veovaca Tailings Storage Facility. **Serbia** During 2024 two applications were made to the Ministry of Mining and Energy, one for permit extension and one for permit retention. Application for permit retention for Rudno Polje Raška was submitted in September 2024, and application for Kaznovice permit extension was submitted in October 2024. Both of these applications were submitted on time, and Ministry decisions are pending.

Key Stakeholder groups	Key topics raised	How and why we engage	Engagement outcomes
Community Establishing and maintaining good relations with the local community throughout the development, operation and ultimately closure of the mine is vital for the Company's social licence to operate. Principally, the Company needs to engage with its affected communities in order to build trust. Community engagement will inform better decision making, particularly during the ramp up stage of operations. **Bosnia and Herzegovina** The near-mine communities in Vareš and Kakanj and the wider population of the municipalities and Canton of Zenica-Doboj. **Serbia** The near-mine communities in the Municipality of Raška, the national park of Kopaonik and the wider population of both Southwest Serbia and Northern Kosovo.	As Adriatic Metals is progressing towards production, the Company is starting to have significant social, economic and environmental impacts on the local community and surrounding area, leading to questions around: • Strategic plans in place for the successful execution of infrastructure undertakings such as the road reconstruction. • Employment opportunities. • Involvement in Adriatic Metals sponsored events and education programmes such as English language courses. • Installation of electric cables.	Adriatic Metals continues its local engagement through the Vareš Information Centre and Public Liaison Committee, proving an excellent forum for community feedback. This includes dissemination of operational developments, the advertisement of the public consultations and the Company's approach to sustainability. Social, print, radio and television media platforms have all been utilised. **Procurement and contracting** The Company employs the majority of its staff from the local municipalities of Vareš and Kakanj. In addition, Local Business Development Officers are in place to engage with local suppliers and contractors.	In 2024, Adriatic Metals has continued the practice of publishing newsletters aimed at the local community and available in print at the Information Centre in Vareš and online on Company website, providing valuable information to interested parties. These newsletters serve as a means of keeping stakeholders informed about the latest developments, including updates on sustainability initiatives, community engagement activities and interviews with important people from the local community. The Company demonstrated ongoing social responsibility in Vareš, Kakanj and Raška through community contributions, benefiting various local organizations, emphasizing the importance of community engagement for trust and positive relationships. Adriatic Metals has been actively engaging in several activities within the Kakanj Municipality to enhance operational capabilities and strengthen community relations. Key initiatives include: • Opening of an information centre in 2025 • Employment of local workers • Increased active coordination with local authorities
Suppliers Suppliers are fundamental to ensuring that Adriatic Metals can operate the Vareš Silver Operation safely and efficiently. Using quality suppliers ensures that the Company can meet the highest standards of performance and safety across all areas of the business, including contractors and subcontractors.	During the construction and ramp-up phase of the Vareš Silver Operation, Adriatic Metals engaged key suppliers under commercial engineering and supply contracts to deliver the mine and plant equipment and support ongoing production.	The procurement team has undertaken the pre-qualification of several engineering providers and mining contractors, with engagement including: • One-on-one meetings between management and suppliers. • Contact with procurement departments and accounts payable. • Membership of Cantonal and National Chambers of Commerce. • Presentations at National trade events and forums. At a local level, the Company has also engaged and partnered with smaller companies, some of which are independent, or family run businesses.	**Bosnia and Herzegovina** Adriatic Metals' engagement with suppliers for the Vareš Silver Operation aims to ensure strategic alignment. Through transparent communication and collaboration, Adriatic Metals continues to uphold high standards of performance and safety while optimising procurement.

Principal Decisions by the Board During the Period

The Company defines principal decisions as those which potentially have a long-term strategic impact and are material to the Group, and/or are significant to key stakeholder groups. In making the following principal decisions, the Board considered balancing the needs of different stakeholders, the need to maintain a reputation for high standards of business conduct, the impact on the environment and the interests of the shareholders:

QRC BOND CONVERSION

In March, the Board approved the issue of 10,981,770 new ordinary shares in the Company to Queens Road Capital (QRC) at the conversion price of $1.8212 (GBP equivalent £1.4394) per share following QRC's election to convert their $20,000,000 unsecured convertible debentures into equity (which followed the Board's prior approval of the decision to issue an optional redemption notice to QRC).

TERMINATION OF MINING SERVICES CONTRACT – MOVE TO OWNER-OPERATOR

In April, the Board approved the entering into of a settlement and termination agreement ("Termination Agreement") with Adriatic's mining contractor, Nova Mining and Construction d.o.o, ('Nova'), to commence the transition for Adriatic to take over as owner-operator of Rupice Mine. Pursuant to the Termination Agreement, Adriatic and Nova agreed constructive transition arrangements to ensure a seamless handover of mining operations.

ORION ADDITIONAL $25M LOAN FACILITY

In April, the Board approved the Company entering into an additional short-term loan facility with Orion Mining Finance of $25m, to be available in a single tranche during the period 1 September 2024 - 31 December 2024 as required for project-related purposes. By agreement with Orion, this additional facility was cancelled in December and, at the same time, the First Repayment Date for repayment of the first instalment under the Orion Debt Finance Package was extended to 31 March 2025.

EQUITY FINANCING

In May, the Board approved an institutional placement of approximately $50.0m (approximately AU$75.8m) via the issue of 18,254,838 CHESS Depositary Interests ("CDIs") over new fully paid ordinary shares in the Company at AU$4.15 per CDI. The equity financing was completed during May 2024.

EXECUTIVE MANAGEMENT CHANGES

In August, the Board approved the following executive management changes following the resignation of Paul Cronin, former CEO and Managing Director: Laura Tyler was appointed interim CEO and Sanela Karic was appointed Executive Director for Corporate Affairs.
In October, the Board confirmed the appointment of Laura Tyler as Adriatic's permanent CEO and Managing Director.

NON-EXECUTIVE DIRECTOR CHANGES

In June, the Board approved the appointment of Eric Rasmussen to the Board of Directors as a Non-Executive Director. In October, Mirco Bardella was appointed a Non-Executive Director and Sandra Bates was appointed to the newly created role of Senior Independent Director.

TRAFIGURA PREPAYMENT FINANCING

In December, the Board approved the entering into of a term sheet for a $25m concentrate prepayment arrangement with Trafigura Pte Ltd, which included the delivery of zinc and lead-silver concentrates at market prices over a 12-month period. The prepaid amount is unsecured, includes a 3-month grace period and will be paid down in line with deliveries over the final nine months of the arrangement. The transaction was completed post year end in January 2025.

Sustainability Review

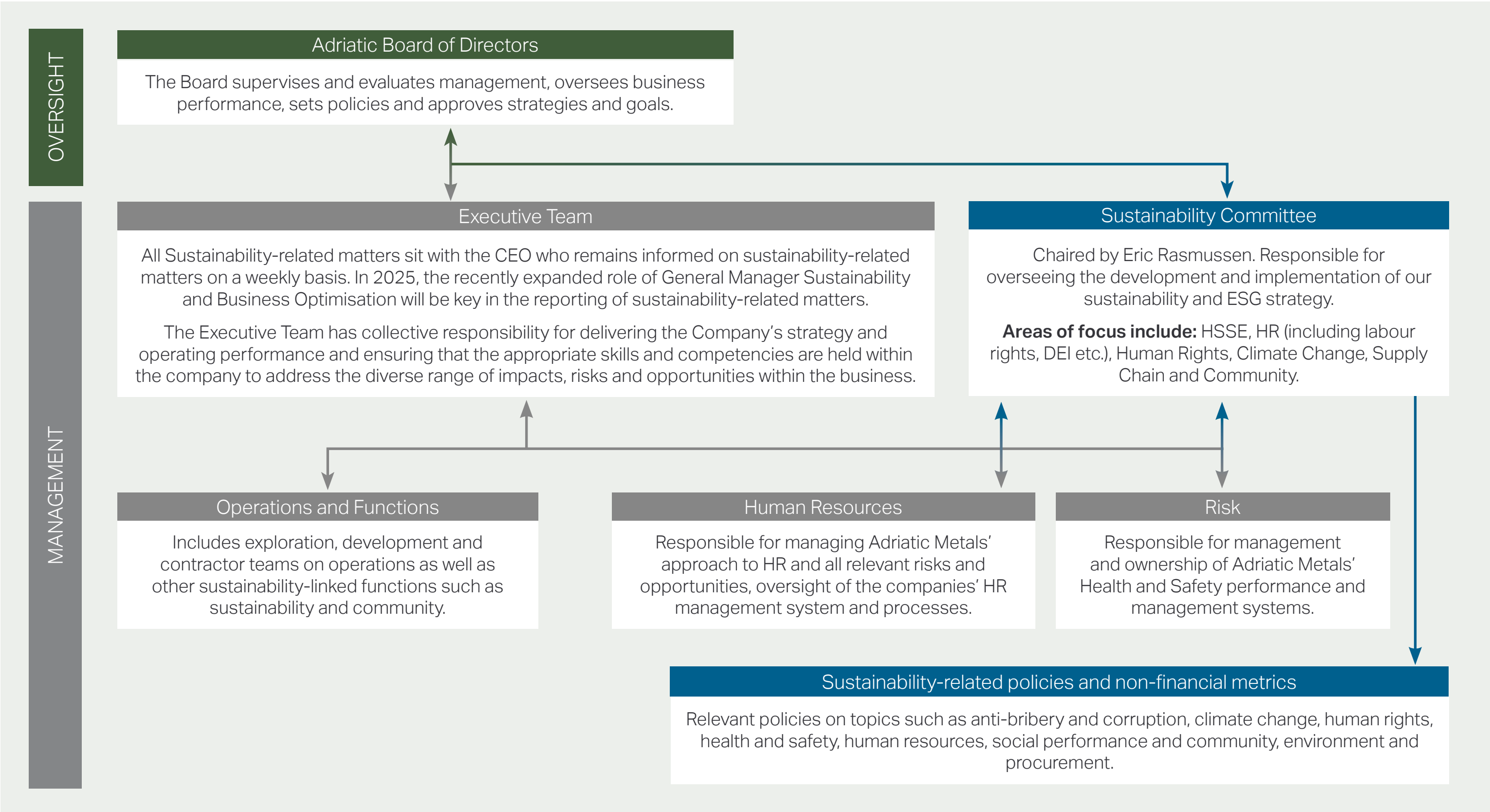
MANAGING SUSTAINABILITY-RELATED RISK AND OPPORTUNITY

We believe that sustainability considerations must be built into the foundations of what we do.

Adriatic Metals is committed to managing sustainability-related risks and opportunities, embodying a comprehensive approach led by our Executive Team. The Board bears ultimate responsibility for the Company's environmental, social and climate change management. This crucial leadership role is complemented by the General Manager Sustainability and Business Optimisation, who leads a team of experienced social and environmental professionals tasked with delivering the Company's sustainability strategy. This strategy includes targeted initiatives to address climate-related risks and seize emerging opportunities.

Adriatic Metals views the management of sustainability-related risks and opportunities not only as a strategic imperative but as a collective responsibility that affects every level of our organisation. Through active leadership, operational excellence, and community engagement, we strive to reach a sustainable future aligned with our values and responsibilities.

Sustainability governance structure



OVERSIGHT

Adriatic Board of Directors

The Board supervises and evaluates management, oversees business performance, sets policies and approves strategies and goals.

MANAGEMENT

Executive Team

All Sustainability-related matters sit with the CEO who remains informed on sustainability-related matters on a weekly basis. In 2025, the recently expanded role of General Manager Sustainability and Business Optimisation will be key in the reporting of sustainability-related matters.

The Executive Team has collective responsibility for delivering the Company's strategy and operating performance and ensuring that the appropriate skills and competencies are held within the company to address the diverse range of impacts, risks and opportunities within the business.

Sustainability Committee

Chaired by Eric Rasmussen. Responsible for overseeing the development and implementation of our sustainability and ESG strategy.

Areas of focus include: HSSE, HR (including labour rights, DEI etc.), Human Rights, Climate Change, Supply Chain and Community.

Operations and Functions

Includes exploration, development and contractor teams on operations as well as other sustainability-linked functions such as sustainability and community.

Human Resources

Responsible for managing Adriatic Metals' approach to HR and all relevant risks and opportunities, oversight of the companies' HR management system and processes.

Risk

Responsible for management and ownership of Adriatic Metals' Health and Safety performance and management systems.

Sustainability-related policies and non-financial metrics

Relevant policies on topics such as anti-bribery and corruption, climate change, human rights, health and safety, human resources, social performance and community, environment and procurement.

SUSTAINABILITY POLICY

Adriatic Metals' Sustainability Policy regulates and provides guidance for the company's management of activities to minimise adverse workforce, community or environmental impacts and to realise opportunities in these areas.

The Company recognises that its principal concern must be the wellbeing of its people, whether employees, contractors, consultants, affected communities or other stakeholders. The health and safety of these stakeholders, and the preservation of the environment in which they work or live, is a critical factor in measuring the long-term success of the company's business.

CLIMATE CHANGE POLICY

As stated in our Climate Change Policy, Adriatic Metals recognises that climate change represents one of the most significant challenges facing the world today and supports the goals of the Paris Agreement. Our aim is to minimise our contribution to greenhouse gas emissions, to consider and plan for the physical risks of climate change on our operations and to work with our host communities to build their understanding of their resilience to the physical impacts of climate change.

The responsibility for implementing the policy extends to all employees and contractors engaged in relevant activities within our operational sphere. Company managers play a pivotal role in promoting and ensuring compliance with this policy, as well as any specific site-level policies and practices. In the Vareš Silver Operation, our commitment to sustainability is further manifested through advanced stakeholder engagement, facilitated by a comprehensive plan. Activities such as establishing a Public Liaison Committee (PLC) contribute to transparent information dissemination, fostering collaboration and understanding.

SUSTAINABILITY FRAMEWORK AND NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The table to the right shows how we assess and manage our operational impacts and includes information required by Section 414CA and Section 414CB of the Companies Act in relation to:

	COLLEAGUES	COMMUNITY	CLIMATE & ENVIRONMENT	COMPANY
Pillar	Building capability	Driving shared prosperity	Meeting environmental challenges	Transparency and accountability
Long-term success criteria	1. Zero life altering injuries (this would include fatalities, physical and health injuries) 2. Total recordable injury frequency < 8 3. 25% of women employed to 2024 4. Build capacity and capability in local workforce	5. Zero degradation in public health from our activities 6. Socioeconomic contribution 7. Community engagement and development 8. Social investments 9. Build capacity in local supply chain	10. Zero serious environmental incidents 11. Rehabilitate at least 110 ha of degraded forest together with local forestry authorities 12. Reduce fresh water use through recycling 13. Design and achieve 100 % of recycling waters in process plant and underground mining	14. Corporate governance and business ethics 15. Zero tolerance for bribery and corruption
2024 Facts and Highlights	**549** total employees **24%** female employees **1.05** TRIFR **0.45** LTIFR **1** fatality of a sub-contractor during construction **44,464** total hours of internal and external training **79%** of employees are proud to work for Adriatic Metals	**2,630** visits to the Vareš Information Centre **74%** of spending on local suppliers in Bosnia and Herzegovina **152** local contractors	**12,134 tCO_2e** scope 1 and scope 2 emissions **0.726 Mm^3** tailings capacity **4.5ha** of reforestation complete with 10,000 trees planted Built water treatment facility with **40 m^3/h** of treatment capacity **12** environmental incidents	**4** Sustainability Committee meetings

In addition to the above, other related information can be found here:

- Environmental and climate matters, including Task Force on Climate Related Financial (TCFD) Disclosures (pages 33-42)
- Our business model (page 8)
- Principal risks and how they are managed (pages 22-25)

TCFD

CLIMATE RISK MANAGEMENT

Disclosure related to Task Force on Climate-Related Financial Disclosures

SPOTLIGHTS FOR THE YEAR

The Company welcomed Eric Rasmussen as Chair of the Sustainability Committee. Eric has a deep understanding of the climate factors that may influence the success and resilience of Adriatic Metals.

The 32kW solar infrastructure is now operational, providing power to both processing and administrative facilities

Now that the Company is operational, it will commence work to define its decarbonisation trajectory and Net Zero targets. It intends to announce interim targets and anticipated Net Zero pathway in 2025.

In October 2024, a storm and subsequent flooding impacted our downstream supply chain in the central and southern regions of Bosnia and Herzegovina. Whilst there was no impact to the Company's mining or processing operations, damage to certain sections of railway line necessitated trucking of concentrate by road to the port of Ploče, which had a marginal negative impact on operating costs.

INTRODUCTION

Throughout the year, the governance of climate-related matters has remained consistent. Both the Board and management teams have maintained a proactive approach to engaging with climate-related issues. A comprehensive climate report was commissioned, addressing both physical and transitional risks. This report evaluated the potential implications of the National Determined Commitments (NDC), current and upcoming legislation impacting the business, carbon-related taxes like the EU's Carbon Border Adjustment Mechanism (CBAM), and relevant litigation. It also considered a range of physical scenarios, using TCFD-suggested tools, that may impact the business and its value chains.

As the first year of operational mining and processing activity, there has been a significant shift in the Company's emissions profile. Moving into 2025, analysis of our emissions profile will inform our decarbonisation planning.

BOSNIA

TRANSITIONAL FACTORS

Net-zero

Bosnia and Herzegovina is a signatory of the Sofia Declaration of the Green Agenda for the Western Balkans, a commitment to collaborate with the European Union in achieving net-zero emissions across the continent by 2050. As part of this declaration, the country has pledged to reduce and gradually phase out coal subsidies, in alignment with state aid regulations. Bosnia and Herzegovina has also committed to actively participating in the "Coal Regions in Transition in the Western Balkans and Ukraine" initiative, through which the European Commission and partners such as the World Bank aim to help countries in the region shift away from coal to a carbon-neutral economy.

Power

Coal and Hydro form the bedrock of Bosnia and Herzegovina's power generation capacity, comprising 67% and 29% respectively according to the IEA. Despite the country's national energy and climate plan for 2023–2030 that aims to close 410 MW of coal-fired power plants, 2024 saw an uptick in coal-powered energy generation. The plan also aims to construct 2 GW of renewable energy capacity, including 1.5 GW of solar photovoltaic (PV) by 2030.

Carbon price mechanism

Bosnia and Herzegovina continues to assess the implications of the EU's Carbon Border Adjustment Mechanism (CBAM). While CBAM comes into effect for certain products from 2026, which will impact the country's energy generation businesses, the exact date for the products produced by Adriatic Metals is unknown. Additionally, the country has mooted establishing its own carbon tax, but details are yet to be published.

Nationally Determined Contributions (NDC) commitments

Bosnia and Herzegovina's latest NDC, submitted in 2021, aims to reduce its GHG emissions by 33% by 2030 versus a 1990 baseline year, and by 62% by 2050. Decarbonisation could be accelerated if the country receives international financial and technological assistance, particularly for the decarbonisation of the mining sector.

> “During the year, a critical piece of infrastructure within Adriatic Metal’s value chain failed during a storm event. While the event itself cannot be definitively linked with the effects of climate change, it is acute weather events such as these that the company must be aware of and prepared for as it matures as a business.
>
> I look forward to bringing my experience to bear on our assessment of impact, risk and opportunity as Chair of the Sustainability Committee, as well as supporting the process to defining our decarbonisation pathway, which is so important to our stakeholders. Together, these are going to be essential for assessing the financial impact of the EU’s CBAM on our operations.”

Eric Rasmussen
Non-Executive Director and Chairperson of the Sustainability Committee

PHYSICAL CLIMATE RISK ASSESSMENT

Bosnia and Herzegovina’s diverse climate profile is influenced by its expansive size, varied topography, and unique landscape. The country encompasses temperate continental climates in the north and central regions, colder sub-mountainous and mountainous climates, and warmer climates along its coastline. The influence of the Adriatic Sea and the Dinarides Mountains, running parallel to the coast, plays a pivotal role in shaping these climatic zones.

The southern region of Bosnia and Herzegovina benefits from abundant sunlight, contributing to its distinctive Mediterranean climate in the coastal and lowland Herzegovina area. This climatic diversity is a key factor in Bosnia and Herzegovina’s biodiversity, ranking among the largest in Europe. The country experiences three distinct geological and climatic regions: the Mediterranean, Euro Siberian-Bore American, and the Alpine-Nordic.

To assess the potential impact of climate-related risks on Adriatic Metals, the company conducted a desktop-based evaluation of the physical risks. This involved utilising a range of online tools that focus on specific issues, such as water stress, flooding, landslide and forest fire, and provide analysis for each of these risks under various IPCC-designed scenarios. Each risk was reviewed during a workshop with key personnel to consider the identified risk and to ensure the risk is captured within company documentation, including management and response plans, and assigned an owner.

Climate risk assessment

Burson Buchanan

Primary physical risks

Scoring scales

Water stress

SUMMARY FINDINGS

Risk	**Water stress** (Aqueduct Water Risk Atlas)	**Flooding** (Aqueduct Water Risk Atlas)	**Landslide** (Think Hazard)	**Extreme heat** (Think Hazard; Climate Analytics)	**Wildfire** (Global Forest Watch; Think Hazard)
Desktop Research	LOW	HIGH	HIGH	MEDIUM	HIGH
Management Evaluated Rating	MEDIUM	HIGH	MEDIUM	MEDIUM	HIGH
Commentary	While desktop data indicated this to be a low-risk matter, now and into the future, management studies recognise an increase in water stress during the summer months. This has informed Adriatic's water management planning.	Flooding at site because of rain and meltwater during the winter and spring seasons has been identified as a risk to the business. Preventative and mitigating actions are connected to Adriatic's water management planning with additional capacity to manage extreme events to be included in capital expenditure.	Landslides caused damage to the railway networks within Adriatic's supply chain in Oct 2024, slowing distribution of concentrate and increasing operating costs. Adriatic is acutely aware of the mountainous terrain in which it operates and through which it hauls ore and concentrate. While the haul roads are new and have been designed to meet the latest standards, ongoing monitoring forms part of our management plans.	With temperatures dipping to -10°C during the winter and above 40°C in the summer, Adriatic's operations experience a great annual temperature range. Adriatic has designed its operations and provided the appropriate equipment to its personnel, in addition to specifically designed operation procedures, to mitigate these effects.	Adriatic operates within a highly forested area. Fires have been documented in recent years, including within Bosnia's national parks, but have not caused material issues to life or infrastructure. Adriatic has considered forest fire within its emergency response plans.

Further financial analysis is provided within the group-wide risk and opportunity table below.

In Focus: Water strategy in action

Effective water management is crucial for mining operations, especially in regions like Vareš, where water-related challenges such as seasonal water stress and excess flood water pose significant risks. Ensuring the sustainable use and treatment of water is vital for not only minimising environmental impact but also contributing to the resilience of local ecosystems and communities. The Vareš Silver Operation exemplifies this approach, incorporating innovative water conservation and management practices to address these challenges.

The Vareš Processing Plant (VPP) has achieved a closed-loop water management system, where water is entirely circulated within the plant. This ensures that no waste or process water is discharged into the natural environment, exemplifying the Company's commitment to sustainable operations.

At the Rupice Mine, a state-of-the-art water treatment lagoon has been constructed to manage all contact water. After undergoing treatment, approximately 30% of the water is reused within the mining operations, while the remaining 70% is safely discharged into natural recipients, adhering to strict environmental standards. This system underscores the operation's dedication to reducing water waste and minimising its ecological footprint.

To support its water needs, the Rupice mine draws drinking water from the Bukovica intake. Technical water requirements are met through a combination of the Borovicki stream, the Vruči stream, and treated water. Meanwhile, the VPP sources its water supply from the municipal "Lalića mlin" system.

These initiatives reflect the Vareš Silver Operation's innovative approach to water conservation and management, ensuring that environmental considerations remain central to its operations.

SERBIA

TRANSITIONAL AND PHYSICAL FACTORS

Net-zero goal and strategy

Serbia does not currently have an official net-zero greenhouse gas emissions target; however, it aims to reach a 40% share of renewable energy in final energy consumption by 2040. Recent assessments of its 2013 renewable energy action plan indicate that investment is behind schedule. In its 2022 NDC, Serbia set an emissions reduction target of 13.2% compared to 2010 level by 2030.

Power

In 2021, some 62% of Serbia's generation came from coal, while 30% came from large hydro. Generation from renewable sources of power, however, has been picking up in recent years. Serbia is not subject to the EU carbon price, unlike its neighbouring countries, the country benefits from exporting cheap coal power to EU countries.

Physical climate risk assessment

Climate change projections indicate that Serbia, along with the broader Western Balkans region, is likely to experience continued temperature increases, along with more frequent and prolonged droughts and wildfires.

Adriatic Metals drew upon the ND-Gain Country Index and climate risk reports from the University of Notre Dame to assess the potential impact of climate-related risks on the Company in Serbia. According to the tool, Serbia's low vulnerability score and high readiness score places the country in the lower-right quadrant of the ND-GAIN Matrix. Adaptation challenges still exist, but Serbia is well positioned to adapt. Serbia is the 99th most vulnerable country to climate change and the 82nd most ready country.

Enterprise-wide considered climate risks and opportunities

The Company recognises that being a mining business, which is considered energy intensive, may present certain climate-related risks to the business, and fundamentally believe that the business itself - which is to produce metals that can be used to support both the energy and transportation transition - provides significant opportunity.

CLIMATE RELATED RISKS

Adriatic Metals considers climate-related risks under two broad headings: physical risk and transition risk and recognise climate litigation as an emerging third risk category.

Physical risk can be divided into two types: acute risks from increased severity of extreme weather events such as storms and floods and increased incidence of wild-fires and other climate-related emergencies; and chronic risks from changes in precipitation patterns, extreme variability in weather, rising mean temperatures, rising sea levels and increased incidence and intensity of droughts.

Transition risk meanwhile refers to the actual and potential impacts of risks associated with the energy transition on our business, strategy, and financial planning. These risks are considered under four headings suggested by the TCFD – Policy and Legal, Technology, Market and Reputation – and is the approach taken in carrying out the company's climate risk assessment.

The physical and transition risks we have identified, based on the assessment of their impacts on the Company, and the actions we are taking to mitigate these risks, are summarised in the table below. We have assessed potential impact against short-, medium, and long-term time horizons which we define as up to two years, between two and ten years, and ten years and beyond respectively.

Risks and opportunities		Type	Potential impact on Adriatic Metals	Timeframe	Adriatic Metals controls and mitigants
TRANSITIONAL	MARKET	**Demand for our products**	Meeting Net Zero ambitions, as set out in the Paris Agreement, requires global shift in energy generation, storage and utilisation. The company's primary products can be used to support the growing EV market, renewable and low carbon fuel in power generation, and in energy storage and energy grid expansion. We consider the net effect to be positive for silver, zinc, lead and copper product streams. Consequently, and irrespective of the current offtake agreement that Adriatic Metals has in place, we believe this will support revenue generation for the business.	**Short Term, Medium Term & Long Term**	• Responsible production of metals
		Increased cost of capital	Restricted availability of debt and/ or equity financing for heavy emitting industries could impact on the ability to fund acquisitions and/or to fully develop existing assets in an optimal timeframe.	**Medium Term & Long Term**	• Deliver transparent, robust GHG emissions disclosures • GHG mitigation incorporated into corporate funding model, such as commitment to meet EBRD criteria • Utilising management expertise, consider sustainability-linked financing initiatives, where cost of funds is linked to ESG outcomes

Risks and opportunities		Type	Potential impact on Adriatic Metals	Timeframe	Adriatic Metals controls and mitigants
TRANSITIONAL	**POLICY**	**Cost of carbon**	Bosnia and Herzegovina intends to implement a system for CO_2 pricing and trading by January 2026, as the country aims to avoid paying the European Union's carbon border tax. Indeed, the EU will apply a Carbon Border Adjustment Mechanism (CBAM) from 2026 on energy-intensive products (initially applying to products such as iron, steel, aluminium, cement, fertiliser) and electricity from countries without a national carbon pricing scheme. The impact of such this mechanism will impact financial performance. The business may consider increasing its capex budget to reduce its emissions profile, by increasing investment into its own renewable energy power generation. The business may also consider strategic partnerships with renewable energy power generation partners that would require investment.	**Short Term, Medium Term & Long Term**	• Continue to assess the operational emissions footprint of the business and to identify credible investment opportunities to decarbonise • Maintain ongoing monitoring of policy and legislation development in countries of interest.
		Increased regulation and reporting requirements	The London Stock Exchange is amongst the global leaders for ESG and climate-related disclosure. The Company also operates in Bosnia and Herzegovina and Serbia, who possess differing regulatory maturity relative to climate change. The failure to meet the highest of these expectations may result in fines, impacts to reputation and access to future commercial endeavours.	**Short Term & Medium Term**	• Maintain transparency relating to all ESG issues. • Comply with the highest reporting standards. • Ensure continued engagement with external stakeholders.
	REPUTATION	**Changes in market requirements**	Increasing expectations for companies to define a clear net zero strategy could mean the Company is at risk of being associated with the negative impacts of climate change.	**Medium Term**	• To define a Net Zero strategy, setting and communicating interim decarbonisation targets.
	LEGAL	**Increase in legal cases being brought against heavy emitting industries**	With the increased appreciation for the link between GHG emissions and physical climate impacts, and a growing body of regulation, raises the risks of climate-related litigation. Such litigation would impact financial performance directly, with reputational issues potentially impacting cost of access to capital.	**Medium Term & Long Term**	• Robust compliance management and regulation scanning • Increased awareness, training and skillset development amongst operating teams, management and board

We have conducted assessments to consider the way in which the climate is expected to vary over the life of the mine based on local projections for Bosnia and Herzegovina. The projections have been used to help undertake a vulnerability assessment as to potential risks to the operation itself from changing climatic patterns.

Risks and opportunities		Type	Potential impact on Adriatic Metals	Timeframe	Adriatic Metals controls and mitigants
PHYSICAL	Chronic	**Drought, variable rainfall patterns and water stress**	According to Aqueduct, the World Resources Institute online tool, drought and water stress are anticipated to increase in Bosnia over the coming decades, based on current science and environmental forecasts. Consequently, this may drive direct increases in OpEx costs for the business to acquire an increasingly precious resource. Indirectly, operations may be affected by local communities as businesses consuming large quantities of water, or those considered to be water intensive, contend with protests.	**Medium Term & Long Term**	• The business has taken this issue incredibly seriously during the construction and commissioning phase and provides detail in a case study below as to how it has reduced its reliance on access to water. • Adriatic Metals has radically redesigned its water management processes at Vareš, dramatically reducing water requirements. • Communicate water management strategies and utilisation to stakeholders, and increasingly to local stakeholder groups to ensure true appreciation of Adriatic's approach to this precious resource.
		Increased ambient temperatures	According to the World Bank's Bosnia and Herzegovina Climate Risk Report, Bosnia and Herzegovina has increasing temperature anomalies under the IPCC's RCP 8.5 – business-as-usual, high emissions scenario. Increased peak temperatures could adversely affect the workforce through dehydration, heat stroke etc., which may affect productivity levels that could impact financial performance, and cause plant and machinery to overheat impacting maintenance schedules, as well as OpEx costs. Additionally, most of the operational area is surrounded by forestry, increased temperatures may result in increased risk of forest fires.	**Long Term**	• Clearly defined occupational HSSE policies and procedures that inform personnel of the correct working practices through seasons. • Clearly defined equipment maintenance programmes. • Clearly defined management practices and systems for the storage of explosives and fuel and taken active steps to remove possible fuel and ignition sources, particularly during intense periods of dry weather.
	Acute	**Flooding, heavy rainfall**	Localised flooding during heavier periods of rainfall, as well as the operation's design may impact the business's ability to manage waterfall. This could be particularly acute at our Rupice mining operations where surface runoff may flow through our declines and other infrastructure channels, such as ventilation shafts, affecting operating activity. Consequently, impacts to operations may affect financial performance, and require increases in OpEx and CapEx to address water management issues. An increase in intensity and variability of rainstorms may result in unauthorised discharge into local water sources, which might incur violations of environmental permits.	**Short Term, Medium Term & Long Term**	• Initial hydrology and water management consideration were assessed within the Prefeasibility Study and ESIA, which have continued to evolve as the business has progressed through the construction phase. In satisfaction of all regulatory requirements, the water management and physical infrastructure capacity at Rupice was materially upgraded during construction phase to reduce water handling risk, including at the TSF. • The business will continue to assess water supply security as well as more detailed water vulnerability assessments. • The business has an emergency response process in place to respond to flood risk.

COMPLIANCE INDEX

Under FCA Listing Rule 9.8.6R(8), Adriatic Metals is required to report on a comply or explain the basis against the TCFD Recommendations and Recommended Disclosures in respect of the financial year 31 December 2024. The Company is striving for climate-related disclosures to be consistent with the four pillars and 11 recommendations. The compliance table below details our consistency with the recommendations, status and planning regarding the recommendations where the Company does not currently comply.

This Compliance Table provides information as to the consistency of Adriatic Metals' reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Company understands that climate change resilience is integral to the long-term success of the organisation. It has used the TCFD recommendations to further develop its climate-related strategies, programmes, and reporting. While the reporting is not entirely consistent with the TCFD requirements at this stage, it will focus on advancing its processes and embed the recommendations within the management structure.

Governance	Compliance	Page reference
Describe the Board's oversight of climate-related risks and opportunities	**Compliant**	Managing Sustainability (page 31) Risk Management Section (page 22) Sustainability Committee Report (page 56) Sustainability Committee Charter (link to charter) Climate Change Policy (link to policy)
Describe management's role in assessing and managing climate-related risks and opportunities	**Compliant**	Managing Sustainability (page 31) Climate Change Policy (page 22)

Strategy	Compliance	Page reference
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	**Compliant** We have detailed a comprehensive list of risks and opportunities for the business to manage.	Table above Link to ESIA
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	**Compliant**	Table above
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	**Partial compliance**	Risk Management section (page 56) Target date: 2027

Risk Management	Compliance	Page reference
Describe the organisation's processes for identifying and assessing climate-related risks	**Compliant**	Risk Management section (page 56)
Describe the organisation's processes for managing climate-related risks	**Compliant**	Risk Management section (page 56)

Metrics and targets	Compliance	Page reference
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	**Compliant**	GHG / SECR report
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	**Partial compliance**	Risk Management section (page 56) Target date: 2026
Describe the targets used by the organisation to manage climate-related risks, opportunities and performance against targets	**Partial compliance**	GHG / SECR report Targets can only be set once the asset is fully operational and actual GHG emissions data, including a true appreciation of emissions sources, is understood. Target date: 2026

STREAMLINED ENERGY AND CARBON REPORT

Scope 1 and Scope 2 GHG emissions for project are calculated and reported as part of Adriatic's SECR and CDP.

The Company has assessed its energy fuel consumption and determined that this is above the 40 MWh threshold set by the SECR for reporting in the comparative period and, as such, the Group reports its greenhouse gases on an annual basis in tonnes of carbon dioxide equivalent resulting from the combustion of fuel (direct Scope 1 emissions), the purchase of electricity (indirect Scope 2 emissions) and from business travel (Scope 3 emissions). Where a figure for emissions, or a percentage (%) is not included for exclusions, it is because those calculations are optional or have not yet been carried out.

METHODOLOGY

The Company has sourced consumption information from utility bills, fuel expenditure and internal records to produce a dataset of consumption for the reporting period. GHG emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the location-based method to determine Scope 1 and Scope 2 emissions using the latest emissions factors from recognised public sources that are applicable to the various jurisdictions in which the group operates. Market-based emissions are also calculated for Scope 2 emissions. The Group's carbon emissions disclosure has been undertaken in accordance with the UK Companies Act 2006.

Emissions information for the UK covers the head office in London. Emissions disclosures for Europe cover two mining operations: the Vareš Silver Operation in Bosnia and the Raška exploration project in Serbia.

GREENHOUSE GAS EMISSIONS

In 2024, total emissions increased by 392% to 12,134 tonnes of CO_2e compared to reported figures in 2023. This is primarily due to Scope 2 emissions increasing by 3,840% with the connecting of Bosnia and Herzegovina facilities to the supply grid and the start of production at the Vareš Silver Operation.

A proportion of transport emissions for rental vehicles reported as Scope 1 in 2023 have been reallocated to Scope 3 under business travel. This results in an overall increase for Scope 1 emissions of 49% to 3,037 tCO_2e and a 321% increase for Scope 3 emissions to 902 tCO_2e, with 65% (587 tCO_2e) coming from the inclusion of air travel part way through 2024.

This report uses the following data sources for emissions factors used in the preparation of these figures for factor data:

1	Annual UK Greenhouse gas reporting conversion factors for appropriate Scope 1, 2 and 3 categories
2	Our World In Data published factors for Scope 2 factors for BiH and Serbia
3	Ecoinvent LCA analysis data for Ammonium Nitrate
4	Fuel conversion factors are sourced from gov.uk published reports.

Reduction Targets

The Company considers that the most material climate-related risks will occur once the mine and Processing Plant are fully operational. The Company previously published the following GHG reduction targets and strategies.:

- A targeted science-based reduction in combined Scope 1 and 2 emissions by 2035, from a 2025 baseline (i.e. from the first full year of concentrate production).
- Develop a progressive Net Zero strategy during 2025 with clearly defined measures for emission reduction and shape the boundaries of an eventual effective net zero target. This process will include Scope 1, 2 and 3 (location and market-based evaluations) and result in a published strategy document with plans and targets.
- As part of the Net Zero journey the company also commits to monitoring its emissions reductions through the SBTi processes permitting external verification of its sustainability strategy implementation.
- During Q1 2025 operations have continued to ramp up, therefore 2025 as a baseline year is no longer appropriate as this year will not be representative of the mine's emissions when in steady state. Therefore, the Company is currently revisiting the above targets and will provide more detail in the upcoming 2024 Sustainability Report

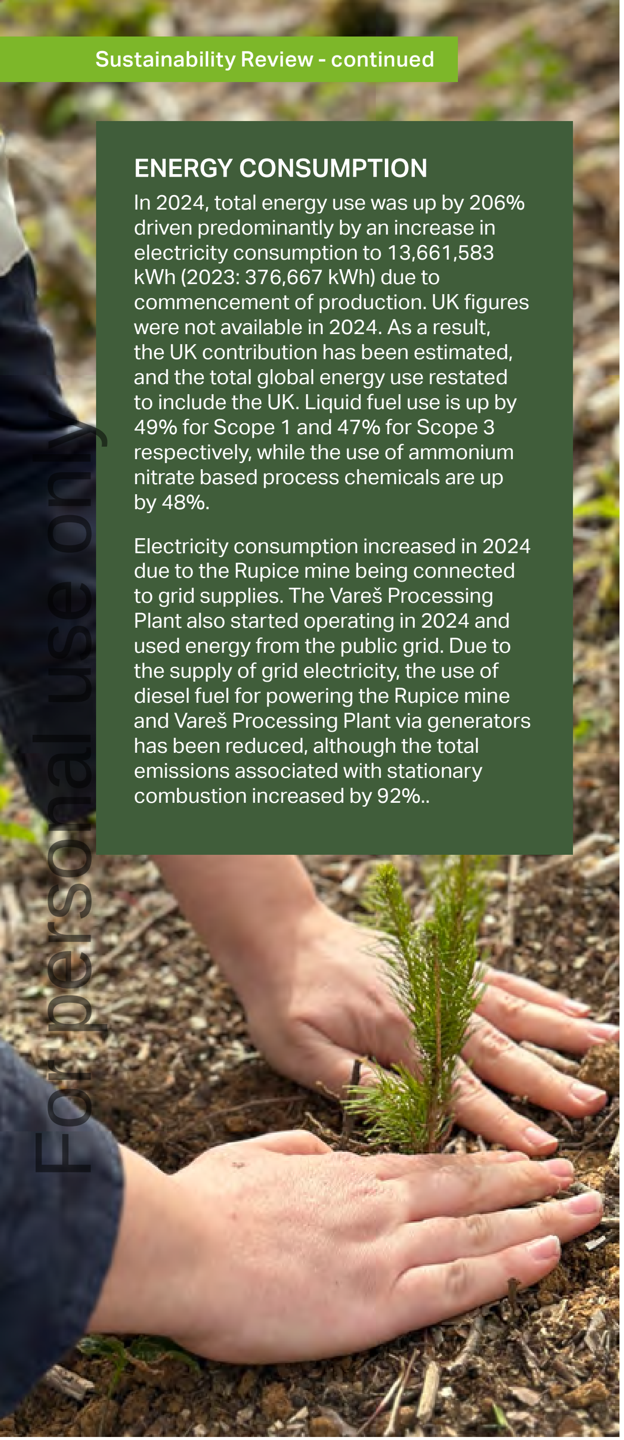
Notes

1. 2023 figures have been updated with recent data. Overall variance between 2023 reported figures and 2023 updates is < 1%
2. Fuel for rented vehicles was included in Scope 1 emissions in 2023. This has been moved to Scope 3. The totals are the same
3. Emissions were reported in Jan 2023 using available data for 2022. An updated dataset was used to recalculate in 2024
4. Increase in Scope 2 is due to new grid connected supply
5. Scope 3 emissions now include flight data
6. Market-based emissions use the same factors are 2023
7. Diesel energy is 2023 was overstated by 1.74% but did not impact the associated carbon calculation
8. Global electricity use updated to include UK (data not available in 2024 for UK, so previous year has been used)
9. Concentrate production data began from May 2024

The following table outlines the metrics used by Adriatic to assess climate-related risks and opportunities in line with its strategy and risk management process.

		Unit	2024	2023	Notes
1. TOTAL SCOPE 1 AND SCOPE 2 EMISSIONS			**12,134**	**2,464**	**1**
Scope 1		tCO_2e	3,037	2,042	2
Scope 2		tCO_2e	8,195	208	3
Scope 2		tCO_2e	902	214	
2. EMISSIONS BREAKDOWN (LOCATION BASED)					
UK					
Scope 2	Indirect emissions from electricity	tCO_2e	2	2	
Global (including UK)					
Scope 1	Transport Emissions	tCO_2e	380	606	
	Process emissions	tCO_2e	321	217	
	Stationary combustion	tCO_2e	2,336	1,220	
Scope 2	Indirect emissions from electricity	tCO_2e	8,195	208	4
Scope 3	Transport Emissions	tCO_2e	902	214	5
3. EMISSIONS AND OFFSETS (MARKET BASED)					
Scope 2	Global market-based emissions	tCO_2e	7,762	238	6
Scope 2	Avoided emissions due to renewable facility	tCO_2e	19	19	
4. GLOBAL ENERGY USE					
Total energy use		**kWh**	**25,533,113**	**8,352,306**	
Scope 1	Liquid fuels	kWh	11,124,321	7,480,951	7
	Process chemicals	kWh	747,209	505,688	
Scope 2	Electricity	kWh	13,661,583	365,667	8
Scope 3	Liquid fuels		1,286,880	875,781	
5. PARAMETERS					
Number of FTEs			527	296	
Tonnes of concentrate			14,540	NA	9
Electricity from solar generation		kWh	17,122	17,122	
Percentage of consumed energy from renewable sources			0.13%	4.68%	
6. INTENSITY MEASURES					
Scope 1 and 2 GHG emissions per FTEs		tCO_2e/person	23.02	8.32	
Scope 1 and 2 GHG emissions per tonne of concentrate		tCO_2e/tonne	0.83	NA	

Key: NR – Not Reported, NA – Not Available



ENERGY CONSUMPTION

In 2024, total energy use was up by 206% driven predominantly by an increase in electricity consumption to 13,661,583 kWh (2023: 376,667 kWh) due to commencement of production. UK figures were not available in 2024. As a result, the UK contribution has been estimated, and the total global energy use restated to include the UK. Liquid fuel use is up by 49% for Scope 1 and 47% for Scope 3 respectively, while the use of ammonium nitrate based process chemicals are up by 48%.

Electricity consumption increased in 2024 due to the Rupice mine being connected to grid supplies. The Vareš Processing Plant also started operating in 2024 and used energy from the public grid. Due to the supply of grid electricity, the use of diesel fuel for powering the Rupice mine and Vareš Processing Plant via generators has been reduced, although the total emissions associated with stationary combustion increased by 92%..

ENERGY EFFICIENCY ACTIONS

In accordance with EBRD PR3, Adriatic has worked to integrate best available techniques and Good International Industry Practice ("GIIP") to optimise resource use and efficiently prevent and control release of pollutants into the environment, with modern energy efficient equipment and mobile plant being selected. A company park and ride scheme is planned to reduce employee transport emissions. A 32.4 kWp roof-mounted solar PV array has been included at the Vareš Processing Plant administration building.

The Company has worked to implement actions that reduce energy across operations. Some examples of recent activities undertaken include:

- The completion of the underground mains electricity connection at the Rupice Mine facility will replace diesel generation, increasing the efficiency of operations and reducing associated emissions from stationary combustion.
- Commenced company transport with 3x vans reducing light vehicles on the road and transitioned to 2x 12hr shifts versus 3x 8hr shifts. This has reduced operational employee transport by 33%.
- Procurement of Sandvik haulage fleet (3x loaders, 4 trucks) all of which have Tier 4 engines with advanced exhaust gas aftertreatment technologies that reduce particulate matter and NOx.

RENEWABLE ENERGY AND OFFSETS

The Company has installed a 32.4 kWp roof-mounted solar PV array at the Vareš Processing Plant administration building which generates electricity meeting a proportion of the building's energy needs.

The Company also entered into a partnership agreement with a local forestry commission in Bosnia and Herzegovina, actively engaging in environmental preservation initiatives and reforestation programmes.

FUTURE STRATEGIES

A mix of Scope 1 and 2 reduction measures are being considered. The Company intends to carry out life cycle analysis (LCA) studies to the end of life of products and set up company targets based on 2025 GHG emissions, which will encompass a full year of production.

Additionally, the VPP offers an opportunity for solar panel integration. Within the VPP area, there are 10 buildings that could have solar panels installed that would generate savings in CO_2e emissions.

ASSURANCE AND VERIFICATION

The information in this report is for information purposes only. Energy Systems makes no warranty, either express or implied, as to the accuracy or completeness of the assumptions, calculations or information contained in this report. Energy Systems and its affiliates do not accept liability for errors and omissions and cannot be held liable for indirect, direct or consequent losses under any circumstances. No external assurance has been carried out regarding these figures and an independent audit of the information in this report should be conducted by Adriatic's statutory reporting representatives.

The strategic report of Adriatic Metals PLC on the preceding pages was approved and authorised for publication by the Board of Directors on 30 March 2025 and was signed on its behalf by:

Michael Rawlinson
Chairman of the Board

Delivering responsibly developed value to all stakeholders

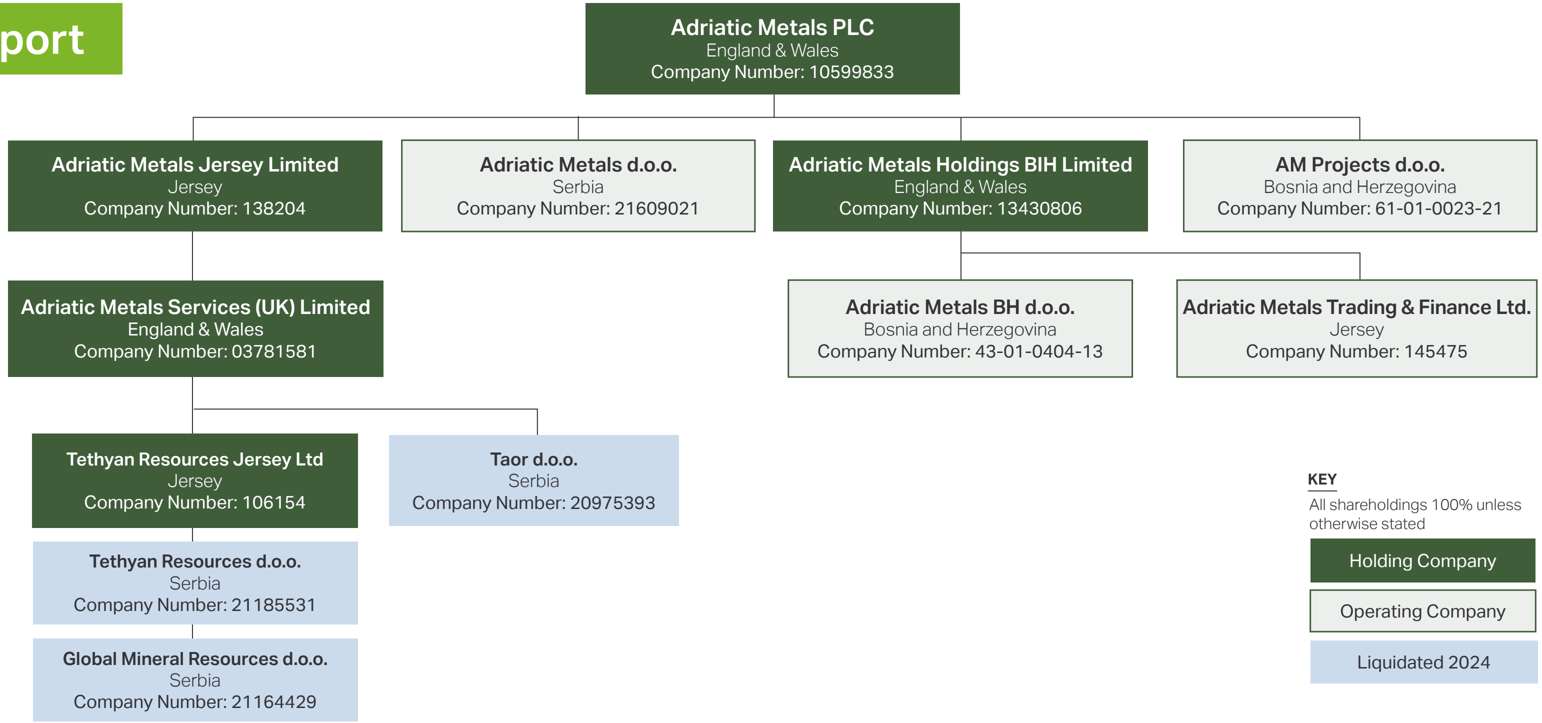
GOVERNANCE

Corporate Governance Report

CORPORATE STRUCTURE

The Board remains fully committed to good corporate governance, including the Corporate Governance Code published by the Quoted Company Alliance, of which the Company is a member. The Board continues to align the skills and experience of the Directors and management with the needs of the Vareš Silver Operation as it advances toward steady-state production.

The corporate structure of the Group at the date of this report is as follows:



Adriatic Metals PLC
England & Wales
Company Number: 10599833

Adriatic Metals Jersey Limited
Jersey
Company Number: 138204

Adriatic Metals d.o.o.
Serbia
Company Number: 21609021

Adriatic Metals Holdings BIH Limited
England & Wales
Company Number: 13430806

AM Projects d.o.o.
Bosnia and Herzegovina
Company Number: 61-01-0023-21

Adriatic Metals Services (UK) Limited
England & Wales
Company Number: 03781581

Adriatic Metals BH d.o.o.
Bosnia and Herzegovina
Company Number: 43-01-0404-13

Adriatic Metals Trading & Finance Ltd.
Jersey
Company Number: 145475

Tethyan Resources Jersey Ltd
Jersey
Company Number: 106154

Taor d.o.o.
Serbia
Company Number: 20975393

Tethyan Resources d.o.o.
Serbia
Company Number: 21185531

Global Mineral Resources d.o.o.
Serbia
Company Number: 21164429

KEY
All shareholdings 100% unless otherwise stated
Holding Company
Operating Company
Liquidated 2024

Adriatic Metals PLC is a public limited company incorporated in England and Wales on 3 February 2017.

The Company's principal assets are its wholly owned indirect holding, via Adriatic Metals Holdings BIH Limited, in Adriatic Metals BH d.o.o. and its wholly owned direct holding in Adriatic Metals d.o.o. (formerly RAS Metals d.o.o.) which comprises the Raška Project in Serbia.

Adriatic Metals BH d.o.o. (formerly named Eastern Mining d.o.o.) was registered in Bosnia and Herzegovina on 19 May 2008. Adriatic Metals BH is the main operating entity of the Group and holds the Vareš Silver Operation concession which comprises the Rupice and Veovača deposits. Eastern Mining d.o.o. underwent a name change to Adriatic Metals BH d.o.o. in April 2023.

Adriatic Metals Holdings BIH Limited was incorporated on 1 June 2021 and acquired the entire share capital of Adriatic Metals BH d.o.o. from Adriatic Metals plc on 30 September 2021 as part of the Group's preparation for entering into the Orion Project Finance Package.

Adriatic Metals Trading and Finance Ltd was incorporated on 28 September 2022 to act as a trading and finance company for the Group and is the borrower under the Orion Debt Finance Package. This entity holds the contracts with the third party offtakers under which revenue is earned and incurs selling and distribution costs on behalf of the Group.

AM Projects d.o.o. was incorporated on 8 April 2021 and had limited operating activity during the year to 31 December 2024. During the period, the company changed its name from Adriatik Metali d.o.o. to Adriatic Metals Services d.o.o and post year end to AM Projects d.o.o.

Adriatic Metals Jersey Limited (formerly Tethyan Resource Corp.) and its wholly owned subsidiaries were acquired on 8 October 2020. The acquisition of the remaining share capital of Adriatic Metals d.o.o. occurred on 22 February 2021.

Adriatic Metals Services (UK) Ltd provides managed services to other members of the Group.

The Group carried out an internal reorganisation of its Serbian entities to simplify the Group structure. Effective 4 July 2024, three wholly owned Serbian operating entities within the Group, namely: Global Mineral Resources d.o.o., Tethyan Resources d.o.o. and TAOR d.o.o., merged into the existing entity Adriatic Metals d.o.o. (formerly RAS Metals d.o.o.), leaving Adriatic Metals d.o.o. as the sole operating entity for the Serbian segment.

As part of the reorganisation, an application was submitted to the Serbian Ministry of Licences to allow the Kremice and Kaznovice licences to be transferred from Global Mineral Resources d.o.o. and TAOR d.o.o. to Adriatic Metals d.o.o., respectively, and duly granted. The transfer process resulted in the Company's related party balances with Serbian entities being transferred to Adriatic Metals d.o.o. the new licence holder.

CORPORATE GOVERNANCE CODE – QCA DISCLOSURE STATEMENT

The Board believes in the value of good corporate governance in improving performance and mitigating risk and acknowledges its duty to take into account all of Adriatic's stakeholders in its decision making and not just the shareholders.

As a company with an Equity Shares Transition category ("ESTC") (previously standard listing) on the London Stock Exchange, Adriatic is able to choose which governance code to follow. The Board has decided to apply the Quoted Company Alliance's (QCA) Corporate Governance Code (QCA Code) (revised in April 2018).

On 17 February 2025, Adriatic announced that it is working with its advisors regarding the transfer of the listing category of all of its ordinary shares from the ESTC category of the Official List of the FCA ("Official List") to the Equity Shares (Commercial Companies) category of the Official List on the London Stock Exchange

The Code is based on 10 principles and a set of supporting disclosures. It sets out what the QCA considers to be appropriate arrangements for growing companies and asks companies to explain how they are meeting those principles through the prescribed disclosures. We have considered how we apply each principle and a full description of our compliance with the QCA code can be found on our website:

https://www.adriaticmetals.com/corporate-governance/

The Chairman has overall responsibility for implementing an appropriate corporate governance regime at the Company.

The Board is committed to ensuring the sustainability of its development strategy and to delivering on its commitments to shareholders, clients, employees, partners and other stakeholders with sustainability in mind.

We believe that transparency and fair dealing, particularly in relation to environmental and community issues, are essential to the Company's ultimate success. At all times Adriatic will aim to:

- Minimise its environmental impact;
- Meet legal and other requirements applicable to it;
- Foster positive relationships in the local community;
- Protect the health and wellbeing of employees and encourage positive relationships in the workplace; and
- Ensure the sustainability of the business for shareholders and other stakeholders.

The Board firmly believes that a corporate culture based on sustainability and ethical values and behaviour is in the best interests of the shareholders. The Company maintains a Code of Conduct, which underpins its commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

The document sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees.

The Code of Conduct is included in the Corporate Governance Manual on the Company's website.

https://www.adriaticmetals.com/corporate-governance/

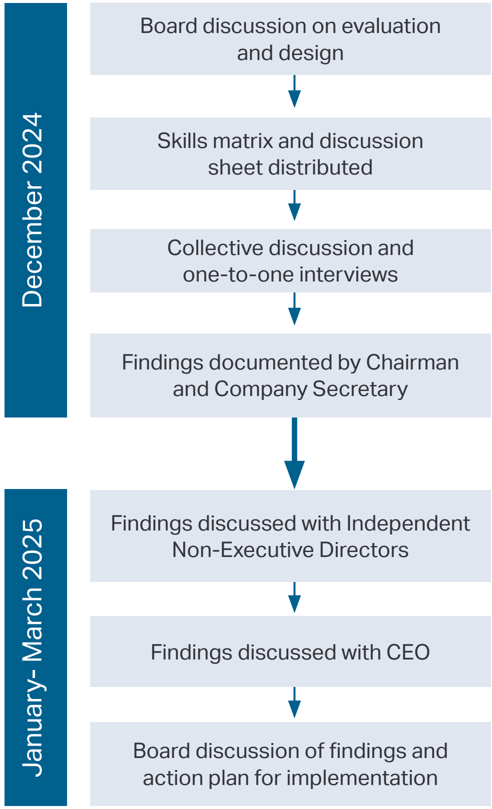
A. BOARD COMPOSITION

At 31 December 2024, the Board comprised a Non-Executive Chairman, a Managing Director and Chief Executive Officer, an Executive Director for Corporate Affairs, a Senior Independent Director and three other Non-Executive Directors. As part of its annual performance evaluation process the Board, in conjunction with the Remuneration & Nomination Committee, keeps its structure under review in order to maintain an appropriate balance of executive and non-executive experience and skills.

The Board considers the following Non-Executive Directors who served during the year to have been independent: Peter Bilbe, Julian Barnes, Sandra Bates, Eric Rasmussen, Mirco Bardella and Michael Rawlinson. None of these Directors is or has been an employee, had a significant business relationship or close family ties with related parties, or represented significant shareholders, although some of them previously held non-performance related options to acquire ordinary shares in the Company.

The QCA Code recommends that, in the interests of maintaining their independence, Non-Executive Directors should not normally participate in performance-related remuneration schemes or have a significant interest in a company share option scheme; any performance-related remuneration for Non-Executive Directors should be proportionate, and shareholders must be consulted and their support obtained. However, in Adriatic's case the options granted to the Non-Executive Directors had no performance conditions and vested fully on the date of grant, and it is not considered that they compromise the Non-Executive Directors' independence.

B. BOARD PERFORMANCE EFFECTIVENESS REVIEW



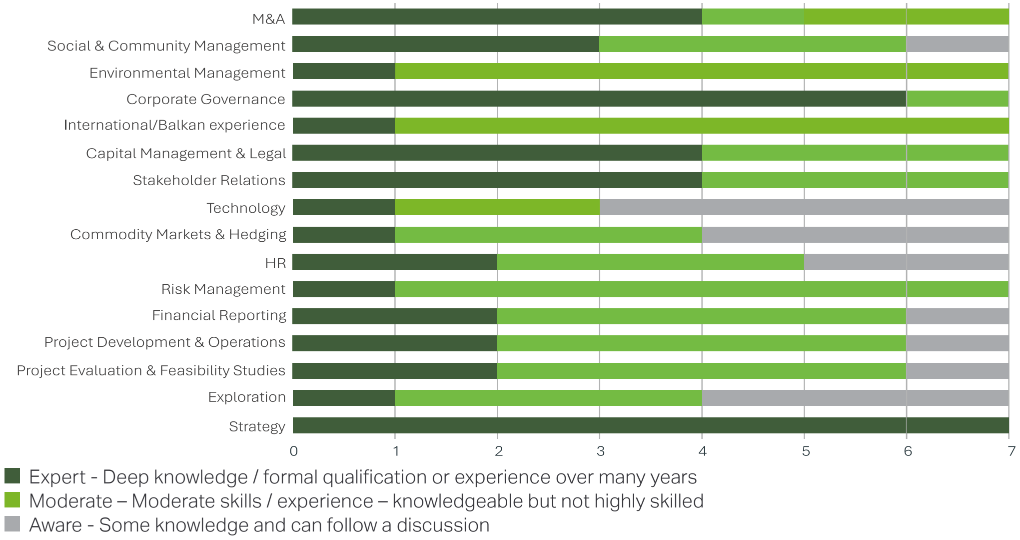
The most recent board performance effectiveness review was undertaken internally during December 2024 through a collective discussion with Non-Executive Directors and one-to-one interviews with Executive Directors conducted by the Chairman, Michael Rawlinson, supported by the UK Company Secretary.

The interviews were structured to seek the Directors' views on a number of subject areas including those outlined below.

- The overall composition of the Board was considered, taking into account the balance of skills represented by Board members relative to the current and future requirements of the Company together with gender diversity.
- The workings of the Board and interpersonal dynamics
- A review of strategic oversight and direction
- Lessons learned
- Discussion on the provision of information – focus, relevance and quantity
- Views on governance and the composition and workings of the main Board Committees was evaluated
- Stakeholder management
- Culture and employee sentiment
- Site visits.

As part of the Board's performance evaluation and within the remit of the Nomination Committee, the Adriatic Board undertook a skills self-assessment matrix review. The skills categories chosen were all discussed and noted as likely to be required for Adriatic as a production company. The outcome of the self-assessment was as follows:

Adriatic Board Skills Matrix Self Assessment Dec-24



Board composition

Directors were generally broadly happy with the size of the Board and skills on the Board currently (local/regional/mining/exploration/financial/auditing/corporate/legal/HR), given the stage of the operations and taking into account the injection of additional skills onto the Board during the year. With potential further changes to composition expected in the coming year, the focus was on the need for more local expertise and advice through a local independent director with Board experience, particularly as the Company has moved into the operational phase. Members recognised that reshaping the Board further and altering the skills mix were questions that would naturally arise as the Company moved forward.

2024 BOARD PERFORMANCE EFFECTIVENESS REVIEW FINDINGS

> The findings of the Chairman's board performance effectiveness review were collated and considered amongst the Non-Executive Directors before being relayed to the CEO. The resulting conclusions and recommendations were discussed and, where appropriate, approved by the Board.

The Company has successfully taken the Vareš Silver Operation from construction to production in 2024; at the same time 2024 saw significant changes in executive management reflecting the Company's evolution into an operating company. The Board composition has also changed and expanded, with the addition of three new directors during the year, including the new Managing Director and CEO. Development of the operational team has continued to progress and the culture of the Company has continued to evolve positively under the new executive leadership.

The following matters reflect the central questions considered by the Board as part of the Chairman's board performance effectiveness review.

Lessons learned

The Board recognised that lessons had been learnt regarding the process around making strategic decisions. The Board considered that with hindsight the process around the Company's decision to make the Raska investment should have been subjected to more rigorous due diligence. The Board was pleased that an internal audit function had been set up and was contributing to a strengthening of internal controls and oversight.

Action point: The Board should focus more on spotting sources of potential problems and challenges and building up the internal audit capability

Board Composition and Skills

The Board considered that the current board composition reflected a reasonable balance of skills, noting that it was not necessary for the Board to carry every skill. The Board was satisfied with the level of diversity and independence of the current Board. The appointments during the year of new independent Non-Executive Directors, Eric Rasmussen and Mirco Bardella, had injected valuable new skills into the Board, in particular in relation to regional expertise, ESG experience and financial controls.

Potential additional skills - the Board continued to believe it would be beneficial to enhance the Board composition with the addition of an independent Bosnian director with board experience. In addition, the Board considered that a director with an HR background would be a useful addition to the Board's skills matrix. The Board recognises there will be a need to plan for the replacement of skills as and when directors retire and, in particular, it was important to maintain strong technical mining skills on the Board.

Board dynamics

On the whole, the Board was satisfied with the atmosphere in the boardroom. The quality of discussion and debate was regarded as good and the ability to have a free and frank exchange of views was appreciated.

Appointment of Senior Independent Director

The Board regarded the appointment of the Board's first Senior Independent Director during the year as a timely enhancement of Board governance and an important reflection of the Company's maturity. The Senior Independent Director's primary role was to act as sounding board for the Chair and intermediary for other directors where necessary. The Senior Independent Director would also be available to meet with shareholders and discuss any issues of concern.

Stakeholder management

While the Board believed management of shareholder relations was well covered, other areas of stakeholder engagement, in particular in relation to government, deserved more attention.

- The Board wished to see regular updates concerning the governmental landscape in Bosnia and Herzegovina, in particular regarding the governmental hierarchy and officialdom. It was recognised that Bosnia and Herzegovina had a complex constitutional structure with multiple legislative and administrative layers. Consequently, the Board considered it crucial to maintain good visibility in this area, including in relation to the Office of the High Representative, State, Federal, cantonal and municipal bodies.
- The Board sought more regular and detailed briefings in this regard from executive management, to ensure that directors were kept fully up to date. This includes regularly updating the stakeholder management plan which covers political and community relations, with clear responsibilities and accountabilities.

Action point: Annual stakeholder management plan, with clear responsibilities and accountabilities, to be submitted for Board approval.

Culture and employee sentiment

The Board considered that it was not doing enough with the annual employee survey and results. It was important for the Company and Board to show that they were listening to employees' concerns. Further, the Board recognised the importance of the Employee Council, but considered that improvements were needed to ensure it served its intended function more effectively. The conclusion was that while existing structures and processes to monitor employee sentiment and cultural issues should be retained, they should be made to work better – this being the responsibility of both management and the Board. The Board was pleased that Eric Rasmussen, in his capacity as Chair of the Sustainability Committee, would have oversight of the Employee Council.

Board materials

The Board was pleased with improvements in the approach to format, content and delivery of board materials during the year, however the Board wished to see more efficiency and better organisation around agenda setting and board papers. In particular, the Board considered that board materials should be more concise and streamlined, focused on clarity of purpose and delivered timeously.

The Board made the decision in principle to separate the Company Secretary role into a discrete function, in light of the Company's level of maturity reached and volume and degree of complexity of secretarial support required to meet the Board's needs.

Site visits

The Board considered it very important for the Non-Executive Directors to make regular site visits to Bosnia and Herzegovina and familiarise themselves with management and particular issues of concern. The Board was pleased that the regular twice-yearly meetings in Bosnia and Herzegovina had become a fixed item in the annual board calendar. During those visits, and additionally where appropriate, directors should be encouraged to spend informal time with management, especially those Directors with a particular focus e.g. mining, ESG, finance, controls and risk management.

C. BOARD TERMS OF REFERENCE AND POWERS (SEE BOARD CHARTER IN SCHEDULE 1 TO CORPORATE GOVERNANCE MANUAL ON THE COMPANY WEBSITE)

The Board derives its authority from the shareholders under the Company's Articles of Association. Its main duty is to drive the strategic direction of the Company while ensuring that appropriate resources are available to meet objectives and monitor management's performance. Members of the Board have collective responsibility for the performance of the Company and must ensure that all decisions are taken in the interests of the Company as a whole, taking into account the interests of the various stakeholder groups.

Whilst the Board has delegated the normal operational management of the Company to the Managing Director and CEO and other senior management, it has reserved to itself specific matters including:

- Approving the Company's remuneration framework;
- Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure;
- Approving and monitoring the budget; and
- Approving the annual and interim accounts.

The Board Charter requires that, where practical, the majority of Board members should be independent Non-Executives. An independent Director is a director who in the Board's opinion is free of any interest, position, association or relationship that might (or might be perceived to) influence materially his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

D. DIRECTOR COMMITMENTS (ALSO SEE REMUNERATION & NOMINATION COMMITTEE REPORT)

The services of the Managing Director and Chief Executive Officer, Laura Tyler, are supplied under a contract with Adriatic. She is not required to provide these services on an exclusive basis, although any services provided to third parties must avoid conflicts of interest or any interference with her obligation to provide services to the Company. Ms. Tyler has a separate agreement with Adriatic Metals BH d.o.o. (an operating subsidiary of Adriatic) in respect of her role as Director of that company.

The services of the Executive Director for Corporate Affairs, Sanela Karic, are supplied under a contract with Adriatic. She is not required to provide these services on an exclusive basis, although any services provided to third parties must avoid conflicts of interest or any interference with her obligation to provide services to the Company. Ms. Karic has a separate agreement with Adriatic Metals BH d.o.o. (an operating subsidiary of Adriatic) in respect of her role as an Executive Director of that company.

All Non-Executive Directors acknowledge in their letter of appointment that the nature of the role makes it impossible to be specific on maximum time commitment and that at certain times of increased activity, the preparation for and attendance at meetings will increase. All Directors are expected to attend all board meetings (either in person or by telephone), the AGM, one annual Board strategy meeting a year, committee meetings where appropriate, meetings with the Non-Executive Directors, meetings with shareholders, any meetings forming part of the Board evaluation process, and training meetings.

E. BOARD MEETINGS

The Board meets formally once per quarter, with additional meetings held as required to review the corporate and operational performance of the Group and address any other issues that need to be dealt with before the next scheduled meeting. The Directors also hold informal conference calls on average once per month (during those months where there is no quarterly or other Board meeting) in order to receive regular updates from the Managing Director and Chief Executive Officer.

During the year, the majority of the Board met physically on a quarterly basis, with those unable to attend physically participating remotely by video-conference.

The agendas of the Board and its Committees ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

The Chairman is responsible, with the help of the Company Secretaries, for ensuring that the Directors receive Board briefings that are accurate, comprehensive and timely enough to allow them to make proper use of them in the fulfilment of their duties. The Company Secretaries assemble the Board and Committee papers and circulate them to the Directors in advance of the relevant meeting. The Company Secretaries also take minutes of each board meeting.

A summary of attendance at board meetings in the year ended 31 December 2024 is set out below:

Director	Independent	Maximum possible attendance *	Actual attendance
Michael Rawlinson	Yes	6	6
Peter Bilbe	Yes	6	6
Laura Tyler	No	4	4
Paul Cronin	No	4	4
Julian Barnes	Yes	1	1
Sandra Bates	Yes	6	6
Sanela Karic	No	6	6
Eric Rasmussen	Yes	5	5
Mirco Bardella	Yes	1	1

*based on date of appointment

F. BOARD COMMITTEES

The Board has delegated specific responsibilities to the Audit & Risk, Sustainability and Remuneration & Nomination Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. It is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice.

The Board considers that, at this stage in Adriatic's development, it is appropriate for the members of the Remuneration Committee to be also members of the Nomination Committee. However, the separate terms of reference of the two Committees will be respected. This decision will be kept under review by the Board.

G. AUDIT & RISK COMMITTEE

The Audit & Risk Committee's overall goal is to ensure that the Company adopts and follows a policy of proper and timely disclosure of material financial information and reviews all material matters affecting the risks and financial position of the Company. The Committee meets the Company's external auditors and its senior financial management to review the annual and interim Financial Statements of the Company, oversees the Company's accounting and financial reporting processes, the Company's internal accounting controls, including the work of the Company's internal auditor, and the resolution of issues identified by the Company's internal and external auditors. Periodic corporate reports released to the market that are not audited by an external auditor are also reviewed and authorised for release in advance by the Audit & Risk Committee. It also advises the Board on the appointment of the auditors, reviews their fees and discusses the nature, scope and results of the audit with the auditors.

The Audit & Risk Committee was chaired during the year by Sandra Bates until 3 October when Mirco Bardella was appointed to be Chair. The other members of the Committee were Michael Rawlinson, until 3 October, Julian Barnes, until 13 June, and Eric Rasmussen from 13 June. At the date of the Annual Report the composition of the Audit & Risk Committee was Mirco Bardella (Chair), Sandra Bates and Eric Rasmussen. In accordance with the Committee Charter, all of its members have been Non-Executive and independent throughout the year.

The Committee has unrestricted access to the Group's internal and external auditors. The CFO, UK Company Secretary and other executives are invited to attend Committee meetings, as necessary. The Committee meets at least twice a year and met five times during the year with all committee members attending each meeting.

The Audit & Risk Committee Report contains more detailed information on the Committee's deliberations during the year.

Committee attendance during the year:

Director	Independent	Maximum possible attendance *	Actual attendance
Mirco Bardella (Chair) (from 3 October)	Yes	1	1
Sandra Bates (Chair) (until 3 October)	Yes	5	5
Eric Rasmussen (from 13 June)	Yes	3	3
Michael Rawlinson (until 3 October)	Yes	4	4
Julian Barnes (until 13 June)	Yes	2	2

*based on appointment date

H. SUSTAINABILITY COMMITTEE

The Environmental, Social & Governance Committee was renamed the Sustainability Committee in 2022 to reflect the Company's appreciation of the holistic nature of all aspects of corporate and operational sustainability. The role of the Sustainability Committee is to assist the Board in fulfilling its oversight responsibilities, by reviewing and monitoring any matters relating to the management of workforce, community or environmental impacts (in accordance with the ESG Policy annexed to the ESG Committee Charter), the management of stakeholder relationships, and the oversight of permitting and relevant regulatory risks. The Committee also seeks to identify opportunities to strengthen the Company's license to operate and to strengthen the sustainability and resilience of the communities and regions where Adriatic companies operate. It will also provide scrutiny of, and guidance to, executive management on these issues.

During the year, Sanela Karic chaired the Sustainability Committee until 9 August, with the other members being Michael Rawlinson, Peter Bilbe, Eric Rasmussen (appointed Chair from 9 August) and Mirco Bardella (from 3 October).

At the date of the Annual Report, the composition of the Sustainability Committee was Eric Rasmussen (Chair), Michael Rawlinson, Peter Bilbe and Mirco Bardella. In accordance with the Committee Charter, all of its members are Non-Executives and the majority were independent throughout the year. The Committee met four times during the year with all Committee members attending each meeting. The UK Company Secretary and other executives are invited to attend Committee meetings, as necessary.

> **The Company published its first stand-alone Sustainability Report on 24 April 2023, containing more detailed information on the Company's sustainability activities and the Committee's deliberations during the year, a second Sustainability Report will be published in 2025.**

Committee attendance during the year:

Director	Independent	Maximum possible attendance	Actual attendance
Sanela Karic (Chair until 9 August)	No	2	2
Michael Rawlinson	Yes	4	4
Peter Bilbe	Yes	4	4
Eric Rasmussen (Chair from 9 August)	Yes	2	2
Mirco Bardella	Yes	1	1

*based on appointment date

I. REMUNERATION & NOMINATION COMMITTEE

The Remuneration & Nomination Committee, which comprises four independent directors, assists the Board in monitoring and reviewing any matters of significance affecting the composition of the Board and the executive team including:

- maintaining a Board that has an appropriate mix of skills and experience to be an effective decision-making body; and
- ensuring that the Board is composed of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

The Remuneration & Nomination Committee also assumes general responsibility for assisting the Board in respect of remuneration policies for the Company and reviewing and recommending remuneration strategies for the Company and proposals relating to compensation for the Company's Directors and employees. The Committee reviews the performance of Executive Directors and other senior management and makes recommendations to the Board on matters relating to their remuneration and terms of employment. It has the responsibility for, inter alia, administering share and cash incentive plans and programmes for Directors and other senior management, for approving (or making recommendations to the Board on) share and cash awards for Directors and other senior management.

The Remuneration & Nomination Committee is chaired by Peter Bilbe, and its other members during the year were Julian Barnes, until 13 June, Sandra Bates, Eric Rasmussen, from 13 June, and Mirco Bardella, from 3 October. At the date of the Annual Report, the Committee members were Peter Bilbe, Sandra Bates, Eric Rasmussen and Mirco Bardella.

> **The Remuneration & Nomination Committee Report contains more detailed information on the Committee's role and the Directors' remuneration and fees.**

Committee attendance during the year:

Director	Independent	Maximum possible attendance *	Actual attendance
Peter Bilbe (Chair)	Yes	6	6
Julian Barnes	Yes	3	3
Sandra Bates	Yes	6	6
Eric Rasmussen	Yes	3	3
Mirco Bardella	Yes	1	1

*based on appointment date

J. THE BOARD AS A WHOLE

The skills and experience of the members of the Board are set out in their biographical details below. The experience and knowledge of each of the Directors enables them to challenge management and scrutinise performance in a constructive way. The Board believes it has achieved a good balance of experience in financial and operational matters. Board members have diverse national, cultural and career backgrounds, and gender diversity.

The Board does not consider that any of the Directors is in danger of "over-boarding" by holding too many directorships at other listed companies to be able to devote sufficient time to Adriatic's business, and Directors are required to consult the Board before accepting any new appointment that might cause a conflict of interests or prevent them from discharging their responsibilities to Adriatic effectively.

New Directors receive a formal induction to the Company including a briefing discussion with existing Directors and a site visit to the operations as soon as practicable. Directors are also provided with a memo on the continuing obligations of a company admitted to the London Stock Exchange (Standard Segment), a copy of the QCA Code and the ASX Governance, Principles and Recommendations Guide from the Company Secretaries. Directors also have full access to the Company's management and advisors.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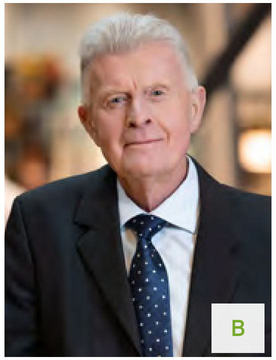
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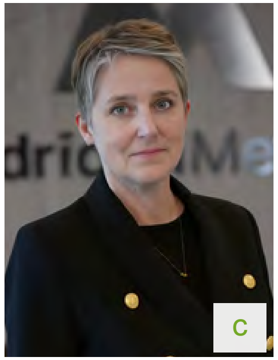
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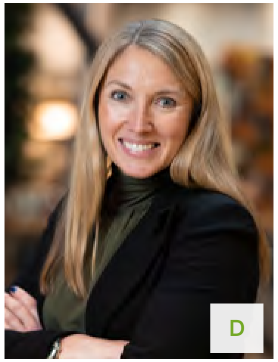
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E


F


G

K. LIST OF DIRECTORS

A **Michael Rawlinson**
Non-Executive Chairman

Mr Rawlinson was the Global Co-Head of Mining and Metals at Barclays Investment Bank between 2013 and 2017 having joined from the boutique investment bank, Liberum Capital, a business he helped found in 2007. He is currently the Senior Independent Non-Executive Director at Hochschild Mining, the Senior Independent Non-Executive Director at Capital Limited and an Independent Non-Executive Director at Andrada Mining Limited.

B **Peter Bilbe**
Non-Executive Director

Mr Bilbe is a mining engineer with over 50 years of diverse Australian and international mining experience in gold, base metals and iron ore in operational, CEO and board positions. Mr Bilbe has held numerous board appointments including, until recently, Chair/Non-Executive Director of Horizon Minerals Ltd, an emerging gold producer and from 2009 to 2021 as Chair/Non-Executive Director of IGO Ltd, an ASX100 company.

C **Laura Tyler**
Managing Director and Chief Executive Officer

Ms Tyler has a wealth of industry knowledge with over 30 years' experience in mining and is a specialist in technical, technology and safety applications for Tier 1 operations globally. Her 20-year career at BHP Limited ("BHP") between 2005 and 2024 included her role as the inaugural Chief Technical Officer (2020-2024) focusing on digital transformation at the world's largest listed mining group. She also held roles as BHP Asset President Olympic Dam (2018-2020) and Asset President Cannington (2012-2015), Chief Geoscientist (2016-2020), and Chief of Staff to BHP's CEO (2015-2018). She has a wealth of knowledge of polymetallic underground mining, significant experience in operational leadership and eight years of Executive Leadership at BHP.

D **Sandra Bates**
Senior Independent Director

Ms Bates is an international lawyer and public company director with over 25 years of top-tier private practice and in-house experience advising management teams and boards of both listed (LSE, TSX and ASX) and private companies in the UK, North America, Australia and Africa. She is a risk assessment and ESG specialist bringing extensive experience of guiding exploration, development, operating and royalty companies in the natural resources sector through complex negotiations often with a cross-cultural element. She is currently Executive Director – Legal and ESG for ASX listed Predictive Discovery Limited and was previously a partner at Canadian law firm Stikeman Elliott LLP and other international firms, where for 15+ years she focused on M&A and financing matters for mining companies globally.

E **Sanela Karic**
Executive Director for Corporate Affairs

Ms. Karic is an experienced legal professional with 25 years of experience spanning corporate affairs, mergers & acquisitions and human resources. A graduate of the University of Sarajevo and a qualified lawyer, she passed the bar exam before beginning her career as a lawyer and deputy public notary. She later served as Executive Director of Legal Affairs for five years at Bosnia's largest diversified industrial corporation, operating across the EU. She has held both executive and non-executive roles and currently serves as Executive Director of Corporate Affairs at Adriatic Metals in the UK and Bosnia and Herzegovina. She also serves as the president of the Foreign Investors Council in Bosnia and Herzegovina.

F **Eric Rasmussen**
Non-Executive Director

Mr Rasmussen has significant experience in the financing of European and global mining projects, having most recently been Chief Advisor Structured & Project Finance for Renewables & Mining at Rio Tinto, as well as having been at the European Bank for Reconstruction and Development ('EBRD') for 27 years, of which he was Global Head of Natural Resources between 2013-2022.

Mr Rasmussen led EBRD's team of 28 bankers on a portfolio of projects across Europe, FSU and MENA, overseeing on average €1bn of investments per annum. During his career at EBRD, Mr Rasmussen was not only a leader across many disciplines of both finance and sustainability, but also was a highly successful investor in multiple projects which generated industry-leading returns for all participating stakeholders.

G **Mirco Bardella**
Non-Executive Director

Mr Bardella is an experienced specialist in assurance and governance, predominantly in the natural resources sector, having previously advised companies including Xstrata, Rio Tinto, Gold Fields and Hochschild Mining in his capacity as Assurance Partner at professional services firm, Ernst & Young ('EY'). His previous roles include Global Lead Audit Partner for Xstrata and Global Assurance Lead for Rio Tinto.

Mr Bardella led EY's Assurance services in the Mining & Metals sector for Europe, Middle East, India, and Africa (EMEIA), and its Energy division for UK & Ireland from 2007 to 2019. He is also experienced in ASX and LSE listing requirements and holds a Bachelor of Accounting from the University of Witwatersrand, South Africa.

K. BOARD ADVICE DURING THE YEAR

FIT Remuneration Consultants were engaged to advise the Remuneration Committee on its remuneration policy. Advice was also provided to the Board by the investment banks RBC Europe Limited and Stifel Nicolaus Europe Limited.

L. INTERNAL ADVISORY ROLES

i. Company Secretary

The joint Company Secretaries during the year were Gabriel Chiappini (Australia) and Jonathan Dickman (UK), the latter combining the role with that of General Counsel. The Company Secretaries are responsible for advising the Board on the Company's legal and regulatory compliance, including (for the UK) the Market Abuse Regulation, and play a central role in ensuring good governance. They assist the Chairman and Committee Chairs in preparing for and running effective board and shareholder meetings and act as the first point of contact for the Non-Executive Directors on the workings of the Company, providing information and advice, and also general guidance on their duties as Directors. The Company Secretaries report directly to the Chairman on governance matters.

ii. Annual Board Evaluation

In accordance with current best practice and the Code, the Board undertakes an annual formal evaluation of its performance and effectiveness and that of each Director and each Committee. In line with the QCA Code Principles, the evaluation is based on clear and relevant objectives, seeking continuous improvement. A summary of the findings from the 2024 Board evaluation is set out in section b above.

M. ONGOING BOARD DEVELOPMENT

The Company Secretaries ensure that all Directors are kept informed of developments in relevant legislation, regulations and best practice, with the assistance of the Company's advisers where appropriate.

Non-Executive Directors are encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process.

i. Succession Planning

The Board has an emergency succession plan for the senior management team. Succession planning is considered as part of the Remuneration & Nomination Committee's remit and Board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to, or backup for, current Board members.

N. BOARD DIVERSITY POLICY STATEMENT: GENDER AND ETHNICITY

The Board is committed to ensuring that it has the right balance of skills, experience and diversity, and a Board composition that reflects the current areas of operation of the Company, its employees and major markets. The Board supports the targets of the FTSE Women Leaders and Parker reviews on gender and ethnic diversity.

Between August 2020 and 1 July 2024, two (33.3%) of the 6 directors were female and one (17%) identified as minority ethnic. After 1 July 2024 and as at 31 December 2024 and the date of this report, three (43%) of the 7 directors are female and one (14%) identifies as minority ethnic. The Senior Independent Director is female and the Executive Director for Corporate Affairs is female. In addition, a majority of the Board have a nationality or place of origin outside the UK. The Company satisfies the targets in the UK Listing Rules in having at least one Director from a minority ethnic background. The Company currently meets the UK Listing Rule targets of having at least 40% female representation on its Board and that at least one of the senior positions on its Board (defined under the Listing Rules as the chair, chief executive, senior independent director or chief financial officer) is held by a woman. The additional diversity data required under the UK Listing Rules is set out below.

The Company considers that the experience and expertise of its Board, including the continuity of its composition and relatively small size, best positioned the Company for its continued growth during 2024, including the successful development of the Vareš Silver Operation which enabled it to achieve its first concentrate production in 2024. Currently, the Company is still at a relatively early stage of its development and its operational footprint is primarily in the Balkan region, where ethnicity profiles and representation in society differ considerably from those in the UK. The Board is also mindful that the mining industry has been traditionally male-dominated when compared to several other sectors making up UK listed businesses. The Board recognises the importance of addressing these gaps and is committed to implementing measures to ensure its board diversity. In considering plans to make further appointments to the Board as the Company grows and succession plans for the Board evolve, considerable effort will be made to ensure that the applicable targets are met. Appointments to the Board will be made on merit, ensuring the overall composition of the Board and its committees continues to reflect a mix of capabilities, experience and diversity (of gender, ethnicity, nationality, age and perspectives). The Company is confident that future appointments will, as a whole, continue to support the Board's diversity aims.

As required by UK Listing Rule 14.3.33, further details on board composition as at 31 December 2024 are set out below.

(i) Gender identity or sex	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	57%	1	5	55.6%
Women	3	43%	2	4	44.4%

(ii) Ethnic background					
White British or other White (including minority-white groups)	6	86%	3	8	89%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	1	14%	-	1	11%

Audit & Risk Committee Report

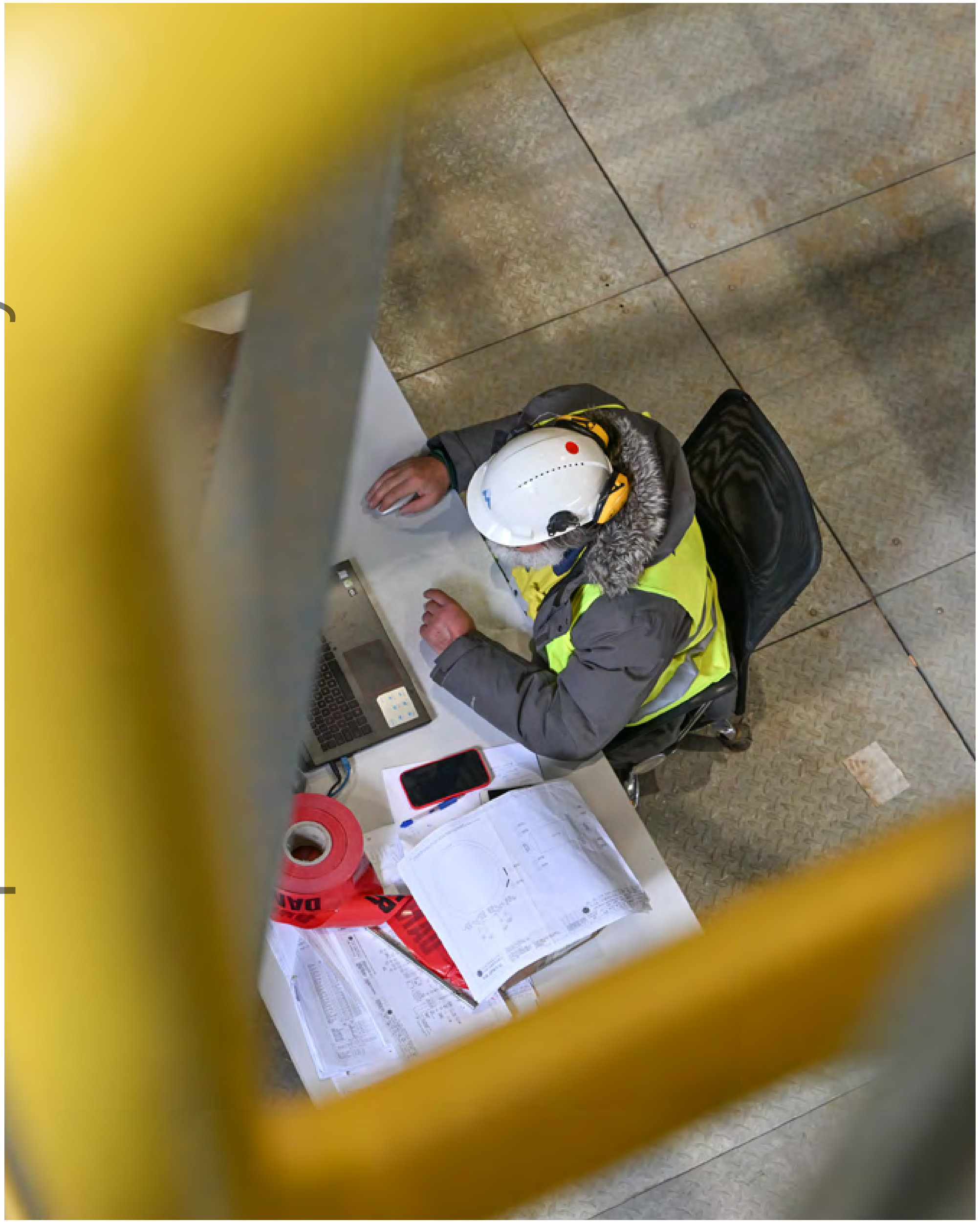
I am pleased to present this report on the activities of the Audit & Risk Committee for the year ended 31 December 2024.

Mirco Bardella
Chair of the Audit & Risk Committee

This report is prepared in accordance with the Quoted Companies Alliance (QCA) corporate governance code for small and mid-sized quoted companies, revised in April 2018. A summary of the Committee's role and membership can be found in the Governance section of this Annual Report.

Committee meetings are held at least twice a year, and the CFO, Group Financial Controller and UK Company Secretary are invited to attend together with the external auditors. Five meetings of the Committee were held during the year, and the following significant issues were considered:

Significant issue	Summary of Significant Issue	Actions and Conclusion
Going concern	Assessment of the Group's ability to continue as a going concern as part of the preparation of the financial statements. This includes considering whether the Group has adequate resources to continue in operation for the foreseeable future from the date of anticipated signing of the financial statements. The assessment of going concern covers a period of at least 12 months from the date of signing the financial statements.	The Committee has reviewed forecasts for the period to December 2026 to assess the Group's liquidity, which demonstrates substantial headroom and compliance with the DSCR covenant ratio. The Committee has considered additional sensitivity scenarios in terms of the Group's commodity price forecasts, mining grades, expected throughput volumes, operating cost profile and capital expenditure. As part of its review, the Committee has assessed the key risks that could impact on the prospects of the Group over the going concern period including commodity price outlook, cost inflation, negative grade reconciliation, and weaker production performance, with reverse stress testing of the forecasts in line with best practice The Committee assessed the disclosures in the FY 2024 Annual Report and Financial Statements in respect of going concern, viability and covenant compliance and concluded that they were appropriate.
Carrying value of assets	The Group's total property, plant and equipment, including mine under construction of $281.0m (31 December 2023: $215.7m) and exploration and evaluation assets of $8.5m (2023: $8.5m) are material to the Group's balance sheet. Assets are reviewed to consider if there are any indicators of impairment.	Management's conclusion that there were no indicators of impairment for the carrying value of assets was reviewed by the Committee. The Committee considered the critical estimates and assumptions by management that were used to assess indicators of impairment for property, plant and equipment, including metal prices, changes in laws & regulations, and cost inflation. Having done so, the Committee supported the conclusions of management. The Committee further reviewed the relevant disclosure in the Financial Statements to ensure compliance with reporting standards.
Copper Stream	The Group drew down on a $22.5m copper stream (the "Copper Stream") facility in 2023. The Copper Stream is accounted for at fair value in accordance with IFRS 9. Changes in fair value are recognised in the consolidated statement of comprehensive income. The accounting and disclosure of the Copper Stream is a complex area involving key estimates and judgements. These include applying an appropriate discount rate, and forecasting production volumes and commodity prices.	The fair value of the Copper Stream obligation has been valued by management at $38.4 m (2023: $26.9m), assisted by independent valuation experts. Assumptions used in the valuation included: long-term copper price curves, nominal discount rate based on the Company's risk adjusted cost of debt, and timing of cashflows relevant to the stream arrangement. The Committee reviewed and challenged the estimates and inputs used by management in valuing the Copper Stream. Having done so, the Committee endorsed the valuation of the Copper Stream and relevant disclosure in the Financial Statements.



EXTERNAL AUDITORS' FEES

To safeguard the independence and objectivity of the external Auditors on an ongoing basis, we have in place a policy for non-audit services to mitigate any risks threatening, or appearing to threaten, the external audit firm's independence and objectivity arising through the provision of non-audit services.

There were no non-audit services provided in the year, apart from the audit related services in relation to the half year interim review. Details of fees paid during the year may be found in note 8 to the consolidated financial statements.

OBJECTIVITY AND INDEPENDENCE

The Committee continues to monitor the auditors' objectivity and independence and is satisfied that BDO LLP ('BDO') and the Company have appropriate policies and procedures in place to ensure that these requirements are not compromised.

RE-APPOINTMENT OF EXTERNAL AUDITORS

The Committee recommends to the Board the re-appointment of BDO as auditors at the forthcoming 2025 annual general meeting ("AGM"), and BDO has expressed its willingness to continue in office.

During the year our external Auditors, BDO assigned Adriatic a new Audit Partner to satisfy the professional rotation requirements under the Ethical Standards

INTERNAL AUDITORS

The Group's Internal Audit function provides assurance, in conjunction with the external assurance providers, on the effective functioning of the internal control system. Planning and execution of Internal Audit projects is informed by risk assessment and aims to identify control weaknesses.

GOING CONCERN

The Directors considered it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements. The going concern statement is detailed in full in note 2.3 to the consolidated financial statements.

CONCLUSION

> The Committee is satisfied with the quality, independence and objectivity of the external audit and believes that on the basis of the audit it can make a proper assessment of the quality of financial and other systems of reporting and control within the Company.
>
> In respect of its own performance, the Committee considers that it has given appropriate challenge and direction to management, concentrating on the areas that are relevant to the risks facing the Company.

Mirco Bardella
Chair of the Audit & Risk Committee

Sustainability Committee Report

On behalf of the Committee, I am pleased to present the Sustainability Committee Report for the year ended 31 December 2024.

Eric Rasmussen
Chair of the Sustainability Committee

This has been a defining year for Adriatic Metals, transitioning from construction to full-scale production at the Vareš Silver Operation and taking on new executive leadership with the appointment of the highly experienced Laura Tyler as CEO.

Our active Committee role has continued to guide the Company to deliver its Environmental, Social, and Governance (ESG) commitments, ensuring that operational expansion aligns with our sustainability principles and stakeholder expectations.

COMMITTEE MEMBER ATTENDANCE LOG

	Number of Meetings Attended
Sanela Karic Non-Executive Director & Chair (until 9 August)	2
Eric Rasmussen Non-Executive Director & Chair (from 9 August)	2
Michael Rawlinson Non-Executive Director & Chairman	4
Peter Bilbe Non-Executive Director	4
Mirco Bardella Non-Executive Director	1

Committee changes

In August 2024, there was a change in the leadership of the Sustainability Committee and I was appointed as the new Committee Chair, replacing Sanela Karic. I bring extensive experience in sustainable finance and responsible investment, having spent 28 years at the European Bank for Reconstruction and Development (EBRD), where I led sustainability and environmental finance initiatives. I shall continue the good work of Sanela with a particular focus on integrating climate risk management and ESG governance more deeply into the Company's strategic framework, now that we are in operation.

Sanela Karic has transitioned into an Executive Director role, where she now leads corporate affairs, including permitting and local government relations. This shift ensures that ESG considerations remain central to both board-level oversight and operational decision-making, which enables me to drive sustainability strategy at the governance level, while Sanela continues to play a key role in corporate affairs.

Meetings and attendance

The Committee met four times over the course of the year, engaging in discussions on critical issues including health and safety governance, environmental compliance, stakeholder engagement, and climate strategy. As we advance our production activities, our focus remains on strengthening risk management, promoting social responsibility, and ensuring that Adriatic continues to operate to the highest international sustainability standards.

KEY AGENDA ITEMS DURING THE YEAR

Health & Safety Oversight

The Committee prioritised safety improvements following the fatal accident in August 2024 involving a sub-contractor. This tragic incident underscored the need for more rigorous contractor management, vehicle inspections, and hazard control measures. In response, a revised Health & Safety strategy was introduced, strengthening compliance requirements for subcontractors and introducing advanced monitoring tools to improve oversight.

Additionally, the transition to in-house operatorship, following the decision to take over mining activities from Nova Mining, increased the workforce by approximately 100 employees and enabled stronger internal safety management. The Committee has closely monitored these changes to ensure they deliver tangible improvements to workforce protection and risk mitigation, which I am pleased to say we are seeing in the incident reports.

Stakeholder Engagement and Social Licence to Operate

A key priority for 2024 has been strengthening stakeholder relationships, particularly as production ramps up. The Company continues to engage with local municipalities, regulatory authorities and community organisations, maintaining an open-door policy on concerns related to operational impact. The Board has been kept informed of the results of community surveys and local sentiment regarding both the social and environmental impacts of operations. We have been pleased to see the Company support several community initiatives related to local healthcare, education and infrastructure and a swift resolution of any grievances raised.

In addition to the Company's community plan, the Adriatic Foundation has separately played a significant role in community development, funding initiatives in education, healthcare, and environmental sustainability as selected by the local community representatives. As a major source of the Foundation's annual funding, we have welcomed the launch of new vocational training programmes aimed at building skills for local workers and creating employment pathways in the mining sector.

Environmental Performance and Compliance

Transitioning this year into an operator of a producing mine, there has been a significant increase in the monitoring and management of environmental performance which sets high benchmarks for future reporting. The Committee has also noted how many improved environmental solutions have been implemented through the construction process that have helped to further mitigate potential negative impacts and help avoid unnecessary consequences on the local biodiversity.

We have also supported the new tailings storage solution, which again upgrades the outcomes previously set out in the ESIA.

Key Environmental Actions:

- Tailings Management: The approval and construction of the Veovaca Tailings Storage Facility (TSF) marked a major regulatory milestone, ensuring responsible waste storage in alignment with Global Industry Standard on Tailings Management (GISTM).
- Water & Air Quality Monitoring: The Company continued rigorous water and air quality assessments, recycling a major proportion of its process water, ensuring no major long-term environmental impacts.
- Biodiversity Initiatives: Environmental teams worked closely with cantonal forestry agencies to implement offsetting measures, focusing on habitat preservation and reforestation efforts

Regulatory Challenges:

- Forestry Permits Issue: Legal complexities regarding forest land access remain unresolved, requiring continued engagement with the Federal Ministry of Environment and Tourism.
- NGO and Regulatory Scrutiny: The Bern Convention complaint regarding environmental protection remains under review, with active discussions ongoing with relevant stakeholders.

Climate Strategy and Net Zero Pathway

Recognising the increasing importance of carbon reduction, the Committee discussed the formulation of a five-year Net Zero strategy, targeted for completion in 2025. Key developments include:

- Solar Power Expansion: The Company has installed a 32.4 kWp roof-mounted solar PV array at the Vareš Processing Plant administration building to meet a proportion of the building's energy needs.
- Rail Transportation Advocacy: The Company is lobbying for the electrification of a 30km railway section, reducing dependency on road freight and lowering transport-related emissions.
- Carbon Tax Preparation: Anticipating Bosnia and Herzegovina's 2026 carbon tax implementation, Adriatic Metals is proactively integrating carbon pricing into its financial planning.

Community action and Grievance Management

The Company's grievance mechanism proved effective in addressing local concerns, with only six formal complaints filed in 2024, reflecting improved community relations. A notable case involved the Kakanj Municipality, which raised concerns over heavy goods transport disruptions. In response, Adriatic Metals committed to providing advance traffic notifications and optimising logistics planning to minimise community impact.

It has also been interesting to review recent reports on the positive projected socio-economic benefits of the Vareš Silver Operation. Many companies will promise that prosperity will be shared as a result of their operations, and it is vital that Adriatic Metals is seen to be delivering a tangible difference both locally and nationally.

Future Sustainability Priorities for 2025

Looking ahead, the Sustainability Committee will focus on:

- Finalising the Company's Net Zero Strategy, defining emissions reduction commitments and implementation plans.
- Implementing the GISTM Tailings Management Framework to ensure continued compliance with best practices in tailings storage.
- Conducting a stakeholder perception survey in Vareš, capturing community concerns on key ESG issues.
- Strengthening local workforce development, with increased investment in training programs and safety leadership initiatives.

As we ramp up to full-scale operations, Adriatic Metals remains committed to upholding its ESG responsibilities and strengthening stakeholder trust. The Committee will continue its oversight role, ensuring that sustainability remains a core pillar of the Company's growth strategy and is supported by transparent communication.

We extend our appreciation to all teams involved in advancing Adriatic Metals' sustainability agenda and look forward to continued progress in 2025.

Eric Rasmussen
Chair of the Sustainability Committee

Remuneration & Nomination Committee Report

Strong alignment of Remuneration Policy with shareholder interests

Peter Bilbe
Chairman of Remuneration Committee

PART 1 – SUMMARY STATEMENT FROM THE CHAIR

On behalf of the Board, I am pleased to present the Remuneration & Nomination Committee Report, which sets out the Directors' remuneration report for the year ended 31 December 2024. It has been prepared in accordance with the requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (**the Regulations**).

After this introductory statement, this Report contains the Annual Report on Remuneration covering the year ended 31 December 2024, reflecting the arrangements in place during that year.

An important point to note is that, as required by ASX rules, all share incentive awards to Directors are required to be approved by shareholders at a general meeting. Share awards are a key part of Adriatic's Directors' remuneration policy.

At our 2025 AGM there will therefore be a number of resolutions on pay matters, summarized as follows:

- The annual advisory vote to approve this Directors' remuneration report (comprising both the Annual Report on Remuneration and this introductory statement); and
- Votes to approve a number of share awards to our Executive Directors. These will include proposed 2025 LTIP share awards to Laura Tyler and Sanela Karic (which are being made in the normal course of their continuing packages) and also share awards related to Laura Tyler's service as our Interim CEO from 9 August 2024 to 9 February 2025 (which are in lieu of pro-rata cash salary and pro-rata cash bonus for that 6 months' period) and Sanela Karic's pro-rata 2024 LTIP award for serving as an Executive Director since 9 August 2024.

BOARD CHANGES IN 2024

As our shareholders will be aware, 2024 saw significant changes in the executive leadership of our Board, together with changes amongst our Non-Executive Directors. A summary of the Executive Director changes is below, together with the remuneration treatments which were applied for these events.

Date and Event	Remuneration treatments
9 August 2024 Paul Cronin steps down as Managing Director and CEO	All treatments for Paul were in line with the terms of Paul's existing contract and the company's Directors' remuneration policy. Paul received his fixed pay and benefits for the six months' notice period of his contract. Paul has not received a 2024 Short-term Incentive Plan ("STIP") cash bonus. Paul was permitted to retain his "inflight" and unvested share awards on a time pro-rata basis, but subject to all continuing requirements: the original vesting dates for these awards and the relevant performance-vesting conditions continue to apply.
9 August 2024 Laura Tyler appointed as Interim CEO	Laura was appointed as Interim CEO for 6 months until 9 February 2025. Laura's main remuneration terms as Interim CEO were as follows: • Annual consultancy fee (salary) equivalent to USD$800,000 per annum (USD$400,000 for the 6 months' fixed period) - 50% ($200,000) was paid as monthly cash - 50% ($200,000) is to be delivered as an award of shares, priced on August 30-day VWAP ("salary shares"), accruing monthly but conditional on the receipt of prior shareholder approval (but if not approved by 30 June 2025, then payable in cash). • Short-term bonus opportunity of 100% of Interim CEO consultancy fee based on bespoke KPIs agreed by the Board (payable in shares by mutual agreement at the 30-day VWAP for the period immediately prior to the bonus award date, conditional on the receipt of prior shareholder approval. The bonus award date was 19 March 2025. • No LTIP. • Relocation package of accommodation and car in Sarajevo plus travel expenses.
9 August 2024 Sanela Karic appointed as Executive Director for Corporate Affairs	Sanela Karic's main remuneration terms are as follows: • Fixed annual remuneration comprising consultancy fees, and management fees paid in BAM, totalling in aggregate USD$320,000. • Annual STIP participation at maximum of 70% of fixed annual remuneration. • LTIP – annual award of up to 140% of fixed annual remuneration (including a 2024 pro-rated award).

Date and Event	Remuneration treatments
17 October 2024 Laura Tyler confirmed as our permanent Managing Director and CEO	Laura's agreed Interim CEO pay arrangements were left in place until 9 February 2025. Laura's permanent CEO package from 9 February 2025 contains the following remuneration terms: • Base annual salary USD$650,000 • Annual STIP participation at maximum of 100% of annual base salary, pro-rated for 2025 • Annual LTIP award at 200% of annual base salary, pro-rated for 2025 • Accommodation package covering London and Sarajevo, use of car in Bosnia plus travel expenses.

All of the remuneration treatments described above are in line with our shareholder approved Directors' remuneration policy. Each also reflects the commercial circumstances of the Company and seeks to protect our shareholders' long-term best interests. In this regard:

- Agreeing that Paul can retain inflight and unvested LTIPs (with the application of time pro-rating and continued application of performance conditions in all cases) was an appropriate recognition of Paul's contribution to the business as our former Managing Director and CEO.
- Our Interim CEO package for Laura with its heavy use of shares and conservation of cash reflected our need to control costs as we moved into production in H2 2024, and it also reflected feedback from a number of our leading shareholders that Laura should be aligned to shareholders' experience during her Interim CEO tenure.
- Both Laura's and Sanela's continuing permanent Executive Director packages reflect what we view as appropriate market rates of pay in our industry when all pay elements (fixed pay, annual bonus and LTIPs) are available to be awarded, in line with our Directors' remuneration policy.

Amongst our Non-Executive Directors, the following changes also took place in 2024:

- Laura Tyler became a Non-Executive Director from 1 July 2024, prior to accepting the executive director roles detailed above.
- Eric Rasmussen became a Non-Executive Director from 13 June 2024 and Chair of our Sustainability Committee from 9 August 2024.
- Mirco Bardella became a Non-Executive Director and Chair of our Audit and Risk Committee from 3 October 2024.
- Sandra Bates became our first Senior Independent Director from 3 October 2024.
- Julian Barnes resigned as Non-Executive Director on 13 June 2024

For completeness, during the period of CEO transition from August to October 2024, our Company Chairman, Michael Rawlinson, provided additional support on a range of leadership matters for the purpose of business continuity and accordingly we have paid additional non-executive Chair fees for this additional work in line with our Directors' remuneration policy – calculated on an equivalent pro-rata 'day rate' for continuing non-executive Chair work. The Board regards the payment of these additional pro-rata Chair fees (total £40,000) as appropriate and necessary to secure the best outcomes for shareholders and considers the fees to be fully in shareholders' best interests.

REMUNERATION POLICY – PROPOSED APPLICATION IN 2025

The continuing packages of our Executive Directors (Ms Tyler and Ms Karic) are described above. These packages will both operate within the scope of our shareholder approved Directors' remuneration policy in 2025, and we will again operate our STIP plan and make a further annual award under our LTIP (subject to the appropriate approval from our shareholders for these new awards at the 2025 AGM).

The metrics for our 2025 STIP will again have an appropriate balance of measures weighted between Operational Discipline (including both production and financial measures), Sustainability (including environmental and health & safety aspects) and People measures. Our 2025 LTIP measures will again focus on shareholder return and growth.

REMUNERATION & NOMINATION COMMITTEE

Remuneration & Nomination Committee meetings are normally held at least twice a year and the Committee met on 5 scheduled occasions during the year ended 31 December 2024. Additionally, matters for its consideration were discussed at Board meetings on several occasions. On each occasion, no Director was present while matters concerning him or her were discussed, and all decisions were taken by Non-Executive Directors, in accordance with the Committee's Charter. The Remuneration & Nomination Committee currently comprises Peter Bilbe (Chair), Sandra Bates, Eric Rasmussen and Mirco Bardella, all of whom have been deemed by the Board to be independent.

The Remuneration & Nomination Committee has taken the following principal actions and made the following principal decisions during 2024 and after the year end:

- Approving the annual STIP bonus outcomes and associated bonus payments in respect of 2023, as well as setting the KPI targets for the 2024 Annual STIP bonus.
- Approving 2024 LTIP awards to our former Managing Director and CEO and senior management, including setting the performance conditions and associated targets.
- Agreeing the remuneration treatments for the changes in our Board in 2024 as outlined above.
- Approving the annual STIP bonus outcomes and associated bonus payments to the Executive Directors and senior management in respect of 2024, as well as setting the KPI targets for the 2025 annual STIP bonus.
- Approving the STIP bonus outcomes and associated bonus amount for the CEO in respect of the interim CEO period to 9 February 2025
- Approving the grant of LTIP awards to senior management, including the in-principle grant of a 2025 LTIP award to our CEO and our Executive Director for Corporate Affairs (subject to approval at the 2025 AGM), including setting the performance conditions and associated targets for the 2025 LTIP awards.

AGM

As we explained in the introduction to this statement, at our 2025 AGM we will be asking shareholders to approve:

- The normal annual advisory vote to approve this Directors' remuneration report; and
- Votes to approve the proposed share awards for our continuing Executive Directors, namely:
    - An award of shares to our CEO in lieu of salary during the 6 month period of service as our Interim CEO
    - An award of shares to our CEO in respect of a pro-rata STIP for the 6 month period of service as our Interim CEO
    - A pro-rata 2024 LTIP award for our Executive Director for Corporate Affairs
    - 2025 LTIP awards to both our CEO and our Executive Director for Corporate Affairs

I hope that you find this report helpful and informative I look forward to receiving further feedback from our investors on the information presented.

Peter Bilbe

Chair of Remuneration Committee

PART 2 – REMUNERATION REPORT (AUDITED)

The Group paid the following remuneration to each Director:

Year ended 31 December 2024

(In USD '000)	Total salaries and fees(e)	Benefits	STIP (f)	Share awards vesting in year (g)	Total remuneration	Total fixed remuneration	Total variable remuneration
Executive Directors							
Laura Tyler(a)	313(h)	5	300	-	618	313	305
Sanela Karic(b)	115	-	-	-	115	115	-
Paul Cronin(c)	395	46	-	-	441	395	46
Non-Executive Directors							
Laura Tyler(a)	14	-	-	-	14	14	-
Michael Rawlinson	236	-	-	-	236	236	-
Peter Bilbe	89	-	-	-	89	89	-
Julian Barnes(d)	44	-	-	-	44	44	-
Sandra Bates	89	-	-	-	89	89	-
Sanela Karic(b)	51	-	60	-	111	51	60
Eric Rasmussen(d)	48	-	-	-	48	48	-
Mirco Bardella(d)	22	-	-	-	22	22	-
Total Directors' Remuneration	**1,416**	**51**	**360**	**-**	**1,827**	**1,416**	**411**

Year ended 31 December 2023

(In USD '000)	Total salaries and fees	Benefits	STIP	Share awards vesting in year	Total remuneration	Total fixed remuneration	Total variable remuneration
Executive Directors							
Paul Cronin	476	61	330	-	867	537	330
Non-Executive Directors							
Michael Rawlinson	124	-	-	-	124	124	-
Peter Bilbe	66	-	-	-	66	66	-
Julian Barnes	62	-	-	-	62	62	-
Sandra Bates	69	-	-	-	69	69	-
Sanela Karic	89	-	-	-	89	89	-
Total Directors' Remuneration	**886**	**61**	**330**	**-**	**1,277**	**947**	**330**

Notes:

a. Laura Tyler became our permanent CEO on 17 October 2024, having been appointed Interim CEO on 9 August 2024, and Laura's remuneration as an Executive Director in 2024 is shown above. Before that, Laura Tyler joined the board as a Non-Executive Director on 1 July 2024, and we also show the fees paid to Laura as a Non-Executive Director in 2024 separately above.

b. Sanela Karic became our Executive Director for Corporate Affairs on 9 August 2024, and Sanela's remuneration as an Executive Director in 2024 is shown above. Before that, Sanela served on the board as a Non-Executive Director, and we also show the fees paid to Sanela as a Non-Executive Director in 2024 separately above. Also, whilst a Non-Executive Director, Ms Karic provided legal services through her law firm, Legal Solutions d.o.o. Please refer to note 25.1 of the consolidated financial statements regarding the provision of services by Legal Solutions d.o.o.

c. Paul Cronin served as our Managing Director and CEO until 9 August 2024 when Paul stood down from the Board. Details regarding the arrangements for Paul's remuneration in 2024 are more fully explained at page 66.

d. Julian Barnes served as a Non-Executive Director until 13 June 2024. Eric Rasmussen joined the board as a Non-Executive Director on 13 June 2024. Mirco Bardella joined the Board as a Non-Executive Director on 3 October 2024. In each case their remuneration for the part of 2024 served is shown above.

e. As explained on page 59, in the period of August and October 2024, Michael Rawlinson provided additional support on a range of leadership matters for the purpose of business continuity and was paid additional non-executive Chair fees for this additional work in line with our Directors' remuneration policy.

f. Details of STIP outcomes for our Executive Directors are set out following this table.

g. No options or performance rights held by Directors vested during 2024.

h. This value was paid 50% in cash with the balance to be delivered as a share award as explained in the Summary Statement from the Chairman introducing the Directors' remuneration report.

> **There were no gains on the exercise of performance rights or share options by Directors in the current year or prior year.**

FIXED REMUNERATION OF THE CONTINUING EXECUTIVE DIRECTORS

The total salary and fees paid to Laura Tyler as Interim and permanent CEO represents salary from 9 August 2024 to 31 December 2024 pro-rata for an annual equivalent salary of $800,000. As was explained on page 58, 50% of this value was paid as cash and 50% will be delivered in shares subject to authorisation by shareholders at the 2025 AGM, failing which it will also be paid in cash.

The total salary and fees paid to Sanela Karic as Executive Director for Corporate Affairs represents salary from 9 August 2024 to 31 December 2024 pro-rata for an annual equivalent salary of $320,000. This incorporates an amount in respect of management fees paid in BAM.

In addition, in 2024 the former Managing Director and CEO received an annual travel allowance of GBP 50,000.

ANNUAL STIP BONUS IN RESPECT OF 2024 PERFORMANCE

As summarised in the Chair's Introductory Statement to this Report, following the CEO's initial appointment as Interim CEO from 9 August 2024, a STIP for the 6 month period of the Interim CEO role was established. The parameters of the 6-month STIP are that the maximum amount available is 100% of the pro-rata annual fee as Interim CEO and that the intention is that any STIP outcomes may be delivered as an award of shares if mutually agreed (subject to shareholders' approval at the 2025 AGM).

A STIP scorecard for the Interim CEO period to 9 February 2025 was accordingly established as summarised below. This gave an overall outcome of 75%, which means that Laura is entitled to receive an Interim CEO STIP of $300,000 based on the Interim CEO STIP scorecard outcomes.

When the CEO's appointment was confirmed as permanent on 17 October 2024, the Company disclosed that Laura's agreed Interim CEO pay arrangements were being left in place until 9 February 2025. Accordingly, the Company discloses below the Interim CEO STIP scorecard for the period to 9 February 2025 including the specific performance targets, weightings and performance outcomes against each of the targets. Certain specific targets are and remain commercially sensitive.

Strategic Rsk	Area	Wt %	Target	Measures (sample)	Attainment	Rtg %
Sustainability	Safety	10	Reset of safety culture	• Covers Critical Control Management reset commenced by October 2024 evidenced by increased Life Conversations (up 10%), Management Verifications (2 per lead team member per month), and employee/contractor awareness	• High	10
	Permits	15	Develop and complete strategies to manage Constitutional Court decision impacts	• Legal strategy and technical solutions to address impact of CC decision on permits	• Medium/high	10
People	Culture	5	Reset of Whistleblower process	• Rebadge and relaunch Whistle-blower system (October 2024), to increase employee awareness of process including independent investigation	• High	4
Governance	Corporate Structure and Organisational redesign	15	Complete Governance review including org design Re-align executive team for next development phase	• Review corporate structure and deliver revised organisational design • Complete executive team actions	• Medium/high	10
Operational Discipline	Operational Effectiveness - Production	20	Deliver production at September forecast levels	• Mine: Development metres per month • Production: tonnes in December 24 • Plant: throughput rate, recovery and concentrate quality	• Medium	10
		20	Apply measures to maintain cashflow through 2024 Develop and agree operating budget for 2025	• Cashflow management to maintain going concern • Operating budget developed for 2025 for review and approval by January 2025 Board meeting.	• High	20
Business	Investors	5	Investor relations – improved information flow regarding plans, costs and related guidance	• Build relations with investors and analysts, especially understanding of the business's expected production trajectory	• High	5
Growth & Profitability	Effective Capital Management	5	Covenants Cost of capital Capital Allocation Policy	• Compliance with all covenants • Make first debt repayment in December 2024 • Review cost of capital options • Refresh Capital Allocation Policy	• Medium	3
	Strategy for growth	5	Develop medium term value growth Strategy	• Organic and inorganic growth strategy to be reviewed and approved by Board	• Medium	3
		100			**TOTAL**	**75**

The Executive Director for Corporate Affairs, Sanela Karic, received a pro-rated 2024 STIP of $59,811 based on the corporate scorecard outcome - 67.6% as disclosed below.

As summarised in the Chair's Introductory Statement to this Report, our former Managing Director and CEO did not receive a 2024 STIP.

Details of the STIP bonus outcome for the Executive Director for Corporate Affairs for 2024, including the specific performance metrics, weightings and performance against each of the metrics, are provided in the table below.

				Target Thresholds					
Strategic Risk Area	Target Area	Target Details	Weighting %	Low 25%	Expected 75%	High 100%	Achievement	Performance Outcome	Achievement Notes
Growth & Profitability	Growth in Development Asset Pipeline	MRE at Rudnica	5	>50 million tonnes	>75 million tonnes	>100 million tonnes	>100m tonnes	5%	
	Cost of Capital	Refinance debt to achieve lower cost of capital	5	Remco judgment of progress	Remco judgment of progress	Remco judgment of progress	Medium	3.75%	
	Growth in Development Asset Pipeline	Identification and appropriate diligence of suitable opportunities	5	Remco judgment of progress	Remco judgment of progress	Remco judgment of progress	Expected level	3.75%	Appropriate steps implemented, taking into account Q3 impact of Constitutional Court decision
	Exploration Growth and ROI	Exploration drilling in BiH & Serbia	5	20,000m completed	plus new potentially economic orebody identified	plus 2 new potentially economic orebodies identified	High	5%	
	Effective Capital Management	Compliance with all Covenants	2.5	2 EOD Resolved within Cure Period	1 EOD Resolved within Cure Period	No Events of Default	No events	2.50%	20k+ drilled - Rupice NW extension Vares East
Operational Discipline	Operational Effectiveness - Underground Development	Development metres	8	Exceeds 2,800m	Exceeds 3,000m	Exceeds 3,300m	Expected level	6%	minor adjustment to original targets for exceptional weather events
	Operational Effectiveness - Plant Performance	Expected Metallurgical Recovery	8	>80%	>90%	>95%	Expected level	6%	
	Effective Management of Project Cost	Vares Project cost on production commencement	5	Cost <$180m	Cost <$170m	Cost <$165	Costs exceeded $180m	0%	
	Operational Effectiveness - Production Ramp Up	First Stope Access	5	After 31/7/2024	During July 2024	Before 1/7/2024	July'24	3.75%	
People	Diversity	Percentage of all staff female (excluding contractors)	5	>17%	>20%	>23%	24%	5%	
	Maxmise Staff Retention	Percentage staff turnover	5	<15%	<10%	<7.5%	Expected level	3.75%	adjusted to exclude impacts of in-year absorption of mining contractor
	Cultural Awareness	Expat Cultural Awareness Training	5	>85%	>95%	100.00%	>95%	3.75%	
	Increase Staff Engagement	Staff engagement survey result for 'unfavourable' score	5	<30%	between low and high rating	<15%	High	5%	
Sustainability	Occupational Health & Safety	Total Recordable Incident Frequency Rate	12	<5	<3	<2	N/A	0.%	nil due to fatality
	Environmental Incidents	Environment incident and frequency rating	8	24	15	9	Below 9	8%	
	Stakeholder Perceptions in Local Community	Stakeholder Assessment Survey satisfied	7	75%	85%	90%	Expected level	5.25%	
	Contractor Management Plan Implementation	Implement Contractor Management Policy & Procedures	4.5	By 31/12/24	By 30/6/24	By 30/4/24	By 31/12/24	1.125%	

LONG TERM EQUITY INCENTIVES

On 22 May 2024, Paul Cronin was granted an LTIP award under the Adriatic Metals Employee Incentive Plan 2019, following approval of the award by shareholders at the 2024 AGM, as follows:

- award over 499,240 shares in respect of the 2024 financial year (FY24 Performance Rights).

The FY24 Performance Rights are subject to satisfaction of the performance conditions set out in the table below. Any vested shares resulting from the FY24 Performance Rights will be subject to a further two-year holding period.

Performance measure	Weighting	Summary of targets
Absolute Total Shareholder Return (TSR) (measured as compound annual growth (CAGR) in TSR)	15%	• 17% or more CAGR: 100% vesting • 9% CAGR: 60% vesting • 5% CAGR: 25% vesting • Below 5% CAGR: nil vesting • Straight-line vesting between these points
Relative Total Shareholder Return (measured against relative performance of a group of peer companies, listed below)	20%	• Upper quartile plus 20%* or better: 100% vesting • Upper quartile: 60% vesting • Median: 25% vesting • Straight-line vesting between these points • * Measured as % increase above TSR performance of Upper Quartile ranked company
Resource Growth (measured as compound annual resource growth)	35%	• 20% or more compound annual growth: 100% vesting • 15% compound annual growth: 60% vesting • 10% compound annual growth: 25% vesting • Below 10% compound annual growth: nil vesting • Straight-line vesting between these points
Sustainability Metrics	30%	• (a) Diversity (15%): Measured against annual targets for gender and disability diversity. • (b) National staff development (5%): Measured against annual targets for national workforce at operating sites. • (c) CO_2 emissions reduction plan (10%): Measured against annual targets for reduction in Scope 1 and Scope 2 CO_2 emissions.

Notes:

1. The performance conditions applicable to the FY24 Performance Rights will each be measured over the three financial years 2024 to 2026.
2. Peer group for Relative TSR performance condition: Atalaya Mining PLC, Trilogy Metals Inc., Bear Creek Mining Corporation, Discovery Silver Corp., Chaarat Gold Holdings Limited, Aurelia Metals Limited, Sandfire Resources Limited, SilverCrest Metals Inc., MAG Silver Corp., New Pacific Metals Corp., Dundee Precious Metals Inc., Osisko Mining Inc., Horizonte Metals PLC, Central Asia Metals PLC, Bellevue Gold Ltd.
3. Compound annual resource growth is measured by reference to annual growth of in-situ value of Group resources (including measured, indicated and inferred), and multiplied without recovery adjustments by the relevant commodity prices at the time.
4. Annual targets for the Sustainability Metrics to be set for each of the three financial years.

Further details of the performance conditions that apply to the FY24 Performance Rights are provided in the 2024 AGM Notice.

STATEMENT OF THE DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

The interests in the Company's shares and other securities directly or indirectly held by Directors at 31 December 2024 who served during the year is set out below:

					Number of Performance Rights[1]	
	Shareholding requirement as a % of salary	Number of Ordinary Shares	Percentage of Issued Share Capital	Shareholding guideline met?	Subject to performance measures	Not subject to performance measures
Paul Cronin	200%	12,251,132	3.78%	Yes	933,512[2]	142,778[3]
Peter Bilbe	n/a	1,050,000	0.32%	n/a	-	-
Michael Rawlinson	n/a	447,942	0.14%	n/a	-	-
Julian Barnes	n/a	-	-	n/a	-	-
Sandra Bates	n/a	-	-	n/a	-	-
Sanela Karic	n/a	326,216	0.10%	n/a	-	-
Laura Tyler	200%	28,380	0.01%	no		
Mirco Bardella	n/a	-	-	n/a	-	-
Eric Rasmussen	n/a	-	-	n/a	-	-
		14,103,670			**933,512**	**142,778**
Total in issue at 31 December 2024		324,476,883	-		3,195,866	
Percentage held by Directors that served during the year		4.35%	-		33.68%	

Notes:

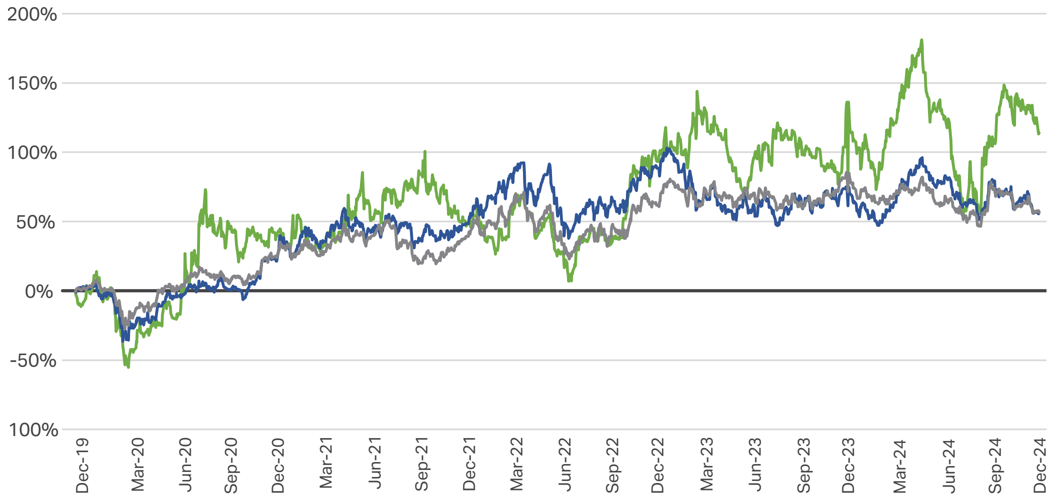
1. At 31 December 2024, none of the Performance Rights in the table above held by Directors had vested.
2. Performance Rights over a total of 499,240 shares were granted to Paul Cronin during 2024. Further details are set out above in the section headed 'Long term equity incentives'. As shown in the section below "Paul Cronin Leaving Arrangements", Paul's Performance Rights were reduced on a time pro-rata basis in connection with his leaving the Company. His total Performance Rights subject to performance measures retained after time pro-rating is 360,930.
3. Paul Cronin's total Performance Rights not subject to performance measures retained after time pro-rating is 93,937

UK PERFORMANCE GRAPH AGAINST CEO REMUNERATION

The Directors have considered the requirement for a UK performance graph comparing the Company's relative shareholder return with that of a comparable indicator. The comparable indicators chosen are indexes in similar industry classification on exchanges in which the Group are listed, being the FTSE 350 Mining Index and S&P ASX 300 Metals & Mining.

The chart to the right illustrates the Company's share price performance during the year compared to relevant market indices:

🟩 Adriatic Metals PLC
🟦 FTSE 350 Basic Resources
◼ S&P ASX 300 Metals & Mining



CEO pay table (audited)

CEO and Period end	Total remuneration $'000	Fixed $'000	Annual bonus payment level achieved (% of maximum opportunity)	LTIP vesting level achieved (% of maximum opportunity)
Laura Tyler - 9 Aug 2024 to 31 Dec 2024	618	313	75%	n.a.
Paul Cronin - 1 Jan 2024 to 9 Aug 2024	449	395	n.a.	n.a.
Paul Cronin - Dec 2023	867	537	70%	n.a.
Paul Cronin - Dec 2022 (12m)	601	329	90%	n.a.
Paul Cronin - Dec 2021 (12m)	2,060	335	50%	n.a.
Paul Cronin - Dec 2020 (6m)	140	140	n.a.	n.a.
Paul Cronin - June 2020 (12m)	1,083	262	n.a.	n.a.

As explained in this report, Laura Tyler became interim CEO from 9 August 2024, then permanent CEO from 17 October 2024, after Paul Cronin stepped down from the Board.

The Company has operated a structured annual bonus plan since 2021. Before this the Company used key performance indicator bonuses which did not correspond to specific one year periods. KPI bonuses totalling $96,262 were paid in cash during the year ended December 2021 in respect of the issue of exploitation permits for Veovaca and Rupice, and of $37,812 in year ended June 2020 in respect of the achievement of the London Stock Exchange Listing.

Prior to 1 January 2021, the Company's policy was to make significant share incentive awards either as options or performance rights, normally with operational or share price performance targets, to be met by specified dates which did not correspond to the Company's annual financial cycle. Performance rights held by the Executive Director vested on completion of a JORC compliant feasibility study and the meeting of the share price performance condition during year ended December 2021 and had a value at vesting of $1,497,409. Performance rights held by the Executive Director vested during year ended June 2020 and had a value at vesting of $782,369.

PERCENTAGE CHANGE IN REMUNERATION OF DIRECTORS AND EMPLOYEES

The table to the right outlines the % change in salary, other pay and benefits and annual bonus of the Directors to that of the wider UK and expatriated workforce. The table below is presented for the past 3 years, FY2021 being the Company's first full 12-month period for a comparison base.

Notes:

1. The strict legal requirement is to provide only details of employees of Adriatic Metals plc. As the listed entity has only a few employees, voluntary disposure has been made in respect of all UK and expatriate group employees.
2. The average percentage change in employee remuneration was calculated using the movement in mean values (in respect of each element of remuneration) between the relevant years. The relevant mean values were calculated by dividing the aggregate total of each element of remuneration for all UK and expatriate group employees during the year (calculated on a full-time equivalent basis) by the total number of UK and expatriate group employees.

	% change from 2023 to 2024			% change from 2022 to 2023			% change from 2021 to 2022		
	Salary or fees	Benefits	Bonus	Salary or fees	Benefits	Bonus	Salary or fees	Benefits	Bonus
Employees[1,2]	(1%)	0%	(56%)	6.6%	0%	(40.3%)	78.9%	100%	32.5%
Executive Director:									
Laura Tyler	100%	100%	100%	n.a	n.a	n.a	n.a	n.a	n.a
Paul Cronin	(17.0%)	(24.9%)	(100%)	44.9%	100%	21.0%	(1.8%)	0%	19.5%
Sanela Karic	100%	n.a	100%	n.a	n.a	n.a	n.a	n.a	n.a
Non-Executive Directors:									
Laura Tyler	100%	100%	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Michael Rawlinson	88.6%	n.a	100%	0.1%	n.a	n.a	79.0%	n.a	n.a
Eric Rasmussen	100%	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Mirco Bardella	100%	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Peter Bilbe	35.4%	n.a	n.a	(3.8%)	n.a	n.a	69.4%	n.a	n.a
Julian Barnes	(28.8%)	n.a	n.a	0.1%	n.a	n.a	50.2%	n.a	n.a
Sandra Bates	30.7%	n.a	n.a	0.1%	n.a	n.a	64.1%	n.a	n.a
Sanela Karic	(43.0%)	n.a	n.a	(23.0%)	n.a	n.a	446.4%	n.a	n.a

CEO TO EMPLOYEE PAY RATIO

During 2024 the average number of UK employees of the Company (and the wider Group) was not more than 250 and accordingly the Company is not required to provide CEO to employee pay ratio information. If in future years, the Company meets the qualifying condition then this information will be produced.

RELATIVE IMPORTANCE OF SPEND ON PAY

The Directors have considered the requirement to present information on the relative importance of spend on pay compared to other financial metrics.

The total monetary value of Group remuneration was as follows. The Company made no distributions to shareholders during 2023 or 2024.

(In USD)	Year ended 31 December 2024	Year ended 31 December 2023	% change
Cash remuneration	27,897	12,703	+120%
Total remuneration	**27,897**	**12,703**	**+120%**
Dividends	-	-	

ADVICE ON REMUNERATION

During the year, in order to enable the Committee to reach informed decisions on executive remuneration, advice on market data and trends was obtained from independent consultants FIT Remuneration Consultants LLP (FIT). FIT are signatories to and abide by the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). The fees paid to FIT in respect of work carried out in 2024 were £ £79,729.75 (£67,795.50), excluding expenses and VAT, and were charged on the basis of FIT's standard terms of business for advice provided. Other than advice on remuneration and share schemes, no other services were provided by FIT to the Company. The Committee is satisfied that the advice provided by FIT in 2024 was independent and objective.

OTHER DISCLOSURES ON REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2024

Paul Cronin – Leaving arrangements

- As summarized in the Chair's Introductory Statement to this report, the treatment of Paul Cronin's remuneration items following his resignation as Managing Director and CEO with effect from 9 August 2024 was as follows: Paul received his fixed pay and benefits for the six months' notice period of his contract. Paul also received an amount of $32,319 in respect of accrued but untaken leave.
- Paul did not receive a 2024 STIP bonus.
- Paul was permitted to retain his "inflight" and unvested share awards on a time pro-rata basis, but subject to all continuing requirements: the original vesting dates for these awards and the relevant performance-vesting conditions continue to apply.

The impact of time pro-rating on Paul's LTIPs is shown in the notes to the section "Statement of Directors' shareholdings and Share interests" above and involved the following pro-rata reductions to share numbers.

Year of Award	Date of grant	Originally awarded number of Shares	Vesting Date	Prorated number of shares	Holding period from Vesting Date
2023	24/05/2023	142,778	01/01/2026	93,937	2 years
2023	24/05/2023	434,272	24/05/2026	248,438	2 years
2024	12/06/2024	499,240	22/05/2027	112,492	2 years

STATEMENT OF VOTING AT AGM

The table below shows the results of the binding vote on the Directors' remuneration policy at our 2024 AGM and of the advisory vote on the 2023 Annual Report on Remuneration at our 2024 AGM:

	2023 Directors' Remuneration Policy		2023 Annual Report on Remuneration	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	122,729,918	99.95%	98,383,522	99.98%
Against	64,419	0.05%	19,228	0.02%
Total votes cast (excluding withheld votes)	122,794,337		98,402,750	
Votes withheld	25,544		122,272	

REMUNERATION POLICY IN 2025

Executive Directors Fixed Remuneration

2025 salaries for the Executive Directors are as follows:

- CEO – USD $650,000
- Executive Director Corporate Affairs - $320,000

2025 Short Term Incentive Plan (STIP) and KPIs

The target areas for 2025 STIP and their weightings within the bonus are:

Strategic Area	Target Area	Target Details	Weighting
Sustainability (30%)	Health (5%)	Critical Controls	5%
	Safety (10%)	Increase in compliance levels	5%
		Increase in hazard reporting	5%
	Environment performance and permits (10%)	Reduction in environment incidents	5%
		Renewal of environmental permits	5%
	Stakeholder Perception of Company in Local Community (5%)	Develop and implement action plan	5%
People (20%)	Diverse Workforce (5%)	Increase Diversity Index	5%
	Local Workforce (5%)	Increase in local leadership / skilled operator roles	5%
	Inclusive Culture (10%)	Employee Survey - improvement in metrics	5%
		Reduction in Voluntary Staff Turnover	5%
Operational Discipline (50%)	Operational Effectiveness – Production (20%)	Mine: Development metres, Production tonnes, Fill placed	7%
		Haulage & Fleet: on time delivery	6%
		Plant: Throughput rate, Recovery, Saleable concentrate tonnes	7%
	Operational Effectiveness – Costs (10%)	Cost compared with budget	10%
	Operational Effectiveness - Capital (5%)	Capital spend compared with budget	10%
	Enterprise value (10%)	Incremental growth plan	5%
		Exploration success	5%
		TOTAL	100%

Further details of the target thresholds are commercially sensitive and will be disclosed together with information on actual performance in each area in our 2025 Directors' remuneration report.

The potential maximum percentage of base salary achievable as a bonus under the STIP for the CEO is 100% of base salary and for the Executive Director for Corporate Affairs is 70% of base salary. The Executive Directors' 2025 STIP bonus is based on the corporate objectives summarised in the above KPI table.

2025 STIP bonuses earned are expected to be paid in either cash or equity in early 2026.

Long Term Incentive Plan (LTIP)

The Committee will make awards in 2025 to the Executive Directors at the following levels:

- 200% of base salary for the CEO (pro-rated).
- 140% of base salary for the Executive Director of Corporate Affairs.

Vesting will be based on similar performance measures as those set for the FY24 LTIP awards.

In outline, the proposed performance conditions for the FY25 LTIP awards are as follows:

- Absolute Total Shareholder Return (15% weighting)
- Relative Total Shareholder Return (20% weighting)
- Growth Initiatives (35%)
- Sustainability Metrics - diversity, national staff development and CO_2 reduction plan (15%, 5%, 10% weightings respectively)

Further details of the performance measures will be provided in the 2025 AGM Notice.

Each performance condition is to be measured over the three financial years 2025 to 2027. Full details of the performance measures will be provided in the Directors' remuneration report for the 2025 financial year.

A two year holding period will apply to any vested shares resulting from the 2025 LTIP award.

Chairperson and Non-Executive Directors

The fees for the Chairperson and Non-Executive Directors have been set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its committees.

Position	Annual fee level from 1 January 2025 (£'000 p.a.)	Previous fee level (£'000 p.a.)
Chairperson fee	140	140
Non-Executive Director base fee	60	60
Committee Chairperson fee	10	10
Senior Independent Director fee	10	10

Directors' Remuneration Policy at Adriatic Metals

The Directors' Remuneration Policy for Executive Directors and Non-executive Directors for the three-year period expiring at the Company's 2026 AGM was approved by shareholders at the 2023 AGM on 24 May 2023 and is available on the Company's website at https://www.adriaticmetals.com/downloads/agm/2023/directors-remuneration-policy-2023.pdf.

Peter Bilbe
Chair of Remuneration Committee

Directors' Report

Another transformative period as we continue to move forward

Michael Rawlinson
Chairman of the Board

INTRODUCTION

In accordance with Section 415 of the Companies Act 2006, the Directors of Adriatic Metals PLC present their report to shareholders for the 12-month financial year ended 31 December 2024. The Directors' Report comprises the Directors' Report section of this report, together with the sections of the Annual Report incorporated by reference. As permitted by legislation, some of the matters normally included in the Directors' Report have instead been included in other sections of the Annual Report, as indicated to the right.

DIRECTORS

The names of the Directors who held office during the year and to the date of this report are:

- **Michael Rawlinson*** (Chairman)
- **Laura Tyler** (Managing Director and CEO) (appointed Non-executive director on 1 July 2024, interim CEO on 9 August 2024 and permanent Managing Director and CEO from 17 October 2024)
- **Peter Bilbe*** (Non-Executive Director)
- **Paul Cronin** (Managing Director and CEO) (resigned 9 August 2024)
- **Julian Barnes*** (Non-Executive Director) (resigned 13 June 2024)
- **Sandra Bates*** (Senior Independent Director)
- **Sanela Karic** (Executive Director for Corporate Affairs)
- **Eric Rasmussen*** (Non-Executive Director) (appointed 13 June 2024)
- **Mirco Bardella*** (Non-Executive Director) (appointed 3 October 2024)

* Determined by the board to be independent in accordance with the Quoted Company Alliance's Corporate Governance Code (QCA Code).

The joint company secretaries are Jonathan Dickman and Gabriel Chiappini.

RESULTS AND DIVIDENDS

The Group results for the year ended 31 December 2024 are set out in the Financial Review on page 20.

The Company's aim is to generate long term value for its stakeholders and design a shareholder distribution policy that reflects the growth prospects and profitability of the Company while maintaining appropriate levels of operational liquidity in due course. However, due to the early-stage nature of the Company and the Vareš Silver Operation transitioning from the developer to the producer, no interim dividend was paid and no final dividend is recommended for the year ended 31 December 2024.

LIKELY FUTURE DEVELOPMENTS

The Company's key future development is completion of the production ramp up at the Vareš Silver Operation with commercial production anticipated in Q2 2025.

SHARE CAPITAL

The Company was granted authority at the 2024 AGM to allot shares in the capital of the Company up to a maximum nominal amount of £1,363,198 (equivalent to 102,073,980 shares) in accordance with Section 551 of the Companies Act 2006. Details of the Company's share capital are set out in note 23.2 to the consolidated financial statements, including details of the movements in the Company's issued share capital during the year.

The Company's issued ordinary share capital ranks pari passu in all respects and carries the right to receive all dividends and distributions declared, made or paid on or in respect of the ordinary shares. There are currently no redeemable non-voting preference shares or subscriber shares of the Company in issue.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate Directors' and Officers' insurance to indemnify the Directors and Officers against liability in respect of proceedings brought about by third parties. Such provisions remain in place at the date of this report.

DIRECTORS' INTERESTS

Information on share ownership, options and performance rights held by Directors can be found in this report and in the Remuneration & Nomination Committee Report.

SUBSTANTIAL SHAREHOLDINGS

The Company's issued share capital as at 31 December 2024 was 324,476,883 ordinary shares and at 30 March 2025 was 345,295,293 ordinary shares with each share carrying the right to one vote. No shares are held in treasury.

At 31 December 2024, the Company had been notified, pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rule (DTR 5), or was otherwise aware of the following substantial interests (3% or more) in the Company's issued share capital.

Shareholder	Number of ordinary shares	Percentage of issued share capital
Helikon Investments	52,636,698	16.22
L1 Capital	46,420,433	14.31
T Rowe Price	29,274,915	9.02
Mr Paul D Cronin	12,248,632	3.77
Orion Asset Mgt	12,095,500	3.73
Mr Milos Bosnjakovic	11,086,174	3.42
	163,762,352	**50.47%**

At 17 March 2025, being the latest practicable date before the approval of the Annual Report and Accounts, the Company had been notified, pursuant to DTR 5 that the above positions had changed

Shareholder	Number of ordinary shares	Percentage of issued share capital
Helikon Investments	71,979,868	21.44
L1 Capital	52,080,894	15.52
T Rowe Price	29,624,490	8.83
Mr Paul D Cronin	12,251,132	3.36
Mr Milos Bosnjakovic	11,086,174	3.30
	177,022,558	**52.45**

Changes in interests that have been notified to the Company pursuant to DTR 5 since 17 March 2024 can be found in the Regulatory News section of the Investors page of the Company's corporate website: https://www.adriaticmetals.com/investors/lse-announcements/.

ADDITIONAL DISCLOSURES

For the purposes of UKLR 6.6.4 R, the information required to be disclosed by UKLR 6.6.1 R, where applicable, can be found in the following parts of this Annual Report:

Section	Matter	Location
(1)	Interest capitalized	Property, plant and equipment, note 12, page 96
(2)	Publication of unaudited financial information	Not applicable
(4)	Details of long term incentive scheme	Remuneration & Nomination Committee Report page 58
(5)	Waiver of emoluments by a Director	Remuneration & Nomination Committee Report page 58
(6)	Waiver of future emoluments by a Director	Not applicable.
(7)	Non pre-emptive issues of equity for cash	Not applicable
(8)	As item (7) in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)(a)	Contract of significance in which a Director is interested	Not applicable
(10)(b)	Contract of significance with controlling shareholder	Not applicable
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Not applicable
(13)	Shareholder waivers of future dividends	Not applicable
(14)	Agreement with controlling shareholder	Not applicable

BRANCHES

Adriatic Metals PLC does not have any branches of the Company outside the United Kingdom as defined in s1046(3) of the Companies Act 2006.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Information regarding the financial risk management and internal control processes and policies and exposure to the risks associated with the financial instruments, can be found in notes 21 and 22 to the consolidated financial statements, and in the sections on Corporate Governance and Internal Control on page 45 and Risk Management on page 22.

STREAMLINED ENERGY AND CARBON REPORTING

The Group has prepared a streamlined energy and carbon report covering emissions categorized as Scope 1 and Scope 2, which can be found on page 40.

POLITICAL AND CHARITABLE DONATIONS

Neither Adriatic Metals PLC nor its subsidiaries have made any political donations during the year. During the year $0.1m (2023: $0.1m) was donated to the Adriatic Foundation.

POWERS OF DIRECTORS

Subject to the Company's Articles of Association, UK legislation, ASX Rules and to any directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company. The Articles of Association contain specific provisions concerning the Company's power to borrow money and also provide the power to make purchases of any of its own shares.

The Directors have the authority to allot shares or grant rights to subscribe for or to convert any security into shares in the Company. Further details of the proposed authorities will be set out in the Notice of the AGM.

GOING CONCERN

The Company's going concern assessment has been performed as part of the Group's going concern assessment. The Group sells and distributes its concentrate product through annual offtake arrangements with third parties, which commit to purchasing 100% of the Vareš Silver Operation concentrate production.

The Group has a $120m borrowing facility with Orion that is fully drawn as at 31 December 2024, with the first repayment due 31 March 2025, which will be repaid from funds generated from concentrate sales. A Debt-Service Coverage Ratio ("DSCR") covenant is included in the Orion Debt Finance Package, and is required to be above 1.25x on a quarterly basis over each 6-month testing period, with the first testing period covering September 2025 to March 2026.

Post year end, the Group is meeting its day-to-day working capital requirements through its cash generating operations at Vareš. Expansionary capital expenditure for 2025 has been funded through equity financing. Post year end the Group raised $50m via an oversubscribed equity raise, gross of costs, to support this.

The Board has reviewed forecasts for the period to December 2026 to assess the Group's liquidity. The base case scenario demonstrates substantial headroom and compliance with the DSCR covenant ratio. The Board has considered additional sensitivity scenarios in terms of the Group's commodity price forecasts, mining grades, expected throughput volumes, operating cost profile and capital expenditure. The Board has assessed the key risks that could impact the prospects of the Group over the going concern period including commodity price outlook, cost inflation, negative grade reconciliation, and softer production performance, with reverse stress testing of the forecasts in line with best practice

Liquidity headroom and covenant compliance was demonstrated in each reasonably possible scenario with application of mitigation measures that are within the Group's control. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

POST BALANCE SHEET EVENTS

Please refer to note 27 in the consolidated financial statements for a detailed report on major events that occurred after 31 December 2024.

ANNUAL GENERAL MEETING ("AGM")

The date of the 2025 AGM will be announced in due course. At the AGM, shareholders will have the opportunity to put questions to the Board, including the Chairs of the Board Committees.

Full details of the AGM, including explanatory notes, will be contained in the Notice of the AGM, which will be distributed at least 28 days before the meeting. The Notice will set out the resolutions to be proposed at the AGM and an explanation of each resolution. All documents relating to the AGM will be available on the Company's website at www.adriaticmetals.com.

CORPORATE GOVERNANCE STATEMENT

The Disclosure Guidance and Transparency Rules (DTR 7.2) require certain information to be included in a Corporate Governance Statement set out in a Company's Directors' Report. In common with many companies, Adriatic Metals PLC has an existing practice of issuing, within its Annual Report, a Corporate Governance Report that is separate from its Directors' Report.

ELECTRONIC COMMUNICATIONS

A copy of the 2024 Annual Report, other corporate publications, reports and announcements are available on the Company's website at the following link: www.adriaticmetals.com. Shareholders may elect to receive notification by email of the availability of the Annual Report on the Company's website instead of receiving paper copies.

SHARE RIGHTS

Without prejudice to any rights attached to any existing shares, the Company may issue shares with rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution, the Directors.

VOTING RIGHTS

There are no restrictions on voting rights or transfers of shares in the Articles other than those described in these paragraphs. Details of deadlines for exercising voting rights and proxy appointment will be set out in the Notice of the 2025 AGM.

At a general meeting, subject to any special rights or restrictions attached to any class of shares on a poll, every member present in person or by proxy has one vote for every share that he or she holds. All substantive resolutions at a meeting of security holders are decided by poll rather than by a show of hands.

A proxy is not entitled to vote where the member appointing the proxy would not have been entitled to vote on the resolution had he or she been present in person. Unless the Directors decide otherwise, no member shall be entitled to vote either personally or by proxy or to exercise any other right in relation to general meetings if any sum due from him or her to the Company in respect of that share remains unpaid.

Additional information relating to holders of shares in the Company in the form of CHESS Depositary Instruments (CDIs) can be found in the Additional Information section of the Annual Report.

TRANSFER OF SHARES

The Company's Articles provide that transfers of certificated shares must be effected in writing, and duly signed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect of those shares. Transfers of uncertificated shares may be effected by means of CREST unless the CREST Regulations provide otherwise.

The Directors may refuse to register an allotment or transfer of shares in favour of more than four persons jointly.

AUDITORS

BDO LLP have been auditors of Adriatic Metals PLC since 2020 and will be proposed for re-appointment at the 2025 Annual General Meeting.

STATEMENT OF DISCLOSURE TO THE AUDITORS

Each of the Directors who were members of the Board at the date of the approval of this report confirms that:

- So far as they are aware, there is no relevant audit information of which the Company's auditors are unaware.
- He or she has taken all the reasonable steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.
- The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Adriatic Metals PLC Directors' Report has been prepared in accordance with applicable UK company law and was approved by the Board on 30 March 2025.

By order of the Board

Michael Rawlinson
Chairman of the Board

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 ‘Reduced Disclosure Framework’, and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies in the Equity Shares Transition category (“ESTC”) (previously Standard List companies).

In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant, reliable and prudent;
- state whether the applicable UK adopted international accounting standards have been followed for the Group Financial Statements; and United Kingdom Accounting Standards, comprising FRS 101 ‘Reduced Disclosure Framework’, have been followed for the Parent Company Financial Statements, subject to any material departures disclosed and explained in those Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors’ Report, Directors’ remuneration report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider the Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group’s position and performance, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

DIRECTORS‘ RESPONSIBILITIES PURSUANT TO DTR 4

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R, the Financial Statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The external auditor’s report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Strong capital control & cash position

FINANCE

Independent auditor's report to the members of Adriatic Metals Plc

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Adriatic Metals Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice FRS 101 "Reduced Disclosure Framework"), as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

INDEPENDENCE

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors on 28 May 2020 to audit the financial statements for the period ending 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the period ended 30 June 2020 and the years ended 31 December 2021 to 31 December 2024. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Please refer to the Key Audit Matter section for the detailed explanation on our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

		2024	2023
Key audit matters	Going concern	Yes	Yes
	Valuation and accounting for the Orion Copper streaming arrangement	No	Yes
	The valuation and accounting for the Orion Copper stream arrangement was performed for the first time in 2023. As the accounting and valuation methodology is now established, it is no longer considered a key audit matter in the current year.		
Materiality	**Group financial statements as a whole** $3,500,000 (2023: $4,350,000) based on 1% (2023: 1.5%) of total assets		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

COMPONENTS IN SCOPE

From the above risk assessment and planning procedures, we determined which of the Group's components were likely to include risks of material misstatement relevant to the Group's financial statements. We then determined the type of procedures to be performed at these components, and the extent to which component auditors were required to be involved.

As part of performing our Group audit, we have determined the components in scope as follows:

	Number of components	
	FY2024	FY2023
Full scope audit [1]	6	6
Full scope audit of one or more balance [2]	-	-
Specified audit procedures [3]	-	-
	6	**6**

As part of performing our Group audit, we have determined the components in scope as follows:

Scope [1]: Comprises Adriatic Metals Plc (Parent company), Adriatic Metals Bosnia and Herzegovina d.o.o, Adriatic Metals d.o.o, Adriatic Metals Services (UK) Limited, Adriatic Metals BiH Holdings Limited and Adriatic Metals Trading and Finance Limited (2023: Adriatic Metals Plc (Parent company), Adriatic Metals Bosnia and Herzegovina d.o.o., Adriatic Metals d.o.o, Adriatic Metals Services (UK) Limited, Adriatic Metals BiH Holdings Limited and Adriatic Metals Trading and Finance Limited)

Scope [2]: none (2023: none)

Scope [3]: none (2023: none).

In determining components, we have considered how components are organised within the Group, and the commonality of control environments, legal and regulatory framework, and level of aggregation associated with individual entities. Whilst there is relative commonality of controls across the Group, differences in jurisdictional risk, and the legal and regulatory frameworks under which the entities operate, prevent the further amalgamation of components.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of controls
- procedures on one or more classes of transactions, account balances or disclosures
- specific audit procedures

PROCEDURES PERFORMED AT THE COMPONENT LEVEL

The audit of the Adriatic Metals Bosnia and Herzegovina component was performed in Bosnia and Herzegovina by the local BDO network member firm. The audits of the parent company, other significant components and the Group consolidation were performed in the United Kingdom by the Group audit team.

PROCEDURES PERFORMED CENTRALLY

We considered there to be a high degree of centralisation of financial reporting and commonality of controls and similarity of the Group's activities and business lines in relation to consolidation, going concern, valuation of the copper streaming arrangement, income and deferred taxation, revenue, valuation of exploration and evaluation assets, right of use assets, lease liabilities, contractor tax liabilities and asset retirement obligations. We therefore designed and performed procedures centrally by the Group audit team in these areas. In addition, the Group audit team performed additional procedures in respect of certain significant risk areas including that which represented a Key Audit Matter in addition to procedures performed by the component auditor.

DISAGGREGATION

The financial information relating to management override of controls is disaggregated across the Group. We took a decentralised approach to responding to this risk. We performed procedures at the component level in relation to this risk in order to obtain assurance over the population of Group balances.

LOCATIONS

Adriatic Metals Plc's operations are spread over a number of different geographical locations. We visited the operations in Bosnia and Herzegovina including the corporate offices in country and in the UK.

WORKING WITH OTHER AUDITORS

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included the component auditor, who formed part of the Group engagement team as reported above. As Group auditor, we are solely responsible for expressing an opinion on the financial statements.

In working with this component auditor, we held discussions with the component audit team on the significant areas of the Group audit relevant to the components based on our assessment of the Group risks of material misstatement. We issued our Group audit instructions to the component auditor on the nature and extent of their participation and role in the Group audit, and on the Group risks of material misstatement.

We directed, supervised and reviewed the component auditor's work. This included holding meetings and calls during various phases of the audit and reviewing component auditor documentation in person and remotely and evaluating the appropriateness of the audit procedures performed and the results thereof.

CLIMATE CHANGE

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report and financial statements;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board, Audit and Risk Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Parent Company's website may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and in management's judgements and estimates in relation to cashflow forecasts.

We also assessed the consistency of management's disclosures included as Other Information in the annual report and notes to the financial statements within the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Going concern Refer to Note 2.3 for further details.	The Group produced its first metal concentrate and generated first revenue in 2024, however it has not achieved commercial production as at year end. There is a risk that delays to the ramp-up to commercial production, places stress on the Group's and Parent Company's liquidity. The Group also needs to comply with loan covenants linked to the Orion Senior Secured Loan and pay its first instalment on the loan in March 2025. There is a risk that the Group may not comply with future loan covenants linked to the Orion Loan. Due to significant judgements involved in estimating future cash flows and forecasting covenants compliance in the Directors' and Management's going concern assessment, we have identified going concern as a significant risk and a key area of focus for our audit.	**Our specific audit testing in regard to this included the following. We:** Reviewed the Directors' and Management's assessment and conclusion for preparing the Group and Parent Company's financial statements on a going concern basis. Checked if Management's forecasts cover a period of at least twelve months from the expected date of approval of the financial statements. Checked the mathematical accuracy of the cash flow forecasts. Challenged the cash flow forecasts by assessing the reasonableness of judgements applied in estimating the key inputs such as corporate and capital expenditures, production ramp-up, forecast sales and commodity prices. We assessed Management's historical forecasting accuracy, performed commodity prices benchmarking against external price forecasts, and agreed production forecasts to the life-of-mine plan and approved budgets. We also considered actual production to date and checked the consistency of the inputs in the forecast against other information obtained during the audit. Assessed committed expenditure on the Vares project, exploration costs on the Raska project that are contractual, other spend under the Group's license arrangements, and the general and administrative costs (G&A) within the forecast, checking their consistency with other information obtained during the audit. Challenged Management's reverse stress testing scenario to determine the point at which liquidity breaks, taking into consideration the ability to secure future funding. We also reviewed stress test scenarios including scenarios relating to delays in production ramp-up and capital and operating expenditure. Our challenge of Management also incorporated other plausible scenarios not considered by Management. Assessed compliance of covenants in the Orion debt facility and forecast adherence thereof. Reviewed and recalculated forecast covenants. Verified post-year-end cash position in the going concern model to bank statements. Verified the post-year-end receipt of the prepayment facility and equity raise to bank statements. Reviewed the adequacy of disclosures in the financial statements in respect of going concern. **Key observations:** Our conclusions are set out in the conclusions related to going concern section of our report.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2024 $m	**2023 $m**	**2024 $m**	**2023 $m**
Materiality	3,500,000	4,350,000	2,100,000	1,700,000
Basis for determining materiality	1% of total assets	1.5% of total assets	1% of total assets	40% of Group materiality
Rationale for the benchmark applied	The materiality has been based on total assets as the Group is not yet profit-making and is expected to achieve a commercial level of production in 2025. We consider total assets to be one of the principal considerations for users of the financial statements.		The materiality has been based on total assets as the Company is not revenue generating or profit making.	Capped at 40% of Group materiality given the assessment of the component's aggregation risk.
Performance materiality	2,200,000	3,000,000	1,200,000	1,190,000
Basis for determining performance materiality	65%	70%	65%	70%
Rationale for the percentage applied for performance materiality	In reaching our conclusion on the level of performance materiality to be applied we considered a number of factors including the expected total value of known and likely misstatements (based on past experience) and our knowledge of the Group's internal controls.			

COMPONENT MATERIALITY

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 36% and 73% (2023: 40% and 71%) of Group performance materiality dependent on a number of factors including potential significant risks of material misstatements at the component, relative size of components, extent of disaggregation of the financial information across components, control environment and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from $800,000 to $1,600,000 (2023: $1,190,000 to $2,170,000

REPORTING THRESHOLD

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of $175,000 (2023: $87,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

NON-COMPLIANCE WITH LAWS AND REGULATIONS

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with Management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be the elements of the financial reporting network, the Companies Act 2006, UK and Bosnia and Herzegovina tax legislations, mining laws in Bosnia and Herzegovina, London Stock Exchange (LSE) and Australian Securities Exchange (ASX) listing rules, the QCA corporate governance code and environmental regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations.
- Reviewing correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations.
- Discussing with the component auditor if there are aware of any non-compliance with laws and regulations.
- Reviewing financial statement disclosures and agreeing to supporting documentation; and
- Reviewing legal expenditure accounts to understand the nature of expenditure incurred.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

FRAUD

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance, Audit and Risk Committee regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- engaging internal BDO specialists to support the fraud risk assessment process;
- critically assessing the reasonableness of key estimates and judgements;
- reviewing the Group's whistleblowing hotline register; and
- performing enquiries of non-finance personnel regarding their knowledge of any alleged or actual fraud.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override of controls and revenue recognition.

Our procedures in respect of the above included:

- We addressed the fraud risk in relation to revenue recognition, by testing revenue transactions to supporting documentation, including testing a sample of revenue transactions in the period subsequent to year end to check that revenue was recognised in the correct period. In addition, we obtained direct confirmations from the key customers for the sales made during the year.
- We addressed the risk of management override of controls by:
  - Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing the sample to supporting documentation;
  - Introducing an element of unpredictability into our audit work such that management do not become over familiar with our audit approach. In addition, we selected all samples on a random basis;
  - Performing a detailed review of the Group's year end adjusting entries and investigated any that appeared unusual as to nature or amount and agreed these entries to supporting documentation;
  - For significant and unusual transactions, particularly those occurring at or near year end, we obtained evidence for the rationale of these transactions and evidence supporting the transactions;
  - Assessing whether the significant judgements and accounting estimates were indicative of potential bias; and
  - Reviewing minutes from Board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement team who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For the component engagement team, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jill MacRae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

30 March 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

For The Year Ended 31 December 2024

(In USD '000)	Note	Year Ended 31 December 2024	Restated[1] Year Ended 31 December 2023
Revenue	**7**	**27,585**	**-**
Cost of goods sold		(25,661)	-
Distribution and selling costs		(947)	-
Gross profit		**977**	**-**
Exploration costs	8	(5,192)	(2,090)
Administrative expenses		(39,933)	(18,407)
Share-based payment expense	24	(1,408)	(1,561)
Operating loss	**8**	**(45,556)**	**(22,058)**
Finance income	10	451	949
Finance expense	10	(28,706)	(5,462)
Revaluation of external derivative liability	19	6,457	(3,541)
Loss before taxation		**(67,354)**	**(30,112)**
Income tax	11	4,863	-
Loss for the year attributable to owners of the parent		**(62,491)**	**(30,112)**
Net loss per share Basic and diluted (cents)	5	(19.83)	(10.66)

[1] Refer to note 4.3 for details of the restatement of prior year results.

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2024

(In USD '000)	Note	Year Ended 31 December 2024	Restated[1] Year Ended 31 December 2023
Loss before taxation		(62,491)	(30,112)
Other comprehensive gain that might be reclassified to profit or loss in subsequent years:			
Exchange gain arising on translation of foreign operations		1,200	51
Total comprehensive expense for the year attributable to owners of the parent		**(61,291)**	**(30,061)**

[1] Refer to note 4.3 for details of the restatement of prior year results.

The above consolidated income statement and consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

At 31 December 2024

(In USD '000)	Note	31 December 2024	Restated[1] 31 December 2023	Restated[1] 1 January 2023
ASSETS				
Current assets				
Cash and cash equivalents		20,697	44,856	60,585
Trade and other receivables	16	13,396	13,212	18,830
Inventory	15	16,770	1,553	-
Total current assets		**50,863**	**59,621**	**79,415**
Non-current assets				
Property, plant and equipment	12	281,027	215,717	78,785
Right-of-use assets	13	4,897	8,320	8,954
Exploration and evaluation assets	14	8,500	8,500	8,500
Trade and other receivables	16	1,570	1,680	-
Deferred tax assets	11	4,863	-	-
Total non-current assets		**300,857**	**234,217**	**96,239**
Total assets		**351,720**	**293,838**	**175,654**

[1] Refer to note 4.3 for details of the restatement of prior year results.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements of Adriatic Metals PLC, registered number 10599833, were approved and authorised for issue by the Board of Directors on 30 March 2025 and were signed on its behalf by:

Laura Tyler
Managing Director and Chief Executive Officer

Michael Horner
Interim Chief Financial Officer

(In USD '000)	Note	31 December 2024	Restated[1] 31 December 2023	Restated[1] 1 January 2023
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	17	37,343	22,903	7,331
Lease liabilities	13	3,567	1,495	2,379
Borrowings	19	79,989	47,373	-
Derivative Liability	19	-	9,910	-
Total current liabilities		**120,899**	**81,681**	**9,710**
Non-current liabilities				
Lease liabilities	13	1,537	6,641	5,808
Provisions	18	5,396	3,674	4,431
Borrowings	19	105,514	93,427	42,498
Derivative liability		-	-	6,369
Total non-current liabilities		**112,447**	**103,742**	**59,106**
Total liabilities		**233,346**	**185,423**	**68,816**
Equity				
Share capital	23	6,253	5,713	5,376
Share premium		243,449	174,146	143,830
Merger reserve		23,498	23,498	23,498
Warrants reserve		-	2,743	2,743
Share-based payment reserve	24	4,802	3,591	4,943
Foreign currency translation reserve		2,511	1,311	1,260
Retained deficit		(162,139)	(102,587)	(74,812)
Total equity		**118,374**	**108,415**	**106,838**
Total liabilities and equity		**351,720**	**293,838**	**175,654**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

(In USD '000)	Share Capital	Share Premium	Merger Reserve[3]	Share- Based Payment Reserve (note 24.1)	Warrants Reserve[3]	Foreign Currency Translation Reserve[2]	Retained Deficit[1]	Total Equity
1 January 2023	**5,376**	**143,830**	**23,498**	**4,943**	**2,743**	**1,260**	**(73,747)**	**107,903**
Correction of error (net of tax)	-	-	-	-	-	-	(1,065)	(1,065)
(Restated total equity at 1 January 2023)	**5,376**	**143,830**	**23,498**	**4,943**	**2,743**	**1,260**	**(74,812)**	**106,838**
Loss for the year (restated)	-	-	-	-	-	-	(30,112)	(30,112)
Other comprehensive income	-	-	-	-	-	51	-	51
Total comprehensive expense	**-**	**-**	**-**	**-**	**-**	**51**	**(30,112)**	**(30,061)**
Issue of share capital	251	31,428	-	-	-	-	-	31,679
Share issue costs	-	(2,111)	-	-	-	-	-	(2,111)
Exercise of options and performance rights	81	470	-	(2,337)	-	-	2,337	551
Issue of options and performance rights	-	-	-	1,645	-	-	-	1,645
2022 STIP awards	5	529	-	(576)	-	-	-	(42)
Expiry/Cancellation of options and performance rights	-	-	-	(84)	-	-	-	(84)
31 December 2023 (restated)	**5,713**	**174,146**	**23,498**	**3,591**	**2,743**	**1,311**	**(102,587)**	**108,415**
Loss for the year	-	-	-	-	-	-	(62,491)	(62,491)
Other comprehensive income	-	-	-	-	-	1,200	-	1,200
Total comprehensive expense	**-**	**-**	**-**	**-**	**-**	**1,200**	**(62,491)**	**(61,291)**
Issue of share capital	309	49,691	-	-	-	-	-	50,000
Share issue costs	-	(3,068)	-	-		-	-	(3,068)
Exercise of options and performance rights	231	22,680	-	(197)	(2,498)	-	2,694	22,910
Issue of options and performance rights	-	-	-	1,599		-	-	1,599
Expiry/Cancellation of options and performance rights	-	-	-	(191)	(245)	-	245	(191)
31 December 2024	**6,253**	**243,449**	**23,498**	**4,802**	**-**	**2,511**	**(162,139)**	**118,374**

1. Retained deficit include all other net gains and losses and transactions with owners, including dividends. No dividends paid to date. Refer to note 4.3 for details of the restatement of prior year results.
2. Foreign currency reserve include gains or losses arising on retranslating the net assets of entities from their functional currencies into the Group presentation currency.
3. The merger reserve was created and warrants issued as part of Tethyan Resources Corp acquisition.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

(In USD '000)	Note	Year Ended 31 December 2024	Restated[1] Year Ended 31 December 2023
Cash flows from operating activities:			
Loss before tax for the year		(67,354)	(30,112)
Adjustments for:			
Depreciation of property, plant and equipment	12	2,391	476
Depreciation of right-of-use assets	13	595	390
Share-based payment expense	24	1,408	1,561
Finance Income	10	(451)	(949)
Finance expense	10	28,706	5,462
Fair value movements in derivative liabilities	19	(6,457)	3,541
Changes in working capital items:			
Increase trade and other receivables		(2,204)	(4,816)
Increase in inventory		(15,217)	(1,553)
Increase in trade and other payables		5,254	3,113
Net cash used in operating activities		**(53,329)**	**(22,887)**

(In USD '000)	Note	Year Ended 31 December 2024	Restated[1] Year Ended 31 December 2023
Cash flows from investing activities:			
Purchase of property, plant and equipment	12	(40,842)	(94,408)
Prepaid property, plant and equipment		(4,559)	(6,585)
Interest received on cash holdings		580	1,508
Net cash used in investing activities		**(44,821)**	**(99,485)**
Cash flows from financing activities:			
Net proceeds from the issue of ordinary shares		46,932	30,656
Proceeds from drawdown of borrowings net of transaction costs	19	29,228	81,060
Interest paid on loans and borrowings	19	-	(1,895)
Proceeds from exercise of warrants		2,498	-
Settlement of copper warrants	19	(629)	-
Capital payments on leases	13	(2,750)	(1,719)
Interest paid on leases	13	(607)	(1,103)
Net cash generated from financing activities		**74,672**	**106,999**
Net decrease in cash and cash equivalents		(23,478)	(15,373)
Exchange losses on cash and cash equivalents		(681)	(356)
Cash and cash equivalents at beginning of the year		**44,856**	**60,585**
Cash and cash equivalents at end of the year		**20,697**	**44,856**

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[1] Refer to note 4.3 for details of the restatement of prior year results.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

The consolidated financial statements present the financial information of Adriatic Metals PLC and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024. Adriatic Metals PLC (the Company or the parent) is a public company limited by shares and incorporated in England and Wales. The registered office is located at 4th Floor, 3 Hanover Square, London, W1S 1HD, United Kingdom.

The Group's principal activity is precious and base metals exploration and development. During 2024 the Group has transitioned from a developer to a producer and seller of precious metals. The Group owns the Vareš Silver Operation in Bosnia and Herzegovina and the Raška Project in Serbia.

Bosnia and Herzegovina and Serbia are well-positioned in central Europe and boast strong mining history, pro-mining environment, highly skilled workforce as well as extensive existing infrastructure and logistics.

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the recognition, measurement, presentation and disclosure requirements of UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 (the "Companies Act").

The consolidated financial statements were authorised for issue by the Board of Directors on 30 March 2024.

2.2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments), at fair value through profit or loss. A summary of the Group's material accounting policies is set out below in note 3.

The consolidated financial statements are presented in United States Dollars ("USD" or "$") which reflects the fact that the USD is a more widely recognised currency for the mining sector in which the Group operates and that its Project Finance Debt Package, offtake agreements and mining services contracts are denominated in USD.

Unless otherwise stated, the Group financial statements are presented in US dollars ($) and rounded to the nearest thousand.

2.3. GOING CONCERN

The Company's going concern assessment has been performed as part of the Group's going concern assessment. The Group sells and distributes its concentrate product through annual offtake arrangements with third parties, which commit to purchasing 100% of the Vareš Silver Operation concentrate production.

The Group has a $120m borrowing facility with Orion that is fully drawn as at 31 December 2024, with the first repayment due 31 March 2025, which will be repaid from funds generated from concentrate sales. A Debt-Service Coverage Ratio ("DSCR") covenant is included in the Orion Debt Finance Package, and is required to be above 1.25x on a quarterly basis over each 6-month testing period, with the first testing period covering September 2025 to March 2026.

Post year end, the Group is meeting its day-to-day working capital requirements through its cash generating operations at Vareš. Expansionary capital expenditure for 2025 has been funded through equity financing. Post year end the Group raised $50m via an oversubscribed equity raise, and $25m via a concentrate prepay, gross of costs, to support this.

The Board has reviewed forecasts for the period to December 2026 to assess the Group's liquidity. The base case scenario demonstrates substantial headroom and compliance with the DSCR covenant ratio. The Board has considered additional sensitivity scenarios in terms of the Group's commodity price forecasts, mining grades, expected throughput volumes, operating cost profile and capital expenditure. The Board has assessed the key risks that could impact the prospects of the Group over the going concern period, including; commodity price outlook, cost inflation, negative grade reconciliation, and softer production performance, with reverse stress testing of the forecasts conducted in line with best practice.

Liquidity headroom and covenant compliance was demonstrated in each reasonably possible scenario with application of mitigation measures that are within the Group's control. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

3.1. BASIS OF CONSOLIDATION

The consolidated Group Financial Statements consist of the financial statements of the ultimate Parent Company (Adriatic Metals plc, a company registered in the UK), and all its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by Adriatic Metals plc. Control exists where the Group is exposed to, or has the rights to, variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated in the Group's financial statements from the date on which control is obtained. Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with accounting policies adopted by the Group.

3.2. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following amended standards and interpretations were adopted by the Group during the year ending 31 December 2024. These amended standards and interpretations have not had a significant impact on the consolidated Financial Statements.

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1
- Supplier Financing Arrangements – Amendments to IAS7 and IFRS 7

The following new and amended standards are effective for annual periods beginning on or after 1 January 2025 and have not been adopted early. Except for IFRS 18 – Presentation and Disclosure in the Financial Statements, which is effective from 1 January 2027, these new standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods:

- Lack of exchangeability – Amendments to IAS 21
- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
- Annual Improvements to IFRS Accounting Standards – Volume 11
- Presentation and Disclosure in Financial Statements – IFRS 18
- Subsidiaries without Public Accountability: Disclosures – IFRS 19

3.3. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated Financial Statements are presented in United States Dollars ("USD"), which is the Group's presentational currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded using the spot exchange rates between the functional currency and the foreign currency, at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rates at the reporting date.

Foreign exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the reporting date and their income statements are translated at average rate of exchange for the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

3.4. RECEIVABLES

All receivables are held at amortised cost less any provision for impairment. A loss allowance for expected credit losses is made to reflect changes in credit risk since the initial recognition.

3.5. EXPLORATION AND EVALUATION ASSETS

Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the year in which they are incurred.

Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- licence costs paid in connection with a right to explore;
- researching and analysing historical exploration data;
- gathering exploration data through geophysical studies;
- exploratory drilling and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market studies.

Exploration and evaluation costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditure meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation expenditure in the year for activity on licences where a JORC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred to establish a JORC-compliant resource. Costs expensed during this phase are included in exploration expenses and other operating expenses in the statement of profit or loss and other comprehensive income.

Upon the establishment of a JORC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the licence as exploration and evaluation assets up to the point when a JORC-compliant reserve is established. Capitalised exploration and evaluation expenditure is considered to be an intangible asset and measured at cost less accumulated impairment.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an exploration and evaluation asset (that does not represent a business) are also capitalised and subsequently measured at cost less accumulated impairment.

Once a JORC-compliant reserve is established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to mine under construction. Exploration and evaluation assets are not amortised during the exploration and evaluation phase and are considered to have an indefinite life until determined to be part of a mine plan.

3.6. PROPERTY, PLANT AND EQUIPMENT

i) Land

Land is held at cost less accumulated impairment losses. Once a JORC-compliant reserve is established and development is sanctioned, land is tested for impairment and transferred to mine under construction and depreciated in line with the useful economic life of the mine or on a unit of depletion basis. Land is not depreciated during the exploration and evaluation phase and is considered to have an indefinite life until determined to be part of a mine plan.

ii) Short lived property, plant and equipment

Short lived property, plant and equipment consists of buildings, plant and machinery, office furniture and equipment, transportation assets and computer equipment. Short-lived property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of short lived property, plant and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Short-lived property, plant and equipment depreciation is provided at rates calculated to expense the cost, less estimated residual value, using the straight-line method over the estimated useful life of the asset at the following rates:

Buildings & leasehold improvements	Shorter of 10% or lease term
Plant and equipment	15% - 33%

iii) Mine under construction

Mine under construction includes construction costs as well as exploration and evaluation and land balances transferred as noted above once a JORC-compliant reserve is established and development is sanctioned. Expenditure which is necessarily incurred whilst commissioning the mine is also capitalised as a mine under construction cost. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

Expenditure which is necessarily incurred whilst commissioning the mine under construction, in the period prior to being capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of commercial production (as defined in Note 4.2 d), are capitalised to the extent they are expected to give rise to a future economic benefit.

iv) Depreciation and amortisation

The assets' residual values, useful lives and methods of depreciation and amortisation are reviewed at each financial year-end and adjusted prospectively if appropriate.

3.7. LEASES

The Group has various lease arrangements for buildings. Lease terms are negotiated on an individual basis locally and subject to domestic rules and regulations. At the inception of the lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration, in which case it is identified as a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Low value leases are those with an underlying asset value of USD 5,000 or less. For those leases, the Group recognized the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

At the commencement date of the lease right-of-use assets are measured at cost which comprises the following:

- The initial measurement of the lease liability;
- Prepayments before commencement date of the lease
- Initial direct costs; and
- Costs to restore.

Subsequent to initial recognition, right-of-use assets depreciated on a straight-line basis over the duration of the contract. The right-of-use assets are assessed for impairment where indicators of impairment are present.

Lease liabilities

At the commencement date of the lease, lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

i) Revision of lease term

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying amount of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

3.8. REHABILITATION PROVISION

The Group recognises provisions for contractual, constructive or legal obligations, including those associated with the reclamation of mineral interests and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for rehabilitation is recognised at its present value in the period in which it is incurred. Upon initial recognition of the liability, an amount equal to the corresponding provision is added to the carrying amount of the related asset and the cost is amortised as an expense over the economic life of the asset. Following the initial recognition of the rehabilitation provision, the carrying amount of the liability is increased for the passage of time as the discount is unwound, and adjusted for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

3.9. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument. Trade receivables which do not contain a significant financing component are recognised at their transaction price. Financial assets and financial liabilities are subsequently measured as described below.

i) Financial assets

A financial asset is subsequently recognised at amortised cost under IFRS 9 if it meets both the hold to collect and contractual cash flow characteristics tests. A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If neither of the above classifications are met the asset is classified as fair value through the profit and loss, with changes in fair value recognised in the income statement. Even if an asset meets the above two requirements to be measured at fair value through other comprehensive income, IFRS 9 contains an option to designate, at initial recognition, a financial asset as measured at fair value through the profit and loss provided the classification eliminates or significantly reduces a measurement or recognition inconsistency.

Cash and cash equivalents and trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment, if any.

ii) Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for financial liabilities designated at fair value through profit or loss, that are carried subsequently at fair value with gains and losses recognised in the income statement.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Where the movement in fair value is due to a change in the entity's credit risk, such gain or loss is recognised in other comprehensive income.

Any gain or loss on modification of a financial liability held at amortised cost is recognised in the income statement.

iii) Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated to their debt and derivative liability components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the debt. The remainder of the proceeds is allocated to the conversion option and is recognised as a derivative liability.

3.10. IMPAIRMENT OF ASSETS

i) Financial assets

A financial asset that is not carried at fair value through profit or loss is assessed at each reporting date to determine a loss allowance for expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance is equal to the lifetime expected credit losses. If the credit risk has not increased significantly, the loss allowance is equal to the twelve month expected credit losses.

The expected credit losses are measured in a way that reflects the unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions.

ii) Non-financial assets

The carrying amounts of capitalised exploration and evaluation expenditure for undeveloped mining projects (projects for which the decision to mine has been not yet been deemed commercially viable and development has not yet been authorised) are reviewed at each reporting date for indicators of impairment in accordance with IFRS 6, and when indicators are identified, are tested in accordance with IAS 36 Impairment of Assets.

Property, plant and equipment and intangible assets with finite lives are reviewed for impairment if there is an indication that the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that the assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate largely independent cash inflows, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Where an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in the income statement.

3.11. INCOME TAXES

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognised on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, or on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred income tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered, and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

3.12. SHARE CAPITAL

Ordinary shares issued by the parent are classified as share capital and share premium and recorded at the proceeds received, net of direct issue costs.

3.13. SHARE-BASED PAYMENTS AND WARRANTS PAYMENTS

i) Share-based payment transactions

The Company grants share options and performance rights to Directors, officers, consultants and employees (“equity-settled transactions”). The Company may grant warrants to institutions in relation to an equity raise or other transaction. The Board of Directors determines the specific grant terms within the limits set by the Company’s share option plans.

ii) Equity-settled transactions

The costs of equity-settled transactions are measured by reference to the fair value at the grant date and are recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award (the “vesting date”). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period and the corresponding amount is represented in share option reserve. No expense is recognised for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where equity-settled transactions are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of the options that will eventually vest. Market performance vesting conditions are incorporated into the fair value of the equity instrument at the grant date.

Where equity-settled transactions are entered into with non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the equity instruments issued. Otherwise equity-settled transactions with non-employees are measured at the fair value of the goods or services received.

Upon exercise of share options or warrants, the proceeds received are allocated to share capital, and share premium if applicable, and any associated balance in share-based payments reserve is transferred to retained earnings. The dilutive effect of outstanding options is reflected as additional dilution in the computation of diluted earnings per share.

The Group utilises the Black-Scholes option pricing model to estimate the fair value of share options and performance rights granted to Directors, officers and employees. The use of this model requires management to make various estimates and assumptions that impact the value assigned to the share options and performance rights including the forecast future volatility of the share price, the risk-free interest rate, dividend yield, the expected life of the share options and performance rights and the expected number of options and performance rights which will vest. See note 24.2 for further details regarding these inputs.

iii) STIP equity scheme

The Group operates an STIP scheme which runs on a calendar year basis, with employees receiving cash or (exceptionally) shares subsequent to year end based on to their performance during the year. An option pricing model is used to measure the Group's liability at each reporting date, taking into account the terms and conditions on which the bonus is awarded and the extent to which employees have rendered their service. Movements in the liability (other than cash payments) are recognised in the consolidated statement of comprehensive income.

3.14. SEGMENTAL REPORTING

The reportable segments represent all the Group's activities. The reportable segments are an aggregation of the operating segments within the Group as prescribed by IFRS 8. The reportable segments are based on the Group's management structures and the consequent reporting to the chief operating decision maker, the Board of Directors. These reportable segments also correspond to geographical locations such that each reportable segment is in a separate geographic location. Income and expenses included in profit or loss for the period are allocated directly or indirectly to the reportable segments.

The Group's operating segments are as follows:

- Bosnia and Herzegovina (principally the Vareš Silver Operation);
- Serbia (principally the Raška Project); and
- Corporate (which supports the activities of the other two segments, principally the UK).

Segment assets are those used directly for segment operations. Inter-company balances comprise transactions between operating segments making up the reportable segments. These balances are eliminated to arrive at the figures in the Consolidated Financial Statements.

3.15. INVENTORY

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighed average method.

The cost of finished goods and work in progress comprises raw materials, direct labour and all other direct costs associated with mining the ore and processing it to a saleable product.

Assay data is used to verify the amount of metal contained within ore stockpiles, adjusted for expected recovery rates. Monthly surveys are used to verify the volumes of material.

Net realisable value is the estimated selling price in the ordinary course of business, less any further costs expected to be incurred to completion. Provision is made, if necessary, for slow-moving, obsolete and defective inventory.

3.16. REVENUE

The Group sells metal concentrate product to smelters through offtake agreements with the customer. The agreements provide for provisional pricing, i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month, two months, three months, or four months following delivery to the buyer and subject to final adjustment for assaying results. At each reporting date, if any sales are provisionally priced, the provisionally priced sales are marked to market using forward prices, with any significant adjustments being recorded in revenue in the income statement and in deferred revenue in the statement of financial position.

All revenue is measured at a point in time, being that point at which the Group meets its promise to transfer control of a quantity of metal concentrate to a customer. Control is transferred in accordance with the Incoterms specified in the contract, which are normally CIP. Adjustments to sales prices arising from settlement of provisional pricing arrangements are recognised as a debit or credit to revenue and are not separated or treated as an embedded derivative.

Revenue is measured at the fair value of consideration received or receivable from sales of metal to an end user, net of any buyers' discount, treatment charges and value added tax. Revenue is net of treatment charges, as the cost of smelting and refining is borne by the customer and the transaction price is agreed to be net of these charges.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made certain judgements, estimates, and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual amounts and results may differ from these estimates. The significant judgements, estimates, and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are highlighted below.

4.1. ESTIMATES

i) Copper Stream

The Group entered into an agreement with Orion Partners under which it received a prepayment of $22.5m on 13 February 2023 in respect of future deliveries of copper warrants under the Copper Stream. Consideration as to the substance of the agreement and the value of the Copper Stream has been made in line with the requirements of IFRS.

Regarding the accounting treatment, reference has been made to IFRS9 and IFRS15 as to the nature and substance of the agreement, with the conclusion that IFRS9 is the most appropriate treatment of financial liability because the liability can be settled by cash or delivery of another financial instrument. The agreement was not intended to be a sales and purchase agreement, implied by the nature of the transactions in that concentrate is sold to an offtaker and not directly to the holder of the stream.

Regarding the split of current and non-current liability, management use forecasts to estimate the volume of copper production in the next 12 months after the balance sheet date compared with volumes produced after this period.

The fair value of the Copper Stream obligation was valued by management on a nominal basis. The significant assumptions included the nominal future copper curve prices, the latest mine plan and nominal weighted average cost of capital which was calculated by the company's nominated experts. See note 19 for further details.

ii) Rehabilitation provision

The Group recognises provisions for contractual, constructive or legal obligations, including those associated with the reclamation of mineral interests and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for the rehabilitation is recognised at its present value in the period in which it is incurred. Upon initial recognition of the liability, an amount equal to the liability is added to the carrying amount of the related asset and this amount is amortised as an expense over the economic life of the asset. Following the initial recognition of the rehabilitation provision, the carrying amount of the liability is increased for the passage of time by unwinding the discount, and adjusted for changes to the current market-based discount rate and to the amount or timing of the underlying cash flows needed to settle the obligation.

Management uses its judgement and experience to determine the potential scope of closure rehabilitation work required to meet the Group's legal, statutory and constructive obligations, and any other commitments made to stakeholders, and the options and techniques available to meet those obligations and estimate the associated costs and the likely timing of those costs.

Significant estimates are also required to determine both the costs associated with that work and the other assumptions used to calculate the provision, including timing of future expenditure, and discount and inflation rates. External experts support the cost estimation process where appropriate but there remains significant estimation uncertainty.

See note 18 for further details.

4.2. JUDGEMENTS

a) Capitalisation of exploration costs

The Group uses its judgement to determine whether costs meet the capitalisation requirements in accordance with IFRS 6 and its accounting policy on exploration and evaluation assets, including whether the activities performed are directly attributable to increasing the value of the project.

Upon the establishment of a JORC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the licence as exploration and evaluation assets. There is an element of judgement involved by management as to which costs are directly attributable to increasing the value of the project. Broadly, activities in relation to scoping, exploration and development are deemed directly attributable, whilst activities in relation to supporting and administrative duties are deemed not to be directly attributable.

b) Indicators of impairment

The Group uses its judgement in assessing whether indicators of impairment have occurred.

The Group reviews and tests the carrying amount of exploration and evaluation assets when events or changes in circumstances suggest that the carrying amount may not be recoverable in accordance with IFRS 6. Indicators of impairment are as follows:

- the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Group also reviews property, plant and equipment and intangible assets with finite lives for impairment if there is an indication that the carrying amount may not be recoverable.

In assessing whether an indicator of impairment has occurred, the Group considers external sources of information including observable indications of decline in market value, actual or expected negative changes in the technological, market, economic or legal environment, changes in market interest rates or other market rates of return on investments, and whether the carrying amount of its net assets is greater than its market capitalisation. As external sources of information will typically be broader and less clearly linked to a specific asset or cash generating unit, for example, a decline in market capitalisation below the carrying value of the entity's net assets. This may then require the use of judgement to determine which assets or cash generating unit should be tested in response to an external source of information.

The Group also considers internal sources of information including changes in planned development of the assets, evidence of obsolescence or damage, changes in the expected use or life of an asset, and evidence from internal reporting that an asset's economic performance is, or will be, worse than expected.

No changes in circumstances or other indicators of impairment occurred during the year in respect of the Raška Project exploration and evaluation asset.

No changes in circumstances or other indicators of impairment occurred during the year in respect of the Vareš Silver Operation.

c) Entities not consolidated

Adriatic Foundation

The Adriatic Foundation (the "Foundation") is a not-for-profit trust which was created in Bosnia and Herzegovina with the objective of supporting the communities around the Vareš Silver Operation. The Company provided the initial funding required for the formation of the Foundation.

The Company has the ability to appoint the Board of Trustees of the Foundation and hence transactions between the Company and the Foundation have been classified as related party on the basis of the company yielding significant influence.

An assessment has been carried out to determine whether the Company controls the Adriatic Foundation in accordance with IFRS 10. The conclusion of this assessment is that whilst the company is able to yield significant administrative influence over the Foundation, it is not able to affect returns to the Company. The Foundation statute prevents the Company as the founder, and any other person associated with the Foundation, from directly or indirectly deriving profit, or any other material or financial benefit, from the activities of the Foundation. For the purposes of IFRS 10, the Directors have therefore concluded that the Company does not control the Foundation and as a result the Foundation is not included in the consolidated financial statements of the Group.

d) Commercial Production

Commercial production is deemed to have commenced when a mining interest is capable of operating at levels intended by management. This is achieved when management determines that the operational commissioning of a major mine and plant components is complete, operating results are being achieved consistently for a period of time, and that there are indications that these operating results will continue.

After this point, depreciation of the mining assets commences.

The Group determines commencement of commercial production based on the following factors:

- All major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manager intended by management have been completed;
- Key major necessary permits in place;
- Key personnel required to maintain commercial production in place;
- First concentrate shipments achieved;
- The completion of a reasonable period of testing of the mine plant and equipment;
- The mine or mill has reached a pre-determined percentage of design capacity; and,
- The ability to sustain ongoing production of commercial levels of metal concentrate.

The list is not exhaustive and each specific circumstance is taken into consideration before making the decision. Based on a review of the above factors, management determined that the Vareš Silver Operation did not commence commercial production during 2024.

Any concentrate produced before commercial production has been reached is recognised in line with IFRS 15 as pre-production income earned and the cost of the output generated is recognised in the statement of comprehensive income in accordance with the principles of IAS 2.

e) Capitalisation of Borrowing Costs

The Group capitalises borrowing costs that are directly attributable to the construction of a mining asset and included in the cost of that asset. Accrued interest expense on the Orion Senior Debt Finance Package is capitalised as part of the mine under construction asset in property, plant and equipment.

The Group ceases the capitalisation of borrowing costs attributable to a part of the construction of a mining asset when it completes substantially all the activities necessary to prepare that part of the project, and where that part is capable of being used while construction continues on other parts of the mining asset.

Management considers the processing plant a distinct part of the construction of the Vareš Silver Operation asset. Management uses judgement to determine the element of borrowing costs attributable to that part that should cease to be capitalised.

The Group ceases the capitalisation of borrowing costs when substantially all the activities necessary to prepare the mining asset for its intended use are completed. The mining asset is judged to be ready for its intended use when physical construction is complete, but before commercial production has been reached.

f) Inventories

Stock is valued at the lower of cost or net realisable value. Costs that are incurred in or benefit the production process are accumulated as ore stockpiles, concentrate in circuit, and finished metal concentrate. Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of metal actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels.

Where proceeds are not expected to be earned based on the mineral content being below what is considered economically viable, the stockpile ore is considered to be waste material generated. No costs are allocated to this waste material because proceeds are not expected to be earned from the sale of output.

Net realisable value tests are performed at each reporting date and represent the estimated future sales value less estimated costs to complete production and bring the product to sale.

These net realisable tests take into account management's estimate of the maximum values to be realised from ore stockpiles, in some instances through the blending of different ore stockpile grades, prior to these being added to future processing plant feeds. The carrying value of inventory is disclosed within note 15.

g) Deferred Tax

Judgement is applied in making assumptions about recognition of deferred tax assets in respect of the timing and value of estimated future taxable income and available tax losses.

Management has made assumptions in the recognition of deferred tax assets, including the timing and value of estimated future taxable income and available tax losses. The recognised and unrecognised deferred tax balances reflect amounts based on the actual submitted tax returns.

Where the realisation of deferred tax assets is dependent on future profits, the Group recognises losses carried forward and other deferred tax assets only to the extent that the realisation of the related tax benefit through future taxable profits is probable and losses are still available for use after expiry dates are considered.

4.3. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

An error was identified in the prior year results (31 December 2023), whereby accruals for employment taxes and social security contributions owed were understated by $5.2m, mine under construction additions understated by $3.0m, administrative expenses understated by $1.2m, and retained deficit understated by $1.2m.

Basic and diluted loss per share was understated by 0.42 cents per share.

No other previous financial years are materially impacted by this restatement.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of financial position

(In USD '000)	31 December 2023	Increase	(Restated) 31 December 2023	31 December 2022	Increase	(Restated) 31 December 2022
Property, plant and equipment	212,731	2,986	215,717	77,861	924	78,785
Trade and other payables	17,673	5,230	22,903	5,342	1,989	7,331
Retained deficit	100,343	2,244	102,587	73,747	1,065	74,812

Income Statement and Statement of Comprehensive Income (extract)

(In USD '000)	2023	Increase	(Restated) 2023
Administrative expenses	(17,228)	(1,179)	(18,407)
Loss for the year	(28,933)	(1,179)	(30,112)
Other comprehensive loss for the year	51	-	51
Total comprehensive loss for the year	(28,882)	(1,179)	(30,061)
Basic loss per share (cents)	(10.24)	(0.42)	(10.66)
Diluted loss per share (cents)	(10.24)	(0.42)	(10.66)

5. LOSS PER SHARE ("EPS")

	Year ended 31 December 2024	(Restated) Year ended 31 December 2023
Loss for the year attributable to owners of the parent equity (In USD '000)	(62,491)	(30,112)
Weighted average number of common shares for the purposes of basic loss per share (in number '000)	315,064	282,505
Weighted average number of common shares for the purposes of diluted loss per share (in number '000)	315,064	282,505
Basic loss per share (cents)	(19.83)	(10.66)
Diluted loss per share (cents)	**(19.83)**	**(10.66)**

Basic loss per share is calculated by dividing the net loss attributable to owners of the parent (2024: $62.5m loss, 2023: $30.1m loss) by the weighted average number of common shares in issue during the year (2024: 315,063,816; 2023: 282,504,794).

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive ordinary shares. The company has share options and performance rights as categories of potentially dilutive ordinary shares.

The options and performance rights only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met. As at 31 December 2024, there are 3,195,866 potentially dilutive share options and performance rights (2023: 2,062,071 potentially dilutive share options and performance rights) which were not included in the calculation of diluted earnings/loss per share as their conversion to ordinary shares would have decreased the loss per share and because their exercise was contingent on the satisfaction of certain criteria that had not been met at the end of the respective year.

6. SEGMENTAL INFORMATION

The segmental analysis of the Group's loss after tax and movement in non-current assets is as follows:

	Year ended 31 December 2024				(Restated) Year ended 31 December 2023			
(In USD '000)	**Bosnia**	**Serbia**	**Corporate**	**Total**	Bosnia	Serbia	Corporate	Total
Revenue	27,585	-	-	27,585	-	-	-	-
Cost of goods sold	(25,661)	-	-	(25,661)	-	-	-	-
Distribution and selling costs	(947)	-	-	(947)	-	-	-	-
Exploration costs	(1,042)	(4,150)	-	(5,192)	-	(2,090)	-	(2,090)
Share-based payment expense	-	-	(1,408)	(1,408)	-	-	(1,561)	(1,561)
Administrative expenses excluding depreciation	(25,171)	(1,738)	(10,011)	(36,920)	(9,903)	(1,911)	(5,727)	(17,541)
Depreciation of property, plant and equipment	(2,353)	(27)	(24)	(2,404)	(403)	(50)	(23)	(476)
Depreciation of right-of-use assets	(126)	(96)	(387)	(609)	(183)	(97)	(110)	(390)
Operating Loss	**(27,715)**	**(6,011)**	**(11,830)**	**(45,556)**	**(10,489)**	**(4,148)**	**(7,421)**	**(22,058)**
Finance income	-	-	451	451	-	-	949	949
Finance expense	(919)	(59)	(27,728)	(28,706)	(1,056)	(28)	(4,378)	(5,462)
Revaluation of external derivative liability	-	-	6,457	6,457	-	-	(3,541)	(3,541)
Loss before taxation	(28,634)	(6,070)	(32,650)	(67,354)	(11,545)	(4,176)	(14,391)	(30,112)
Tax credit	4,863	-	-	4,863	-	-	-	-
Loss for the year	**(23,771)**	**(6,070)**	**(32,650)**	**(62,491)**	**(11,545)**	**(4,176)**	**(14,391)**	**(30,112)**
Additions to mining under construction assets	40,183	-	-	40,183	111,624	-	-	111,624

[1] Refer to note 4.3 for details of the restatement of prior year results.

7. REVENUE

(In USD '000)	31 December 2024	31 December 2023
Lead-silver concentrate	18,375	-
Zinc concentrate	11,268	-
Less:		
Treatment charges	(1,545)	-
Offtake penalties	(254)	-
Offtake buyers' fees	(259)	-
Revenue	**27,585**	**-**

The Group sells zinc, silver, and lead concentrate product to smelters through offtake agreements with third parties. Agreements are in place with four international commodities trading and smelting companies ("Offtakers") for the purchase of concentrate production from the Vareš Silver Operation. The concentrates have been allocated to the Offtakers as follows:

- Zinc concentrate to Boliden AB, Trafigura Pte Ltd, Transamine SA; and
- Lead-silver concentrate to Glencore International AG and Transamine SA.

During 2024, three customers contributed more than 20% of the Group's revenue each (2022: none), contributing $11.6m, $10.2m and $5.8m each.

The Offtakers had been allocated 82% of the total projected concentrate production over the first 24 months. The remaining 18% of concentrate production was intentionally reserved either for advantageous spot sales or additional long-term offtake agreements. Post period, the 18% was allocated to Trafigura Pte Ltd in line with the prepayment agreement outlined in note 27.

The agreements with the smelters provide for provisional pricing, i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month, two months, or three months following delivery to the buyer and subject to final adjustment for assaying results.

8. OPERATING LOSS

Operating loss is stated after charging/(crediting):

(In USD '000)	Note	Year Ended 31 December 2024	(Restated) Year Ended 31 December 2023
Wages and salaries		24,441	6,459
Consultancy fees		1,699	1,129
Cash remuneration in respect of qualifying services		**26,140**	**7,588**
Exploration activities expensed		5,192	2,090
Termination payment to mining contractor		3,681	-
Depreciation of property, plant and equipment	12	2,391	476
Depreciation of right-of-use assets	13	595	390
Auditors' remuneration		573	330
Non audit services for interim review		122	39

The majority of exploration activities expensed during the year represent costs incurred at the Raška Project, for which a JORC-compliant resource has not yet been established.

Wages and salaries constitutes net payments made to employees together with social security and other contributions.

9. WAGES AND SALARIES

Wages and salaries comprise all employees of the Group including Directors, key management personnel and personnel in management positions engaged under management services contracts. The table below shows total costs for all employees, including costs capitalised during the year.

(In USD '000)	Year Ended 31 December 2024	(Restated) Year Ended 31 December 2023
Wages and salaries	26,438	8,219
Consultancy fees	1,917	4,484
Cash remuneration in respect of qualifying services	**28,355**	**12,703**
Social security costs	13,912	4,759
Defined contribution pension cost	24	13
Share-based payments expense	1,408	1,561
Total	**43,699**	**19,036**
Average number of employees (number)	549	296

Share-based payments expense is stated at fair value at the time of grant using the Black-Scholes option pricing model. Further details are available in note 24.2 of the accounts.

The average monthly number of employees during the year increased to 549 in the year (2023: 296 employees). This is due to the ramp up of the Vareš Silver Operation from construction phase to test production phase.

	Year ended 31 December 2024				Year ended 31 December 2023			
(In USD '000)	Serbia	Bosnia	UK (Parent)	Total	Serbia	Bosnia	UK (Parent)	Total
Exploration	15	57	-	72	23	39	-	62
Operations	-	305	-	305	-	156	-	156
Administration	5	155	12	172	8	60	10	78
Total	**20**	**517**	**12**	**549**	**31**	**255**	**10**	**296**

Directors' remuneration is set out below:

(In USD '000)	Year Ended 31 December 2024	Year Ended 31 December 2023
Board fees	594	442
Consultancy fees	823	445
Accrued cash bonus	360	330
Benefits	50	60
Cash remuneration in respect of qualifying services	**1,827**	**1,277**
Average number of Directors	8	6

There were no directors' share awards that vested in the year (2023: Nil).

The highest paid Director in the year ended 31 December 2024 received cash remuneration, excluding notional gains on share options or performance rights, of $0.7m (2023: $0.9m).

10. FINANCE INCOME AND EXPENSE

(In USD '000)	Note	Year Ended 31 December 2024	Year Ended 31 December 2023
Interest income		580	1,567
Foreign exchange gain		-	209
Interest income capitalised within property, plant and equipment	12	(129)	(827)
Finance income		**451**	**949**

Interest income of $0.1m (2023: $0.8m) and accrued interest expense of $7.8m (2023: $13.0m) on the Orion Senior Debt Finance Package has been capitalised within additions to the mine under construction asset, a net capitalised amount of $7.7m (2023: $12.2m) as shown in note 13.

Interest income relates to interest earned on cash holdings.

(In USD '000)	Note	Year Ended 31 December 2024	Year Ended 31 December 2023
Interest expense	19	12,651	1,718
Fair value of copper stream liability	19	12,142	2,549
Interest expense on lease liabilities	13	607	1,103
Amortisation of day one fair value gain on Copper Stream	17	105	92
Unwinding of the discount on the rehabilitation provision	18	62	-
Foreign exchange loss		3,139	-
Finance expense		**28,706**	**5,462**

$12.4m of interest expense comprises accrued interest on the Orion Senior Debt Finance Package (2023: $1.7m wholly relates to the QRC convertible bond). See note 19 for further details.

11. TAXATION

a) Current taxation

(In USD '000)	Year Ended 31 December 2024	Year Ended 31 December 2023
Current tax expense	–	–
Prior year tax expense	–	–
Overseas tax	–	–
Deferred tax credit (note b)	4,863	–
Income tax credit	**4,863**	**–**

The table below reconciles the tax credit on the Group's loss for the year with the standard rate of corporation tax in the United Kingdom:

(In USD '000)	Year Ended 31 December 2024	(Restated) Year Ended 31 December 2023
Loss before tax	67,354	30,112
Tax credit on loss at standard UK rate of 25% (2023: 23.52%)	16,839	7,082
Effects of:		
Income not taxable	1,896	59
Expenses not deductible for tax purposes	(1,093)	(1,465)
Effect of overseas tax rates	(10,911)	(2,166)
Amounts not recognised	(1,868)	(3,510)
Total tax credit	**(4,863)**	**-**

Corporate income tax is calculated at 25% (2023: 23.52%) of the assessable profit for the year for the UK parent company, 15% (2023: 15%) for the operating subsidiaries in Serbia, and 10% (2023: 10%) for the operating subsidiaries in Bosnia and Herzegovina.

Expenses not deductible for tax purposes include share-based payment charges, impairment and depreciation and amortisation charges.

b) Deferred income tax asset

The deferred tax asset comprises:

(In USD '000)	Year ended 31 December 2024	Year ended 31 December 2023
Deferred tax asset recoverable within 12 months	4,493	-
Deferred tax asset recoverable after 12 months	370	–
Deferred tax asset	**4,863**	**-**

A $4.9m (2023: Nil) deferred tax asset has been recognised in respect of $48.6m (2023: Nil) tax losses at the main operating subsidiary in Bosnia and Herzegovina. The total tax losses carried forward were $49.3m (2023: $17.1m) however $0.7m (2023: Nil) have been excluded from the deferred tax asset calculation as they expire within twelve months.

(In USD '000)	**Year ended 31 December 2024 Recognised**	**Year ended 31 December 2024 Unrecognised**
Tax Losses	4,863	16,948
Deferred taxation asset	**4,863**	**16,948**

(In USD '000)	Year ended 31 December 2023 Recognised	Year ended 31 December 2023 Unrecognised
Tax Losses	-	14,313
Deferred taxation asset	**-**	**14,313**

At year-end, potential deferred tax assets of $17.1m (2023: $14.3m) relating to tax losses of $75.3m (2023: $75.6m) were not recognised as it is not probable that future taxable profits will be available against which the associated unused tax losses can be utilised.

$16.1m of these losses relate to the Serbia operating subsidiaries and have the below expiry dates:

- <1 year: $1.7m
- 1-2 years: $5.2m
- 2-5 years: $9.2m

The remaining losses relate to the UK parent company and have no expiry date.

12. PROPERTY, PLANT AND EQUIPMENT

Cost (In USD '000)	Note	Land & Buildings	Plant & Machinery	Restated[1] Mine under Construction	Restated[1] Total
31 December 2022		**4,781**	**2,026**	**71,804**	**78,611**
Additions		828	2,062	122,021	124,911
Capitalised net interest	12, 19	-	-	12,172	12,172
Capitalised depreciation	12	-	-	2,006	2,006
Reassessment of rehabilitation provision	18	-	-	(757)	(757)
31 December 2023		**5,609**	**4,088**	**207,246**	**216,943**
Additions		1,111	4,892	49,686	55,689
Capitalised net interest	12, 19	-	-	7,687	7,687
Capitalised depreciation	12	-	-	2,665	2,665
Reassessment of rehabilitation provision	18	-	-	1,660	1,660
Transfer		2,442	10,520	(12,962)	-
31 December 2024		**9,162**	**19,500**	**255,982**	**284,644**
Depreciation (in USD '000)					
31 December 2022		**61**	**497**	**192**	**750**
Charge for the year		24	452	-	476
31 December 2023		**85**	**949**	**192**	**1,226**
Charge for the year		517	1,874	-	2,391
31 December 2024		**602**	**2,823**	**192**	**3,617**
Net Book Value (in USD '000)					
31 December 2023		**5,524**	**3,139**	**207,054**	**215,717**
31 December 2024		**8,560**	**16,677**	**255,790**	**281,027**

[1] Refer to note 4.3 for details of the restatement of prior year results.

Capitalised interest consists of accrued interest expense in the year of $7.8m (2023: $13.0m) on the Orion Senior Debt Finance Package as set out in note 19, less $0.1m (2023: $0.1m) interest income, as set out in note 10.

Mine under construction amounts relate to the Vareš Silver Operation, located in Bosnia and Herzegovina.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of right-of-use assets accounted for in accordance with IFRS 16 and the movements during the year:

Cost (In USD '000)	Land & Buildings	Plant & Machinery	Total
31 December 2022	**794**	**8,160**	**8,954**
Additions	1,097	600	1,697
Depreciation	(346)	(2,051)	(2,397)
Foreign exchange difference	64	2	66
31 December 2023	**1,609**	**6,711**	**8,320**
Additions	133	6,431	6,564
Termination	(432)	(5,950)	(6,382)
Modification	(335)	-	(335)
Depreciation	(501)	(2,759)	(3,260)
Foreign exchange difference	(10)	-	(10)
31 December 2024	**464**	**4,433**	**4,897**

In June 2022, Adriatic and Nova Mining & Construction d.o.o, entered into a five-year mining services contract. On 20 April 2024, Adriatic and Nova agreed to terminate the Mining Services Contract, and enter into a settlement and termination agreement effective on 20 April 2024. Under the terms of the settlement and termination agreement, Adriatic assumed financial liabilities with Sandvik Mining and Construction amounting to $6.4m for underground mining equipment to be used by Adriatic.

This has been treated as a termination of the previous lease agreement with Nova Mining and a new lease addition under IFRS 16 with Sandvik Mining and Construction.

Depreciation relating to right-of-use assets taken to mine under construction includes capitalised depreciation of $2.7m (2023: $2.0m), as set out in note 12. The corresponding charge in the income statement is $0.6m (2023: $0.4m).

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In USD '000)	Land & Buildings	Plant & Machinery	Total
31 December 2022	**884**	**7,302**	**8,186**
Additions	982	600	1,582
Interest expense	105	999	1,104
Payments	(466)	(2,357)	(2,823)
Foreign exchange difference	85	2	87
31 December 2023	**1,590**	**6,546**	**8,136**
Additions	132	6,454	6,586
Termination	(447)	(6,005)	(6,452)
Modification	(377)	-	(377)
Interest expense	72	535	607
Payments	(496)	(2,861)	(3,357)
Foreign exchange difference	(39)	-	(39)
31 December 2024	**435**	**4,669**	**5,104**

Of the total lease liabilities amount, $3.6m (2023: $1.5m) is recognised as a current liability and the remainder $1.5m (2023: $6.6m) is shown within non-current liabilities. The maturity analysis of contractual undiscounted cash-flows is in note 22b.

The following are the amounts recognised in the statement of comprehensive income:

Cost (In USD '000)	Note	12 months to December 2024	12 months to December 2023
Depreciation expense of right-of-use assets	13	3,260	2,397
Less: right-of-use asset depreciation capitalised to mine under construction	12	(2,665)	(2,007)
Total depreciation		**595**	**390**
Interest expense on lease liabilities	10	607	1,103
Total amount recognised in profit or loss		**1,202**	**1,493**

The following are the amounts recognised in the statement of cashflow:

Cost (In USD '000)	12 months to December 2024	12 months to December 2023
Capital payments on leases	(2,750)	(1,719)
Interest paid on leases	(607)	(1,103)
Total amount paid in respect of lease liabilities	**(3,357)**	**(2,822)**

14. EXPLORATION AND EVALUATION ASSETS

Cost (In USD '000)	Raška Project in Serbia	Total Exploration & Evaluation Assets
31 December 2022	8,500	8,500
31 December 2023	**8,500**	**8,500**
Net Book Value (In USD '000)		
31 December 2023	8,500	8,500
31 December 2024	**8,500**	**8,500**

Exploration and evaluation assets relate to the Raška Project in Serbia. Exploration activities are ongoing in order to progress towards a JORC mineral resource.

The Raška Project is managed as a single project and if advanced to the production stage, it is anticipated that there would be a single processing plant. The project is therefore treated as a single cash generating unit, with the post-impairment value of $8.5m attributed to the Raška Project as a whole instead of to specific tenements.

No further indicators of impairment or reversal of previous impairment have been identified in the year to 31 December 2024, the carrying value of $8.5m remains unchanged from prior year.

15. INVENTORY

(In USD)	31 December 2024	31 December 2023
Ore stockpiles	10,826	121
Spares and consumables	4,058	1,432
Finished goods	1,886	-
Total inventories	**16,770**	**1,553**

The Group recognises all inventory at the lower of cost and net realisable value and did not have any slow-The Group recognises all inventory at the lower of cost and net realisable value, and did not have any slow-moving, obsolete, or defective inventory as at 31 December 2024, and therefore there were no write-offs to the income statement during the year (2023: Nil).

The total inventory recognised through the income statement was $11.9m (2023: Nil).

All ore stockpiles are expected to be processed in 12 months and are therefore current.

16. TRADE AND OTHER RECEIVABLES

(In USD '000)	31 December 2024	31 December 2023
Current		
Contract asset	1,401	-
Prepayments and deposits	6,559	6,585
Unamortised deferral of Copper Stream fair value at initial recognition	105	99
VAT receivables	4,788	6,364
Other receivables	543	164
	13,396	**13,212**
Non-Current		
Unamortised deferral of Copper Stream fair value at initial recognition	1,570	1,680
Total	**14,966**	**14,892**

Trade and other receivables are accounted for under IFRS 9 using the expected credit loss model and are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses. Due to the nature of its sales model and credit terms of 3-30 days, expected credit loss exposure to the Group is insignificant.

$4.6m (2023: $6.1m) of total prepayments relates to the Vareš Silver Operation prepayments and deposits which represent advance payments in respect of equipment purchases.

At 31 December 2023, Copper Stream deposit was subject to a day 1 fair value adjustment of $1.9m with a corresponding day one deferral in other debtors, which will be amortised over the life of the stream. Amortisation at 31 December 2024 amounts to $0.1m (2023: $0.1m), resulting in an unamortised balance of $1.7m of which $0.1m (2023: $0.1m) is current and $1.6m (2023: $1.7m) is non-current.

17. TRADE AND OTHER PAYABLES

(In USD '000)	31 December 2024	Restated[1] 31 December 2023
Trade payables	14,629	13,720
Accrued liabilities	19,520	8,646
Deferred revenue	1,929	-
Other payables	1,265	537
	37,343	**22,903**

[1] Refer to note 4.3 for details of the restatement of prior year results.

The carrying value of all the above payables is equivalent to fair value. All trade and other payables are payable within less than one year for both reporting periods.

Accrued liabilities were higher at year-end due to an increase in employees and contractors causing an uplift in global employment taxes and social security contributions owed.

18. REHABILITATION PROVISION

(In USD '000)	Note	31 December 2024	31 December 2023
At 1 January		3,674	4,431
Change in estimate	12	1,660	(757)
Unwinding of discount	10	62	-
At 31 December		**5,396**	**3,674**

The Group provision for the asset retirement obligation associated with mining activities at Vareš Silver Operation at 31 December 2024 was $5.4m (2023: $3.7m).

The provision represents the net present value of the Company's best estimate of the Vareš Silver Operation's future closure, restoration and environmental obligations, based on the extent of land and other disturbance caused by construction and other activities.

The increase in estimate in relation to the asset retirement obligation is primarily due to additional estimated costs due to development in 2024 as well as an update to the discount rate to 4.9% (2023: 4.2%) and inflation rate to 2.0% (2023: 2.5%) using latest estimates.

The present value of the above provision is measured by unwinding the discount on expected future cash flows over the period up to closure, using a discount rate of 4.9% (2024: 4.3%) that reflects the risk-free rate of interest. The yield of US Treasury bonds with a maturity profile commensurate with the anticipated rehabilitation schedule has been used to determine the discount factor applied to anticipated future rehabilitation costs.

The sensitivity of the provision to a 1% change in the discount factor is shown below:

- a decrease from 4.9% to 3.9% would increase the provision by $0.95m with a corresponding increase in Property, plant and equipment; and
- an increase from 4.9% to 5.9% would decrease the provision by $0.8m with a corresponding decrease in Property, plant and equipment.

Future climate change risks could impact the rehabilitation provision both in terms of the nature of decommissioning and rehabilitation required, as well as the cost of these activities given its long-term nature. Climate change risks and mitigations have been considered in the TCFD Climate Disclosure within the Directors report.

19. BORROWINGS AND DERIVATIVE LIABILITY

a) Total borrowings and derivative liability

(In USD '000)	Orion Senior Secured Debt	Copper Stream	QRC Convertible Debt	Total Borrowings	Derivative Liability on QRC Convertible Debt
At 31 December 2022	**(26,212)**	**-**	**(16,286)**	**(42,498)**	**(6,369)**
Additions	(58,560)	(22,500)	-	(81,060)	-
Interest expense	(13,000)	-	(1,718)	(14,718)	-
Payment of Interest	-	-	1,895	1,895	-
Day one fair value adjustment	-	(1,871)	-	(1,871)	-
Fair value adjustment		(2,548)		(2,548)	-
Revaluation of fair value embedded option	-	-	-	-	(3,541)
At 31 December 2023	**(97,772)**	(26,919)	**(16,109)**	(140,800)	**(9,910)**
Additions	(29,228)		-	(29,228)	-
Interest expense	(18,479)		(305)	(18,784)	-
Loan modification	(1,592)		-	(1,592)	-
QRC conversion	-	-	16,414	16,414	3,453
Fair value adjustment	-	(12,142)	-	(12,142)	6,457
Payments	-	629	-	629	-
At 31 December 2024	**(147,071)**	**(38,432)**	**-**	**(185,503)**	**-**

Year end balances are analysed below:

(In USD '000)	Orion Senior Secured Debt	Copper Stream	QRC Convertible Debt	Total Borrowings	Derivative Liability on QRC Convertible Debt
At 31 December 2024					
Current liability	(75,917)	(4,072)	-	(79,989)	-
Non-current liability	(71,154)	(34,360)	-	(105,514)	-
	(147,071)	**(38,432)**	**-**	**(185,503)**	**-**
At 31 December 2023					
Current liability	(30,177)	(1,087)	(16,109)	(47,373)	(9,910)
Non-current liability	(67,595)	(25,832)	-	(93,427)	--
	(97,772)	**(26,919)**	**(16,109)**	**(140,800)**	**(9,910)**

b) Orion Senior Secured Debt

On 10 January 2022, the Group announced the completion of a $142.5m debt financing package ("Orion Debt Finance Package"), with Orion Resource Partners (UK) LLP ("Orion") comprising:

- $120m Senior Secured Debt; and
- $22.5m Copper Stream

Under the terms of this agreement, the Senior Secured Debt maturity date is 30 June 2027. Interest accrues daily at an annual rate equal to a margin of 7.5% plus the greater of (i) a floor of 0.26161% plus the CME Term SOFR for a period equal to three months and (ii) the floor of 0.26161%. Interest is payable on each interest repayment date, on the final maturity date, and on any earlier date on which a loan is prepaid in full or in part.

The First Repayment Date was the earlier of the Project Completion Longstop Date of 30 June 2024 and the last business day of the quarter following the quarter in which the Project Completion Date falls. The repayment schedule provides for the repayment of the loan in 10 equal quarterly installments in each of the 10 successive quarters, with the first such quarterly repayment occurring on the First Repayment Date and the repayment in each successive quarter occurring on the last Business Day of the relevant quarter.

The Orion Debt Finance Package contains covenants and restrictive covenants typical for a project financing, including in relation to financial reporting. It also contains security customary for a project financing, principally security over the assets of Adriatic Metals BH d.o.o. and material project-related contracts held by the Adriatic Group. A DSCR covenant of above 1.25x is included in the Orion Debt Finance Package.

Secured Overnight Financing Rate ("SOFR") is a secured interbank overnight interest rate used as a reference rate by parties in commercial contracts, as an alternative to LIBOR which was discontinued in 2021. The CME SOFR is administered by the CME Group.

In January 2024, the Orion Senior Secured Debt fourth tranche of $30m was drawn net of a 2% fee of $0.6m and associated legal and other fees of $0.2m, with a net amount received of $29.2m. At 31 December 2024, these Orion fees and a further amount of transaction fees incurred by the Group totalling $0.8m were recognised as a deduction from the value of borrowings in accordance with IFRS 9, on the basis that they represented transaction costs directly attributable to the acquisition of the borrowings.

First Modification of Facility

On 22 January 2024, the Group amended the terms of the original Senior Secured Debt agreement as below:

- The Project Completion Longstop Date of 30 June 2024 was extended to 31 December 2024 and became the First Repayment Date;
- A fee applicable to the amendment ("the Front End Fee") of $0.8m was payable immediately following the utilisation date for the fourth draw down and added to the principal amount of the loans then outstanding;
- The Company was required to ensure that prior to 31 July 2024, the QRC Convertible Debt was finally, fully and irrevocably discharged or converted into equity without incurring financial indebtedness in relation to the same.

Additional Facility

On 21 April 2024, the Group negotiated an additional debt facility of $25m with an arrangement fee payable of $0.2m. These funds were to be made available in a single tranche during the period 1 September 2024 – 31 December 2024.

The tranche had to be repaid within six months of utilisation in cash or, at Orion's option, in silver credits. The amount of any silver credits used to repay the additional tranche was to be calculated by reference to market price discounted by 2%.

This facility was undrawn during 2024.

Second Modification of Facility

On 6 December 2024, the Group made further amendments to the terms of the original Senior Secured Debt agreement as below:

- The Project Completion Longstop Date of 31 December 2024 was extended to 31 March 2025 and became the First Repayment Date;
- The additional commitment of $25m made available under the terms of the Deed of Amendment was cancelled;
- A fee applicable to the amendment ("the Amendment Fee") of $0.5m became payable on the Amendment Date and was added to the principal amount of the loan then outstanding;
- Orion may elect to have the first repayment instalment paid in silver credits. If so, the amount of any silver credits used to repay the first repayment instalment is to be calculated by reference to market price discounted by 2%.

During 2024 the applicable CME Term SOFR has fluctuated between 4.60367% and 5.33156%, meaning that the total interest rate applicable has fluctuated between 12.36528% and 13.15643%. The first DSCR testing period is expected to be late-2025, and six monthly thereafter. The Company's forecasts show headroom above the requirement of 1.25x.

The Group is entitled to deduct the amount of any payment it makes to the Adriatic Foundation on behalf of the Lenders from any interest accrued in the last quarter of each year.

Post period on 28 March the Group made its first debt repayment of $19.5m to Orion Mine Finance.

c) Copper Stream

On 13 February 2023 the Company announced that all conditions precedent for the $22.5m Copper Stream had been satisfied and that the Copper Stream deposit funds had been received as a prepayment for the Copper Stream agreement with OMF Fund III.

During the year, Gold Royalty Corp announced that it had entered into a binding purchase and sale agreement with OMF Fund III to acquire the Copper Stream on the Vareš Silver Operation. The Company was not impacted by the transaction nor a party to it, and the terms of the Copper Stream have not changed.

In accordance with the Copper Stream agreement, the Group will deliver copper warrants purchased on the London Metal Exchange with a value equal to 24.5% of the payable copper in concentrates sold at the official LME copper cash price. Gold Royalty will pay 30% of the value of copper warrants with the remaining 70% being credited to the prepayment. Copper warrants are delivered monthly when the Group exceeds the threshold of 25 tonnes of payable copper contained in produced concentrates.

The agreement will be effective for an initial term of 40 years from the signing date and thereafter will automatically be extended for any successive 20 year additional periods unless there have been no active mining operations during the last 20 years of the initial term or throughout such additional periods, in which case the agreement will terminate at the end of the initial term or such additional period, as applicable. The agreement may also be terminated by the parties on mutual written consent or in the event of default.

The Group's obligations under the Copper Stream agreement are accounted for as a financial liability at fair value through profit or loss and comprise the following at 31 December 2024:

(In USD '000)	31 December 2024
At 1 January 2024	26,919
Fair value adjustment at 31 December 2024	12,142
Copper warrant deliveries	(629)
At 31 December 2024	**38,432**

As the fair value of copper warrants depends on copper price volatilities and a risk-adjusted discount rate which are unobservable inputs, the financial liability above is classified within Level 3 of the fair value hierarchy.

The valuation of the Copper Stream financial liability was prepared by management on a nominal basis. The finance department performs the valuation, with support from external experts. The assumptions used were the life of mine based on latest mineral reserves, copper production, the nominal copper forward price curve and the nominal discount rate based on an adjusted Group weighted average cost of capital.

The following table contains sensitivities showing the impact of a 10%, 15% and 20% discount factor compared with the discount rate used by the Group of 14.65% (2023: 18.94%).

	10%	15%	20%
Valuation at 31 December 2024	**48,899**	**37,798**	**30,385**

The following table contains sensitivity analysis showing the impact of a plus or minus percentage applied to the forecast nominal copper prices used in the Copper Stream valuation compared with those used by the Group

	+5%	+10%	+15%
Valuation at 31 December 2024	**40,354**	**42,276**	**44,198**

	-5%	-10%	-15%
Valuation at 31 December 2024	**36,511**	**34,589**	**32,668**

d) QRC convertible debt

The Group issued $20m 8.5% convertible debt through a deed of covenant dated 30 November 2020. The debt was convertible into fully paid equity securities in the share capital of the issuer, subject to the conditions of the debt issue.

The debt was converted into shares on 4 March 2024 whereby the Group allotted 10,981,770 new ordinary shares of £0.013355 each which were issued to Queens Road Capital Investment Ltd following their decision to exercise their right to convert the bonds into equity. Following this conversion, the Company's issued share capital increased to 306,222,045 ordinary shares of £0.013355 each.

e) Derivative liability on QRC convertible debt

Management have revalued QRC's option to convert the debt into equity at 4 March 2024. For valuations of non-property items required for financial reporting, including level 3 fair values, the finance department performs the valuation, with support from external experts.

It was concluded that the call option in the hands of the bondholder satisfied the conditions stipulated by IFRS 9 Financial Instrument – Recognition and Measurement for the recognition of a derivative liability in the Group accounts and require a separate fair valuation.

The redemption options in the hands of the Company were concluded to fall outside the exemptions of IFRS 9 and to be closely related to the debt host contract. Therefore, the redemption options need not be separated from the debt host contract and hence need not be valued separately. The Group has accounted for both the embedded option and liability at fair value through profit and loss and at amortised cost respectively.

The Black Scholes model was chosen as the most appropriate pricing model to value QRC's option to convert the debt into equity and the valuation was updated at 4 March 2024. The main assumptions and inputs used in the options pricing model were as follows:

- Dividend yield – assumed to be nil because the Group has not declared or paid any dividends in prior years on ordinary shares.
- Strike price – The initial conversion price of AUD 2.7976 per ordinary share.
- Expected term – Judgement applied to assign probability to the various redemption and put options in the contract. Expected term of redemption calculated as 0.01 years from the valuation date.
- Expected volatility – Weekly volatility over the 0.01 years (<1 weeks) was calculated as 60.3% prevailing on ASX as of the valuation date.
- Risk-free rate – Risk free yield obtained from Australian Treasury bond issues converted into continuous compound yields.
- Value of underlying common stock price – The closing price of ordinary shares AUD 3.280 on the valuation date on the ASX.

Using the assumptions set out above, the Black Scholes value of the call option in the hands of the debt holder at the date of conversion was $3.5m.

20. NET DEBT AND BORROWINGS

An analysis of net debt and borrowings, including lease liabilities, and movements in each year is shown below.

(In USD '000)	Note	31 December 2024	31 December 2023
Cash and cash equivalents		20,697	44,856
Borrowings	19	(185,503)	(140,800)
Lease liabilities	13	(5,104)	(8,136)
		(169,910)	**(104,080)**

(In USD '000)	Borrowings	Lease liabilities	Cash and cash equivalents	Total
Net cash at 1 January 2023	**(42,498)**	**(8,187)**	**60,585**	**9,900**
Net cash used in operating activities	-	-	(22,886)	(22,886)
Net cash used in investing activities	-	-	(99,485)	(99,485)
Net proceeds from loans and borrowings	(81,060)	-	81,060	-
Lease additions	-	(1,581)	-	(1,581)
Foreign exchange movements	-	(87)	(356)	(443)
Changes in fair value	(4,420)	-	-	(4,420)
Interest expense	(14,718)	(1,103)	-	(15,821)
Net interest payments	1,896	844	(2,740)	-
Capital payments on leases	-	1,978	(1,978)	-
Net cash arising from issue of equity	-	-	30,656	30,656
Net borrowings at 31 December 2023	**(140,800)**	**(8,136)**	**44,856**	**(104,080)**
Net cash used in operating activities	-	-	(53,329)	(53,329)
Net cash used in investing activities	-	-	(44,821)	(44,821)
Net proceeds from loans and borrowings	(29,228)	-	29,228	-
Proceeds from exercise of warrants	-	-	2,498	2,498
Lease additions	-	(6,586)	-	(6,586)
Lease terminations	-	6,452	-	6,452
Lease modification	-	377	-	377
Foreign exchange movements	-	39	(681)	(642)
Debt conversion into equity	16,414	-	-	16,414
Changes in fair value	(10,818)	-	-	(10,818)
Interest expense	(21,700)	(607)	-	(22,307)
Net interest payments	-	607	(607)	-
Capital payments on stream liability	629	-	(629)	-
Capital payments on leases	-	2,750	(2,750)	-
Net cash arising from issue of equity	-	-	46,932	46,932
Net borrowings at 31 December 2024	**(185,503)**	**(5,104)**	**20,697**	**(169,910)**

21. FINANCIAL INSTRUMENTS

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy, depending on whether the fair value measurements are derived from:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); or
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction. Set out below are the financial instruments held at amortised cost and fair value through profit or loss and their fair value measurement hierarchy.

See note referenced for further detail on inputs to fair value for each financial instrument.

At 31 December 2024 (In USD '000)	Note	At amortised cost	At fair value through profit or loss	Total	Fair Value Hierarchy
Financial assets					
Cash and cash equivalents		20,697	-	20,697	N/A
Trade and other receivables	16	647	-	647	N/A
Total financial assets		**21,344**	**-**	**21,344**	
Financial liabilities					
Trade and other payables	17	19,952	-	19,952	N/A
Borrowings	19	147,071	38,432	185,503	Level 3*
Total financial liabilities		167,023	38,432	205,455	
Net financial (liabilities)		**(145,679)**	**(38,432)**	**(184,111)**	

*copper stream only

At 31 December 2023 (In USD '000)	Note	At amortised cost	At fair value through profit or loss	Total	Fair Value Hierarchy
Financial assets					
Cash and cash equivalents		44,856	-	44,856	N/A
Trade and other receivables	16	223	-	223	N/A
Total financial assets		**44,915**	**-**	**44,915**	
Financial liabilities					
Trade and other payables	17	17,672	–	17,672	N/A
Borrowings	19	113,881	26,919	140,800	Level 3*
Derivative liability	19	-	9,910	9,910	Level 3
Total financial liabilities		**131,553**	**36,829**	**168,382**	
Net financial (liabilities)		**(86,638)**	**(36,829)**	**(123,467)**	

*copper stream only

22. FINANCIAL RISK MANAGEMENT

a) Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from the risk that a counter-party will fail to perform its obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers.

Due to the nature of the business, the Group's exposure to credit risk arising from its operating activities is currently inherently low. However, the Audit & Risk Committee considers the risks associated with new material counterparties where applicable to ensure the associated credit risk is of an acceptable level.

The total carrying amount of cash and cash equivalents and trade and other receivables represents the Group's maximum credit exposure.

The Group's cash is held in major UK, Jersey, Australian, Serbian and Bosnian financial institutions, and as such the Group is exposed to credit risks of those financial institutions. Of the Group's year end cash holdings, 76% (2023: 72%) are located in UK and Jersey A1 or A2 rated institutions and as such are considered to have low credit risk.

Credit risk related to trade receivables is managed by the Group's commercial team. The expected credit loss on trade receivables is insignificant.

The Group's tax receivables primarily relate to value added taxes due from governments in the UK and Bosnia and Herzegovina. These amounts are excluded from the definition of financial instruments in the accounts and in any event are considered to have low credit risk.

The Board of Directors, with input from the Audit & Risk Committee, is ultimately responsible for monitoring exposure to credit risk on an ongoing basis and does not consider such risk to be significant at this time. As such, the Group considers all its financial assets to be fully collectible.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The following table analyses the Group's financial liabilities and derivatives into the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The contractual gross financial liabilities shown below are undiscounted estimated cash outflows which, where applicable, include estimated future interest payments, and certain amounts therefore differ from the amounts presented in the consolidated financial statements and elsewhere in the accompanying notes.

At 31 December 2024 (In USD '000)	<1 month	1-6 months	6-12 months	>12 months
Trade and other payables	7,520	12,400	26,227	-
Borrowings	245	40,448	39,629	190,664
Lease liabilities	318	1,763	1,736	1,563
	8,083	**54,611**	**67,592**	**192,227**

At 31 December 2023 (In USD '000)	<1 month	1-6 months	6-12 months	>12 months
Trade and other payables	17,673	-	-	-
Borrowings	-	13,951	27,630	163,062
Derivative liability	-	-	9,910	-
Lease liabilities	124	623	748	7,946
	17,797	**14,574**	**38,288**	**171,008**

c) Market risk

Foreign exchange risk

The Group conducts operations and exploration projects in Bosnia and Herzegovina and in Serbia. As a result, a portion of the Group's expenditures, receivables, cash and cash equivalents, accounts payable and accrued liabilities are denominated in Bosnian Marks, Serbian Dinar, Pound Sterling, Australian Dollars, and Euros and are therefore subject to fluctuation in exchange rates.

The Group manages foreign exchange risk by engaging with banking and treasury advisers to understand macroeconomic forces that could expose the business to foreign exchange losses. For operating working capital flows, the Group seek to, where possible, have Group entities settle liabilities denominated in their local currency with the cash generated from converting USD concentrate revenues to local currencies.

At 31 December 2024, a 10% change in the exchange rate between USD and the Euro, Bosnian Mark and Serbian Dinar, which is a reasonable estimation of volatility in exchange rates, would have an impact of approximately $3.7m (2023: $1.4m) on the Group's total comprehensive loss, and approximately $0.5m (2023: $1.6m) on the balance of cash and cash equivalents.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings issued at variable rates (see note 19) which includes a margin of 7.5%.

Management regularly monitors the impact of a change in the variable interest rate to the Group's financial results. In the current year, the impact of a 10% increase/decrease in the reference rate would result in a financial loss/gain of $1.3m (2023: $0.4m).

d) Fair values

The fair value of cash, receivables, accounts payable and accrued liabilities approximate their carrying amounts due to the short term nature of the instruments.

As set out in note 21, fair value measurements recognised in the consolidated statement of financial position subsequent to their initial fair value recognition can be classified into Levels 1 to 3 based on the degree to which fair value is observable.

There were no transfers between any levels of the fair value hierarchy in the current or prior years.

e) Capital management

The Group's objectives in managing capital are to safeguard its ability to operate as a going concern while pursuing exploration and development, and opportunities for growth through identifying and evaluating potential acquisitions of assets or businesses. The Group defines capital as the equity attributable to equity shareholders of the Group which at 31 December 2024 was $118.8m (31 December 2023: $108.4m).

The Group sets the amount of capital in proportion to its risk and corporate growth objectives. The Group manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets.

23. SHARE CAPITAL

23.1. AUTHORISED SHARE CAPITAL

The authorised share capital of the Company consists of an unlimited number of voting ordinary shares with a nominal value of £0.013355.

23.2. COMMON SHARES ISSUED AND FULLY PAID

	Ordinary Shares (Number)
31 December 2022	**272,746,292**
Issue of share capital	14,807,632
Shares issued on exercise of options and performance rights	5,180,495
31 December 2023	**292,734,419**
Issue of share capital	18,254,838
QRC Bond Conversion	10,981,770
Shares issued on exercise of warrants and performance rights	2,505,856
31 December 2024	**324,476,883**

The average price paid for shares issued in the year was $2.40 per share (31 December 2023: $1.64 per share).

24. SHARE OPTIONS AND PERFORMANCE RIGHTS

All share options and performance rights are issued under the Group's share option plan.

The following table summarises movements of the Company's share option plan:

	Weighted average exercise price of options (USD)	Number of options	Number of performance rights	Total options and performance rights
31 December 2022	**0.46**	**5,174,300**	**941,594**	**6,115,894**
Granted	N/A	-	1,811,174	1,811,174
Exercised	0.13	(5,018,260)	(588,194)	(5,606,454)
Expired	1.47	(14,940)	(102,503)	(117,443)
31 December 2023	**2.25**	**141,100**	**2,062,071**	**2,203,171**
Granted	N/A	-	1,527,196	1,527,196
Exercised	N/A	-	(91,386)	(91,386)
Expired	2.21	(141,100)	(302,015)	(443,115)
31 December 2024	**N/A**	**-**	**3,195,866**	**3,195,866**

On exercise, holders of performance rights are required to pay £0.013355 for each performance right exercised, being the nominal value of one ordinary share.

No options were granted during the year or prior year. Performance rights granted in the year were valued using the Black-Scholes method (see note 24.2 below).

Options outstanding and exercisable:

Grant date	Expiry date	Option exercise	Expiry date	Number exercisable
8 October 2020	28 February 2024	£1.80	-	91,300
8 October 2020	7 March 2024	£2.22	-	24,900
8 October 2020	19 August 2024	£1.20	-	24,900
				141,100

Performance rights outstanding and exercisable:

At 31 December 2024 Grant date	Performance rights outstanding	Weighted average remaining contractual life (Years	Expiry date	Number exercisable
17 February 2022	8,557	1.0	31 December 2025	8,557
5 April 2022	25,000	-	31 December 2024	-
23 February 2023	146,996	2.0	31 December 2026	78,193
24 May 2023	142,778	3.4	1 January 2028	-
24 May 2023	434,272	3.4	24 May 2028	-
18 September 2023	911,067	3.4	24 May 2028	-
12 June 2024	499,240	4.2	22 May 2029	499,240
12 December 2024	1,027,956	4.9	12 December 2029	1,027,956
	3,195,866			**1,613,946**

Performance rights outstanding and exercisable:

At 31 December 2023 Grant date	Performance rights outstanding	Weighted average remaining contractual life (Years	Expiry date	Number exercisable
17 February 2022	100,000	0.0	31 December 2023	100,000
17 February 2022	100,000	0.5	30 June 2024	100,000
17 February 2022	23,765	2.0	31 December 2025	14,537
5 April 2022	100,000	0.0	31 December 2023	100,000
5 April 2022	25,000	1.0	31 December 2024	-
23 February 2023	225,189	3.0	31 December 2026	78,193
24 May 2023	142,778	4.0	1 January 2028	-
24 May 2023	434,272	4.4	24 May 2028	-
18 September 2023	911,067	4.4	24 May 2028	-
	2,062,071			**392,730**

24.1. SHARE-BASED PAYMENT RESERVE

The following table presents changes in the Group's share-based payment reserve during the year ended 31 December 2024:

(In USD '000)	Share-based payment reserve
31 December 2022	**4,943**
Exercise of share options and performance rights	(2,337)
Issue of performance rights	1,645
Short term incentive plan awards	(576)
Expiry/cancellation of share options and performance rights	(84)
31 December 2023	**3,591**
Exercise of share options and performance rights	(197)
Issue of performance rights	1,599
Expiry/cancellation of share options and performance rights	(191)
31 December 2024	**4,802**

24.2. SHARE-BASED PAYMENT EXPENSE

During the year ended 31 December 2024; the Group recognised share-based payment expenses of $1.4m (31 December 2023: $1.6m).

The fair value of the share-based compensation was estimated on the dates of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year Ended 31 December 2024	Year Ended 31 December 2023
Risk-free interest rate	3.65% - 4.05%	3.01% - 3.93%
Expected volatility (1)	48% - 55%	39% - 56%
Expected life (years)	4.78 – 5.00	3.85-5.01
Fair value per performance right	$1.62 - $2.64	$1.03 - $2.23

1. Expected volatility is derived from the Company's historical share price volatility.

All options and performance rights have both market and non-market vesting conditions with the exception of those issued to Non-Executive Directors in prior periods. Non-market vesting conditions include Group and individual performance targets such as permitting milestones, exploration drilling rates or completion of business improvement projects. Details of the vesting condition relating to options and performance rights issued to Executive Directors are included in the Remuneration & Nomination Committee Report.

25. RELATED PARTY DISCLOSURES

25.1. RELATED PARTY TRANSACTIONS

The Group's related parties include key management personnel, companies which have directors in common and their subsidiaries and any entities over which the Company may exert significant influence. The Company has identified the following other related parties:

- Black Dragon Gold Corp (until 9 August 2024), an entity of which Paul Cronin is the Non-Executive Chairman and substantial shareholder;
- Legal Solutions d.o.o. (until 9 August 2024), an entity of which Sanela Karic is Chief Executive Officer and substantial shareholder;
- The Adriatic Foundation is a not-for-profit trust which was created in Bosnia and Herzegovina with the objective of supporting the communities around the Vareš Silver Operation. Adriatic Metals PLC provided the initial funding required for the formation of the Foundation. The Company has the ability to appoint the Board of Trustees of the Foundation and the Foundation has therefore been classified as a related party on the basis that the Company is in a position to yield significant influence over it.

There were no material transactions with related parties during 2024 or material balances owed to or from related parties as at year-end (2023: Nil).

The Company announced on 9 June 2021 its intention to donate 0.25% of the future profits from its operations in Bosnia and Herzegovina to the Foundation. No amendment to this intention has been made during 2024.

Transactions with key management personnel are disclosed below.

25.2. KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation for key management personnel is shown in the table below. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel are considered to be the Non-Executive Directors and the Managing Director and Chief Executive Officer.

(In USD '000)	Year Ended 31 December 2024	Year Ended 31 December 2023
Board fees	594	441
Consultancy fees	823	445
Short term incentive plan bonus	360	330
Other	50	-
Cash remuneration in respect of qualifying services	**1,827**	**1,216**
Share-based payments expense	531	290
Social security costs	25	29
	2,383	**1,535**

Share-based payments expense is stated at fair value at the time of grant using the Black-Scholes option pricing model. Further details are available in note 24.2 of the accounts.

Consultancy fees above include amounts paid to related party companies controlled by key management personnel.

The balances owed at 31 December 2024 in respect of STIP bonuses were $0.4m in respect of the Managing Director and Chief Executive Officer (2023: $0.3m). There were no other balances outstanding with related parties at 31 December 2024 (2023: Nil).

26. CAPITAL COMMITMENTS AND CONTINGENCIES

At 31 December 2024, the Group had total capital commitments contracted for by not yet incurred of $9.1m (2023: $11.0m).

The Directors are not aware of any contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group.

27. SUBSEQUENT EVENTS

On 16 January 2025, the Company announced that the binding agreement for the $25m concentrate prepayment arrangement with Trafigura, previously announced on 12 December 2024, had been executed and closed with funds drawn down.

The prepayment includes the delivery of zinc and lead-silver concentrates at market prices over a 12-month period. The prepaid amount is unsecured, includes a 3-month grace period and will be paid down in line with deliveries over the final nine months of the arrangement.

The transaction includes extended offtake agreements for approximately 100kt of zinc and lead-silver concentrates into 2027, with increased payabilities and lower treatment charges compared to existing offtakes.

Due to the rescheduled debt repayments and prepayment arrangement with Trafigura, Orion and the Company have cancelled the additional Orion loan facility of $25m that was previously announced on 22 April 2024.

On 18 February 2025, the Company announced the successful completion of its capital raise of approximately A$80.0m (approximately US$50.0m) via the issue of 20,512,821 CHESS Depositary Interests ("New CDIs") over new fully paid ordinary shares in the Company ("New Ordinary Shares") at A$3.90 per New CDI (the "Offer Price").

Parent Company Statement of Financial Position

At 31 December 2024

(In USD)	Note	31 December 2024 $'000	31 December 2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents		2,712	29,676
Trade and other receivables	5	47,730	33,158
Total current assets		**50,442**	**62,834**
Non-current assets			
Investment in subsidiaries	11	36,546	34,929
Trade and other receivables	5	106,798	67,653
Property, plant and equipment	6	35	29
Right-of-use asset	7	-	216
Total non-current assets		**143,379**	**102,827**
Total assets		**193,821**	**165,661**

The above Parent Company statement of financial position should be read in conjunction with the accompanying notes.

The Company's loss after tax for the year ended 31 December 2024 was $17.8m (year ended 31 December 2023: $12.6m).

The Parent Company Financial Statements of Adriatic Metals PLC, registered number 10599833, were approved and authorised for issue by the Board of Directors on 30 March 2025 and were signed on its behalf by:

Laura Tyler
Managing Director and Chief Executive Officer

Michael Horner
Interim Chief Financial Officer

(In USD)	Note	31 December 2024 $'000	31 December 2023 $'000
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	9	2,649	1,677
Lease liabilities	8	-	49
Borrowings	10	-	16,109
Derivative liability	10	-	9,910
Total current liabilities		**2,649**	**27,745**
Non-current liabilities			
Lease liabilities	8	-	206
Total non-current liabilities		**-**	**206**
Total liabilities		**2,649**	**27,951**
Equity			
Share capital		6,253	5,713
Share premium		243,449	174,146
Merger reserve		23,498	23,498
Warrants reserve		-	2,743
Share-based payment reserve		4,802	3,591
Foreign currency translation reserve		2,514	2,514
Retained deficit		(89,344)	(74,495)
Total equity		**191,172**	**137,710**
Total liabilities and equity		**193,821**	**165,661**

Parent Company Statement of Changes in Equity

For the year ended 31 December 2024

(In USD '000)	Share Capital	Share Premium	Merger Reserve[3]	Share- Based Payment Reserve	Warrants Reserve[3]	Foreign Currency Translation Reserve[2]	Retained Deficit[1]	Total Equity $'000
31 December 2022	**5,376**	**143,830**	**23,498**	**4,943**	**2,743**	**2,514**	**(64,257)**	**118,649**
Comprehensive expense for the year								
Loss for the year	-	-	-	-	-	-	(12,575)	(12,575)
	-	**-**	**-**	**-**	**-**	**-**	**(12,575)**	**(12,575)**
Issue of share capital	251	31,428	-			-	-	31,679
Share issue costs	-	(2,111)	-	-	-	-	-	(2,111)
Exercise of options	81	470	-	(2,337)	-	-	2,337	551
Issue of options	-	-	-	1,645	-	-	-	1,645
2022 STIP awards	5	529	-	(576)	-	-	-	(42)
Expiry/cancellation of options/warrants	-	-	-	(84)	-	-	-	(84)
31 December 2023	**5,713**	**174,146**	**23,498**	**3,591**	**2,743**	**2,514**	**(74,495)**	**137,710**
Comprehensive expense for the year								
Loss for the year	-	-	-	-	-	-	(17,789)	(17,789)
		-	**-**	**-**	**-**	**-**	**(17,789)**	**(17,789)**
Issue of share capital	309	49,691	-	-	-	-		50,000
Share issue costs		(3,068)	-	-	-	-		(3,068)
Exercise of options	231	22,680		(197)	(2,498)	-	2,695	22,911
Issue of options	-	-	-	1,599	-	-	-	1,599
Expiry/cancellation of options/warrants	-	-	-	(191)	(245)	-	245	(191)
31 December 2024	**6,253**	**243,449**	**23,498**	**4,802**	**-**	**2,514**	**(89,344)**	**191,172**

1. Retained deficit include all other net gains and losses and transactions with owners, including dividends. No dividends paid to date.
2. Foreign currency reserve arose in FY22, on change to functional currency from GBP to USD.
3. The merger reserve was created and warrants issued as part of Tethyan Resources Corp acquisition.

The above Parent Company statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Parent Company Financial Statements

1. CORPORATE INFORMATION

These Financial Statements represent the individual financial statements of Adriatic Metals Plc (the "Parent Company") for the year ended 31 December 2024. The Company is the parent of the Adriatic Metals Plc Group and its principal activity is to act as a holding company for the Group.

The Company is a public company limited by shares and incorporated in England and Wales. The registered office is located at 4th Floor 3 Hanover Square, London, W1S 1HD.

The Parent Company Financial Statements were authorised for issue by the Board of Directors on 30 March 2025.

2. BASIS OF PREPARATION

i) Statement of compliance

In preparing these financial statements, the Company applies Financial Reporting Standards 101, 'Reduced Disclosure Framework' (FRS 101 'Reduced Disclosure Framework'), and applicable law.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned Group companies;
- Comparative year reconciliations for share capital, and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; a statement of compliance with FRS 101 is provided instead.
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Group include the equivalent disclosures, the Parent Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

ii) Basis of preparation

These Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

As permitted section 408 (3) of the Companies Act 2006, a Statement of Comprehensive Income is not presented for the Parent Company. The Parent Company's loss after tax for the year ended 31 December 2024 is $17.8m (year ended 31 December 2023: $12.6m).

These Parent Company Financial Statements are presented in USD. Unless otherwise stated, all amounts indicated by "$" represent USD.

iii) Going concern

Refer to accounting policies in note 2.3 of the Group consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

In addition to the material accounting policies in note 3 of the Group consolidated financial statements, the following accounting policies are relevant only to the Parent Company Financial Statements.

i) Investments in subsidiaries

Unlisted investments are carried at cost, being the purchase price, less provisions for impairment. Additional consideration paid when subscribing for new shares, is made via capital contributions and recorded as additions to investments in subsidiaries.

ii) Intercompany loans

All intercompany borrowings and loans are initially recognised at the fair value of consideration received or paid after deduction of issue costs and are subsequently measured at amortised cost.

iii) Impairment

The Company recognises an allowance for expected credit losses ("ECL") for all receivables held at amortised cost where there is objective evidence that the receivable is irrecoverable. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Parent Company's Financial Statements requires management to make certain judgements, estimates, and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from these estimates. In addition to the critical accounting estimates and judgements in note 4 to the consolidated financial statements, the following information about the material judgements, estimates, and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses that are relevant only to the Parent Company Financial Statements are discussed below.

i) Value of investments in subsidiaries

The Parent Company's investments in subsidiaries, which are made via capital contributions or arise upon acquisition, are reviewed for impairment if events or changes indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant generating unit or disposal value if higher.

As set out in note 11, no indicators of impairment have been identified during the year ended 31 December 2024.

ii) Intercompany loans

As set out in note 5, judgement has been made to establish a provision of $16.0m (2023: $11.9m) against foreign exchange adjusted receivables on the basis that the Serbian entity is in a net liability position. The provision represents 100% receivable with the Serbian entity. The value of investment is unchanged.

5. TRADE AND OTHER RECEIVABLES

All current receivables due within one year as follows:

(In USD '000)	31 December 2024	31 December 2023
Current		
Accrued interest income	-	59
Prepayments and deposits	342	215
Taxes recoverable	219	95
Amounts receivable from subsidiaries	47,169	32,789
	47,730	**33,158**
Non-current		
Amounts receivable from subsidiaries	106,798	67,653
	106,798	**67,653**

Receivables contain amounts receivable for VAT, prepaid expenses and deposits paid. All receivables are held at cost less any provision for impairment.

During the year, a provision of $4.1m was recognized against the Serbian entity receivables, representing current year funding to the Serbian entity. The total provision is $16.0m (2023: $11.9m), reducing the non-current amounts receivable from $119.2m to a net receivable $106.8m (2023: from $79.6m to net receivable $67.6m).

6. PROPERTY, PLANT AND EQUIPMENT

(In USD '000)	Land & Buildings	Plant and machinery	Total
Cost			
31 December 2022	23	92	115
Additions	-	2	2
31 December 2023	**23**	**94**	**117**
Additions	-	16	16
31 December 2024	**23**	**110**	**133**
Depreciation			
31 December 2022	**7**	**73**	**80**
Charge for the year	2	6	8
31 December 2023	**9**	**79**	**88**
Charge for the year	2	8	10
31 December 2024	**11**	**87**	**98**
Net Book Value			
31 December 2023	**14**	**15**	**29**
31 December 2024	**12**	**23**	**35**

7. RIGHT-OF-USE ASSET

The carrying amounts of right-of-use assets and the movements during the year are set out below:

(In USD '000)	Land & buildings
31 December 2022	**250**
Depreciation	(34)
31 December 2023	**216**
Modification	(183)
Depreciation	(33)
31 December 2024	**-**

8. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(In USD '000)	
31 December 2022	**287**
Interest expense	19
Payments	(51)
31 December 2023	**255**
Modification	(225)
Interest expense	9
Payments	(39)
31 December 2024	**-**

During the year, the scope of the lease was modified and as a result there are no current or non-current liabilities relating to leases at 31 December 2024 (31 December 2023: $49k and $0.2m respectively).

9. TRADE AND OTHER PAYABLES

The breakdown of current accounts payable and accrued liabilities is as follows:

(In USD '000)	**31 December 2024**	31 December 2023
Trade payables	895	338
Accrued liabilities	1,637	1,284
Other payables	117	55
	2,649	**1,677**

10. BORROWINGS AND DERIVATIVE LIABILITY

The movements in the QRC convertible debt and its embedded derivative liability are as detailed in note 19 of the Group consolidated financial statements.

The Orion Senior Secured Debt referred to in note 19 of the consolidated financial statements is held in a Jersey based Group subsidiary, Adriatic Metals Trading and Finance Limited, and is therefore not included in the Parent Company Financial Statements.

11. INVESTMENTS IN SUBSIDIARIES

The breakdown of the investments in subsidiaries is as follows:

(In USD '000)	Adriatic Metals Holdings BIH Limited	AM Projects d.o.o.	Adriatic Metals d.o.o.	Total
31 December 2023	**26,426**	**3**	**8,500**	**34,929**
Additions	-	1,617	-	1,617
31 December 2024	**26,426**	**1,620**	**8,500**	**36,546**

During the year ended 31 December 2022, impairment indicators were noted in relation to the Raška Project, see note 14 of the Consolidated Finance Statements for further information. This resulted in an impairment against the investment in Adriatic Metals d.o.o., down to a carrying amount of $8,500,000 on the basis that the recoverable amount of the investment value is equal to the fair value less cost of disposal of the exploration and evaluation asset in line with the requirements of IAS 36.

No further indicators of impairment or reversal of previous impairment have been identified in the year to 31 December 2024, the carrying value of $8.5m remains unchanged from prior year.

The list of subsidiaries of the Parent Company are presented below:

Name of subsidiary	Country of incorporation	Registered Address	Shareholding at 31 Dec. 2024	Shareholding at 31 Dec. 2023	Nature of business
Adriatic Metals BH d.o.o.(formerly Eastern Mining d.o.o.)	Bosnia and Herzegovina	Tisovci bb, Vareš, 71 330, Bosnia and Herzegovina	100%	100%	Mineral producer, developer, and explorer
AM Projects d.o.o. (formerly (Adriatic Metals Services d.o.o. and Adriatik Metali d.o.o.)	Bosnia and Herzegovina	Bulevar Meše Selimovića 81A, Sarajevo, 71 000, Bosnia and Herzegovina	100%	100%	Mineral exploration and development
Adriatic Metals Jersey Ltd (formerly Tethyan Resource Corp)	Jersey (formerly Canada)	35-37 New Street, St. Helier, Jersey, Channel Islands, JE2 3RA	100%	100%	Holding company - financing mining exploration of subsidiary
Adriatic Metals Services (UK) Limited (formerly Tethyan Resources Limited)	England and Wales	4th Floor, 3 Hanover Square, London W1S 1HD, UK	100%	100%	Holding company and management services company - financing mining exploration of subsidiary and providing services to other group companies.
Adriatic Metals Trading and Finance Ltd	Jersey	35-37 New Street, St. Helier, Jersey, Channel Islands, JE2 3RA	100%	100%	Trading and finance company
Adriatic Metals Holdings BIH Limited	England and Wales	4th Floor, 3 Hanover Square, London W1S 1HD, UK	100%	100%	Holding company - financing mining exploration of subsidiary
Tethyan Resources Jersey Ltd	Jersey	35-37 New Street, St. Helier, Jersey, Channel Islands, JE2 3RA	100%	100%	Holding company - financing mining exploration of subsidiary
Taor d.o.o.*	Serbia	Kneza Milosa 93(street) /4 floor, Belgrade, Serbia	N.A.	100%	Mineral exploration and development
Tethyan Resources d.o.o.*	Serbia	Kneza Milosa 93(street) /4 floor, Belgrade, Serbia	N.A.	100%	Mineral exploration and development
Global Mineral Resources d.o.o.*	Serbia	Kneza Milosa 93(street) /4 floor, Belgrade, Serbia	N.A.	100%	Mineral exploration and development
Adriatic Metals d.o.o. (formerly RAS Metals d.o.o.)	Serbia	Kneza Milosa 93(street) /4 floor, Belgrade, Serbia	100%	100%	Mineral exploration and development

* Effective, 4 July 2024, these entities merged with Adriatic Metals d.o.o.

12. COMMITMENTS

Commitments relating to the Parent Company have been disclosed in note 26 of the Group consolidated financial statements.

The Parent Company has provided a Letter of Support to its subsidiaries Adriatic Metals Services (UK) Ltd and Adriatic Metals Holdings BIH Limited ("BIH"), confirming that it does not intend to recall intragroup payables should they not have the financial capability to settle them. The Parent Company will continue to support both in meeting its liabilities as they fall due, for a period of not less than 12 months from the date of signing of these financial statements.

13. SUBSEQUENT EVENTS

Subsequent events relating to the Parent Company have been disclosed in note 27 of the Group consolidated financial statements.

Additional ASX Information (Unaudited)

The Company's corporate governance statement is available on the Company's website at https://www.adriaticmetals.com/downloads/corp-governance-files-/adt-2020-06-05-cgp-v03.pdf ("Corporate Governance Manual").

This statement is current as at 30 March 2025 and has been approved by the Company's Board of Directors. To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by the ASX Corporate Governance Council (Principles and Recommendations).

The Company is not established in Australia but it is subject in its home jurisdiction to an equivalent law to sections 299 and 299A of the Corporations Act requiring the preparation of a directors' report that includes operations, business and financial review for the reporting period which is included in the main body of this Annual Report.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, Adriatic Metals PLC is required to disclose the extent to which it has followed the Principles of Recommendations during the financial year. Where Adriatic Metals PLC has not followed a recommendation, this has been identified and an explanation for the departure has been given.

	Principles and recommendations	Comment
1.	Lay solid foundations for management and oversight	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Board is ultimately accountable for the performance of the Company and provides leadership and sets the strategic objectives of the Company. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the Company, such as material acquisitions and takeovers, dividends and buy backs, material profits upgrades and downgrades, and significant closures. Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought to the Board's attention. They must operate within the risk and authorisation parameters set by the Board.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of a director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The terms of the appointment of a Non-Executive Director, or executive directors and senior executives are agreed upon and set out in writing at the time of appointment.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the Chair, on all matters to do with the proper functioning of the board.	The Joint Company Secretaries report directly to the Board through the Chairman and are accessible to all directors.
1.5	A listed entity should (a) have a diversity policy which includes requirements for the board or a relevant committee of the board lo set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	The Company's Corporate Governance Plan includes a 'Diversity Policy', which provides a framework for establishing measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The Board set formal diversity objectives for 2021 onwards which are included as a KPI in the Company's Short Term Incentive Plan in both 2023 and 2024. Further detail on the Diversity Policy is included in the Strategic Report of the Directors.

	Principles and recommendations	Comment
1.6	A listed entity should (a) have and disclose a process for periodically evaluating the performance of the Board, its Committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company.	The Chairman reviews the performance of the Board, its Committees and individual directors to ensure that the Company continues to have a mix of skills and experience necessary for the conduct of its activities. The most recent performance evaluation of the board was performed during December 2024. The Company's Corporate Governance Manual includes a section on performance evaluation practices adopted by the Company.
1.7	A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives: and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company. The Chairman monitors the Board and the Board monitors the performance of any senior executives who are not Directors, including measuring actual performance against planned performance. The most recent performance evaluation of the Managing Director and CEO was performed during January 2025.
2.	**Structure of the board to add value**	
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors: and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Company's Corporate Governance Manual includes a Nomination Committee Charter, which discloses the specific responsibilities of the committee. The Company has established a formal Remuneration & Nomination committee. Refer to the Company's Annual Report for further details regarding the Remuneration & Nomination committee.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Board's skills matrix is set out below. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, IT, HR. policy development, international business and customer relationship. Additionally, external consultants may be brought it with specialist knowledge to complement the board's matrix of skills in the event that a deficiency were to exist in required areas.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest. position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position. association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Those directors who are considered to be independent are specified in the Directors Report. The length of service of each of the Company's directors is included in the Directors Report.
2.4	A majority of the board of a listed entity should be independent directors.	The majority of the Company's directors are independent.
2.5	The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Mr. Rawlinson, who was the Chairman through the reporting year, is independent.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Chairman and Company Secretaries brief and inform New Directors on all relevant aspects of the Company's operations and background. A director development program is also available to ensure that directors can enhance their skills and remain abreast of important developments.
3.	**Act ethically and responsibly**	
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The Company's Corporate Governance Manual includes a 'Corporate Code of Conduct', which provides a framework for decisions and actions in relation to ethical conduct in employment.

	Principles and recommendations	Comment
4.	**Safeguard Integrity In financial reporting**	
4.1	The board of a listed entity should: (a) have an Audit Committee which: (1) has at least three members, all of whom are Non-Executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the Chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of ifs corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Company has established an Audit & Risk Committee. Refer to the Company's Annual Report for further details regarding the Audit & Risk Committee.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	A declaration in accordance with these requirements has been provided by the CEO and CFO.
4.3	A listed entity that has an AGM should ensure that its external Auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company seeks to ensure that its external auditors attend its AGM and are available to answer questions from security holders relevant to the audit.

	Principles and recommendations	Comment
5.	**Make timely and balanced disclosure**	
5.1	A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position. New and substantive investor or analyst presentations materials are released on the ASX Market Announcements Platform ahead of presentation. See Schedule 7 of the Corporate Governance Manual for further details.
6.	**Respect the rights of shareholders**	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company encourages shareholders to attend its AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to and actively uses social media to engage with shareholders.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Refer to commentary at Recommendation 6.2
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Australia at www.computershare.com/au.

	Principles and recommendations	Comment
7.	**Recognise and manage risk**	
7.1	The board of a listed entity should: (a) have a committee or Committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a Risk Committee or Committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The Company has established an Audit & Risk Committee. The Company's Corporate Governance Plan includes an Audit & Risk Committee Charter, which discloses the specific responsibilities of the committee. Refer to the Company's Annual Report for further details regarding the Audit & Risk Committee.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	The Company's Corporate Governance Manual includes a risk management policy. The Company maintains a risk register as part of its risk management strategy which is periodically updated and subject to scrutiny by the Audit & Risk Committee, this was updated in the current reporting period. Where appropriate, the Audit & Risk Committee makes recommendations to the Board in respect of key operational risks and their management. Risks and the management thereof is a recurring item for deliberation at Board Meetings. Procedures are in place to ensure the Board is informed of any material breaches of the Corporate Code of Conduct.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company is currently not in compliance with this recommendation as it does not maintain a separate internal audit function as the Board considers the Company is not currently of the relevant size or complexity to warrant the formation of a formal internal audit function. The Board, as a whole, evaluates and continually strives for improvement in the effectiveness of risk management and internal control processes. The Audit & Risk Committee receives the report from the Company's external auditors which includes an assessment of internal controls. In the event that weaknesses in internal control processes are identified these matters are brought to the attention of and dealt with by the Board.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Refer to the Company's Annual Report for disclosures relating to the company's material business risks, in particular the Principal Risks and Uncertainties section. . Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.
8.	**Remunerate fairly and responsibly**	
8.1	The board of a listed entity should: (a) have a Remuneration & Nomination Committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The Company has established a Remuneration & Nomination Committee. The Company's Corporate Governance Plan includes a Remuneration & Nomination Committee Charter, which discloses the specific responsibilities of the Remuneration Committee. Refer to the Company's Annual Report for further details regarding the Remuneration & Nomination Committee.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive directors and other senior executives.	Refer to the Remuneration & Nomination Committee Report in the Company's Annual Report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company does not have formal policy on whether participants in the equity-based remuneration scheme are permitted to enter into transactions which limit the economic risk of participating in the scheme. However, no such transactions have been entered into by scheme participants and such transactions may only be enter into with the prior approval of the Company as noted in Schedule 4 Remuneration Committee Charter of the Corporate Governance Manual.

BOARD SKILLS MATRIX

Michael Rawlinson	Peter Bilbe	Sandra Bates
B. Economics. Master of Science	B. Engineering Mining	B.Com & LLB
Investment banking	Mining Engineer	Corporate Law
Resources	Gold, Base Metals	Corporate Finance
Mining Finance	Operational experience	M&A
NED – LSE, ASX	NED - ASX	Resources focus
		NED – ASX, LSE, AIM

Laura Tyler - CEO	Sanela Karic	Mirco Bardella
B.Sc. (Hons) Geology; M.Sc. Mining Engineering	LLB	B. Accounting
Base metals, gold, diamonds	Bosnian Law	Chartered Accountant
Operational and asset leadership	Corporate affairs	Financial Reporting
Technical and technology leadership	M&A	Resources Governance
M&A	Human Resources	NED LSE, AIM
	NED – LSE	

Eric Rasmussen
Master of Law and Finance
Road Military Engineer; Explosives Military Engineer
Certified Teacher
Certified Sustainability Officer
Natural Resource Finance
NED – LSE, TSX

SHAREHOLDINGS

At the time of publishing this Annual Report there is no on-market buy-back.

SUBSTANTIAL SHAREHOLDINGS

The following table lists the 20 largest shareholders of Adriatic Metals plc in accordance with the ASX listing rules, together with the number of shares and the percentage of issued capital each holds, as at 17 March 2025.

Rank	Name	Number of ordinary shares	Percentage of issued share capital
1	CITICORP NOMINEES PTY LIMITED	47,357,828	14.01
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	39,181,122	11.67
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,574,162	9.40
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	21,448,819	6.39
5	BNP PARIBAS NOMS PTY LTD	18,611,718	5.54
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	17,485,868	5.21
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	15,541,419	4.63
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	15,501,418	4.62
9	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	13,931,991	4.15
10	MR MILOS BOSNJAKOVIC	10,385,000	3.09
11	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	9,020,839	2.69
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	8,136,976	2.42
13	GLAMOUR DIVISION PTY LTD <HAMMER A/C>	5,600,000	1.67
14	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	5,312,748	1.58
15	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS>	5,278,714	1.57
16	EUROCLEAR NOMINEES LIMITED	4,865,635	1.45
17	BNY (OCS) NOMINEES LIMITED	4,153,972	1.24
18	MR ERIC DE MORI	4,000,000	1.19
19	NORTRUST NOMINEES LIMITED	2,529,239	0.75
20	BNY (OCS) NOMINEES LIMITED	2,346,305	0.70
Totals: Top 20 holders		282,263,773	84.04
Total Remaining Holders Balance		**53,612,076**	**15.96**

At 17 March 2025 the Directors are aware of three shareholders who held a substantial shareholding within the meaning of the Australian Corporations Act as outlined in the top 20 listing above. A person has a substantial holding if the total votes that they or their associates have relevant interests in is five per cent of more of the total number of votes.

DISTRIBUTION OF ORDINARY SHARES AT 17 MARCH 2025

Range	Number of shareholders	Number of ordinary shares	Percentage of issued share capital
1 - 1,000	1,284	534,187	0.16
1,001 - 5,000	854	2,161,085	0.64
5,001 - 10,000	265	2,044,014	0.61
10,001 - 100,000	321	9,961,467	2.97
100,001 Over	99	321,174,096	95.62
Total	**2,823**	**335,874,849**	**100**

UNMARKETABLE PARCEL

	Minimum Parcel Size Shares	Number of shareholders	Total Shares
Minimum $ 500.00 parcel at $ 4.4600 per unit	113	188	4,196

RESTRICTED SECURITIES

There were no restricted securities or securities subject to voluntary escrow at 31 December 2024.

TENEMENT HOLDINGS

The Company's tenements at 21 March 2025 are set out in the table below. The Company holds a 100% interest in all concession agreements and licences.

	Concession document	Registration number	Licence holder	Concession name	Area (km^2)	Date granted	Expiry date
Bosnia and Herzegovina	Concession Agreement	No.:04-18-21389-1/13	Eastern Mining d.o.o.	Veovaca1	1.08	12-Mar-13	12-Mar-38
				Veovaca 2	0.91	12-Mar-13	12-Mar-38
				Rupice-Jurasevac, Brestic	0.83	12-Mar-13	12-Mar-38
	Annex 3 & 6 Area	No.: 04-18-21389-3/18	Eastern Mining d.o.o.	Rupice - Borovica	4.52	14-Nov-18	12-Mar-33
	Extension			Veovaca - Orti - Seliste - Mekuse	1.32	14-Nov-18	12-Mar-33
	Annex 5 – Area	No: 04-18-14461-1/20	Eastern Mining d.o.o.	Orti-Selište-Mekuše- Barice- Smajlova Suma-Macak	19.33	3-Dec-20	3-Dec-50
	Extension			Droškovac - Brezik	2.88	3-Dec-20	3-Dec-50
	Extension			Borovica – Semizova Ponikva	9.91	3-Dec-20	3-Dec-50
	Concession Agreement	No: 04-14-5359-3/22	Eastern Mining d.o.o.	Saski Do	1.28	19-Jul-22	19-Jul-25
Serbia	Exploration Licence	310-02-1721/2018-02	Adriatic Metals d.o.o.	Kizevak	1.84	3-Oct-19	29-May-26
	Exploration Licence	310-02-1722/2018-02	Adriatic Metals d.o.o.	Sastavci	1.44	7-Oct-19	29-May-26
	Exploration Licence	310-02-1114/2015-02	Adriatic Metals d.o.o.	Kremice	8.54	21-Apr-16	07-Jul-25
	Exploration Licence	310-02-01670/2021-02	Adriatic Metals d.o.o.	Kaznovice	37.1	22-Nov-21	22-Nov-24*

* the licence is still valid under the original decision from 22 November 2021 and the Company can continue to operate in accordance with that decision. The Company has had verbal confirmation of renewal from the Serbian Government and is awaiting issue of official renewal which is imminent.

CHAPTERS 6, 6A, 6B AND 6C OF THE CORPORATIONS ACT

As the Company is incorporated in England and Wales, chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (i.e. substantial holdings and takeovers) do not apply to the Company. In the United Kingdom, the City Code on Takeovers and Mergers (City Code) regulates takeovers and substantial shareholders and the Company is subject to the City Code.

VOTING RIGHTS

The Company is incorporated under the legal jurisdiction of England and Wales. To enable the Company to have their securities cleared and settled electronically through CHESS, Depositary Instruments called CHESS Depositary Interests (CDIs) are issued. Each CDI represents one underlying ordinary share in the Company (Share). The main difference between holding CDIs and Shares is that CDI holders hold the beneficial ownership in the Shares instead of legal title. CHESS Depositary Nominees Pty Limited (CDN), a subsidiary of ASX, holds the legal title to the underlying Shares.

Pursuant to the ASX Settlement Operating Rules, CDI holders receive all of the economic benefits of actual ownership of the underlying Shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.

CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI holders. Each CDI is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

All substantive resolutions at a meeting of security holders are decided by poll rather than by a show of hands.

If holders of CDIs wish to attend and vote at the Company's general meetings, they will be able to do so. Under the ASX Listing Rules and the ASX Settlement Operating Rules, the Company as an issuer of CDIs must allow CDI holders to attend any meeting of the holders of Shares unless relevant English law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders have the following options:

a. Instructing CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Company's Share Registry prior to the meeting; or

b. informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Shares underlying the CDIs for the purposes of attending and voting at the general meeting; or

c. converting their CDIs into a holding of Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.

As holders of CDIs will not appear on the Company's share register as the legal holders of the Shares, they will not be entitled to vote at Shareholder meetings unless one of the above steps is undertaken.

As each CDI represents one Share, a CDI Holder will be entitled to one vote for every CDI they hold.

Proxy forms, CDI voting instruction forms, and details of these alternatives will be included in each notice of meeting sent to CDI holders by the Company.

These voting rights exist only under the ASX Settlement Operating Rules, rather than under British Columbia Law. Since CDN is the legal holder of the applicable Shares and the holders of CDIs are not themselves the legal holder of their applicable Shares, the holders of CDIs do not have any directly enforceable rights under the Company's articles of association.

> **As holders of CDIs will not appear on our share register as the legal holders of shares of ordinary shares, they will not be entitled to vote at our shareholder meetings unless one of the above steps is undertaken.**

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