

11 September 2024

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

**Interim results for the six months to 30 June 2024**

**Highlights of the six months ended 30 June 2024**

**Operational**

- Production ramp up continues at the Vares Silver Operation, with nameplate production expected in Q4 2024.
- First concentrate production took place on 27 February, with the official mine opening taking place on 5 March.
- The first sale of on-spec concentrates was agreed and the first shipment left site for the Port of Plocê on 27 May.
- Underground development of 1,387m in H1 2024, an increase of 141% compared to H1 2023.
- 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').
- The 12-month rolling Lost Time Injury Rate ('LTIFR') and Total Recordable Injury Rate ('TRIFR') were 1.02 and 1.46 respectively compared to H1 2023 where LTIFR and TRIFR were 0.23 and 2.08 respectively.
- Exploration continues across Vares and Raska, with 8,421m of drilling completed at Rupice in the Period and two drill rigs active at Raska.
- An Operations Update will be announced on 23 September 2024, followed by a webinar presentation by Laura Tyler, Interim CEO and Michael Horner, Interim CFO. Further details of the webinar will be provided in due course.

**Financial**

- On 4 March Queens Road Capital Investment Ltd. ("QRC") converted its \$20.0m bond into 10,981,770 Adriatic new ordinary shares of £0.013355 each.
- On 22 April, an additional debt facility of \$25.0m was secured from Orion Mine Finance ("Orion"). This will be available to be drawn down between 1 September and 31 December 2024, and currently remains undrawn.
- Equity raising of \$50.0m took place on 28 May. The funds were raised to provide flexibility to the Group's balance sheet during the final stages of ramp up to nameplate capacity and to finalise the termination payment payable to Nova.
- \$120.0m of senior secured debt from Orion has been drawn to date and the first debt repayment is scheduled for 31 December 2024.
- \$58.8m in cash at the end of the Period places the Company in a strong financial position with sufficient contingency ahead of reaching sustainable production.

**Post-Period**

- First stoping occurred post Period in August which resulted in record ore production of 25,514t (compared to 5,595t in July and 9,513t in all of H1 2024), with development rates increasing to 318m for the month.
- A ruling by the Constitutional Court of Bosnia and Herzegovina on 11 July has suspended the felling of trees on the planned extended tailings storage facility at the Vares Processing Plant and waste rock storage facilities at Rupice. Production continues as planned and alternative facilities are being progressed.
- 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 Non-Executive Director, was appointed interim CEO effective 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 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.

**MARKET ABUSE REGULATION DISCLOSURE**

The information contained within this announcement is deemed by the Company (LEI: 5493000HAH2GL1DP0L61) to constitute inside information for the purpose of Article 7 of EU Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) ACT 2018, as amended. The person responsible for arranging and authorising the release of this announcement on behalf of the Company is Laura Tyler, Interim CEO.

Authorised by Laura Tyler, Interim CEO

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

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## ABOUT ADRIATIC METALS

Adriatic Metals Plc (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) is a precious and base metals developer that is advancing the world-class Vares Silver Project in Bosnia & Herzegovina, as well as the Raska Zinc-Silver Project in Serbia. First concentrate production took place in February 2024 and the Vares Silver Operation is fully funded to nameplate production, which is expected in Q4 2024. Concurrent with ongoing operational activities, the Company continues to explore across its highly prospective 44km<sup>2</sup> concession package.

## DISCLAIMER

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)", "potential(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity prices and exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's projects, prospects, properties and business strategy. Investors cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and the Company does not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.



**ADRIATIC METALS PLC**

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**INTERIM REPORT AND CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

Registered Number: 10599833

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## DIRECTORS' REPORT

### Introduction

The Directors of Adriatic Metals PLC ("Adriatic" or "Company") present their interim report and condensed consolidated financial statements of the Group for the six months ended 30 June 2024 ("Period"). This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the most recent annual report and accounts and announcements made by the Company, which can be found on the website [www.adriaticmetals.com](http://www.adriaticmetals.com).

### Business Review

#### Highlights of the six months ended 30 June 2024

##### Operational

- Production ramp up continues at the Vares Silver Operation, with nameplate production expected in Q4 2024.
- First concentrate production took place on 27 February, with the official mine opening taking place on 5 March.
- The first sale of on-spec concentrates was agreed and the first shipment left site for the Port of Plocê on 27 May.
- Underground development of 1,387m in H1 2024, an increase of 141% compared to H1 2023.
- 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').
- The 12-month rolling Lost Time Injury Rate ('LTIFR') and Total Recordable Injury Rate ('TRIFR') were 1.02 and 1.46 respectively compared to H1 2023 where LTIFR and TRIFR were 0.23 and 2.08 respectively.
- Exploration continues across Vares and Raska, with 8,421m of drilling completed at Rupice in the Period and two drill rigs active at Raska.
- An Operations Update will be announced on 23 September 2024, followed by a webinar presentation by Laura Tyler, Interim CEO and Michael Horner, Interim CFO. Further details of the webinar will be provided in due course.

##### Financial

- On 4 March Queens Road Capital Investment Ltd. ("QRC") converted its \$20.0m bond into 10,981,770 Adriatic new ordinary shares of £0.013355 each.
- On 22 April, an additional debt facility of \$25.0m was secured from Orion Mine Finance ("Orion"). This will be available to be drawn down between 1 September and 31 December 2024, and currently remains undrawn.
- Equity raising of \$50.0m took place on 28 May. The funds were raised to provide flexibility to the Group's balance sheet during the final stages of ramp up to nameplate capacity and to finalise the termination payment payable to Nova.
- \$120.0m of senior secured debt from Orion has been drawn to date and the first debt repayment is scheduled for 31 December 2024.
- \$58.8m in cash at the end of the Period places the Company in a strong financial position with sufficient contingency ahead of reaching sustainable production.

##### Post-Period

- First stoping occurred post Period in August which resulted in record ore production of 25,514t (compared to 5,595t in July and 9,513t in all of H1 2024), with development rates increasing to 318m for the month.
- A ruling by the Constitutional Court of Bosnia and Herzegovina on 11 July has suspended the felling of trees on the planned extended tailings storage facility at the Vares Processing Plant and waste rock storage facilities at Rupice. Production continues as planned and alternative facilities are being progressed.
- 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 Non-Executive Director, was appointed interim CEO effective 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 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.

## **Chairman's statement**

### **Operations**

In the first half of 2024 the Company achieved several significant milestones as Adriatic ramps up production at the world-class Vares Silver Operation ("Vares") in Bosnia and Herzegovina. I am very proud that Vares produced its first concentrates in February, thus evolving into a polymetallic metal producer after only seven years since exploration began in 2017. This was followed by the official opening of Vares in early March. It was a special event that was attended by senior ministers and dignitaries from Bosnia and Herzegovina and was followed by a celebration in the town of Vares, with the local community, employees and key suppliers coming together to mark the momentous occasion.

In April, the Company transitioned to owner-operator mining, resulting in a significant acceleration in the delivery of development metres at Rupice, with development rates increasing to 300m in July and 318m in August. This transition has also led to a greater emphasis on health and safety underground, risk management and environmental protection. Following the transition, key contractor staff have become Adriatic employees and our full-time staff have increased to nearly 500 employees, up from 296 at year end. We also expect noticeable improvements in procurement as Adriatic will focus on obtaining better value inputs from a wider range of local and international suppliers.

In May, Adriatic announced the first sale of on-specification grade concentrates from Vares with the first shipment leaving site for the Port of Ploče. Subsequently, over the past few months additional concentrates have been sold and shipped to our offtakers.

Post Period end, an unexpected ruling by the Constitutional Court of Bosnia and Herzegovina has suspended the felling of trees on the planned extended tailings storage facility at the Vares Processing Plant and waste rock storage facilities at Rupice. However, no material impact on operations is anticipated and we believe there is an alternative tailings storage facility available that can be constructed and permitted for when required. Despite this challenging political and operating environment, the team are working tirelessly to deliver on the alternative solution.

Our exploration focus remains on the northern and southern extremities of Rupice and this will continue into the second half of 2024. We have almost doubled our reserves since the Definitive Feasibility Study that was published in 2021 and extended the life of mine to over 18 years. We have the intention to increasing this further through the highly targeted programme at Rupice, as well as a broader campaign on the rest of our exploration licenses.

### **Financial Position**

Over the reporting Period, our balance sheet was strengthened following the conversion of the Queens Road Capital \$20.0m note in March as well as the \$50.0m equity fund raise in May to cover the costs associated with the transition to owner/operator of our mining operations and to strengthen the balance sheet. An agreement was also reached with Orion Mine Finance ("Orion") to provide an additional \$25.0m loan between September and December if needed. At the end of the first half of the year, Adriatic had \$58.8m in cash and, combined with the efficiency initiatives implemented during the Period, we have a strong financial position with sufficient contingency ahead of reaching sustainable commercial production. We look ahead to Adriatic becoming a significant cashflow generating business in 2025 and one of the leading precious and base metal miners in Europe.

### **Sustainability and Health & Safety**

The completion of the construction of Vares and the commencement of production is a testament to the quality and commitment of our people. Our focus is on professional development, education, and training for all our staff. Proactive leadership is essential in training and engaging with young graduates and equipping them with the necessary skillsets. We are also driving efforts to enhance the presence of women in the mining sector and achieved a female workforce percentage over 30% of total employees - surpassing the industry average of 15%.

With the construction of the Project now completed, we believe Vares is one of Europe's most environmentally sustainable mines. Sustainability is a core component of our business model and our primary commitment is in maintaining the health and safety of our employees and contractors, protecting and preserving the natural environment, and adopting sustainable practices. We are focused on optimising our operations further using modern mining methods and the latest available technology.

The Company is deeply saddened by a fatal accident that occurred post Period at the Rupice Mine, involving a subcontractor's vehicle which overturned near the rescue station. The driver, an employee of a local subcontractor, tragically sustained fatal injuries. The Company immediately informed the local authorities, regulators and safety inspectors, and is working together with all parties to determine the cause of the incident. This incident has reinforced the Company's focus on enhancing all safety protocols for our team and those of our contractors and subcontractors. Our thoughts are with the driver's family, friends and colleagues.

### **Governance**

A significant development, post the Period under review, has been the resignation of Paul Cronin, as CEO and Managing Director. As the founder of the business and living in Bosnia and Herzegovina, Paul has been the driving force behind the growth of Adriatic and he has steered the Vares Silver Operation through exploration, permitting, construction and into production. His commitment to ensuring the Company is a sustainable, modern mining operation that will ensure prosperity to all stakeholders, has been uncompromising. Paul will remain as a consultant to the business over the next six months and work closely with Laura Tyler who has been appointed Interim CEO and Sanela Karic who has become Executive Director for Corporate Affairs. I would personally like to thank Paul for his unwavering dedication and leadership, and I wish him well for the future.

As part of the evolution of the Board, from a development operation into a production and cash-flow generating mining group, Laura Tyler joined the Board on 1 July 2024. Laura brings more than 30 years of international mining experience gained across world class mining companies, including Western Mining Corporation, Newcrest Mining, Mount Isa Mines and BHP, the world's largest mining group. Laura has deep technical and leadership expertise gained through various technical, operational, and executive roles, including most recently at BHP where she served as Chief Technical Officer, as well as prior roles in Executive Leadership for the Olympic Dam, Cannington, and Ekati underground mines. Following Paul Cronin's resignation on the 7 August, Laura Tyler stepped in as Interim CEO, and I am sure that under her leadership she will steer the Vares Silver Operation through ramp up and into steady state production.

In addition, the Board has been strengthened with the appointment of Eric Rasmussen, who brings finance and sustainability experience gained from 28 years at EBRD. I would like to thank Julian Barnes, who stepped down from the Board, for his dedication and advice over the past six years. I would also like to thank Mike Norris who resigned as CFO in May, and welcome Michael Horner as Interim CFO. Michael brings considerable experience in corporate finance and will lead Adriatic through its next phase as a producer, working to lower our cost of capital, and execute on new growth opportunities. Our commitment to strong corporate governance is in line with the highest standards of global capital markets, and we will continue to strengthen governance as we move into the next phase of Adriatic's development.

On behalf of the Board, I would like to thank our management, employees, and stakeholders at local, regional, and national levels, for their ongoing hard work, commitment and support during this successful period. We look forward with excitement over the coming months as the Company moves into operations and begins to fulfil its strategy of long-term sustainable growth. I would also like to thank our new and long-term investors for their confidence and commitment and we look forward to delivering significant returns for many years to come.

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**Michael Rawlinson**

Chairman of the Board

10 September 2024

## OPERATIONAL REVIEW

### Project Completion

First concentrate production took place on 27 February, with the official mine opening taking place on 5 March. The Vares Processing Plant continued ramping up with campaign processing over the Period, ahead of reaching commercial production by Q4 2024.

### Mining

In H1 2024 there was 1,387m of underground development, an increase of 141% compared to H1 2023 (575m). First stoping occurred post Period in August which resulted in record ore production of 25,514t (compared to 5,595t in July and 9,513t in all of H1 2024), with development rates increasing to 318m for the month.

On 20 April 2024, Adriatic and Nova agreed to terminate the Mining Services Contract and the transition process to owner-operated mining is now complete with Adriatic receiving the operating licence and now managing all operations at the Rupice Mine. Following the completion of the transition, the staff headcount at Adriatic has increased to approximately 500 at the end of Q2.

### Processing

Throughout H1 the Vares Processing Plant was commissioned and began producing saleable concentrates. Plant operations will continue to process higher grade material and ramp up to commercial production by Q4 2024. Metal recovery rates are improving, and the processing team is working on further enhancement and optimization of the plant.

Adriatic has appointed Ausenco to commence studies to increase plant throughput from 800,000tpa to over 1Mtpa. This would align with increased mine production following the increased Ore Reserve at Rupice.

Initial concentrate shipments were exported to offtakers in Q2, with additional sales occurring Post Period and volumes planned to increase in tandem with production ramp-up in H2 2024. Concentrate transportation infrastructure is fully in place with truck, rail and port logistics operating well during ongoing shipments.

### Exploration

At Rupice, three drill rigs completed a total of 8,421m from 33 holes. Drilling at Rupice was focused on infill drilling to convert resources to reserves and on extending the Rupice deposit to the north and south. Infill and step-out drilling successfully intersected significant mineralization. The focus is on the remaining growth potential of the main Rupice deposit for an end of year Rupice resource update.

Exploration in Serbia continues, with two drill rigs completing a program primarily focused on the Raska copper-gold porphyry. Further work across the licences was completed to advance new targets and maintain the concessions.

### Health and Safety

At the end of the H1 24 Period, the Lost Time Injury Rate ('LTIFR') and Total Recordable Injury Rate ('TRIFR') were 1.02 and 1.46 per million hours respectively (H2 23 0.23 and 2.08).

The Company's focus over H1 included, improving Emergency Response Preparedness (additional equipment and scenario planning), coaching and supporting operational leaders in field leadership safety interactions, expansion of the Health and Safety Management System (implementing additional safe operating procedures and training), and enhancing internal safety communications. The focus for H2 is on fully operationalising workforce-facing critical elements of the Health and Safety Management System, and improved contractor management in light of the recent fatality

### Sustainability

Sustainability is a strategic priority for Adriatic and the focus for the business is on incorporating environmental considerations, ensuring value creation for all stakeholders, responsible resource management, and regulatory compliance.

In Q1 the following documents were completed for the 2023 Annual Report: Full Carbon Footprint, Life Cycle Assessment, TCFD and a Feasibility Study for a Net Zero plan including Scopes 1, 2 and 3. It was agreed that 2025, the first full year of production, would be used as the baseline against which future targets can be set and measured.

In line with the Environmental Monitoring Plan for 2024, and in accordance with permit legislation and EBRD standards, we continue to monitor and test surface ground water, biodiversity, air quality and noise levels at all specified locations. All parameter values recorded are within acceptable limits, showing full compliance with environmental standards. In terms of audits, both the Land Acquisition, Compensation and Livelihood Restoration (LARC) Plan and the Environmental and Social Action Plan (ESAP) processes were completed in Q1.

In Q2, as part of our wider Biodiversity Action Plan (BAP), the Company completed the afforestation of approximately 4 hectares of land, planting about 10,500 trees alongside Vareš Forestry. In addition, several hectares of land have been replanted around the haul road and Rupice underground mine with a variety of local plants.

Throughout H1, Adriatic continued to work closely and engage with all stakeholders, with specific and regular ongoing communication with the local communities, especially through the Public Liaison Committee (PLC).

## FINANCIAL REVIEW

### Income statement

| (In USD)              | Period ended<br>30 June 2024 | Period ended 30<br>June 2023 | Change       |
|-----------------------|------------------------------|------------------------------|--------------|
| Operating loss        | (20,515,544)                 | (7,810,327)                  | (12,705,217) |
| Net finance (expense) | (2,820,632)                  | (2,240,233)                  | (580,399)    |
| Fair value movements  | (481,765)                    | 772,516                      | (1,254,281)  |
| Loss before taxation  | (23,817,941)                 | (9,278,044)                  | (14,539,897) |

The Group made an operating loss of \$20.5m in the Period compared with an operating loss of \$7.8m in the six months ended 30 June 2023 ("prior period").

The increase is primarily due to \$10.1m higher administrative expenses. Remuneration costs totaled \$5.2m compared with \$3.5m in the prior year, due to increased headcount driven by the development ramp up at Vares. \$3.5m relates to Nova termination provisions accrued but not paid at 30 June 2024.

The remaining increase reflects higher levels of activity associated with the Group's growth in Bosnia and Herzegovina, including technical consulting and professional fees, marketing, property and IT costs, and transport expenses.

Expensed exploration costs of \$2.6m in respect of the Raska Project were \$2.0m higher than prior period due to increased exploration activity in Serbia.

These costs were in line with budget for 2024 and management expect these to be in line with expected steady state costs once the Group is at commercial production.

The net finance expense of \$2.8m (prior period expense: \$2.2m) was higher due to a portion of accrued interest on the Orion Debt Finance Package being recognised in finance expense. In the prior period 100% of the net accrued interest on the Orion Debt Finance Package was capitalised within additions to mine under construction.

### Cash Flow

| (In USD)                                   | Period ended<br>30 June 2024 | Period ended 30<br>June 2023 | Change       |
|--------------------------------------------|------------------------------|------------------------------|--------------|
| Net cash used in operating activities      | (17,351,430)                 | (7,182,353)                  | (10,169,077) |
| Net cash used in investing activities      | (46,061,177)                 | (47,052,390)                 | 991,213      |
| Net cash inflows from financing activities | 77,281,438                   | 79,120,599                   | (1,839,161)  |
| Net increase in cash and cash equivalents  | 13,868,831                   | 24,885,856                   | (11,017,025) |

Net cash used in operating activities during the Period was \$17.4m compared with \$7.2m in the prior period primarily due to greater expenditure on exploration, staff, and professional and consulting fees.

Investing activities in the Period of \$46.1m related to the Vares Project construction. The prior period amount of \$47.1m was higher as the Project was in a heightened phase of construction, compared with the Period to 30 June 2024 where the business has transitioned to ramp up.

Net cash inflows from financing activities in the Period of \$77.3m primarily reflect net proceeds from a share issue of \$47.0m and a drawdown under the Orion Debt Finance Package of \$29.2m, net of fees and transaction costs. Net cash inflows from financing activities in the Prior Period of \$79.1m reflected drawdowns under the Orion Debt Finance Package of \$81.1m, net of fees and transaction costs, less QRC interest paid of \$0.9m.

### Net cash

| (In USD)                                             | At 30 June 2024 | At 31 December<br>2023 | Change       |
|------------------------------------------------------|-----------------|------------------------|--------------|
| Cash and cash equivalents                            | 58,776,869      | 44,856,215             | 13,920,654   |
| Borrowings (including embedded derivative liability) | (169,249,556)   | (150,710,423)          | (18,539,133) |
| Net (debt)                                           | (110,472,687)   | (105,854,208)          | (4,618,479)  |

The cash balance at 30 June 2024 was \$58.8m, an increase of \$13.9m compared with 31 December 2023, reflecting the cash movements above.

Borrowings at 30 June 2024 totaled \$169.2m (31 December 2023: \$150.7m), comprising \$135.4m Orion Senior Secured Debt (31 December 2023: \$97.8m), \$33.9m Orion Copper Stream (31 December 2023: \$26.9m), and \$Nil Queens Road Capital ("QRC") convertible debt, including embedded derivative liability (31 December 2023: \$26.0m).

The net debt position (cash and cash equivalents minus borrowings) at 30 June 2024 was \$110.5m compared with a net debt position at 31 December 2023 of \$105.8m, a change of \$4.6m reflecting the draw down of debt and conversion of the QRC to equity during the period.

## Corporate

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 Vares Silver Operation. The terms of the stream have not changed.

Over the course of January and February, the Group announced that it had allotted 2,414,470 new ordinary shares of £0.013355 each in connection with the exercise of 2,414,470 unlisted warrants at an issue price of £0.88 per share for a total consideration of £2,124,734. These warrants were issued in 2020 as part of the Tethyan Resource Corp acquisition. On 30 January 2024, the balance of 236,550 warrants expired. At 30 June 2024 there were no warrants remaining related to the Tethyan acquisition.

On 28 May, an institutional placement of \$50.0m took place, 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 funds were raised to bolster the Adriatic's balance sheet to provide flexibility during the final stages of ramp up to commercial production and nameplate capacity; and to finalise the termination payments of approximately \$11.0m payable to Nova.

## Going Concern

Definitive documentation executed for the \$142.5m Debt Finance Package with Orion was announced on 10 January 2022 to provide sufficient funds to complete the Vares Project Construction and cover ongoing owner costs until production commences. Of this total, \$142.5m was drawn down as of 30 June 2024, including the \$22.5m Copper Stream deposit. The first repayment against this is expected in December 2024.

In April 2024, the Group agreed an additional debt facility of \$25.0m with Orion Mine Finance, this was undrawn at 30 June 2024 and is not forecast to be drawn down in the going concern period. In May 2024, the Group raised net \$47.0m cash from an equity raise. This financing was performed to provide flexibility in the Group's balance sheet during the final stages of ramp up to nameplate capacity and to finalise the termination payment payable to Nova.

As announced in the Group's Quarterly Activity Report for the quarter ended 30 June 2024, the Group has started producing concentrates, with shipments sold and shipped to offtakers in the Period. Operations are targeting ramp up to commercial production by Q4 2024.

At 30 June 2024, the Group had cash of \$58.8m and net current assets \$2.5m, with forecast of \$12.6m project capex left to spend in H2 2024. Base case forecasts show sufficient cash based on nameplate processing capacity being reached by Q4 2024. Management has performed sensitivity analysis of production ramp up and potential revenue delays. This analysis indicates that the Group has sufficient cash resources to withstand a three-month ramp-up delay or 40% reduction in revenues, without taking any mitigating actions.

For a mining business at the start of its operating phase, uncertainty exists about operating results and cashflows. In a challenging operational scenario, the Group would have the option of reducing and/or deferring discretionary expenditure including overheads, sustaining capex, and general and administrative costs, as well as drawing down on the \$25.0m additional loan facility or raising more equity capital in the event of a more severe impact on production and revenues.

A Debt-Service Coverage Ratio ("DSCR") covenant is included in the Orion Debt Finance Package, with the first DSCR testing period expected to be June 2025, being six months after the date of the expected first repayment under the Debt Finance Package. The DSCR is required to be above 1.25x and the Group's forecasts show substantial headroom above this.

The Directors therefore continue to adopt the going concern basis in preparing the consolidated financial statements.

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**Michael Horner**

Interim Chief Financial Officer

10 September 2024

## PRINCIPAL RISKS AND UNCERTAINTIES

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 Sandra Bates, who has recent and relevant financial and business experience. All of the members of the Committee are Non-Executive and Independent.

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

- Reviewing the Company's risk management framework at least annually in order 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;
- Ensuring that the material business risks do not exceed the risk appetite determined by the Board; and
- 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.

### Principal Risks

The Board has determined that the principal risks and uncertainties are unchanged since the year end. Set out below is a summary of the risks and uncertainties as reported at the year end:

- Operation of the Vares Operation, including operational and technical difficulties;
- Reliance on infrastructure;
- Reliance on third-party contractors;
- Mineral resource and ore reserve estimates differing from actual results;
- Environmental and climate change risks;
- Health and safety risks;
- Foreign exchange risk;
- The historic tailings storage facility is the legal responsibility of the Municipality of Vares and is not located inside the area covered by the Veovaca Exploitation Permit, but the Company's standing within the local community may be adversely affected if it were considered or perceived to be the responsibility of the Company;
- Community/NGO concerns affecting operational/exploration activity;
- Bribery and corruption;
- Political instability;
- Mining concessions in Bosnia and Herzegovina and Serbia not being granted or renewed, or being expropriated;
- Other country risks; and
- Loss or diminution of the services of the Company's Directors or senior managers.

## CORPORATE GOVERNANCE

### Results and dividends

The Group results for the six months ended 30 June 2024 are set out in the Consolidated Interim Statement of Financial Position on page 14. 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 Group while maintaining appropriate levels of operational liquidity in due course. However, due to the early-stage nature of the Company and the Vares Project, no final dividend was paid for the year ended 31 December 2023 and no interim dividend is recommended for the 6 months ended 30 June 2024.

### Auditor

BDO LLP have been the auditor of Adriatic Metals PLC since 2020 and were re-appointed at the 2024 Annual General Meeting. Please refer to page 11 for the Auditor Independent Review Report to Adriatic Metals PLC.

## **Governance Matters**

There was one change to the Board of Directors and composition of the committees of the board during the Period.

On 13 June, Eric Rasmussen was appointed to the Board of Directors. Mr Rasmussen will initially serve on the Audit & Risk and the Remuneration & Nomination Committees. In addition, Julian Barnes stepped down from his duties as a Non-Executive Director of Adriatic to pursue other interests.

## **Subsequent events**

A ruling by the Constitutional Court of BiH on 11 July has suspended the felling of trees on the planned extended tailings storage facility at the Vares Processing Plant and waste rock storage facilities at Rupice. Production continues as planned and alternative facilities are being progressed.

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 Non-Executive Director, was appointed interim CEO effective 9 August. Sanela Karic, Non-Executive Director, became Executive Director for Corporate Affairs. Eric Rasmussen, Non-Executive Director, became chair of the Sustainability Committee.

There were no further events subsequent to 30 June 2024 required to be included in this report.

## **Directors' Responsibilities Pursuant to DTR4**

The Directors confirm to the best of their knowledge that the business, operational, and financial review, and Chairman's statement, include a fair review of the business and of any required related-party disclosures.

In addition, the Directors confirm to the best of their knowledge that the condensed consolidated interim financial statements have been prepared in accordance with DTR 4.2.7, DTR 4.2.8, and IAS 34 Interim Financial Reporting.

Signed in accordance with a resolution of the Directors

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**Laura Tyler**

Interim CEO

10 September 2024

## **INDEPENDENT REVIEW REPORT TO THE MEMBERS OF ADRIATIC METALS PLC**

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the consolidated interim statement of financial position, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows and the related explanatory notes.

### **Basis for conclusion**

We conducted our review in accordance with Revised International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410 (Revised)"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting."

### **Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the Group to cease to continue as a going concern.

### **Responsibilities of directors**

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the review of the financial information**

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP  
Chartered Accountants  
London, UK  
10 September 2024

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

**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 June 2024

| (In USD)                                                                                            | Note                      | Six Months Ended<br>30 June 2024 | Six Months Ended<br>30 June 2023 |
|-----------------------------------------------------------------------------------------------------|---------------------------|----------------------------------|----------------------------------|
| Revenue                                                                                             |                           | 242,574                          | -                                |
| Cost of goods sold                                                                                  |                           | (514,742)                        | -                                |
| <b>Gross loss</b>                                                                                   |                           | <b>(272,168)</b>                 | <b>-</b>                         |
| Exploration costs                                                                                   |                           | (2,635,678)                      | (614,576)                        |
| General and administrative expenses                                                                 | 15                        | (17,176,662)                     | (6,802,928)                      |
| Share-based payment expense                                                                         |                           | (445,703)                        | (395,265)                        |
| Other income                                                                                        |                           | 14,667                           | 2,442                            |
| <b>Operating loss</b>                                                                               |                           | <b>(20,515,544)</b>              | <b>(7,810,327)</b>               |
| Finance income                                                                                      |                           | 348,046                          | 329,468                          |
| Finance expense                                                                                     |                           | (3,168,678)                      | (2,569,701)                      |
| Revaluation of derivative liability                                                                 |                           | 6,457,118                        | (180,342)                        |
| Revaluation of copper stream liability                                                              |                           | (6,938,883)                      | 952,858                          |
| <b>Loss before taxation</b>                                                                         |                           | <b>(23,817,941)</b>              | <b>(9,278,044)</b>               |
| Tax charge                                                                                          |                           | -                                | -                                |
| <b>Loss for the period</b>                                                                          |                           | <b>(23,817,941)</b>              | <b>(9,278,044)</b>               |
| <b>Other comprehensive gain that might be reclassified to profit or loss in subsequent periods:</b> |                           |                                  |                                  |
| Exchange gain arising on translation of foreign operations                                          |                           | 607,338                          | 216,433                          |
| <b>Total comprehensive expense for the period</b>                                                   |                           | <b>(23,210,603)</b>              | <b>(9,061,611)</b>               |
| <b>Loss for the period attributable to:</b>                                                         |                           |                                  |                                  |
| Owners of the parent                                                                                |                           | (23,817,941)                     | (9,278,044)                      |
| <b>Total comprehensive expense attributable to:</b>                                                 |                           |                                  |                                  |
| Owners of the parent                                                                                |                           | (23,210,603)                     | (9,061,611)                      |
| Net loss per share                                                                                  | Basic and diluted (cents) | 11                               |                                  |
|                                                                                                     |                           | (7.80)                           | (3.43)                           |

The accompanying notes on pages 18-31 are an integral part of these condensed consolidated interim financial statements.

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

At 30 June 2024

| (In USD)                                                               | Note | 30 June 2024       | 31 December 2023   |
|------------------------------------------------------------------------|------|--------------------|--------------------|
| <b>Assets</b>                                                          |      |                    |                    |
| <b>Current assets</b>                                                  |      |                    |                    |
| Cash and cash equivalents                                              |      | 58,776,869         | 44,856,215         |
| Receivables and prepayments                                            | 5    | 9,548,761          | 13,211,757         |
| Inventory                                                              | 8    | 4,701,422          | 1,552,781          |
| <b>Total current assets</b>                                            |      | <b>73,027,052</b>  | <b>59,620,753</b>  |
| <b>Non-current assets</b>                                              |      |                    |                    |
| Property, plant and equipment                                          | 7    | 260,116,769        | 212,730,670        |
| Right-of-use assets                                                    | 10   | 6,779,015          | 8,319,826          |
| Exploration and evaluation assets                                      |      | 8,500,000          | 8,500,000          |
| Receivables and prepayments                                            | 5    | 1,622,443          | 1,680,314          |
| <b>Total non-current assets</b>                                        |      | <b>277,018,227</b> | <b>231,230,810</b> |
| <b>Total assets</b>                                                    |      | <b>350,045,279</b> | <b>290,851,563</b> |
| <b>Liabilities and equity</b>                                          |      |                    |                    |
| <b>Current liabilities</b>                                             |      |                    |                    |
| Accounts payable and accrued liabilities                               | 9    | 12,032,286         | 17,672,820         |
| Lease liabilities                                                      | 10   | 1,215,480          | 1,495,296          |
| Borrowings                                                             | 6    | 59,162,064         | 47,373,197         |
| Derivative Liability                                                   | 6    | -                  | 9,909,859          |
| <b>Total current liabilities</b>                                       |      | <b>72,409,830</b>  | <b>76,451,172</b>  |
| <b>Non-current liabilities</b>                                         |      |                    |                    |
| Lease liabilities                                                      | 10   | 5,461,915          | 6,641,271          |
| Provisions                                                             | 14   | 4,314,063          | 3,673,787          |
| Borrowings                                                             | 6    | 110,087,501        | 93,427,367         |
| <b>Total non-current liabilities</b>                                   |      | <b>119,863,479</b> | <b>103,742,425</b> |
| <b>Total liabilities</b>                                               |      | <b>192,273,309</b> | <b>180,193,597</b> |
| <b>Capital and reserves attributable to shareholders of the parent</b> |      |                    |                    |
| Share capital                                                          | 11   | 6,253,084          | 5,712,782          |
| Share premium                                                          | 11   | 243,484,208        | 174,145,606        |
| Merger reserve                                                         | 11   | 23,497,730         | 23,497,730         |
| Warrants reserve                                                       | 11   | -                  | 2,743,303          |
| Share-based payment reserve                                            | 11   | 3,840,377          | 3,591,220          |
| Foreign currency translation reserve                                   |      | 1,918,043          | 1,310,705          |
| Retained deficit                                                       |      | (121,221,472)      | (100,343,380)      |
| <b>Total equity</b>                                                    |      | <b>157,771,970</b> | <b>110,657,966</b> |
| <b>Total liabilities and equity</b>                                    |      | <b>350,045,279</b> | <b>290,851,563</b> |

The accompanying notes on pages 18-31 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements of Adriatic Metals PLC, registered number 10599833, were approved and authorised for issue by the Board of Directors on 10 September 2024 and were signed on its behalf by:

**Laura Tyler**

Interim Chief Executive Officer

**Michael Horner**

Interim Chief Financial Officer

# CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

| (In USD)                                         | Note | Share<br>Capital | Share<br>Premium | Merger<br>Reserve | Share-based<br>Payment<br>Reserve | Warrants  | Foreign<br>Currency<br>Translation<br>Reserve | Retained<br>deficit | Total Equity |
|--------------------------------------------------|------|------------------|------------------|-------------------|-----------------------------------|-----------|-----------------------------------------------|---------------------|--------------|
| 31 December 2022                                 |      | 5,376,349        | 143,829,631      | 23,497,730        | 4,943,436                         | 2,743,303 | 1,260,333                                     | (73,747,756)        | 107,903,026  |
| Loss for the Period                              |      | -                | -                | -                 | -                                 | -         | -                                             | (9,278,044)         | (9,278,044)  |
| Other<br>comprehensive<br>income                 |      | -                | -                | -                 | -                                 | -         | 216,433                                       | -                   | 216,433      |
| <b>Total<br/>comprehensive<br/>loss</b>          |      | -                | -                | -                 | -                                 | -         | 216,433                                       | (9,278,044)         | (9,061,611)  |
| Share issue costs                                |      | -                | (73,516)         | -                 | -                                 | -         | -                                             | -                   | (73,516)     |
| Exercise of options<br>and performance<br>rights | 11   | 84,558           | 1,045,929        | -                 | (2,862,322)                       | -         | -                                             | 2,649,049           | 917,214      |
| Issue of options<br>and performance<br>rights    | 11   | -                | -                | -                 | 395,265                           | -         | -                                             | (10,126)            | 385,139      |
| Expiry/cancellation<br>of options                | 11   | -                | -                | -                 | -                                 | -         | -                                             | -                   | -            |
| 30 June 2023                                     |      | 5,460,907        | 144,802,044      | 23,497,730        | 2,476,379                         | 2,743,303 | 1,476,766                                     | (80,386,877)        | 100,070,252  |

## INTERIM FINANCIAL STATEMENTS

| (In USD)                                             | Note | Share Capital    | Share Premium      | Merger Reserve    | Share-based Payment Reserve | Warrants    | Foreign Currency Translation Reserve | Retained deficit     | Total Equity       |
|------------------------------------------------------|------|------------------|--------------------|-------------------|-----------------------------|-------------|--------------------------------------|----------------------|--------------------|
| 31 December 2023                                     |      | 5,712,782        | 174,145,606        | 23,497,730        | 3,591,220                   | 2,743,303   | 1,310,705                            | (100,343,380)        | 110,657,966        |
| Loss for the Period                                  |      | -                | -                  | -                 | -                           | -           | -                                    | (23,817,941)         | (23,817,941)       |
| Other comprehensive income                           |      | -                | -                  | -                 | -                           | -           | 607,338                              | -                    | 607,338            |
| <b>Total comprehensive loss</b>                      |      | -                | -                  | -                 | -                           | -           | 607,338                              | (23,817,941)         | (23,210,603)       |
| Issue of share capital                               |      | 308,812          | 49,691,188         | -                 | -                           | -           | -                                    | -                    | 50,000,000         |
| Share issue costs                                    |      | -                | (3,033,103)        | -                 | -                           | -           | -                                    | -                    | (3,033,103)        |
| Exercise of options, warrants and performance rights | 11   | 231,490          | 22,680,517         | -                 | (196,546)                   | (2,497,736) | -                                    | 2,694,282            | 22,912,007         |
| Issue of options and performance rights              | 11   | -                | -                  | -                 | 445,703                     | -           | -                                    | -                    | 445,703            |
| Expiry of warrants                                   | 11   | -                | -                  | -                 | -                           | (245,567)   | -                                    | 245,567              | -                  |
| <b>30 June 2024</b>                                  |      | <b>6,253,084</b> | <b>243,484,208</b> | <b>23,497,730</b> | <b>3,840,377</b>            | <b>-</b>    | <b>1,918,043</b>                     | <b>(121,221,472)</b> | <b>157,771,970</b> |

The accompanying notes on pages 18-31 are an integral part of these condensed consolidated interim financial statements.

## CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

| (In USD)                                                         | Note | Six Months Ended<br>30 June 2024 | Six Months<br>Ended<br>30 June 2023 |
|------------------------------------------------------------------|------|----------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                      |      |                                  |                                     |
| Loss for the period                                              |      | (23,817,941)                     | (9,278,044)                         |
| Adjustments for:                                                 |      |                                  |                                     |
| Depreciation of property, plant and equipment                    | 7    | 516,904                          | 308,325                             |
| Depreciation of right-of-use assets                              | 10   | 207,446                          | 146,158                             |
| Share-based payment expense                                      | 11D  | 445,703                          | 395,265                             |
| Finance income                                                   |      | (348,046)                        | (329,468)                           |
| Finance expense                                                  |      | 3,168,678                        | 2,569,701                           |
| Revaluation of derivative liability                              |      | (6,457,118)                      | 180,342                             |
| Revaluation of copper stream                                     |      | 6,938,883                        | (952,858)                           |
| Changes in working capital items:                                |      |                                  |                                     |
| (Increase) in inventories                                        | 8    | (3,801,332)                      | -                                   |
| Decrease/ (increase) in receivables and prepayments              | 5    | 2,583,475                        | (1,297,697)                         |
| (Decrease)/ increase in accounts payable and accrued liabilities | 9    | 3,211,918                        | 1,075,923                           |
| <b>Net cash used in operating activities</b>                     |      | <b>(17,351,430)</b>              | <b>(7,182,353)</b>                  |
| Cash flows from investing activities:                            |      |                                  |                                     |
| Purchase of property, plant and equipment                        | 7    | (40,901,108)                     | (44,322,875)                        |
| Prepaid property, plant and equipment                            | 5    | (5,477,138)                      | (3,626,496)                         |
| Interest received on cash holdings                               |      | 317,069                          | 896,981                             |
| <b>Net cash used in investing activities</b>                     |      | <b>(46,061,177)</b>              | <b>(47,052,390)</b>                 |
| Cash flows from financing activities:                            |      |                                  |                                     |
| Net proceeds from the issue of ordinary shares                   | 11   | 46,966,897                       | 468,162                             |
| Proceeds from draw down of borrowings. net of transaction costs  | 6    | 29,227,820                       | 81,060,421                          |
| Interest paid on loans and borrowings                            |      | -                                | (945,000)                           |
| Capital payments on leases                                       | 10   | (1,042,658)                      | (781,733)                           |
| Interest paid on leases                                          | 10   | (368,357)                        | (681,251)                           |
| Exercise of warrants                                             |      | 2,497,736                        | -                                   |
| <b>Net cash inflows from financing activities</b>                |      | <b>77,281,438</b>                | <b>79,120,599</b>                   |
| Net increase in cash and cash equivalents                        |      | 13,868,831                       | 24,885,856                          |
| Exchange gain on cash and cash equivalents                       |      | 51,824                           | 131,166                             |
| <b>Cash and cash equivalents at beginning of the period</b>      |      | <b>44,856,215</b>                | <b>60,585,277</b>                   |
| <b>Cash and cash equivalents at end of the period</b>            |      | <b>58,776,870</b>                | <b>85,602,299</b>                   |

The accompanying notes on pages 18-31 are an integral part of these condensed consolidated interim financial statements.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. Corporate information

The condensed set of financial statements (“consolidated interim financial statements”) for the period ended 30 June 2024 comprises the consolidated interim statement of financial position, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cashflows, which present the financial information of Adriatic Metals PLC and its subsidiaries. Adriatic Metals PLC (the “Company” or the “parent”) is a public company limited by shares and incorporated in England & Wales. The registered office is located at Ground Floor, Regent House, 65 Rodney Road, Cheltenham GL50 1HX, United Kingdom.

The Group’s principal activity is precious and base metals exploration and development. The Group owns the Vares Project in Bosnia and Herzegovina and the Raska Project in Serbia.

## 2. Basis of preparation

### A. Statement of compliance and basis of preparation

These condensed consolidated interim financial report for the six-month reporting period ended 30 June 2024 have been prepared in accordance with the UK-adopted International Accounting Standard 34, ‘Interim Financial Reporting’ and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

These condensed consolidated interim financial results are unaudited and do not constitute a statutory set of financial statements in accordance with the meaning of Section 434 of the Companies Act 2006 (the “Companies Act”). The annual consolidated financial statements will be prepared in accordance with UK adopted International Accounting Standards. The statutory accounts for the year ended 31 December 2023 has been delivered to the registrar and the audit report was unqualified and did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006.

The consolidated interim financial statements were authorised for issue by the Board of Directors on 10 September 2024.

### B. Going concern

Definitive documentation executed for the \$142.5m Debt Finance Package with Orion was announced on 10 January 2022 to provide sufficient funds to complete the Vares Project Construction and cover ongoing owner costs until production commences. Of this total, \$142.5m was drawn down as of 30 June 2024, including the \$22.5m Copper Stream deposit. The first repayment against this is expected in December 2024.

In April 2024, the Group agreed an additional debt facility of \$25.0m with Orion Mine Finance, this was undrawn as at 30 June 2024 and is not forecast to be drawn down in the going concern period. In May 2024, the Group raised \$47.0m cash from an equity raise, net of costs. This financing was performed to provide flexibility in the Group’s balance sheet during the final stages of ramp up to nameplate capacity and to finalise the termination payment payable to Nova.

As announced in the Group’s Quarterly Activity Report for the quarter ended 30 June 2024, the Group has started producing concentrates, with shipments sold and shipped to offtakers Trafigura and Transamine in the Period. Operations are targeting ramp up to commercial production by Q4 2024.

At 30 June 2024, the Group had cash of \$58.8m and net current assets \$0.6m, with forecast of \$12.6m project capex left to spend in H2 2024. Base case forecasts show sufficient cash based on nameplate processing capacity being reached by Q4 2024. A Debt-Service Coverage Ratio (“DSCR”) covenant is included in the Orion Debt Finance Package, with the first DSCR testing period expected to be June 2025, being six months after the date of the expected first repayment under the Debt Finance Package. The DSCR is required to be above 1.25x and the Group’s base case forecasts show substantial headroom above this.

Management has performed sensitivity analysis to consider the effects of both production ramp up delays and metal price decreases, together with the measures available to mitigate impacts. Delays to the project ranging from one to three months as well as revenue decreases up to 40% have been used as inputs to the stress test model. The forecast cash balance and DSCR covenant are both resilient to the impacts of these scenarios before taking any mitigating actions. Management also consider the likelihood of these scenarios materialising as being remote.

For a mining business at the start of its operating phase, uncertainty exists about operating results and cashflows. In a challenging operational scenario, the Group would have the option of reducing and/or deferring discretionary expenditure including overheads, sustaining capex, and general and administrative costs, as well as drawing down on the \$25.0m additional loan facility or raising more equity capital in the event of a more severe impact on production and revenues.

The Directors therefore continue to adopt the going concern basis in preparing the Interim consolidated financial statements, which assumes the Group will be able to meet its liabilities as they fall due in the foreseeable future.

### 3. Material accounting policies

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023 and corresponding interim reporting period, except for the below new accounting policies applied during the period.

#### 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.

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. Adjustments to sales prices arising from settlement of provisional pricing arrangements are recognised as a debit or credit to revenue and not separated or treated as an embedded derivative.

#### Inventory

Stores, consumables and raw materials are stated at the lower of cost and net realisable value. The cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

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

#### 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 debt. The remainder of the proceeds is allocated to the conversion option and is recognised as a derivative liability.

Where early conversion occurs, the entire note is remeasured to fair value as at the date of conversion. The difference between the existing carrying amount and the fair value on the conversion date is recognised in profit or loss. The fair value of the note is then transferred to equity.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

#### A. Standards, amendments and interpretations adopted

During the Period, the following amendments have been implemented with effect from 1 January 2024.

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants)

Adoption of the above amendments did not have a material impact on the consolidated interim financial statements.

#### B. Standards, amendments and interpretations effective in future periods

At the date of authorisation of these Consolidated financial statements, the following new standards, amendments, and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Group.

The following amendments are effective for the year beginning 1 January 2025:

- Lack of exchangeability - Amendments to IAS 21

The Group anticipates that the above amendments will be adopted in its accounting policies for the first period beginning after their effective date and does not expect these amendments to have a material impact on its operations or financial statements.

## 4. Critical accounting estimates and judgements

The preparation of the consolidated interim financial statements in accordance with UK-adopted IAS 34 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. 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.

### A. Significant estimates

#### a. Exploration and evaluation asset impairment testing

The Group reviews and tests the carrying amount of assets when it judges that an indicator of impairment has occurred, including events or changes in circumstances that suggest that the carrying amount may not be recoverable.

When such indicators exist, management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. The key estimates include discount rates, including the Group's weighted average cost of capital, future prices, future exploration and evaluation costs, production levels and foreign currency exchange rates.

Exploration and evaluation assets at 30 June 2024 comprised the Raska Project of \$8.5m, at a value based on the revised carrying value following the strategic review of the Raska Project completed by the Group in late 2022. No further indicators of impairment or reversal of previous impairment have been identified in the period to 30 June 2024.

#### b. Rehabilitation Provision

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 judgement is also required to determine both the costs associated with that work and the other assumptions used to calculate the provision. External experts support the cost estimation process where appropriate but there remains significant estimation uncertainty. The key judgement in applying this accounting policy is determining when an estimate is sufficiently reliable to make or adjust a closure provision.

Management has applied judgement to determine the impact of activity on the Vares Project in the period ended 30 June 2024, which is a key factor in calculating the provision, and the Group recorded a provision based on the discounted value of the expected cashflows. See note 14 for further details.

#### c. 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 IAS16, IAS32, IAS39, IFRS9, IFRS15 as 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 fair value of the Copper Stream obligation is valued by management on a nominal basis. Each reporting period, the fair value is reassessed by updating significant assumptions, including the nominal future copper curve prices, the latest mine plan, and nominal weighted average cost of capital, which was calculated with input from the company's nominated experts.

All other estimates made in the preparation of these interim financial statements are consistent with the estimates made in the preparation of the Annual Financial Statements for 2023.

## B. Significant judgements

### a. 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 manner 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 concentrates.

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 deemed that Vares did not commence commercial production during the Period but is expected to be reached in Q4 2024.

### b. 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 Vares Project mining asset. Management uses judgement to determine the element of borrowing costs attributable to that part that should cease to be capitalised.

All other judgements made in the preparation of these interim financial statements are consistent with the judgements made in the preparation of the Annual Financial Statements for 2023.

## 5. Receivables and prepayments

| (In USD)                                                                | 30 June 2024      | 31 December 2023  |
|-------------------------------------------------------------------------|-------------------|-------------------|
| Accrued interest income                                                 | 24,167            | 59,321            |
| Prepayments and deposits                                                | 5,477,138         | 6,585,108         |
| Unamortised deferral of day one fair value adjustment for Copper Stream | 104,572           | 98,843            |
| Taxes receivable                                                        | 3,598,289         | 6,363,960         |
| Other receivables                                                       | 344,595           | 104,524           |
| <b>Non-Current</b>                                                      |                   |                   |
| Unamortised deferral of day one fair value adjustment for Copper Stream | 1,622,443         | 1,680,315         |
| <b>Total</b>                                                            | <b>11,171,204</b> | <b>14,892,071</b> |

Vares Project prepayments and deposits mainly represent advance payments in respect of equipment purchases.

Taxes receivable primarily represent VAT receivable in Bosnia, including from Vares Project construction and other expenditure during the Period.

## 6. Borrowings and Derivative Liability

### A. Total borrowings and derivative liability

| (In USD)               | Orion Senior Secured Debt | Copper Stream | QRC Convertible Debt | Total Borrowings | Derivative Liability on QRC Convertible Debt |
|------------------------|---------------------------|---------------|----------------------|------------------|----------------------------------------------|
| At 31 December 2023    | (97,772,050)              | (26,919,547)  | (16,108,967)         | (140,800,564)    | (9,909,859)                                  |
| Additions              | (29,227,820)              | -             | -                    | (29,227,820)     | -                                            |
| Interest expense       | (9,556,516)               | -             | (305,473)            | (9,861,989)      | -                                            |
| Loan modification      | 1,165,251                 | -             | -                    | 1,165,251        | -                                            |
| QRC conversion         | -                         | -             | 16,414,440           | 16,414,440       | 3,452,741                                    |
| Fair Value Revaluation | -                         | (6,938,883)   | -                    | (6,938,883)      | 6,457,118                                    |
| At 30 June 2024        | (135,391,135)             | (33,858,430)  | -                    | (169,249,565)    | -                                            |

Balances at 30 June 2024 and 31 December 2023 are analysed below:

| At 30 June 2024       | Orion Senior Secured Debt | Copper Stream | QRC Convertible Debt | Total Borrowings | Derivative Liability on QRC Convertible Debt |
|-----------------------|---------------------------|---------------|----------------------|------------------|----------------------------------------------|
| Current liability     | (55,985,191)              | (3,176,873)   | -                    | (59,162,064)     | -                                            |
| Non-current liability | (79,405,944)              | (30,681,557)  | -                    | (110,087,501)    | -                                            |
|                       | (135,391,135)             | (33,858,430)  | -                    | (169,249,565)    | -                                            |

| At 31 December 2023   | Orion Senior Secured Debt | Copper Stream | QRC Convertible Debt | Total Borrowings | Derivative Liability on QRC Convertible Debt |
|-----------------------|---------------------------|---------------|----------------------|------------------|----------------------------------------------|
| Current liability     | (30,177,441)              | (1,086,789)   | (16,108,967)         | (47,373,197)     | (9,909,859)                                  |
| Non-current liability | (67,594,609)              | (25,832,758)  | -                    | (93,427,367)     | -                                            |
|                       | (97,772,050)              | (26,919,547)  | (16,108,967)         | (140,800,564)    | (9,909,859)                                  |

### B. Orion Senior Secured Debt

#### Additional Facility

In April 2024, the Group agreed an additional debt facility of \$25.0m with Orion Mine Finance. These funds will be available in a single tranche during the period 1 September 2024 - 31 December 2024. The tranche must 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 shall be calculated by reference to market price discounted by 2%.

This facility was undrawn as at 30 June 2024 and has not been drawn down Post Period.

#### 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 is extended to 31 December 2024 and becomes the First Repayment Date;
- A fee applicable to the amendment ("the Front End Fee") of \$750,000 becomes payable immediately following the utilisation date for the fourth draw down and added to the principal amount of the loans then outstanding;
- The Company is required to ensure that prior to 31 July 2024, the QRC Convertible Debt is finally, fully and irrevocably discharged or converted into equity without incurring financial indebtedness in relation to the same.

No other changes were made, including to the basis for accruing for interest or to the number or frequency of repayments, which remain consistent with the original agreement announced on 10 January 2022.

A Orion Senior Secured Debt fourth tranche of \$30,000,000 was drawn in January 2024 net of a 2% fee of \$600,000 and associated legal and other fees of \$172,180, with a net amount received of \$29,227,820.

At 30 June 2024, these Orion fees and a further amount of transaction fees incurred by the Group totaling \$772,180 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.

### C. Copper Stream

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 30 June 2024:

| (In USD)                                            | 30 June 2024      |
|-----------------------------------------------------|-------------------|
| Balance at the start of the Period                  | 26,919,547        |
| Fair value adjustment at 30 <sup>th</sup> June 2024 | 6,938,883         |
| <b>Balance at the end of the Period</b>             | <b>33,858,430</b> |

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. This is then reviewed by the Group Financial Controller and the Chief Financial Officer. The assumptions used were the life of mine, copper production, the nominal copper forward price curve and the nominal discount rate based on the Company's weighted average cost of capital.

The following table contains sensitivities showing the impact of a 10%, 15% and 20% discount factor compared with the Group's weighted average cost of capital (WACC). The Group used 16.7% for the fair value adjustment at 30 June 2024.

| (In USD)               | 10%               | 15%               | 20%               |
|------------------------|-------------------|-------------------|-------------------|
| <b>At 30 June 2024</b> | <b>46,035,188</b> | <b>36,406,927</b> | <b>29,738,661</b> |

### D. QRC convertible debt

The Group issued \$20.0m 8.5% convertible debt through a deed of covenant dated 30 November 2020. The debt is convertible into fully paid equity securities in the share capital of the issuer, subject to the conditions of the debt issue.

On 4 March 2024 the Group allotted 10,981,770 new ordinary shares of £0.013355 each in connection with the convertible debt which were subsequently 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. This is then reviewed by the Group Financial Controller and the Chief Financial Officer.

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 bondholder 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 week) 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 hand of the debt holder at the date of conversion was \$3.5m.

## 7. Property, plant and equipment

| Cost (In USD)                               | Land & Buildings | Plant & Machinery | Mine under Construction | Total       |
|---------------------------------------------|------------------|-------------------|-------------------------|-------------|
| 31 December 2023                            | 5,608,966        | 4,087,711         | 204,260,198             | 213,956,875 |
| Additions                                   | 1,274,873        | 3,893,858         | 33,465,033              | 38,633,764  |
| Capitalised net interest                    | -                | -                 | 7,681,857               | 7,681,857   |
| Capitalised depreciation                    | -                | -                 | 1,008,814               | 1,008,814   |
| Rehabilitation provision change in estimate | -                | -                 | 578,569                 | 578,569     |
| 30 June 2024                                | 6,883,839        | 7,981,569         | 246,994,471             | 261,859,879 |
| Depreciation (in USD)                       |                  |                   |                         |             |
| 31 December 2023                            | 85,011           | 949,120           | 192,074                 | 1,226,205   |
| Charge for the period                       | 24,365           | 492,540           | -                       | 516,905     |
| 30 June 2024                                | 109,376          | 1,441,660         | 192,074                 | 1,743,110   |
| Net book value (in USD)                     |                  |                   |                         |             |
| 31 December 2023                            | 5,523,955        | 3,138,591         | 204,068,124             | 212,730,670 |
| 30 June 2024                                | 6,774,463        | 6,539,909         | 246,802,397             | 260,116,769 |

Capitalised interest consists of accrued interest expense in the period of \$7,810,667 on the Orion Senior Debt Finance Package, less \$128,810 interest income (30 June 2023: \$578,759).

The investment in purchase of property, plant and equipment of \$40,901,108 in the consolidated statement of cash flows excludes prior prepared Capex and creditor balances.

## 8. Inventory

| (In USD)                               | 30 June 2024     | 31 December 2023 |
|----------------------------------------|------------------|------------------|
| Spares, consumables, and raw materials | 4,701,422        | 1,552,781        |
| <b>Total</b>                           | <b>4,701,422</b> | <b>1,552,781</b> |

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 30 June 2024. There was a \$0.7m write-off to the income statement for the Period for a stocktake adjustment as at 30 June 2024 (31 December 2023: Nil).

During the Period the Group purchased spares and consumables for \$5.4m from Nova Mining associated with the termination of the Mining Services Contract.

The total inventory recognised through the Income Statement was \$0.5m (31 December 2023: Nil).

## 9. Accounts payable and accrued liabilities

(In USD)

30 June 2024

31 December 2023

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Trade payables      | 3,166,294         | 13,719,583        |
| Accrued liabilities | 5,155,148         | 3,415,895         |
| Other payables      | 3,710,844         | 537,342           |
| <b>Total</b>        | <b>12,032,286</b> | <b>17,672,820</b> |

The movement in Other Payables includes a provision for Nova termination payment of \$3.5m (31 December 2023: Nil), the increase was offset by a reversals of year-end payables in the period.

## 10. 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 Period:

(In USD)

Land &amp; buildings

Plant &amp; Machinery

Total

|                             |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|
| <b>31 December 2023</b>     | <b>1,608,994</b> | <b>6,710,832</b> | <b>8,319,826</b> |
| Additions                   | -                | 6,350,675        | 6,350,675        |
| Termination                 | -                | (5,957,555)      | (5,957,555)      |
| Depreciation                | (216,334)        | (999,926)        | (1,216,260)      |
| Modification                | (746,913)        | -                | (746,913)        |
| Foreign Exchange Difference | 29,242           | -                | 29,242           |
| <b>30 June 2024</b>         | <b>674,989</b>   | <b>6,104,026</b> | <b>6,779,015</b> |

Set out below are the carrying amounts of lease liabilities and the movements during the Period:

(In USD)

Land &amp; buildings

Plant &amp; Machinery

Total

|                             |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|
| <b>31 December 2023</b>     | <b>1,590,496</b> | <b>6,546,071</b> | <b>8,136,567</b> |
| Additions                   | -                | 6,350,675        | 6,350,675        |
| Termination                 | -                | (5,988,953)      | (5,988,953)      |
| Modifications               | (808,440)        | 28,113           | (780,327)        |
| Interest expense            | 44,093           | 324,264          | 368,357          |
| Payments                    | (218,790)        | (1,192,225)      | (1,411,015)      |
| Foreign Exchange difference | 2,090            | -                | 2,090            |
| <b>30 June 2024</b>         | <b>609,449</b>   | <b>6,067,945</b> | <b>6,677,394</b> |

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 financing 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.

## 11. Equity

### A. 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.

### B. Common shares issued.

|                                                             | Shares             | Share Capital<br>(In USD) | Share Premium<br>(In USD) | Merger Reserve<br>(In USD) |
|-------------------------------------------------------------|--------------------|---------------------------|---------------------------|----------------------------|
| <b>31 December 2022</b>                                     | <b>272,746,292</b> | <b>5,376,349</b>          | <b>143,829,631</b>        | <b>23,497,730</b>          |
| Share issue costs                                           | -                  | -                         | (73,516)                  | -                          |
| Shares issued on exercise of options and performance rights | 5,130,495          | 84,558                    | 1,045,929                 | -                          |
| <b>30 June 2023</b>                                         | <b>277,876,787</b> | <b>5,460,907</b>          | <b>144,802,044</b>        | <b>23,497,730</b>          |
| <b>31 December 2023</b>                                     | <b>292,734,419</b> | <b>5,712,782</b>          | <b>174,145,606</b>        | <b>23,497,730</b>          |
| Share issue costs                                           | -                  | -                         | (3,033,103)               | -                          |
| Shares issued                                               | 31,742,464         | 540,302                   | 72,371,705                | -                          |
| <b>30 June 2024</b>                                         | <b>324,476,883</b> | <b>6,253,084</b>          | <b>243,484,208</b>        | <b>23,497,730</b>          |

The average price paid for shares issued in the Period was \$2.40 per share (30 June 2023: \$0.17 per share).

Shares issued in the Period include 18,254,838 ordinary shares issued in respect of an Equity Raise on 28 May 2024, 10,981,770 shares in respect of conversion of the convertible debt with Queens Road Capital Investment Ltd, and 2,505,856 in respect of ordinary shares allotted in connection with the exercise of unlisted performance rights.

### C. Share options and performance rights

All share options and performance rights are issued under the Group's share option plans.

The following table summarises movements of the Company's share option plans:

|                         | Weighted average<br>exercise price of<br>options (USD) | Number of<br>options | Number of<br>performance rights | Total options and<br>performance rights |
|-------------------------|--------------------------------------------------------|----------------------|---------------------------------|-----------------------------------------|
| <b>31 December 2022</b> | <b>0.46</b>                                            | <b>5,174,300</b>     | <b>941,594</b>                  | <b>6,115,894</b>                        |
| Issued                  | -                                                      | -                    | 891,583                         | 891,583                                 |
| Exercised               | 0.13                                                   | (5,018,260)          | (538,194)                       | (5,556,454)                             |
| Expired                 | 1.21                                                   | (14,940)             | -                               | (14,940)                                |
| <b>30 June 2023</b>     | <b>2.41</b>                                            | <b>141,100</b>       | <b>1,294,983</b>                | <b>1,436,083</b>                        |

|                         | Weighted average<br>exercise price of<br>options (USD) | Number of<br>options | Number of<br>performance rights | Total options and<br>performance rights |
|-------------------------|--------------------------------------------------------|----------------------|---------------------------------|-----------------------------------------|
| <b>31 December 2023</b> | <b>2.25</b>                                            | <b>141,100</b>       | <b>2,062,071</b>                | <b>2,203,171</b>                        |
| Issued                  | -                                                      | -                    | -                               | -                                       |
| Exercised               | -                                                      | -                    | (91,386)                        | (91,386)                                |
| Expired                 | -                                                      | (116,200)            | (102,015)                       | (218,215)                               |
| <b>30 June 2024</b>     | <b>-</b>                                               | <b>24,900</b>        | <b>1,868,670</b>                | <b>1,893,570</b>                        |

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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.

Options outstanding:

At 30 June 2024

| Grant date     | Options outstanding | Exercise price | Weighted average remaining contractual life (Years) | Expiry date    | Number exercisable |
|----------------|---------------------|----------------|-----------------------------------------------------|----------------|--------------------|
| 8 October 2020 | 24,900              | GBP £1.20      | 1.1                                                 | 19 August 2024 | 24,900             |
|                | 24,900              |                |                                                     |                | 24,900             |

Performance rights outstanding:

At 30 June 2024

| Grant date        | Performance rights outstanding | Weighted average remaining contractual life (Years) | Expiry date      | Number exercisable |
|-------------------|--------------------------------|-----------------------------------------------------|------------------|--------------------|
| 17 February 2022  | 28,400                         | 1.5                                                 | 31 December 2025 | 672                |
| 5 April 2022      | 25,000                         | 0.5                                                 | 31 December 2024 | -                  |
| 5 April 2022      | 50,000                         | 1.5                                                 | 31 December 2025 | -                  |
| 23 February 2023  | 314,533                        | 2.5                                                 | 31 December 2026 | -                  |
| 24 May 2023       | 142,778                        | 3.5                                                 | 1 January 2028   | -                  |
| 24 May 2023       | 434,272                        | 3.9                                                 | 24 May 2028      | -                  |
| 18 September 2023 | 911,067                        | 3.9                                                 | 24 May 2028      | -                  |
| 12 June 2024      | 499,240                        | 4.9                                                 | 22 May 2029      | -                  |
|                   | 2,405,290                      |                                                     |                  | 672                |

At 30 June 2023

| Grant date       | Performance rights outstanding | Weighted average remaining contractual life (Years) | Expiry date      | Number exercisable |
|------------------|--------------------------------|-----------------------------------------------------|------------------|--------------------|
| 17 February 2022 | 100,000                        | 0.5                                                 | 31 December 2023 | -                  |
| 17 February 2022 | 100,000                        | 1.0                                                 | 30 June 2024     | -                  |
| 17 February 2022 | 28,400                         | 2.5                                                 | 31 December 2025 | 672                |
| 5 April 2022     | 100,000                        | 0.5                                                 | 31 December 2023 | -                  |
| 5 April 2022     | 25,000                         | 1.5                                                 | 31 December 2024 | -                  |
| 5 April 2022     | 50,000                         | 2.5                                                 | 31 December 2025 | -                  |
| 23 February 2023 | 314,533                        | 3.5                                                 | 31 December 2026 | -                  |
| 24 May 2023      | 142,778                        | 4.5                                                 | 1 January 2028   | -                  |
| 24 May 2023      | 434,272                        | 4.8                                                 | 24 May 2028      | -                  |
|                  | 1,294,983                      |                                                     |                  | 672                |

499,240 performance rights were issued in the Period to Paul Cronin under the Group's share option plans according to the terms announced in the May 2024 Notice of Annual General Meeting.

## D. Share-based payment reserve

The following table presents changes in the Group's share-based payment reserve during the six months period ended 30 June 2024:

| (In USD)                                         | Share-based payment reserve |
|--------------------------------------------------|-----------------------------|
| <b>31 December 2022</b>                          | <b>4,943,436</b>            |
| Exercise of share options and performance rights | (2,815,955)                 |
| Issue of performance rights                      | 348,898                     |
| <b>30 June 2023</b>                              | <b>2,476,379</b>            |
| <b>31 December 2023</b>                          | <b>3,591,220</b>            |
| Exercise of share options and performance rights | (196,546)                   |
| Issue of performance rights                      | 445,703                     |
| <b>30 June 2024</b>                              | <b>3,840,377</b>            |

## E. Share-based payment expense

During the period ended 30 June 2024 the Group recognised share-based payment expenses of \$445,703 (30 June 2023: \$395,265).

| (In USD)                                                              | Period ended<br>30 June 2024 | Period ended<br>30 June 2023 |
|-----------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Awards and expiry/cancellations during the year</b>                |                              |                              |
| Issue of options and performance rights                               | -                            | 194,570                      |
| Short term incentive plan awards                                      | -                            | -                            |
| Expiry/cancellation of options                                        | (196,546)                    | -                            |
|                                                                       | <b>(196,546)</b>             | <b>194,570</b>               |
| <b>Awards and expiry/cancellations relating to prior years awards</b> |                              |                              |
| Issue of options and performance rights                               | 445,703                      | 200,695                      |
| Expiry/cancellation of options                                        | -                            | -                            |
|                                                                       | <b>445,703</b>               | <b>200,695</b>               |
|                                                                       | <b>249,157</b>               | <b>395,265</b>               |

The issue of options and performance rights gives rise to a share-based payment expense based on the fair value of the share-based payment compensation, which is recognised over the expected vesting period.

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:

| For the period ended               | 30 June 2024    | 30 June 2023    |
|------------------------------------|-----------------|-----------------|
| Risk-free interest rate            | 3.01% - 3.93%   | 3.01% - 3.93%   |
| Expected volatility <sup>(1)</sup> | 39.06% - 56.00% | 39.06% - 56.00% |
| Expected life (years)              | 3.85 - 5.00     | 3.85 - 5.00     |
| Fair value per performance right   | £0.83 - £1.79   | £0.83 - £1.79   |
| Fair value per option              | -               | -               |

<sup>(1)</sup> 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 in the 31 December 2023 Annual Report and in the Notice of Annual General Meeting held on 22 May 2023.

## G. Per share amounts

|  |                                                                                   | 6 Months ended 30 June<br>2024 | 6 Months ended 30 June<br>2023 |
|--|-----------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|  | Loss for the period attributable to owners of the parent entity (in USD)          | (23,817,941)                   | (9,278,044)                    |
|  | Weighted average number of common shares for the purposes of basic loss per share | 305,547,308                    | 270,354,488                    |
|  | Basic and diluted loss per share (cents)                                          | (7.80)                         | (3.43)                         |

## H. Warrants reserve

Warrants were issued as part of Tethyan Resource Corp acquisition on 8 October 2020. The following table present movements in the Group's warrant reserve during the Period.

| (In USD)                | Warrants reserve |
|-------------------------|------------------|
| <b>31 December 2023</b> | <b>2,743,303</b> |
| Exercised               | (2,497,736)      |
| Expired                 | (245,567)        |
| <b>30 June 2024</b>     | <b>-</b>         |

Over the course of January and February, the Group announced that it had allotted 2,414,470 new ordinary shares of £0.013355 each in connection with the exercise of 2,414,470 unlisted warrants at an issue price of £0.88 per share for a total consideration of £2,124,734.

January 2024, the balance of 236,550 warrants expired. At 30 June 2024 there were no warrants remaining related to the Tethyan acquisition.

## 12. Segmental information

The segmental analysis of the Group's loss after tax and movement in non-current assets is as follows:

| (In USD)                                            | Six months ended 30 June 2024 |                    |                    |                     | Six months ended 30 June 2023 |                    |                    |                    |
|-----------------------------------------------------|-------------------------------|--------------------|--------------------|---------------------|-------------------------------|--------------------|--------------------|--------------------|
|                                                     | Bosnia                        | Serbia             | Corporate          | Total               | Bosnia                        | Serbia             | Corporate          | Total              |
| Revenue                                             | -                             | -                  | 242,574            | 242,574             | -                             | -                  | -                  | -                  |
| Cost of goods sold                                  | -                             | -                  | (514,742)          | (514,742)           | -                             | -                  | -                  | -                  |
| Gross profit                                        | -                             | -                  | (272,168)          | (272,168)           | -                             | -                  | -                  | -                  |
| Exploration activities expenses                     | -                             | (2,635,678)        | -                  | (2,635,678)         | -                             | (614,576)          | -                  | (614,576)          |
| General and administrative expenses                 | (9,991,863)                   | (1,546,760)        | (5,638,039)        | (17,176,662)        | (3,724,128)                   | (874,849)          | (2,203,951)        | (6,802,928)        |
| Share-based payment expense                         | -                             | -                  | (445,703)          | (445,703)           | -                             | -                  | (395,265)          | (395,265)          |
| Other (expense)/income                              | (31,397)                      | -                  | 46,064             | 14,667              | -                             | -                  | 2,442              | 2,442              |
| <b>Operating Loss</b>                               | <b>(10,023,260)</b>           | <b>(4,182,438)</b> | <b>(6,309,846)</b> | <b>(20,515,544)</b> | <b>(3,724,128)</b>            | <b>(1,489,425)</b> | <b>(2,596,774)</b> | <b>(7,810,327)</b> |
| Finance income                                      | -                             | -                  | 348,046            | 348,046             | -                             | -                  | 329,468            | 329,468            |
| Finance expense                                     | (445,547)                     | -                  | (2,723,131)        | (3,168,678)         | -                             | -                  | (2,971,843)        | (2,971,843)        |
| Revaluation of copper stream liability              | -                             | -                  | (6,938,883)        | (6,938,883)         | -                             | -                  | -                  | -                  |
| Revaluation of derivative liability                 | -                             | -                  | 6,457,118          | 6,457,118           | -                             | -                  | 1,174,658          | 1,174,658          |
| <b>Loss before tax</b>                              | <b>(10,468,807)</b>           | <b>(4,182,438)</b> | <b>(9,166,696)</b> | <b>(23,817,941)</b> | <b>(3,724,128)</b>            | <b>(1,489,425)</b> | <b>(4,064,491)</b> | <b>(9,278,044)</b> |
| Tax charge                                          | -                             | -                  | -                  | -                   | -                             | -                  | -                  | -                  |
| <b>Loss after tax</b>                               | <b>(10,468,807)</b>           | <b>(4,182,438)</b> | <b>(9,166,696)</b> | <b>(23,817,941)</b> | <b>(3,724,128)</b>            | <b>(1,489,425)</b> | <b>(4,064,491)</b> | <b>(9,278,044)</b> |
| <b>Purchase of mining under construction assets</b> | <b>33,465,033</b>             | <b>-</b>           | <b>-</b>           | <b>33,465,033</b>   | <b>50,874,454</b>             | <b>-</b>           | <b>-</b>           | <b>50,874,454</b>  |

## 13. Related party disclosures

There were no material transactions with related parties during the Period or material balances owed to or due from related parties as at Period end (30 June 2023: Nil).

## 14. Rehabilitation Provision

| (In USD)              | 30 June 2024     | 31 December 2023 |
|-----------------------|------------------|------------------|
| At 1 January          | 3,673,787        | 4,431,212        |
| Unwinding of discount | 61,707           | -                |
| Change in estimate    | 578,568          | (757,425)        |
|                       | <b>4,314,062</b> | <b>3,673,787</b> |

The Group provides for the asset retirement obligation associated with the mining activities at Vares. The increase in estimate in relation to the asset retirement obligation of \$0.6m is primarily due to additional estimated costs at Vares due to the progress made with its development in H1 2024 as well as an update to the discount rate to 4.6% (31 December 2023: 4.2%) and inflation rate to 2.36% (31 December 2023: 2.45%) using latest assumptions.

## 15. General and administrative expenses

| (In USD)                       | 6 months ended 30<br>June 2024 | 6 months ended 30<br>June 2023 |
|--------------------------------|--------------------------------|--------------------------------|
| Wages, Salaries & Remuneration | 5,217,682                      | 3,510,689                      |
| Depreciation & Amortisation    | 724,350                        | 373,660                        |
| Professional Fees              | 2,801,525                      | 1,007,282                      |
| Travel Costs                   | 1,554,266                      | 503,743                        |
| Property Costs                 | 1,289,400                      | 736,797                        |
| Other Costs                    | 5,589,439                      | 670,757                        |
|                                | 17,176,662                     | 6,802,928                      |

Other costs include a \$3.5m provision for Nova termination payment.

## 16. Commitments and contingencies

At 30 June 2024, the Group had capital expenditure contracted for at the reporting date but not yet incurred of \$7.3m (31 December 2023: \$10.7m).

Following the termination of the mining services contract with Nova Mining & Construction d.o.o. on 20 April 2024, as summarized in Note 10, a compensation payment of \$3.5m was due (which has been provided for in these financial statements) and the Group purchased mining equipment from Nova. As at 31 December 2023, this was disclosed as contingency.

## 17. Subsequent events

A ruling by the Constitutional Court of BiH on 11 July has suspended the felling of trees on the planned extended tailings storage facility at the Vares Processing Plant and waste rock storage facilities at Rupice. Production continues as planned and alternative facilities are being progressed.

On 7 August 2024 the Company announced that the CEO and Managing Director, Paul Cronin, had tendered his resignation to the Board. On 9 August 2024 he formally stepped down, with Laura Tyler becoming Interim Chief Executive Officer of the Company, and Sanela Karic becoming Executive Director for Corporate Affairs.