

24 January 2024

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

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

## DIRECTORS

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NON-EXECUTIVE CHAIRMAN

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MANAGING DIRECTOR & CEO

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## VARES PROJECT PRODUCTION GUIDANCE & UPDATE

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF), is pleased to publish its initial production guidance and provide an update to the commissioning of the Vares Silver Project in Bosnia and Herzegovina.

- Initial production guidance targets have been provided based on a revised mine plan following the updated Ore Reserves statement announced on 20 December 2023:

	2024	2025	2026	2027-2040 (average)
Ore Mined (kt)	240-300	750-850	800-900	800-900

- First concentrate production is expected in Q1 2024.
  - The commissioning of the Vares Processing Plant is progressing well, however there are a few weeks delay due to limited availability of instrumentation technicians and equipment delays due to shipping being rerouted from the Suez Canal. Additional staff have been appointed and all equipment is now on site and being commissioned.
  - All project-related infrastructure, such as road, railway, electricity, water treatment and additional support services have been completed and are being prepared for operations.
- The fourth and final US\$30m tranche of senior secured debt ("Senior Secured Debt") from Orion Mine Finance ("Orion") has been drawn down.
- The first quarterly debt repayment to Orion has been rescheduled from 30 June 2024 to 31 December 2024, with quarterly repayments thereafter.
- Adriatic remains fully funded for plant completion and ramp up.

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

*"I am delighted to announce the first production guidance for the Vares Project. A new comprehensive mine plan has been developed that will give greater understanding of production over the next few years of operations. Despite some minor but unpredictable delays, we expect 2024 to be a solid year of initial production, and facilitate the underground development required to consistently produce at or above nameplate from Q4 2024 onwards.*

*I wish to extend my appreciation to Orion for their continued financial and operational support as we navigate the Vares Project through the final stages of completion."*



**Adriatic Metals PLC** (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) (“Adriatic” or the “Company”) is pleased to provide an update on the Vares Silver Project in Bosnia and Herzegovina.

## PRODUCTION GUIDANCE

Following the updated Ore Reserves announcement on 20 December 2023, Adriatic has completed an updated Mine Plan at Rupice and Rupice Northwest. Successful extension and exploration drilling at Rupice and Rupice Northwest, mine design improvements and optimisation of the mine scheduling work has resulted in significant improvements to the latest Mine Plan compared to the 2021 Definitive Feasibility Study.

The guidance for the 2024 ramp-up year and future life of mine averages are based on the most recently updated Mine Plan incorporating updated mine designs and the latest cost information. The guidance is based on the additional drilling, mineral resource estimation and advancing higher grade development at Rupice and Rupice Northwest, but down blending of ore is planned during the initial months of plant feed from lower grade stockpiles to facilitate plant performance optimisation.

	2024	2025	2026	2027-2040 (average)
Ore Mined (kt)	240-300	750-850	800-900	800-900
Zinc (%)	4.5-5.9	5.8-7.8	6.1-8.1	4.6-6.1
Silver (g/t)	261-348	259-345	211-281	160-214
Lead (%)	3.2-4.2	3.6-4.9	3.5-4.7	2.9-3.9
Copper (%)	0.5-0.6	0.5-0.7	0.5-0.7	0.4-0.5
Gold (g/t)	2.1-2.8	2.4-3.2	2.1-2.8	1.2-1.6

An achievable ramp-up profile has been adopted for 2024 prior to reaching steady state production which is anticipated to occur in Q4 2024. The slower than anticipated ramp-up has been driven by:

- **Underground Structural Geology** – The planned 900m structural geo-technical drilling programme was completed in Q4 2023, delineating the poor rock mass zone running parallel to the orebody along-strike and down-dip. Following a technical workshop and completed studies, it has been established that there is a requirement for upgraded ground support standards to safely establish and maintain footwall infrastructure. Once installed, the additional ground support will improve ore drive access and therefore production rates will subsequently increase in the second half of 2024.
- **Processing Plant Optimisation** – The mine plan delivers life of mine average head grade throughout 2024 to ensure plant operating parameters and product specifications are achieved prior to delivery of high-grade feed in 2025, 2026 and 2027 onwards. Upon sustaining nameplate parameters, the Company's strategy will be to maximise high NSR material in accordance with future metal price expectations.



The grade control contractor has been mobilised with the drilling programme expected to identify opportunities for further optimisation of the mine plan and reduce development costs. Adriatic is in the process of conducting formal studies to confirm plant throughput can be increased to over 1Mtpa, to align with anticipated mine production.

The production targets referred to in this announcement are underpinned by Ore Reserves, prepared in accordance with the requirements of the JORC Code (2012 edition).

## **UPDATE ON FIRST CONCENTRATE PRODUCTION**

The commissioning of the Vares Processing Plant is progressing well, however due to unexpected delays first concentrate production has been delayed by a few weeks. This is mainly due to the limited availability of instrumentation technicians for commissioning and implementation, following the unanticipated delays in equipment shipping. Electrical & instrumentation contractors are now on site and all key positions have been filled, with final plant control system testing and commissioning underway. There was a further delay in the delivery of the dust collectors and associated ducting, which had been on a vessel outside the Suez Canal. The ship was rerouted around the Cape of Good Hope and arrived in Rijeka on 16 January 2024. The dust collectors are now onsite and are undergoing installation.

All other project-related infrastructure to support initial operations, such as road, railway, electricity, water treatment and additional support services have been completed.

## **FINANCING UPDATE**

Adriatic is pleased to announce that it has drawn down the fourth and final US\$30m tranche of Senior Secured Debt from Orion. All conditions precedent for the fourth US\$30m tranche of Senior Secured Debt have been satisfied or waived and funds have been received.

On 10 January 2022, Adriatic announced the completion of a US\$142.5m debt financing package with Orion ("Orion Debt Package") comprising:

- US\$120m Senior Secured Debt; and
- US\$22.5m Copper Stream.

The first draw down of US\$30m of Senior Secured Debt from Orion was received on 30 December 2022. The second US\$30m of Senior Secured Debt and the US\$22.5m Copper Stream were received on 13 February 2023. The third tranche of US\$30m of Senior Secured Debt was drawn down on 25 April 2023.

The first quarterly debt repayment to Orion has been rescheduled from 30 June 2024 to 31 December 2024, with 10 quarterly repayments of accrued interest, fees and the senior facility in even instalments thereafter.

The estimated final capital cost for the Project has increased from US\$182m to US\$188.9m, including US\$28.1m in scope changes as a result of design enhancements implemented during construction. This increase primarily relates to increased owner's costs due to the delays described above. Adriatic remains fully funded for plant completion and ramp up.

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## MARKET ABUSE REGULATION DISCLOSURE

The information contained within this announcement is deemed by the Company (LEI: 549300OHAH2GL1DP0L61) to constitute inside information 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 Paul Cronin, Managing Director and CEO.

### Authorised by Paul Cronin, Managing Director & CEO

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## ABOUT ADRIATIC METALS

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) is a precious and base metals developer that is advancing the world-class Vares Silver Project in Bosnia & Herzegovina, as well as the Raska Zinc-Silver Project in Serbia. The Vares Silver Project is fully funded to production, which is expected in Q1 2024. Concurrent with ongoing construction activities, the Company continues to explore across its highly prospective 44km<sup>2</sup> concession package.

The Mineral Resource estimate for the Rupice underground deposit comprising part of the Vares Silver Project was updated in accordance with ASX Listing Rule 5.8 on 27 July 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

The Ore Reserve estimate for the Rupice deposit comprising part of the Vares Silver Project was announced in accordance with ASX Listing Rule 5.9 on 20 December 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement and that



all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

## 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.