

30 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.

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QUARTERLY ACTIVITIES REPORT

For the three months ended 31 December 2023
("Q4" or "Quarter")

Q4 HIGHLIGHTS

Vares Silver Project, Bosnia & Herzegovina:

- Focus on operational readiness across all operations.
- Development increased 62% compared to H1 2023, cycle times reduced 8% quarter-on-quarter demonstrating improvements of the Accelerated Development Action Plan.
- Commissioning of the Vares Processing Plant is progressing well. First concentrate production on track for in Q1 2024.
- Road construction, refurbishment of the railhead and railway line and all other project-related infrastructure has been completed.
- Staff headcount increased to 296, contractor headcount totalled 329 at the end of Q4.

Exploration

- The updated ore reserve estimate for Rupice and Rupice Northwest (RNW) was announced on 20 December 2023: 13.8Mt at 187g/t Ag, 5.2% Zn, 3.3% Pb, 1.4g/t Au, 0.5% Cu and 0.2% Sb.
 - Contained ore reserve tonnes have increased by 89% since the previous Ore Reserve estimate stated as at July 2021.
 - The significant increase in ore reserves underpins an 18-year mine life which now extends until 2041 based on nominal throughput capacity of 800,000tpa.
- Exploration drilling continued to progress well in Q4, with a further drilling and an updated MRE scheduled for H1 2024.
- Assay results on regional targets such as Droskovac brownfield development project, expected in H1 2024.

Finance Update

- Final Project cost estimate is \$188.9m.
- Cash balance at 31 December 2023 of \$44.8m.
- Fourth and final \$30m tranche of senior secured debt ("Senior Secured Debt") from Orion Mine Finance ("Orion") was drawn down on 23 January 2024. The total debt of \$120m now received by the Company.
- The first debt repayment is scheduled for 30 December 2024.
- 97% of capital awarded or pending award.
- Adriatic remains fully funded for plant completion and ramp up.
- All \$ amounts are US dollars.



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

"We are pleased to report on the progress made over a hugely productive and busy quarter. The team have made substantial advancements across all areas of the Vares Silver Project, from mine development to the processing plant, and we are gearing up for the initiation of all operations in the first quarter of 2024. Concurrently all infrastructure projects are now completed, and we are very proud that the first train has travelled down the newly refurbished railway line from Podlugovi to Vares.

Additionally, we have been very successful in our exploration efforts, and the updated Ore Reserves at Rupice and Rupice Northwest have increased the life of mine from 10 to 18 years. We are aiming to increase this further with a continuation of our successful exploration programmes to date. We have also announced our production guidance for the coming years, and we remain firmly committed to increasing future production."

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) ("Adriatic" or the "Company") is pleased to provide an update on development and construction activities at the Vares Silver Project in Bosnia and Herzegovina over Q4 2023.

1. HEALTH & SAFETY

At the end of Q4 2023, the Lost Time Injury Rate ('LTIFR') and Total Recordable Injury Rate ('TRIFR') are 1.25 and 1.40 respectively compared to Q3 2023 where LTIFR and TRIFR were 0.72 and 1.81 respectively.

The Company's focus over Q4 has been on:

- High Risk Training such as work at height, confined spaces and safe task management.
- Enhancements to quality and consistency of safety messaging into the organisation.
- Continuing focus of leadership field safety interactions.
- Improving internal investigation capability.
- Commissioning of health and safety event management software.



Figure 1: Process plant operators - introductory session, January 2024

2. CONSTRUCTION ACTIVITIES

Rupice Underground Mine

As at 31 December 2023, lower decline development had advanced a total of 1,182m and the upper decline 997m. There remains 110m of development prior to decline connection, which is scheduled for Q2 2024. This is on track to establish primary ventilation prior to commencement of stoping early Q3 2024. The primary fan is onsite with the project approved by the Ministry, with lower portal bypass construction commencing Q1 2024. Level development is progressing well on 1075, 1050, 975 and 950 production levels, providing multiple ore development fronts for plant commissioning and ramp up.

Development improvement continued in the reporting period with cycle times reducing a further 8% quarter on quarter. Total development was flat quarter on quarter at 473m compared to 477m, due to 124% increase in site water treatment due to winter conditions and localised aquifer drawn down impacting heading availability. Enhanced ground support standards commenced during the quarter, with 54% of development in poor footwall rockmass, compared to 39% in the prior period.

Development increased 62% compared to H1 2023, with less equipment, demonstrating the ongoing success of the Accelerated Development Action Plan implemented in June 2023. The Company has continued to bolster its technical support, with the onboarding of a Technical Services Manager and Geotechnical Superintendent during the quarter and is pleased with the initial performance of the upgraded ground support standards. Further productivity improvements are expected as weather conditions improve, winterisation upgrades to the batch plant are realised, and a third split feed development drill is introduced in Q1 2024.

An achievable ramp-up profile at Rupice mine has been adopted targeting steady state production in Q4 2024. The slower than anticipated ramp-up has been driven by:



- **Underground Structural Geology** – The planned 900m structural geotechnical drilling programme was completed during the quarter, delineating the poor rock mass 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 derisk level production rates once stoping commences.
- **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 the second half of 2024, 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.

On 24 January 2024 Adriatic announced its maiden production guidance for 2024, 2025 and 2026. The guidance for the 2024 ramp-up year and future life of mine averages are based on the 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 RNW. 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

Figure 2: Maiden production guidance

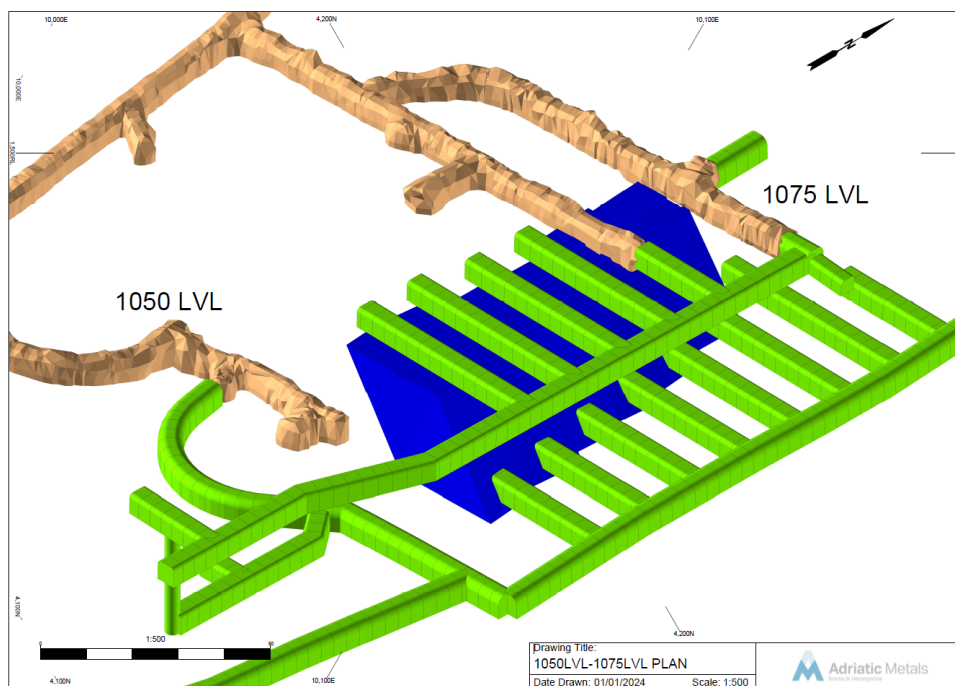


Figure 3: Rupice 1050-1075 Level Plan

Brown solids asbuilt development as at 31 December 2023, blue solids planned stopes and green solids planned

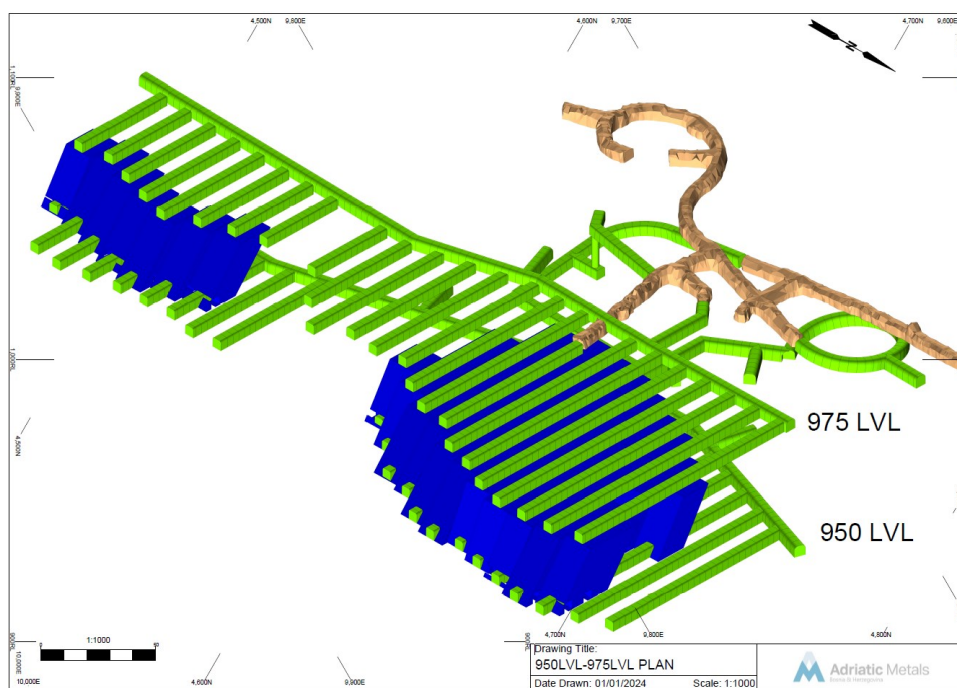


Figure 4: Rupice 950 - 975 Level Plan

Brown solids asbuilt development as at 31 December 2023, blue solids planned stopes and green solids planned

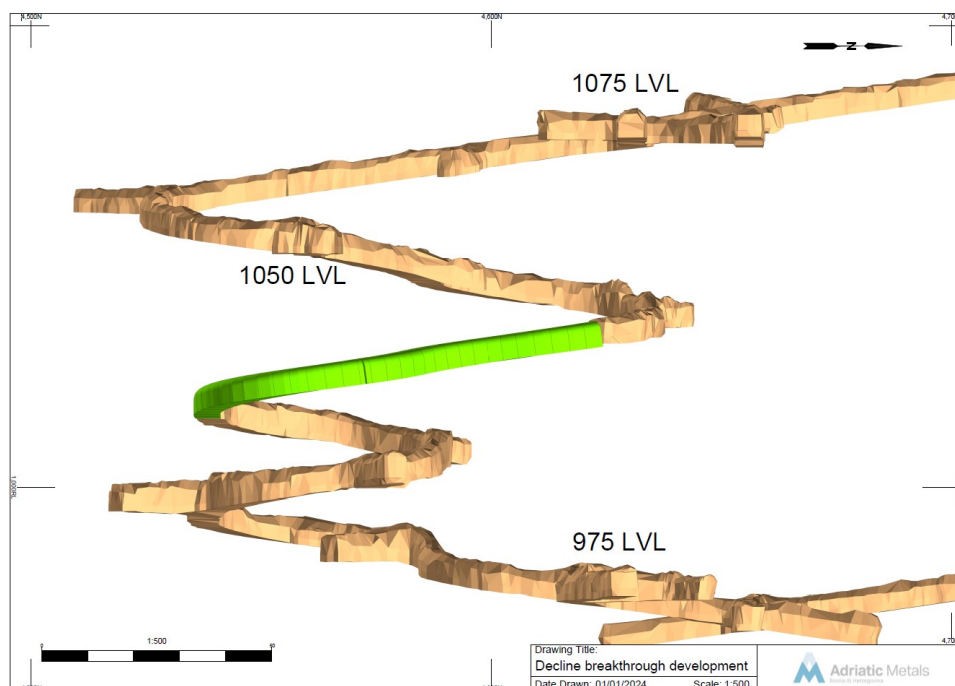


Figure 5: Decline Breakthrough Development

Rupice Underground Mine Infrastructure

The primary crusher construction is now complete and is currently being commissioned. For the backfill pad the forestry clearance commenced in November and will be completed in January. Excavation work has also commenced.

Construction of the Rupice run-of-mine stockpile is 83% complete. The lower plateau excavation is complete with lining, multi-barrier and drainage work commenced. The upper level has lining, multibarrier and drainage work installed with ore currently being stockpiled. At the end of Q4, over 10,000 tonnes of ore was stockpiled on surface and available for plant commissioning.

The Water Treatment Plant processed a record 34,700m³ of water during the period, beating required specifications. This represents a 124% increase to the prior quarter, reflecting the onset of winter conditions and drawdown of underground aquifers as development advances. The 2,600m³ settling pond was constructed and commissioned, with further improvements planned for the first half of 2024, including an active dewatering programme ahead of mine workings and water treatment plant upgrades.



Figure 6: Aerial view of Rupice mine site, December 2023



Figure 7: Water Treatment Plant, December 2023



Figure 8: Crusher Plant, December 2023

Operational Readiness

The haulage and haul road maintenance agreement is in place with national provider, Almy Transport

Fifteen new haul trucks are onsite and commissioned, with all units fitted with fatigue detection, safety intelligent speed assistance (ISA), GPS tracking and dash cameras. All haulage movements will be digitally monitored and recorded, with the comprehensive tracking system allowing the management and mitigation of risks associated with road use and public interaction.

The concentrate handling agreement is in place with national provider, Logistic Agent.

Four new 4x4 semi-trailer trucks together with four 20ft container semi-trailers are in place. These are all fitted with fatigue detection, safety ISA, GPS tracking and dash cameras. Two reach-stackers, located at the Vares Processing Plant and railhead, are in place, assembled and ready for operations.

The construction of the new fuel station at Vares has been completed and commissioned. Permitting is in progress, with the technical review by Vares Municipality completed. Licensing for fuel storage, transport, and selling is underway and on track for completion Q1 2024.

Over the past few months, the Company has commenced its inhouse winter maintenance programme, with conditions reaching -12C at Rupice and -10C at Vares, including heavy snowfall. All equipment and personnel are in place, with no travel interruptions or vehicle incidents occurring during the period, despite challenging conditions.



Figure 9: Vares Fuel Station, December 2023



Figure 10: Almy Transport ore haulage fleet, October 2023

Vares Processing Plant

The commissioning of the Vares Processing Plant ('VPP') is progressing well and first concentrate production is expected in Q1 2024. There was a delay in the delivery of the dust collectors and associated ducting, which had been delayed 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.



The power connection was established in December and commissioning in all areas of the VPP are ongoing, with systematisation completion and tracking underway. Electrical and instrumentation contractors are now on site and all key positions have been filled, with final plant control system testing and commissioning underway. Work on the substation at the VPP is complete and line energized.

Across the VPP, the final piping and electrical installation is underway. The control room and E-rooms have been energized and the Remote Input/Output cabinets are being installed and tested. The process water circuit and associated pumps have also been commissioned.

The installation of high-density polyethylene, carbon steel, and stainless steel has been completed in all major areas. In the crushed ore handling area, the installation of the feeders and conveyors has been completed.



Figure 11: Flotation Plant, December 2023



Figure 12: Thickeners (lead and zinc), January 2024



Figure 13: Aerial view of the Vares Processing Plant, January 2024

Infrastructure

The Vares Majdan – Rupice 35kV & communications cable installation is complete and all permitting approvals from Elektroprivreda BiH, the utility company, and the Ministry has been received. The electricity connection at Rupice took place in November and connection to the VPP in December.



The construction work on the 24.5km road that connects Rupice to the Vares Processing Plant was completed in Q4. The road is being used and maintained and remaining minor works will be completed once the snow has cleared.



Figure 14: Aerial view of the completed road, December 2023

The agreement on transportation with the Federation of Bosnia and Herzegovina Railways (FBiH), including cost of transport, has been signed. The refurbishment of the rail line from Podlugovi to Vares Majdan has been completed with 18 tunnels and 7 bridges refurbished. The refurbishment of the Vares Majdan railhead and station is complete.

On 14 December 2023, Adriatic arranged for the first train to travel down the refurbished railway line, with a ceremony that was attended by leading local politicians, EBRD, Ambassadors and key delegates. There was a formal ribbon cutting with Paul Cronin, CEO of Adriatic, Zdravko Marošević, the Mayor of Vares and Samir Kadrić, Councillor to the General Director, FiBH. The local community celebrated this momentous occasion, marking the revival of the railway after a hiatus of more than three decades. This event not only holds historical significance but also brings about enhanced logistics and connectivity for the region.



Figure 15: First train journey, December 2023



Figure 16: First train journey, December 2023



Figure 17: Paul Cronin, CEO, Zdravko Marošević Mayor of Vares & Samir Kadrić, Councillor to the General Director, FiBH at the inaugural rail journey, 14 December 2023

At Ploče Port the agreement for the handling of container cargo has been signed. Refurbishment work at the port warehouse has been reviewed, minimised and planned to be completed in Q1. The formalisation of the shipping and export documentation is being implemented. A test run of logistics for the train and customs formalities, as well rail wagon loading and unloading, has been scheduled for Q1 2024.

3. EXPLORATION

In 2023, exploration results from Rupice significantly increased the capacity of the Project, with the addition of RNW delivering a Tier 1 project. In July 2023, Adriatic announced an increase to the Resource and in December 2023 announced an increase to the Rupice Reserves. The updated ore reserve estimate for the 100%-owned Rupice silver-zinc-lead-gold deposit has increased to: 13.8Mt at 187g/t Ag, 5.2% Zn, 3.3% Pb, 1.4g/t Au, 0.5% Cu and 0.2% Sb, containing an estimated 83Moz of silver, 723Kt of zinc, 457Kt of lead, 640Koz of gold, 64Kt of copper and 24kt of antimony. The contained ore reserve tonnes have increased by 89% since the previous Ore Reserve estimate stated as at July 2021. The significant increase in ore reserves underpins an 18-year mine life which now extends until 2041 based on nominal throughput capacity of 800,000tpa.

The updated Ore Reserve was completed to a very high standard using industry best practice and methodologies. The Ore Reserve estimate was completed internally by Adriatic under the direction of the Competent Person who was assisted by key technical staff at Adriatic and AMC. Adriatic has used a LOM approach, whereby all mining areas were re-evaluated using the new NSR calculation to determine economic mining areas of which the RNW Zone was an extension to existing operation. AMC considers this approach reasonable for the 2023 Ore Reserve.



AMC ran multiple scenarios, testing various mining and metal prices within an offtake and flotation parameters. For the reserves, metal prices of \$23.00/oz Ag, 2,450/t Zn, \$2,280/t Pb, \$8,335/t Cu, \$1,912/oz Au and \$11,525/t Sb USD were used. A mining cost of \$35/t US was used for the cost model, all other costs remained as per the 2021 Definitive Feasibility Study.

The Ore Reserve Estimate was prepared by AMC consultants and comprises Probable Reserves as shown in the table below:

Vares Project Ore Reserve Estimate

Vares Project Ore Reserve Estimate, December 2023								
Deposit	JORC Class.	Ore	Ag	Zn	Pb	Au	Cu	Sb
		Mt	g/t	%	%	g/t	%	%
Rupice	Probable	18.3	187	5.2	3.3	1.4	0.5	0.2

Notes:

- Mineral Resources and Ore Reserves are based on JORC Code definitions
- It is the opinion of Adriatic Metals and the Competent Persons that all elements and products included in the metal equivalent formula have a reasonable potential to be recovered and sold
- Rows and columns may not add up exactly due to rounding
- FS metal prices, payabilities and recoveries have been applied
- AgEq – Silver equivalent was calculated using conversion factors of 32.4 for Zn, 25.9 for Pb, 79.2 for Au, 84.2 for Cu and 84.2 for Sb
- The applied formula was: $\text{AgEq} = \text{Ag(g/t)} * 92\% * 86\% + 32.4 * \text{Zn(\%)} * 97\% * 71\% + 25.9 * \text{Pb(\%)} * 93\% * 84\% + 83.3 * \text{Au(g/t)} * 70\% * 76\% + 84.2 * \text{Sb(\%)} * 96\% * 17\% + 84.2 * \text{Cu(\%)} * 97\% * 82\%$
- ZnEq – zinc equivalent is calculated using $\text{AgEq} * 1/32.4$

2023 Exploration Drilling

A total of 28,769.2m from 120 drill holes was completed in 2023. This total includes 26 abandoned holes.

Drilling was focused on defining the RNW deposit on a 40m section spacing, with holes on sections drilled as part of drill fans. Drill fans were designed to intersect mineralisation 25-30m apart. To minimise environmental impacts, fan drilling reduced the need for forest clearing, permitting and ground disturbance across difficult, mountainous, environmentally sensitive terrain. Additional scout drilling was conducted at Rupice West, Semizova Ponikva and Droskovac.

2023 Quarter	Collared Drillholes	Metres Drilled
1	23	6,060
2	33	8,036
3	38	8,652.5
4	26	6,020.7
Total	120	28,769.2



For the 2023 MRE (Rupice and RNW), a total of 287 diamond drill holes for a total of 76,935m define the current limits of the known mineralization. Up to mid-2022, the deposit was drilled and sampled using diamond drill holes on a nominal 20m by 20m spacing. From mid-2022 to May 2023, the drill hole spacing was widened to a 40m x 30m spacing across RNW reflecting the robust continuity of the stratabound mineralization along and across strike. Drilling has defined a combined Rupice and RNW mineralized system having a strike length of >900m and an across-strike width of >350m.

The RNW portion of the 2023 MRE includes a total of 80 diamond drill holes from the Company's drilling programmes in 2021 to May 2023 for 25,708m to define the current limits of the known RNW mineralization. Up to mid-2022, the deposit was drilled and sampled using diamond drill holes on a nominal spacing of 40m by 20m. From mid-2022 to the end of May 2023 the drill hole spacing was widened to a 40m by 30m spacing. The widening of the drill spacing was in response to the RNW deposit being spatially continuous over its >300m strike length and having a >260m across-strike width.

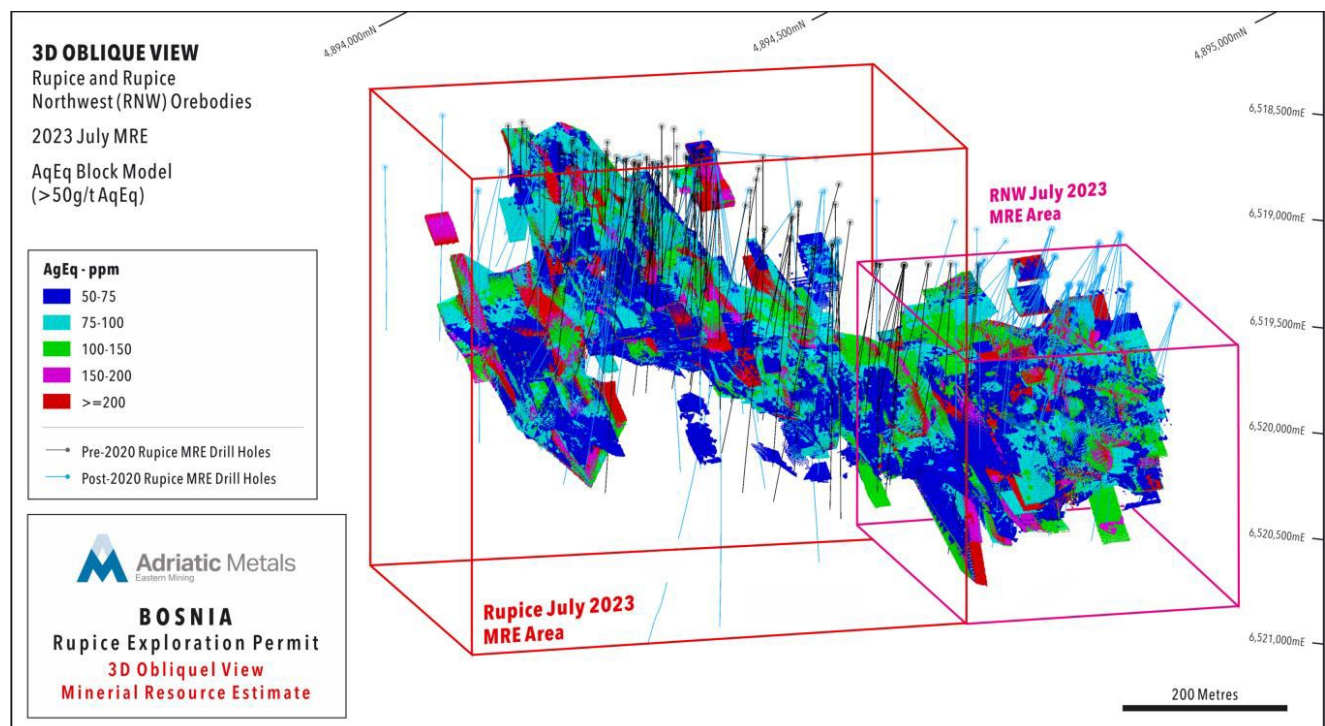


Figure 18: Isometric of the Rupice Block Model colored by AgEq Grade Ranges

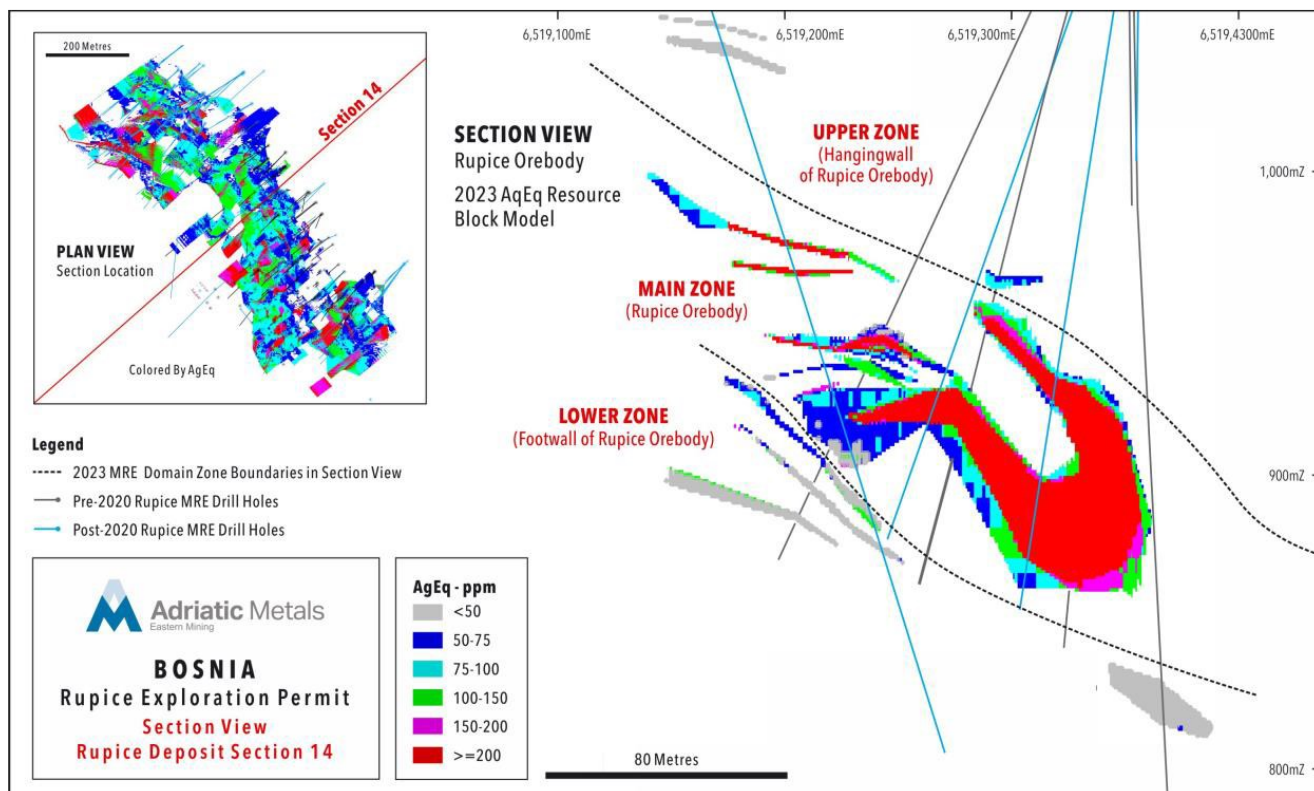
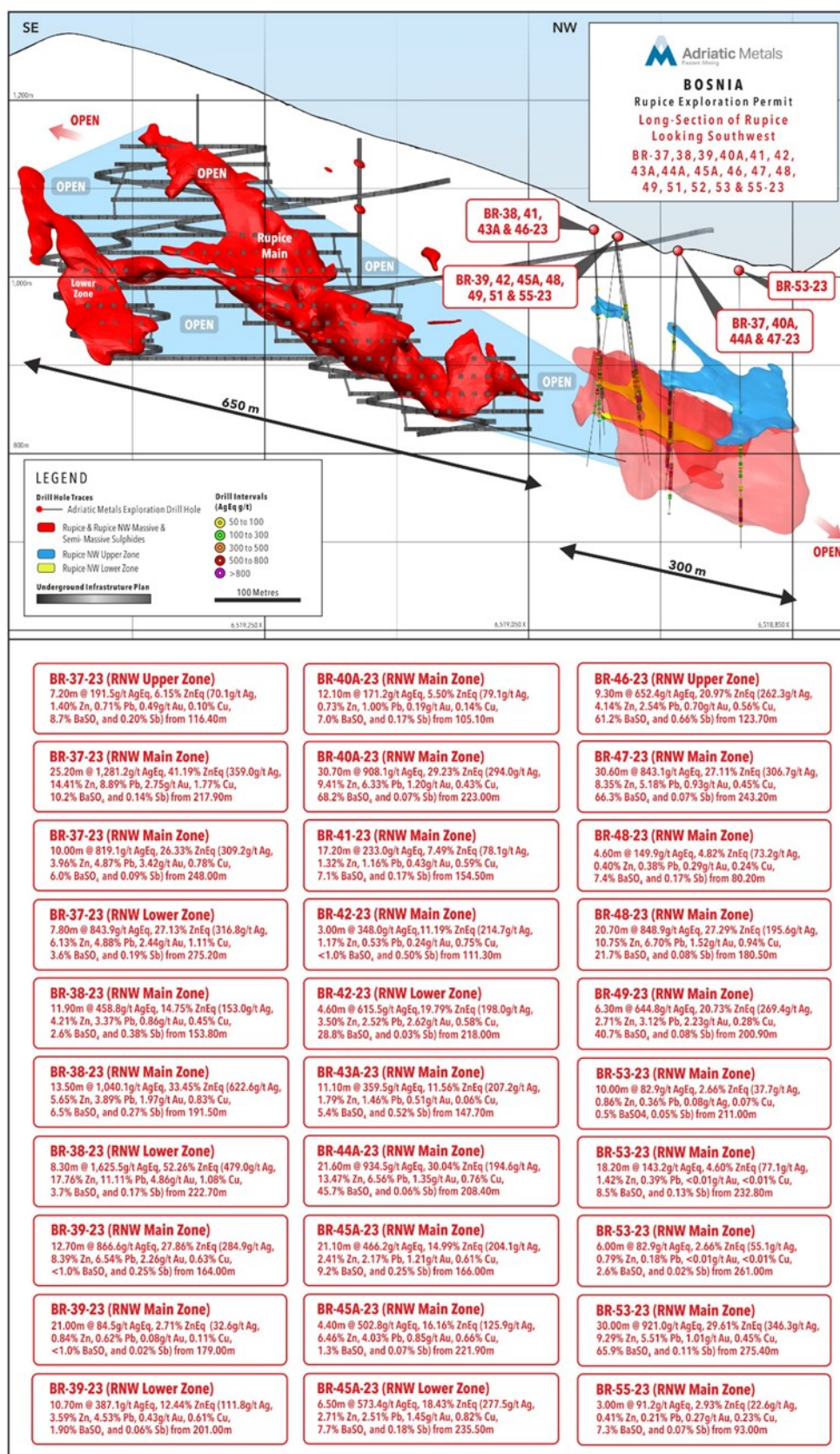


Figure 19: Cross Section Rupice 2023 Resource Block Model – Rupice Main, Upper and Lower Zones



BOSNIA
Rupic Exploration Permit
Long-Section of Rupic Looking Southwest

BR-37,38,39,40A,41,42,43A,44A,45A,46,47,48,49,51,52,53 & 55-23

BR-38,41,43A & 46-23

BR-39,42,45A,48,49,51 & 55-23

BR-53-23

BR-37,40A,44A & 47-23

650 m

300 m

LEGEND

- Drill Hole Traces
 - Adriatic Metals Exploration Drill Hole
- Drill Intervals (AgEq g/t)
 - 50 to 100
 - 100 to 300
 - 300 to 500
 - 500 to 800
 - >800
- Rupic & Rupic NW Massive & Semi-Massive Sulphides
- Rupic NW Upper Zone
- Rupic NW Lower Zone
- Underground Infrastructure Plan

100 Metres

Drill Hole	Interval (m)	AgEq (g/t)	Zn (%)	Pb (%)	Au (g/t)	Cu (%)	Other Elements
BR-37-23 (RNW Upper Zone)	7.20m @ 191.5g/t AgEq, 6.15% ZnEq (70.1g/t Ag, 1.40% Zn, 0.71% Pb, 0.49g/t Au, 0.10% Cu, 8.7% BaSO ₄ , and 0.20% Sb) from 116.40m						
BR-37-23 (RNW Main Zone)	25.20m @ 1,281.2g/t AgEq, 41.19% ZnEq (359.0g/t Ag, 14.41% Zn, 8.89% Pb, 2.75g/t Au, 1.77% Cu, 10.2% BaSO ₄ , and 0.14% Sb) from 217.90m						
BR-37-23 (RNW Main Zone)	10.00m @ 819.1g/t AgEq, 26.33% ZnEq (309.2g/t Ag, 3.96% Zn, 4.87% Pb, 3.42g/t Au, 0.78% Cu, 6.0% BaSO ₄ , and 0.09% Sb) from 248.00m						
BR-37-23 (RNW Lower Zone)	7.80m @ 843.9g/t AgEq, 27.13% ZnEq (316.8g/t Ag, 6.13% Zn, 4.88% Pb, 2.44g/t Au, 1.11% Cu, 3.6% BaSO ₄ , and 0.19% Sb) from 275.20m						
BR-38-23 (RNW Main Zone)	11.90m @ 458.8g/t AgEq, 14.75% ZnEq (153.0g/t Ag, 4.21% Zn, 3.37% Pb, 0.86g/t Au, 0.45% Cu, 2.6% BaSO ₄ , and 0.38% Sb) from 153.80m						
BR-38-23 (RNW Main Zone)	13.50m @ 1,040.1g/t AgEq, 33.45% ZnEq (622.6g/t Ag, 5.65% Zn, 3.89% Pb, 1.97g/t Au, 0.83% Cu, 6.5% BaSO ₄ , and 0.27% Sb) from 191.50m						
BR-38-23 (RNW Lower Zone)	8.30m @ 1,625.5g/t AgEq, 52.26% ZnEq (479.0g/t Ag, 17.76% Zn, 11.11% Pb, 4.86g/t Au, 1.08% Cu, 3.7% BaSO ₄ , and 0.17% Sb) from 222.70m						
BR-39-23 (RNW Main Zone)	12.70m @ 866.6g/t AgEq, 27.86% ZnEq (284.9g/t Ag, 8.39% Zn, 6.54% Pb, 2.26g/t Au, 0.63% Cu, <1.0% BaSO ₄ , and 0.25% Sb) from 164.00m						
BR-39-23 (RNW Main Zone)	21.00m @ 84.5g/t AgEq, 2.71% ZnEq (32.6g/t Ag, 0.84% Zn, 0.62% Pb, 0.08g/t Au, 0.11% Cu, <1.0% BaSO ₄ , and 0.02% Sb) from 179.00m						
BR-39-23 (RNW Lower Zone)	10.70m @ 387.1g/t AgEq, 12.44% ZnEq (111.8g/t Ag, 3.59% Zn, 4.53% Pb, 0.43g/t Au, 0.61% Cu, 1.90% BaSO ₄ , and 0.06% Sb) from 201.00m						
BR-40A-23 (RNW Main Zone)	12.10m @ 171.2g/t AgEq, 5.50% ZnEq (79.1g/t Ag, 0.73% Zn, 1.00% Pb, 0.19g/t Au, 0.14% Cu, 7.0% BaSO ₄ , and 0.17% Sb) from 105.10m						
BR-40A-23 (RNW Main Zone)	30.70m @ 908.1g/t AgEq, 29.23% ZnEq (294.0g/t Ag, 9.41% Zn, 6.33% Pb, 1.20g/t Au, 0.43% Cu, 68.2% BaSO ₄ , and 0.07% Sb) from 223.00m						
BR-41-23 (RNW Main Zone)	17.20m @ 233.0g/t AgEq, 7.49% ZnEq (78.1g/t Ag, 1.32% Zn, 1.16% Pb, 0.43g/t Au, 0.59% Cu, 7.1% BaSO ₄ , and 0.17% Sb) from 154.50m						
BR-42-23 (RNW Main Zone)	3.00m @ 348.0g/t AgEq, 11.19% ZnEq (214.7g/t Ag, 1.17% Zn, 0.53% Pb, 0.24g/t Au, 0.75% Cu, <1.0% BaSO ₄ , and 0.50% Sb) from 111.30m						
BR-42-23 (RNW Lower Zone)	4.60m @ 615.5g/t AgEq, 19.79% ZnEq (198.0g/t Ag, 3.50% Zn, 2.52% Pb, 2.62g/t Au, 0.58% Cu, 28.8% BaSO ₄ , and 0.03% Sb) from 218.00m						
BR-43A-23 (RNW Main Zone)	11.10m @ 359.5g/t AgEq, 11.56% ZnEq (207.2g/t Ag, 1.79% Zn, 1.46% Pb, 0.51g/t Au, 0.06% Cu, 5.4% BaSO ₄ , and 0.52% Sb) from 147.70m						
BR-44A-23 (RNW Main Zone)	21.60m @ 934.5g/t AgEq, 30.04% ZnEq (194.6g/t Ag, 13.47% Zn, 6.56% Pb, 1.35g/t Au, 0.76% Cu, 45.7% BaSO ₄ , and 0.06% Sb) from 208.40m						
BR-45A-23 (RNW Main Zone)	21.10m @ 466.2g/t AgEq, 14.99% ZnEq (204.1g/t Ag, 2.41% Zn, 2.17% Pb, 1.21g/t Au, 0.61% Cu, 9.2% BaSO ₄ , and 0.25% Sb) from 166.00m						
BR-45A-23 (RNW Main Zone)	4.40m @ 502.8g/t AgEq, 16.16% ZnEq (125.9g/t Ag, 6.46% Zn, 4.03% Pb, 0.85g/t Au, 0.66% Cu, 1.3% BaSO ₄ , and 0.07% Sb) from 221.90m						
BR-45A-23 (RNW Lower Zone)	6.50m @ 573.4g/t AgEq, 18.43% ZnEq (277.5g/t Ag, 2.71% Zn, 2.51% Pb, 1.45g/t Au, 0.82% Cu, 7.7% BaSO ₄ , and 0.18% Sb) from 235.50m						
BR-46-23 (RNW Upper Zone)	9.30m @ 652.4g/t AgEq, 20.97% ZnEq (262.3g/t Ag, 4.14% Zn, 2.54% Pb, 0.70g/t Au, 0.56% Cu, 61.2% BaSO ₄ , and 0.66% Sb) from 123.70m						
BR-47-23 (RNW Main Zone)	30.60m @ 843.9g/t						



Exploration in 2024

Exploration activity in 2024 will continue focus on extending and further converting to reserves previously drilled peripheral extensions of the Rupice Main orebody. Areas for extension and infill drilling across Rupice are to the north and south of areas to be mined in 2024. Infill drilling will be to a nominal 25-30m separation between wider-spaced holes. Drilling in 2023 highlighted these areas as having potential through being under-drilled and poorly understood geologically. The northern extension of Rupice is expected to narrow, increase in grade and precious metals, become more structurally controlled and tightly constrained. To the south, 2023 drilling has shown mineralization to be narrower, broadening, very continuous and open to extension.

2023 marked the first modern drilling across the Droskovac Fe-Ag-Pb-Zn-Sb deposit, a historic iron ore deposit with remaining non-JORC reserves of hematite, oligonite and sideritic iron ores. Base metal horizons peripheral to iron ores were known but not extracted. Drilling in Q3 and Q4 2023 started the process of testing areas of remaining iron ore, the positions of reported base metal zones and the validation of historic hand-drawn geological interpretations. Drilling confirmed areas of remaining iron ores and the existence of base and precious metal horizons having thicknesses of up to approximately 15m. Of significance, both base metal and iron zones were equally enriched in silver as determined by pXRF. Assay results were not fully available and validated by end of Q4, 2023. Droskovac, by end of 2023, had been validated as being an iron, base and precious metal multi-commodity project. Work in 2024 will focus on defining the size of the mineralized system; grade distribution and tenor for all mineralization domains; metallurgical characterization; construction of geological, structural and mineralization 3D models; identification of global and regionally equivalent styles of mineralization; as well as economic potential.

Greenfield project advancement in 2024 is also scheduled for the Brezik prospect (historic iron ore open pit along strike of Droskovac underground mine) and the Vares East tenement.

The area peripheral to the Brezik open pit and extending towards and parallel to Droskovac was found to be anomalously surface mineralized. The anomalism was defined by multiple surface geochemistry rock-chip and soil sampling programs and to be coincident with outcomes from a detailed 2023 ground gravity survey. Anomalism was both for base and precious metals. Initial results were originally considered potential surface contamination from the Brezik open pit operations. This was discounted with tighter infill sampling showing repeatability and continuity of anomalism. There was no historic underground mining beneath the area of anomalism. These results will be followed-up in 2024 with diamond core drilling to define the source of the anomalism.

There was no exploration activity across the Vares East property in 2023 other than completion of work to clear the area of potential land-mine threats. Sufficient areas have been cleared by the Bosnian Civil Protection Authority to allow surface exploration to commence in 2024 over an area of 5km x 2km. Surface geochemical sampling and trenching are planned. Scout drilling testing of the Barice and Brgule barite associated base metal prospects is also planned. Barice and Brgule are historic small-scale mines with little known history and no modern exploration coverage. The whole of the Vares East prospect has not been tested by extensive or modern exploration methods.

The 2024 exploration program will move to implementing hyperspectral logging linked to AI processed spectral, lidar and lithogeochemical analysis. Establishment of an onsite microscope for metal speciation and quantification will allow grade control, processing and exploration samples to be rapidly reviewed for base and precious metals minerals. A merging of technologies to interpret faster bigger, more complex data sets to recognize and drive the discovery of new opportunities will be implemented.



4. BUDGET & SCHEDULE UPDATE

At 31 December 2023, Adriatic had cash of \$44.8m. The estimated final capital cost for the project has increased from \$182m to \$188.9m, including \$28.1m in scope changes as a result of design enhancements implemented during construction. This increase primarily relates to increased owners costs due to the delays described above. Adriatic remains fully funded for plant completion and ramp up.

As at 23 January 2024, of the total Project cost estimate a total of 97% of capital expenditure is awarded or pending award, as shown below:

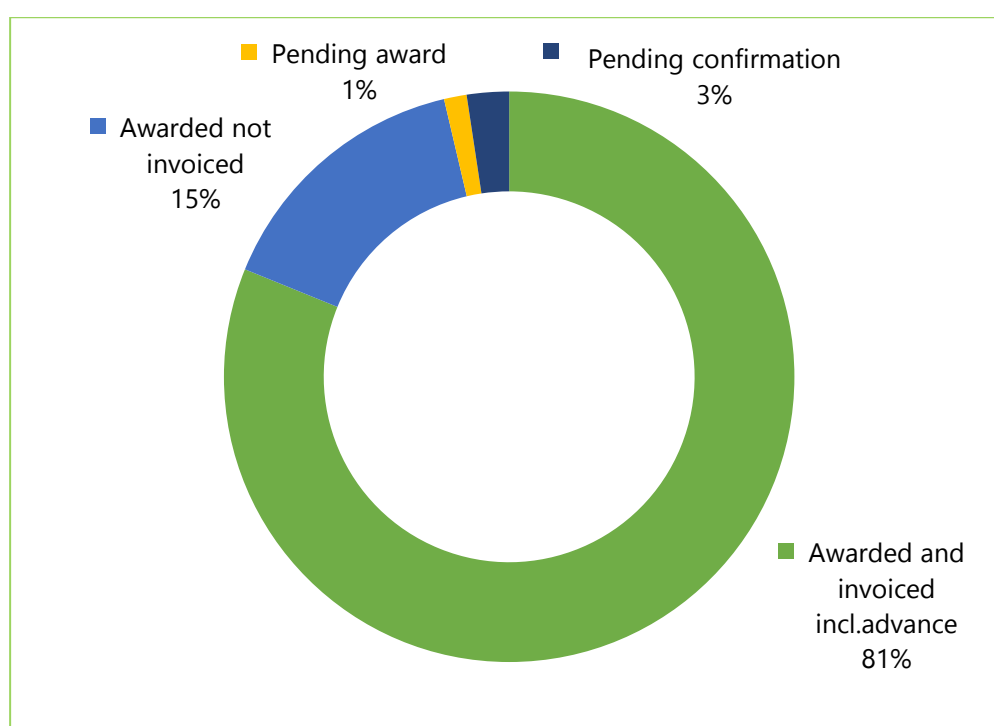


Figure 21: Capital committed, 23 January 2024

The fourth and final \$30m tranche of senior secured debt ("Senior Secured Debt") from Orion Mine Finance ("Orion") was drawn down on 23 January 2024. The total debt of \$120m has now been received by the Company.

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.

Summary of Cash flow

A summary of operating, investing and financing cash flows during the Quarter, before movements in exchange rates, as reported in the Appendix 5B Cash Flow Report, is as follows:

	USD'000
Exploration & evaluation (capitalised)	(2,457)
Exploration & evaluation (expensed)	(1,008)



Staff costs	(4,977)
Administration and corporate costs	(4,475)
Property, plant and equipment acquisitions	(19,009)
Interest received	233
Interest paid	(475)
Other: VAT Inflow	7,375
Net expenditure	(24,793)
Net cash flows from financing activities	
Net cash out flow before exchange movement	(24,793)

Payments to Related Parties

During the Quarter, Adriatic paid an aggregate total of \$283k to Directors, or companies controlled by them, consisting of salaries, fees, and reimbursement/recharge of corporate office facilities and associated services used/provided by the Company. This is disclosed in Item 6 of the accompanying Appendix 5B Cash Flow Report.

5. HUMAN RESOURCES

Adriatic continues to increase headcount as the Company moves through the construction phase. As of 31 December 2023, staff headcount was 296, with an additional 329 external contractors.

Country	Bosnia	Serbia	UK	Board	Total
Male (%)	189 (74%)	19 (70%)	3 (43%)	4 (67%)	215 (73%)
Female (%)	67 (26%)	8 (30%)	4 (57%)	2 (33%)	81 (27%)
TOTAL	256	27	7	6	296

Figure 22: Gender Division and Head Count Per Country of Operations as of 31 December 2023

Over the past quarter critical positions have been filled with 52 national and 9 expatriate critical positions filled, including key roles such as Technical Manager for Electrical Department, Process Control Engineer, Operations Supervisor, and others. In addition, 60 expatriates have been successfully managed on various types of visas, including visit, work, and residency visas.

In Q4 2024, training has been a focus for the Human Resources department. Training intervention templates have been developed as comprehensive templates to guide effective training sessions, ensuring uniformity and clarity in content delivery. Key service providers for mandatory training have been selected and a training venue has been secured that has been established and tailored to the specific needs of training programs.

An Operator Training Program has been launched for 20 operators, including 15 from Vares, with significant female participation. The program covers various essential modules, including mandatory training, English language, behavioural guidelines, workplace and technical training, and practical applications.

Adriatic has continued its successful academic collaboration, with "NORDBAT-2" high school in Vares. The first semester of 2023/2024 was completed, delivering over 330 hours of practical classes. Adriatic Metals also



received a certificate of appreciation from the Faculty of Mining, Geology and Petroleum Engineering from the University of Zagreb, for supporting student programs.

The yearly performance management cycle has been completed. The overall company results, department-specific performance, and individual evaluations have been analysed and referred to the senior management team.

6. SUSTAINABILITY

Sustainability is a strategic imperative for Adriatic and the focus for the business is on incorporating environmental considerations, ensuring financial optimisation, responsible resource management, and regulatory compliance.

In Q4, the sustainability team worked closely with consultants Alfa Energy to complete the following documents for regulatory compliance: Full Carbon Footprint, LCA (Life Cycle Assessment) and Net Zero including Scopes 1, 2 and 3 - Feasibility Study. These reporting documents set a baseline against which future targets can be set and measured. These documents will also report across business units and will be applied in the 2023 Annual Report.

Additional documentation was also finalised as the Environmental Social Action Plan was completed by the engaged company Ceteor and the Environmental and Social Project Update Report was drafted by the consulting firm Institut "Kemal Kapetanović", with a primary emphasis on addressing alterations in project design from ESIA disclosure to the present. This report details how these changes are managed through monitoring and mitigation measures. The initial draft has been received.

The Environmental Monitoring Plan for 2024 has been prepared, this annual monitoring plan is conducted according to permit legislation and EBRD standards. Sampling is now being conducted at all locations as in the plan. The annual biodiversity report was received in December and all the Biodiversity Action Plan measures planned for 2023 were implemented.

The INX & GIS Software for data tracking and reporting for environmental monitoring is now being implemented.

Throughout Q4, Adriatic continued to work closely and engage with all local stakeholders, with regular ongoing communication with the Vares and Kakanj communities. The regular newsletter was distributed and English language courses were well attended by the local community.

In December, in cooperation with the Municipality of Vares, Adriatic organised the celebration of Miners' Day. The event highlighted the importance of modern mining for the development of the municipality of Vares and reminded attendees of the historical development of Vares. The celebration of the Day of Miners was attended by the Mayor of the Municipality of Vares, Mr. Zdravko Marošević, as well as the Chairperson of the Municipal Council, Mrs. Mahira Brkić, and representatives of Adriatic and representatives of local communities and institutions.

In January 2024, Mr Alex Budden was appointed to the newly created role of Chief Sustainability Officer, reporting directly to the Chief Executive Officer. Mr Budden's role at Adriatic will cover government relations, sustainability and ESG issues, including environmental services, community relations and energy.



Figure 23: Celebration of Miner's Day, 21 December 2023

7. TENEMENT HOLDINGS

In accordance with ASX Listing Rule 5.3.3 please find below the Company's tenements as at 31 December 2023. The Company holds a 100% interest in all concession agreements and licences via its wholly owned subsidiaries, with the exception of the Raska (Suva Ruda) licence held by Deep Research d.o.o. The Company does not hold an equity interest in Deep Research d.o.o. but has an option agreement pursuant to which it may acquire the entire share capital of Deep Research d.o.o.

	Concession document	Registration number	License holder	Concession name	Area (km ²)	Date granted	Expiry date
Bosnia and Herzegovina	Concession Agreement	No.:04-18-21389-1/13	Eastern Mining d.o.o.	Veovaca1	1.08	12-Mar-13	12-Mar-38
				Veovaca 2	0.91	12-Mar-13	12-Mar-38
				Rupice-Jurasevac, Brestic	0.83	12-Mar-13	12-Mar-38
	Annex 3 & 6 Area	No.: 04-18-21389-3/18	Eastern Mining d.o.o.	Rupice - Borovica	4.52	14-Nov-18	12-Mar-33
	Extension			Veovaca - Orti - Seliste - Mekuse	1.32	14-Nov-18	12-Mar-33
	Annex 5 - Area	No: 04-18-14461-1/20	Eastern Mining d.o.o.	Orti-Selište-Mekuše-Barice- Smajlova Suma-Macak	19.33	3-Dec-20	3-Dec-50
	Extension			Droskovac - Brezik	2.88	3-Dec-20	3-Dec-50
				Borovica - Semizova Ponikva	9.91	3-Dec-20	3-Dec-50
Serbia	Concession Agreement	No: 04-14-5359-3/22	Eastern Mining d.o.o.	Saski Do	1.28	19-Jul-22	19-Jul-25
	Exploration License	310-02-1721/2018-02	Adriatic Metals d.o.o.	Kizevak	1.84	3-Oct-19	29-May-26
	Exploration License	310-02-1722/2018-02	Adriatic Metals d.o.o.	Sastavci	1.44	7-Oct-19	29-May-26



Exploration License	310-02-1114/2015-02	Adriatic Metals d.o.o	Kremice	8.54	21-Apr-16	07-Jul-25
Exploration License	310-02-00060/2015-02	Deep Research d.o.o.	Rudno Polje Raska	81.39	28-Dec-15	24-Oct-24**
Exploration License	310-02-01670/2021-02	Adriatic Metals d.o.o.	Kaznovice	37.1	11-Oct-21	22-Nov-24

**Possible to get a 1 year extension, but only for preparation of reserves elaborate which excludes any geological exploration work

-ends-

Authorised by Paul Cronin, Managing Director & CEO

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

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ABOUT ADRIATIC METALS

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) is a precious and base metals developer that is advancing the world-class Vares Silver Project in Bosnia & Herzegovina, as well as the Raska Zinc-Silver Project in Serbia. 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 44km² concession package.

The Mineral Resource estimate for the Rupice underground deposit comprising part of the Vares Silver Project was announced 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.

The production targets and forecast financial information for the Rupice deposit comprising part of the Vares Silver Project was announced in accordance with ASX Listing Rules 5.16 and 5.17 on 19 August 2021 and 24 January 2024. The Company confirms that all the material assumptions underpinning the production target and the forecast financial information in the previous announcements continue to apply and have not materially changed.

MARKET ABUSE REGULATION DISCLOSURE

The information contained within this announcement is deemed by the Company (LEI: 549300OHAH2GL1DP0L61) to constitute inside information for the purposes of Article 7 of the 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 ("UK MAR"), and Article 7 of the Market Abuse Regulation (EU) No. 596/2014 ("EU MAR").

The person responsible for arranging and authorising the release of this announcement on behalf of the Company is Paul Cronin, Managing Director and CEO.

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.



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ADRIATIC METALS PLC

ABN

624 403 163

Quarter ended ("current quarter")

31 DECEMBER 2023

Consolidated statement of cash flows	Current quarter USD'000	Year to date (12 months) USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	0	0
1.2 Payments for		
a) exploration & evaluation (if expensed)	(1,008)	(1,768)
b) development	0	0
c) production	0	0
d) staff costs	(4,977)	(12,263)
e) administration and corporate costs	(4,475)	(13,647)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	233	1,412
1.5 Interest and other costs of finance paid	(475)	(1,895)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other - VAT refund / (outflow)	7,375	12,137
1.9 Net cash from / (used in) operating activities	(3,327)	(16,024)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
a) entities	0	0



Consolidated statement of cash flows		Current quarter USD'000	Year to date (12 months) USD'000
	b) tenements	0	0
	c) property, plant and equipment	(19,009)	(105,969)
	d) exploration & evaluation (if capitalised)	(2,457)	(7,698)
	e) investments	0	0
	f) other non-current assets	0	0
2.2	Proceeds from the disposal of:	0	0
	entities	0	0
	tenements	0	0
	property, plant and equipment	0	0
	investments	0	0
	other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other	0	0
2.6	Net cash from / (used in) investing activities	(21,466)	(113,667)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	31,846
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options and warrants	0	536
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	(2,087)
3.5	Proceeds from borrowings	0	82,500
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	(1,440)
3.8	Dividends paid	0	0
3.9	Other (Pre-acquisition loan to Tethyan)	0	0
3.10	Net cash from / (used in) financing activities	0	111,355



Consolidated statement of cash flows	Current quarter USD'000	Year to date (12 months) USD'000
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4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	68,308	60,585
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,327)	(16,024)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(21,466)	(113,667)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	0	111,355
4.5 Effect of movement in exchange rates on cash held	(789)	477
4.6 Cash and cash equivalents at end of period	44,809	44,809

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter USD'000	Previous quarter USD'000
5.1 Bank balances	44,809	68,308
5.2 Call deposits	0	0
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	44,809	68,308

6. Payments to related parties of the entity and their associates	Current quarter USD'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	283
6.2 Aggregate amount of payments to related parties and their associates included in item 2	0

Note: a description of, and an explanation for, the above payments is included in the quarterly activities report



7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end USD'000	Amount drawn at quarter end USD'000
7.1	Loan facilities	162,500	132,500
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	Total financing facilities	162,500	132,500
7.5	Unused financing facilities available at quarter end	30,000	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Funding from Queens Road Capital Investment Limited - \$20m USD, 9.5% interest, unsecured convertible debentures, maturity date December 2024. For further details see announcement dated 27 October 2020.</p> <p>In addition, the US\$142.5m Orion Debt Financing package consists of US\$120m Senior Secured Debt and US\$22.5m Copper Stream arrangement. The first two tranches of \$30m of the \$120m Senior Secured Debt were drawn down in December 2022 and February 2023 and the third tranche was drawn down in April 2023. The \$22.5m Copper Stream deposit was received in February 2023. The remaining fourth \$30m tranche of the Senior Secured Debt was drawn down in January 2024.</p>			

8.	Estimated cash available for future operating activities	USD'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(3,327)
8.2	Net cash from / (used in) investing activities (Item 2.6)	(21,466)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(24,793)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	44,809
8.5	Unused finance facilities available at quarter end (Item 7.5)	30,000
8.6	Total available funding (Item 8.4 + Item 8.5)	74,809
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.0
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	



Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2024

Authorised by: *Audit and Risk Committee*
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee* – e.g. *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.