



Vares Silver Operation

Proposed Equity Raising to Fast Track Vares Expansion and Enhance Balance Sheet Flexibility

Corporate Presentation
17 February 2025

Not for release to US wire services or distribution in the United States

adriaticmetals.com

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Information required by the ASX Listing Rules

In accordance with ASX Listing Rule 5.23, the Company confirms that the Exploration Results disclosed in this presentation were first disclosed in accordance with ASX Listing Rule 5.7 in the Company's announcement dated 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 announcements.

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 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.

In accordance with ASX Listing Rule 5.19, the Company confirms that the production targets and forecast financial information for the Rupice deposit comprising part of the Vares Project disclosed in this presentation were first disclosed in accordance with ASX Listing Rules 5.16 and 5.17 in the Company's announcement dated 19 August 2021. The Company confirms that all the material assumptions underpinning the production target and the forecast financial information in the previous announcement continue to apply and have not materially changed.

Company Update and Equity Raising Overview

Operations Update

- Ramp up at Vares Silver Operation underway, with 1,335koz silver equivalent (“AgEq”) produced in 2024.
- Commercial production expected in Q1 2025 and nameplate production of 0.8Mtpa in H2 2025.
- Full-year 2025 production guidance of 625-675kt ore milled and 12,000-13,000koz AgEq produced.
- Ausenco expansion study completed, with US\$25 million capital required for a 63% increase in process plant capacity to 1.3Mtpa;
 - Orders for long-lead items expected to commence in Q1 2025.
 - Studies to define mine production expansion underway.

Corporate Update

- US\$25 million concentrate prepayment arrangement with Trafigura completed in January 2025 and funds received.
- First quarterly debt repayment to Orion of US\$19 million recently rescheduled from 31 December 2024 to 31 March 2025.

Equity Raising Overview

- Two-tranche institutional placement of fully paid CHES Depository Interests to raise A\$80.0 million (US\$50.0 million)¹ (before costs).
- Offer proceeds, together with existing cash of A\$73.6 million (US\$46.0 million)^{1,2}, will be used to fund:
 - Vares Processing Plant expansion capital expenditure – long lead items for milling and filtration circuits;
 - Studies and workstreams to define mine production expansion; and
 - General working capital to support the final stages of ramp up at Vares to commercial production.
- Offer price of A\$3.90 represents a 3.7% discount to the last traded price of A\$4.05 on 17 February 2025 and a 7.3% discount to the 5-day volume weighted average price on the ASX of A\$4.21.









1

Operations Overview



Overview of the Vares Operation

Modern, efficient, high margin mine in Europe

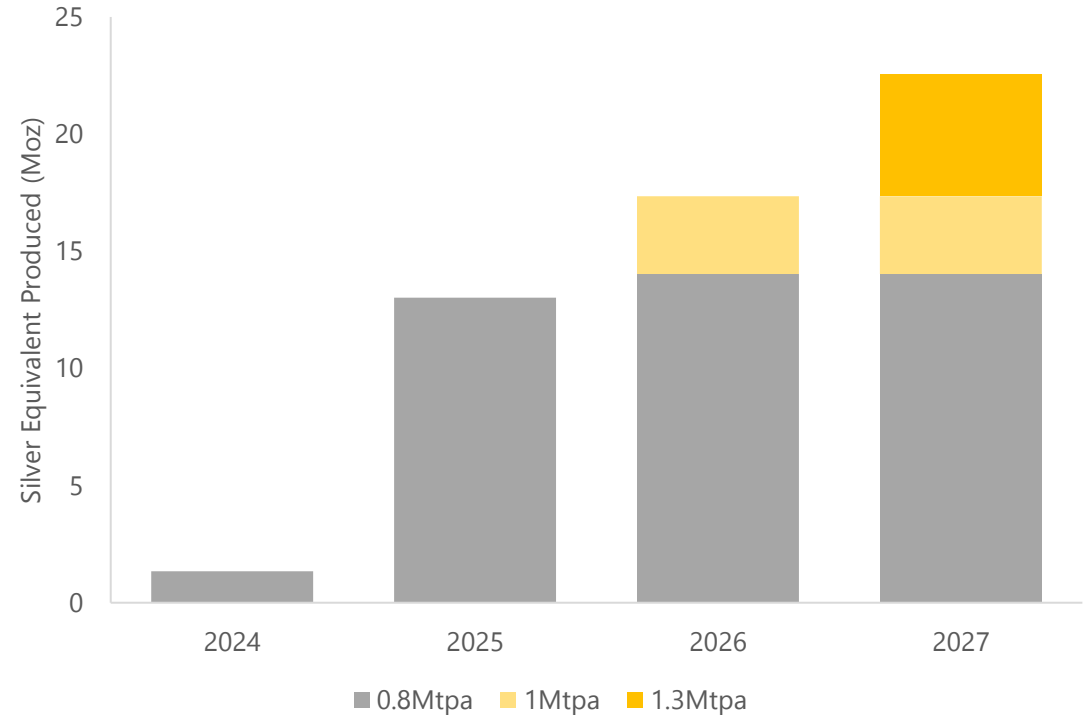
	World-class operation	<ul style="list-style-type: none"> Fully-mechanised, modern underground mine with simple processing flow sheet Access to existing infrastructure in a historical mining district, including power, sealed roads, water and rail transport routes
	Production Ramping up	<ul style="list-style-type: none"> Production of 934koz of silver equivalent ('AgEq') in Q4 and total of 1,335koz AgEq in 2024 Commercial production expected in Q1 2025 and nameplate capacity of 0.8Mtpa expected in H2 2025 Full Year 2025 production guidance of 625-675kt ore milled and 12,000-13,000koz AgEq produced
	Multi-commodity exposure	<ul style="list-style-type: none"> Nameplate production of 90ktpa zinc concentrate and 65ktpa silver-lead concentrate Additional concentrate value captured by gold and copper by-product credits Supportive macro backdrop and outlook for silver and zinc
	Organic growth potential	<ul style="list-style-type: none"> Expansion plans to increase production to 1.3Mtpa by 2027 Rupice and Rupice NW deposits open along strike and at depth 44km² land package covering a 22km long district-scale corridor of high-grade targets
	Local significance	<ul style="list-style-type: none"> One of the largest investments in Bosnia & Herzegovina Strives to be a fully compliant modern and sustainable mine in line with IFC/EBRD/World Bank standards
	Robust economics	<ul style="list-style-type: none"> Outstanding economics and one of the lowest quartile cost producers globally, supported by a high-grade Reserve base underpinning an 18-year mine life



Vares Processing Plant

Positioned for Near Term Growth

- Ausenco technical study on increasing the Vares Processing Plant throughput completed:
 - No material capex (<US\$1m) required to raise throughput from 0.8Mtpa to 1Mtpa (+25%)
 - Estimated US\$25m capex required to increase throughput to 1.3Mtpa (+63%)
- Plan to **fast track expansion** by bringing forward investment in long-lead items (milling, filtration)
- Orders for long lead items to be placed in Q1 2025
- Studies commenced at Rupice Mine to assess the additional infrastructure required for expanding underground production
- Pathway to **over 20Moz AgEq^{1,2}** annual production
- Places Vares Silver Operation among the largest primary-silver producers globally



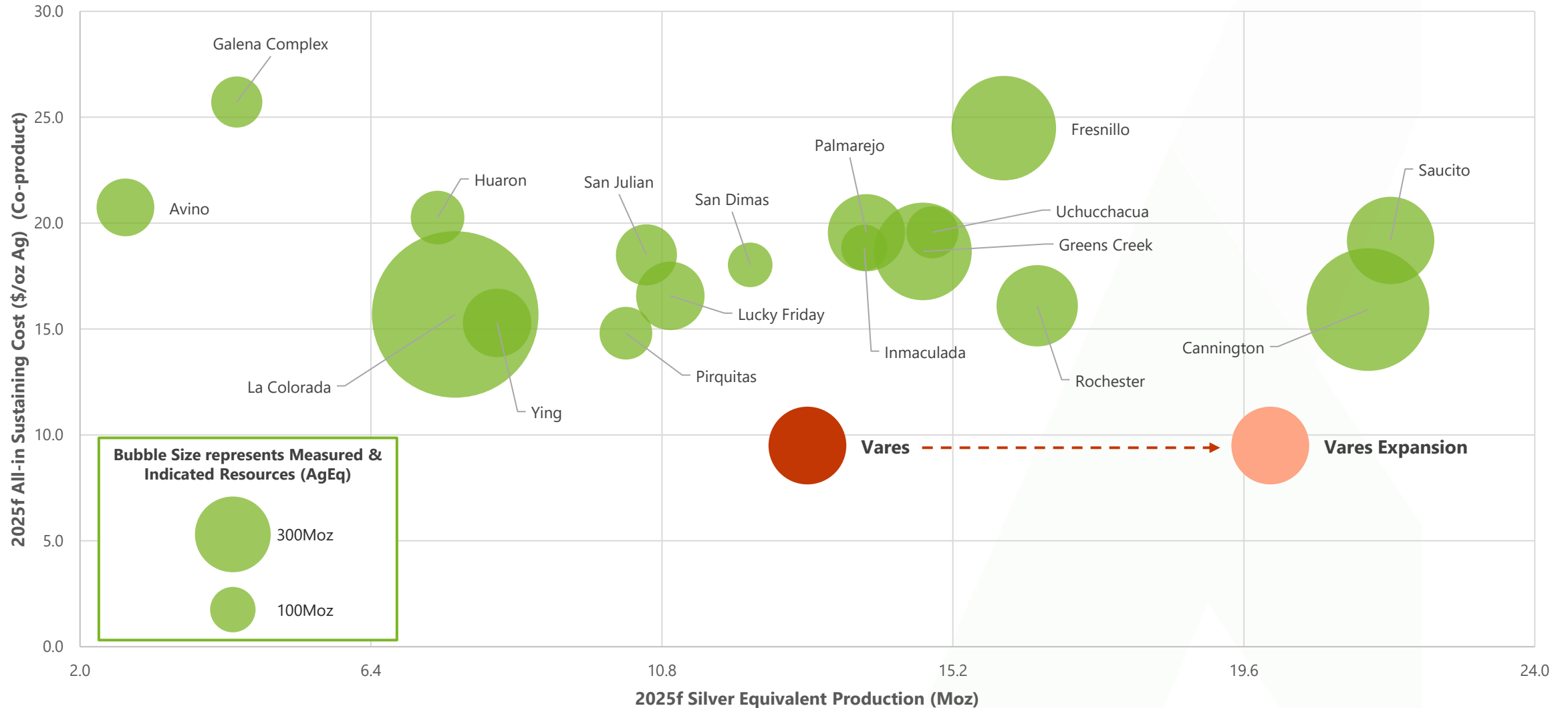
Note 1: A silver equivalent grade (AgEq) has been calculated from individual silver, gold, zinc, lead, copper and antimony grades. This equivalent grade has been calculated and declared in accordance with Clause 50 of the JORC Code (2012) that it is the Company's opinion that all metals included in this metal equivalent calculation have reasonable potential to be recovered and sold, using the following parameters: \$25/oz Ag, \$2,000/oz Au, \$2,500/t Zn, \$2,000/t Pb, \$2,000/t Cu, \$2,000/t Sb.

Metallurgical recoveries for by-product metals, based upon Adriatic test-work, are assumed as follows: 95% Ag, 60% Au, 82% Zn, 80% Pb, 83% Cu, 88% Sb.

The silver equivalent formula, based upon the above commodity prices, exchange rate and recoveries, is thus: $AgEq = Ag(g/t) * 95\% + 31.1 * Zn(\%) * 82\% + 24.9 * Pb(\%) * 80\% + 80.0 * Au(g/t) * 60\% + 24.9 * Sb(\%) * 88\% + 24.9 * Cu(\%) * 83\%$

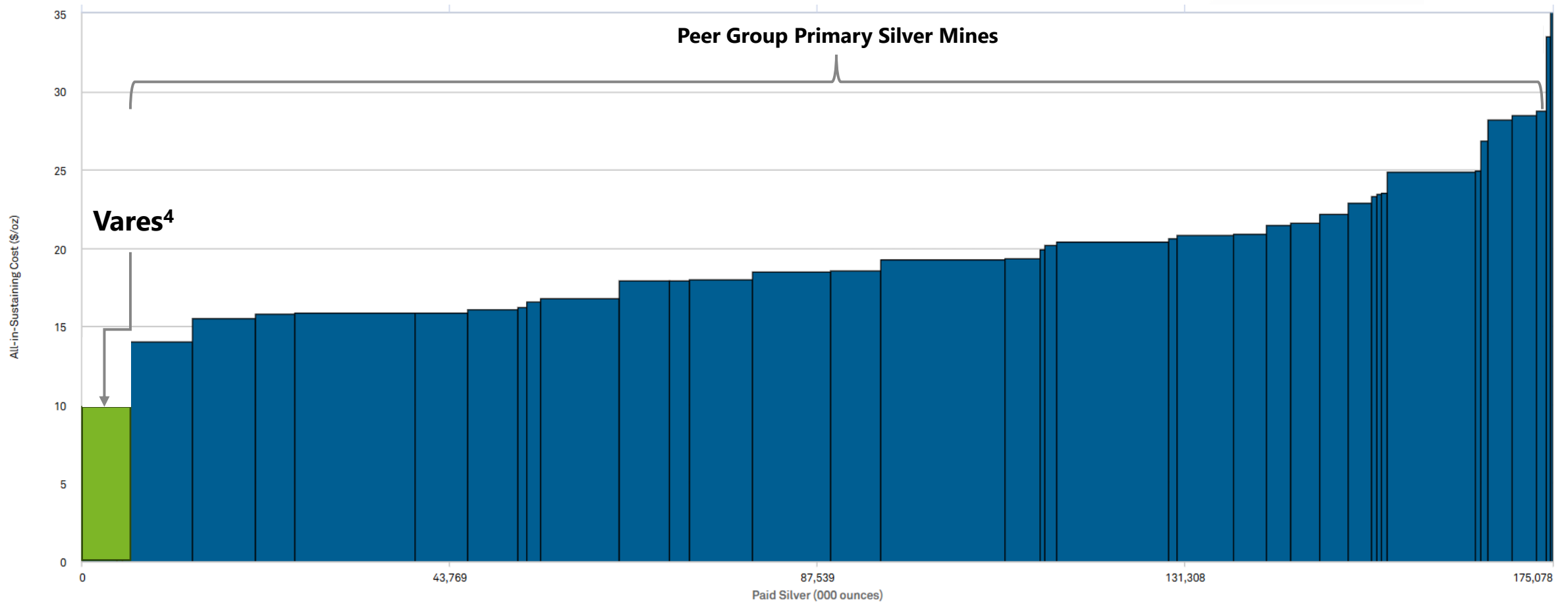
Note 2: 20Moz AgEq underpinned solely by Probable Ore Reserves

Vares – Potential to be one of the Largest Silver Mines



Vares – lowest cost primary silver mine globally

Primary Silver All-in Sustaining Cost Curve - Forecast 2025^{1,2,3}



(1) Mines shown based on S&P Global Market Intelligence data from primary silver mines with forecast production in 2025 (See page 22 for more details).

(2) Costs presented on a co-product cost accounting basis

(3) All mines shown on a 100% basis

(4) 2025 Adriatic production guidance

Source: S&P Global Market Intelligence Commodity Insights

Investment Highlights

Europe's new source of strategic metals



One of the highest margin polymetallic mines; growing resources



De-risking operations through ramp-up to commercial production



Multi-commodity exposure supported by positive outlook for silver and zinc



Strong local & government support – social licence to operate



Follows best global practices in all areas of sustainability



Mine and plant expansion opportunities



2

Equity Raising Overview



Equity Raising Summary

Adriatic is conducting an institutional placement of ASX CDIs to raise A\$80.0 million (US\$50.0 million)¹

Offer structure and size	<ul style="list-style-type: none">• Two-tranche institutional placement of fully paid CHES Depository Interests ("New CDIs") over new fully paid ordinary shares in the Company to raise A\$80.0 million (US\$50.0 million)¹ (before costs) ("Offer" or "Placement"), comprising:<ul style="list-style-type: none">◦ Tranche 1 - A\$43.3 million (US\$27.0 million)¹ via the issue of approximately 11.1 million New CDIs, utilising the Company's placement capacity under ASX Listing Rule 7.1 ("Tranche 1"); and◦ Tranche 2 - A\$36.7 million (US\$23.0 million)¹ via the issue of approximately 9.4 million New CDIs, subject to shareholder approval at a General Meeting ("GM") expected to be held in March 2025 ("Tranche 2").• Approximately 20.5 million New CDIs to be issued under the Offer, representing ~5.9% of issued capital after completion of both tranches of the Placement.• New CDIs issued under the Offer will rank equally with existing securities on issue.
Offer price	<ul style="list-style-type: none">• Offer price of A\$3.90 represents a 3.7% discount to the last traded price of A\$4.05 on 17 February 2025 and a 7.3% discount to the 5-day volume weighted average price on the ASX of A\$4.21.
Use of proceeds	<ul style="list-style-type: none">• Offer proceeds, together with existing cash of A\$73.6 million (US\$46.0 million)^{1,2} and will be used to fund:<ul style="list-style-type: none">◦ Vares Processing Plant expansion capital expenditure – long lead items for milling and filtration circuits;◦ Studies and workstreams to define mine production expansion; and◦ General working capital to support the final stages of ramp up at Vares to commercial production.• See slide 14 for further details.
Lead managers	<ul style="list-style-type: none">• Canaccord Genuity, Stifel Nicolaus Europe Limited and RBC Europe Limited acting as joint lead managers and bookrunners. Canaccord Genuity acting as Global Coordinator.

Sources & Uses

Offer proceeds to fund growth and support ramp up to commercial production

Use of Proceeds

Placement proceeds will be used to fund growth initiatives and provide a prudent working capital position to support ramp up of Vares to commercial production.

- Vares Processing Plant expansion capital – purchase of long-lead items for mill expansion and additional filtration circuits
- Studies and workstreams related to mine production expansion
- Cash position of A\$73.6 million (US\$46.0 million)¹ as at 27 January 2025.
- Upon completion of the Placement, Adriatic will have a pro forma cash position of A\$153.6 million (US\$96.0 million)^{1,2} (before costs of the Offer).

Sources		
	A\$m ¹	US\$m ¹
Placement proceeds	80.0	50.0
Total Sources	80.0	50.0

Uses		
	A\$m ¹	US\$m ¹
Expansion capital expenditure	40.0	25.0
General working capital and costs of the Offer	40.0	25.0
Total Uses	80.0	50.0

*Numbers subject to rounding errors

Placement Timetable

Event	Date
Announcement and launch of Placement on LSE	3:45am, Tuesday 18 February 2025
Trading halt, announcement and launch of Placement on ASX	9:00am, Tuesday 18 February 2025
Placement closes for All Investors	3:00pm, Tuesday 18 February 2025
Deadline for return of Confirmation Acceptances / CARD Forms	7:00pm, Tuesday 18 February 2025
Announcement of results of Placement	7:00pm, Tuesday 18 February 2025
Trading halt lifted	By 10:00am, Wednesday 19 February 2025
Settlement of Tranche 1 New CDIs (DvP)	Monday 24 February 2025
Issue (and normal trading) of Tranche 1 New CDIs	Tuesday 25 February 2025
Notice of General Meeting and Circular is published	Thursday 27 February 2025
General Meeting for shareholder approvals for Tranche 2	On or around, Friday 14 March 2025
Settlement of Tranche 2 New CDIs (DvP)	On or around, Wednesday 19 March 2025
Issue (and normal trading) of Tranche 2 New CDIs	On or around, Thursday 20 March 2025

Note) The Placement timetable is indicative only and subject to variation. The Company reserves the right to alter the timetable at its discretion and without notice, subject to the ASX Listing Rules, the Corporations Act and other applicable law. All times reference to Sydney, Australia time unless denoted otherwise.



A

Appendix

Additional Information



Board of Directors

Successful track record & strong shareholder alignment



Michael Rawlinson

Non-Executive Chairman

A financier with previous experience as the Global Co-Head of Mining and Metals at Barclays investment bank and helped found the boutique investment bank, Liberum Capital in 2007.

[Sustainability Committee](#)



Sandra Bates

Senior Independent Director

A commercial and strategic international lawyer with over 20 years' experience, advising management teams and boards of both international and UK companies.

[Audit & Risk and Remuneration & Nominations Committees](#)



Peter Bilbe

Non-Executive Director

A mining engineer with 40 years' experience in gold, base metals and iron ore at the operational, CEO and board levels.

[Remuneration & Nominations and Sustainability Committees](#)

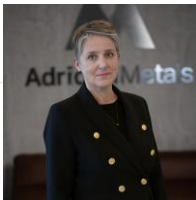


Mirco Bardella

Non-Executive Director

Experienced specialist in assurance and governance, predominantly in the natural resources sector, having previously advised companies including Xstrata, Rio Tinto, Gold Fields & Hochschild.

[Audit & Risk Committee, Remuneration & Nominations Committees and Sustainability Committees](#)



Laura Tyler

Managing Director & CEO

A mining engineer with extensive career at senior levels at BHP Limited on numerous polymetallic projects.



Sanela Karic

Executive Director for Corporate Affairs

A Bosnian-based lawyer with over 20 years' experience spanning corporate affairs, M&A and HR



Eric Rasmussen

Non-Executive Director

Significant experience in the financing of global mining projects, most recently at Rio Tinto, and at EBRD for 27 years.

[Audit & Risk, Remuneration & Nominations and Sustainability Committees](#)

Operating in Bosnia & Herzegovina

Attractive mining jurisdiction serving a regional supply chain

Bosnia – business & mining friendly

- Clear and concise mining code in a stable democracy
- Well-positioned in central Europe with extensive access to rail, European smelters and the seaborne market
- Strong mining history and highly skilled workforce
- Publicly supportive government
- 10% corporate tax rate
- Candidate status for EU membership

Rapid rate of project development – from discovery to production in seven years

- 2017 - Acquired assets, initial exploration commenced
- 2018 – ASX IPO, expansion of exploration program
- 2019 – Maiden resource, LSE listing
- 2020-2021 – PFS, DFS, permits received, project financing
- 2022-2023 – Project construction
- 2024 – First production and operations ramp up



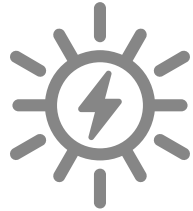
Positive Commodity Price Dynamic

Ag
Silver



200Moz

Demand expected from automotive sector by 2030¹



50%

Demand Expected to be from Solar Cells by 2050²

- ✓ Demand estimated to have been 1.2 billion ounces in 2024, the second highest on record¹
 - Demand from photovoltaic solar cells (PVs) and electric car charging stations is expected to be a key demand driver
- ✓ Rapidly growing demand and the closure of several zinc-silver mines has created the largest market deficit in decades

Zn
Zinc



2.5%

Demand growth in 2024³

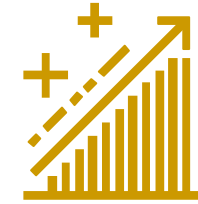


24%

Supply deficit estimated by 2030³

- ✓ China is expected to drive fresh fiscal and monetary stimulus in housing and infrastructure sectors, which is expected to significantly boost zinc demand
- ✓ Chinese smelters are currently experiencing severe concentrate shortages with treatment charges standing at US\$25/t in January⁴
- ✓ Zinc stocks at their lowest since November 2023⁴

Au
Gold



\$2,800/oz

Gold hits \$2,800/oz for the first time ever in February⁵



US\$2.6Bn

Gain in global gold ETFs in January alone⁶

- ✓ Uncertainty around tariffs and other policies of the Trump administrations have the potential to boost inflationary pressures, supporting gold prices
- ✓ According to the World Gold Council, almost all normal drivers have contributed to gold's rise, especially risk & uncertainty
- ✓ Risk & de-dollarisation is driving significant central bank buying

Peer Comparison Cost Curve Information

Mine	Equity Owner (s) Ownership (%)	2025 Paid Silver (000 ounces)	2025 All-in Sustaining Cost (\$/oz Ag)
Vares	Adriatic Metals PLC (100.00)	5,500-5,700	9-10
Dolores	Pan American Silver Corp. (100.00)	643.2	10.56
Pirquitas	SSR Mining Inc. (100.00)	8,340.6	14.03
Zgounder	Aya Gold & Silver Inc. (100.00)	7,499.4	15.55
Lucky Friday	Hecla Mining Co. (100.00)	4,681.6	15.77
Dukat	Polymetal (Russia) (100.00)	14,322.6	15.84
La Colorada	Pan American Silver Corp. (100.00)	6,265.0	15.89
Palmarejo Complex	Coeur Mining Inc. (100.00)	5,976.8	16.11
Huaaobaote	Shanjin International Gold Co. Ltd. (54.52) Unnamed Owner (23.33) Shandong Gold Mining Co. Ltd. (22.15)	1,054.9	16.23
Santa Elena	First Majestic Silver Corp. (100.00)	1,646.6	16.59
Rochester	Coeur Mining Inc. (100.00)	9,361.5	16.81
San Dimas	First Majestic Silver Corp. (100.00)	5,971.8	17.91
Cosala	Americas Gold and Silver Corp. (100.00)	2,389.8	17.92
Ying	Silvercorp Metals Inc. (77.50)	7,508.5	18.00
Cannington	South32 Ltd. (100.00)	9,303.7	18.53
San Julian	Fresnillo PLC (100.00)	5,964.6	18.56
Saucito	Fresnillo PLC (100.00)	14,786.4	19.27
Inmaculada	Hochschild Mining PLC (100.00)	4,182.8	19.34
Guanajuato District	Guanajuato Silver Co. Ltd. (100.00)	565.7	19.94
Avino	Avino Silver & Gold Mines Ltd. (99.67) Private Interest (0.33)	1,409.7	20.22

Mine	Equity Owner (s) Ownership (%)	Paid Silver (000 ounces)	2025 All-in Sustaining Cost (\$/oz Ag)
Uchucchacua	Compañía de Minas Buenaventura SAA (100.00)	13,332.6	20.39
Silver Mine	Sotkamo Silver AB (100.00)	1,001.2	20.59
Greens Creek	Hecla Mining Co. (100.00)	6,723.3	20.80
San Jose	Hochschild Mining PLC (51.00) McEwen Mining Inc. (49.00)	3,915.6	20.88
San Bartolome	Andean Precious Metals Corp. (100.00)	2,888.0	21.44
Huaron	Pan American Silver Corp. (100.00)	3,456.9	21.58
Guanacevi	Endeavour Silver Corp. (100.00)	3,389.7	22.16
San Vicente	Pan American Silver Corp. (95.00) Trafigura Group Pte. Ltd. (5.00)	2,782.5	22.89
Endeavor	Polymetals Resources Ltd. (100.00)	635.9	23.29
El Cubo	Guanajuato Silver Co. Ltd. (100.00)	537.0	23.45
Gaocheng	Silvercorp Metals Inc. (99.00) Unnamed Owner (1.00)	690.3	23.53
Fresnillo	Fresnillo PLC (100.00)	10,494.2	24.86
Parral Tailings	GoGold Resources Inc. (100.00)	653.1	24.94
Caylloma	Fortuna Mining Corp. (100.00)	845.7	26.87
Galena Complex	Americas Gold and Silver Corp. (100.00)	2,879.8	28.18
La Encantada	First Majestic Silver Corp. (100.00)	2,896.4	28.51
Julcani	Compañía de Minas Buenaventura SAA (100.00)	1,180.6	28.79
Topia	Guanajuato Silver Co. Ltd. (100.00)	501.3	33.52
San Francisco del Oro	Minera Frisco S.A.B. de C.V. (99.16) Unnamed Owner (0.84)	255.3	38.94

Peer Comparison Cost, Resource & Production Data

Mine	Equity Owner (s) Ownership (%)	2025 Forecast Production					2025 Forecast Costs		Measured & Indicated Resources (Inclusive of Reserves)					
		Paid Gold (000 ounces)	Paid Silver (000 ounces)	Paid Copper (kt)	Paid Lead (kt)	Paid Zinc (kt)	Paid Silver Eq. (000 ounces)	2025 All-in Sustaining Cost (\$/oz Ag)	Gold (000 ounces)	Silver (000 ounces)	Copper (kt)	Lead (kt)	Zinc (kt)	Silver Eq. (000 ounces)
Vares	Adriatic Metals PLC (100.00)	25-30	5,500-5,700		18-20	28-32	12,000-13,000	9-10	742	98,600	81	535	844	308
Vares Expansion	Adriatic Metals PLC (100.00)						20,000¹	9-10	742	98,600	81	535	844	308
San Dimas	First Majestic Silver Corp. (100.00)	77	5,972				12,135	18	627	51,320				101
Inmaculada	Hochschild Mining PLC (100.00)	121	4,183				13,861	19	894	37,000				108
Galena Complex	Americas Gold and Silver Corp. (100.00)		2,880		14.9		4,370	26		91,000	11	383		133
Uchucchacua	Compañía de Minas Buenaventura SAA (100.00)		13,333		7.8	9.7	14,890	20		110,597		117	200	138
Pirquitas	SSR Mining Inc. (100.00)		8,341		18.0	1.4	10,255	15		100,474		140	337	141
Huaron	Pan American Silver Corp. (100.00)	0.6	3,457	4.2	11.7	15.1	7,407	20		70,300	57	228	413	147
Avino	Avino Silver & Gold Mines Ltd. (99.67) Private Interest (0.33)	7.6	1,410	1.9			2,687	21	610	71,500	138			170
San Julian	Fresnillo PLC (100.00)	51.4	5,965		1.6	4.1	10,565	19	651	126,303		37	97	190
Ying	Silvercorp Metals Inc. (77.50)	5.0	7,508		28.7	1.8	10,927	17	143	144,400		677	192	239
Lucky Friday	Hecla Mining Co. (100.00)		4,682		26.8	11.8	8,307	15		131,926		777	366	239
Palmarejo	Coeur Mining Inc. (100.00)	99.0	5,977				13,893	20	2090	136,557				304
Rochester	Coeur Mining Inc. (100.00)	88.9	9,362				16,475	16	1296	233,306				337
Saucito	Fresnillo PLC (100.00)	44.8	14,786		19.8	18.3	21,819	19	1123	223,623		323	541	389
Greens Creek	Hecla Mining Co. (100.00)	47.7	6,723		14.5	34.5	14,747	19	1625	216,696		442	1,179	485
Fresnillo	Fresnillo PLC (100.00)	26.0	10,494		16.0	22.4	15,970	24	822	374,266		432	920	557
Cannington	South32 Ltd. (100.00)		9,304		88.9	41.0	21,477	16		309,100		3,080	1,878	767
La Colorada	Pan American Silver Corp. (100.00)	1.7	6,265		5.7	8.8	7,674	17	74	410,200		3,751	7,772	1,413

2023 Mineral Resource Estimate

Table 1 - Rupice updated 2023 MRE by Classification – Total (using AgEq cut-off of 50 g/t), 27 July 2023

Rupice Mineral Resource estimate, 21 July 2023																	
Deposit(s)	Domains	Resource Classification	Tonnes (Mt)	Grades							Contained metal						
				Ag g/t	Zn %	Pb %	Au g/t	Cu %	Sb %	BaSO ₄ %	Ag Moz	Zn Kt	Pb Kt	Au Koz	Cu Kt	Sb kt	BaSO ₄ Kt
Rupice + RNW	All	Indicated	18.3	168	4.6	2.9	1.3	0.4	0.2	30	98.6	844	535	742	81	36	5,426
		Inferred	2.8	75	2.4	1.6	0.5	0.2	0.1	13	6.8	69	46	47	7	4	353
	Total	Indicated + Inferred	21.1	156	4.3	2.8	1.2	0.4	0.2	27	105.4	913	581	789	88	39	5,779

Table 2 - Rupice updated MRE by Classification and Deposit (using AgEq cut-off of 50 g/t), 27 July 2023

Rupice Mineral Resource estimates, 21 July 2023																	
Deposit(s)	Domains	Resource Classification	Tonnes (Mt)	Grades							Contained metal						
				Ag g/t	Zn %	Pb %	Au g/t	Cu %	Sb %	BaSO ₄ %	Ag Moz	Zn Kt	Pb Kt	Au Koz	Cu Kt	Sb kt	BaSO ₄ Kt
Rupice	All	Indicated	11	169	4	2.6	1.4	0.4	0.2	27	60.1	443	285	503	46	25	3,020
		Inferred	1.7	52	1.1	0.8	0.3	0.2	0.1	9	2.9	19	13	17	3	2	154
		Total	12.8	153	3.6	2.3	1.3	0.4	0.2	25	62.9	462	298	520	48	27	3,174
RNW	All	Indicated	7.2	166	5.6	3.5	1	0.5	0.2	33	38.5	401	250	239	35	11	2,406
		Inferred	1.1	111	4.6	3	0.9	0.4	0.1	18	3.9	50	32	30	4	1	199
		Total	8.3	159	5.4	3.4	1	0.5	0.2	31	42.5	452	283	269	39	13	2,605
	Total	Indicated	18.3	168	4.6	2.9	1.3	0.4	0.2	30	98.6	844	535	742	81	36	5,426
		Inferred	2.8	75	2.4	1.6	0.5	0.2	0.1	13	6.8	69	46	47	7	4	353

2023 Ore Reserve Estimate

Table 3 – Updated Rupice Ore Reserve (20 December 2023)

Rupice Ore Reserve estimate, 20 December 2023									
Deposit(s)	Domains	Resource Classification	Tonnes (Mt)	Grades					
				Ag g/t	Zn %	Pb %	Au g/t	Cu %	Sb %
Rupice	All	Proved	-	-	-	-	-	-	-
		Probable	13.8	187	5.2	3.3	1.4	0.5	0.2
	Total	Proven + Probable	13.8	187	5.2	33	1.4	0.5	0.2



B

Appendix

Key Risks



Key Risks

The Company considers that the following list, which is not exhaustive, represents some of the key risk factors relevant to the development of the project and an investment in the Company.

Resource and Reserve estimates

Mineral Resources and Ore Reserves are estimates only and no assurance can be given that any particular level of recovery will in fact be realised or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Mineral Resources which are not Ore Reserves may not have demonstrated economic viability. These estimates are prepared in accordance with the JORC Code 2012 and are expressions of judgement based on knowledge, experience and industry practice, and may require revision based on actual production experience which could in turn affect the Company's mining plans and ultimately its financial performance and value.

Estimates that are valid when made may change significantly when new information becomes available. In addition, silver and zinc price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render Reserves and Resources uneconomic and so may materially affect the estimates.

Additional requirements for capital

The Company may require further financing to continue to operate in the future if, for example, there is a material departure from the Company's production or cost guidance for the Vareš Project. Whilst the Board considers that its existing cash and proceeds raised by the Placement, will be sufficient to support its stated activities, additional capital may be required in the future. Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company's operations and business strategy. Further debt financing, if available, may involve additional restrictions on financing and operating activities. Although the Directors believe that additional capital can be obtained if it becomes required, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern. The Company may undertake additional offerings of shares and of securities convertible into shares in the future. The increase in the number of shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of shares. In addition, as a result of such additional shares, the voting power of the Company's existing shareholders will be diluted.

Production and cost estimates

The ability of the Company to achieve production targets or meet operating and capital expenditure estimates as disclosed in its Definitive Feasibility Study for the Vareš Project dated 19 August 2021 (DFS) on a timely basis cannot be assured. While the Company confirms that all material assumptions and technical parameters underpinning the estimates or production targets or forecast financial information derived from a production target (as applicable) in the DFS continue to apply and have not materially changed, there is no certainty that the underlying assumptions will prove to be correct or that the range of outcomes indicated will be achieved.

No assurance can be given by the Company that any targets or forecasts noted in the DFS will be achieved. Capital costs may be affected by unexpected modifications to plant design, changes to estimates of non-fixed components, delays in commissioning and sourcing financing, and further cost inflation. Failure to achieve cost targets or material increases in costs could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Operational risks

The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents or force majeure, hostilities or terrorism, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations. The Company's operations are also subject to risks outside of its control such as favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, and contracting risk from third parties providing essential services.

No assurance can be given that the Company will achieve or maintain commercial viability through the development or mining of its projects.

Economic factors and inflation

The majority of the Company's revenues are expected to be earned in USD. For any revenues denominated in other currencies, any depreciation of these non-USD currencies relative to the USD will result in lower than anticipated revenue, while any depreciation in the US dollar relative to non-US dollar expenditure will result in a reduction in margin and cash flow.

Financial performance will be highly dependent on the prevailing commodity prices, capital costs, operating costs and exchange rates. These prices along with other inputs to capital and operating costs can fluctuate rapidly and widely and are affected by numerous factors beyond the control of the Company including, among others, expectations regarding inflation, the financial impact of movements in interest rates, global economic trends and confidence and conditions, each of which are currently experiencing material changes. The mining industry has seen numerous recent examples of material capital and operating cost increases driven by input cost escalation and global supply chain pressures.

Key Risks

General economic conditions, both domestic and global, may affect the performance of the Company and its shares. Adverse changes in macroeconomic conditions, including global and country-by-country economic growth, the cost and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, employment rates and industrial disruption, amongst others, are outside the control of the Company and may result in material adverse impacts on the Company's business and its operating results.

The above factors may have an adverse effect on the Company's exploration activities, development and future production activities, as well as the ability to source adequate staff and fund those activities. In particular, if activities cannot be funded, there is a risk that production may not be achieved in the anticipated timeframe, if at all.

Changes in law, government policy and accounting standards

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in the jurisdictions in which the Company operates may change, adversely affecting the Company's operations and financial performance.

Mining development and operations can be subject to public and political opposition. Opposition may include legal challenges to exploration and development permits, political and public advocacy, electoral strategies, ballot initiatives, media and public outreach campaigns and protest activity, all which may delay or halt development or expansion. In the ordinary course of business, mining companies are required to seek governmental permits for exploration, expansion of existing operations or for the commencement of new operations. The duration and success for permitting efforts are contingent upon many variables not within the control of the Company. There can be no assurance that all necessary permits will be obtained, and, if obtained, that the costs involved will not exceed those estimated by the Company. Amendments to current laws, regulations and permits governing operations and activities of mining companies in the jurisdictions within which the Company operates or may in the future operate, or a more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in the cost of production, capital expenditure or exploration costs and reduction in levels of production for the Company's operations.

Access risk

It is also possible that, in relation to permits which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate rights of traditional owners or surface rights holders exist. In this case, the ability of the Company to gain access to tenements (through obtaining consent of any relevant traditional owner, body, group or landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Company's mineral titles may also be subject to access by third parties including, but not limited to, the areas' traditional owners. This access could potentially impact the Company's activities and/or may involve payment of compensation to parties whose existing access to the land may be affected by the Company's activities.

Mining concessions in Bosnia & Herzegovina and Serbia

The laws and regulations on mining in Bosnia & Herzegovina and Serbia are still developing and, as a result, some areas of the laws on mining are unclear. If the Company does not comply with the terms of agreement, it may be in default and the mining concession may be terminated, which would have adverse consequences for the Company's operational and financial performance. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Outcomes in courts in Bosnia & Herzegovina and Serbia may be less predictable than in the United Kingdom, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Bosnia & Herzegovina and Serbia.

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

Community and NGO risk

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

The community of Vareš, government stakeholders and the wider audience in Bosnia & Herzegovina remain supportive of the Project. A shift in any of these parties' attitude may adversely affect the Company's operations and profitability.

Key Risks

Political instability

The Company acknowledges the potential impact of political instability and civil unrest in or around the Vareš mine site, processing plant or its supply routes, or at its Raška Project, on its ability to advance the projects. To mitigate this risk, the Company closely monitors the national political situation and carefully considers its engagement with politicians (at all levels, including internationally).

The Company recognises that the political landscape in Bosnia and Herzegovina after Russia's invasion of Ukraine remains complicated, but believes measures are in place to prevent any deviation from the Dayton Accords, whether externally instigated or not. The conflict is still ongoing at the date of this presentation but there has presently been no impact on the Company's operations.

Historical tailing storage facility

Whilst the historical tailings storage facility (Historical TSF) is the legal responsibility of the Municipality of Vareš and is not located inside the area covered by the Veovača Exploitation Permit, there remains a residual risk to the Company that the community near Vareš may consider or perceive the Historical TSF to be the responsibility of the Company, which may adversely affect the Company's standing within the local community and community relations generally.

Sovereign risk

The Company is subject to political, sovereign, economic and other risks and uncertainties associated with operating in Bosnia and Herzegovina, Serbia and any new countries it may enter in future. These other risks and uncertainties include, but are not limited to, labour unrest, the risks of conflict or civil unrest, expropriation and nationalisation, changes in taxation policies, restrictions on foreign exchange and repatriation of funds, changing political conditions and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Environmental risk

The Company's activities are subject to the environmental laws and regulations applicable to the mining industry and those specific to Bosnia & Herzegovina and Serbia. The Company intends to conduct its activities in an environmentally responsible manner and in compliance with all applicable laws, as well as the requirements set out in the Company's Project Support Agreement with the European Bank for Reconstruction and Development. However, there can be no assurance that the systems and procedures implemented by the Company will be adequate to manage the environmental impact of its activities, and the Company may be the subject of environmental accidents or unforeseen circumstances that could subject it to extensive liability. In addition, environmental approvals are required from relevant government and regulatory authorities before activities may be undertaken which are likely to impact the environment. Failure or delay in obtaining such approvals will prevent the Company from undertaking its planned activities. Further, the Company is unable to predict the impact of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

Climate change risk

Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company include: (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates. As noted above, the Company is committed to operating sustainably with respect to environmental issues.

Insurance risk

The Company insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be available or of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by the Company.

Occupational, health and safety

Mining and exploration activities have inherent risks and hazards. The Company is committed to providing a safe and healthy workplace and environment for its personnel, contractors and visitors. A serious site safety incident may expose the Company to significant penalties and the Company may be liable for compensation to the injured personnel. These liabilities may not be covered by the Company's insurance policies or, if they are covered, may exceed the Company's policy limits or be subject to significant deductibles. Also, any claim under the Company's insurance policies could increase the Company's future costs of insurance. Accordingly, any liabilities for workplace accidents could have a material adverse impact on the Company's liquidity and financial results and reputation. In addition, it is not possible to anticipate the effect on the Company's business of any changes to workplace health and safety legislation or directions necessitated by concern for the health of the workforce. Accordingly, any liabilities for workplace accidents could have a material adverse impact on the Company's liquidity and financial results.

Key Risks

Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Litigation risk

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, royalty disputes, other contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any material litigation.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of its securities. Securities issued in the Company carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for securities in the Company.



C

Appendix

International Offer Restrictions



International Offer Restrictions

This document does not constitute an offer of Chess Depository Interests representing ordinary shares (“CDIs”) of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the CDIs may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of CDIs only in the Provinces of British Columbia, Ontario and Quebec (the “Provinces”), only to persons to whom CDIs may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are “accredited investors” within the meaning of National Instrument 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the CDIs or the offering of the CDIs and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of CDIs or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the CDIs in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the CDIs.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission. Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser’s Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations. Prospective purchasers of the CDIs should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the CDIs as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the CDIs (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.

European Union (France, Germany, Spain and Sweden)

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the CDIs be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the “Prospectus Regulation”).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of CDIs in the European Union is limited to persons who are “qualified investors” (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). Accordingly, this document may not be distributed, and the CDIs may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the CDIs has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to CDIs that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted CDIs may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

International Offer Restrictions

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”).

The CDIs are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the CDIs have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of CDIs, may not be issued, circulated or distributed, nor may the CDIs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the “SFA”) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the CDIs being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire CDIs. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The CDIs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the CDIs constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

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Neither this document nor any other offering or marketing material relating to the CDIs may be publicly distributed or otherwise made publicly available in Switzerland. The CDIs will only be offered to investors who qualify as “professional clients” (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

International Offer Restrictions

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (the "FSMA")) has been published or is intended to be published in respect of the CDIs.

The CDIs may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 as it forms part of the UK law by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation"). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

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In the United Kingdom, this document is being distributed only to, and is directed at, persons who are qualified investors within the meaning of Article 2(e) of the UK Prospectus Regulation (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated ("relevant persons"). Any investment or investment activity to which this document relates is available only to relevant persons in the United Kingdom and will be engaged in only with relevant persons in the United Kingdom. Any person who is not a relevant person should not act or rely on this document.

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The CDIs may be offered and sold in the United States only to:

- "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.



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