

20 April 2022

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

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

DIRECTORS

Mr Michael Rawlinson
NON-EXECUTIVE CHAIRMAN

Mr Paul Cronin
MANAGING DIRECTOR & CEO

Mr Peter Bilbe
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes
NON-EXECUTIVE DIRECTOR

Ms Sandra Bates
NON-EXECUTIVE DIRECTOR

Ms Sanela Karic
NON-EXECUTIVE DIRECTOR

adriaticmetals.com

OFFTAKE HEADS OF TERMS AGREED

Adriatic Metals PLC (ASX:ADT, LSE:ADT1, OTCQX:ADMLF) ("Adriatic" or the "Company") is pleased to announce it has agreed heads of terms ("HoT") with four international commodities trading and smelting companies ("Offtakers") for the purchase of concentrate production from the Vares Silver Project.

Marketing Strategy

The Company's marketing strategy is to both maximise revenues and ensure, given the many potential challenges in the global markets, that the Company always has access to its desired end market.

The ongoing turbulence in the freight markets and the impact of the energy crisis on many, particularly European, smelting operations requires a diversification of customers and freight routes. Throughout the tendering process the Company has engaged with the full spectrum of international traders, consolidated smelting groups and individual smelters to maximise the revenue received from the Vares Silver Project's silver-lead and zinc concentrates.

The HoT, subject to final contract negotiations, will be allocated to the Offtakers as follows:

- Zinc concentrate to Trafigura Pte Ltd, Transamine SA and a major European smelter; and
- Silver-lead concentrate to Glencore International AG and Transamine SA.

The Offtakers have been allocated 82% of the total projected concentrate production over the first 24 months. The remaining 18% of concentrate production not included under the HoT, has been intentionally allocated for either advantageous spot market sales or into additional long-term offtake agreements to be agreed at a later date. This decision will be taken as market terms crystallise closer to the commencement of production next year.

For clarity, the Company has not engaged in any commodity price hedging.

Zinc Concentrate

Vares Project's zinc concentrate has a consistently low iron content. This makes it particularly attractive to a number of European smelters, who are especially adept at processing poly-metallic concentrates whilst meeting the industry's highest environmental standards. Commercially, the low-iron content proved to be an attractive feature for smelters and is reflected in the purchase terms paid. It is anticipated that all of the zinc concentrate will be shipped directly to European smelters.

Silver-lead Concentrate

Vares Project's silver-lead concentrate routinely contains high-silver grades, as well as grades of contained antimony and copper that are often payable by Chinese smelters. To achieve marketing diversity it is anticipated that the silver-lead concentrates will be smelted both in China and Europe.

Commercial Terms

The HoT are broadly in line with the baseline assumptions used in the feasibility study, announced on the 19th August 2021 ("2021 DFS"). The major difference is the change in the Treatment Charges ("TCs") for both concentrates. Benchmark TCs have predominantly increased as a result of many smelters, struggling with the recent rapid rise in energy prices, being placed on care and maintenance.

Benchmark TCs are now expected to settle in excess of US\$160/t for the silver-lead concentrates (2021 DFS assumed US\$65/t) and US\$230/t for the zinc concentrates (2021 DFS assumed US\$195/t). The negative impact from the increase in TCs has however been more than offset by the increase in underlying commodity prices, especially zinc which has risen to over US\$4,500/t recently (2021 DFS assumed US\$3000/t).

Advisory & Contract

The Company appointed Swiss-based, commodities advisory firm Deno Advisory to advise on the negotiation and execution of the offtake process. The Company's legal advisors, Herbert Smith Freehills LLP, are now engaged to prepare the offtake contracts.

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

"We are incredibly pleased with the outcome of the offtake tender process. The high degree of interest received for the Vares Silver Project's concentrate confirms their marketability and underpins the exceptional financial performance of the Project. The completion of the offtake marks one of the final condition precedents for the drawdown of the Orion debt package, which we expect will start in Q3. The Company will now enter a period of exclusivity with the Offtakers to complete the offtake agreements in full."

**Authorised by, and for further information please contact, Paul Cronin
Managing Director & CEO
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MARKET ABUSE REGULATION DISCLOSURE

The information contained within this announcement is deemed by the Company (LEI: 549300OHAH2GL1DP0L61) to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. The person responsible for arranging and authorising the release of this announcement on behalf of the Company is Paul Cronin, Managing Director and CEO.

For further information please visit www.adriaticmetals.com, @AdriaticMetals on Twitter, or contact:

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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 Q2 2023. The 2021 Project Definitive Feasibility Study boasts robust economics of US\$1,062 million post-tax NPV8, 134% IRR and a capex of US\$168 million. Concurrent with ongoing construction activities, the Company continues to explore across its highly prospective 41km² concession package.

There have been no material changes to the assumptions underpinning the forecast financial information derived from the production target in the 19 August 2021 DFS announcement and these assumptions continue to apply and have not materially changed. Adriatic Metals is not aware of any new information or data that materially affects the information included in the announcement of the updated Mineral Resource Estimate announced on 1 September 2020 and all material assumptions and technical parameters underpinning the Mineral Resource Estimate continue to apply and have not materially changed.

DISCLAIMER

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)", "potential(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of 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 price and foreign 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 prospects,

properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do 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.