FOR THE YEAR ENDED 30 JUNE 2018 ANNUAL REPORT ADRIATIC METALS PLC

Adriatic Metals

COMPANY DIRECTORY

Adriatic Metals plc and Controlled Entities

Company Registration No. 10599833

ARBN 624 103 162

DIRECTORS

Peter Bilbe (Non-Executive Chairman)

Paul Cronin (Non-Executive Director)

Julian Barnes (Non-Executive Director)

Eric de Mori (Non-Executive Director)

Milos Bosnjakovic (Non-Executive Director)

COMPANY SECRETARY

Sean Duffy

UNITED KINGDOM REGISTERED OFFICE

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Cheltenham, Gloucestershire GL50 1HN
England

AUSTRALIAN OFFICE

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West Perth WA 6005
Australia

AUDITOR

Lubbock Fine Chartered Accountants

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London EC4M 8AB England

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Code: ADT)

SHARE REGISTRY

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WEBSITE

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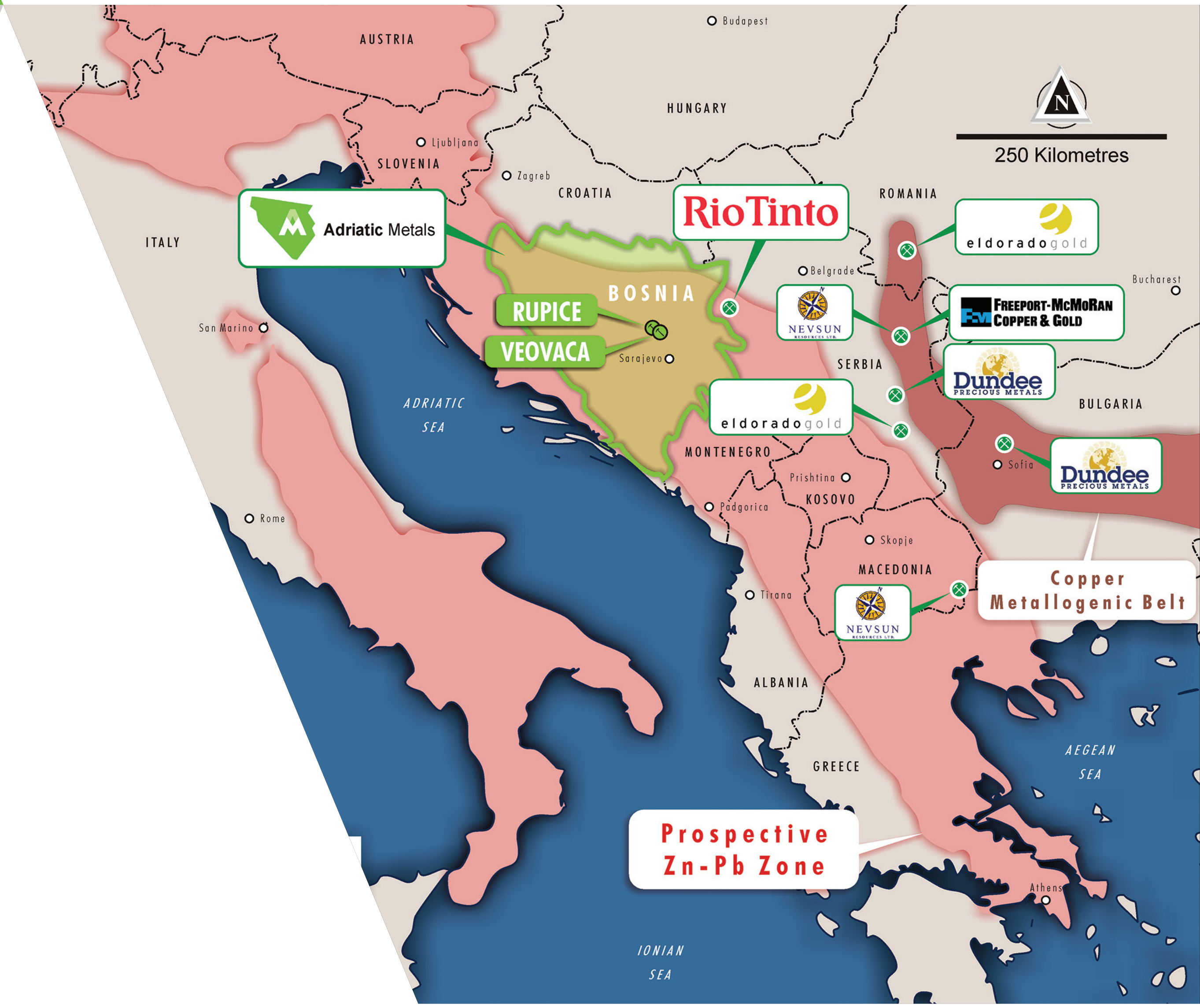

ADRIATIC METALS PLC IS AN ASX-LISTED ZINC POLYMETALLIC EXPLORER AND DEVELOPER VIA ITS 100% INTEREST IN THE **VAREŠ PROJECT** IN BOSNIA & HERZEGOVINA

STRATEGIC REPORT HIGHLIGHTS 2018

Adriatic Metals plc (Adriatic or the Company) Initial Public Offering (IPO) was completed in May 2018, with the Company listing on the Australian Securities Exchange (ASX). A total of AUD$10m was raised in a heavily oversubscribed IPO offering, with 50 million securities issued at AUD$0.20 per share, which funded a two-year budget.

Leading Australian copper producer Sandfire Resources NL (ASX:SFR) became a cornerstone investor, which provided a significant endorsement from a highly regarded mining company and paved the way for ongoing technical collaboration. Sandfire subscribed for 10 million securities at IPO and holds a relevant interest of 7.7%.

A maiden JORC Resource was declared on Veovaca of 7.3 million tonnes at a 0.5% Zinc equivalent cut-off grade.

Commencement of a 15,000m diamond drilling programme at Adriatic's 100% owned Vares Project with 1st phase of drilling focusing on the high grade Rupice deposit and surrounding drill targets. Drilling since IPO has significantly extended the Rupice mineralisation in several directions, with major drill hole intercepts announced including:

- *Hole BR-2-18, intercepted 64m @ 4.6g/t Au, 537g/t Ag, 0.9% Cu, 7.7% Pb, 10.8% Zn, 46% $BaSO_4$, from 214m*
- *Hole BR-3-18, intercepted 36m @ 4.4g/t Au, 463g/t Ag, 0.5% Cu, 4.3% Pb, 5.7% Zn, 55% $BaSO_4$ from 196m; and 22m @ 4.1g/t Au, 258g/t Ag, 0.8% Cu, 7.5% Pb, 12.8% Zn, 56% $BaSO_4$ from 244m*
- *Hole BR-5-18, intercepted 66m @ 2.1g/t Au, 158g/t Ag, 2.3% Cu, 8.6% Pb, 12.8% Zn and 37% $BaSO_4$ from 210m*
- *Hole BR-7-18, intercepted 18m @ 2.6g/t Au, 201g/t Ag, 0.5% Cu, 4.5% Pb, 9.2% Zn and 62% $BaSO_4$ from 228m*
- *Hole BR-8-18, intercepted 16m @1.6g/tAu, 136g/t Ag, 1.1% Cu, 4.0% Pb, 6.5% Zn and 10m at 51% $BaSO_4$ from 206m*

Achieved significant regulatory milestones including initial approval, by the municipality, of the Company's application to expand the concession area at the Vareš Project and also the approval by the Federation of Bosnia & Herzegovina of the 'Reserves' Elaborat for the Veovaca deposit, representing a step toward the issue of an Exploitation Permit for the combined Vareš Concession.

ACTIVITIES & DIFFERENTIATION

Adriatic is a zinc polymetallic explorer and developer via its 100% interest in the Vareš Project in the Federation of Bosnia & Herzegovina (Bosnia).

The Project comprises a brown-field open cut zinc/lead/barite and silver mine at Veovaca and at Rupice, an advanced exploration deposit which exhibits exceptionally thick mineralisation with high grades of base and precious metals.

Focussed on expediting exploration and development activities and the establishment of strong in-country relationships, Adriatic has recruited a world class multi-disciplinary team to rapidly advance the Company's assets and to capitalise on its first mover advantage in Bosnia through the assessment of additional potential strategic land holdings.

Adriatic's exploration programme is well underway with exploration activities currently focussed on the high grade Rupice deposit. The short-term aim is to complete a drilling programme and maiden resource estimate at Rupice and to advance a technical study for the proposed development of the Vares project. Further drilling is also proposed at the Veovaca deposit to refine and optimise the subsequent mining plan.

Adriatic has announced its initial world class exploration results at Rupice with strong exploration growth potential and has defined a JORC mineral resource at the previously operating open pit mine at Veovaca. The sites are less than 20km apart and are proximal to or in the near vicinity of existing infrastructure in terms of power, water, rail, sealed roads, access to a skilled workforce, accommodation facilities, service providers and an international airport.

Adriatic seeks to differentiate through its competitive advantages of:

- establishing an early mover advantage in Bosnia as the Company is the only publicly listed mining concession holder in a country with a rich mining history, a pro-mining outlook, highly prospective geology and a stable fiscal and political system.
- strategically increasing its concession footprint, based on a database of historically discovered mineralisation near to its current projects and by reviewing other historic and new opportunities within Bosnia.
- a capable and multi-disciplinary management team which includes well regarded and experienced mining professionals with a track record of project delivery and operating experience.
- identifying through exploration drilling some of the highest grade polymetallic results globally; and
- being well funded for its current activities including the 15,000m diamond core drill programme and numerous technical evaluation programs.

STRATEGIC REPORT
CHIEF EXECUTIVE OFFICER'S REVIEW

This is Adriatic's first Annual Report as a listed company and it is pleasing to report that the Company is delivering on the key milestones we outlined in our 2018 IPO prospectus. Your board and management team are focused on ensuring we continue to develop our mineral assets in Bosnia with a view to increasing both the tonnage and metal values of the resources and rapidly progressing scoping and feasibility studies together with progressing the various approvals processes.

The Company's key strategic highlights are detailed below.

EXPLORATION PROGRAMME & ASSETS

(i) Rupice Prospect – The Rupice Prospect was an advanced exploration project which when acquired, exhibited exceptionally high grades of base and precious metals and is located approximately 18 km North West of the Veovaca Deposit. As announced to the ASX, the Company released drill hole results that have already returned the highest grade and thickest results to date (BR 2, 3 & 5) and have extended the thick high-grade mineralisation down dip circa 80m and along plunge circa 160m. In the coming months, the Company plans to continue drilling to expand the known mineralised zone both laterally and down plunge. Adriatic has also delineated well defined drill targets both along strike and parallel to the known mineralisation at Rupice.

HOLE	FROM M	TO M	INTERVAL M	Au g/t	Ag g/t	Cu %	Pb %	Zn %	$BaSO_4$ %
BR-10-18	236	264	28	3.4	271	0.5	5.9	10.8	61
BR-8-18	206	222	16	1.6	136	1.1	4	6.5	33
BR-7-18	228	246	18	2.6	201	0.5	4.5	9.2	62
BR-5-18	210	276	66	2.1	158	2.3	8.6	12.8	37
BR-3-18	196	232	36	4.4	463	0.5	4.3	5.7	55
BR-3-18	244	266	22	4.1	258	0.8	7.5	12.8	56
BR-2-18	214	278	64	4.6	537	0.9	7.7	10.8	46
BR-7-17	94	134	40	3.6	479	0.6	5.5	8.2	57
BR-6-17	116	138	22	1.8	161	0.3	1.7	1.8	26
BR-4-17	146	176	30	3.5	382	0.2	4.1	5.8	71
BR-1-17	178	242	64	2.3	373	0.9	5.1	8.4	44

TABLE 1 DRILL HOLE RESULTS FOR KEY RUPICE HIGH GRADE INTERSECTIONS

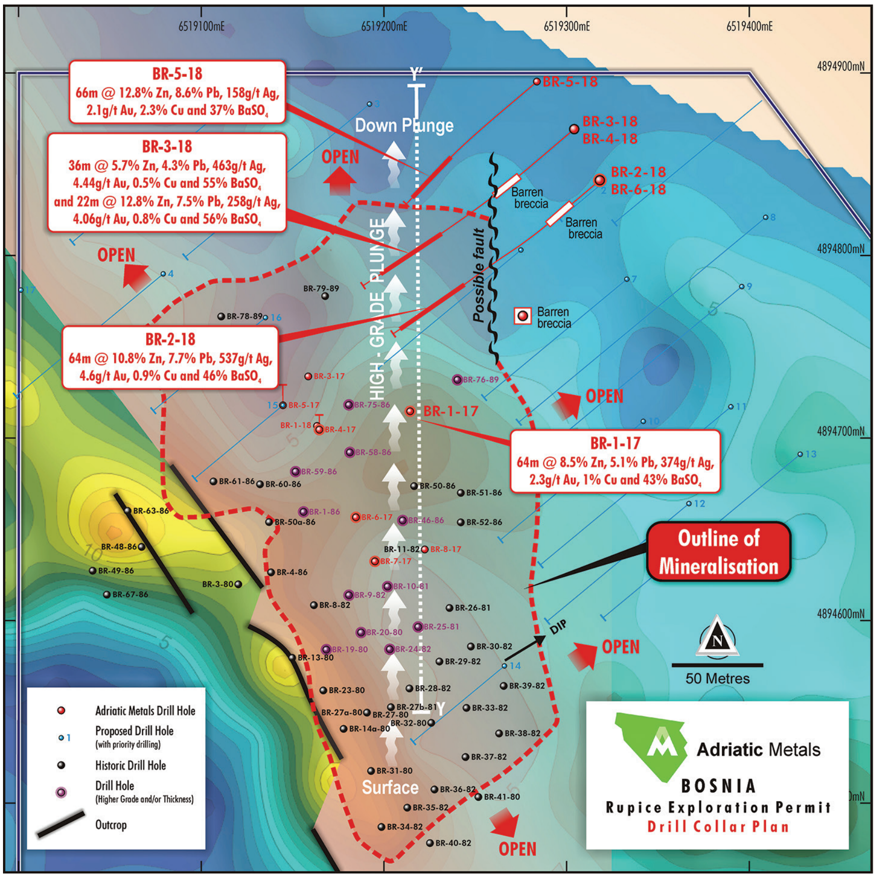

FIGURE 1 PLAN MAP SHOWING KEY DRILL HOLES & OUTLINE OF PREVIOUSLY KNOWN MINERALISATION

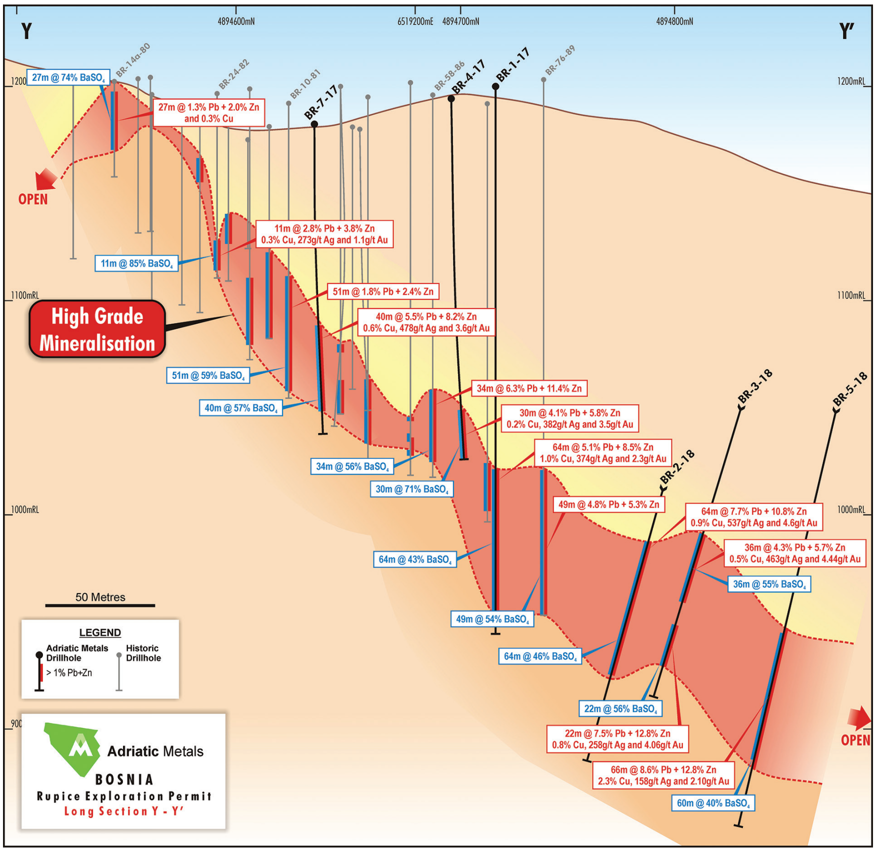

FIGURE 2 LONG-SECTION OF RUPICE HIGHLIGHTING MINERALISED ZONE AND LOCATION OF KEY DRILL HOLES

STRATEGIC REPORT CHIEF EXECUTIVE OFFICER'S REVIEW

EXPLORATION PROGRAMME & ASSETS (CONTINUED)

(ii) Veovaca Deposit – is an historic open cut zinc, lead, barite and silver mine which operated between 1983 and 1987 and ultimately shut down prior to emerging hostilities in the region. The Company completed a 16-hole, 1,381 metre diamond drilling programme at Veovaca in 2017 to confirm historical results and support a maiden JORC compliant resource of 4.4 million tonnes at a 2% cut-off (7.3 million tonnes at a 0.5% cut-off). The ongoing work programme for Veovaca is to conduct further exploration drilling with a view of increasing the current JORC resource, thoroughly sample for gold and silver across the entire resource base and to undertake metallurgical and mining studies.

(iii) Approval received for Expanded Concession area – in August 2018, the Vareš Municipal Council approved Adriatic's application for a major land expansion to its existing Concession Agreement at its 100% owned Vareš Projects that comprise Rupice and Veovaca. Under the terms of the Concession Agreement, the Company has three Fields, being Veovaca I & II and Rupice-Jurasavec Brestic, as outlined in red in Figure 4 below. The extension areas include land where the Company has identified a strong exploration potential and where additional drilling could identify extensions to the known mineralisation or where historical or recent data indicates the potential for new discoveries. The expanded Concession area includes land immediately to the north of hole BR-5-18, which intercepted 66m of high grade mineralisation, with this area being a high priority for future drilling. The Government of Zenica Canton has opened a 30 day Public Review period for the amendment of the Concession Agreement, and we expect final approval from the Canton within a short period following the end of the Public Review period.

(iv) Permitting Milestone – Adriatic recently confirmed that the Federal Ministry of Mining within the Federation of Bosnia & Herzegovina has provided written acknowledgment of the completion of the Reserves Elaborat for the Veovaca deposit, which forms part of the broader Vareš Project, representing a major milestone toward the issue of the Exploitation Permit. Under the terms of the Concession Agreement, the Company is required to complete the conditions for an Exploitation Permit by May 2020, which will then provide the company with license tenure until 2038 and can be further extended at the election of the Company for a period of 10 years. Following the issue of the Exploitation Permit, Adriatic will prepare and submit a Main Mining Plan (Feasibility Study) and apply for a Water Management Permit, which once accepted, will result in an Operations Permit being granted.

"The extension areas include land where the Company has identified a strong exploration potential and where additional drilling could identify extensions to the known mineralisation or where historical or recent data indicates the potential for new discoveries."

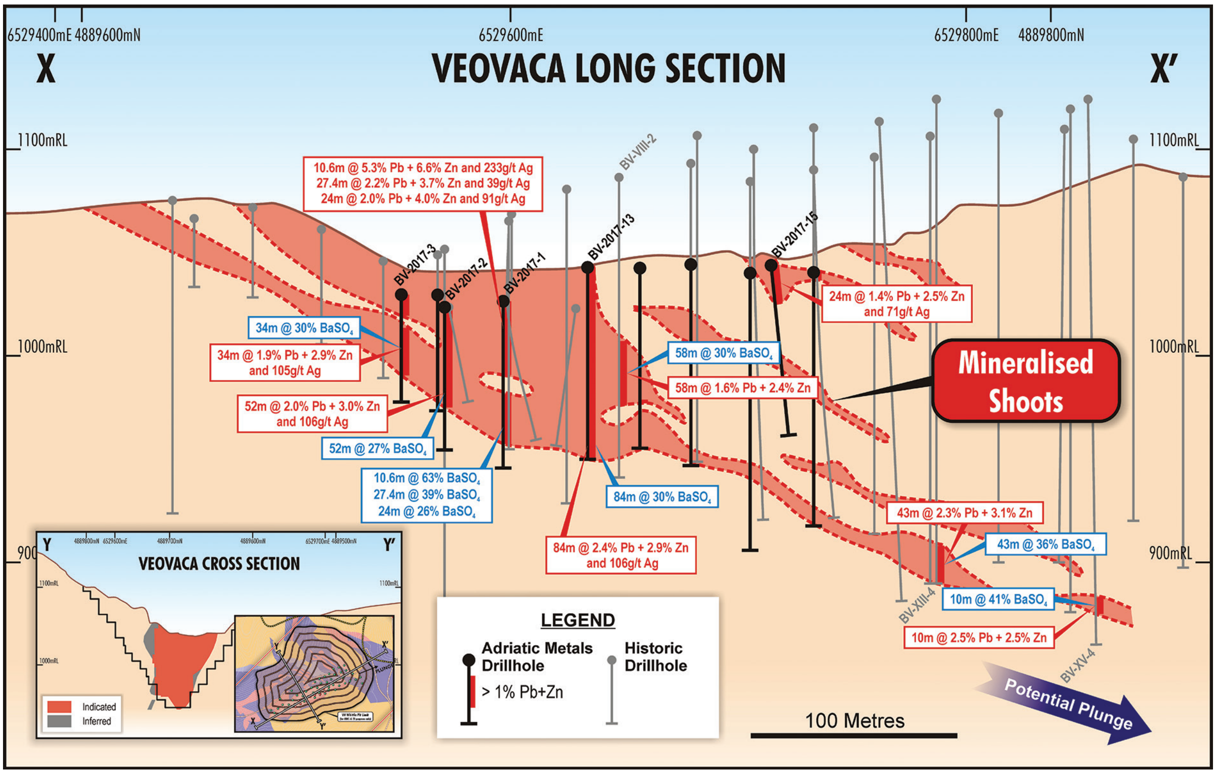

FIGURE 3 VEOVACA LONG SECTION

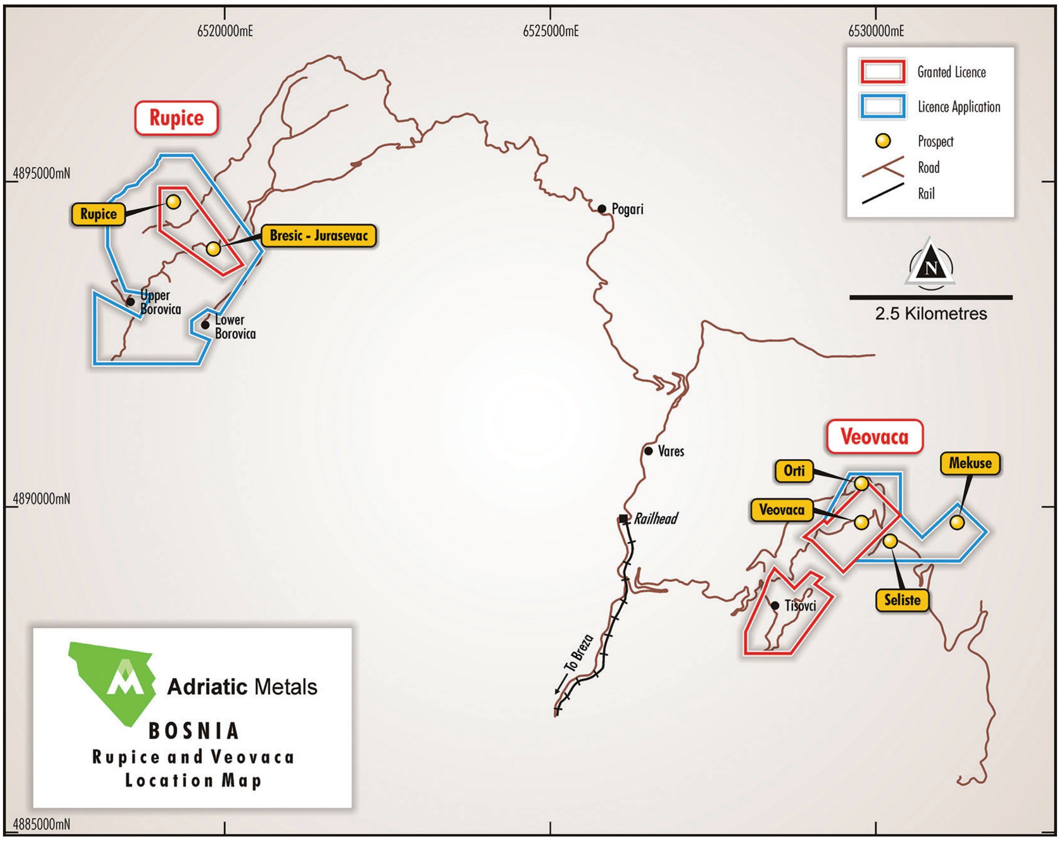

FIGURE 4 MAP SHOWING ADRIATIC'S EXISTING (RED) AND NEW CONCESSION AREAS (BLUE)

STRATEGIC REPORT CHIEF EXECUTIVE OFFICER'S REVIEW

BOSNIAN OPERATING ENVIRONMENT & IN-COUNTRY MANAGEMENT TEAM

The Balkans have some of the world's largest deposits (Cu, Au) and attracted significant investment from Rio Tinto, Freeport McMoran, First Quantum, Dundee Precious Metals and Nevsun. In the Federation of Bosnia and Herzegovina (Bosnia), a legacy mining code and complex bureaucracy has limited foreign investment and modern exploration over the last 20 years, creating an opportunity for potential major discoveries. Bosnia is now a stable democracy with over 20 years of peace, has a multi-party political system and is aspiring to join the EU and NATO. The Government of Bosnia is pro-mining and has an open policy to foreign investment and a low corporate tax rate of 10%. Foreign investors have equal rights and full legal protection and the local government in the Vareš region has publicly expressed strong support for the Project.

Bosnia has no requirement for government participation or free carry. The country has a skilled workforce, low labour rates and low cost of living, established transportation networks and low electricity costs. Rail networks link European smelters and seaboard markets through ports in Montenegro (Bar) and Croatia (Ploče).

Adriatic's exploration programme is managed by Bob Annett, an experienced geologist with over 40 years' experience across all aspects of exploration, evaluation and mining of precious, base & industrial metals and is the nominated JORC Competent Person.

During the year, Adriatic has been able to recruit and assemble a strong and highly competent Bosnian management team to ensure that it is well represented at community and government levels and to manage operations in Bosnia. Milos Bošnjaković is Head of Regulatory affairs in Bosnia and a Non-Executive Director. Milos has significant experience in mineral projects in the region was formally a qualified lawyer within the Interior Ministry of the former Yugoslavian government.

In May 2018, Adriatic announced the appointment of Adnan Teletovic as the General Manager of Adriatic's wholly owned subsidiary, Eastern Mining d.o.o, in Bosnia. Mr. Teletovic is a dual Bosnian-Australian national with extensive experience in the mining industry having previously held senior positions at Kalgoorlie Consolidated Gold Mines, BHP Billiton and has significant experience in general management and a track record in managing large capital mining projects.

RESULT FOR FY18

As the company is in pre-production there is no forecast earnings nor expectation for profits and the Company will continue to invest in its exploration assets and incur losses in the near to medium term. The Loss after tax for the period was £1,928,697; FY17(£292,307) and comprised one off costs for the 2018 year including share option costs for £1,121,275 and IPO expenses of £123,006 relating to the ASX listing as per note 17 in the Group Consolidated Financial Statements to 30 June 2018.

INITIAL PUBLIC OFFERING ON ASX

During the year, Adriatic successfully completed its IPO on the ASX with a heavily oversubscribed offer that raised AUD$10 million. This included a strategic cornerstone investment by leading Australian copper producer Sandfire Resources. Sandfire invested AUD$2m into the IPO and is a substantial shareholder owning 7.7% of Adriatic.

Adriatic is now well positioned with a strong share register including significant board and management ownership and is fully funded for its current exploration and development budget. Board & management hold 34% of issued securities which are subject to a 2-year escrow period from date of ASX quotation.

Geraint Harris

Geraint Harris
CHIEF EXECUTIVE OFFICER

TENEMENT PORTFOLIO TABLE

CONCESSION NUMBER	LICENCE AREAS (HA)			RUPICE EXPLORATION RIGHTS EXPIRY		VEOVACA EXPLOITATION RIGHTS	
	VEOVACA I	VEOVACA II	RUPICE	DURATION (YEARS)	EXPIRY	DURATION (YEARS)	EXPIRY
04-18-21389-1/13	107.69	90.54	83.19	7.5	25 May 2020	25	12 March 2038[i]

(i) Tenure exploitation rights approved by Federal Ministry of Mining within the Federation of Bosnia & Herzegovina, subject to completing the conditions for an Exploitation Permit by May 2020, which will then provide the company with license tenure until 2038 and can be further extended at the election of the Company for a period of 10 years.

KEY PERFORMANCE INDICATORS

The near term and primary performance indicators for Adriatic are related to its exploration activities and include:

(i) Efficiently managing the exploration programme and increasing the current mineralised footprint and increasing Adriatic's current JORC resource base

(ii) Advancing the permitting status on a pathway towards exploitation

(iii) Continued exploration on nearby prospects to define further drill targets with the intent of making additional mineral discoveries

(iv) Progressing the technical study elements for the deposits, culminating in publishing a scoping study and making progress towards future Pre-Feasibility and Feasibility Studies.

	2018 £	2017 £
Exploration & Evaluation Assets	**929,260**	172,337

COMPETENT PERSONS STATEMENT

The information in this report which relates to Exploration Results is based on information compiled by Mr Robert Annett, who is a member of the Australian Institute of Geoscientists (AIG). Mr Annett is a consultant to Adriatic Metals PLC and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Annett consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

FUTURE PROSPECTS

Adriatic's prospects are contingent upon the finalisation and completion of a successful 1st phase drilling programme. Subject to being able to expand the current identified mineralisation and continue reporting significant drill hole mineralised results at both Rupice and Veovaca, the Company's primary near term objectives are to declare a maiden resource at Rupice and continue to advance the technical studies and permitting on the concession and at Veovaca. Adriatic is also actively investigating new areas of interest within its current tenement portfolio and also new prospects.

Subject to the above being achieved, the Company will conclude a metallurgical programme and initiate a technical study.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategy expose it to a number of risks. These risks are reviewed by the Board and Management with appropriate processes put in place to monitor and mitigate the risks.

Key business risks affecting the Group are set out below.

EXPLORATION & DEVELOPMENT

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. There can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

FUTURE FUNDING NEEDS

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies.

BOSNIAN IN-COUNTRY RISKS

The Projects are located in Bosnia and Herzegovina. The Company will be subject to the risks associated with operating in that country, including various levels of political, sovereign, economic and other risks and uncertainties.

Any material adverse changes in government policies, legislation, political, legal and social environments in Bosnia and Herzegovina and or any other country that the Company has economic interests in that affect mineral exploration activities, may affect the viability and profitability of the Company.

OPERATIONAL RISKS

The operations of the Company may be affected by various factors, including:

(i) failure to locate or identify mineral deposits;

(ii) failure to retain and secure key management;

(iii) failure to achieve predicted grades in exploration and mining; and

(iv) operational and technical difficulties encountered in metallurgy, processing and mining.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

ENVIRONMENTAL RISK

The Company's activities are subject to the environmental laws inherent in the mining industry and those specific to Bosnia and Herzegovina. The Company intends to conduct its activities in an environmentally responsible manner and in compliance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

COMMODITY & CURRENCY EXCHANGE PRICES

The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates, such as the USD and GBP denominated zinc price and the GBP / USD exchange rate.

The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates, such as the USD and GBP denominated zinc price and the GBP / USD exchange rate.

REPORT OF THE DIRECTORS

DIRECTORS AND KEY MANAGEMENT

PETER BILBE, B. ENG (MINING) (HONS)

Non-Executive Chairman

Mr Bilbe is a mining engineer with 40 years Australian and international mining experience in gold, base metals and iron ore at the operational, CEO and board levels. Mr Bilbe is currently Non-Executive Chairman of Independence Group NL and since 2009 has overseen the growth of Independence from operating a single mine to a AUD$2.5 billion diversified gold and base metals mining and exploration company. Mr Bilbe is also Non-Executive Chairman of Intermin Resources Ltd, an emerging gold developer.

Peter Bilbe was appointed as the Non-Executive Chairman of the Company on 16 February 2018 and serves as Chair of the Remuneration Committee.

JULIAN BARNES, BSC (HONS)

Non-Executive Director

Dr Barnes is a geologist with extensive experience in major exploration and development projects. Previously, he was Executive Vice President Dundee Precious Metals where he lead exploration, project acquisition, and due diligence with a strong focus on Balkan mining & development.

He founded and led Resource Service Group for nearly two decades, which ultimately became RSG Global and has since been sold to Coffey Mining. He is also a Non-Executive Director of Thor Explorations Ltd, a company listed on the Toronto Stock Exchange (Venture Exchange) and Zinc Of Ireland, a company listed on the Australian Stock Exchange.

Julian Barnes was appointed as a Director of the Company on 16 February 2018 and serves as a member of the Audit Committee.

PAUL CRONIN, B. COM & MBA

Non-Executive Director

Mr Cronin is a unique resource finance specialist, with significant experience in equity, debt and mergers and acquisitions within the sector. As CEO of ASX Listed Anatolia Energy, Paul oversaw two successful and oversubscribed capital raisings, steering the stock to be the best performing uranium stock globally during his time with the company, and prior to its sale at a significant premium to its market capitalization. Prior to Anatolia, Paul was Vice President at the highly-regarded resource fund, RMB Resources where he originated, structured and managed several debt and equity investments on behalf of the fund. Paul is currently CEO of ASX & TSX listed Black Dragon Gold, and Non-Executive Director of Global Atomic Corporation.

Paul Cronin was appointed as a Director of the Company on 3 February 2017 and serves as a member of the Remuneration Committee and Chair of the Audit Committee.

ERIC DE MORI, B. MARKETING & DIP. FINANCIAL SERVICES

Non-Executive Director

Mr de Mori has over 15 years' experience in ASX small capital investment and corporate finance, specializing in natural resources, biotechnology and technology. Eric has a broad skill set across ASX listed company corporate finance and has held several director and major shareholder positions with ASX listed technology and resource companies. Eric is the head of natural resources for institutional stockbroker Ashanti Capital and a Non-Executive Director of Invictus Energy Ltd.

Mr de Mori was appointed to the Board on 10 August 2017 and serves as a member of the Audit Committee.

MILOS BOSNJAKOVIC

Non-Executive Director

Mr Bosnjakovic is a dual national of Australia and Bosnia Herzegovina and was the co-founder of ASX-listed Balamara Resources Limited. He has significant experience in mineral projects in the region and is a qualified lawyer with extensive experience in the Former Yugoslav Republics, Australia and New Zealand. Mr Bosnjakovic is currently engaged as consultant to Adriatic, responsible for government and regulatory relations, and will remain in that important role.

Mr Bosnjakovic was appointed to the Board of the Company on 16 July 2018 and serves as a member of the Remuneration Committee.

REPORT OF THE DIRECTORS

SENIOR MANAGEMENT

GERAINT HARRIS, B. ENG (HONS) & M. SC. ENG. (MINING)

Chief Executive Officer

Mr Harris is a mining engineer with over 20 years' experience across mining operations, consultancy, fund management and project finance – specialising in gold and base metals. Mr Harris has worked and lived in numerous countries across his career including Europe, North and South America, Central Asia, former Soviet Union and China. Geraint was also Manager mine services for Lisheen (high grade U/G) in Ireland, one of the biggest zinc mines in the world until its recent closure.

Geraint Harris was appointed as Chief Executive Officer on 1 October 2017.

ROBERT ANNETT, BSC (HONS), ARSM, AIMM, AIG & MIQ

Head of Exploration

Mr Annett is an experienced geologist with over 40 years' experience across all aspects of exploration, evaluation and mining of precious, base & industrial metals. He is a Competent Person under the JORC Code and is responsible for the day to day management of all exploration works.

Robert Annett was appointed as Head of Exploration on 1 April 2017.

SEAN DUFFY, MBA, GRAD CERT. IN BUSINESS MARKETING

Chief Financial Officer & Company Secretary

Mr Duffy brings with him more than 20 years of international finance experience in the mining industry, including key positions with BHP Billiton and other AIM/ASX listed companies. Sean Duffy was appointed as Chief Financial Officer and Company Secretary on 17 November 2017.

ADNAN TELETOVIC, B. ENG (HONS.)

General Manager, Eastern Mining d.o.o

Dr. Teletovic is a dual Bosnian-Australian national with extensive experience in the mining industry having previously held senior positions at Kalgoorlie Consolidated Gold Mines, BHP Billiton and the Prevent Group, one of Bosnia's largest diversified industrial corporations. Adnan has a Bachelor of Engineering (Hons.) from Victoria University of Technology, a PhD from Deakin University and has significant experience in not only general management but also a track record in managing large capital mining projects in the Australian mining industry.

DIRECTORS' REPORT

The Directors present their annual report with the statutory financial statements of the Group for the year ended 30 June 2018.

This report should be read in conjunction with the Strategic Report on pages 02 to 10.

1 BOARD OF DIRECTORS AND OFFICERS OF THE COMPANY

The names of the Directors who held office during the financial year and to the date of this report were:

DIRECTOR NAME	POSITION	APPOINTED
Peter Bilbe	Non-Executive Chairman	16 February 2018
Paul Cronin	Non-Executive Director	3 February 2017
Julian Barnes	Non-Executive Director	16 February 2018
Eric de Mori	Non-Executive Director	10 August 2017
Milos Bosnjakovic	Non-Executive Director	16 July 2018

The company secretary is Sean Duffy.

2 RESULTS

The Group realised a loss after tax for the year of £1,928,697 (2017 loss of £292,307).

3 GOING CONCERN

The Group incurred a loss of £1,928,697 (30 June 2017: £292,307) in the period however the Group also had a net asset position at the balance sheet date.

The Company and Group meet their day to day working capital requirements by support of investors. The directors believe it is appropriate to prepare the financial statements on a going concern basis which assumes that the Company and the Group will continue in operational existence for the foreseeable future on the basis of the Group's plans and the continued support of investors

If the Company and Group are unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the assets to their recoverable amounts, provide for further liabilities that might arise, and reclassify non-current assets and liabilities to current.

4 DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2018 (2017: $nil).

5 DIRECTORS' INDEMNITY INSURANCE

The Company has arranged appropriate Directors' and Officers' insurance to indemnify the Directors against liability in respect of proceedings brought about by third parties. Such provisions remain in place at the date of this report.

6 AUDITOR

Lubbock Fine Chartered Accountants have been appointed as auditors of Adriatic Metals plc and at the Company's 1st Annual General Meeting Lubbock Fine Chartered Accountants will be proposed for re- appointment.

REPORT OF THE DIRECTORS

DIRECTORS' REPORT *(CONTINUED)*

7 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's financial risk management objectives and policies and exposures to risk are outlined in Note 23 to the financial statements.

8 ROUNDING OF AMOUNTS AND PRESENTATIONAL CURRENCY

Amounts in the Directors Report and the accompanying financial report have been rounded to the nearest thousand dollars, or in certain cases to the nearest dollar, unless otherwise expressly stated. The Group financial statements are presented in British Pounds ("£") which is the Group's presentational currency.

On behalf of the Board

Peter Bilbe
CHAIRMAN

25 September 2018

CORPORATE GOVERNANCE REPORT

The Board of Directors of Adriatic is responsible for establishing the corporate governance framework of the group having regard to the ASX Corporate Governance Council published guidelines. The Board guides and monitors the business and affairs of the group on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board has adopted a corporate governance framework, based upon ASX Corporate Governance Principles, which it considers to be suitable given the size, history and strategy of the Company.

The Company's Corporate Governance Statement has been approved by the Board and can be located on the Company's website at http://www.adriaticmetals.com/corporate-governance/

REMUNERATION POLICY FOR EXECUTIVES AND MANAGEMENT

Given the size of the company and current board structure at 30 June 2018 the company had not established a Remuneration and Nominations Committee with any relevant matters being considered by the full Board of the Company. Subsequent to year end the Board established a Remuneration Committee on 14 September 2018.

The Directors have responsibility for the appointment and performance assessment of the Chief Executive Officer and Chief Financial Officer, Company Secretary, other senior executives and terms and conditions including remuneration and approving the Company's remuneration and rewards framework. When considering the remuneration policy for the Company's Executives and Management the Board will consider performance and achievement in line with the Company's objectives and to ensure the interests of shareholders and stakeholders are enhanced. The Board will perform an annual review to ensure a strong link between performance and reward is made and will form part of the annual remuneration review.

SHARE OPTIONS

The Company has adopted a company share option plan (Plan). The Plan forms what the Board considers to be an important element of the Company's total remuneration strategy for its officers and staff.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The Directors have responsibility to review, monitor and make recommendations to the Board regarding the orientation and education of directors which includes an annual review of the directors' compensation program.

The Company Articles provide that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Directors prior to the first annual general meeting. The aggregate remuneration for all non-executive directors has been set at an amount of AUD$400,000 per annum by the Directors. The remuneration of the Non-Executive Directors must not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the proposed increase has been given to Shareholders in the notice convening the meeting.

The remuneration of the Non-Executive Directors is determined by the Board as a whole, based on a review of current practices in other equivalent companies. The Non-Executive Directors each have service agreements that are reviewed annually by the Board.

DIRECTORS' REMUNERATION (AUDITED)

The Company paid the following remuneration to each Director:

2018	SALARY/FEE £	LONG TERM BENEFIT £	TOTAL £
Paul Cronin	5,000	-	5,000
Eric De Mori	5,059	-	5,059
Peter Bilbe	19,573	-	19,573
Julian Barnes	11,607	-	11,607
TOTAL	**41,239**	**-**	**41,239**

The annual Directors fees payable by the Company is as follows:

	SALARY/FEE £	
Paul Cronin	30,000	
Eric De Mori	30,000	(AUD$54,000) equivalent
Peter Bilbe	50,000	(AUD$90,000) equivalent
Julian Barnes	30,000	
TOTAL	**140,000**	

Milos Bosnjakovic was appointed as a Non-Executive Director on 16 July 2018 and therefore did not receive any Director fees for the period to 30 June 2018.

DIRECTORS - PRE IPO ADVISOR FEES	2018 £	2017 £
Swellcap Limited	120,400	100,000
Lancaster Corporate	75,000	75,000
TOTAL	**195,400**	175,000

REPORT OF THE DIRECTORS

DIRECTORS' REMUNERATION (AUDITED) *(CONTINUED)*

RELATED PARTY NOTE – DIRECTOR ADVISOR FEES

The Company engaged Swellcap Limited, as a corporate advisor, under a corporate advisory agreement which commenced on 1 February 2017. Swellcap is a related party of the Company as it is controlled by Paul Cronin, a Director of the Company. Under this agreement, the Company paid £100,000 for advisory fees and £10,000 per month from 1 February 2017 (capped at £100,000) for services provided by Paul Cronin in his capacity as a Director. No further payments are due to Swellcap Limited under the terms of this agreement. The Company has also engaged Swellcap to provide the Company with corporate office facilities and services from 1 April 2018 at £5,000 per month.

The Company engaged Lancaster Corporate Pty Ltd, as a corporate advisor, under a corporate advisory agreement which commenced on 1 February 2017. Lancaster is a related party of the Company as it is controlled by Eric De Mori, a Director of the Company. Under this agreement, the Company paid £50,000 for advisory fees and £10,000 per month from 1 February 2017 (capped at £100,000) for services provided by Eric De Mori in his capacity as a Director. No further payments are due to Lancaster Corporate under the terms of this agreement.

DIRECTOR'S SHARE OPTIONS

In addition to the fees above, the Company has issued the following options to Directors.

NAME OF DIRECTOR NON-EXECUTIVE	OPTIONS GRANTED	TOTAL OPTIONS VESTED AS AT 1 JULY 2017	OPTIONS VESTING IN THE YEAR	OPTIONS LAPSING IN THE YEAR	TOTAL OPTIONS VESTED AS AT 30 JUNE 2018	EXERCISE PRICE	EARLIEST DATE OF EXERCISE (ESCROW DATE)	DATE OF EXPIRY
Peter Bilbe	1,500,000	-	1,500,000	-	**1,500,000**	AUD$0.30	1/5/2020	1/7/2021
Paul Cronin	5,000,000	-	5,000,000	-	**5,000,000**	AUD$0.20	1/5/2020	1/7/2023
Eric De Mori	4,000,000	-	4,000,000	-	**4,000,000**	AUD$0.20	1/5/2020	1/7/2023
Julian Barnes	1,000,000	-	1,000,000	-	**1,000,000**	AUD $0.30	1/5/2020	1/7/2021

DIRECTORS' INTERESTS

The Directors' interests in shares and other securities in Adriatic Metals plc are set out below:

NON-EXECUTIVE DIRECTOR	NUMBER OF ORDINARY SHARES (CDI'S) 30 JUNE 2018	NUMBER OF OPTIONS 30 JUNE 2018
Peter Bilbe	**250,000**	**1,500,000**
Paul Cronin	**16,851,332**	**5,000,000**
Eric De Mori	**11,054,000**	**4,000,000**
Julian Barnes	**-**	**1,000,000**
Milos Bosnjakovic[(i)]	**16,000,000**	**1,000,000**

(i) Milos Bosnjakovic – was appointed to the board as a non-executive director on 16 July 2018

DIRECTORS RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) and applicable UK Company law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Peter Bilbe
CHAIRMAN

25 September 2018

YEAR ENDED 30 JUNE 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	NOTE	PERIOD FROM 1 JUL 2017 TO 30 JUN 2018 £	PERIOD FROM 3 FEB 2017 TO 30 JUN 2017 £
REVENUE			
Sale of services		**-**	1,519
GROSS PROFIT		**-**	1,519
Administrative expenses	5	**(2,170,921)**	(286,461)
OPERATING LOSS		**(2,170,921)**	(284,942)
Finance costs	8	**242,224**	(7,365)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(1,928,697)**	(292,307)
Tax	9	**-**	-
LOSS FROM CONTINUING OPERATIONS		**(1,928,697)**	(292,307)
Other comprehensive income	10	**5,965**	25,402
TOTAL COMPREHENSIVE INCOME		**(1,922,732)**	(266,905)
Earnings per share expressed in pence per share:	16		
Basic		**(2.27)**	(0.55)
Diluted		**(2.10)**	(0.55)

All the activities of the Group are classed as continuing.

The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own statement of profit or loss.

The notes on pages 24 to 46 form part of these financial statements.

AS AT 30 JUNE 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	30 JUN 2018 £	30 JUN 2017 £
NON-CURRENT ASSETS			
Intangible assets	12	**1,034,235**	282,107
Tangible assets	11	**626,308**	585,686
		1,660,543	867,793
CURRENT ASSETS			
Inventories		**-**	22
Trade and other receivables	13	**147,711**	17,688
Cash and cash equivalents	14	**4,644,389**	311,470
		4,792,100	329,180
TOTAL ASSETS		**6,452,643**	1,196,973
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	16	**1,733,042**	856,323
Share premium		**5,515,049**	406,183
Other capital reserves	18	**1,282,365**	-
Other reserves	18	**31,367**	25,402
Retained deficit	18	**(2,221,004)**	(292,307)
TOTAL EQUITY		**6,340,819**	995,601
CURRENT LIABILITIES			
Trade and other payables	15	**111,824**	201,372
TOTAL EQUITY AND LIABILITIES		**6,452,643**	1,196,973

The notes on pages 24 to 46 form part of these financial statements.

These financial statements were approved by the board and were signed on its behalf by:

Mr P Cronin
DIRECTOR

Date: 25 September 2018

Company Registration Number: 01682644

AS AT 30 JUNE 2018

COMPANY STATEMENT OF FINANCIAL POSITION

	NOTE	30 JUN 2018 £	30 JUN 2017 £
NON-CURRENT ASSETS			
Investments	4	**1,517,405**	883,545
Intangible assets	12	**345,761**	73,412
Tangible assets	11	**26,454**	360
		1,889,620	957,317
CURRENT ASSETS			
Trade and other receivables	13	**110,494**	275,000
Cash and cash equivalents	14	**4,572,426**	226,830
		4,682,920	501,830
TOTAL ASSETS		**6,572,540**	1,459,147
Equity			
Share capital	16	**1,733,042**	856,323
Share premium		**5,515,049**	406,183
Other capital reserves	18	**1,282,365**	-
Retained earnings	18	**(2,023,689)**	7,982
TOTAL EQUITY		**6,506,767**	1,270,488
CURRENT LIABILITIES			
Trade and other payables	15	**65,773**	188,659
TOTAL EQUITY AND LIABILITIES		**6,572,540**	1,459,147

The notes on pages 24 to 46 form part of these financial statements.

These financial statements were approved by the board
and were signed on its behalf by:

Mr P Cronin
DIRECTOR

Date: 25 September 2018

Company Registration Number: 01682644

YEAR ENDED 30 JUNE 2018

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

GROUP	SHARE CAPITAL £	SHARE PREMIUM £	OTHER CAPITAL RESERVE £	RETAINED EARNINGS £	OTHER RESERVES (FOREIGN CURRENCY TRANSLATION RESERVES) £	TOTAL £
As at 3 February 2017	-	-	-	-	-	**-**
Loss for the period	-	-	-	(292,307)	-	**(292,307)**
Issue of share capital	856,323	406,183	-	-	-	**1,262,506**
Other comprehensive income	-	-	-	-	25,402	**25,402**
As at 30 June 2017	856,323	406,183	-	(292,307)	25,402	**995,601**
Loss for the period	-	-	-	(1,928,697)	-	**(1,928,697)**
Issue of share capital	876,719	5,108,866	-	-	-	**5,985,585**
Issue of options	-	-	1,282,365	-	-	**1,282,365**
Other comprehensive income	-	-	-	-	5,965	**5,965**
As at 30 June 2018	1,733,042	5,515,049	1,282,365	(2,221,004)	31,367	**6,340,819**

COMPANY	SHARE CAPITAL £	SHARE PREMIUM £	OTHER CAPITAL RESERVE £	RETAINED EARNINGS £	OTHER RESERVES (FOREIGN CURRENCY TRANSLATION RESERVES) £	TOTAL £
As at 3 February 2017	-	-	-	-	-	**-**
Loss for the period	-	-	-	7,982	-	**7,982**
Issue of share capital	856,323	406,183	-	-	-	**1,262,506**
Other comprehensive income	-	-	-	-	-	**-**
As at 30 June 2017	856,323	406,183	-	7,982	-	**1,270,488**
Loss for the period	-	-	-	(2,031,671)	-	**(2,031,671)**
Issue of share capital	876,719	5,108,866	-	-	-	**5,985,585**
Issue of options	-	-	1,282,365	-	-	**1,282,365**
Other comprehensive income	-	-	-	-	-	**-**
As at 30 June 2018	1,733,042	5,515,049	1,282,365	(2,023,689)	-	**6,506,767**

YEAR ENDED 30 JUNE 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 £	2017 £
Loss	**(1,928,697)**	(292,307)
Foreign exchange difference on consolidation	**5,965**	25,402
Depreciation and amortisation	**8,910**	2,394
Share based payments	**1,161,408**	-
Other non-cash movements	**(4,885)**	-
Working capital adjustments:		
Increase in trade and other receivables	**(130,023)**	(17,210)
Decrease/(increase) in inventories	**22**	(22)
(Decrease)/increase in trade and other payables	**(89,548)**	186,858
Net cash flows used in operating activities	**(976,848)**	(94,885)
Investing activities		
Purchase of property, plant and equipment	**(40,296)**	(39,920)
Purchase of intangible assets	**(756,479)**	(176,624)
Acquisition of subsidiary undertaking	**-**	(426,624)
Net cash flows used in investing activities	**(796,775)**	(643,168)
Financing activities		
Issue of share capital (net of fees)	**6,106,542**	1,049,523
Net cash flows generated from financing activities	**6,106,542**	1,049,523
Net increase in cash and cash equivalents	**4,332,919**	311,470
Cash and cash equivalents at 30 June 2017	**311,470**	-
Cash and cash equivalents at 30 June 2018	**4,644,389**	311,470

The notes on pages 24 to 46 form part of these financial statements.

YEAR ENDED 30 JUNE 2018

COMPANY STATEMENT OF CASH FLOWS

	2018 £	2017 £
(Loss)/profit	**(2,031,671)**	7,982
Share based payments	**1,161,408**	-
Working capital adjustments:		
Decrease/(increase) in trade and other receivables	**164,506**	(275,000)
(Decrease)/increase in trade and other payables	**(122,886)**	188,659
Net cash flows used in operating activities	**(828,643)**	(78,359)
Investing activities		
Purchase of property, plant and equipment	**(26,094)**	(360)
Purchase of intangible assets	**(272,349)**	(73,412)
Investment in subsidiary undertaking	**(633,860)**	(670,562)
Net cash flows used in investing activities	**(932,303)**	(744,334)
Financing activities		
Issue of share capital	**6,106,542**	1,049,523
Net cash flows generated from financing activities	**6,106,542**	1,049,523
Net increase in cash and cash equivalents	**4,345,596**	226,830
Cash and cash equivalents at 30 June 2017	**226,830**	-
Cash and cash equivalents at 30 June 2018	**4,572,426**	226,830

The notes on pages 24 to 46 form part of these financial statements

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements present the financial information of Adriatic Metals and its subsidiaries (collectively, the Group) for the year ended 30 June 2018. The comparative period represents the period from 3 February 2017 to 30 June 2017 and so is not directly comparable. Adriatic Metals Plc (the Company or the parent) is a public company limited by shares and incorporated in England & Wales. The registered office is located at Second Floor, Stamford House, Regent Street, Cheltenham, United Kingdom, GL50 1HN.

The Group is principally engaged in the exploration for metals for future mining activity.

Information on the Group's structure is provided in Note 4.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"), and with the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis.

The principal accounting policies adopted by the Group in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in British Pounds (£) rounded to the nearest pound.

GOING CONCERN

The Group incurred a loss of £1,928,697 (2017 - £292,307) in the year however the Group also had a net asset position at the balance sheet date.

The Company and Group meet their day to day working capital requirements by support of investors. The directors believe it is appropriate to prepare the financial statements on a going concern basis which assumes that the Company and the Group will continue in operational existence for the foreseeable future on the basis of the Group's plans and the continued support of investors

If the Company and Group are unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the assets to their recoverable amounts, provide for further liabilities that might arise, and reclassify non-current assets and liabilities to current.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognised in equity of the parent in transactions where the non-controlling interest is acquired or sold without loss of control. The Group has elected to recognise this effect in retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

GOODWILL

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised as the non-controlling interest over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

FOREIGN CURRENCIES

The Group's consolidated financial statements are presented in GBP (£), which is considered to be the Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency which is the currency of the primary economic environment in which the entity operates ('the local functional currency').

TRANSACTIONS AND BALANCES

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

GROUP COMPANIES

On consolidation, the assets and liabilities of foreign operations are translated into GBP (£) at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates prevailing during the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

TAXES

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

EXPLORATION AND EVALUATION EXPENDITURE

Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

- Exploration and evaluation activity includes:
- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation expenditure incurred on licences where a JORC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a JORC-compliant resource.

Costs expensed during this phase are included in 'Other operating expenses' in the statement of profit or loss and other comprehensive income.

Upon the establishment of a JORC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the particular licence as exploration and evaluation assets up to the point when a JORC-compliant reserve is established. Capitalised exploration and evaluation expenditure is considered to be an intangible asset.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an exploration and evaluation asset (that does not represent a business) are also capitalised.

They are subsequently measured at cost less accumulated impairment. Once JORC-compliant reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to 'Mines under construction' which is a sub-category of 'Mine properties'. No amortisation is charged during the exploration and evaluation phase.

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment transferred from acquisitions are initially measured at the fair value at the date on which control is obtained.

Land and buildings are measured at cost less accumulated depreciation on buildings and impairment losses.

Depreciation is calculated on a straight-line at the following rates per each category of asset:

- Land & buildings – Not depreciated
- Plant & equipment – 15%
- Office Equipment – 15%
- Vehicles – 15%
- Assets under construction – Not depreciated

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Amortisation is calculated on a straight-line at the following rates per each category of asset:

Patents & Licenses – 5%

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

FINANCIAL INSTRUMENTS

Financial assets in the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which do not include transaction costs. Purchases or sales of financial assets that require delivery of assets in a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date at which the Company commits to purchase or sell the asset.

The Company's financial assets include cash and cash equivalents, and trade and other receivables.

Financial liabilities in the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities are classed as trade and other payables.

TRADE RECEIVABLES

Trade receivables are initially measured at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

SHARE-BASED PAYMENTS

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 17.

That cost is recognised in employee benefits expense (Note 5), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

EQUITY-SETTLED TRANSACTIONS *(CONTINUED)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 16).

PROVISIONS AND CONTINGENCIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued and not yet effective for the Group's financial statements for the period ended 30 June 2018 are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

IFRS 9 Financial Instruments

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

NEW AND AMENDED STANDARDS AND INTERPRETATIONS *(CONTINUED)*

IFRS 15 Revenue from Contracts with Customers

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

IFRS 16 Leases

IFRS 16, 'Leases' deals with recognition, measurement, presentation and disclosure of leases. The standard provides a single accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less. Lessors continue to classify leases as operating or finance with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the following is an area where particular judgement is required:

EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION

It is the opinion of the directors that the operations of the Group represent one segment, as they are treated as such when evaluating performance.

4. GROUP INFORMATION

	INVESTMENT IN SUBSIDIARY £
Additions	883,545
At 30 June 2017	883,545
Additions	633,860
At 30 June 2018	1,517,405
NET BOOK VALUE	
At 30 June 2018	1,517,405
At 30 June 2017	883,545

The consolidated financial statements of the Group include:

NAME	PRINCIPAL ACTIVITIES	ADDRESS OF REGISTERED OFFICE	% EQUITY INTEREST 2018	2017
Eastern Mining d.o.o	Mining exploration	Marsala Tita 3/II, 1000 Sarajevo, Bosnia and Herzegovina	**100**	100

ACQUISITIONS IN PERIOD ENDED 30 JUNE 2017

The Group acquired 100% of the share capital of Eastern Mining d.o.o (Eastern Mining) a company holding certain exploration licences, on 28 February 2017 for €750k cash and 4,000,000 shares in the Company. Eastern Mining has been acquired to gain access to additional reserves for the Group.

4. GROUP INFORMATION *(CONTINUED)*

ACQUISITIONS IN PERIOD ENDED 30 JUNE 2017 *(CONTINUED)*

Acquisition date fair values

The provisional fair values of identifiable assets acquired and liabilities assumed of Eastern Mining as at the date of acquisition were:

	FAIR VALUE £
Assets	
Intangible assets	107,453
Property, plant and equipment	546,190
Other current assets	478
Cash and cash equivalents	(657)
	653,464
Liabilities	
Trade and other payables	(14,514)
Total identifiable assets at fair value	638,950

Due to the early stage nature of the company acquired and the nature of its operations, the Directors do not consider that any goodwill was acquired on acquisition. Any excess in amount paid is reflected in a fair value uplift in the licenses acquired.

Acquisition-date fair value of consideration transferred

	£
Cash paid	425,967
Fair Value of shares issued	212,983
Consideration transferred	638,950
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary	(657)
Cash paid	(425,967)
Net consolidated cash outflow	426,624

From the date of acquisition (28 February 2017) to 30 June 2017, Eastern Mining contributed £1,519 to Group revenue and (£25,289) to Group loss. Due to the timing of the acquisition if this had taken place at the beginning of the period, Group revenue and loss for the 2017 period would have been materially the same as that shown in the Consolidated Statement of Comprehensive Income.

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. ADMINISTRATIVE EXPENSES

	NOTE	2018 £	2017 £
Wages and salaries		**173,850**	60,378
Employee benefit expense – share options	17	**1,121,275**	-
Consultancy fees		**531,954**	175,000
Depreciation	11	**4,632**	424
Amortisation	12	**5,321**	1,970
Other costs		**210,883**	48,689
IPO Costs		**123,006**	-
		2,170,921	286,461

6. EMPLOYEES

The average monthly number of employees during the year was as follows:

	2018	2017
Directors	**3**	2
Administrative staff - Eastern Mining	**4**	1
Exploration staff - Eastern Mining	**10**	4
Administrative and Management - Adriatic Metals	**2**	1
	19	8

7. AUDITORS REMUNERATION

	2018 £	2017 £
Auditor's remuneration – fees payable to the Group's auditor for the audit of the group's annual accounts	**12,500**	15,000
Auditor's remuneration – fees payable to the auditor for the audit of accounts of subsidiaries of the company	**3,625**	1,586
	16,125	16,586

8. FINANCE COSTS

	2018 £	2017 £
Foreign currency movements	**(242,224)**	7,365

9. INCOME TAX

No liability to corporation tax arose on ordinary activities for the period ended 30 June 2018 or 30 June 2017.

RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS

	2018 £	2017 £
Loss before tax	**(1,928,697)**	(292,307)
Loss multiplied by the standard rate of corporation tax in the UK 19%	**(366,452)**	(55,538)
Effects of:		
Losses carried forward	**366,452**	55,538
Total tax charge	**-**	-

FACTORS THAT MAY AFFECT FUTURE CURRENT AND TOTAL TAX CHARGES

A deferred tax asset of £70,000 (2017 - £10,000) at the year end has not been recognised due to uncertainty surrounding the Group's future taxable profits.

The UK corporation tax rate has reduced from 20% to 19%, effective 1 April 2017, and will be reduced further to 17% from 1 April 2020. The effects of these changes have been reflected in the financial statements.

10. OTHER COMPREHENSIVE INCOME

	2018 £	2017 £
Foreign exchange differences on consolidation	**5,965**	25,402

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. TANGIBLE ASSETS

GROUP

	LAND & BUILDINGS £	PLANT & EQUIPMENT £	ASSETS UNDER CONSTRUCTION £	TOTAL £
COST				
At 3 February 2017	-	-	-	**-**
Acquired through acquisition	546,190	-	-	**546,190**
Additions	-	19,055	4,693	**23,748**
Foreign exchange differences	16,172	-	-	**16,172**
At 30 June 2017	562,362	19,055	4,693	**586,110**
Additions	-	40,205	91	**40,296**
Disposals	-	-	-	**-**
Foreign exchange differences	3,758	125	32	**3,915**
At 30 June 2018	566,120	59,385	4,816	**630,321**
DEPRECIATION				
At 3 February 2017	-	-	-	**-**
Charge for the year	-	424	-	**424**
At 30 June 2017	-	424	-	**424**
Charge for the year	-	3,589	-	**3,589**
On disposals	-	-	-	**-**
At 30 June 2018	-	4,013	-	**4,013**
NET BOOK VALUE				
At 30 June 2018	566,120	55,372	4,816	**626,308**
At 30 June 2017	562,362	18,631	4,693	**585,686**

11. TANGIBLE ASSETS *(CONTINUED)*

COMPANY

	LAND & BUILDINGS £	PLANT & EQUIPMENT £	ASSETS UNDER CONSTRUCTION £	**TOTAL £**
COST				
At 3 February 2017	-	-	-	**-**
Additions	-	360	-	**360**
Disposals	-	-	-	**-**
At 30 June 2017	-	360	-	**360**
Additions	-	26,094	-	**26,094**
Disposals	-	-	-	**-**
At 30 June 2018	-	26,454	-	**26,454**
DEPRECIATION				
At 3 February 2017	-	-	-	**-**
Charge for the year	-	-	-	**-**
At 30 June 2017	-	-	-	**-**
Charge for the year	-	-	-	**-**
On disposals	-	-	-	**-**
At 30 June 2018	-	-	-	**-**
NET BOOK VALUE				
At 30 June 2018	-	26,454	-	**26,454**
At 30 June 2017	-	360	-	**360**

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INTANGIBLE ASSETS

GROUP

	EXPLORATION & EVALUATION ASSETS £	PATENTS AND LICENSES £	**TOTAL £**
COST			
At 3 February 2017	-	-	**-**
Acquired through acquisition	-	107,453	**107,453**
Additions	172,337	-	**172,337**
Foreign exchange differences	-	4,287	**4,287**
At 30 June 2017	172,337	111,740	**284,077**
Additions	756,479	-	**756,479**
Disposals	-	-	**-**
Foreign exchange differences	444	526	**970**
At 30 June 2018	929,260	112,266	**1,041,526**
AMORTISATION AND IMPAIRMENT			
At 3 February 2017	-	-	**-**
Charge for the year	-	1,970	**1,970**
At 30 June 2017	-	1,970	**1,970**
Charge for the year	-	5,321	**5,321**
On disposals	-	-	**-**
At 30 June 2018	-	7,291	**7,291**
NET BOOK VALUE			
At 30 June 2018	929,260	104,975	**1,034,235**
At 30 June 2017	172,337	109,770	**282,107**

12. INTANGIBLE ASSETS *(CONTINUED)*

COMPANY

	EXPLORATION & EVALUATION ASSETS £	PATENTS AND LICENSES £	TOTAL £
COST			
At 3 February 2017	-	-	-
Acquired through acquisition	73,412	-	73,412
Additions	-	-	-
Foreign exchange differences	-	-	-
At 30 June 2017	73,412	-	73,412
Additions	272,349	-	272,349
Disposals	-	-	-
At 30 June 2018	345,761	-	345,761
AMORTISATION AND IMPAIRMENT			
At 3 February 2017	-	-	-
Charge for the year	-	-	-
At 30 June 2017	-	-	-
Charge for the year	-	-	-
At 30 June 2018	-	-	-
NET BOOK VALUE			
At 30 June 2018	345,761	-	345,761
At 30 June 2017	73,412	-	73,412

13. TRADE AND OTHER CURRENT RECEIVABLES

	GROUP		COMPANY	
	2018 £	2017 £	**2018 £**	2017 £
VAT	**128,583**	17,245	**91,730**	-
Other receivables	**19,128**	443	**18,764**	-
Accrued management fee	**-**	-	**-**	275,000
	147,711	17,688	**110,494**	275,000

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2018 £	2017 £	**2018 £**	2017 £
Cash at bank	**4,640,896**	311,470	**4,568,933**	226,830
Petty cash	**3,493**	-	**3,493**	-
	4,644,389	311,470	**4,572,426**	226,830

15. TRADE AND OTHER CURRENT PAYABLES

	GROUP		COMPANY	
	2018 £	2017 £	**2018 £**	2017 £
Trade payables	**46,258**	10,933	**14,258**	9,159
Accruals	**51,515**	179,500	**51,515**	179,500
Taxes payable	**4,485**	1,436	**-**	-
Other payables	**9,566**	9,503	**-**	-
	111,824	201,372	**65,773**	188,659

16. SHARE CAPITAL

GROUP AND COMPANY	30 JUN 2018 £	30 JUN 2017 £
Issued and fully paid		
Shares issued	**1,733,042**	856,323

On incorporation the company issued 20 shares of par value £0.0005 at £0.01 each, totalling £0.20.

On 10 February 2017 the company issued 12 million shares with par value of 0.05342, totalling £638,950.

On 13 February 2017, the company cancelled the 20 shares of par value £0.0005.

In April 2017, the company issued 200,000 shares with par value of £0.05342 at £0.15, totalling £30,000.

In April 2017, the company issued a further 200,000 shares with par value of £0.05342 at £0.15, totalling £30,000.

In April 2017, the company issued a further 3,757,036 shares with a par value of £0.05342 at £0.15, totalling £563,555.

In October 2017, the company issued a further 3,641,863 shares with a par value of £0.05342

On January 30, 2018 the company performed a share split on a 1:4 basis from the 19,798.899 shares issued to 79,195,596 shares in preparation for a listing on the Australian Stock Exchange ("ASX").

On February 2, 2018 the company issued 1,000,000 shares in lieu of a capital raising fee and issued on the ASX with a listing price of A$0.20c

16. SHARE CAPITAL *(CONTINUED)*

On April 27, 2018 the company listed on the ASX and upon listing, awarded the following shares and options:

SHARE SUMMARY	NO. OF SHARES
Total shares at IPO	80,195,596
Shares issued for fees	600,000
CDIs issued on listing	50,000,000
Total Shares	**130,795,596**
Options – see Note 17	
Founder options at A$0.20	9,000,000
Advisor options at A$0.40	2,000,000
Executive options (various)	7,750,000
Total Options	**18,750,000**
Fully diluted Share Capital	**149,545,596**

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

2018	EARNINGS £	WEIGHTED AVERAGE NUMBER OF SHARES	PER-SHARE AMOUNT PENCE
Basic EPS			
Earnings attributable to ordinary shareholders	**(1,928,697)**	**84,960,236**	**(2.27)**
Effect of dilutive securities	**-**	**6,678,082**	**-**
Diluted EPS			
Adjusted earnings	**(1,928,697)**	**91,638,318**	**(2.10)**

2017	EARNINGS £	WEIGHTED AVERAGE NUMBER OF SHARES	PER-SHARE AMOUNT PENCE
Basic EPS			
Earnings attributable to ordinary shareholders	(292,307)	52,808,122	(0.55)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(292,307)	52,808,122	(0.55)

The weighted average number of shares has been calculated as if the share split occurred at the start date of the comparative period presented so that the earning per share figure is comparable.

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. SHARE OPTION SCHEME

During the year, the Company issued a number of share options, and the details of these are as follows:

EXECUTIVE OPTIONS	30C EXECUTIVE OPTIONS	40C EXECUTIVE OPTIONS	60C EXECUTIVE OPTIONS
Underlying share price (A$)	0.200	0.200	0.200
Exercise price (A$)	0.300	0.400	0.600
Valuation date	20 Feb 2018	20 Feb 2018	20 Feb 2018
Expiry date	1 Jul 2020	1 Jul 2020	1 Jul 2020
Life of the options (years)	2.36	2.36	2.36
Volatility	135%	135%	135%
Risk free rate	2.01%	2.01%	2.01%
Number of options	2,500,000	4,250,000	2,500,000
Value per option (A$)	0.150	0.143	0.132
Value per Tranche (A$)	375,000	607,750	330,000

OTHER OPTIONS	FOUNDER	ADVISOR
Underlying share price (A$)	0.200	0.200
Exercise price (A$)	0.200	0.400
Valuation date	20 Feb 2018	20 Feb 2018
Expiry date	1 Jul 2023	1 Jul 2021
Life of the options (years)	5.36	3.36
Volatility	135%	135%
Risk free rate	2.45%	2.01%
Number of options	9,000,000	2,000,000
Value per option (A$)	0.178	0.143
Value per Tranche (A$)	1,602,000	286,000

The share options have been valued, at the grant date, using the Black Scholes model for valuing options, and the inputs included in the modelling of this are shown above.

The key uncertainty in relation to this modelling is the volatility of the underlying share prices. For the purposes of the modelling, this has been determined by assessing volatility of the shares in the 4 months since listing, which represents the only suitable basis for determining the volatility.

During the year, the founder and advisor options fully vested, and the full value of these options is therefore recognised in the year ended 30 June 2018.

The executive options are recognised over their vesting period, taking into account the number of options which are expected to vest.

17. SHARE OPTION SCHEME *(CONTINUED)*

The impact of share options on the financial statements was as follows:

	GRANT DATE FAIR VALUE £	RECOGNISED IN 2018 £
Executive options		
30c Executive Options	211,243	**67,806**
40c Executive Options	422,860	**135,733**
60c Executive Options	55,904	**12,381**
Other options		
Advisor Options	161,090	**161,090**
Founder Options	905,355	**905,355**
	1,756,452	**1,282,365**

All recognised amounts in relation to options were shown within administrative expenses in the year, within the "Employee benefit expense – share options" line in Note 5, with the exception of Advisor Options which were directly related to the Company's issue of new shares in the year and so have been recognised as a deduction from equity.

18. RETAINED EARNINGS AND RESERVES

The other reserves of the Company are as follows:

Retained Earnings	Includes all current and prior period retained profits and losses, less dividends paid
Other Capital Reserve	Used to recognise the value of equity-settled share-based payments. See Note 17.
Other Reserves (Foreign currency translation reserves)	Used to recognise the foreign currency movements on consolidation.

19. RELATED PARTIES

The Company considers personnel with the authority and responsibility for planning, directing and controlling the activities of the Company to be key management personnel.

The following amounts were incurred with respect to the Company's Directors, Chief Executive Officer and Chief Financial Officer of the Company;

	30 JUNE 2018 £	30 JUNE 2017 £
Chief Executive Officer	**76,000**	-
Chief Finance Officer	**29,725**	-
Directors Fees	**41,239**	-
Directors – Advisory Fees	**195,400**	175,000
Total	**342,364**	175,000

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. RELATED PARTIES *(CONTINUED)*

The Company engaged Swellcap Limited, as a corporate advisor, under a corporate advisory agreement which commenced on 1 February 2017. Swellcap is a related party of the Company as it is controlled by Paul Cronin, a Director of the Company. Under this agreement the Company paid £100,000 for advisory fees and £10,000 per month from 1 February 2017 (capped at £100,000) for services provided by Paul Cronin in his capacity as a Director. No further payments are due to Swellcap Limited under the terms of this agreement. The Company has also engaged Swellcap to provide the Company with corporate office facilities and services from 1 April 2018 at £5,000 per month.

The Company engaged Lancaster Corporate Pty Ltd, as a corporate advisor, under a corporate advisory agreement which commenced on 1 February 2017. Lancaster is a related party of the Company as it is controlled by Eric De Mori, a Director of the Company. Under this agreement the Company paid £50,000 for advisory fees and £10,000 per month from 1 February 2017 (capped at £100,000) for services provided by Eric De Mori in his capacity as a Director. No further payments are due to Lancaster Corporate Pty Ltd under the terms of this agreement.

These fees are included in Directors – Advisory Fees in the above table.

In addition to the above analysis, the share options granted during the year shown in Note 17 represent related party transactions, with the founder options paid to shareholders of the Company, and the Executive options paid to key management personnel.

20. COMMITMENTS AND CONTINGENCIES

The company had no commitments as at 30 June 2018.

21. EVENTS AFTER THE REPORTING DATE

On September 4, 2018 the Company announced that the Federal Ministry of Mining within the Federation of Bosnia & Herzegovina ("FERMI") has provided written acknowledgment of the completion of the Reserves Elaborat for the Veovaca deposit, which forms part of the broader Vareš Project, representing a major milestone toward the issue of the Exploitation Permit.

22. FINANCIAL INSTRUMENTS

The notes contained within the significant accounting policies section provide a description of each category of financial assets and financial liabilities and the related accounting policies.

The carrying amounts of financial assets and financial liabilities not carried at fair value through the income statement (FVTPL) approximate their fair values.

A description of the Group's financial instrument risks, including risk management objectives and policies is given in note 23.

The carrying amounts of financial assets and financial liabilities in each category (excluding prepayments, deferred income, accrued income and expense) are included in the consolidated financial statements as follows:

	GROUP		COMPANY	
	2018 £	2017 £	**2018 £**	2017 £
Cash and cash equivalents	**4,644,389**	311,470	**4,572,426**	226,830
Trade and other receivables	**19,128**	443	**18,764**	275,000
Loans and receivables	**4,663,517**	311,913	**4,591,190**	501,830
Trade and other payables	**107,339**	199,936	**65,773**	188,659
Financial liabilities	**107,339**	199,936	**65,773**	188,659

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

FINANCIAL RISK FACTORS

The Group is exposed to market risk, foreign currency risk, credit risk and liquidity risk. Within each of the operating subsidiaries, the entities senior management oversees the management of these risks for their operations and periodically identify measure and manage these risks. These risks are summarised below.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Given that the company is not yet selling any minerals this is not a risk that affects the company in the current year however when the company does begin to trade in minerals it is a risk that will have to be considered given the volatility of mineral prices.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's subsidiary company operating in Bosnian Mark while the Group's presentation currency is that of British Pound. If the rate of the Bosnian Mark were to increase this would have a negative impact on the turnover and profit of the Group.

See the below sensitivity analysis for details of the possible impacts.

YEAR ENDED 30 JUNE 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

GROUP FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table demonstrates the sensitivity to a possible change in the Bosnian Mark exchange rates, with all other variables held constant and the impact on the Group's profit before tax to changes in the fair value of monetary assets and liabilities.

30 JUNE 2018	EFFECT ON PROFIT OR LOSS £	EFFECT ON EQUITY £
Increase in foreign exchange rate of 10%		
Bosnian Mark	**15,155**	**(120,351)**
Decrease in foreign exchange rate of 10%		
Bosnian Mark	**(18,523)**	**147,096**

30 JUNE 2017	EFFECT ON PROFIT OR LOSS £	EFFECT ON EQUITY £
Increase in foreign exchange rate of 10%		
Bosnian Mark	2,299	(77,371)
Decrease in foreign exchange rate of 10%		
Bosnian Mark	(2,810)	94,566

The movement in profit or loss is a result of a change in the fair value of assets and liabilities denominated in Bosnian Mark where the functional currency of the entity is a currency other than the entity's reporting currency.

The movement in equity arises from changes in foreign currency offsetting the translation of foreign operations' net assets into £.

As can be seen from the above analysis the profit and loss would not be materially affected however equity could be affected with a slight movement in foreign exchange rates.

In addition to investments in foreign subsidiaries denominated in Bosnian Marks, at the year-end the Group held financial assets denominated in other currencies, as follows:

30 JUNE 2018	30 JUNE 2018	30 JUNE 2017
Amounts in Euros	**€ 1,827,922**	€ -
Amounts in Australian Dollars	**A$ 4,834,668**	A$ -

A 10% movement in the exchange rates with these currencies would have an impact of 10% of the above on both losses and equity.

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (trade receivables) and from its financing activities, including taxes receivable, foreign exchange transactions and other financial instruments. Management do not consider that the Group has significant exposure to credit risk.

LIQUIDITY RISK

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company does not face significant liquidity risks and uncertainties as they are currently in a net asset position.

TO THE SHAREHOLDERS OF ADRIATIC METALS PLC

INDEPENDENT AUDITOR'S REPORT

ADRIATIC METALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADRIATIC METALS PLC

OPINION

We have audited the consolidated financial statements of Adriatic Metals Plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 June 2018, which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is not appropriate; or
- the directors have not disclosed in the consolidated financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of exploration and evaluation assets and investment in subsidiary company	In accordance with IFRS 6 we reviewed the exploration and evaluation (E&E) assets for indications of impairment.

TO THE SHAREHOLDERS OF ADRIATIC METALS PLC

INDEPENDENT AUDITOR'S REPORT

The Group has capitalised significant costs in respect of its mining exploration activities, in accordance with IFRS 6 'Exploration for Evaluation of Mineral Resources' (IFRS 6), therefore there is a risk of impairment. The results from the exploration activity are key to ensuring that future commercialisation will be achievable and that there are no indications of impairment, as well as the good standing of the licences in place. The Company also has a significant investment in its subsidiary, the carrying value of which is linked to the underlying exploration asset. Therefore there is also a risk of impairment of the investments.	We have reviewed the assets for indications of impairment, considered and discussed the Groups forecasts and impairment reviews and obtained evidence that the licences remain in good standing. Based on the above, no indications of impairment were noted.

OUR APPLICATION OF MATERIALITY

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the consolidated financial statements.

We define financial statements materiality as the magnitude by which misstatements, including omissions, could influence the economic decisions taken on the basis of the consolidated financial statements by reasonable users.

We also determine a level of performance materiality, which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the consolidated financial statements as a whole.

- **Overall materiality** - We determine materiality for the consolidated financial statements as a whole to be £130,000. This was based on the key performance indicator, being 2% of gross assets. We believe gross asset values are the most appropriate bench mark due to the minimal income statement activity during the year and existence of key balance sheet items.
- **Performance materiality** - On the basis of our risk assessment, together with our assessment of the company's control environment, our judgement is that performance materiality for the consolidated financial statements should be 55% of materiality, amounting to £70,000.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Group and Company, its activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement. During the audit, we reassessed and re-valuated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and management of specific risk.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our Auditors' Report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the consolidated financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Group, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group consolidated financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

TO THE SHAREHOLDERS OF ADRIATIC METALS PLC

INDEPENDENT AUDITOR'S REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE GROUP FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Banks (Senior Statutory Auditor)

for and on behalf of

Lubbock Fine

Chartered Accountants & Statutory Auditors

3rd Floor Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 26 September 2018

ASX ADDITIONAL INFORMATION

SHAREHOLDINGS

The issued capital of the Company as at 11 September 2018 is 130,795,596 fully paid ordinary shares. All issued ordinary shares carry one vote per share and carry the rights to dividends.

DISTRIBUTION OF ORDINARY SHARES

RANGE	TOTAL HOLDERS	SHARES	% SHARES
1 - 1,000	32	9,511	0.01
1,001 - 5,000	103	302,835	0.23
5,001 - 10,000	109	967,333	0.74
10,001 - 100,000	307	11,750,819	8.98
100,001 Over	116	117,765,098	90.04
Rounding			0.00
Total	**667**	**130,795,596**	**100.00**

UNMARKETABLE PARCELS AS AT 11 SEPTEMBER 2018

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum $ 500	1,266	45	24,458

TOP 20 SHAREHOLDERS AS AT 11 SEPTEMBER 2018

RANK	NAME	SHARES	% SHARES
1	MR MILOS BOSNJAKOVIC	16,000,000	12.23
2	SANDFIRE RESOURCES NL	10,000,000	7.65
3	GLAMOUR DIVISION PTY LTD <THE HAMMER A/C>	9,148,192	6.99
4	MR PAUL DAVID CRONIN	8,425,668	6.44
5	MRS REBECCA CRONIN	8,425,664	6.44
6	CITICORP NOMINEES PTY LIMITED	5,864,574	4.48
7	MR CHARLES WAITE MORGAN	5,478,112	4.19
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,661,184	3.56
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,750,767	2.10
10	MR ALBERTO LAVANDEIRA ADAN	2,666,664	2.04
11	NATIONAL NOMINEES LIMITED	2,000,000	1.53
12	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,943,355	1.49
13	GLAMOUR DIVISION PTY LTD <THE HAMMER A/C>	1,655,808	1.27
14	BPM CAPITAL LIMITED	1,380,000	1.06
15	UBS NOMINEES PTY LTD	1,350,000	1.03
16	MR EAN BRANSTON	1,333,336	1.02
17	ASHANTI INVESTMENT FUND PTY LTD <ASHANTI INVESTMENT FUND A/C>	1,300,000	0.99
18	GREAT AUSTRALIA CORPORATION PTY LTD	1,250,000	0.96
19	ILWELLA PTY LTD	1,162,000	0.89
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	1,090,000	0.83
Total		**87,885,324**	**67.19%**

ASX ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS AS AT 11 SEPTEMBER 2018

As at 11 September 2018 there were four shareholders who held a substantial shareholding within the meaning of the Australian Corporations Act. A person has a substantial holding if the total votes that they or their associates have relevant interests in is five per cent of more of the total number of votes.

NAME	SHARES	% OF ISSUED CAPITAL
Paul Cronin	16,851,332	12.88%
Milos Bosnjakovic	16,000,000	12.23%
Eric de Mori	11,054,000	8.45%
Sandfire Resources NL	10,000,000	7.65%

VOTING RIGHTS

The Company is incorporated under the legal jurisdiction of England and Wales. To enable companies such as the Company to have their securities cleared and settled electronically through CHESS, Depositary Instruments called CHESS Depositary Interests (CDIs) are issued. Each CDI represents one underlying ordinary share in the Company (Share). The main difference between holding CDIs and Shares is that CDI holders hold the beneficial ownership in the Shares instead of legal title. CHESS Depositary Nominees Pty Limited (CDN), a subsidiary of ASX, holds the legal title to the underlying Shares.

Pursuant to the ASX Settlement Operating Rules, CDI holders receive all of the economic benefits of actual ownership of the underlying Shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.

CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI holders. Each CDI is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

If holders of CDIs wish to attend and vote at the Company's general meetings, they will be able to do so. Under the ASX Listing Rules and the ASX Settlement Operating Rules, the Company as an issuer of CDIs must allow CDI holders to attend any meeting of the holders of Shares unless relevant English law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders have the following options:

(i) instructing CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Company's Share Registry prior to the meeting; or

(ii) informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Shares underlying the CDIs for the purposes of attending and voting at the general meeting; or

(iii) converting their CDIs into a holding of Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.

As holders of CDIs will not appear on the Company's share register as the legal holders of the Shares, they will not be entitled to vote at Shareholder meetings unless one of the above steps is undertaken.

As each CDI represents one Share, a CDI Holder will be entitled to one vote for every CDI they hold.

Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI holders by the Company.

These voting rights exist only under the ASX Settlement Operating Rules, rather than under the Companies Act 2006 (England and Wales). Since CDN is the legal holder of the applicable Shares and the holders of CDIs are not themselves the legal holder of their applicable Shares, the holders of CDIs do not have any directly enforceable rights under the Company's articles of association.

As holders of CDIs will not appear on our share register as the legal holders of shares of ordinary shares they will not be entitled to vote at our shareholder meetings unless one of the above steps is undertaken.

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