

ASX ANNOUNCEMENT

30 August 2018



GRANT OF ASX WAIVER

SANDFIRE STRATEGIC AGREEMENT

ABOUT ADRIATIC METALS

Adriatic Metals plc is focused on the development of the 100% owned, high-grade zinc polymetallic Vareš Project in Bosnia & Herzegovina.

DIRECTORS AND MANAGEMENT

Mr Peter Bilbe
NON-EXECUTIVE CHAIRMAN

Mr Geraint Harris
CHIEF EXECUTIVE OFFICER

Mr Paul Cronin
NON-EXECUTIVE DIRECTOR

Mr Julian Barnes
NON-EXECUTIVE DIRECTOR

Mr Eric de Mori
NON-EXECUTIVE DIRECTOR

Mr Sean Duffy
CFO AND COMPANY SECRETARY

adriaticmetals.com

Adriatic Metals PLC (ASX:ADT) (**Adriatic** or the **Company**) refers to its announcement of 1 May 2018 in relation to leading Australian copper producer, Sandfire Resources NL's (**Sandfire**) cornerstone investment of \$2 million in Adriatic's initial public offer and the execution of a strategic partnership agreement which will provide for the Company to benefit from Sandfire's significant technical expertise to develop its Veovaca and Rupice Projects (**Partnership Agreement**).

The Partnership Agreement grants Sandfire, amongst other things, the right to participate in any offer of securities or any issue of securities on conversion or exercise of any equity securities by Adriatic up to the number of securities required to ensure that Sandfire's relevant interest in the Company's securities immediately before completion of the offer or those issues is maintained, provided that such participation is for cash consideration that is:

- (a) no more favourable than cash consideration paid by third parties (in the case of issues of securities to third parties for cash consideration); or
- (b) equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration)

Waiver Granted Anti-Dilution Right to Sandfire

The granting of the Anti-Dilution Right is subject to the receipt of a waiver from ASX of ASX Listing Rule 6.18.

The Company is pleased to advise that ASX has granted the waiver required to enable the Company to grant the Anti-Dilution Right to Sandfire. A summary of the terms of the waiver is set out in the attached schedule to this announcement.

Schedule - Terms of the ASX Listing Rule 6.18 Waiver

Based solely on the information provided, ASX grants Adriatic Metals PLC (the **Company**) a waiver from Listing Rule 6.18 to the extent necessary to permit Sandfire Limited (**Sandfire**) to maintain, by way of a right to participate in any offer of securities by the Company such that Sandfire's percentage holding immediately before the completion of the offer of equity securities remains the same immediately following the equity offer (the **Anti-Dilution Right**), on the following conditions:

1. The Anti-Dilution Right lapses on the earlier of:
 - a) Sandfire's relevant interest in the Company falling below 7.7% on an undiluted basis (other than as result of the issue of shares to which the Anti-Dilution Right applies and Sandfire still being entitled to exercise its rights under the Anti-Dilution Right);
 - b) Sandfire's relevant interest in the Company's securities increasing to above 19.99% on an undiluted basis;or
 - c) the strategic relationship between the Company and Sandfire ceasing or changing in such a way that it effectively ceases.
2. The Anti-Dilution Right may only be transferred to an entity in the wholly owned group of Sandfire.
3. Any securities issued under the Anti-Dilution Right are offered to Sandfire for cash consideration that is:
 - a) no more favourable than cash consideration paid by third parties (in the case of issues of securities to third parties for cash consideration); or
 - b) equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration).
4. The number of securities that may be issued to Sandfire under the Anti-Dilution Right in the case of any diluting event must not be greater than the number required in order for Sandfire to maintain its percentage holding in the issued share capital of the Company immediately before that diluting event.
5. The Company discloses a summary of the Anti-Dilution Right to persons who may subscribe for securities under a prospectus, and undertakes to include in each annual report a summary of the Anti-Dilution Right.
6. The Company immediately releases the terms of the waiver to the market

For further information please contact:

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ABOUT ADRIATIC METALS

Adriatic Metals PLC (ASX:ADT) ("Adriatic" or "Company") is an ASX-listed zinc polymetallic explorer and developer via its 100% interest in the Vareš Project in Bosnia & Herzegovina. The Project comprises a historic open cut zinc/lead/barite and silver mine at Veovaca and Rupice, an advanced proximal deposit which exhibits exceptionally high grades of base and precious metals. Adriatic's short-term aim is to expand the current JORC resource at Veovaca and to complete an in-fill drilling programme at the high-grade Rupice deposit. Adriatic has attracted a world class team to expedite its exploration efforts and to rapidly advance the Company into the development phase and utilise its first mover advantage and strategic assets in Bosnia.

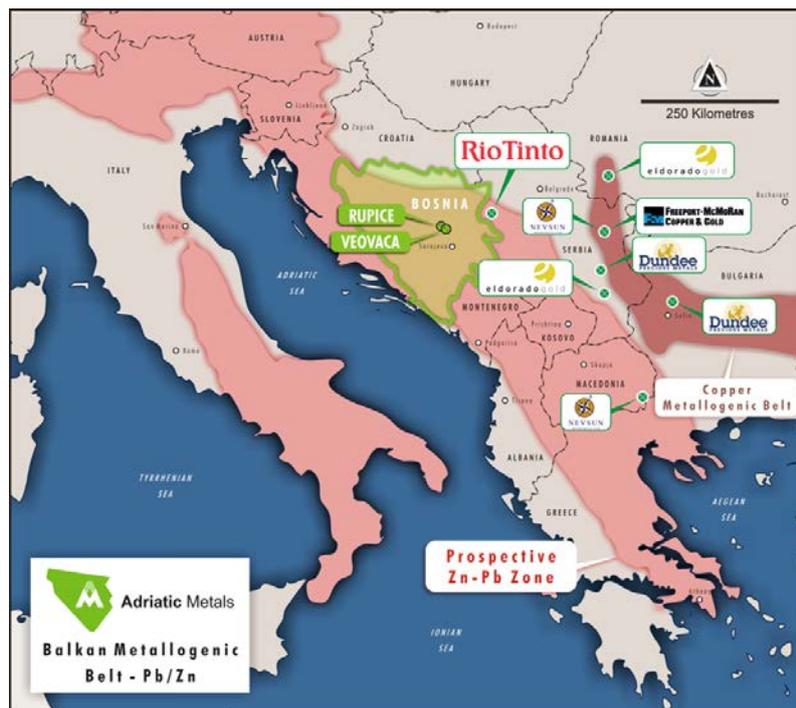


Figure 1. Location of Adriatic Metals Projects