

**Fox Marble Holdings plc  
("Fox Marble" or the "Company")**

**Proposed Issue of Equity and Notice of General Meeting**

- **Capital raise of approximately £3 million with new and existing shareholders through a combination of shares and convertible loan notes**
- **Proceeds to be used to retire existing debt of the Company and increase production at the quarries and processing factory**
- **The Issue is subject to the approval by Shareholders at a General Meeting of the Company**

Fox Marble (AIM:FOX), the AIM quoted company focused on marble quarrying in Kosovo and the Balkans region, is pleased to announce its intention to issue 7,235,712 new Ordinary Shares at a price of 10.5 pence per share ("Issue Price") by means of a Placing through Brandon Hill Capital Limited to raise £759,750 before expenses and to issue a further 19,047,619 new Ordinary Shares at the Issue Price by means of a Subscription to raise £2 million before expenses. The Company also plans to issue £235,000 of convertible loan notes. The net cash proceeds of the fund raising are expected to be approximately £2.89 million.

The subscriber under the Subscription Agreement is Kesari Tours PVT Limited.

The transfer of the subscription funds to the Company is subject to receipt by Kesari Tours PVT Limited of the requisite Indian regulatory approvals which are expected to be forthcoming prior to the General Meeting. As announced earlier today, the Company has entered into a sale and purchase agreement with Mr Shailesh Patil for the sale of processed slabs across the Fox Marble range. Mr Patil is the founder and CEO of Kesari Tours Pvt Ltd, which is one of India's most reputed travel companies, with branches across India and the GCC.

The Issue Price represents a discount of 2 per cent. to the 10.7 pence closing price of the Company's shares on 2 January 2018, being the latest practicable date prior to this announcement

Proceeds from the Placing and Subscription are intended to be used to fund the expansion of production capabilities at Fox Marble's quarries and factory, retire existing debt obligations and provide the Company with additional working capital as demand increases as it continues to develop sales channels.

In addition, the Company intends to discharge £783,000 of the Company's outstanding loans and other liabilities by the issue of a further 7,457,140 new Ordinary Shares to certain Directors and to Brandon Hill Capital at the Issue Price.

A circular, convening the General Meeting to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at 9.00 a.m. on 19 January 2018 to grant the Board authority to allot the Issue Shares for cash on a non pre-emptive basis, will be sent to Shareholders today and will be available for download from the Company's website at [www.foxmarble.net](http://www.foxmarble.net).

In the event that the relevant resolutions are passed at the General Meeting, application will be made for the total of 33,740,471 new Ordinary Shares to be admitted to trading on AIM.

Chris Gilbert, CEO commented: "I am pleased to announce this Placing and Subscription, and would like to take this opportunity to thank our existing and new Shareholders for the support shown.

"Fox Marble's long-term strategy is to become a major international supplier of high quality marble blocks and processed marble products from the Company's own processing facility based in Lipjan, Kosovo.

"The funds raised will considerably strengthen our position, enabling us to deliver on our plans for sustained growth, as we look to accelerate the development of our quarries and processing capabilities. We now enter 2018 well-placed to meet the expected demand for our products and look forward to updating the market in due course."

**For more information on Fox Marble please visit [www.foxmarble.net](http://www.foxmarble.net) or contact:**

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Definitions in this announcement are the same as those included in the Company's circular to be posted to shareholders today, dated 3 January 2018, available on the Company's website at [www.foxmarble.net](http://www.foxmarble.net).

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

#### **Notes to Editors:**

Fox Marble (AIM:FOX), is a marble production, processing and distribution company in Kosovo and the Balkans region.

Its marble products, which include Illyric White, Illirico Selene, Grigio Argento are gaining traction globally both to international wholesale companies as well as being supplied directly into luxury residential properties. In the UK these include among others St George's Homes and Capital and Counties Plc's Lillie Square development. In Sydney, Australia Rosso Cait, Alexandrian White and Breccia Paradisea marble have been used in what is expected to be Australia's most expensive property. These sales serve to demonstrate the desirability of Fox's premium marble products as the stone of choice in some of the most prestigious and expensive residential developments around the world.

Fox Marble holds 40 year mining licences for six separate marble quarries with a maiden JORC resource indicating an *in-situ* valuation of approximately Euro 16.5 billion. Fox has taken three of the six sites into production (the Drini and Maleshevë quarries, both in Kosovo and from the Prilep Quarry in Macedonia) and continues to increase production. Notably, Fox has access to over 300 million cubic metres (over 1bn tons) of premium quality marble.

Marble demand continues to grow with stable pricing, predominantly driven by the construction and real-estate industries, on which Fox is looking to capitalise.

#### **Introduction**

The Company is pleased to announce its intention to raise £2,759,750 (before expenses) by an Issue of 26,283,331 new Ordinary Shares at a price of 10.5 pence per share and a further £235,000 through the issue of convertible loan notes. In addition the Company intends to discharge £783,000 of the Company's outstanding loans and liabilities by the issue of a further 7,457,140 new Ordinary Shares.

The Placing is conditional upon, among other things, Shareholder approval at the General Meeting, the Placing Shares being admitted to trading on AIM ("Admission") and the Placing Agreement not being terminated in accordance with its terms prior to Admission. The Subscription is conditional on the Resolutions being passed at the General Meeting and Admission. The passing by Shareholders of the Resolutions at the General Meeting will give the Directors the required authority to allot the Issue Shares (including the Placing Shares) and the Convertible Loan Notes and will disapply statutory pre-emption rights. Subject to all relevant conditions being satisfied (or, if applicable, waived), it is expected that the Issue Shares will be issued and admitted to trading on AIM at 8.00 a.m. on 22 January 2018.

A circular will shortly be sent to Shareholders setting out the background to and reasons for the Issue and provide notice of the General Meeting to be held at 9.00 a.m. on 19 January 2018. The General Meeting is being convened for the purpose of proposing the Resolutions described below. The passing of the Resolutions is a condition to completion of the Placing and the Subscription. The Directors intend to vote (or procure a vote) in favour of all of the Resolutions in respect of their own beneficial holdings totalling 21,474,685 Ordinary Shares, representing approximately 11.84 per cent. of the Existing Ordinary Shares.

### **Background to and reasons for the Placing**

Fox Marble's long-term strategy is to become a major international supplier of high quality marble blocks and processed marble products from the Company's own processing facility based in Lipjan, Kosovo. The Company has made significant progress in the period since admission to AIM in August 2012. The Company's factory near Pristina is complete and operational and the Company's four quarries are approaching maturity and are capable of producing high quality marble blocks. Furthermore, it has established demand for its materials, with significant progress particularly in India, Turkey and the United States. The Company is carrying out the Issue to expand production capabilities at Maleshevë and to retire existing debt obligations, thereby putting Fox Marble on a secure footing to meet the demand for its products expected in 2018 and beyond.

### **Current Trading**

Fox Marble's quarries at Cervenilla, Syriganë, Maleshevë and Prilep are capable of producing high quality block marble across nine varieties of stone. Total production for the 2017 year is expected to be approximately 8,800 tonnes (2016 4,631 tonnes), with processing operations in the current year focused on Maleshevë and Prilep quarries. Marble production is due to recommence once the quarries are operational, after the usual planned winter shutdown. Whilst fully developed, the Company decided in 2016 to pause quarrying in Syriganë and Cervenilla so as to focus its resources and efforts on the Maleshevë and Prilep quarries due to the greater demand for the material in those quarries and the need to accelerate their development. In 2018 the Company intend to restart production at Syriganë and Cervenilla as demand for material from those quarries increases. In addition, the Company currently has six further quarries under licence or operating agreements.

The processing facility became fully operational in September 2017. The factory has the capacity to produce up to 440,000 square metres per annum of cut and polished slabs. The factory has been stockpiled with a large number of blocks, which can be cut and processed during our planned quarry winter shutdown to fulfil orders for processed marble. In 2017 the factory processed over 15,000 square metres of material. The factory brings significant advantages to the Company including a reduction in the cost of processing which will improve margins on the sale of processed marble; access to the local Balkan market where the Company will be the only domestic supplier of slabs and tiles; entry into the international tile market helped by the lower cost base the factory will afford and improvements in quarry yields as blocks unattractive to the international block market can be processed locally.

The Company's cash balance at 15 December 2017 was €656,137.

In 2017 the Company made progress in developing its sales profile. It has entered into large scale block sales agreements with companies in India and Turkey such as OM trading, Mahadev Marmo and Simsekler. Since the start of operations in the factory it has seen encouraging sales of processed material which are expected to develop further over 2018. As announced today the Company has entered into a sale and purchase agreement with Mr Shailesh Patil for the sale of processed slabs across the Fox Marble range, for which Mr Patil has agreed to make an advance payment of £500,000. This offtake agreement confers exclusivity for Fox Marble products to Mr Shailesh Patil in the GCC, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE, on condition of maintaining a minimum volume of 3,000 tonnes per annum. Mr Patil is the CEO and owner of Kesari Tours PVT Limited which is subscribing for the Subscription Shares as part of this Issue.

The Company expects its full year sales for 2017 to be €1.3 million, together with a further €0.8 million of advances which the Company has not yet recognised in revenue (2016 revenue €0.8 million).

On 31 August 2012 the Company issued a £1,060,000 fixed rate convertible unsecured loan note under the terms of the agreement signed on 24 August 2012 with Amati Global Investors Limited. It is the Company's intention to repay this loan with some of the funds raised from the Placing and Subscription. Further on 10 February 2017, the Company entered into a short term finance arrangement with Peers Hardy (UK) Limited for £500,000. It is the Company's attention to repay this balance with some of the funds raised from the Placing and Subscription.

On 2 June 2017 the Company announced that it had agreed a £1,000,000 facility from Brandon Hill Capital Limited. As at 27 December 2017 £200,000 has been drawn down under this facility. As part of the Issue this loan will be converted into equity. On 7 December 2017 the Company announced that it had received an unsecured loan of £500,000 from Roy Harrison OBE, a non-executive director of the Company. As part of the Issue this loan will be converted into equity.

In order to conserve cash the Non-Executive Directors of the Company have agreed to continue to utilise their fees (net of tax) to subscribe for Ordinary Shares in the Company. In addition, Executive Director Christopher Gilbert has agreed to continue to utilise fifty percent of his remuneration (net of tax) to subscribe for Ordinary Shares in the Company at the Company's request. The number of Ordinary Shares subscribed for will be calculated quarterly in arrears and with reference to the 30 day volume weighted average price as at the time of issue.

### **Details of the Issue**

The Issue comprises the Placing, the Subscription, the issue of the Conversion Shares and the Director Shares and the issue of £235,000 of the Convertible Loan Notes, as described below. The Issue Shares will be credited as fully paid and rank equally with the existing issued Ordinary Shares if and when issued. Application will be made for the Issue Shares to be admitted to trading on AIM following the approval of the Resolutions at the General Meeting. The Issue is expected to become effective by no later than 8.00 a.m. on 22 January 2018.

### ***Placing***

The Placing comprises the issue of 7,235,712 new Ordinary Shares at the Issue Price to existing and new investors to raise £759,750 before expenses. The Placing is conditional upon, among other things, Shareholder approval of the Resolutions at the General Meeting, the Company allotting, subject only to Admission, the Placing Shares in accordance with the Placing Agreement, Admission of the Placing Shares to trading on AIM becoming effective by no later than 8.00 a.m. on 22 January 2018 (or such other time and/or date, being no later than 8.00 a.m. on 31 January 2018, as Brandon Hill Capital and the Company may agree), the conditions in the Placing Agreement relating to the Placing being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission.

In connection with the Placing, the Company has entered into a Placing Agreement under which Brandon Hill Capital has agreed, in accordance with its terms, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing has not been underwritten by Brandon Hill Capital or any other person.

The Placing Agreement contains a customary indemnity given by the Company to Brandon Hill Capital in respect of liabilities arising out of or in connection with the Placing. Brandon Hill Capital is entitled to terminate the Placing Agreement in certain circumstances prior to Admission.

The Placing Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

### ***Subscription***

In accordance with the terms of the Subscription Agreement, Kesari Tours PVT Limited has agreed to subscribe £2,000,000 for 19,047,619 new Ordinary Shares at the Issue Price. The Subscription is conditional on the Resolutions being passed at the General Meeting and Admission. The transfer of the subscription funds to the Company is subject to receipt by Kesari Tours PVT Limited of the requisite Indian regulatory approvals which are expected to be forthcoming prior to the General Meeting.

As announced on 3 January 2018, the Company has entered into a sale and purchase agreement with Mr Shailesh Patil for the sale of processed slabs across the Fox Marble range. Mr Patil is the founder and CEO of Kesari Tours PVT Ltd, which is one of India's most reputed travel companies, with branches across India and the GCC.

### ***Issue of Conversion Shares***

Roy Harrison OBE and Brandon Hill Capital have agreed to convert their outstanding loans in the respective sums of £500,000 and £200,000 into new Ordinary Shares at the Issue Price resulting in the issue of 4,761,904 and 1,904,761 new Ordinary Shares to each of them respectively.

The issue of Conversion Shares to Roy Harrison OBE constitutes a related party transactions under Rule 13 of the AIM Rules. The independent Directors for this purpose (Andrew Allner, Sir Colin Terry, Chris Gilbert and Fiona Hadfield) consider, having consulted with the Company's nominated adviser (Cairn Financial Advisors LLP), that the terms of this agreement are fair and reasonable insofar as Shareholders are concerned.

### **Director Shares**

Each of Andrew Allner, Sir Colin Terry and Roy Harrison OBE has agreed to accept the issue of 378,571, 214,285 and 197,619 new Ordinary Shares respectively at the Issue Price in satisfaction of the outstanding fees due to each of them as non-executive directors of the Company for the period from 1 October 2016 to 31 December 2017.

The issue of Director Shares to Andrew Allner, Sir Colin Terry and Roy Harrison OBE constitutes a related party transactions under Rule 13 of the AIM Rules. The independent Directors for this purpose (Chris Gilbert and Fiona Hadfield) consider, having consulted with the Company's nominated adviser (Cairn Financial Advisors LLP), that the terms of this agreement are fair and reasonable insofar as Shareholders are concerned.

	Existing Holding	Conversion Shares	Director Shares	Resultant Holding	% of Enlarged Share Capital
Andrew Allner	1,008,350	-	378,571	1,386,921	0.6%
Sir Colin Terry	179,264	-	214,285	393,549	0.2%
Roy Harrison OBE	789,408	4,761,904	197,619	5,748,931	2.7%

### **Issue of Convertible Loan Notes**

The holder of the Company's existing Series 3 Unsecured Convertible Loan Note has agreed to subscribe to an additional £160,000. In addition the Company has agreed to issue an aggregate of £75,000 of Series 4 Unsecured Convertible Loan Notes under the same terms as Series 3 Unsecured Convertible Loan Notes. The Convertible Loan Notes will carry an interest rate of 8% per annum. The Convertible Loan Notes are due for conversion or repayment on 31 August 2019 with a conversion price set at 10.5p per ordinary share.

### **Use of Proceeds**

	£ million
Expand production capacity at quarry sites	1.0
Repay existing debt obligations	1.5
Expand factory capabilities	0.3
Fees	<u>0.1</u>
<b>Total</b>	<b><u>£2.9</u></b>

In addition the Company intends to discharge £783,000 of the Company's outstanding loans and liabilities by the issue of Conversion Shares and Director Shares.

### **General Meeting**

A notice convening a General Meeting of the Company to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at 9.00 a.m. on 19 January 2018 will be included in the circular to Shareholders. The business to be considered at the General Meeting is set out in the Notice of General Meeting. Explanatory notes relating to each Resolution are set out below. The Issue is conditional upon, among other things, the passing of the Resolutions.

At the annual general meeting of the Company held on 30 June 2017, Shareholders passed resolutions in order to: (i) grant the Directors authority to allot equity securities up to a maximum nominal value of £603,556; and (ii) disapply statutory pre-emption rights to allow the allotment by the Directors of equity securities for cash up to an aggregate nominal value of £181,067 without the requirement for such equity securities to be first offered to existing Shareholders. The issue of the Issue Shares, together with other relevant prior allotments, renders the second of these authorities insufficient to allow the placing of the Issue Shares to proceed without further Shareholder approval. Accordingly, the issue of the Issue Shares is conditional on Resolutions 1 and 2 being passed.

The Company is therefore proposing that Shareholders pass the Resolutions in order to:

- (1) grant authority to the Directors under section 551 of the Act, to allot Ordinary Shares up to a maximum aggregate nominal amount of £359,786 being the maximum required for the purposes of issuing the Issue Shares and the Convertible Loan Notes; and
- (2) empower the Directors, under section 570 of the Act, to allot Ordinary Shares up to a maximum aggregate nominal amount of £359,786 being the maximum required for issuing the Issue Shares and the Convertible Loan Notes on a non pre-emptive basis.

Each of the authorities sought at the General Meeting will be in addition to the authorities granted at the 2017 AGM. These authorities will expire on 31 March 2018 or at the end of the AGM in 2018, whichever is earlier.

### **Admission, Settlement and CREST**

Application will be made to the London Stock Exchange for the Issue Shares to be admitted to trading on AIM. On the assumption that, among other things, the Resolutions are passed, it is expected that Admission of the Issue Shares will become effective and that dealings in the Issue Shares will commence at 8.00 a.m. on 22 January 2018.

The Articles permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form. The Ordinary Shares are already admitted to CREST and therefore the Issue Shares will also be eligible for settlement in CREST. CREST is a voluntary system and Shareholders who wish to retain certificates will be able to do so on request. The Issue Shares due to uncertificated holders are expected to be delivered in CREST on 22 January 2018.

### **Action to be taken by Shareholders in respect of the General Meeting**



Shareholders will find enclosed with the circular a Form of Proxy for use at the General Meeting. Shareholders are strongly encouraged to complete, sign and return the Form of Proxy in accordance with the instructions printed on it as soon as possible, but in any event so as to be received, by post or, during normal business hours only, by hand, to Lorraine Young, 60 Gracechurch Street, London EC3V 0HR by 9.00 a.m. on 17 January 2018 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a working day). Alternatively, the form of proxy may be scanned and sent by email to [lorraine.young@shma.co.uk](mailto:lorraine.young@shma.co.uk) so as to be received by 9.00 a.m. on 17 January 2018.

The appointment of proxies or the giving of any instruction by the CREST system will not be accepted for the purposes of the General Meeting.

### **Recommendation**

The Directors believe that the Resolutions to be proposed at the General Meeting are in the best interests of the Company and Shareholders as a whole and unanimously recommend that Shareholders vote in favour of them as they intend to do (or procure to be done) in respect of their own beneficial holdings totalling 21,474,685 Ordinary Shares, representing approximately 11.84 per cent. of the Existing Ordinary Shares.

### **Placing statistics**

Placing Price	10.5 pence
Number of Existing Ordinary Shares	181,344,851
Number of Placing Shares	7,235,712
Number of Subscription Shares	19,047,619
Number of Conversion Shares	6,666,665
Number of Director Shares	790,475
Number of Ordinary Shares in issue immediately following completion of the Issue <sup>(1)</sup>	215,085,322
Issue Shares as a percentage of the enlarged issued share capital	15.69 per cent.
Gross cash proceeds of the Placing	£759,750
Gross cash proceeds of the Subscription	£2,000,000
Gross cash proceeds of the issue of Convertible Loan Notes	£235,000
Gross cash proceeds of the Issue	£2,994,750
Estimated net cash proceeds of the Issue receivable by the Company	£2,885,763
Liabilities discharged through the issue of Conversion and Director Shares	£783,000
ISIN Code	GB00B7LGG306
SEDOL Code	B7LGG30

**Note:**

<sup>(1)</sup> Assuming that no other Ordinary Shares (other than the Placing Shares) will be issued in the period between the date of this document and completion of the Placing.

**Expected timetable of events**

	2018
Latest time and date for receipt of Forms of Proxy for General Meeting	9.00 a.m. on 17 January
General Meeting	9.00 a.m. on 19 January
Admission of and commencement of dealings in the Firm Placing Shares expected on AIM	8.00 a.m. on 22 January
CREST accounts credited with the Firm Placing Shares in uncertificated form	8.00 a.m. 22 January
Despatch of definitive share certificates in respect of the Firm Placing Shares to be issued in certificated form (if required)	by 25 January

**Caution regarding forward looking statements**

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking

statements or to advise of any change in events, conditions or circumstances on which any such statement is based.