THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities.

Application will be made for all of the issued and to be issued Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange ("AIM"). **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document.** The Ordinary Shares are not admitted to trading on any recognised investment exchange and apart from the application for Admission, no such other applications have been or are intended to be made. It is expected that the Admission will become effective and that dealings in the New Shares will commence on 31 August 2012.

This Document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies. This Document does not constitute an offer to the public in accordance with the provisions of section 85 of FSMA and is not a "prospectus" within the meaning of section 85 of FSMA. Accordingly, this Document has not been prepared in accordance with the "Prospectus Rules", nor has it been approved by the Financial Services Authority (the "FSA") pursuant to section 85 of FSMA.

The Company and the Directors, details of which or whom appear on page 5 of this Document, accept responsibility for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The attention of persons receiving a copy of this Document is drawn to the Risk Factors set out in Part IV of this Document. The AIM Rules are less demanding than those of the Official List. No liability whatsoever is accepted by Fox-Davies Capital Limited for the accuracy of any information or opinions contained in this Document, or for the omission of any material information for which the Company and the Directors are solely responsible. The whole of the text of this Document should be read.

Fox Marble Holdings plc

(Incorporated and registered in England and Wales with registered number 7811256)

Placing of 32,950,000 New Ordinary Shares at a price of 20 pence each and of up to £3,060,000 (nominal) of Placing Convertible Loan Notes

and

Admission to trading on AIM of Ordinary Shares

Nominated Adviser and Joint Broker	*Joint Broker*
Fox-Davies Capital Limited	**Merchant Securities Limited**

Fox-Davies Capital Limited, which is authorised and regulated in the United Kingdom by the FSA and is a member of the London Stock Exchange, is acting as the Company's nominated adviser and joint broker in connection with the Admission for the purposes of the AIM Rules and is acting exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Fox-Davies Capital Limited or for advising any other person in respect of the proposed Placing and Admission. The responsibilities of Fox-Davies Capital Limited, as nominated adviser and joint broker under the AIM Rules, are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this Document. No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representations must not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by Fox-Davies Capital Limited as to any of the contents of this Document. Fox-Davies Capital Limited has not authorised the contents of any part of this Document for any purpose and no liability whatsoever is accepted by Fox-Davies Capital Limited for the accuracy of any information or opinions contained in this Document. Neither the delivery of this Document hereunder nor any subsequent subscription or sale made for Ordinary Shares shall, under any circumstances, create any implication that the information contained in this Document is correct as of any time subsequent to the date of this Document

Merchant Securities Limited, which is authorised and regulated in the UK by the FSA, is acting as joint broker to Fox Marble Holdings plc in connection with the arrangements set out in this document and is not acting for anyone else and will not be responsible to anyone other than Fox Marble Holdings plc for providing the protections afforded to customers of Merchant Securities or for providing advice in relation to the proposed Placing and Admission. Merchant Securities accepts no liability for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and its Directors are solely responsible. No representation or warranty, express or implied is given by Merchant Securities as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

Copies of this Document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the offices of Fox-Davies Capital Limited, 1 Tudor Street, London EC4Y OAH from the date of this Document and for a period of at least one month from Admission. Additionally, an electronic version of this Document will be available at the Company's website, www.foxmarble.net.

An investment in the Company may not be suitable for all recipients of this Document. Any such investment is speculative and involves a high degree of risk. Prospective purchasers of Ordinary Shares should carefully consider whether an investment in the Company is suitable for them in light of their circumstances and the financial resources available to them. Attention is drawn, in particular, to the Risk Factors set out in Part IV of this Document.

OVERSEAS SHAREHOLDERS

The Ordinary Shares will not be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of the Republic of South Africa, Australia, Canada or Japan. Accordingly, subject to certain exceptions, the Ordinary Shares may not be offered or sold, directly or indirectly, in or into the United States, the Republic of South Africa, Australia, Canada or Japan or to or for the account or benefit of any national, resident or citizen of the Republic of South Africa, Australia, Canada or Japan or any person located in the United States. This Document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. The distribution of this Document in certain jurisdictions may be restricted by law. In particular, this Document should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, and in particular, should not be distributed, subject to certain exceptions, to persons with addresses in the United States of America, the Republic of South Africa, Australia, Canada or Japan. No action has been taken by the Company or by Fox-Davies Capital Limited that would permit a public offer of any of the Ordinary Shares or possession or distribution of this Document where action for that purpose is required. Persons into whose possession this Document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Holding Ordinary Shares may have implications for Overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

CONTENTS

Part I of this Document contains cross-references to information contained in the Competent Person's Report set out in Part V of this Document. The Company confirms that the information contained in Part I which has been extracted from the Competent Person's Report has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from the Competent Person's Report, no facts have been omitted which would render the extracts inaccurate or misleading. The Competent Person has reviewed the information contained in this Document which relates to information contained in the Competent Person's Report and has confirmed in writing to the Company and Fox-Davies Capital that the information presented is accurate, balanced and complete and not inconsistent with the Competent Person's Report.

PLACING STATISTICS

Placing Price	20 pence
Number of Ordinary Shares in issue before Admission	45,125,000
Number of Ordinary Shares being issued by the Company pursuant to the conversion of the Convertible Loan Notes	29,875,000
Number of New Ordinary Shares being issued by the Company pursuant to the Placing	32,950,000
Number of Ordinary Shares subject to outstanding Options and Warrants following Admission*	1,677,500
Number of Ordinary Shares on a fully diluted basis following issue of the Placing Shares and Admission*	109,627,500
Percentage of the Enlarged Share Capital represented by the Placing Shares	30.5 per cent.
Nominal amount of Series 1 Loan Notes	£1,060,000
Nominal amount of Series 2 Loan Notes	£2,000,000
Estimated cash proceeds of the Placing receivable by the Company (net of expenses)	£8.3 million
Market capitalisation of the Company at Admission at the Placing Price	£21.4 million
AIM symbol	FOX
International Security Identification Number ("ISIN")	GB00B7LGG306

* Prior to the conversion of the Series 1 Loan Notes and/or Series 2 Loan Notes.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	24 August 2012
Admission effective and dealings commence in the Existing Ordinary Shares and the New Shares on AIM	8.00 a.m. on 31 August 2012
CREST accounts credited with the New Shares	31 August 2012
Despatch of definitive certificates by	7 September 2012

Note: All references to times in this timetable are to London times and each of the times and dates may be subject to change.

Forward-looking statements

Certain statements in this Document are forward-looking statements. These forward-looking statements are not based on historical facts but rather on management's expectations 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, planned exploration and development activity and the results of such activity, business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. 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, the results of exploration and development drilling and related activities, 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 the forward-looking statements contained in this Document are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

DIRECTORS AND ADVISERS

Directors	Andrew Allner (*Non-Executive Chairman*) Christopher Gilbert (*Chief Executive*) Dr Etrur Albani (*Managing Director*) Fiona Hadfield (*Finance Director*) Roy Harrison OBE (*Non-Executive Director*) Sir Colin Terry KBE CB DL (*Non-Executive Director*) All of: 15 Kings Terrace, London NW1 0JP
Company Secretary	Lorraine Young 3 Vaughan Avenue Tonbridge Kent TN10 4EB
Registered Office	15 Kings Terrace London NW1 0JP
Principal Operating Address	Rr. Bill Klinton Nr. 36 Prishtina Kosovo
Nominated Adviser and Joint Broker	Fox-Davies Capital Limited 1 Tudor Street London EC4Y 0AH
Joint Broker	Merchant Securities Limited 51-55 Gresham Street London EC2V 7EL
Corporate Adviser	Hamilton Bradshaw Capital Partners 23 Grosvenor Street London W1K 3HZ
Solicitors to the Company as to English law	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
Lawyers to the Company as to Kosovo law	Studio Ligji Law Firm LLC Sheshi Nena Tereze 48/2 Kati I dyte Prishtina Kosovo Shuke Law Mustafa Matohiti Street Building No. 7/2, Suite 1/3 Tirana Albania
Solicitors to the Nominated Adviser and Joint Brokers as to English law	Lewis Silkin LLP 5 Chancery Lane Clifford's Inn London EC4A 1BL

Lawyers to the Nominated Adviser and Joint Brokers as to Kosovo law	Vehbi Beqin, Avokat-Lawyer Str Afrim Zhita nr. 20 40000 Mitrovice Kosovo
Reporting Accountants	Baker Tilly Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
Auditors	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB
Financial PR Adviser	Buchanan PR 107 Cheapside London EC2V 6DN
Competent Person	Golder Associates (UK) Limited Attenborough House Browns Lane Business Park Stanton-on-the Wolds NG12 5BL
Registrar	Computershare Investor Services Plc Vintners Place 68 Upper Thames Street London EC4V 3BJ
Corporate website	www.foxmarble.net

DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

"**Act**"	UK Companies Act 2006 (as amended)
"**Admission**"	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
"**AGMH**"	AGMH Limited, a company registered and incorporated in England and Wales with company number 08160250
"**AIM**"	the AIM market operated by the London Stock Exchange
"**AIM Rules**"	together the AIM Rules for Companies, the AIM Rules for Nominated Advisers and the AIM Disciplinary Procedures and Appeals Handbook as published from time to time
"**AIM Rules for Companies**"	the rules and guidance notes for companies with a class of securities admitted to AIM issued by the London Stock Exchange as in force at the date of this Document
"**AIM Rules for Nominated Advisers**"	the rules for nominated advisers issued by the London Stock Exchange as in force at the date of this Document
"**Amati**"	Amati Global Investors Limited
"**Articles**"	the articles of association of the Company, as amended from time to time
"**Certificated**" or "**in Certificated Form**"	the description of a share or other security which is not in uncertificated form (that is, not in CREST)
"**City Code**"	the City Code on Takeovers and Mergers
"**Company**" or "**Fox Marble**"	Fox Marble Holdings plc, a company registered and incorporated in England and Wales with company number 7811256
"**Competent Person's Report**" or "**CPR**"	the report prepared by Dr. Magne Martinsen of Golder Associates for the Company and Fox-Davies Capital Limited, a copy of which is reproduced at Part V of this Document
"**Concert Party**"	Christopher Gilbert and Etrur Albani, who are deemed to be acting in concert for the purposes of the City Code, and who as at Admission will control 38.3 per cent. of the Enlarged Share Capital
"**Connected Person**"	so far as could be known from reasonable investigation, a person connected with an individual or company within the meaning of sections 252 to 255 of the Act
"**Convertible Loan Notes**"	the unsecured convertible loan notes 2016 of the Company issued pursuant to an instrument dated 25 August 2011 (and novated on 24 August 2012)
"**Corporate Governance Code**"	the UK Code on Corporate Governance published in June 2010 by the Financial Reporting Council
"**CPI**"	consumer prices index
"**CREST**"	the computerised settlement system used to facilitate the transfer of title to shares in uncertificated form operated by Euroclear
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended
"**DSOP**"	the Fox Marble Holdings plc Discretionary Share Option Plan 2011, details of which are set out in paragraph 8 of Part VIII of this Document
"**Directors**" or "**Board**"	the board of directors of the Company whose names are set out on page 5 of this Document

"**Document**"	this admission document
"**EIS**"	the Enterprise Investment Scheme and related reliefs as detailed in Income Tax Act 2007, Part V and in sections 150A to 150C and Schedule 5B and 5BA of the Taxation of Chargeable Gains Act 1992 (as amended)
"**Enlarged Share Capital**"	the issued Ordinary Shares on Admission, inclusive of the Placing Shares to be issued pursuant to the Placing
"**EU**"	the European Union
"**Euro**" or "**€**"	the legal currency of the EU and the currency used in Kosovo
"**Euroclear**"	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST
"**Existing Ordinary Shares**"	the 45,125,000 Ordinary Shares in issue at the date of this document
"**FML**"	Fox Marble Limited, a wholly-owned subsidiary of the Company
"**FML Group**"	FML and its subsidiary undertakings
"**Fox-Davies Capital**"	Fox-Davies Capital Limited of 1 Tudor Street, London EC4Y 0AH, the Company's nominated adviser and joint broker, authorised and regulated by the FSA
"**FSA**"	the Financial Services Authority
"**FSMA**"	the Financial Services and Markets Act 2000, as amended
"**Golder**"	Golder Associates (UK) Limited, the consulting group for whom the Competent Person works and which has prepared the Competent Person's Report contained in Part V of this Document
"**GDP**"	gross domestic product
"**Granit-Shala**"	Granit-Shala Sh.P.K., a wholly-owned Kosovan subsidiary of the Company
"**Group**"	the Company, FML and its Kosovan subsidiary undertakings
"**H&P**"	H&P Sh.P.K., a wholly-owned subsidiary of the Company
"**ICMM**"	the Independent Commission for Mines and Minerals established in accordance with the Mining Law
"**Kosovo**"	the Republic of Kosovo
"**Lock-in Agreements**"	the lock-in agreements, details of which are set out in paragraph 12.2 of Part VIII of this Document
"**London Stock Exchange**"	London Stock Exchange plc
"**Memorandum**"	the memorandum of association of the Company, as amended from time to time
"**Merchant Securities**"	Merchant Securities Limited of 51-55 Gresham Street, London EC2V 7EL, the Company's joint broker
"**Mining Law**"	Law No. 03/L163 on Mines and Minerals which governs the exploration, mining and processing of mineral resources in Kosovo
"**New Shares**"	the Placing Shares and the Ordinary Shares to be issued following the conversion of the Convertible Loan Notes
"**Official List**"	the Official List of the UKLA
"**Optimus**"	Optimus Capital LLP
"**Options**"	options over Ordinary Shares details of which are set out in paragraph 5.2 of Part VIII of this Document
"**Ordinary Shares**"	ordinary shares of one penny each in the capital of the Company

"**Peje**"	the Banjet e Pejes quarry
"**Placees**"	the investors who subscribed for the Placing Shares at the Placing Price pursuant to the Placing
"**Placing**"	the conditional placing of 32,950,000 Ordinary Shares at the Placing Price and the Placing Convertible Loan Notes pursuant to the Placing Agreement
"**Placing Agreement**"	the conditional agreement dated 24 August 2012 between the Company, the Directors, Fox-Davies Capital and Merchant Securities under the terms of which Fox-Davies Capital and Merchant Securities have agreed to use their reasonable endeavours to procure subscribers for the Placing Shares and the Placing Convertible Loan Notes, further details of which are set out at paragraph 12.1 of Part VIII of this Document
"**Placing Convertible Loan Notes**"	together the Series 1 Loan Notes and the Series 2 Loan Notes
"**Placing Price**"	20 pence per Ordinary Share
"**Placing Shares**"	32,950,000 Ordinary Shares issued to the Placees pursuant to the Placing
"**PPP**"	purchasing power parity
"**Registrar**"	Computershare Investor Services Plc
"**Relationship Agreement**"	the agreement dated 24 August 2012 between the Company and the members of the Concert Party which governs the relationship between the Company and members of the Concert Party, details of which are set out in paragraph 12.4 of part VIII of this Document.
"**Rex Marble**"	Rex Marble Sh.P.K., a wholly-owned Kosovan subsidiary of the Company
"**Series 1 Loan Notes**"	the £1,060,000 (nominal) of unsecured convertible loan notes 2017 of the Company issued pursuant to an instrument dated 24 August 2012, details of which are set out in paragraph 12.6.1 of Part VIII of this Document
"**Series 2 Loan Notes**"	the up to £2,000,000 (nominal) of unsecured convertible loan notes 2017 of the Company issued pursuant to an instrument dated 24 August 2012, details of which are set out in paragraph 12.6.2 of Part VIII of this Document
"**Shareholder**"	a holder of Ordinary Shares
"**Sterling**" or "**£**"	the legal currency of the UK
"**the Panel**"	the Panel on Takeovers and Mergers
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland
"**UKLA**"	the United Kingdom Listing Authority, being the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"**uncertificated**" or "**in uncertificated form**"	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"**United States**" or "**U.S.**" or "**USA**"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
"**US$**" or "**US Dollars**"	the United States currency unit
"**VAT**"	UK value added tax

“**VCT**”	a venture capital trust for the purposes of Income Tax Act 2007, Part VI
“**Warrants**”	the warrants to subscribe for Ordinary Shares granted by the Company pursuant to the Warrant Instruments, further details of which are set out in paragraph 12.11 of Part VIII of this Document
“**Warrant Instruments**”	the warrant instruments dated 24 August 2012 between the Company and each of Fox-Davies Capital and Merchant Securities, further details of which are set out in paragraph 12.11 of Part VIII of this Document.

GLOSSARY OF TECHNICAL TERMS

"**aphanitic**"	an igneous rock in which the grain or crystalline structure is too fine to be seen by the unaided eye
"**alluvial**"	loose, unconsolidated soil or sediments, eroded, deposited, and reshaped by water in some form in a non-marine setting
"**andesite**"	an extrusive igneous, volcanic rock, of intermediate composition, with aphanitic to porphyritic texture
"**AusIMM**"	Australasian Institute of Mining and Metallurgy
"**azimuth**"	an angular measurement in a spherical coordinate system
"**basalt**"	an extrusive volcanic rock usually grey to black and fine-grained due to rapid cooling of lava at the surface of the planet
"**basement**"	the oldest rocks exposed in an area
"**block rate**"	the price of the marble resources that can be mined out as unprocessed marble stone blocks expressed as Euros per cubic metre
"**breccia**"	a clastic rock made up of poorly sorted angular fragments of such size that an appreciable percentage of rock volume consists of particles of granule size or larger
"**CPR**"	Competent Person's Report
"**carbonate**"	a carbonate mineral such as calcite
"**$CaCO^3$**"	the chemical symbol for calcium carbonate
"**calcite**"	calcium carbonate minerals
"**conglomerate**"	a generally coarse grained sedimentary rock with rounded or sub-rounded clasts that are greater than 2mm in size
"**core**"	a cylindrical core of solid rock obtained through drilling methods
"**dip**"	the true dip of a plane is the angle it makes with the horizontal plane
"**fault**"	a surface of rock fracture along which has been differential movement
"**gabbro**"	a coarse-grained igneous rock with composition of basalt
"**geophysical**"	prospecting techniques which measure the physical properties (magnetism, conductivity, density, etc.) of rocks and define anomalies for further testing
"**geostatistics**"	a complex method of resource estimation using regionalised variables i.e. grade and thickness
"**GPS**"	Global Positioning System; satellite-based navigational system permitting the determination of any point on the Earth with high accuracy
"**granite**"	a coarse-grained igneous rock dominated by light-coloured minerals, consisting of about 50 per cent. orthoclase, 25 per cent. quartz, and balance of plagioclase feldspars and ferromagnesian silicates
"**HP**"	horse power, a unit of measurement of power, the most common definitions equal between 735.5 and 750 watts
"**igneous**"	a rock or mineral that solidified from molten or partly molten material, i.e., from a magma
"**Indicated Resource**"	as defined in the JORC Code, is that part of a Mineral Resource which has been sampled by drill holes, underground openings or other sampling procedures at locations that are too widely spaced to ensure continuity but close enough to give a reasonable indication of

continuity and where geoscientific data are known with a reasonable degree of reliability. An Indicated Mineral resource will be based on more data and therefore will be more reliable than an Inferred resource estimate

"**Inferred Resource**"	as defined in the JORC Code, is that part of a Mineral Resource for which the tonnage and grade and mineral content can be estimated with a low level of confidence. It is inferred from the geological evidence and has assumed but not verified geological and/or grade continuity. It is based on information gathered through the appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability
"**in-situ**"	in its natural position
"**intrusive**"	of or pertaining to intrusion – both the processes and the rock so formed
"**IMMM**"	Institute of Materials, Minerals and Mining
"**JORC Code**"	the Code for Reporting of Mineral Resources and Ore Reserves issued by the Australian Joint Ore Reserves Committee
"**kaolin**"	soft white clay
"**Km**"	kilometres
"**km^2**"	square kilometre(s)
"**m**"	metres
"**m^3**"	cubic metres
"**magnesite**"	magnesium carbonate, MgCO3
"**marble**"	a metamorphic rock composed of recrystallized carbonate minerals, most commonly calcite or dolomite
"**marble block**"	marble stones of certain specifications, which are processed from untrimmed quarry stone (stones of irregular shape directly separated from mines), and used for further processing into slabs
"**marble slabs**"	marble stones of certain specifications, which are processed from cutting, burnishing and polishing the marble blocks
"**Measured Resource**"	as defined in the JORC Code, is that part of a Mineral Resource for which the resource has been intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known. A measured resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of the shapes, sizes, densities and grades
"**metamorphism**"	a process by which rocks which have been altered by the agencies of heat, pressure and chemically active fluids
"**mineral resource**"	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form that there are reasonable prospects for the eventual economic extraction. The location, quantity, grade geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided into Inferred, Indicated and Measured categories
"**Mt**"	metric tonnes
"**mm**"	millimetres

"**ophiolite**"	a section of the Earth's oceanic crust and the underlying upper mantle that has been uplifted or emplaced to be exposed within continental crustal rocks
"**orogenic**"	mountain building
"**outcrop**"	part of a rock formation that appears at the surface of the ground
"**pegmatite**"	a very coarse-grained, intrusive igneous rock composed of interlocking grains usually larger than 2.5 cm in size
"**plutonic**"	pertaining to igneous rocks formed at great depths
"**porphyry**"	an igneous rock containing conspicuous phenocrysts (crystals) in fine-grained
"**quartz**"	a trigonal mineral, chemical symbol SiO2; silica group of minerals
"**quartzite**"	a hard metamorphic rock which was originally sandstone
"**schist**"	a metamorphic rock dominated by fibrous or platy minerals
"**sedimentary**"	rocks formed from material derived from pre-existing rocks by processes of denudation
"**serpentite**"	a metamorphic rock
"**shear zone**"	a tabular to sheet-like, planar or curviplanar zone composed of rocks that are more highly strained than rocks adjacent to the zone
"**slate**"	a fine-grained, foliated, homogeneous metamorphic rock derived from an original shale-type sedimentary rock composed of clay or volcanic ash through low-grade regional metamorphism
"**strike**"	the longest horizontal dimension of an ore body or zone of mineralisation
"**tectonic**"	an adjective used to relate a particular phenomenon to a structural or orogenic concept, e.g. tectonic control of sedimentation
"**trachyte**"	an igneous volcanic rock with an igneous volcanic rock with an aphanitic to porphyritic texture
"**travertine**"	a form of limestone deposited by mineral springs, especially hot springs. Travertine often has a fibrous or concentric appearance and exists in white, tan and cream coloured varieties
"**vein**"	a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle
"**volcanic**"	characteristic of, pertaining to, situated in or upon, formed in, or derived from volcanoes
"**WGS**"	World Geodetic System; a standard for use in cartography, geodesy, and navigation

KEY INFORMATION

This key information section should be read solely as an introduction to this Document. Any decision to invest in Ordinary Shares should be based on consideration of this Document as a whole.

Introduction

The Company was incorporated on 14 October 2011 as the holding company of a group of companies which have rights over five marble quarries in Kosovo.

The Group has been granted mining licences in relation to five separate marble quarries and completed a maiden JORC resource indicating an *in-situ* valuation of approximately €16.5 billion. In September 2011, the Group completed a £1.2 million pre-IPO fundraising by way of the issue of Convertible Loan Notes arranged by Fox-Davies Capital. These funds have been used to complete a CPR, secure full mining licences and for general working capital. The Company is now seeking to raise funds to commence quarrying operations at four of the Group's quarries over the next two years and to build a processing plant.

Background

The Group was founded by Christopher Gilbert and Etrur Albani to develop a business for the unexploited marble quarries in Kosovo. Following research the Group acquired the exploration rights to the five quarries at Rahovec (three separate quarries), Peje and Suhogerll. The rights and licences in respect of these quarries are held by the Group's Kosovan subsidiaries.

Group strategy and use of net proceeds

Following Admission, the Group currently intends to commence operations initially at two of the five marble quarries, build a processing plant and develop a sales network for the marble. Management intends to open two subsequent quarries in the first half of 2014, with equipment funded from operating cashflows.

The Group intends to use the net proceeds of the Placing as follows:

	£m
Purchase of quarrying equipment	1.2
Commissioning of the processing plant	4.1
First year operating and production costs	2.2
Working Capital	0.8
Total	**8.3**

The quarries

The Group has secured rights and licences over five quarries located in central and western Kosovo as follows: (i) The Rahovec quarries; (ii) The Peje quarry; and (iii) The Suhogerll quarry.

Leases & Surface Rights Agreements	Project Area		
	Rahovec	**Peje**	**Suhogerll**
Group Company	H&P	Granit-Shala	Rex Marble
Granted by	Directory for Urbanism, Planning and Environmental Protection (DUPMA), Municiplity of Rahovec	Remzi Shala	Municipality of Skenderaj
Type	Rights of use	Lease	Rights of use
Dated	04/02/2011	10/03/2011	17/03/2011
Initial Term	10 years	20 years	20 years
Area (m^2)	2,557,000	1,780,000	540,000
Mining Licences			
Protocol Number (Licence no.)	5629 (1108/KPMM/2011); 5626 (1110/KPMM/2011); 5627 (1109/KPMM/2011);	5630 (1111/KPMM/2011)	5631 (1106/KPMM/2011)
Group Company	H&P; Rex Marble; Rex Marble	Granit-Shala	Rex Marble
Dated	31/10/2011	31/10/2011	31/10/2011
Initial Term (years)	24; 25; 25	25	25
Licence Area (m^2)	49,855; 47,641; 45,917	48,609	50,050

Further details are set out in the CPR in Part V of this Document.

Processing Plant

The Group plans to commission a processing plant on the land adjacent to the quarries at Rahovec. The Directors anticipate that the plant will be built over a period of approximately 10 months. Once completed, the plant will begin to process and polish the marble blocks extracted from the quarries.

Key Strengths

The Directors believe that the Group's key strengths include the following:

- Large high quality marble resources – as set out in the Competent Person's Report, the Group has indicated marble resources of 91.4 million m^3 and inferred marble resources of 235 million m^3.
- Existing mining licences – the Group has been granted mining licences by the ICMM in respect of the five quarries to which it has rights, which should enable marble production to commence in the near term following Admission.
- Low cost operations – Kosovo is a relatively low-cost environment which, and combined with semi-automated process associated with marble processing, means that operating costs can be kept relatively low.
- Opportunity to construct a processing plant – the Group has identified a site for its processing plant adjacent to the Rahovec quarries and has completed design and specification of the plant. It will be necessary to obtain a building permit to construct the processing plant but the Directors do not anticipate that this should be difficult to obtain.
- Experienced management team – the Company has an experienced board and management team with the requisite experience of working and operating in Kosovo and with extensive quarrying and marble experience.
- Strong local management – the Group has strong local Kosovan management who the Directors believe will enable the Group to commence production as soon as possible.
- Infrastructure – the quarries are located near main road routes in Kosovo and all but one of the quarries have access to water and electricity in place.
- Lack of other marble quarries in Kosovo – the Board believe that the Group's quarries will be the only operating commercial marble quarries in the country.

Details of the Placing and conversion of the Convertible Loan Notes

Pursuant to the Placing Agreement and as agents for the Company:

- Fox-Davies Capital has agreed to use its reasonable endeavours to procure subscribers for 28,650,000 Placing Shares at the Placing Price and subscribers for the Series 1 Loan Notes; and
- Merchant Securities has agreed to use its reasonable endeavours to procure subscribers for 4,300,000 Placing Shares at the Placing Price and subscribers for the Series 2 Loan Notes.

The Placing will raise £9.65 million for the Company (before commissions and expenses). The Placing Shares are being placed with institutional and other investors. The Placing Shares will represent 30.5 per cent. of the Enlarged Share Capital. The Placing has not been underwritten and is conditional, *inter alia*, on Admission and on the Placing Agreement not being terminated. Further details of the Placing Agreement are set out in paragraph 12.1 of Part VIII of this Document.

At Admission the £1,060,000 (nominal) of Series 1 Loan Notes will be held by Amati. In addition AGMH has agreed to subscribe for up to £2,000,000 (nominal) of Series 2 Loan Notes. Further details of the Placing Convertible Loan Notes are set out in paragraph 12.6 of Part VIII of this Document.

The terms on which subscribers are to be procured for the Series 2 Loan Notes provide that subscribers agree to subscribe for such principal amount of Series 2 Loan Notes as the Company may notify them (on up to three occasions) in writing at any time. The maximum aggregate principal amount of Series 2 Loan Notes which the Company may require subscribers to subscribe for is £2,000,000 and in each case subject to the maximum principal amount each subscriber has agreed to subscribe for.

AGMH is owned by Chris Gilbert and Etrur Albani, founders of the Group. Further details of the subscription by AGMH for Placing Convertible Loan Notes, the funding thereof, and the associated charge over Chris Gilbert's and Etrur Albani's shares in the Company are set out in paragraph 12.6 of Part VIII of this Document.

In addition, on Admission the holders of the Convertible Loan Notes will convert into 29,875,000 Ordinary Shares which equates to a subscription price of 4 pence per share. Fox-Davies Capital holds £30,000 of the Convertible Loan Notes.

Lock-in and orderly market arrangements

At Admission, the Directors will own 41,063,750 Ordinary Shares representing 38.0 per cent. of the Enlarged Share Capital and options to acquire a further 120,000 Ordinary Shares at the Placing Price. Pursuant to the Placing Agreement and the Lock-in Agreements:

(i) the Directors and certain shareholders have undertaken to the Company and Fox-Davies Capital that they will not sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies, any of their respective interests in Ordinary Shares at any time before the first anniversary of Admission and that they will also be subject to orderly market arrangements during the following twelve months after the initial one year lock-in period;

(ii) Certain Shareholders have undertaken to the Company and Fox-Davies Capital (for the benefit of Fox-Davies Capital and Merchant Securities) that they will not sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies or otherwise at the discretion of Fox-Davies Capital (provided Fox-Davies Capital has identified a purchaser for the relevant shares) any interest in Ordinary Shares issued pursuant to the conversion of the Convertible Loan Notes at any time in the six month period following Admission and that they will be subject to orderly marketing arrangements during the six month period after the initial six month period; and

(iii) each of Fox-Davies Capital and Merchant Securities have undertaken to the Company and to each other that they will not sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies, or with the prior written consent of the Company, any of the Ordinary Shares issued to them pursuant to the terms of the Placing Agreement at any time in the six month period following Admission and that during the six month period after the initial six month period they will not sell any such shares unless they have first consulted with the Company regarding the effect of such disposal and following such consultation reasonably believe that such disposal will not have a material adverse effect on the maintenance of an orderly market in the shares in the capital of the Company.

Further details of the Placing Agreement and the Lock-in Agreements as set out at paragraph 12.1 and 12.2 of Part VIII of this Document.

City Code

Under Rule 9 of the City Code when: (i) any person acquires an interest in shares which, when taken together with shares in which he is already interested in or shares acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company subject to the City Code; or (ii) any person who, together with persons acting in concert with him, has an interest of more than 30 per cent. but less than 50 per cent.of the voting rights of a company subject to the City Code, and such person, or persons acting in concert with him, acquires any additional shares which increases his percentage of voting rights, that person is normally obliged to make a general offer in cash to all shareholders to purchase their shares at the highest price paid by him, or any person acting in concert with him, within the preceding 12 months. Furthermore, when any person who, together with persons acting in concert with him, holds more than 50 per cent. of the voting rights of a company subject to the City Code, that person, together with persons acting in concert with him, may acquire additional shares in the company without triggering the requirement to make a general offer in cash to all shareholders under Rule 9 of the City Code. However, individual members of such a concert party will not be able to increase their percentage shareholdings through a Rule 9 threshold without the consent of the Panel.

The Panel will in appropriate cases grant a waiver of such an obligation provided, *inter alia*, appropriate disclosure is made to the shareholders.

The details of the Concert Party and their interests in the Company's Ordinary Shares are set out below:

	Holding of Ordinary Shares following Admission	**Percentage of Enlarged Group following Admission**
Christopher Gilbert	20,306,250	18.8
Etrur Albani	20,757,500	19.2

Shareholders should note that, following Admission and full conversion of the Convertible Loan Notes, the members of the Concert Party will between them be interested in shares carrying more than 30 per cent. of the Company's voting share capital but will not hold shares carrying more than 50 per cent. of the voting rights of the Company. Accordingly, and for so long as they continue to be treated as acting in concert, any further increase in the aggregate interest in shares will be subject to the provisions of Rule 9 of the City Code.

Outstanding options and warrants

In addition to the Placing Convertible Loan Notes, the Company has granted warrants to subscribe for 1,188,250 Ordinary Shares (representing 1.1 per cent. of the Enlarged Share Capital) to Fox-Davies Capital and 369,250 Ordinary Shares (representing 0.3 per cent. of the Enlarged Share Capital) to Merchant Securities. These warrants are exercisable at the Placing Price at any time between the first and fourth anniversaries of Admission further details of which are set out in paragraph 12.11 of Part VIII of this Document.

The Company has also granted options, conditionally on Admission, to Fiona Hadfield pursuant to the rules of the DSOP in respect of 120,000 Ordinary Shares, representing 0.1 per cent. of the Enlarged Share Capital, further details of which are set out in paragraph 8 of Part VIII of this Document.

PART I

INFORMATION ON THE GROUP

1. Introduction

The Company is the recently incorporated holding company of a group of companies which have rights over five marble quarries in Kosovo.

The Group has been granted mining licences in relation to five separate marble quarries and completed a maiden JORC resource indicating an *in-situ* valuation of approximately €16.5 billion. In September 2011, the Group completed a £1.2 million pre-IPO fundraising by way of the issue of Convertible Loan Notes arranged by Fox Davies. These funds have been used to complete a CPR, secure full mining licences and for general working capital.

The Company is now seeking to raise funds to commence quarrying operations initially at two of the Group's quarries and to build a processing plant. The Group expects to commence site clearing operations following Admission and aims to begin extracting marble blocks from the quarries from approximately four months after Admission. The Group expects to open two subsequent quarries in the second half of year two of its operation with equipment funded from operating cashflows. The Directors believe that quarrying equipment can be moved between quarries, if required in the meantime. Simultaneously, the Group will begin building the processing plant.

The Group intends to sell a limited amount of unprocessed marble blocks to generate early cashflows whilst the processing plant is under construction whilst additionally building up a stock of unprocessed marble prior to the completion of the processing plant. Following the completion of the processing plant towards the end of year one it will focus primarily on selling polished marble slabs on an ex-factory gate basis to the wholesale market for ultimate use in the construction and decorative industries across the world.

The Board believes that the Group has considerable potential given the combination of its large, good quality marble resources and the experienced board and management team which has been assembled to develop the business.

Further information on the Group's quarries is contained in this Part I and in the CPR contained in Part V of this Document.

2. Background to the Group

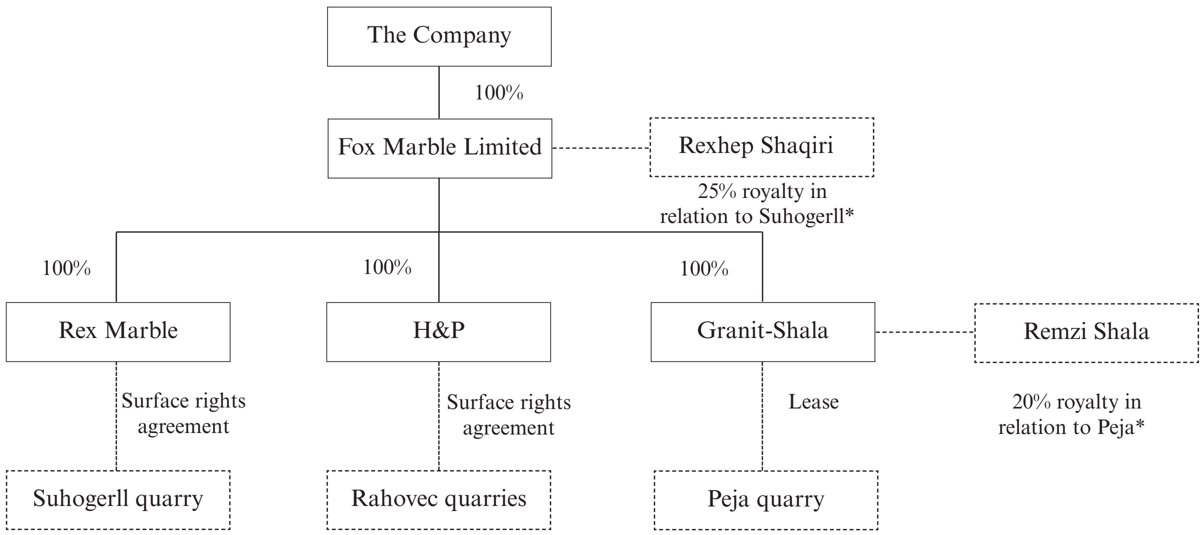
The Group was founded by Christopher Gilbert and Etrur Albani to take advantage of unexploited marble quarries in Kosovo. Following research the Group acquired the surface rights to five quarries at Rahovec (three separate quarries), Peje and Suhogerll. Subsequently, the Group's Kosovan subsidiaries acquired mining licences in respect of these quarries.

H&P entered into a 10 year surface rights agreement with the Rahovec Municipality, Kosovo in relation to the three Rahovec quarries. H&P can apply to extend these rights for a further 10 years at the end of the initial term.

Granit-Shala has a 20 year lease of the Peje quarry from the private landowner, Remzi Shala, which Remzi Shala is required to extend for a further 20 years at the end of the initial term. Granit-Shala has agreed to pay Remzi Shala a royalty of 20 per cent. of the net profit generated from that quarry.

Rex Marble has been granted 20 year surface rights by the Skenderaj Municipality, Kosovo in relation to the Suhogerll quarry. FML has agreed to pay a royalty of 25 per cent. of the net profit generated from the Suhogerll quarry to Rexhep Shaqiri, a former owner of Rex Marble.

The current structure of the Group is set out below:



* Royalty is based on net profits after tax.

3. Group strategy and use of net proceeds

Following Admission, the Group currently intends to commence operations initially at two of the five marble quarries, build a processing plant and develop a sales network for the marble. It is intended that four quarries will be operational by the beginning of the second quarter of 2014.

Use of net proceeds

The Group intends to use the net proceeds of the Placing as follows:

	£m
Purchase of quarrying equipment	1.2
Commissioning of the processing plant	4.1
First year operating and production costs	2.2
Working capital	0.8
Total	**8.3**

Quarrying

The Group intends to undertake clearance of four quarry sites following Admission and then begin quarrying for marble at two sites initially. The Directors believe that it will take approximately four months to begin extracting marble blocks from the quarries. The marble will be cut into blocks by diamond wire and chain saws from an open pit operation. The Directors anticipate that the each quarry will produce up to 1,200 blocks per annum once fully operational. The blocks will be transported and stockpiled at the processing plant site. A small proportion of unprocessed blocks are likely to be sold directly to wholesalers whilst the processing plant is under construction as well as building up a stock of unprocessed blocks. The Directors believe that the first sales of unprocessed marble may be achieved in six months after Admission. The Group intends to open two further quarries in year two of its operations.

Processing Plant

The Group plans to commission a processing plant on the land adjacent to the quarries at Rahovec. The Directors anticipate that the plant will be built over a period of approximately 10 months. Once completed, the plant will begin to process and polish marble blocks extracted from the quarries into slabs. The Board expect to recover 70 per cent. of the total volume of blocks after allowing for wastage due to quality control measures. Each block is expected to generate between 47 and 70 slabs of between 4.5 and 5.5 m^2 in area and 20-30 mm in thickness. After completion of the processing plant, the Group anticipates generating the majority of its revenue from the sale of processed slabs as they are expected to provide higher margins than unprocessed blocks.

Sales

The Group plans to sell its processed marble on an ex-factory gate basis into the wholesale market through distribution channels known to key members of the Group's management. The Directors believe the first sales of processed marble may be achieved after twelve months and anticipate a gradual development of sales volumes thereafter as demand increases. The Group has key management that operate in the marble industry and have access to the wholesale distribution channels. In addition, the Group intends to exhibit its products in sample form and attend various trade shows such as the Cararra and Frankfurt marble shows.

The Group has held discussions with distributors who have expressed interest in the marble following a review of samples and have provided guidance on prices currently available in the market. These wholesale distributors require confirmation of the consistency and security of supply prior to entering into off-take arrangements for the purchase of the marble. The Group may sell unprocessed marble blocks whilst the processing plant is under construction.

The Group is planning to recruit up to four sales staff to co-ordinate the sales plan which comprises the following:

(i) obtain polished trade samples of each marble type;

(ii) visit network of selected European distributors to obtain formal expressions of interest and indicative pricings;

(iii) arrange site visits for key wholesale distributors;

(iv) exhibit samples at international trade shows;

(v) once quarrying has commenced, negotiate formal off-take agreements for unprocessed marble; and

(vi) on completion of the processing plant, negotiate supply agreements with wholesalers for processed marble slabs.

4. The Quarries

Information on the Group's five quarries is set out below:

(i) the Rahovec quarries (which comprises the three quarries at Antena, Cervenilla and Verezat) are situated in central western Kosovo approximately 60 km from Prishtina (the capital city of Kosovo);

(ii) the Peje quarry is situated in north west Kosovo approximately 80 km from Prishtina; and

(iii) the Suhogerll quarry is in north west Kosovo approximately 50 km from Prishtina.

The aggregate land size of the three properties is 4.9 km^2.

Land rights and licences

Brief details of the Group's land rights and licences in respect of the quarries are set out below:

Leases & Surface Rights	**Project Area**		
Agreements	**Rahovec**	**Peje**	**Suhogerll**
Group Company	H&P	Granit-Shala	Rex Marble
Granted by	Directory for Urbanism, Planning and Environmental Protection (DUPMA), Municiplity of Rahovec	Remzi Shala	Municipality of Skenderaj
Type	Rights of use	Lease	Rights of use
Dated	04/02/2011	10/03/2011	17/03/2011
Initial Term	10 years	20 years	20 years
Area (m^2)	2,557,000	1,780,000	540,000
Mining Licences			
Protocol Number (Licence no.)	5629 (1108/KPMM/2011); 5626 (1110/KPMM/2011); 5627 (1109/KPMM/2011);	5630 (1111/KPMM/2011)	5631 (1106/KPMM/2011)
Group Company	H&P; Rex Marble;Rex Marble	Granit-Shala	Rex Marble
Dated	31/10/2011	31/10/2011	31/10/2011
Initial Term (years)	24; 25; 25	25	25
Licence Area (m^2)	49,855; 47,641; 45,917	48,609	50,050

The Group has been granted a mining licence in respect of each of its five quarries. In order to obtain a mining licence, the Group was required to deliver various items to the ICMM including the following:

- an environmental consent issued by the Ministry of Environment and Spatial Planning;
- surface rights agreement(s) having a duration of not less than the proposed mining licence between the applicant and all third parties having registered property rights to the surface area which it intended to use;
- a mining programme of intended activities;
- a mine closure plan and rehabilitation programme; and
- an insurance policy in relation to the mine closure and rehabilitation.

The Group intends to seek further mining licenses in relation to other areas of its quarries as the Group's operations develop.

Resource Estimates

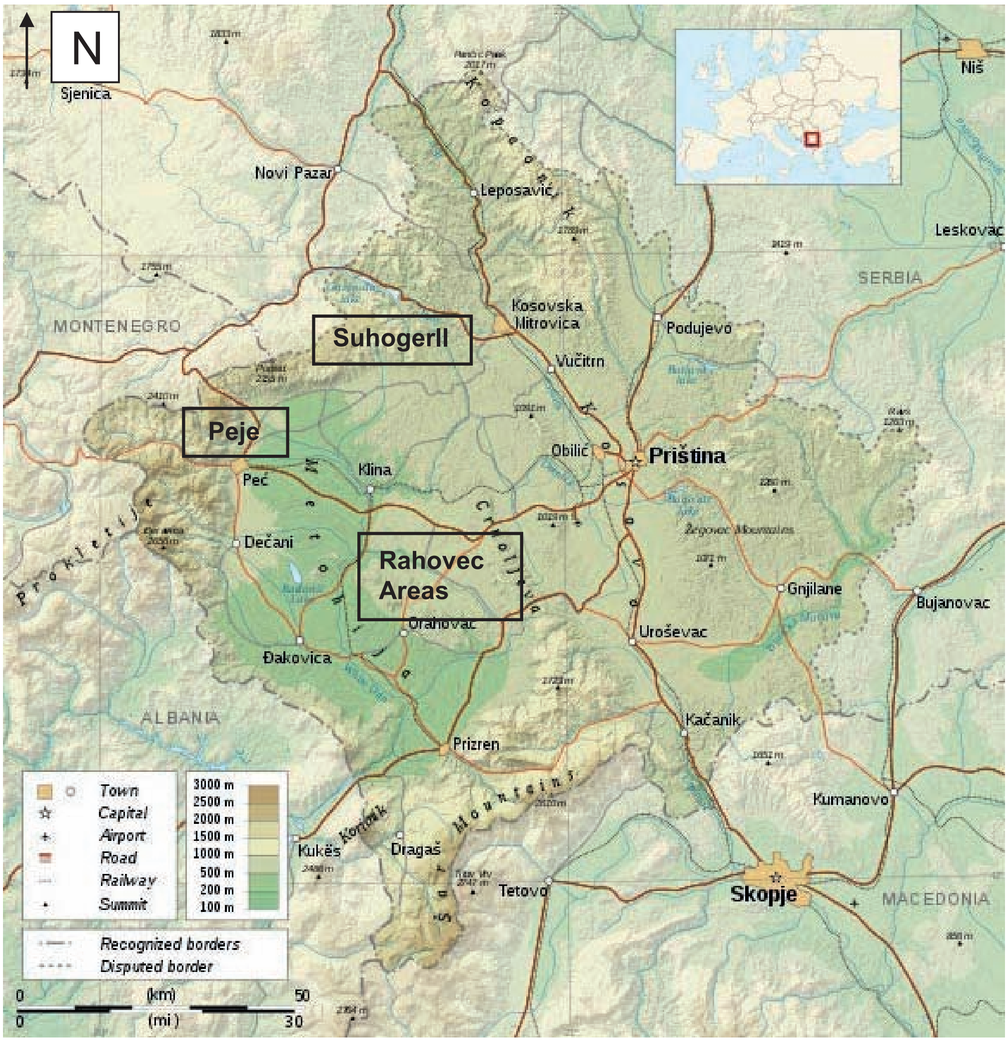
The following table sets out the resource estimates for the Group's quarries as contained in the Competent Person's Report which is set out in Part V of this document.

Quarry	**Volume, million m^3**	**Value per m^3 €**	**Yield of quarry: estimated**	**Value in millions €**
Indicated				
Rahovec				
Verrezat	16.83	200	33%	1 110.456
Cervenilla	32.51	400	33%	4 290.922
Peje				
Peje 2 (middle) (Parcel 2)	19.99	800	33%	5 277.209
Peje 3 (SE) (Parcel 1)	22.11	800	33%	5 837.216
Total value				16 515.803
Inferred				
Suhogerll	36.62	(not evaluated)		
Rahovec				
Peje 1 (NW) (Parcel 3)	101.17			
Antena	97.24	(not evaluated)		

Source: Page 39 CPR.

The values per cubic metre shown above are based on the US AID Report published by Chemonics International in 2005.

Map of Projects



Source: Page 6 CPR.

Rahovec

H&P has been granted surface rights over 2,557,000 m^2 of land by the Rahovec Municipality which includes the three Rahovec quarries for a period of 10 years from February 2011 which can be extended for a further 10 years at H&P's request. The Group has obtained mining licences covering 143,413 m^2 of this land. The Rahovec areas were explored in 1965 and 1966. Extensive surface mapping and drilling was carried out by The Institute for Geological and Geophysical Research in Belgrade during this period.

Verrezat

There has been extensive drilling over the years of the grey dolomite in the Verrezat region but not on the Group's proposed quarry sites. The results show mainly white and grey dolomite with local varieties of yellow and red. There are also some smaller bands of sandstone associated with the dolomite.

Polished samples show one dark grey brown, fine grained dolomite with 1 cm big, irregular lighter grey fragments, and one light beige fine grained rock. Both of the samples are easy to polish and give shining surfaces.

Cervenilla

In the Cervenilla area, 10 drill holes were made in the 1965/1966 explorations. They were marked in a coordinate system, which is no longer available so there is no way to exactly pinpoint the drill holes. Quarrying was carried out in this area until the 1990s, when it ceased due to the outbreak of war in the region. Information from the work carried out has identified a number of different limestone units; (a) one dark red, partly with fossils; (b) bright red; (c) grey; and (d) limestone breccias. The estimated total thickness of the units are more than 50 metres.

There are varieties of dark and light red and grey limestones at this quarry. There is a layer of about 30 metres of dark red limestone, including some white fossils in the formation. At the base of the limestone, breccias have developed.

Antena

In the Antena area, two drill holes were drilled in the 1965/1966 explorations. These drill holes were located using the same coordinate system as used at Cervenilla, and it is therefore not possible to say exactly where they were drilled. The results from the drilling show that there are different ultramafic rocks units, with a total thickness of over 50 metres. There is evidence of the former existence of a small quarry on the western hillside.

The rocks on the property consist of a mixture of basalts, gabbros, granites and ultrabasics. Although this area had not previously been considered as a potential area for ornamental stone, the Group has polished one black basalt sample and one grey granite sample for evaluation as ornamental stone. The basalt sample was shining homogenous black and fine grained and has a good potential as ornamental stone. The granite sample shows a very deep good polish, and has an even grey colour with a tendency to brown. It contains a lot of shiny iron oxides, which is coarse-grained, but could have potential as ornamental stone. The coarse grained gabbros and ultrabasics looked very dark in the field, but have not been sampled for polishing.

Peje

Granit-Shala leases the 1.78 million m^2 property from Remzi Shala, who is the owner of the property. The lease is for a period of 20 years from 10 March 2011 with a right on the part of Granit-Shala to extend for a further 20 years. The lease includes a royalty of 20 per cent. of the net profit generated from the Peje quarry in favour of Mr. Shala. Granit-Shala has obtained a mining licence covering 48,609 m^2 of this land.

It is recorded that exploration work involving geological mapping was carried out in 1953/1954 and from 1964 to 1968. This resulted in the opening of a quarry in 1970 but no records are available from the quarry. There is a small processing plant in the area, which is fed by boulders which are taken out by excavators.

The rock from Peje is a dark to light brown, yellow honey coloured fine banded marble. The banded structure is often referred to as onyx. The rock is similar to marble and travertine in strength and other traits. The onyx from Peje would be suitable for counter tops, wall tiles and other architectural applications in homes and commercial buildings. The rock is beautiful and translucent, rich in colour and is easy to polish. The residual waste products can easily be carved and cut readily into many shapes, sizes and thicknesses, allowing them to be sold.

Suhogerll

Rex Marble has been granted surface rights over the 540,000 m^2 property which includes the Suhogerll quarry by the Skenderaj Municipality for a period of 20 years from 10 March 2011. Rex Marble has obtained a mining licence in relation to 50,050 m^2 of this land.

The geological map of the area is relatively new and there is no record of drilling or quarries in the area.

This quarry is dominated by grey and white marble, but reddish marble has also been reported. The white marble looks good in polished samples. The sample is taken close to the surface, and show some open structure, but it will be more compact further down in the formation. White marble is one of the classic rocks and has traditionally been popular in the market.

5. Key strengths

The Directors believe that the Group's key strengths include the following:

- Large high quality marble resources – as set out in the Competent Person's Report, the Group has indicated marble resources of 91.4 million m^3 and inferred marble resources of 235 million m^3.
- Existing mining licences – the Group has been granted mining licences by the ICMM in respect of the five quarries to which it has rights, which should enable marble production to commence in the near term following Admission.
- Low cost operations – Kosovo is a relatively low cost environment which, combined with the semi-automated process associated with marble processing, means that operating costs can be kept relatively low.
- Opportunity to construct a processing plant – the Group has identified a site for its processing plant adjacent to the Rahovec quarries and has completed design and specification of the plant. It will be

necessary to obtain a building permit to construct the processing plant but the Directors do not anticipate that this should be difficult to obtain.

- Experienced management team – the Company has an experienced board and management team with the requisite experience of working and operating in Kosovo and with extensive quarrying and marble experience.
- Strong local management – the Group has strong local Kosovan management who the Directors believe will enable the Group to commence production as soon as possible.
- Infrastructure – the quarries are located near main road routes in Kosovo and all but one of the quarries have access to water and electricity in place.
- Lack of other marble quarries in Kosovo – the Board believe that upon listing the Group's quarries will be the only operating commercial marble mines in the country.

6. Marble and its production

Marble Resources

Stone or rock is a naturally occurring solid aggregate of minerals, which also forms the earth's outer solid layer. Stone generally conforms to one of three types: igneous, sedimentary or metamorphic. Stone products that are used commercially by the construction industry include natural and artificial stone products. The principal natural stone products are granite and marble. Marble is composed mostly of calcium carbonate ($CaCO_3$) and is irregularly coloured due to the composition of mineral impurities and is generally softer than granite. It is particularly suitable for use as decorative material in the construction industry.

Marble is geologically defined as metamorphosed limestone or dolomite that is thoroughly recrystallised and much or all of the sedimentary and biologic textures are obliterated. In the stone industry, marble is any crystalline rock composed predominantly of calcite, dolomite or serpentine which can be polished.

Marble can be found in a variety of colour series including white, yellow, grey, red, black and green. In general, yellow and white are the most popular colour series for natural marble.

Marble can be processed into various shapes and slabs, which can be used as panels for walls and floors, columns of buildings and monumental objects, such as tablets, towers and sculptures. The tailing, shredded marble and crushed marble, can be used to make artificial stone products, cement, calcium carbonate powder, paint, toothpaste and glue among other industrial uses.

Kosovo has substantial reserves of honey yellow onyx, red marble, white and grey marble, grey and black marble, black marble with white stripes, breccia, grey granite, gneiss, andesite, magnesite, serpentite, quartzite, trachyte and porphyry. The country has at least 24 identified quarry sites with a large selection of decorative stones in many individual colours and with multiple combinations of colours and patterns.

Quarrying

Quarrying for marble involves extracting the largest block size possible given the topography of the stone to facilitate the maximum use of the stone. The Group has set out the following quarrying plan:

(i) The overburden is cleared using excavator vehicles to expose the stone, at which point galleries (or steps) are cut into the stone face to create large ledges from which rough blocks of stone are cut – typically of up to 8 m^3 which can weigh up to 18.5 Mt depending on the type of marble in each quarry.

(ii) The blocks are cut by using a variety of cutting techniques including diamond wire cutting and chain saw cutting. Horizontal cuts are made with hydraulic chain saws equipped with tungsten or polycrystalline diamond bits. Subsequently, drilling holes are made at the quadrant edges of each block through which diamond wire saw chains are looped which then cut the blocks from the galleries in sequence. Diamond wire saws with a 50 HP capacity allow bench cuts of up to 150 square metres.

(iii) These blocks are then tipped on their sides onto loose earth piled up so as to protect the blocks from breaking up on impact. The blocks are shaped on site prior to transport in order to maximise efficiency. These blocks are then lifted using typically a front loader and transported to low loader lorries and stockpiled at the processing plant site or sold directly to the wholesalers of marble.

The Group will employ a quarry master and up to 19 quarry staff for each site who will report to the Quarry Coordinator and Chief Operating Officer. Initially, two quarries will be opened and following the removal of overburden the block extraction rate is expected to reach up to six per day per quarry (1,200 per annum per quarry). These targets are based on 200 working days a year, block size of 8 m^3 and no technical impediments to the operation of quarrying activities. Gross costs of quarrying are estimated to initially be €44 per cubic metre of quarried material excluding site royalty costs and depreciation of machinery.

Processing

Marble is substantially more valuable once processed and it attracts a broader market for sales. Therefore, the Group is planning to construct a processing plant to extract further value from its marble resources. The processing of marble commences once the block has been transported from the quarry and includes the following:

(i) *Cutting the blocks into slabs*
The marble blocks are transported from the quarries and loaded onto a conveyor belt arrangement that moves the blocks across the path of an 80 blade circular gang saw which cuts the blocks into slabs typically 20 to 30 mm thick. The plant will include three gang saws and one wire saw each capable of cutting an aggregate of approximately eight blocks a day into an average of 55 slabs per block. Blocks are cut vertically with the block moving through the stationary rotating saw blades. This process takes up to six hours per eight cubic metre block and is fully mechanised thus requiring limited labour.

(ii) *Drying the marble*
The slabs are moved along an automated conveyor belt into an oven to remove any moisture in the marble. The ovens automatically calculate the moisture and release the slab once the moisture has been sufficiently removed. This process takes approximately one hour.

(iii) *Treating the slabs with resin to improve longevity*
The slabs will then have plastic net sheeting fixed with adhesive on the underside. This strengthens the slab and prevents any cracking that may occur from flexural movement on transport or installation. This is a manual process, and therefore comparatively labour intensive. Untreated slabs are examined for any surface imperfections, which are filled using a clear epoxy or polyester resin. This stage also repairs any cracks that may have occurred through a natural fissure existing within the stone not detectable until sliced into slabs. Application of the resin, catalysis and drying takes between four and twenty four hours, and the proposed processing plant layout has a capacity of two square metres per minute.

(iv) *Polishing*
The slabs are then moved by conveyor belt and placed horizontally onto the polishing tables. The slabs are polished on one side using rotating abrasives held on special spindles to a flat shiny finish highlighting the natural beauty of the marble. An automatic arm moves transversally over the slabs and houses all the spindles and abrasive heads. Polishing is performed due to the combination of all these movements and the movement of the slabs on the conveyor belt. This fully mechanised process takes up to four hours to complete.

The complete life cycle of processing marble depends on the type of marble and can vary from 14 to 35 hours. Once the polished slabs have completed the process they are then ready to be sold.

In the first year following construction of the plant, the Group is planning to cut an average of six blocks per day thus generating approximately 330 slabs per day. Each slab is assumed to be a minimum of 4.5 m^2 generating 1,485 m^2 of processed marble per day or 445,500 m^2 per annum. At full capacity the processing plant is planned to cut eight blocks per day generating approximately 440 slabs of marble per day from four quarries. Gross costs of processing the marble are approximately €4 per square metre excluding the costs of depreciation of the plant and machinery.

7. The Processing Plant

The processing plant is intended to be built on the Rahovec site which H&P has been granted surface rights over by the Rahovec Municipality. The Group will be required to build a large building of approximately 11,800 m^2 to accommodate the various processing equipment which form the processing plant. The site will also be used to stockpile marble blocks.

The site chosen for this plant is adjacent to the electricity and water supply necessary to operate the facility and is next to a major road that connects to the main motorway through Kosovo. The Group will be required to apply for a building permit prior to building the processing plant and the Directors believe this will be widely supported by the local community and politicians from consultations held due to the favourable economic benefits it will deliver to the region.

Source: The Company.

The processing plant will be a state-of-the-art semi-automated factory manufactured in Italy by Gaspari Menotti, one of the global leaders in marble processing technology and equipment. Gaspari Menotti is based in Carrara, Italy and has 40 years experience in the production of marble processing machinery, producing hundreds of machines. The processing plant will be built to specification and the Company and Gaspari Menotti has agreed the design of the plant.

Gaspari Menotti has estimated that the cost for completing the processing plant is, based on the current specifications, approximately €5 million and will take up to 10 months to be delivered, built and tested. The plant is designed so that the Group may elect to increase production once the marble sales have developed.

The processing plant will be delivered in container lorries to the site in Kosovo on which a building with the requisite concrete floor loading will have been erected. The plant will be installed by the manufacturer's engineers who will also train the Group's local staff to operate the machinery and carry out routine maintenance.

The processing plant is capable of being operated by approximately 30 people when operating. The Group intends to run two eight hour shifts to optimise production and plant efficiency, with a further shift to maintain the plant and equipment.

In order to construct and operate a marble processing plant on part of the Rahovec Property, the only regulatory consent which H&P will require is a building permit under the Law on Construction No. 2004/15 ("Construction Law"). The Construction Law sets out the main requirements for design, construction and use of construction materials and professional supervision as well as the procedures for obtaining construction permits and use permits and building inspection to ensure public safety and protection of the environment in Kosovo.

A building permit must be issued by the local municipality, which is the competent authority, if the requirements and conditions set out in the Construction Law and other applicable laws are met, including the location requirements and local approvals set out in the Law on Spatial Planning No. 2003/14.

A building permit must be given in writing within 30 days of receiving the application with completed documentation.

8. The marble market and competition

The Industry

World dimensional stone production was estimated at 107 million Mt in 2009 (*Source: USGS 2009 Minerals Yearbook – Dimensional Stone*). It is a highly fragmented industry comprising mainly a number of privately owned companies which are generally family owned and managed. Italy, China, India, Turkey and Iran represent 71 per cent. of global production (*2009 figures – Source: USGS 2009 Minerals Yearbook – Dimensional Stone*).

The driving force in the dimensional stone sector is global trade. Approximately 54.4 per cent. of worldwide production in processed dimensional stone is shipped internationally and the total value of dimensional stone international trade in 2009 was $14 billion (*Source: World Marble and Stones Report, 2010*). Turkey and Italy are in the top five exporters in every category of marble. In the last 15 years, shipping of marble has nearly tripled with an average growth rate of 8.1 per cent. (*Source: World Marble and Stones Report, 2010*).

Price

Average price per cubic metre for marble in 2009 was $918 (*Source: USGS 2009 Minerals Yearbook – Dimensional Stone*). The table below shows the average export price per cubic metre of unprocessed marble and travertine across selected markets.

Average export price per cubic metre ($) 2009
for unprocessed marble & travertine

	$/m^3
Italy	656
France	1,291
Germany	338
Portugal	483
Spain	763
China	419

Source: 2010 World Marble and Stone Report.

Marble prices show significant variation with prices being substantially different not only for the type of stone, but also for the appearance of the same type of stone. Colour, grain structure, finish and rarity contribute significantly to price and marketability. Processing of marble adds significantly to its value.

The Directors believe that the marble controlled by the Group should command relatively high prices based on internal research and through obtaining price quotes from marble wholesalers in relation to samples extracted from the Group's properties.

The table below sets out the Directors' understanding of available pricing, based upon the data available to the Company at the date of this document.

Quarry	**Rahovec – Cevenilla**	**Rahovec – Verrezat**	**Rahovec – Antena**	**Peje**	**Suhogerll**	
Marble colour	Red /Light red	Grey	Black	Honey yellow onyx	White	Grey with white & yellow veins
Market value unprocessed (1) (€/m3)	€400-€800	€200-€400	Not available	€800+	Not available	Not available
Similar to (2)	Rosso Bilbao	Grey Emperador	Nero Marquino	Honey yellow onyx	White Breccias	Salome
Indicative market value processed slabs (3) (€/m^2)	€70-€120	€60-€110	€60-€110	€300-€345	Not available	Not available
Illustrative market value processed (4) (€/m3)	€2,100-€3,600	€1,800-€3,300	€1,800-€3,300	€9,000-€10,350	Not available	Not available

(1) Market value is as per USAID report published in 2005 prepared by the KCBS Project team of Chemonics International Inc. for the United States Agency for International Development.

(2) The Directors believe that marble found in these quarries is similar to the following types of marble already available on the market.

(3) Estimated market value is based upon prices quoted for similar marble by major wholesalers in the UK. The Directors believe these will be a reasonable approximation of the sales prices that will be available to the Group.

(4) Assuming an average cubic metre of stone would produce 30 slabs of 1 square metre.

The European price for processed stone has remained relatively stable during the recent global financial crisis and processed marble has not tended to suffer from material pricing fluctuations over the last 15 years.

Demand

China is the largest importer of raw marble and travertine with over 54 per cent. of the global trade in raw material. China's growth in residential and commercial construction has fuelled the rapid growth in marble consumption (*Source: 2010 World Marble and Stone Report*). China imports marble and travertine from across the globe taking advantage of the low shipping rates available for Chinese imports. Major source markets include Turkey, Iran, Egypt, Italy, Spain and Portugal. After China, Italy is the second largest importer of raw marble and travertine, which it processes into slabs using its long established industry and infrastructure for re-sale into the global market.

The market for processed stone is far broader than that for raw material. The majority of processed stone demand comes from markets that do not have large domestic sources of domestic supply. The US is the largest importer, importing 2.8 million Mt of processed stone in 2009 including 313,000 Mt of marble with a total value of $361 million (*Source: 2010 World Marble and Stone Report*). US imports of processed marble have fallen since 2006 by 40 per cent. from 4.7 million Mt although volumes stabilised in 2008 and 2009 and data for 2010 indicates resurgence in this market with imports of dimensional stone increasing from $1.4 billion to $1.8 billion (*Source: 2011 USGS Dimension Stone Factsheet*). Also, South Korea and Japan are major importers of processed stone contributing to 19 per cent. of the global imports although they typically are dependent on Chinese exported processed stone (*Source: 2010 World Marble and Stone Report*).

The 10 major markets in Europe for processed dimensional stone imported approximately 2.9 million Mt in 2009. Germany and Belgium represent the largest markets in Europe for processed dimensional stone. Moreover, Saudi Arabia represents a significant market for processed marble from Italy, Portugal and Turkey. (*Source: 2010 World Marble and Stone Report*).

Supply

Total worldwide exports of raw marble and travertine in 2009 were 9 million Mt in 2009. Turkey was the largest single exporter of raw marble and travertine in 2009 with approximately 66 per cent. of its exports going to China. Similarly, Egypt is a major exporter of stone to China with 62 per cent. of its raw calcerous stone being imported by China (*Source: 2010 World Marble and Stone Report*).

International trade of processed stone exceeds that of raw product, even taking into account the relative wastage. In 2009, 18 million Mt were traded, which marks a small fall from the peak of 2007. Since 2005, exports of processed stone by weight have increased by 24 per cent. (*Source: 2010 World Marble and Stone Report*).

The largest exporter of processed stone product, by a significant margin is China which exported 9.5 million Mt in 2009, primarily to South Korea (24 per cent.), Japan (12 per cent.) and the US (5 per cent.). Within Europe the largest exporter is Italy (1.4 Mt) whose major markets lie in Germany (11 per cent.), Saudi Arabia (9 per cent.) and the US (10 per cent.) (*Source: 2010 World Marble and Stone Report*).

Competition

The marble market is a fragmented industry with numerous market participants that are mostly privately owned companies. The market can be broadly categorised as follows:

(i) *Small scale marble quarries*
- May be located in regions that lack infrastructure (e.g. power and roads) and thrive in poor regulatory environments
- Little investment in value added processing facilities and little regard for quality
- Resources are exploited for quick profits due to the low cost environment

(ii) *Multiple quarry owners and marble processors*
- Operators may or may not own quarries directly and marble processing companies form supply arrangements or partnership agreements to obtain exclusive access to the raw blocks of marble
- Invested in processing facilities
- Focused on exports and may lack direct links to end buyers in different countries
- Sell mostly to finished goods suppliers

(iii) *Marble wholesalers*

- Source raw and semi-processed materials from a variety of sources and finish processing
- Offer variety of colours and materials
- Have strong links to end buyers

The Directors believe that marble contained at the Group's quarries is of a quality and rarity value that competition will be limited to a few key suppliers. The Peje quarry for example, will be a source of honey onyx marble on the basis of samples available and the Directors believe that there are limited sources of similar marble available.

The Directors also believe that the Group can compete on price for the marble that is more widely available. For example, the Grey Emperador in the Rahovec quarry, can be sold at a lower cost than supplies from other European suppliers due to the low cost base of the Group's operations in Kosovo.

9. Directors

Andrew Allner, *aged 58, Non-Executive Chairman*

Andrew Allner is currently the Non-Executive Chairman of Marshalls Plc and a Non-Executive Director of CSR Plc, Northgate Plc, AZ Electronic Materials SA and The Go-Ahead Group Plc. Previously, Andrew was a Non-Executive Director of Moss Bros plc, group finance director of RHM Plc, where he took a lead role in its flotation on the LSE main market in 2005, and chief executive officer of Enodis Plc. Andrew has also served in senior executive positions with Dalgety Plc, Amersham International Plc and Guinness Plc and was a partner at PriceWaterhouse. Andrew is a Fellow of the Institute of Chartered Accountants for England and Wales.

Christopher Gilbert, *aged 60, Chief Executive*

Chris Gilbert has successfully built and sold companies across a number of sectors but primarily within the media and technology industries in the UK and the USA. In 1992, Chris co-founded Infectious Records, an independent record company which grew to be one of the most successful independent record companies in the UK until it was sold to News Corporation in 1999. Following this he founded Auriga Networks, a satellite transmission company which developed a unique technology to deliver mpeg 3 video over VSAT networks with clients including NATO, the British and US Armies, BBC, Fox Television and CBS News. In the same period, Chris co-founded DarkStar Technologies, a high technology company providing internet security and data management services to the entertainment industry with clients including EMI, Sony, BMG, Warner Brothers Pictures and Universal-NBC: this business was subsequently sold in 2010. In 2005, he returned to the music industry backed by Cargill, a private equity provider, to develop Crosstown Songs, a buy and build music publishing venture, which became a major independent music publishing company with offices in London, Los Angeles, Nashville and Stockholm. Crosstown Songs was sold to Kohlberg Kravis Roberts and Bertelsmann in 2009.

Etrur Albani, *aged 40, Managing Director*

Etrur Albani is a dual citizen of the UK and Kosovo. He was previously a Director of Rex Marble Limited, a London based company that processes and refines marble, granite and other stone from slabs to the final product. Previously, Etrur was the managing director of PTK, the national Kosovan telecoms company and largest company in Kosovo. Etrur has a Ph.D. from London South Bank University and is a Bachelor of Electronic Engineering from North London University. He has also attended the Oxford Strategic Leadership Programme at the Saïd Business School.

Fiona Hadfield, *aged 32, Finance Director*

Fiona Hadfield is a chartered accountant. She previously worked with Deloitte LLP and qualified as a chartered accountant in 2005. In 2009, Fiona joined Crosstown Songs as chief financial officer, overseeing all financial aspects of the company's sale to Kohlberg Kravis Roberts and Bertelsmann. Fiona is a graduate of Oxford University.

Sir Colin Terry KBE CB DL, *aged 69, Non-Executive Director*

Sir Colin Terry KBE CB DL spent 37 years in the Royal Air Force, where he reached the rank of Air Marshal. He was Director-General of Support Management in 1993 Chief of Staff at RAF Logistics Command in 1995, Chief Engineer (RAF) from 1996 and Air Officer Commanding-in-Chief at RAF Logistics Command in 1997 before retiring in 1999. Sir Colin is currently the Non-executive Chairman of Meggitt Plc, a position he has held since 2004. He is qualified as a chartered engineer and is a fellow of both Imperial College and The Royal Academy of Engineering.

Roy Harrison OBE, *aged 65, Non-Executive Director*

Roy Harrison OBE was the former Chief Executive of Tarmac Plc, a leading aggregates company, and completed the sale of Tarmac plc to the Anglo American Mining Group in 2000. He is currently the Chairman of Renew Holdings Plc and also acts as a consultant to Arriven, a private partnership, advising and investing in the UK building materials sector. Previously, he was a senior independent director of the BSS Group Plc.

Further details of the Directors are set out in paragraph 6 of Part VIII of this Document.

10. Senior Management

Dr. Naim Rrustemi, *aged 46, Health & Safety Manager*

Naim Rrustemi undertook his undergraduate studies in Electronics at the University of Prishtina. Upon completion, he worked as an Electronic Engineer at RACAL Acoustic & Avionics in the UK. He subsequently attended the London South Bank University where be obtained an MSc in Measurement Instrumentation and Devices and in 2010 he obtained Doctor of Management in Organizational Leadership from the University of Phoenix, Arizona, USA. In 2000, Naim was appointed Co-Minister of the Department of Education and Science in Kosovo. In 2002, Naim served as Manager for the Telemedicine Centre of Kosovo and was subsequently appointed the CEO of the Kosovo Institute for Public Administration (KIPA) whilst also serving as adviser to the Minister of Public Services. During the Kosovan national elections in 2007, Naim won a seat in the Kosovan parliament and served as an MP between 2007 and 2010.

Dr. Ibrahim Milushi, *aged 47, Quality Control Manager*

Dr Ibrahim Milushi has worked in the mining sector since 1994. Until 2011 he worked at the Institute of Geological Research in Tirana, first as project manager and then as supervisor of the Metallogeny Sector. He has worked as expert consultant to private and government organisation in London and Albania. Dr Ibrahim Milushi is an Associate Professor of Geology at Tirana University, having completed his PhD in 1996.

Professor Orlando Pandolfi, *aged 52, Quarry Strategist*

Professor Orlando Pandolfi is a graduate of engineering from Pisa University, where he specialised in foreign trade and Transfer of Technology for the stone industry. He has been a lecturer of Machinery/Environment Interaction for 8 years, and President of the Course in Mechanical Engineering for the marble industry at the Engineering Faculty of Pisa University. He has been a member of several European committees for training in marble machinery and an advisor to the Provincial Industrialists' Association of Massa and Carrara in all areas of marble and safety. Over the last 20 years, he has worked on quarry development projects for marble, granite and other stone quarries, including due diligence, design, stability assessments, market surveys and use of machinery, mainly in Italy, France, Ukraine, Ethiopia and Turkey.

He has worked on the master planning of Carrara quarries (RISORSA Marmo Project) and has worked with leading manufacturers of marble machinery: Micheletti Macchine, Benucci, Korfmann, Dazzini S.r.l., Lochtmans, Gaspari Menotti in engineering and field testing. He has also written books and scientific articles about stone and organised many scientific conferences and workshops about marble, including the Second World Landslide Forum in 2011 and the World Conference in 1998.

11. Employees

Other than the Directors and Senior Management listed in paragraphs 9 and 10 above, the Group currently has two employees and two project based and contractual workers based in London who provide administrative and finance support. The Directors expect that the Group will have additional employees and contractual workers following Admission.

Once fully staffed, excluding directors and employees at the factory and quarries, the Directors expect to employ an additional 16 employees to fulfill head office, sales and management functions, split between London and Kosovo.

12. Health and Safety

Health and Safety is a priority for the Company and the Directors. Quarrying and processing decorative stone is a high-risk industry and our onsite employees will work in challenging conditions. The Group works to understand and evaluate these risks and implement risk mitigating processes, technologies and behaviour patterns.

The Group has appointed a member of senior management with responsibility for Health and Safety procedures, who reports directly to the Chief Executive and the Directors. The Group has developed a Health and Safety policy which includes a risk assessment programme and regular reporting from the business units. Each business unit will have a 'Safety Action Plan', which will drive continuous performance improvement and which are aligned with the Group's systematic and standardised approach to safety management. A robust risk-based approach underpins all our safety programmes, and employees will be trained and equipped to the highest safety standard.

The Group seeks to follow industry and EU best practice in all matters relating to Health and Safety, as well as Kosovan laws on Occupational Safety, Health and the Working Environment.

13. Financial Information

The Company was formed on 14 October 2011 and has not traded (other than entering into contracts set out in paragraph 12 of Part VIII of this Document) and has not prepared any financial statements. Set out in Part VI sections A and B of this Document are an accountants' report and financial information on the main operating subsidiary of the Group, FML, for the period from its incorporation (17 February 2011) to 31 December 2011. Following the acquisition of the FML Group by the Company, the entire loan notes in issue totalling approximately €1,426,000, based on the carrying value at 31 December 2011, were novated to the Company such that conversion would be satisfied by the issue of shares in Company. All other terms of the loan notes remain unchanged. These will convert, on Admission, into shares with a total value of approximately €7,132,000. Based on the placing price of 20 pence per share, this will equate to 29,875,000 Ordinary Shares. The premium on conversion of these loan notes of approximately €5,706,000 will therefore be recognised as an accounting charge in the Group income statement for the year ending 31 December 2011.

14. Reasons for Admission and use of proceeds

The Company is seeking Admission to AIM in order to take advantage of the AIM market's high profile, broad investor base, liquidity and access to institutional investors. The Company intends to use the funds raised in the Placing to fund the commencement of quarrying operations, build a processing plant, meet initial operating expenses and provide general working capital.

No application will be made for the Placing Convertible Loan Notes to be admitted to trading on any stock exchange.

15. Current trading

The Group incurred total costs of approximately €1,290,750 for the period from incorporation to 30 June 2012 in relation to obtaining licences and rights of use to the quarries, professional fees for the survey of resources and the preparation of documents for the ICMM, professional and legal fees in respect of the IPO and general operating costs. These costs have been funded by the founder shareholders of the Company and through the issue of Convertible Loan Notes to institutional and other investors.

16. Details of the Placing and conversion of the Convertible Loan Notes

Pursuant to the Placing Agreement:

- Fox-Davies Capital has agreed to use its reasonable endeavours to procure subscribers for 28,650,000 Placing Shares at the Placing Price and subscribers for the Series 1 Loan Notes; and
- Merchant Securities has agreed to use its reasonable endeavours to procure subscribers for 4,300,000 Placing Shares at the Placing Price and subscribers for the Series 2 Loan Notes.

The Placing will raise approximately £9.65 million for the Company (before commissions and expenses). The Placing Shares are being placed with institutional and other investors with one investor having deferred settlement terms being 30 November 2012 in respect of a placing commitment of £150,000. The Placing Shares will represent 30.5 per cent. of the Enlarged Share Capital. The Placing has not been underwritten and is conditional, *inter alia*, on Admission and on the Placing Agreement not being terminated. Further details of the Placing Agreement are set out in paragraph 12.1 of Part VIII of this Document.

In the case of Placees requesting Placing Shares in uncertificated form, it is expected that CREST accounts of Placees will be credited on or around 31 August 2012. In the case of Placees requesting Placing Shares in certificated form, it is expected that certificates in respect of the Placing Shares will be despatched by post within seven days of Admission.

At Admission, Amati will be the holder of the Series 1 Placing Convertible Loan Notes for an aggregate amount of £1,060,000 and AGMH has agreed to subscribe for Series 2 Loan Notes for an aggregate amount of up to £2,000,000. Further details of the Placing Convertible Loan Notes are set out in paragraph 12.6 of Part VIII of this Document.

The terms on which subscribers are to be procured for the Series 2 Loan Notes provide that subscribers agree to subscribe for such principal amount of Series 2 Loan Notes as the Company may notify them (on up to three occasions) in writing. The maximum aggregate principal amount of Series 2 Loan Notes which the Company may require subscribers to subscribe for is £2,000,000 and in each case subject to the maximum principal amount each subscriber has agreed to subscribe for.

AGMH is owned by Chris Gilbert and Etrur Albani, founders of the Group. Further details of the subscription by AGMH for the Series 2 Loan Notes, the funding thereof and the associated charge over Chris Gilbert and Etrur Albani's shares in the Company are set out in paragraph 12.6 of Part VIII of this Document.

In addition, on Admission the Convertible Loan Notes will convert into 29,875,000 Ordinary Shares which equates to a subscription price of 4 pence per share. Fox-Davis Capital holds £30,000 of the Convertible Loan Notes.

17. Working capital

The Directors are of the opinion, having made due and careful enquiry and having regard to available facilities and the proceeds of the Placing that the working capital available to the Company and the Group will, from Admission, be sufficient for their present requirements, that is for at least 12 months from the date of Admission.

18. Admission, settlement and dealings

Application will be made for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 31 August 2012. No application has been or will be made for the Placing Convertible Loan Notes or the Warrants to be admitted to trading on AIM.

Fox-Davies Capital has been appointed as the Company's nominated adviser and joint broker in relation to Admission. Merchant Securities has been appointed as the Company's joint broker. Further details on Fox-Davies Capital's and Merchant Securities' engagements are set out in paragraph 12 of Part VIII of this Document.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations.

The Ordinary Shares will be eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

19. Lock-in and orderly market arrangements

At Admission, the Directors will own 41,063,750 Ordinary Shares representing 38.0 per cent. of the Enlarged Share Capital and options to acquire a further 120,000 Ordinary Shares at the Placing Price. Pursuant to the Placing Agreement and the Lock-in Agreements:

(i) the Directors and certain shareholders have undertaken to the Company and Fox-Davies Capital that they will not sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies, any of their respective interests in Ordinary Shares at any time before the first anniversary of Admission and that they will also be subject to orderly market arrangements during the following 12 months after the initial one year lock-in period;

(ii) certain other shareholders have undertaken to the Company and Fox-Davies Capital (for the benefit of Fox-Davies Capital and Merchant Securities) that they will not sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies or otherwise at the discretion of Fox-Davies Capital (provided Fox-Davies Capital has identified a purchaser for the relevant shares) any of their interests in Ordinary Shares issued pursuant to the conversion of the Convertible Loan Note at any time in the six month period following Admission and that they will be subject to orderly marketing arrangements during the six month period after the initial six month lock-in; and

(iii) each of Fox-Davies Capital and Merchant Securities have undertaken to the Company and to each other that they will not sell or dispose of, except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies, or with the prior written consent of the Company, any of the Ordinary Shares issued to them pursuant to the terms of the Placing Agreement at any time in the six month period following Admission and that during the six month period after the initial six month period they will not sell any such shares unless they have first consulted with the Company regarding the effect of such disposal and following such consultation reasonably believe that such disposal will not have a material adverse effect on the maintenance of an orderly market in the shares in the capital of the Company.

Further details of the Placing Agreement and the Lock-in Agreements are set out at paragraphs 12.1 and 12.2 of Part VIII of this Document respectively.

20. Dividend policy

The Company is prohibited from paying dividends until any interest which the Company has elected to capitalise in respect of the Placing Convertible Loan Notes is repaid. The Directors intend to adopt a progressive dividend policy once the prohibition has lapsed and when it becomes commercially prudent to do so.

21. Corporate Governance

The Directors support the highest standards of corporate governance and intend to observe the requirements of the Corporate Governance Code to the extent they consider appropriate in light of the Company's size, stage of development and resources and to take into account the Quoted Companies Alliance Corporate Governance Guidelines for AIM Companies.

The Directors consider that the Company is not currently of a size, nor are its affairs of such complexity, to justify the establishment of separate Board committees with the exception of the Remuneration Committee chaired by Roy Harrison OBE, Audit Committee chaired by Sir Colin Terry KBE CB DL, Nominations Committee chaired by Andrew Allner and an Ethics Committee chaired by Andrew Allner. Accordingly, all other matters that may be capable of delegation to committees will be dealt with by the full Board.

As such, the Board is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is their responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company, on behalf of the Shareholders, to whom they are accountable. The primary duty of the Board is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and the Company's approach to risk management.

The Company has adopted and will operate a share dealing code governing the share dealings of the Directors and applicable employees with a view to ensuring compliance with Rule 21 of the AIM Rules for Companies.

22. Taxation

Details of certain taxation implications which may be relevant to holding or dealing in Ordinary Shares are set out in paragraph 9 of Part VIII of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

The Company has obtained advance assurance from HM Revenue & Customs that, subject to investors' own personal circumstances, the Placing Shares will qualify as eligible shares for investors seeking EIS relief and as a qualifying holding for funds raised by VCTs.

Although the Company satisfies the relevant conditions contained in the VCT and EIS legislation, neither the Company nor the Directors make any representation or warranty or give any undertaking that VCT and EIS relief will be available in respect of any investment in the Placing Shares nor do they represent, warrant or undertake that the Company will keep its qualifying status throughout the relevant holding periods for EIS investors or maintain its qualifying status for VCT investors or that, once given, such relief will not be withdrawn.

23. City Code

The City Code is issued and administered by the Panel. The Company is subject to the City Code and its shareholders are entitled to the protections afforded by the City Code.

The Panel is an independent body. It has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the European directive on takeover bids. Its statutory functions are set out in and under Chapter 1 of Part 28 of the Act.

Under Rule 9 of the City Code when: (i) any person acquires an interest in shares which, when taken together with shares in which he is already interested in or shares acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company subject to the City Code; or (ii) any person who, together with persons acting in concert with him, has an interest of more than 30 per cent. but less than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or persons acting in concert with him, acquires any additional shares which increases his percentage of voting rights, that person is normally obliged to make a general offer in cash to all shareholders to purchase their shares at the highest price paid by him, or any person acting in concert with him, within the preceding 12 months. Furthermore, when any person who, together with persons acting in concert with him, holds more than 50 per cent. of the voting rights of a company subject to the City Code, that person, together with persons acting in concert with him, may acquire additional shares in the company without triggering the requirement to make a general offer in cash to all shareholders under Rule 9 of the City Code. However, individual members of such a concert party will not be able to increase their percentage shareholdings through a Rule 9 threshold without the consent of the Panel.

The Panel will in appropriate cases grant a waiver of such an obligation provided, *inter alia*, appropriate disclosure is made to the shareholders.

The details of the Concert Party and their interests in the Company's Ordinary Shares are set out below:

	Holding of Ordinary Shares following Admission	Percentage of Enlarged Group following Admission
Christopher Gilbert	20,306,250	18.8
Etrur Albani	20,757,500	19.2

Shareholders should note that, following Admission and full conversion of the Convertible Loan Notes, the members of the Concert Party will between them be interested in shares carrying more than 30 per cent. of the Company's voting share capital but will not hold shares carrying more than 50 per cent. of the voting rights of the Company. Accordingly, and for so long as they continue to be treated as acting in concert, any further increase in the aggregate interest in shares will be subject to the provisions of Rule 9 of the City Code.

24. Outstanding warrants and options

In addition to the Placing Convertible Loan Notes, at the date of this Document, options to subscribe for a total of 120,000 Ordinary Shares are outstanding, representing approximately 0.1 per cent. of the Enlarged Share Capital.

A warrant to subscribe for 1,188,250 Ordinary Shares, conditional on Admission, has been granted to Fox-Davies Capital in accordance with the terms of its engagement as nominated adviser and joint broker. A warrant to subscribe for 369,250 Ordinary Shares, conditional on Admission, has been granted to Merchant Securities in accordance with the terms of its engagement as joint broker. These Warrants are exercisable at the Placing Price and must be exercised between the first and fourth anniversaries of the date of Admission. The Company does not intend to apply for the Warrants to be admitted to trading on AIM. Further details on the Warrants are set out in paragraph 12.11 of Part VIII of this Document.

The Company has determined that options representing a total of 4 per cent. of the Ordinary Shares in issue from time to time may be used for the purposes of subscription options to be granted to directors, officers, employees and consultants at the discretion of the Board (as new appointments are made and otherwise). Such options may be granted pursuant to the DSOP or on similar terms and conditions.

Your attention is drawn to the risk factors in Part IV of this Document, the financial information in Part VI of this Document and the additional information in Part VIII of this Document.

PART II

MINING LAW IN KOSOVO

Mining Law

Prior to 1999, Kosovo's minerals sector was subject to the Yugoslav Socialist Autonomous Province of Kosovo's Mining Law of 1980 and the Geological Exploration Law of 1983. After the 1999 intervention of NATO, followed by UN Resolution 1244, UNMIK promulgated two regulations which implemented the current Kosovan mining law. These have now been replaced by Law No. 03/L163 on Mines and Minerals which was enacted in 2010.

The law applies to all activities involving the exploration, mining and/or processing of mineral resources in Kosovo and provides that such activities cannot be carried out without a licence or permit issued by the ICMM.

ICMM regulates the mining sector and implements and enforces the Mining Law; handles exploration and mining licence applications; approves applications for, and controls the transport and handling of, commercial explosives; provides mines inspectorate services; terminates illegal mining activities; and collects royalties.

The Mining Law provides for the ICMM to grant the following types of licence/permit:

(a) an Exploration Licence;

(b) a Retention Licence;

(c) a Mining Licence;

(d) a Permit to conduct Special Operations;

(e) an Artisanal Mining Licence; and

(f) a Public Interest Licence or Permit.

Eligibility criteria

In order to be eligible to obtain a licence/permit, an applicant must satisfy the following eligibility criteria:

(a) it must be a business organisation established under and currently registered in accordance with Kosovan law with at least one senior technical manager responsible for day-to-day technical operations who is physically present in Kosovo at least 270 days a year;

(b) neither the applicant nor any of its executives, managers, directors or persons holding or controlling 5 per cent. or more ownership interests (directly or indirectly) must have been, in the prior 10 years:

- (i) convicted of an offence involving violence, corrupt practices, money laundering, bribery or kickbacks punishable by six months' imprisonment; or
- (ii) declared ineligible by any development organisation; or
- (iii) convicted of participation in organised crime or fraud; or
- (iv) fined or penalised by a public authority for intentionally making material misrepresentations in a document or statement provided to a public authority; or
- (v) indicated (with the case still pending) or convicted in Kosovo of a criminal offence punishable by at least six months' imprisonment;

(c) the applicant must not have been adjudged bankrupt/insolvent nor is the subject of insolvency proceedings;

(d) the applicant must not have misrepresented a material fact in its application;

(e) the applicant must be financially and technically qualified to undertake the relevant activities;

(f) the applicant must have all risk third party liability insurance as required by the ICMM;

(g) the applicant must not have had a previous licence or permit cancelled or suspended by the ICMM; and

(h) the applicant must not be in default under any other licence or permit issued by the ICMM.

In addition, the subject matter of the licence/permit must not: (i) materially conflict with another licence or permit already granted or which is the subject of another application which priority; or (ii) be the subject of a competitive tender process; or (iii) include an area where the relevant activities are prohibited under Kosovan law.

Penalties for breaches of licences and failure to comply with an order of the ICMM or a Mining Inspector

The ICMM is entitled to take a number of actions if any person holding a licence or a permit violates a material provision of the Mining Law, a licence or permit issued by the ICMM or a sub-normative act issued by ICMM. Where there is a violation of a material provision of the Mining Law, regardless as to whether the transgressor holds a licence or permit, the ICMM may issue an order:

(a) imposing a fine of up to €1,000 per day of violation on each physical person who, whether through negligence or intentional misconduct, is responsible for the acts or omissions constituting or directly causing such violation;

(b) imposing a fine of up to €10,000 per day of violation on each undertaking involved in such violation; and

(c) requiring the concerned person(s) to repair any environmental or other damage caused by such person(s) or to pay an amount that is reasonably estimated to be necessary to make such repairs in a comprehensive and highly professional manner. If more than one person is the subject of such an order, they shall be jointly and severally liable for its full satisfaction.

If any person unlawfully mines or exploits minerals, the ICMM may impose upon such person a fine equal to three (3) times the amount of royalties payable on the minerals mined or exploited. The ICMM is empowered to establish a reasonable methodology for estimating the amount of minerals unlawfully mined or exploited and determine such fine in accordance with that methodology.

If any person conducts any exploration, mining or special operation without holding the required licence or permit, the ICMM may issue an order imposing on such person a fine of €5,000 for each such operation.

The monetary fines and remedial requirements specified are cumulative and the ICMM may issue whatever orders are necessary to impose on the concerned person(s) all applicable fines and remedial requirements.

With respect to the fines imposed by the ICMM, the ICMM publishes a schedule specifying, by type and degree, the various violations and the amount of the fine associated with each violation.

Any physical person who fails or refuses to comply fully and faithfully with an order issued by the ICMM or a Mining Inspector may be held to be criminally liable under all applicable provisions of the criminal code for such failure or refusal. If an undertaking fails to comply with such an order, the physical persons responsible for such failure may be held to be criminally liable for such failure under the applicable provisions of the criminal code.

Any physical person who interferes or attempts to interfere with the work of the ICMM or a Mining Inspector during the performance of its official duties and authorities may be held liable under the applicable provisions of the criminal code for such interference.

Any person convicted under the criminal code of an offence specified in the two preceding paragraphs may, in addition to the fines or penalties imposed under the criminal code, also be subject to a fine up to €100,000.

In addition, the ICMM may issue a notice of failure to comply to any licensee or permit holder who is in breach of the terms of the relevant licence or permit. If the breach is not remedied within 60 days, the ICMM may suspend or terminate the licence/permit.

Change of control

Any proposed change to a "significant owner" (being a person with 5 per cent. or more of a direct or indirect interest in a licencee or permit holder) requires the approval of the ICMM. The ICMM shall refuse such approval if the significant owner fails to meet the eligibility criteria set out above.

The change of control of a "significant owner" of a legal entity (such as FML) which owns companies holding the mining licences is not subject to the Mining Law.

ICMM approval is not required if a significant shareholder (holding 5 per cent. or more) in the Company transfers its shares following Admission since the ownership and transfer of shares in the Company is not subject to the Mining Law.

Types of licence

The ICMM may grant the following types of licence/permit in relation to the exploration, mining and processing of marble:

Exploration licence
The ICMM may grant an exploration licence in respect of construction materials for a period of two years subject to extension for an additional two years. There is a maximum area of 250 ha per individual licence. Minimum expenditure is set at €100/ha per year. At renewal, the work commitment minimum expenditure increases to €1,000/ha per year. If the assessed expenditures are less than the work commitment minimum expenditure, then the licencee must pay the difference to the ICMM as an exploration fee.

Retention Licence
The ICMM may grant a retention licence in respect of construction materials for a maximum period of one year from expiry of the exploration licence if it is persuaded that the licencee is unable to exploit the resources due to market conditions at that time.

Mining Licence
The ICMM may grant a licence to mine identified construction material resources for an initial term of no more than 25 years, extendable for an additional term of up to 25 years.

Special Operations Permit
The ICMM may grant a special operations permit to carry out various mining activities to applicants who do not already possess a valid licence to carry out those operations. The term and scope of each special operations permit shall reasonably be established by the ICMM.

Artisanal Mining Licence
The ICMM may grant (but only to a municipality) artisanal mining licences to present small scale exploitation. They are valid for two years and may be extended for a further two years and permit a maximum exploitation of 12,000 m^3 of materials in any calendar year.

A Public Interest Licence or Permit
The ICMM may grant this licence or permit to a "socially owned enterprise" as defined in the Kosovan law on publicly owned enterprises. This is designed to encourage the exploration of minerals by local co-operatives.

Royalties

The ICMM sets royalty rates in relation to the production of minerals by the holders of mining licences which will be €0.5 per cubic metre extracted in relation to the marble and onyx produced at the Group's quarries.

Environmental Law

Law No. 03/L-214 on Environmental Impact Assessments ("EIA") requires EIAs to be carried out in relation to a range of public and private projects including quarrying operations of the type to be carried out by the Group. The EIA has to be submitted for approval to the Ministry of Environment and Spatial Planning ("MESP"). The Group complied with this requirement as part of the application for each of the Mining Licences and obtained the requisite consent of MESP. The consent can be withdrawn if no operational activities are carried out within two years of the grant of the consent.

In addition, under Law No. 03/L-025 on Environmental Protection, any project in respect of which an EIA is carried out, requires an environmental permit from MESP before the commencement of operations. The permit is issued for a five year period and must be issued no later than six months after the commencement of operations. Any person who deliberately or negligently causes environmental pollution can be required by the MESP to carry out remedial action and, failing which, can be fined up to €50,000 and can also be required to pay compensation to any affected person.

PART III

INFORMATION ON KOSOVO

Currency	Euro (€)
GDP	\$11.97 billion (2010 est.)
GDP growth	4% (2010 est.)
GDP per capita	\$6,600 (2010 est.)
GDP by sector	Agriculture: 12.9%; Industry: 22.6%; Services: 64.5% (2009 est.)
Inflation (CPI)	3.5% (2010 est.)
Total Population	Approximately 1,826,000 (2011 est.)
Unemployment	Approximately 40% (2009 est.)
Main industries	Mineral Mining, construction materials, base metals, leather, machinery, appliances

Source: CIA World Factbook.

History

Under the 1974 Constitution of Socialist Federal Republic of Yugoslavia, Kosovo was granted significant autonomy, allowing it to have its own administration, assembly and judiciary as well as having a membership in the collective presidency and the Yugoslav parliament, giving the area status almost equivalent to that of a republic.

In 1989, the then President Milošević, drastically reduced Kosovo's special autonomous status within Serbia. Kosovan Albanians leaders responded in 1991 by organising a referendum that declared Kosovo Independent. The unofficial Kosovo government used passive resistance with the ultimate goal of achieving international assistance and recognition for an independent Kosovo.

In 1995, the Dayton Agreement ended the Bosnian War, drawing considerable international attention. However, the situation in Kosovo remained largely unaddressed by the international community, and by 1996 the Kosovo Liberation Army (KLA), an ethnic Albanian guerilla group started offering armed resistance to Serbian and Yugoslav security forces. Starting in 1998, Serbian military police, and paramilitary forces under Milošević conducted a brutal counterinsurgency campaign that resulted in massacres and massive expulsions of ethnic Albanians. Starting in March 1999, NATO intervened with a three month campaign in Yugoslavia in an attempt to force Milošević to withdraw his forces from Kosovo. On 10 June 1999, the UN Security Council passed UN Security Council Resolution 1244, which placed Kosovo under transitional UN administration (UNMIK) and authorised KFOR, a NATO-led peacekeeping force. Resolution 1244 provided that Kosovo would have autonomy within the Federal Republic of Yugoslavia, and affirmed the territorial integrity of Yugoslavia, which has been legally succeeded by the Republic of Serbia.

The Republic of Kosovo declared independence on 17 February 2008. Currently, over 70 UN states (including the United States, UK and certain EU member states) have recognised the independence of Kosovo and it has become a member country of the International Monetary Fund and World Bank. Serbia and Russia dispute the legitimacy of its declaration and continue to regard it as a province of Serbia.

In December 2008, following the adoption of the Kosovan constitution, the European Union Rule of Law Mission in Kosovo (EULEX) assumed most of UNMIK's roles, assisting and supporting the Kosovo authorities in the rule of law area.

Geography

The Republic of Kosovo is situated in the southern interior of the Balkan peninsula in south eastern Europe. It has a land area of 10,908 sq km, is landlocked and consists of low flood plains surrounded by mountains to the north, west and south. Its neighbouring countries are Albania, Macedonia, Serbia and Montenegro.

Climate

The climate of Kosovo is predominantly continental, resulting in warm summers and cold winters with Mediterranean and Alpine influences (average temperature within the country range from +30°C (summer) to –10°C (winter)). However, due to unequal elevations in certain parts of the country, there are differences in temperature and rainfall distribution.

December and January are regarded as the coldest months, July and August as the warmest months of the year. The maximum rainfall rate is reached between October and December. Between November and March, snowfall can be expected in Kosovo, even in the lower parts of the country.

Population and Demography

Kosovo has a population of approximately 1,826,000 people of which 500,000 live in the capital city, Prishtina. Approximately 70 per cent. of the population being under 35 with a median population age of 26.7 years. The main languages are Albanian, Serbian and English. Literacy rates are at 91.9 per cent.

Economy

Kosovo is one of the few countries outside the EU-zone that has introduced the Euro as its official currency. Kosovo remains one of the lowest cost countries within the euro currency zone with a monthly average labour cost of €262. The introduction of the euro lowered transaction costs, facilitated financial discipline and contributed to the country's low inflation. All of this has underpinned the promotion of trade and investment and enhanced Kosovo's attraction as a location for foreign investment.

Estimates of the Kosovo unemployment rate (as of 2010) are approximately 40 per cent. of the labour force. The economy has been seriously weakened by Kosovo's still-unresolved international status, which has made it difficult to attract investment and loans. The region's economic weakness has produced a thriving black market for petrol, cigarettes and cement are major commodities.

Because of the poor economic situation, Kosovo remains highly dependent on payments from the international community and the Kosovan diaspora. Donor-financed activities and international aid account for 7.5 per cent. of the GDP, and remittances from the diaspora (located mainly in Germany and Switzerland) for another 14 per cent..

Kosovo became a member of the World Bank and the International Monetary Fund in June 2009. Membership in the World Bank, an initiative led by Ranjit Nayak (World Bank representative in Kosovo since February 2007), has resulted in Kosovo becoming part of the international financial system and the global market economy.

Kosovo benefits from non-reciprocal, customs free access to EU market based on the EU Autonomous Trade Preference Regime, as well as customs free access to the US market.

Political System

Kosovo's new constitution was ratified on 9 April 2008 and came into effect on 15 June 2008. It defines Kosovo as a multi-ethnic society based on the rule of law, stipulates the separation of powers, upholds the new state's territorial integrity, defines Albanian and Serbian as the official languages, provides for participation in international organisations and rules out any union with another state.

The president of Kosovo is elected by the Kosovo Assembly, which is a unicameral legislative 120-seat body. It includes twenty reserved seats: ten for Kosovo Serbs and ten for non-Serb minorities (Bosniaks, Roma, etc.). The Kosovo Assembly is responsible for electing a President and Prime Minister of Kosovo. Currently the President of Kosovo is Atifete Jahjaga and the Prime Minister is Hashim Thaci.

Infrastructure

The country's infrastructure is well developed. A fully developed road network does exist and, in general, the roads are in good condition. There are several main roads connecting the large towns of Kosovo and its territory with the neighbouring countries. Kosovo possesses a railway system of 330 km though the network remains underfunded. Regular international air links are provided from across Europe to Prishtina, the capital of Kosovo.

Legal System

Kosovo's constitution is based on the Comprehensive Proposal for a Status Settlement for Kosovo, submitted by United Nations Special Envoy for the resolution of Kosovo's status which provides for supervised independence, overseen by two international institutions, namely EULEX and the International Civilian Office.

Accounting Policies

Kosovo has a modern financial reporting system based on International Accounting Standards. In 2001, UNMIK Regulation No. 2001/30 established the Board on Standards for Financial Reporting and to date, 19 accounting standards in conformity with IAS have been issued. According to this regulation, all business organisations with an annual turnover in excess of €100,000 or total assets in excess of €50,000 are obliged to prepare four statutory financial statements on an annual basis (balance sheet, income statement, cash flow statement and changes in equity together with accompanying notes and a tax return). Business organisations with an annual turnover in excess of €250,000 are required to have their general purpose financial statements audited by licensed auditors.

Taxation

Resident companies are taxed on their worldwide income if they have their legal seat or place of management in Kosovo. Kosovo's corporate income tax rate is 10 per cent. Tax payments are required to be made quarterly in advance, with a final balancing payment due on 1 April following the end of the tax year (being the calendar year). Tax losses can be carried forward for the next seven years against income, though carrying back of tax losses to earlier periods is not permitted. There is no group treatment in relation to corporate income tax, as such there is a risk with having multiple Kosovan subsidiaries that trapped losses could arise in one subsidiary whilst others are tax-paying in a given year. Dividend income is exempt from corporate income tax. Capital gains are subject to corporate income tax under the general rules.

Kosovo imposes withholding taxes on interest, royalty and rental payments at a rate of 10 per cent., whether the recipient is resident or non-resident. Fees which exceed €5,000 per annum for technical services, management services and other services and paid to a non-resident require a five per cent. withholding. There is no withholding tax on dividend payments.

Taxable supplies of goods and services and imports of goods are subject to a single VAT rate of 16 per cent. A zero rate (exemption with deduction for input tax) applies to exports.

Kosovo does not have payroll tax. However, social security contributions are required at five per cent. of the employees' gross wages.

The UK does not currently have a double tax treaty with Kosovo.

PART IV

RISK FACTORS

AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK.

The exploration and development of natural resources are speculative activities that involve a high degree of financial risk. Prospective investors should carefully consider all the information in this Document including the risks described below. The risks and uncertainties described below are the material risk factors facing the Group which are currently known to the Directors. These risks and uncertainties are not the only ones facing the Group and additional risks and uncertainties not presently known or currently deemed immaterial may also have a material adverse effect on the Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Company's business, financial condition and operational performance and the Company's share price could be materially and adversely affected to the detriment of the Company and the Shareholders. Investment in the Company is suitable for persons who can bear the economic risk of a substantial or total loss of their investment. No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect. The risks are not presented in any order of priority.

Prospective investors should pay particular attention to the fact that the Group's assets are located in Kosovo which has a legal and regulatory regime that differs materially from the legal and regulatory regimes of the United Kingdom and other countries.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Company will achieve its objectives.

Risks relating to the Group's business and industry

Quarry properties

The Group's quarries are the only quarry properties in which the Group currently has an interest. Any adverse development affecting any of them could have a material and adverse effect on the Group and could materially and adversely affect its future production, profitability, financial performance and results of operations.

No current production limited operating history and no history of earnings

To date, the Group has not recorded any revenues from quarrying operations nor has the Group commenced commercial production at any of its quarries. There can be no assurance that losses will not occur in the near future or that the Group will be profitable in the future. The Group's operating expenses and capital expenditure will increase as personnel and equipment are added in association with advancing exploration, development and commercial production of its quarries. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the sourcing and execution of any joint venture agreements with strategic partners and other factors, many of which are beyond the Group's control. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

The Group expects to continue to incur losses unless and until such time as some or all of the quarries enter into commercial production and generate sufficient revenues to fund continuing operations. The development of the quarries will require the commitment of substantial resources to conduct exploration and extraction of stone. There can be no assurance that the Group will generate any revenues or achieve profitability.

Quarrying development risks

The quarries are at a very early stage of development. As a result, there can be no assurance that the colour, texture, quality and other characteristics of the marble slabs processed and blocks mined from the quarries will be consistent with the samples currently available to the Group. In addition, the mineralogical and chemical composition, bulk density, hardness and water absorption and mechanical properties of marble ultimately quarried may differ from those indicated by drilling results. In the event that the marble mined is of a lower quality than expected, then demand for, and realisable price of, the Group's marble may decrease.

Marble processing risk

The Group has not commenced processing marble and may be subject to technical or operating issues related to the processing plant. The processing plant may be subject to technical issues that delay or reduce the operating capacity.

Operating risks

The activities of the Group are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, but are not limited to environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in rock formation characteristics and mineral recovery, encountering unanticipated ground or water conditions, land slips, flooding, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses. Should any of these risks and hazards affect the Group's exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to extract stone from the Group's properties, require the Group to write-down the carrying value of one or more quarries, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability: any and all of which may have a material adverse effect on the Group.

It is not always possible to insure fully against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability, result in increasing costs or the loss of its assets and a decline in the value of the Company's securities.

The Group's mining licences and contracts

The Group's current exploration and future mining and processing objectives are dependent upon the continuance, renewal and grant of appropriate leases, surface rights agreements, licences, permits and regulatory approvals and consents which may be valid only for a defined time period, may be subject to limitations and may provide for withdrawal in certain circumstances. There can be no assurance that such leases, licences, permits, regulatory approvals or consents would be granted, renewed or continue in force, or, if so, on what terms. This lack of certainty is exacerbated by Kosovo's still evolving legal system from which there may be difficulty in determining obligations and the authorities of overlapping governmental departments, particularly at the operational level.

Withdrawal of licences, termination of leases or surface rights agreements or failure to secure requisite licences or the cessation thereof in respect of any of the Group's operations may have a material adverse impact on the Group's business, operating results and financial condition.

Whilst the Group believes it has obtained all authorisations that are currently expected to be material in the context of the Group's business, there can be no assurance that it has every necessary or desirable authorisation, that the authorisations required to carry on the Group's operations will not change or that the Group will be able to successfully enforce its current authorisations.

Marble prices

The profitability of the Group's operations will be dependent upon the market price of marble. Marble prices can fluctuate and are affected by numerous factors beyond the control of the Group. The level of interest rates, the rate of inflation, and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of marble may fluctuate and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Group's business, financial condition and results of operations. When the processing plant has been established, the Group's principal products will be marble slabs processed and blocks mined from marble reserves. The prices of marble blocks and marble slabs are determined mainly by the quality and colour of the stone. The popularity of the Group's products could lapse due to customers' changing preference, leading to the fall of the price of the Group's products. In addition, imbalance in the supply of and demand for marble products in local, national and global markets could adversely affect the price of the Group's products. Government policies, macro economic factors, global economic environment and other factors beyond the Group's control could significantly result in an oversupply or decreased demand for marble products, which in turn would result in fluctuations in the market price. There can be no assurance that the market price of marble products will not decline in the future or that such prices will otherwise remain at sufficiently high levels to support the Group's profitability. A significant decline in the market prices of marble products could materially and adversely affect the Group's business, financial condition and results of operations.

There are currently no marble quarrying operations in the area where the Group intends to begin quarrying. There will be visual and noise disturbances in the quarries which may impact the neighbouring communities. There is a risk of social opposition to developing the quarries fully which may have a material adverse affect on the Group's operations.

Environmental risks and hazards

All phases of the Group's operations are subject to environmental regulation in Kosovo. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Group's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Group holds interests that are unknown to the Group at present and that have been caused by previous or existing owners or operators of the properties.

If the Group is unable to remedy fully an environmental problem, it may be required to stop or suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Group. The Group has not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) as it is not generally available at a price which the Group regards as reasonable.

Government approvals and permits are currently, or may in the future be, required in connection with the Group's operations. To the extent such approvals are required and not obtained, the Group may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Holding company structure and restrictions on dividends

The Company's operating results and its financial condition are dependent on the trading performance of members of the Group. The Company's ability to pay dividends will depend on the level of distributions, if any, received from the Company's subsidiaries. Members of the Group may from time to time be subject to restrictions on their ability to make distributions to the Company, as a result of factors such as restrictive covenants contained within loan agreements, foreign exchange limitations, regulatory, fiscal or other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Group's business, operating results and financial condition.

The Company has not, since the date of its incorporation, declared or paid any dividends on its Ordinary Shares. The Company is prohibited from paying dividends until any interest which the Company has elected to capitalise in respect of the Placing Convertible Loan Notes is repaid. The Directors intend to adopt a progressive dividend policy once the prohibition has lapsed and when it becomes commercially prudent to do so.

Insurance and uninsured risks

The nature of the Group's business exposes it to a number of inherent risks and hazards, including industrial accidents, labour disputes, unusual or unexpected geological conditions, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Occurrences could result in personal injury or death, environmental damage to the Group's properties and equipment, properties of others, delays in exploration, monetary losses and possible legal liability. It may not be possible to insure fully against all these risks and, if an uninsured risk was to occur, it would have a material adverse effect on the Group's business and results of operations.

Financing

The Company is likely to remain cash flow negative for the foreseeable future and, although the Directors have confidence in the future revenue earning potential of the Group from its quarrying activities, there can be no certainty that the Group will achieve or sustain profitability or positive cash flow from its operating activities. The Company may need to raise additional capital in the future to fund the development of the Group's quarries and future marble prices, revenues, taxes, capital expenditures and operating expenses or to repay the Placing Convertible Loan Notes and geological success will all be factors which will have an impact on the amount of additional capital required. Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. The Directors do not anticipate that its current plans will require additional financing within the next 18 months but, if after that time the Company is unable to obtain additional financing as and when needed, it could result in a delay, curtailment or indefinite postponement of development activities.

Debt funding

The Company has entered into the Placing Convertible Loan Note Instruments. These instruments contain restrictions on the Company including a prohibition on the Company paying dividends until any interest which the Company has elected to capitalise in respect of the Placing Convertible Loan Notes is repaid. In the event that the Placing Convertible Loan Notes become repayable, whether as a result of an event of default or otherwise, the Company will need to have funds to make those repayments. In the event that it does not have the necessary funds, it is possible the Company would become insolvent. In addition, in the event that AGMH fails to subscribe for Placing Convertible Loan Notes when requested by the Company, the Company may need either to pursue AGMH to enforce its commitments or seek additional debt or equity funding.

Competition

The marble industry is competitive in all of its phases. The Group faces strong competition from other marble production companies in connection with the acquisition of mineral properties producing, or capable of producing, as well as for the recruitment and retention of qualified employees. Larger companies, in particular, may have access to greater financial resources, operational experience and technical capabilities than the Group which may give them a competitive advantage. It is also possible that existing artifical or other substitute products or others developed in the future could replace wholly or partly the current use of marble.

Dependence on key personnel

The Company has a small management team and the loss of a key individual could have an adverse effect on the future of the Group's business. The Group's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. There can be no assurance that the Group will be successful in attracting and retaining such personnel.

Litigation risks

Legal proceedings may arise from time to time in the course of the Group's business. There have been a number of cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The Directors cannot preclude that such litigation may not be brought against the Company in the future from time to time or that it may not be subject to any other form of litigation.

Due to the relatively less developed legal systems in Kosovo, the Company may find it difficult, impossible or very costly to enforce the rights it may have under agreements it has entered into or may enter into in the future.

Dilution of shareholders' interests

The Company may need to raise additional funds in the future to finance its activities, investments, debt repayment and/or acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing shareholders, the percentage ownership of the shareholders may be reduced, Shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

The Directors intend that the Company should be able to issue new Ordinary Shares as consideration for further acquisitions and/or raise additional working capital for the Company as required. Insofar as such new Ordinary Shares are not offered first to existing shareholders, then their interests in the Company will be diluted.

Foreign subsidiaries

The Company is a holding company that conducts operations principally through foreign subsidiaries and substantially all of its assets are held though such entities. Accordingly, any limitation on the transfer of cash or other assets between the Company and such entities, or among such entities, could restrict the Group's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Kosovo Specific Risks

Government regulation and political risk

The Group's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Group believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Group or its properties, which could have a material adverse impact on the Group's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Group cannot assure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Group from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

The Group's quarries are located in Kosovo. The Group's activities may be affected in varying degrees by political stability and governmental regulations. Any changes in regulations or shifts in political attitudes in Kosovo are beyond the control of the Group and may adversely affect its operations.

Legal systems

Kosovo has less developed legal systems than more established economies which could result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Group's licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Licences/Permits

The Group's operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. These is no assurance that delays will not occur in connection with obtaining all necessary renewals of licences/permits from the existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of is properties, members of the Group must receive licences/permits from appropriate Governmental authorities. There can be no assurance that the Group will continue to hold all licences/permits necessary to develop or continue operating at any particular property.

Governmental regulation of the mining industry

The activities of the Group are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other mattes. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Group believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Group's properties. Amendments to current laws and regulations governing the operations and activities of the Group or more stringent implementation thereof could have a material adverse affect on the Group's business, financial condition and results of operations.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Group's operations or profitability.

The risk of future conflict

The Group's quarries are in Kosovo. Kosovo and the surrounding region have been relatively stable since the passing of UN Resolution 1244 in 1999. However, in the event that conflict was to start again in Kosovo, this could have an adverse effect on the Group's business, reputation, results of operations, financial condition and/or prospects.

Changes in royalty rates

The Group will be required to pay a royalty to the ICMM, which is currently set at €0.5 per cubic metre of marble extracted from its quarries. In the event that the ICMM royalty rates are increased in the future, this could have an adverse impact on the Group's business, financial condition and/or prospects.

The risk of corruption

The Group seeks to comply fully with anti-corruption legislation such as the UK Bribery Act 2010 and has put in place internal control policies and external due diligence and compliance policies. However, there can be no assurance that such procedures and established internal controls will adequately protect it against corrupt activity and such activity were it to occur could have an adverse effect on the Group's business, reputation, results of operations, financial condition and/or prospects.

Taxation risk

The Group's Kosovan subsidiaries will be subject to Kosovan tax and any increases in the rates of tax or imposition of additional taxes could have an adverse effect on the Group's business. In addition, as the Kosovan tax system does not recognise grouping, it is possible that one Kosovan subsidiary is paying tax on profits, whilst another Kosovan subsidiary is incurring losses.

General risks

AIM

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

Investors should be aware that, following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment. This volatility could be attributable to various facts and events, including any regulatory or economic changes affecting the Group's operations, variations in the Group's operating results, developments in the Group's business or its competitors, or changes in market sentiment towards the Ordinary Shares. In addition, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors.

At the same time, market conditions may affect the Ordinary Shares regardless of the Group's operating performance or the overall performance of the mining sector. Share market conditions are affected by many factors such as general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply for capital.

Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Group while others of which may be outside the Group's control.

EIS and VCT status

The Company has obtained advance assurance from HMRC that the Company qualifies for the purposes of EIS and VCT provisions. Neither the Company nor the Company's advisers give any warranties or undertakings that EIS relief or VCT qualifying status will not be withdrawn. Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost.

The Group must begin to carry out commercial production within two years of the investment by VCT and EIS investors.

If the Group ceases to carry on the business outlined in this document or acquires or commences a business which is not insubstantial to the Group's activities and which is a non-qualifying trade under the EIS legislation during the three year period from the last allotment of Ordinary Shares or at any time whilst held as a qualifying holding by VCT, this could prejudice the qualifying status of the Company (as referred to above) under the EIS and VCT scheme. This situation will be closely monitored with a view to preserving the Company's qualifying status but this cannot be guaranteed.

Circumstances may arise where the Directors believe that the interests of the Company or its group are not best served by acting in a way that preserves the EIS relief (including Capital Gains Tax) or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any shareholder. If the Company does not employ all of the proceeds of an EIS/VCT share issue for qualifying trading purposes within 24 months of the date of issue, the shares would cease to be eligible shares under the EIS and all of the EIS tax reliefs of investors would be withdrawn.

In respect of subscriptions for securities by a VCT, the funds invested by the VCT would be apportioned pro rata and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holding.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

The price of Ordinary Shares may be volatile and subject to fluctuations

If the Company's revenues do not grow, or grow more slowly than anticipated, or if its operating or capital expenditures exceed expectations and cannot be adjusted sufficiently, the market price of its Ordinary Shares may decline.

In addition, if the market for securities of a companies in the same sector or the stock market in general experiences a loss in investor confidence or otherwise falls, the market price of the Ordinary Shares may fall for reasons unrelated to the Company's business, results of operations or financial condition. Therefore, investors might be unable to resell their Ordinary Shares at or above the Placing Price.

Stock markets in general may experience extreme price fluctuations. Fluctuations in the price of the Ordinary Shares may not be correlated in a predictable way to the Company's performance or operating results. Sales of substantial amounts of Ordinary Shares following Admission, or the perception that these sales could occur, could materially adversely affect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate.

The following factors (among others), some of which are beyond the control of the Company, could cause the price of the Ordinary Shares in the public market to fluctuate significantly from the Placing Price:

(a) changes in law or regulations, including mining legislation, tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Group's business;

(b) departure of Directors;

(c) changes in the Group's financial performance and prospects and changes in the financial performance and prospects of companies engaged in businesses that are similar to the Group's business;

(d) sales of Ordinary Shares by shareholders;

(e) general economic trends and other external factors, including those resulting from war, incidents of terrorism, civil unrest, natural disasters or responses to such events;

(f) speculation in the press or investment community regarding the Group's business, or factors or events that may directly or indirectly affect its business or investments; and

(g) further issues of Ordinary Shares.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. Any broad market fluctuations may adversely affect the trading price of the Ordinary Shares.

The Company has discretion as to the use of the net proceeds from the Placing and may not use these funds in a manner shareholders would prefer

The Company's management will have broad discretion in how it applies the net proceeds from the Placing. In addition, the Company is unable to determine how much of the net proceeds will be used for any identified purpose because circumstances regarding its planned use of the proceeds may change, although the Directors currently have no intention of deploying the funds towards any purpose other than those referred to in Part I of this Document. Investors will not have the opportunity to evaluate the economic, financial or other information on which the Company bases its decisions on how to use the net proceeds. The failure of the Company's management to apply these funds effectively could harm investor confidence and cause the price of the Ordinary Shares to decline.

Currency fluctuations

Currency fluctuations may affect the costs that the Group incurs at its operations. Marble is sold throughout the world based principally on a US Dollar price, but the majority of the Group's operating expenses are incurred in Euros. The appreciation of the Euro against the US Dollar would increase the costs of marble production at such quarrying operations which would materially and adversely affect the Company's earnings and financial condition. The Group does not currently have any currency hedging arrangements in place and is therefore exposed to currency fluctuation risks. Moreover, the Group's operations are in Kosovo where the functioning currency is the euro. There is currently significant uncertainty in relation to the euro and if the euro were to cease to exist in its current form or Kosovo ceased to use it as its currency, this could have a material adverse effect on the Group's financial position.

PART V

COMPETENT PERSON'S REPORT

Set out overleaf is the full text of a Competent Person's Report prepared by Golder Associates (UK) Limited.

August 2012

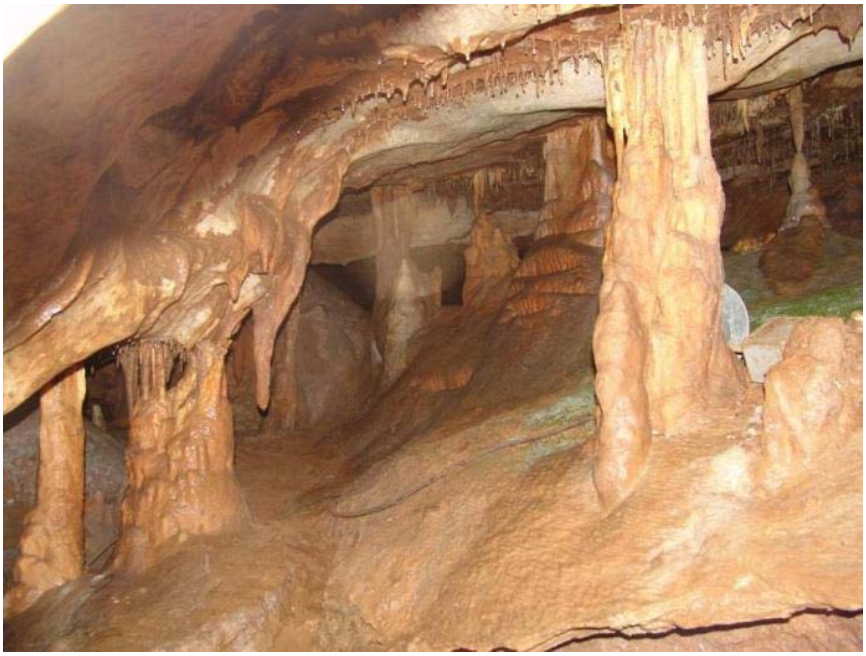
COMPETENT PERSON'S REPORT FOR FOX MARBLE HOLDINGS PLC

Kosovo Marble Project

Submitted to:

Fox Marble Holdings Plc
15 Kings terrace
London
NW1 0JP

The Directors
Fox-Davies Capital Limited
1 Tudor Street
London
EC4Y 0AH



Report Number. 11514950048.500/A.8

Distribution:

Fox Marble Holdings Plc - 1 copy (pdf)
Fox-Davies Capital Ltd - 1 copy (pdf)
Golder Associates (UK) Ltd - 1 copy

REPORT

EXECUTIVE SUMMARY

Golder Associates (UK) Ltd (Golder) has been commissioned by Fox Marble Holdings Plc (FML) to prepare an independent Competent Person's Report (CPR) on three marble properties in Kosovo. The properties: Banjat e Peje, Suhogerl, and Rahovec are all within 60 kilometres (km) of the capital, Pristina. The Rahovec area comprises three different properties (Cervenilla, Varrezat and Antena).

Golder carried out a site visit to each property during May 2011 and prepared an evaluation and classification of the deposits.

Geological Setting

During Jurassic and Cretaceous times remnants of oceanic crust were obducted upon continental crust, resulting in remnants of oceanic crust forming linear ophiolitic sequences aligned along a regional NNW-SSE structural trend. Such rocks are characteristically composed of chert, serpentinite, mafic volcanics and carbonates (limestones, marbles and dolomites).

The dominant lithologies underlying the Rahovec area comprise: (i) Lower Cretaceous Carbonate Breccias, which in many cases will make excellent ornamental stone; (ii) Cenomanian Limestones, which are represented by typically 'reddish', high quality marbles, reaching a thickness of up to 150 metres (m). In general the marbles are characterised by well developed bedding, typically 1 m to 1.5 m thick; (iii) Turonian Limestones, which are massive, thickly bedded, grey to white limestones, often frequently dolomitised; and (iv) the homogenous Rudist Limestones which can be used for construction and paving of roads. Non carbonate lithologies include harzburgite, dunite and lesser amounts of pyroxenite.

The main lithology of interest at Banjat e Peje is marble (onyx) which is exposed close to the town itself.

At Suhogerl a number of carbonate lithologies occur, predominantly marbles, which have been traced over a strike length of circa (ca.) 1.5 km and a width of ca. 500 m. The marbles identified at Suhogerl are typically of high quality and tend to be either dark grey or reddish in colour.

Exploration History

The three Rahovec areas were explored in 1965 and 1966 by The Institute for Geological and Geophysical Research in Belgrade using extensive surface mapping and drilling. In the Cervenilla area, quarrying was conducted until the 1990's, when it ceased due to the outbreak of war in the region. A number of different limestone units have been identified: (a) dark red limestone; (b) bright red limestone; (c) grey limestone; and (d) limestone breccias. The estimated total combined thickness of the four units is greater than 50 m. In the Antena area, exploration has identified a number of different ultramafic rocks units, with a total thickness of over 50 m. The grey dolomite in the Varrezat area has been drilled extensively, but not in the area licensed by FML. The results show a mainly white and grey dolomite, with local varieties of yellow and red. There are also some smaller bands of sandstone associated with the dolomite unit.

At Banjat e Peje exploration work involving geological mapping was carried out in 1953 and 1954 and from 1964 to 1968. This work resulted in the opening of a quarry in 1970. A small, low producing marble quarry was inspected during the site visit. In recent times, an electrical resistance tomography (ERT) profile was carried out along a 300 m long profile across the project area by Professor (Prof.) Ibrahim Milushi. Interpretation of the resistivity data identified the presence of three layers of different resistivity patterns, indicating possible variations in marble type and quality below the profile surveyed.

There is no record of any exploration activity in the Suhogerl area.

Data

Data provided to Golder was in the form of scanned reports, maps and drill logs. There was no drill core available to inspect and the locations of the drill holes in the field were not identified by Golder.

Golder carried out a site walkover on each project. Observations made by Golder were consistent with information contained in the various reports and maps. Polished samples of marble and decorative stone from each location were shown to Golder.

Golder considers that the data available for each project, although limited, is sufficient for preparing a Mineral Resource estimate and CPR.

Evaluation of Rock Types

In preparing this report, the author has used geological terminology for describing the various rock types (e.g. limestone, dolomite, basalts, gabbro etc). The term marble is commonly used in marketing, applied to limestone and dolomite, in the same way in which granite is applied to gabbro and basalt.

In the Cervenilla area of Rahovec there are a number of varieties of dark red, light red and grey limestones within the limits of the property. The dark red limestone is about 30 m thick and contains white fossils. Limestone breccias are well developed towards the base of the unit. A polished sample of the red limestone shows a very dark red, fine grained limestone, with a lot of small (millimetre (mm)) light red fragments. The sample also shows a pattern of dark grey irregular veins cross-cutting the main ‘fabric’ of the sample. The rock seems to be easy to polish; however, there were a lot of open cracks in the sample. This problem can be solved through the use of resin during processing. The light red limestone sample shows a more homogenous texture than the dark red limestone. The light red limestone sample seems easy to polish, and there were no signs of cracks in the sample.

At Varrezat the dolomite occurs as several varieties of grey. Two polished samples show (i) dark grey brown, fine grained dolomite with centimetre scale, irregular, lighter grey fragments, and (ii) light beige fine grained rock. Both of the samples are easy to polish, and give ‘strong’ shiny surfaces. In the dark coloured samples there are some mm scale veins with some oxides or sulphides, but this should not cause problems with the stone.

The rocks on the Antena property consist of a mixture of basalts, gabbros, granites and ultrabasics. Previous to FML’s involvement, this area had not been identified as having the potential for the production of ornamental stone. FML provided a polished sample of black basalt and one of grey granite for evaluation as ornamental stone. The basalt sample provided was a shiny homogenous black and fine grained rock, with good potential as an ornamental stone. The granite sample was coarse grained, showed a very deep polish, had an even brown-grey colour and also has the potential to be an ornamental stone.

The coarse grained gabbros and ultrabasics viewed in the field looked very dark in colour and had not been sampled for polishing at the time of the site visit.

The rock at Banjat e Peje is a dark to light brown, yellow honey coloured, finely banded marble. The banded nature of the marble is commonly called onyx in the ornamental stone community and is similar to marble and travertine in strength. The onyx from this area is a beautiful stone which is suitable for use in counter tops, wall tiles and other architectural applications in homes and commercial buildings. The rock is translucent, rich in color and is easy to polish. Any waste material from the extraction process can be carved and readily cut into many shapes, sizes and thicknesses, which could provide an additional source of revenue from this site.

The main carbonate rock types occurring at Suhogerl are grey and white marbles, with minor occurrences of a reddish coloured marble. White marble is one of the classic ornamental stones, and is always in great demand by the market. The grey marble present at Suhogerl is light grey in colour with white irregular shapes. This marble is easy to polish, and has the potential to be a stone product for large building projects. Currently there are a lot of grey marbles on the world market, which keeps prices down, however, it is a very large market and there is always opportunity for a good product.

One particular grey marble at Suhogerl exhibits irregular yellow banding, which may have the potential to achieve a higher price than the grey material.

Evaluation of Quarry Sites

Rahovec

The proposed quarry site at Cervenilla is easily accessible via a good paved road and is situated in an area of generally flat lying terrain with gentle topography, which will require some excavation and earthworks prior to quarry production commencing. Boreholes drilled in 1965, and detailed surface mapping form the basis for the estimated thickness of the red limestone to be ca. 30 m. Inspection of outcrop on-site verified that the polished samples provided come from this site. The thickness of historical benches is approximately between 1 m and 1.5 m high, providing the potential for making big blocks.

The Varrezat quarry is easily accessible via an existing road and is situated on a hillside composed of grey dolomite, with the rock being readily accessible for easy production. Waste rock generated from initial mining along the base of the slope can be used to construct roadways to gain access to higher parts of the deposit. Currently, the rock occurs as ca. 1 m high benches with the potential for the production of large blocks.

Antena area is situated at the top of a ridge and is easily accessed by a dirt road, making initial production from the site relatively easy. The coarse grained gabbros and ultrabasic rocks which make up the site can be traced from the top of the ridge down to the bottom of the valley. In the valley below, there is some evidence for the existence of historical quarrying activity, where some small blocks of approximately 0.5 m^3 occurring. However, on closer inspection, no evidence for the quarry could be identified during the site visit.

Banjat e Peje

The topography of the site is relatively flat lying and is covered by overburden which is generally 1.5 m to 2 m deep. The flat nature of the site will necessitate the excavation down to about 5 to 6 m below current ground level to enable a production face to be established.

Suhogerl

The site is situated on a steep hillside with exposed rock, making it an excellent place to start production from. However, the existing dirt road up to the proposed site is steep and narrow and will require upgrading or replacing prior to production commencing. The soil cover across the site is very thin, with a number of large boulders being exposed, some of which may be used for ornamental purpose. The majority of the marble outcrop and large boulders exposed across the site show few fractures indicating that this rock has the potential to produce large blocks.

Resources

The Mineral Resource estimates are based on information provided from both historical drilling and geological mapping and were made from 3D surface wireframe models created using proprietary software Vulcan 3D 8.0.4 (Vulcan), developed by Maptek©. The Mineral Resource estimates were classified in accordance with the JORC Code, 2004.

Rahovec

Both Cervenilla and Varrezat have sufficient sampling data and geological knowledge to be classified as Indicated Resources, with respective volumes of 32.5 million m^3 and 16.8 million m^3, down to an estimated depth of 50 m. From the information provided it should be possible to produce at greater depths in the future.

The dark red and light red limestones at Cervenilla polish well and have very attractive and exclusive textures and colours, which should be highly saleable on the ornamental stone market.

The Varrezat property is dominated by a dark to light grey, fine grained dolomite. This is a common rock type and is widely traded on the ornamental stone market in large volumes; however, due to its widespread availability from many different sources prices achieved from its sale are generally at the lower end of the market.

The non-carbonate rocks identified at the Antena property are not all well documented for use as ornamental stone and as such this property is classified as having an Inferred Resource.

However, all three properties at Rahovec are easily accessible and should be easy to quarry with diamond wire technology, enabling large benches (and blocks) to be developed.

Banjat e Peje

At Banjat e Peje, Parcel 1 and Parcel 2 have sufficient sampling data and geological information to be classified as having Indicated Resources, with respective volumes of 22.1 million m^3 and 20 million m^3, down to an estimated depth of 50 m. From the information provided for these two areas it should be possible to produce at greater depths in the future. Parcel 3 has been classified as having an Inferred Resource, as the amount of overburden to be stripped is uncertain. The attractive yellow honey colour and partial translucency of the onyx marble from Banjat e Peje will make it a highly desirable stone on the open ornamental stone market, with the potential to realise a high economic return. The property is easily accessible and should be easy to quarry with diamond wire technology.

Suhogerl

The level of information available for the Suhogerl property is limited and it has therefore been classification has been restricted to Inferred. White marble is one of the classic rocks in the ornamental stone market, and is always in great demand.

Summary of Resources

The following table summarises the Mineral Resource Classification for the five properties:

INDICATED RESOURCE	
Property	**Volume (million m^3)**
Rahovec	
Cervenilla	32.5
Varrezat	16.8
Banjat e Peje	
Peje 2 (middle) (Parcel 2)	20.0
Peje 3 (SE) (Parcel 1)	22.1
INFERRED RESOURCE	
Suhogerl	36.6
Rahovec	
Antena	97.2
Banjat e Peje	
Peje 1 (NW) (Parcel 3)	101.2

Conclusions

Of the five main properties evaluated in this study, three properties: Rahovec (Cervenilla and Varrezat) and Banjat e Peje (Parcels 1 and 2)) are classified as having Indicated Resources. These properties should be easy to quarry for large blocks for the high quality ornamental marble market using diamond wire technology and in the future to quarry to greater depths utilising the resources indicated.

The other two properties: Rahovec (Antena) and Suhogerl (as well as Parcel 3 from Banjat e Peje) have been classified as having Inferred Mineral Resources and require further work by diamond core drilling to confirm the extent of the different rock types and their properties, in relation to colour and fracture;

All of the quarry sites are easily accessible, with early production possible, except for Suhogerl which will require the construction of a new access road.

The polished samples of the lithologies give an indication of the likely quality of the rock types identified for use as ornamental stone. However, to have an understanding of the potential market value of the rock types present at each property a market survey should be conducted.

Bigger samples from the properties should be cut and polished as thick slabs to give a better impression of the various colours available and to demonstrate the quality of the rock types present to ‘would-be’ purchasers.

The table below summarises some of the main findings of the report for each of the five properties reviewed.

	Rahovec Cervenilla	**Rahovec Varrezat**	**Rahovec Antena**	**Banjat e Peje**	**Suhogerl**
Legal Holder	H&P SH.P.K.	H&P SH.P.K.	H&P SH.P.K.	Granit-Shala SH.P.K	Rex Marble SH.P.K
% Interest	100%	100%	100%	100%	100%
Land Rights Period (years)	10+10	10+10	10+10	20+20	20+20
Type of Licence (years)	Exploitation (25)	Exploitation (25)	Exploitation (24)	Exploitation (25)	Exploitation (25)
Lease Area (m^2)	2,557,000			1,780,000	540,000
Mine Licence Area (m^2)	49,855	45,917	47,641	48,609	50,500
Resource Volume (millions of cubic metres) (down to 50 m)	32.5 m^3	16.8 m^3	97.2 m^3	Parcel 1: 22.1 m^3 Parcel 2: 20.0 m^3 Parcel 3: 101.2 m^3	36.6 m^3
Rock Type	Limestone	Dolomitic Limestone	Ultrabasic Granite Basalt	Marble Onyx	Marble
Colour	Red	Grey	Black/grey	Honey brown	Grey
Thickness Range of Resource	<150 m	<150 m	>50 m	>200 m	>200 m
Thickness of Soil – Overburden	1 m	1 m	1 m	<3 m	<4 m
Potential Dimensions of Blocks	2.5 m x 1.5 m x1.5 m	2.5 m x 1.5 m x1.5 m	Uncertain	2 m x 1 m x1.5 m	2.5 m x 1.5 m x1.5 m
No. of Drill Holes	9	10	2	Yes, not recorded	No
Mapping Carried Out	Yes	Yes	Yes	Yes	Yes
Geophysical Survey	No	No	No	Yes	No

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APPENDICES

APPENDIX A

Drilling and Mapping Done by the Institute for Geological and Geophysical Research in Belgrade

1.0 INTRODUCTION

Golder Associates (UK) Ltd (Golder) has been commissioned by Fox Marble Holdings Plc (FML) to prepare an independent Competent Person's Report (CPR) on several dimension stone properties in Kosovo. FML is a newly incorporated company in London which was set up for the purpose of acquiring and developing marble properties in Kosovo.

There are three main areas of interest to FML: Banjat e Peje, Suhogerl, and Rahovec, all of which are located approximately 60 kilometres (km) from the capital, Pristina. The Rahovec area comprises three separate properties (Cervenilla, Varrezat and Antena). The Banjat e Peje project consists of three contiguous parcels of land (Parcel 1, 2 and 3).

1.1 Scope

The first phase of this study assesses the primary areas of data collection required to produce a resource model for each of the three properties. Golder undertook a site visit in order to:

- Carry out a site walkover and review the deposit geology at each location;
- Review documented sampling procedures and communicate with relevant personnel to identify and assess the practices previously used to acquire the data;
- Review available data and advise on suitability for use in the CPR; and
- Assess additional sampling requirements.

The site visit was undertaken by Magne Martinsen for four days from 12 May to 15 May 2011. This allowed for approximately half a day at each site.

The completion of the site visits allowed Golder to assess if the current data and data collection methods were suitable for the CPR, or if further sampling was required prior to completion of the CPR.

The second phase of this study was the preparation of the CPR. The tasks Golder completed in order to produce the CPR are:

- Plot and review geological interpretation as supplied by FML staff;
- Review or produce 2D sections and 3D wireframe solids of the marble and topsoil;
- Calculate marble resources;
- Calculate block size each deposit is capable of producing; and
- Produce a Competent Person's Report suitable for inclusion in FML's listing document for the Alternative Investment Market (AIM) of the London Stock Exchange.

1.2 Reliance on Information

This report relies upon information obtained during Golder's visit to Kosovo in May 2011 and on published technical reports and various reports on previous work done. A list of the documents referenced is provided in Section 8.0 of this report.

Golder has based its findings upon information made known to it as at 20 June 2011. Golder has not carried out any type of audit of the records of FML to verify that all material documentation has been provided. Golder has not independently verified the legal status and ownership of the property claims and has relied on the information provided by FML.

The factual information contained within this report was supplied by Chris Gilbert, Director of FML along with confirmation that there are no material errors or omissions in the report and that the information in the report is factually accurate. Confirmation of these terms has been provided in writing and has been relied upon by Golder.

Golder has placed reliance on FML that the following information provided is both valid and accurate for the purpose of compiling this CPR:

- That the legal ownership of all mineral and surface rights has been verified and that no significant legal issues exists which would affect the likely viability of the project and/or the Mineral Resources as reported herein;
- All documents, maps and information disclosed or obtained by Golder are truthful, complete, accurate, up-to-date and are not subject to any side agreements, amendments, waivers or other agreements or arrangements which were not expressly disclosed to Golder;
- Where photocopies of documents were made available, Golder has assumed that signed originals exist and that such photocopies conform to the originals;
- All information disclosed to Golder by FML or any other person is truthful, complete, accurate and up-to-date; and
- All documents disclosed to Golder or obtained by Golder remain in effect, have not been withdrawn or made subject to further conditions and have not been affected in any material respect by any events or circumstances, and the signatures on the originals of such documents are genuine.

With the exception of FML, no duty is undertaken or warranty or representation made to any party in respect of the opinions, advice, recommendations or conclusions herein set out. To the maximum extent permitted by law, Golder accepts no liability for any losses arising from reliance upon the information presented in this report.

Regard should be given to Golder proposal P1514950048/1/V.0 dated 31 March 2011 and the signed Terms of Appointment dated 31 March 2011 when considering this report and the reliance to be placed on it.

All work carried out in preparing this report has used, and is based upon, Golder's professional knowledge and understanding of the current relevant accepted worldwide standards and codes, technology and legislation. Changes in the above may cause the opinion, advice, recommendations or conclusions set out in this report to become inappropriate or incorrect.

Golder shall be entitled to rely upon and assume, without independent verification, the accuracy and completeness of all such information (and translations of same), and Golder shall have no obligation to verify the accuracy and completeness of such information.

The content of this report represents the professional opinion of experienced consultants. Golder does not provide specialist legal advice and the advice of lawyers will be required.

1.3 Declarations

Golder will receive a fee for the preparation of this CPR in accordance with normal professional consulting practice. This fee is not contingent on the outcome of the listing and Golder will receive no other benefit.

Neither the company, its directors, officers nor their associates has any material interest in FML or its properties. Other employees of Golder may hold non-material interests in the company.

This report includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce error. Where such errors occur, Golder does not consider these to be material.

Consent and Copyright

Golder consents to the issuing of this report in the form and context in which it is to be included in the Admission document. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Golder regarding the form and context in which it appears. Copyright of all text and other matter in this document, including the manner of presentation, is the exclusive property of Golder. It is an offence to publish this document or any part of the document under a different cover, or to reproduce and or use, without written consent, any technical procedure and or technique contained in this document. The intellectual property reflected in the contents resides with Golder and shall not be used for any activity that does not involve Golder, without the written consent of Golder.

1.4 Qualifications of Consultants

The Golder Group of companies employs over 7000 staff, offering expertise in a wide range of resource and engineering disciplines. Golder's independence is ensured by the fact that it holds no equity in any project. This permits Golder to provide its clients with conflict-free and objective recommendations on crucial judgment issues. Golder has a demonstrated track record in undertaking independent assessments of resources and reserves, project evaluations and audits, CPRs and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide.

This CPR has been prepared based on a technical review by a team of consultants sourced from Golder's offices in the UK and Norway over a one month period. These consultants are specialists in the fields of ornamental stone geology and quarrying, and resource estimation and classification. The individuals listed below have provided input to this CPR and have extensive experience in the mining industry and are members in good standing of appropriate professional institutions:

Alexandra Harrison, CSci MIMMM, BSc (Hons), MSc, MCSM, has 14 years' experience in exploration and mining geology in range of commodities and deposit types including gold, silver and base metals.

Faye Jones, MAusIMM, MSc, BSc (Hons), is a Geostatistician with six years' experience. She has worked on a variety of projects including developing resource models and resource estimation strategies, conditional simulations, confidence intervals, drill spacing evaluation and block size evaluation.

Magne Martinsen, holds a Doctorate of Engineering in Economic Geology and has 30 years of experience in exploration and quarrying worldwide. He joined Golder Norway in November 2010. He was educated as Civil Engineer in Economic Geology at The University of Trondheim in 1980. He studied for two years at Ecole National Supérieure des Mines de Paris, and finished his Doctorate of Engineering at The University of Trondheim in 1987. Since 1989 he has been working in several large dimensional stone quarries. His work included evaluation and buyout of quarries, acquiring licenses, planning, production and sales of blocks world-wide. Since 2000 and prior to joining Golder he ran and managed his own consulting company.

2.0 OVERVIEW OF REGION, PROJECT LOCATION AND ASSETS

2.1 Country Overview

Kosovo is a landlocked country in the Balkan Peninsula. It borders the Republic of Macedonia to the southeast, Albania to the southwest, Montenegro to the northwest and Serbia to the north and northeast. Kosovo declared independence from Serbia in 2008 although Serbia refused to recognise the declaration of independence and it remains a source of international dispute. Pristina is the capital of Kosovo and the largest city with a population of approximately half a million inhabitants. Other cities include Peć, Prizren, Dakovica, and Kosovska Mitrovica. Kosovo's total population was in 2011 approximately 1.8 million people (CIA, 2011). Kosovo has an area of 10 887 km^2.

In 2008, there were 87,960 small and medium enterprises (SME). About 47% of these were engaged in trade industry. The privatization process is still in its initial stages which provide opportunities for investors.

Natural resources in Kosovo comprise nickel, magnesium, zinc, lead, chrome, bauxite, kaolin and lignite. The Ferronikeli nickel plant in Kosovo is supplied with nickel ore from the group's mines in the country, as well as imports of third party ore from Albania. Kosovo possesses the world's 5th largest stocks of lignite with estimated reserves of approximately 14.7 billion tonnes (ICMM, 2005). Lignite is important for Kosovo as it supplies much of the fuel for the countries power generation.

Decorative stone is also an important resource for Kosovo. In addition to limestone and marbles, other decorative stones such as Gneiss, Andesite, Magnesite, Serpentite, Quarzite, Trachyte, Porphyry etc., are available in large amounts.

Figure 2.1 shows the top six exports from the country, reproduced from ICMM (2005).

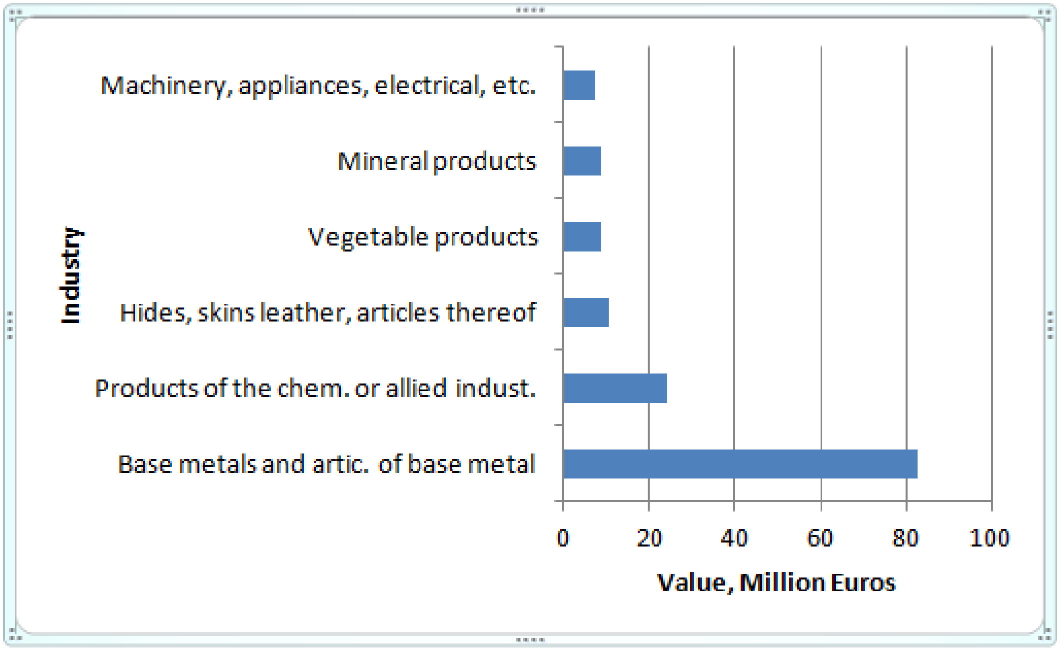

Figure 2.1: The chart shows the 6 most important export industries in million Euros

Kosovo's citizens are the poorest in Europe, with an average annual per capita income of approximately USD 2750. About 45% of the population are unemployed.

As mentioned previously, Kosovo has significant reserves of lignite, and a part of the country's electricity is produced by two coal-fired power stations with low producing capacity. Production at these plants has been hampered by chronic technical problems as well as multiple lightning strikes. Given existing energy deficits, Kosovo has been forced to import electricity to fill gaps in supply. Kosovo is said to import about two-thirds of its electricity needed from Bulgaria as Pristina buys the power from major energy traders operating in the Balkans.

There is a good infrastructure of roads in Kosovo. Further development of infrastructure is planned through investment of over 600 million Euros on highway and magisterial road construction and upgrades over the coming years.

2.2 Mining in Kosovo and Mineral Law

Prior to 1999, Kosovo's minerals sector was subject to the Yugoslav Socialist Autonomous Province of Kosovo's Mining Law of 1980 and the Geological Exploration Law of 1983. After the 1999 intervention of NATO, followed by UN Resolution 1244, it was necessary to adapt minerals sector legislation to the changed circumstances. On 21 January 2005, the United Nations Interim Administration Mission in Kosovo (UNMIK) published two regulations that addressed this situation.

UNMIK Regulation 2005/2 created the Independent Commission for Mines and Minerals (ICMM) in Kosovo. This body regulates the mining sector and implements and enforces the Mining Law; handles exploration and exploitation licence applications; approves applications for, and controls the transport and handling of, commercial explosives; provides mines inspectorate services; terminates illegal mining activities; and collects royalties.

Law No.03/L163 on Mines and Minerals provides the mining law for Kosovo and sets out the range of licences and permits which can be granted in relation to the minerals sector throughout the Territory.

To explore the assets of Kosovo you need a license depending on the mineral to be explored for. For decoration stones a license is issued for 25 years and may be renewed for an additional 25 years. According to the Investment Promotion Agency of Kosovo (IPAK) the royalty fees for the exploration of marble, granite and slabs is 0.50 per ton extracted. For metal ore, building materials and minerals, other fees apply.

From an overall perspective capital investment in mineral exploitation is considered a high priority for Kosovo's economic development. So the legislative and regulatory framework has been specifically designed to be business friendly.

Additional information on the new Kosovo Mines and Minerals Regulations, which are administered by the ICMM, is available on their website (www.kosovo-mining.org).

2.3 Property Description, Mineral Rights and Location

2.3.1 Property Ownership

This Mineral Resource estimate and CPR concerns three properties: Rahovec, Banjat e Peje and Suhogerl.

Rahovec

The three claim licenses located within the Rahovec property boundary are Verrezat, Cervenilla and Antena. Each of these claims is 100% owned by H&P SH.P.K. (H&P), a subsidiary of Fox Marble Ltd (FML), which itself is owned by Fox Marble Holdings Plc (FMH). H&P holds both the mining licenses and the rights to the land.

Banjat e Peje

The claim license located within the Banjat e Peje property boundary (Banjat e Peje) is 100% owned by Granit-Shala SH.P.K. (Granit-Shala), a subsidiary of FML, which itself is owned by FMH. The license area is subdivided into three parcels: Parcel 1, Parcel 2 and Parcel 3. Granit-Shala holds the mining license and has a lease agreement with landowner.

Suhogerl

The claim license located within the Suhogerl property boundary (Suhogerl) is 100% owned by Rex Marble SH.P.K. (Rex Marble), a subsidiary of FML, which itself is owned by FMH. Rex Marble holds both the mining licenses and the rights to the land.

This Mineral Resource estimate and CPR concerns these three properties only. No other deposits or additional material outside these properties was considered by Golder.

Summaries of the FML's leases and land rights agreements are set out in paragraph 12.9 of Part VIII of FML's AIM Admission document. These summaries include details of FML's obligations under the leases and land rights agreements including as to royalties and profit sharing arrangements. These are in addition to the obligations and royalty arrangements set out in 2.2 above.

2.3.2 Rahovec

The Rahovec area is situated in the central western part of Kosovo, 45 km southwest of Pristina. Figure 2.2 shows the location of the FML properties in Kosovo. Figure 2.3 shows the location of the three Rahovec properties.

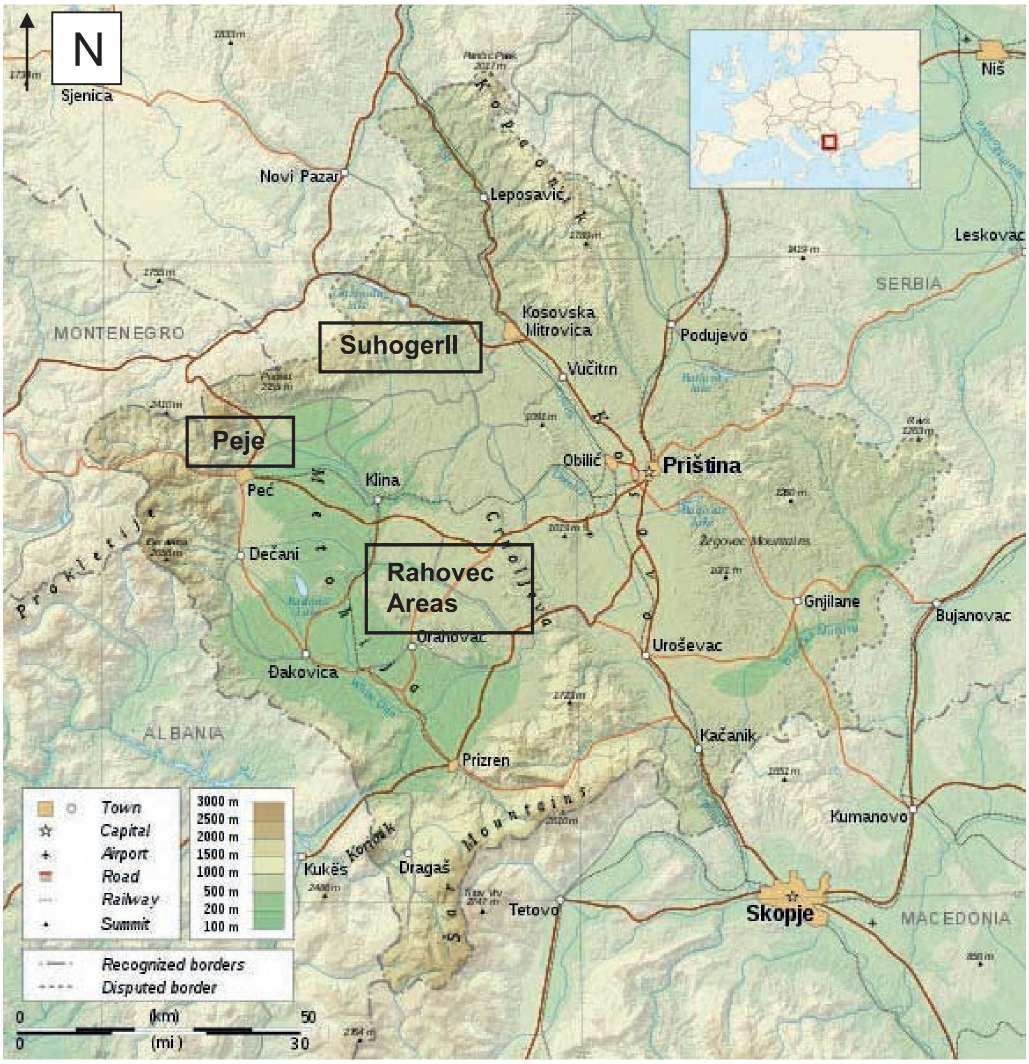

Figure 2.2: Location of all Prospects

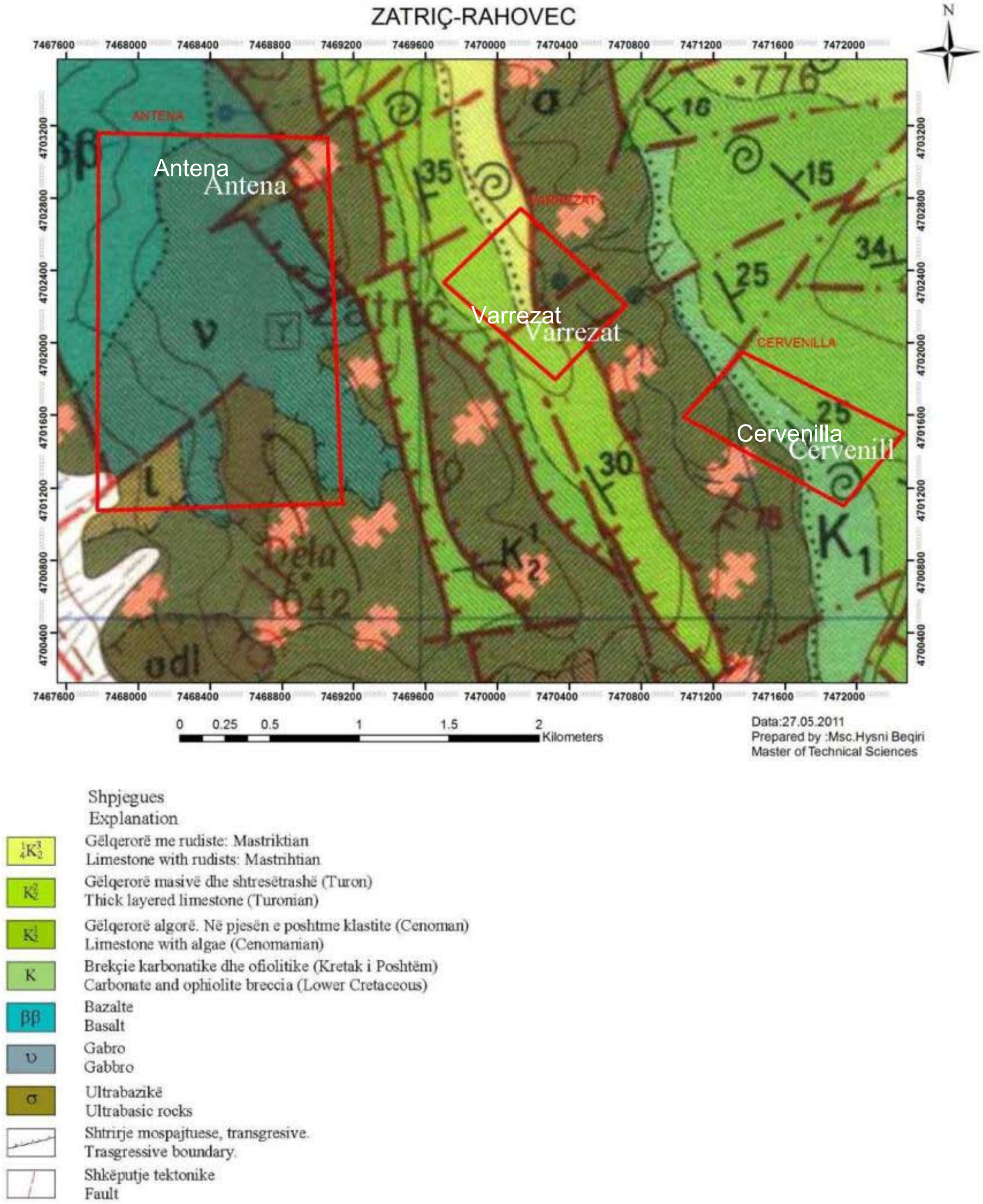

Figure 2.3: Rahovec with three properties shown on a geological map; Cervenilla (application no. 1401), Varrezat (application no. 1400) and Antena (application no. 1402)

The licenses shown in Figure 2.3 are referred to as the Rahovec area. The project comprises three properties; application 1400 (Varrezat), 1401 (Cervenilla) and 1402 (Antena). The three properties are respectively 468,482 m^2, 488,546 m^2, and 1,600,000 m^2 in area. The properties are held by the company H&P, which is 100% owned by FML.

Table 1: Rahovec properties

Asset	License number	Holder	Interest (%)	Status	Land Rights period	Area (ha)	Type of license
Verrezat	5627	H&P SH.P.K.	100%	Exploitation	10+10 years	45.9	Exploitation
Cervenilla	5629	H&P SH.P.K.	100%	Exploitation	10+10 years	49.9	Exploitation
Antena	5626	H&P SH.P.K.	100%	Exploitation	10+10 years	47.6	Exploitation

2.3.3 Banjat e Peje

Banjat e Peje (ML No. 5630) is in the northwest part of Kosovo (Figure 2.3). The property is owned by Granit-Shala and is approximately 1.78 million m^2. Figure 2.4 shows the location and extent of the Banjat e Peje licence area, and the location of the three parcels within the license area: Parcel 1, Parcel 2 and Parcel 3.

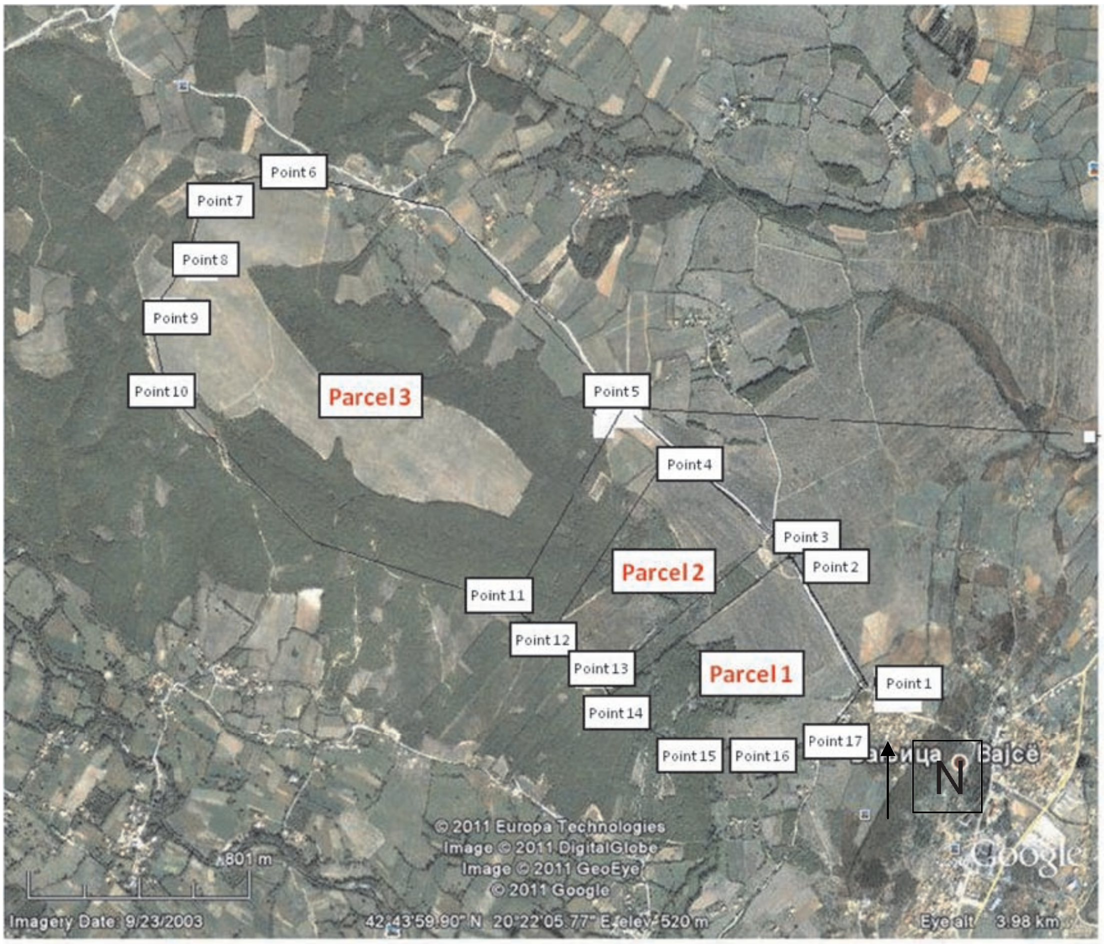

Figure.2.4: Banjat e Peje. Outline of the property; Parcel 1, Parcel 2 and Parcel 3

2.3.4 Suhogerl

FML state the claim area to be 540,000 m^2. Figure 2.5 shows the location and extent of the Suhogerl licence area (ML No. 5631).

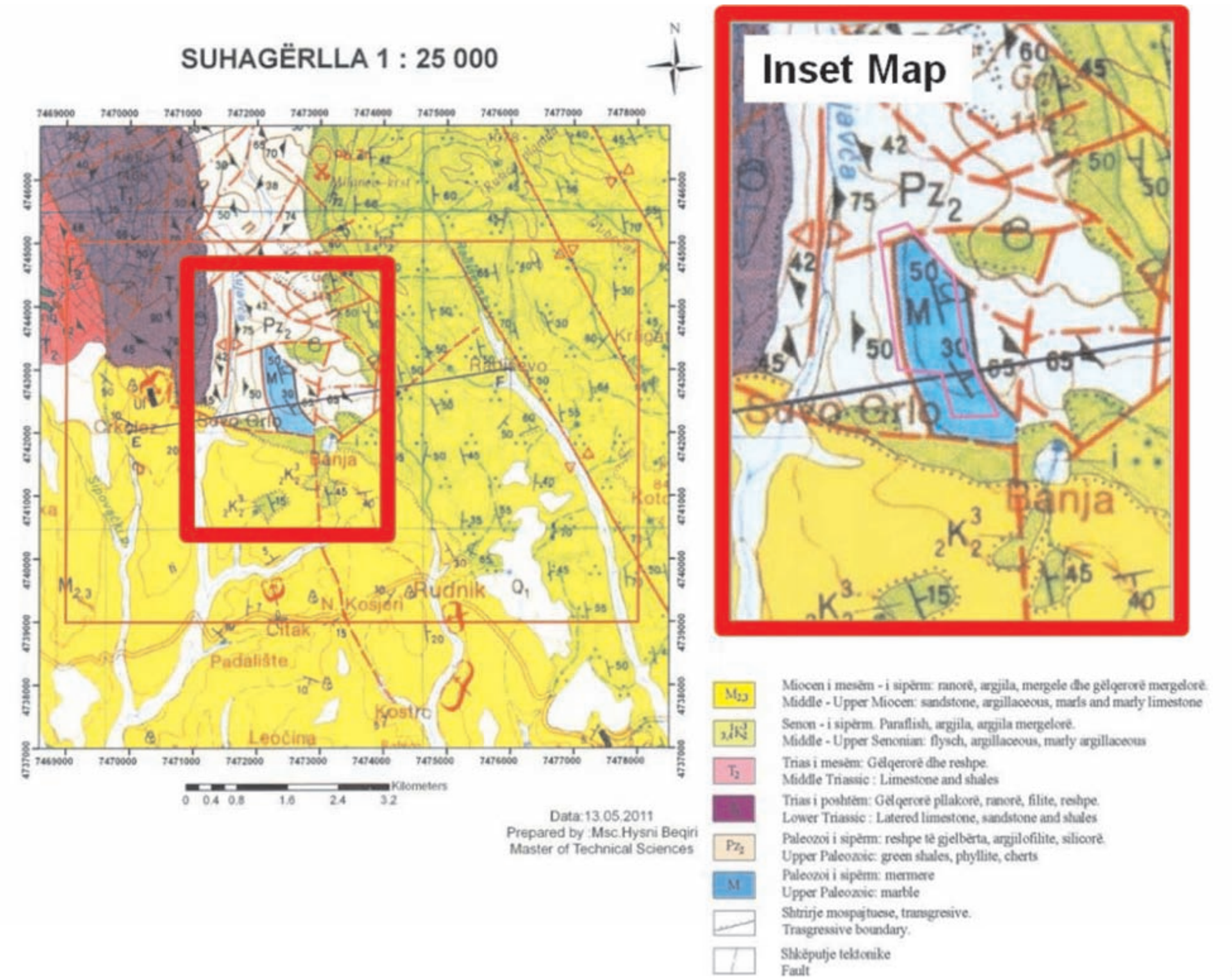

Figure 2.5: Suhogerl. Property area shaded in blue.

2.4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The country's infrastructure is well developed. A fully developed road network does exist and in general the roads are in a good condition. There are several main roads connecting the large towns of Kosovo and its territory with the neighbouring countries. There are railway tracks to Macedonia and Serbia, but the railway system does not operate regularly at the moment. Regular international air links are provided from across Europe to Pristina, the capital of Kosovo.

The climate of Kosovo is predominantly continental, resulting in warm summers and cold winters with Mediterranean and Alpine influences. The average temperature within the country ranges from +30°C in summer to -10°C in winter. However, due to variations in elevation in certain parts of the country, there are differences in temperature and rainfall distribution.

December and January are regarded as the coldest months, July and August as the warmest months of the year. The maximum rainfall rate is reached between October and December. Between November and March, snowfall can be expected in Kosovo, even in the lower parts of the country. The highest snowfall rates can be expected in the mountain regions of Kosovo.

The valley between Mitrovicë / Mitrovica and Kaçanik / Kačanik belongs to the dryer areas of the country. In contrast, the plain of Dukagjini between Pejë / Peć and Prizren is described as a very fertile area with more precipitation between November and March.

Based on the climate conditions, Kosovo can be separated into three climatic areas:

- Climatic Area of Kosovo (Rrafshi i Kosovës);
- Climatic Area of Dukagjini (Rrafshi i Dukagjinit); and
- Climatic Area of mountains and forest parts.

The climatic area of Kosovo (Rrafshi i Kosovës), which includes the Ibar-Valley, is influenced by continental air masses. For this reason, in this part of the country, the winters are colder with medium temperatures above -10°C, but sometimes down to -26 °C. The summers are very hot with average temperatures of 20°C, sometimes up to 37°C. This area is characterised by a dry climate and a total annual precipitation of approximately 600 mm per year (ICCM, 2011).

Kosovo covers a surface area of approximately 10 900 km² and is characterised by an average altitude of 800 m above sea level, showing vertical changes of relief and morphology. These morphological changes are a consequence of the geological setting. The lowest point of Kosovo is located at an elevation of 297 m (Drini i Bardhë / Beli Drim, at the border to Albania). The country rises up to its highest point in the south of Kosovo – Djeravicë / Gjeravica at 2565 m above sea level.

3.0 GEOLOGICAL SETTING

3.1 Regional Setting

The oldest rocks form the Neo-Proterozoic basement, which is composed of crystalline schists and granites, representing the products of regional high-grade metamorphism. These rocks mainly outcrop in the northeast of Kosovo. Laid down on top of this continental basement was an extensive sequence of shallow water marine sediments (clastic and chemical) of Late Permian to Early Triassic age that were invaded by acid magmas as the continental crust thinned, resulting in anatexis of pre-existing rocks. Continued stretching and thinning led to the formation of the Paratethys Ocean that ran across the Balkans, including Kosovo. The Paratethys was a branch of the main Tethys Ocean that extended across southern Europe, the Mediterranean and North Africa. A reversal of tectonic plate movement led to the eventual closure of the Mesozoic-age Tethys Ocean, including a segment called the Vardar Ocean (Paratethys) across Kosovo. By late Jurassic times, the presence of a remnant Vardar Ocean as a shallow sea led to the chemical deposition of thick and extensive carbonate platforms. By Cretaceous times, the eventual retreat of this sea and the stability provided as a passive continental margin, led to the deposition of clastic sediments that range from marine to terrestrial in origin. Collision between the landmasses that had flanked the Vardar Ocean forced the westward obduction of remnants of oceanic crust upon continental crust. The result is the remnants of oceanic crust found throughout the Balkans, forming linear ophiolitic sequences aligned along the regional NNW-SSE regional structural trend. These obduction events are polyphase and would appear to represent crustal accretion, resulting in the development of several linear belts of ophiolites, ranging in age of obduction from Jurassic to Cretaceous. The rocks that were overthrust during the emplacement of ophiolites are called the 'sole' rocks and form units called mélange. Such ophiolitic mélanges are characteristically composed of chert, serpentinite, mafic volcanics and carbonates, all of which may be in the form of fragments within chaotically sorted olistostrome units. In Late Cretaceous times, extensive continental collision during the Alpine Orogeny led to the formation of the Alps and associated mountain ranges throughout central and southern Europe. The rapid erosion of these contorted rocks of both marine and continental origin resulted in the deposition of the flysch cover sequence, composed of marly limestones and clastics. As the Alpine Orogeny waned, so the young mountain ranges were eroded to produce the continental molasse cover sequence that formed predominantly in intermontane basins throughout the Alpine Zone. Some of the continental clastic sediments are preserved in Kosovo molasse deposits. Basin depressions within Kosovo were sites of luxuriant vegetation growth that finally became overwhelmed by sedimentation and led to the formation of the substantial stratiform lignite deposits that are now being mined by Korporata Energjetike e Kosovës (KEK). The Pleistocene glaciations that affected Europe removed much of the soil cover from Kosovo's ring of surrounding mountains, leading to the formation of substantial talus deposits along the steep mountain flanks (ICMM, 2011).

3.2 Key Prospects

The general geology of the three main property areas discussed in this report is well documented and described in a series of internal geological reports prepared by Professor Ibrahim Milushi from The Polytechnic University of Tirana, Albania (Milushi, 2011).

3.2.1 Rahovec

The Zatriqi area is included in the ophiolite massif of Rahoveci, which is covered by terrigenous formations and Cretaceous carbonates.

3.2.1.1 Stratigraphy

The terrigenous and carbonate ophiolite formations are divided into several stages:

Breccia Formations (K1, see geological maps below; Figure 3.1 and 3.2)

An ophiolite and carbonate brecciated formation is located in the eastern part of the area between Zatriq and Cernovrana. Pebbles of ultrabasic rocks are encountered at the base of these formations. Carbonate breccias with ophiolite matter occur on top of these rocks. The strike is generally north to south, with an obvious eastern dip. Based on evidence from fauna assemblages, their age is thought to be of Lower Cretaceous (Barremian – Aptian). Breccia formations in many cases represent excellent ornamental stones.

Algal – Coralline Limestone Formations (K21)

Algal limestone formations are encountered mostly between Zatriq and Cernovrana, but they are also observed at the base of the Zatriq limestones. Sandstones and microconglomerates are frequently found in the lower part of the section. Carbonate sandstones and arenaceous limestones have been encountered in the upper part of the section. Cenomanian limestones reach thicknesses of up to 150 m. These limestones represent rare decorative high quality marbles. In general, they are reddish, and are characterised by beds which are typically 1 to 1.5 m thick.

Turonian Limestone Formation (K_2^2)

These are typically platform limestones. They are massive and thickly bedded with varying thickness. The colour ranges from white to grey to dark grey in colour. Dolomitization is common.

Rudist Limestones ($_{4.1}K_2^3$)

These limestones represent the uppermost stages of the Senonian. Their presence is interesting because at the base of the section, on top of the Turinian limestones, bauxites are encountered. They are very homogenous limestones, striking approximately north to south, with a clearly defined easterly dip. The limestones are very good material for use in construction, paving of roads etc.

3.2.1.2 Magmatism

The Zatriqi area is characterised by a wide distribution of mantle and ocean crust formations.

Mantle Formations

Mantle formations are represented by harzburgite, dunite and lesser amounts of pyroxenite. Harzburgite and dunite are serpentinized. In harzburgite, olivine typically occupies 60% of the rock mass, serpentine anywhere between 30% and 90%, eustatite up to 15%, bastite up to 10%, monocline pyroxene up to 2%, talc up to 5%, chromite up to 2.5% and iron oxides up 4%. Dunites are less distributed than the harzburgites. Chromite mineralization is related to dunites, and is observed as lenses and stocks within harzburgites. Dunite outcrops generally strike NNW – SSE. Pyroxenites are less well distributed and are younger in age, cross-cutting both the harzburgites and dunites.

Oceanic Crust Formations

Oceanic Crust formations are represented by gabbro, basalt, quartz keratophyre etc. They are mostly distributed west of Zatriqi, between Zatriqi and Pustasella.

3.2.1.3 Tectonics

Ophiolite formations of the Rahoveci massif have a NNW – SSE strike. Upper parts of this massif, represented by gabbros and basalts, are exposed along south-western part of the massif.

Cretaceous sedimentary formations occur trangressively and lie unconformably on top of ophiolite formations of mantle origin. In the Zatriqi area, Cretaceous limestones have a tectonic contact, both at their western and eastern boundary. In the west the ophiolites are thrust over harzburgites, and in the east, are thrust over Cretaceous limestones.

Cretaceous limestones (with harzburgites at their base), are also intersected by faults which strike NE – SW, giving the area a somewhat blocky character. Generally, outcrops of Cretaceous units occurring in the Zatriqi area and further east, represent easterly to north-easterly dipping monoclinal structures.

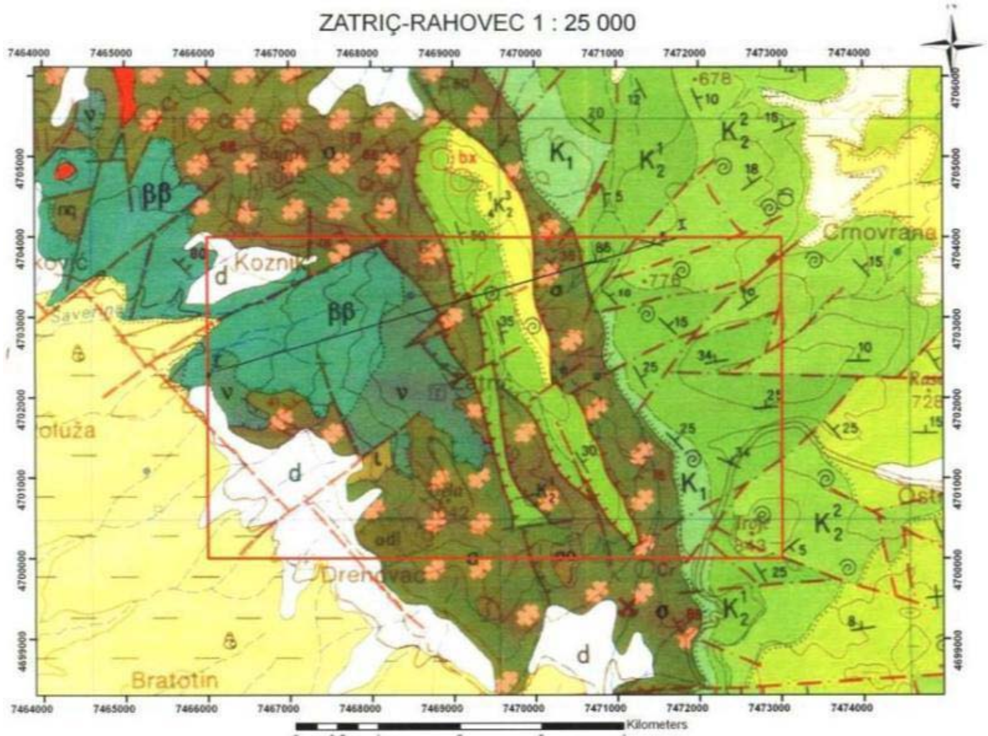

Figure 3.1: Geological map covering properties in Rahovec

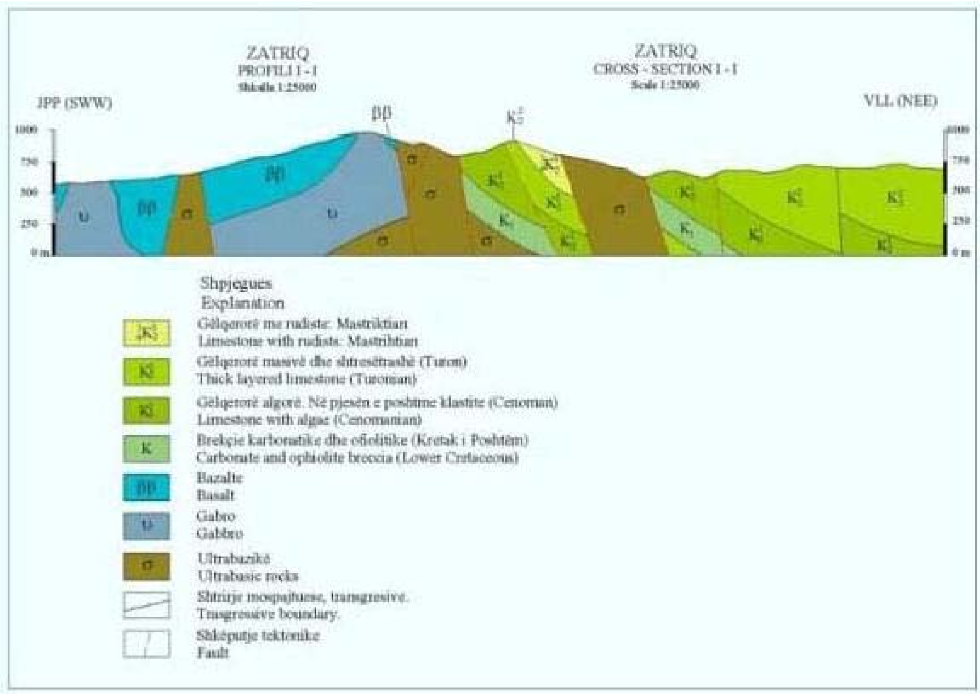

Figure 3.2: Geological profile and geological legend for Rahovec, from A to A' in Figure 3.1

3.2.2 Banjat e Peje

The Banjat e Peje map sheet is composed of almost horizontally lying formations of Pliocene and Quaternary age, as well as containing high quality marbles covered by these younger formations (see Figures 3.3 and 3.4 below).

3.2.2.1 Stratigraphy

Pliocene (Pl)

The Pliocene formations at Banjat e Peje are widely distributed, especially on the left side of Drini i Bardhë River, where they are represented by sandstones and clay, etc. There is no evidence of new faults in these Pliocene formations, but the presence of travertines in Banjat e Peje does not rule out the possibility of fractures that have cut Pliocene formations in this area. In the southwest Pliocene formations have limited exposure, as the area is covered by lacustrine and alluvial deposits.

Quaternary (Q)

Quaternary deposits are widely distributed in the Banjat e Peje area. Besides mapped deposits in Pliocene formations, a thin vegetative overburden of Quaternary age is observed in many places.

Lacustrine formations, distributed in the south-western part of the area, to the east of Drini i Bardhë, are of Pleistocene age.

Alluvial depositions, which are found along the Drini i Bardhë river banks and Budaki stream are composed of gravels in the form of river terraces. They comprise mainly carbonate rocks belonging to the Bjeshkë të Nëmura and Mokna Mountains, located northwest and north of the area.

Paleozoic (Pz)

Paleozoic deposits have limited distribution, and occur in Banjat e Peje town itself, where a famous thermal spring (spa) is located. Exposures are characterised by travertine and rare occurrences of marble (onyx).

Previous geophysical work, using tomography has identified that marble continues at depth in this area. Surface exposure of marble shows it is very high quality. However, it must be noted that, in some places, cavities and other small caves are encountered. Also, there is evidence in the area of circulation of mineral and/or thermal waters.

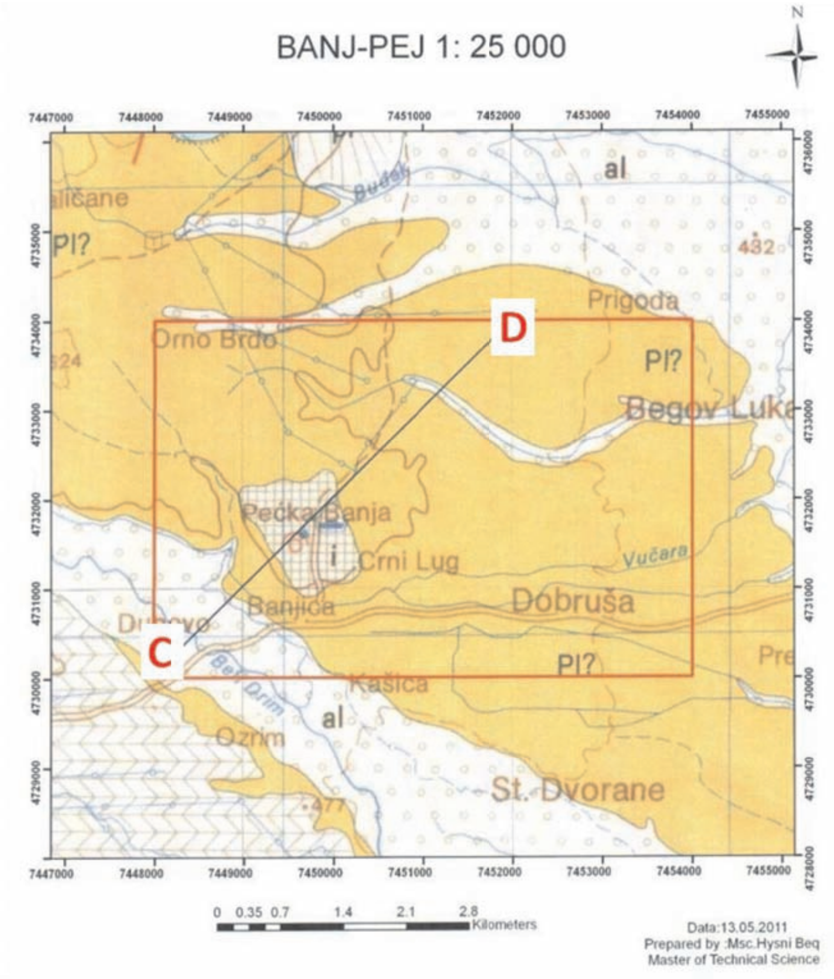

Figure 3.3: Geological map covering Banjat e Peje.

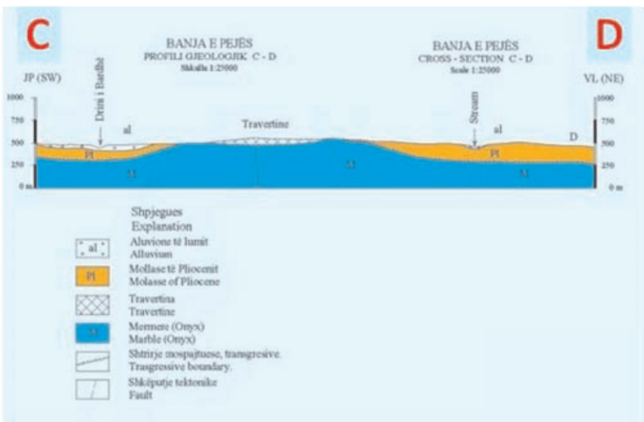

Figure 3.4: Geological profile legend for Banjat e Peje, from C to D in Figure 3.3.

3.2.3 Suhogerl

In this property, marbles are exposed north of Banjat (NNW of Rudnik).

3.2.3.1 Stratigraphy

In Rudnik, as well as north of this area, Paleozoic, Mesozoic and Cenozoic sedimentary formations occur (Figure 3.5 and 3.6).

Paleozoic (Pz)

Paleozoic formations occupy the northern part of the area, in a north south belt, about 1.5 km thick. They are represented by Upper Paleozoic green shales, clay-phyllites, cherts etc.

The Paleozoic formations also include marbles, which are exposed north of Banja. They strike north south, and have a tectonic contact with Upper Cretaceous flysch. The dip of marble (foliation) is eastward at between 30^0 and 50^0. Marbles can be traced over a strike length of about 1.5 km, and over a width of 500 m. Information obtained by detailed geological observations, indicate the extension of marbles with depth to at least 200 m. Marbles are of high quality and occur as two types: dark grey and reddish types. These marbles are suitable for quarrying, and are further described in Chapter 6.1.3.

Lower Triassic. (T_1)

Lower Triassic formations are found only along the northwesternmost edge of the map sheet. They are represented by tabulated (flaglike) limestones, phyllite sandstones, graphitic-sericitic shales, etc. The nature of the underlying contact with the Paleozoic shales is unknown. In the field, the impression is one of a tectonic or vertical contact, striking north to south.

Middle Triassic.

Middle Triassic formations have limited distribution, and can be found only along the northernmost edge of the map sheet. They are represented by marbled limestones, mudstones, phyllites, sericitic – chloritic shales, cherts, metadiabases, etc, intersected by small quartz-porphyric bodies (rhyolite).

Middle Triassic limestones have a tectonic contact with Lower Triassic formations, and both are intensively folded.

Upper Senonian ($_2K_2^3$)

The Upper Senonian formation is limited in distribution, being found only towards the central part of the map sheet. It is represented by rudist limestones, typically platform.

Upper Senonian. ($_{3.4}{}^1K_2^3$)

The Upper Senonian preflyshoidal formation is widely distributed in the eastern half of the map sheet. It strikes unconformably and transgressively over Upper Paleozoic shales, whereas the southwestern part of map sheet is covered by molasse of $M_{2.3}$. Relationships between Lower Senonian limestones and Upper Senonian limestones are not clearly defined.

Quaternary

Quaternary depositions are mostly alluvial, with lesser amounts of delluvial sediments.

3.2.3.2 Magmatism

Magmatic formations have limited distribution, and typically occur as small dolerite and rhyolite bodies among Middle Triassic formations.

3.2.3.3 Tectonics

Tectonically, the Rudonik area is very complicated. The oldest Upper Paleozoic formations exhibit intensive folding. In the west they are transgressively covered by Lower Triassic formations and in the east by Upper Cretaceous formations. In the south, Upper Paleozoic shales intrude into a large marble formation. There are two interpretations about relationships with marbles and Upper Paleozoic shales:

a) Marbles are spread out at depth; and

b) Marbles are tectonically closed at depth.

The second interpretation seems to be less feasible. If marbles are to be "residuals" of the ceiling of the Upper Paleozoic shales, they would be encountered along transgressive contacts, especially at Lower Triassic formations. The Pre-flyschoidal formation of the Upper Senonian limestones strikes NNW – SSE, showing two clear syncline structures, separated by each other through an anticline structure.

Molasses of Miocene age have a gently dipping strike, and transgressively cover all older formations unconformably.

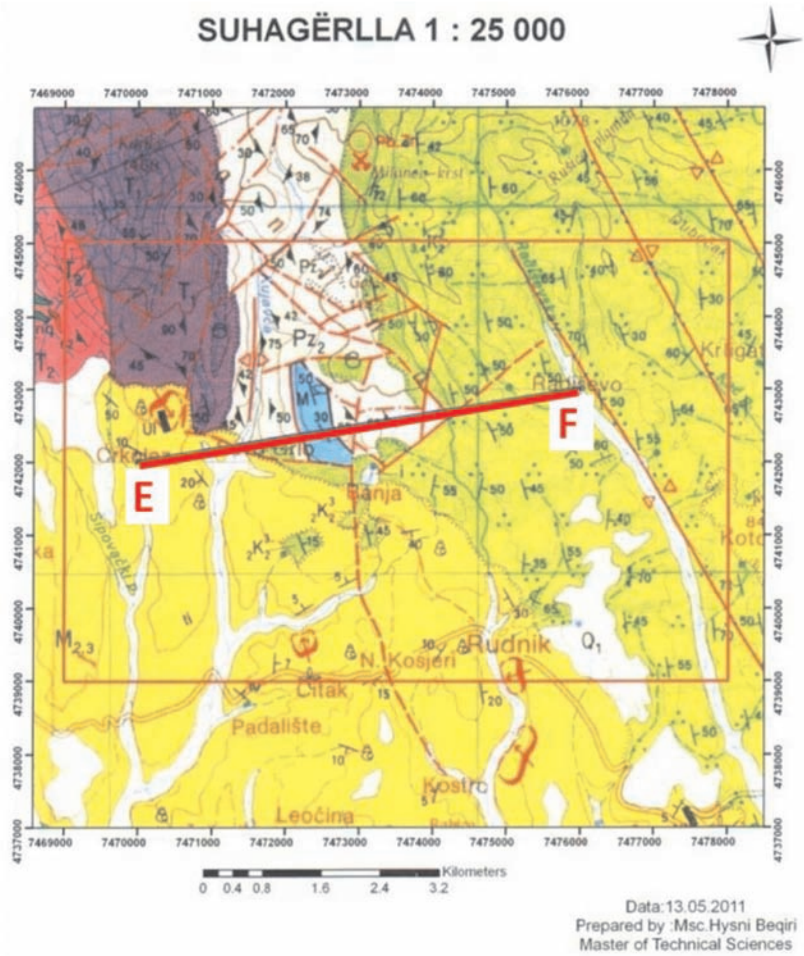

Figure 3.5: Geological map covering Suhogerl

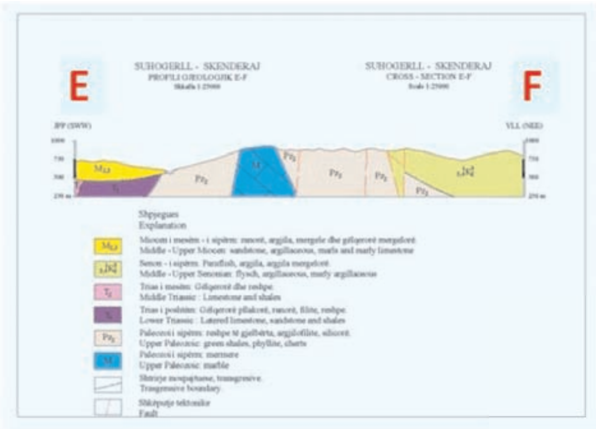

Figure 3.6: Geological profile and geological legend for Suhogerl, from E to F on Figure 3.5.

4.0 EXPLORATION HISTORY

4.1 Geology: Mapping and Drilling

4.1.1 Rahovec

The three Rahovec areas were explored in 1965 and 1966. During these years, extensive surface mapping and drilling was carried out by The Institute for Geological and Geophysical Research in Belgrade (Appendix A).

In the Cervenilla area ten holes were drilled. They were located using a local coordinate system, but this system no longer exists, or as it has been put; it is a “secret” from the Cold War era. Therefore, there is no way to exactly pinpoint the location of the drill holes. Quarrying was carried out in this area until the 1990’s, when it ceased due to the outbreak of war in the region. Information from the work carried out has identified a number of different limestone units: (a) one dark red, partly with fossils; (b) bright red; (c) grey; and (d) limestone breccias. The estimated total thickness of these units combined is up to 50 m.

In the Antena area two drill holes were drilled in the same period. These drill holes were located using the same “secret” coordinate system as used at Cervenilla, and it is therefore not possible to say exactly where they were drilled. The results from the drilling show that the drill holes intersected ultramafic rocks units, with a total thickness of up to 50 m. There is evidence for the existence of a small quarry on the western hillside.

In the Varrezat are the grey dolomite has been drilled extensively, but not within the area licensed by FML is. The results show mainly white and grey dolomite, with local varieties of yellow and red. There are also some smaller bands of sandstone associated with the dolomite.

4.1.2 Banjat e Peje

Exploration work involving geological mapping was carried out in 1953 / 1954 and from 1964 to 1968. This resulted in the opening of a quarry in 1970. There are no records available from the quarry, but the quarry was inspected during the site visit. There is a small processing plant in the area, which is fed by boulders which are taken out by excavators. The production from the plant is small.

4.1.3 Suhogerl

There is no record of drilling or quarries in the area.

4.2 Geophysical Survey

In Banjat e Peje an Electrical Resistance Tomography (ERT) profile has been carried out and reported under the supervision by Prof. Ibrahim Milushi. The length of the profile is 300 m with a depth of investigation of about 50 m (Figures 4.1 and 4.2). Figure 4.2 also shows the distribution of logarithm resistivity values (Ohm) along the profile. From the resistivity values we see that the area exhibits very high lateral and vertical changes.

An interpretation of the profile indicates three potential layers in terms of rock quality.

First layer: From surface up to about 7 m to 8 m depth shows overburden with marble boulders or an intensively karstified marble. This can be seen from the alternating low (blue) and high (yellow to red) resistivity values along the upper parts of the profile.

Second layer: From about 7 m to 8 m down to about 25 m to 30 m depth, the pseudosection also shows a combination of high and low resistivity values with a dominance of low resistivity values which may be related to water circulation within a karstic marble.

Third layer: Below 25 m to 30 m, high resistivity values occur at both ends of the profile (yellow-red colour) which may be related to the presence of compact marble. In the centre of the profile very low resistivity values occur (blue colour) possibly related to water circulation through fractures in the underlying marble (karst zone filled with thermal waters), or it may represent a possible fault zone which may be explained as a contact zone between flysch (with low resistivity values) and marble (with high resistivity values). This feature may also serve as a route for the movement of thermal waters.

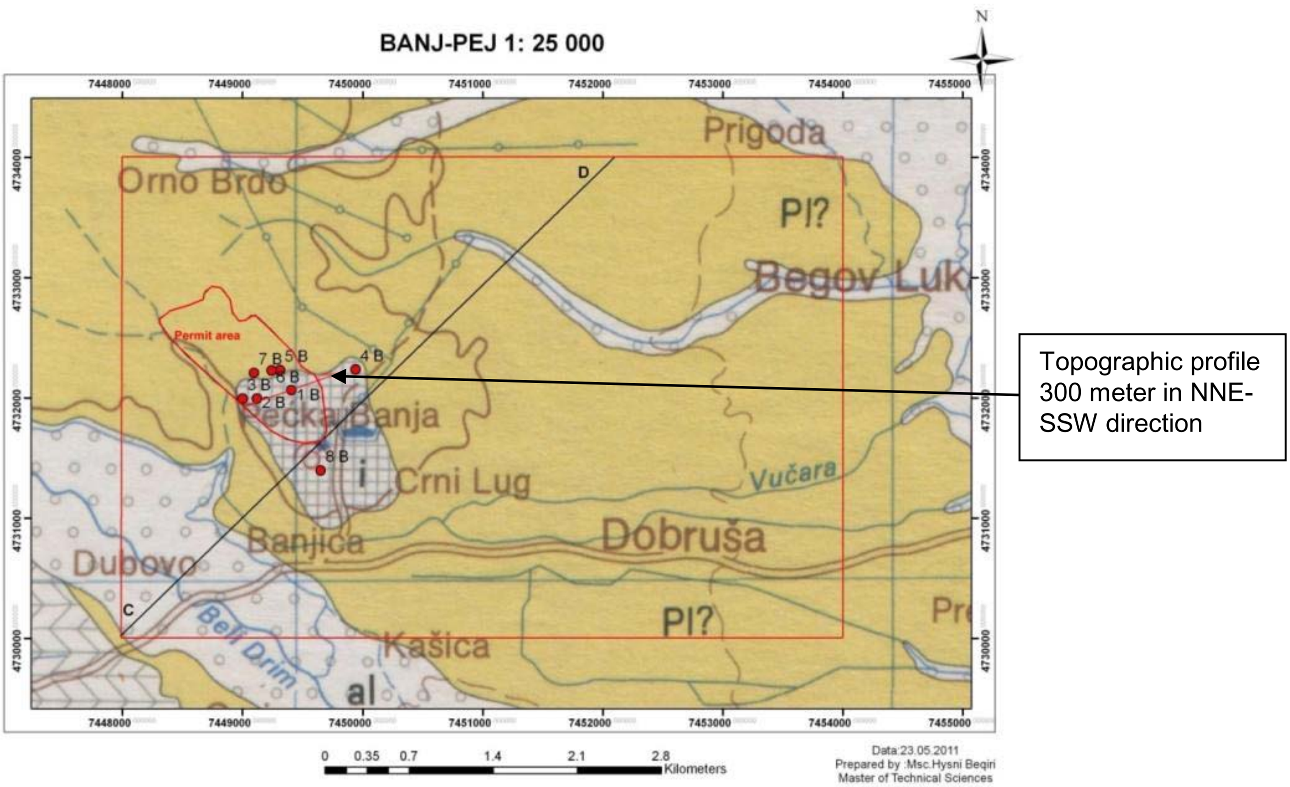

Figure 4.1: Topographic profile in Banjat e Peje

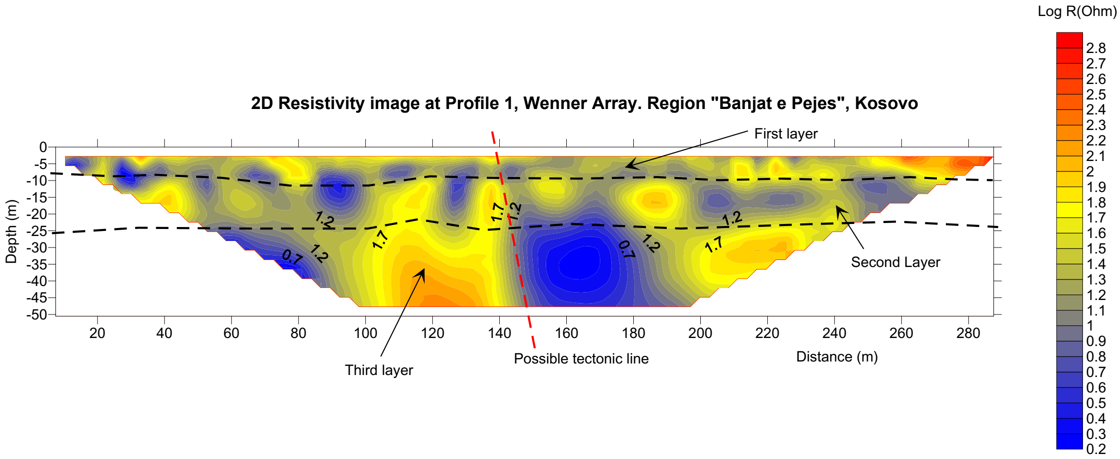

Figure 4.2: Resistivity values distribution of ERT profile 1. Region, "Benja Peja", Kosovo. Wenner array configuration.

5.0 DATA VERIFICATION

5.1 Data Supplied

Golder received the following data from FML:

a) Drilling – pdf files containing images of 15 drill logs for drilling completed during the period 1964 to 1966 (Appendix A);

b) An internal report by Prof. Ibrahim Milushi on the potential resources of marble and other decorative stones at Banjat e Peje, Suhogerl, Godime and Rahovec;

c) A document showing a description of samples taken from Banjat e Peje, Suhogerl, Godime and Rahovec;

d) A laboratory test report on the physical-mechanical properties of the above samples (reproduced in Table 2);

e) License agreements, property titles and maps of the properties of interest to FML;

f) Annotated map sheets of the properties; and

g) An internal report providing an interpretation of the Electrical Resistance Tomography (ERT) profile.

5.2 Data Verification

Data provided to Golder was in the form of scanned reports, maps and drill logs as detailed in Section 5.1. All the drilling was performed under a strict communist regime with “secret” coordinate systems and storage locations. There was no drill core available to inspect and the locations of the drill holes in the field were not identified by Golder.

Golder carried out a site walkover on each project. Observations made by Golder were consistent with information contained in the various reports and maps.

Polished samples of marble and decorative stone from each location were shown to Golder. Photographs of rock specimens are included in Section 6.1.

Golder considers that the data available for each project, although limited, is sufficient for preparing a Mineral Resource estimate and CPR.

5.3 Coordinate Systems

Data were supplied to Golder in several different coordinate systems but without reference to the coordinate system or zone used. It appears that the one of the coordinate systems is old and “secret”, and relates to the Cold War era.

The maps and resource estimates were developed using the KOSOVAREF01 datum coordinate system. KOSOVAREF01 (Network Reference of the First Order) as the new datum, was made using the GPS module method with static technology in the framework of EUREF (European Union Reference Frame). The geodetic datum has been defined from the Gauss-Krüger projection based on the ETRS89 ((European System Terrestrial) which is established as a national standard for geodesy in the continent.

6.0 MINERAL RESOURCE ESTIMATE

Golder was commissioned by FML to do an estimation incorporating the following points:

- Type of rock;
- Surface area of quarry;
- Thickness of marble;
- Resources, quantity of marble;
- Thickness of soil cover;
- Thickness of other stone; and
- Dimension of potential blocks to be produced.

The estimates are based on information provided from both historical drilling and geological mapping as outlined in Section 5.1.

The Mineral Resource estimates were completed Dr. M. Martinsen and Ms Valerie Batterham, and reviewed by Mrs Alexandra Akyurek and Mr Barry Balding. The estimate was made from 3D surface wireframe models created using proprietary software Vulcan 3D 8.0.4 (Vulcan), developed by Maptek©.

6.1 Evaluation of the Rocks

6.1.1 Rahovec

6.1.1.1 Cervenilla

There are varieties of dark and light red and grey limestones within the limits of the property. There is also a layer of about 30 m of uniquely coloured, dark red limestone, part of which contains white fossils (Figure 6.1). At the base of the limestone units, limestone breccias are well developed.

Figure 6.1: Red limestone with white fossils from Cervenilla.

A polished sample from the site shows a very dark red, fine grained limestone, with a lot of small (mm size) light red fragments. The rock shows a pattern of dark grey irregular veins cross-cutting the main fabric of the sample (Figure 6.2). The rock seems to be easy to polish. There are a lot of small open cracks in the sample, a potential problem which is normally solved by using resin during processing.

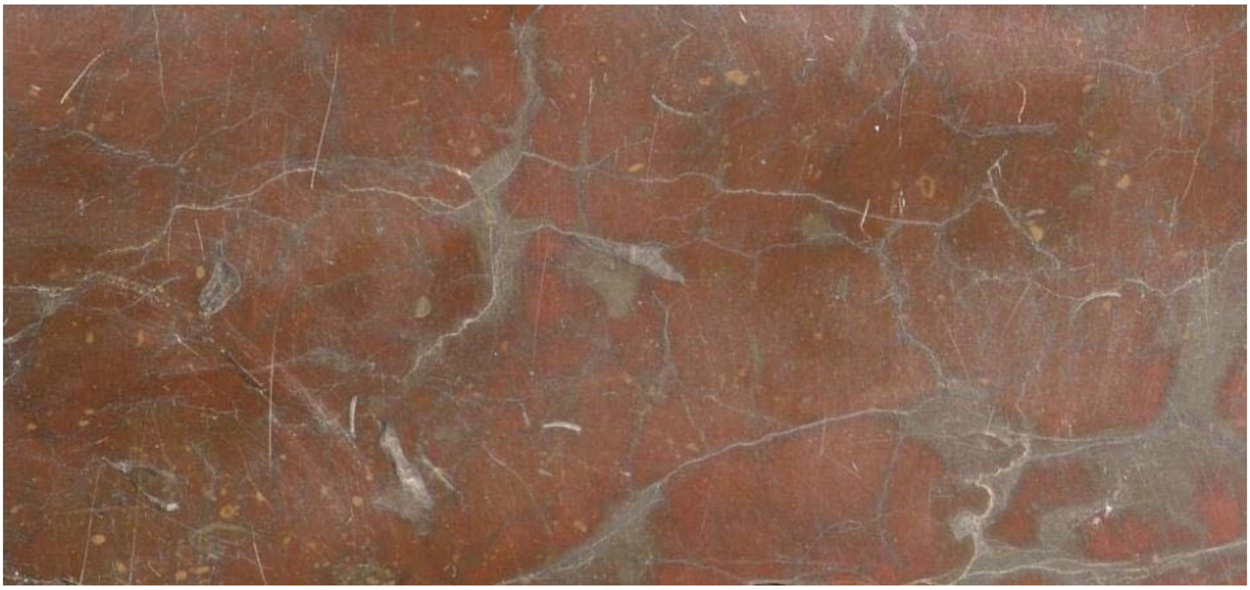

Figure 6.2.: Polished dark red limestone from Carvenilla

The light red limestone sample (Figure 6.3) shows a more homogenous texture than the dark red limestone. The rock seems easy to polish, and there were no signs of cracks in the sample examined.

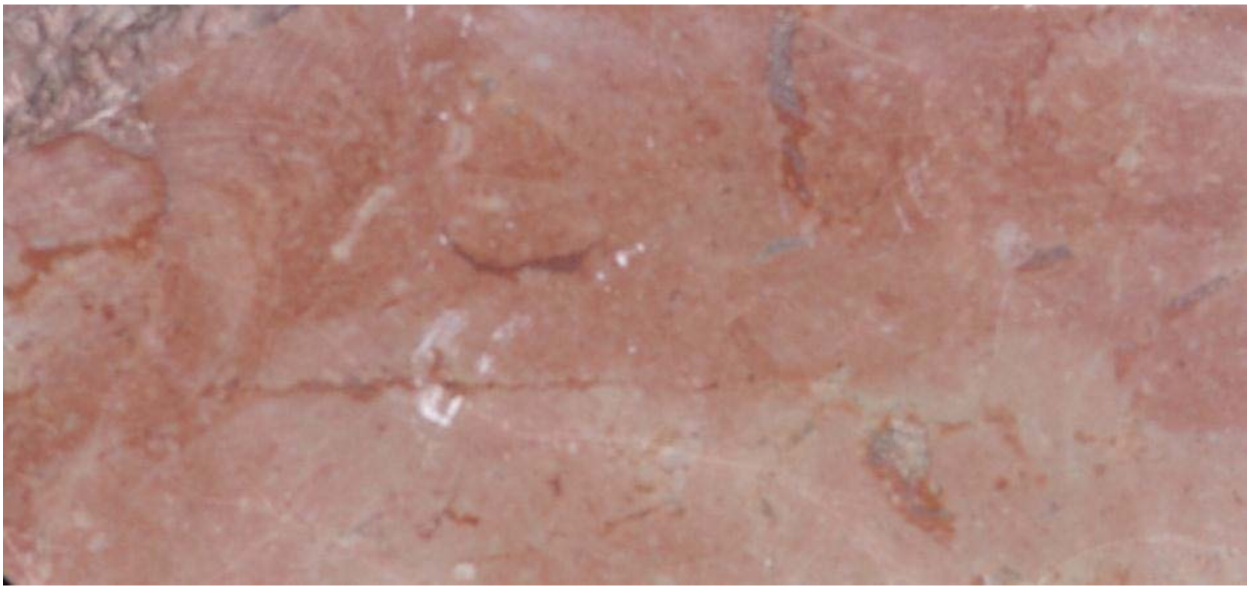

Figure 6.3: Polished light red limestone from Cervenilla

6.1.1.2 Varrezat

The grey dolomite present at Varrezat has several varieties of grey. Polished samples examined show one dark grey-brown, fine grained dolomite with cm scale, irregular lighter grey fragments (Figure 6.4); and one light beige fine grained rock (Figure 6.5). Both of the samples are easy to polish, and give shiny surfaces. In the dark coloured sample there are some thin, mm scale veins with some oxides or sulphides, but this should not cause any problems. There was no rust staining to be observed at the quarry site.

Figure 6.4: Polished dark grey brown dolomite from Varrezat

Figure 6.5: Polished light beige dolomite from Varrezat

6.1.1.3 Antena

The rocks on the property consist of a mixture of basalts, gabbros, granites and ultrabasics. Historically, this area had not been seen as having potential for the production of ornamental stone. FML provided one polished black basalt sample and one grey granite sample for inspection during the site visit. The basalt sample provided was a homogenous, black, shiny, fine grained rock (Figure 6.6), with good potential as an ornamental stone. The granite sample provided was a coarse grained, very deeply polished sample with an even brown-grey colour. The sample exhibited numerous 'specks' of shiny iron oxides throughout (Figure 6.7). The sample of the granite could have potential as an ornamental stone.

The coarse grained gabbros and ultrabasics looked very dark in the field (Figure 6.8), and have not been sampled for polishing. A local stone mason claimed that this rock type had previously been polished and used for ornamental stone, but no samples were available at the time of the site visit. At one location, thin white veins in the bedrock were identified, which could make this rock type difficult to work as an ornamental stone.

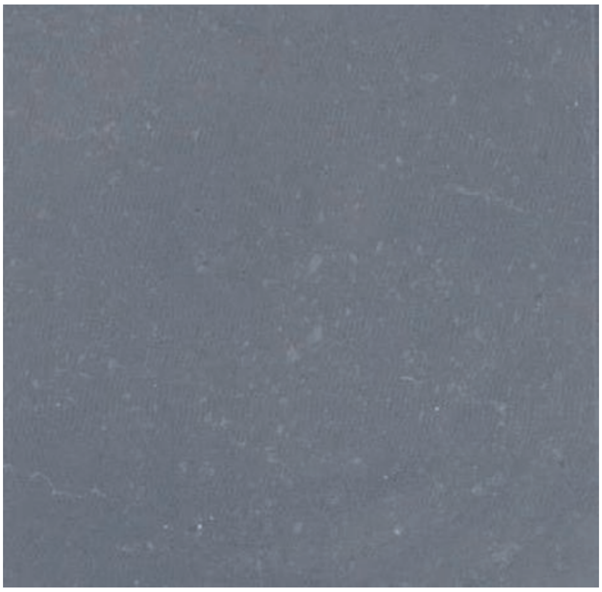

Figure 6.6: Photo of the fine grained basalt

Figure 6.7: Photo of the grey granite

Figure 6.8: Photo of the course grained ultrabasic rock on top of the ridge close to the antenna

6.1.2 Banjat e Peje

The rock from Peja is a dark to light brown, yellow honey coloured fine banded marble or onyx (Figure 6.9). The rock is similar to marble and travertine in strength and other traits.

The onyx from Peja is a beautiful stone for counter tops, wall tiles and other architectural applications in homes and commercial buildings. The rock is translucence, rich in color and is easy to polish.

The best products can easily be carved and cut readily into many shapes, sizes and thicknesses, with 'waste' materials produced after 'carving' still having a value due to the high quality of this rock type.

Figure 6.9: Photo of polished samples of onyx from the property. The sample is from the top of the formation, and has a thin open crack at the left. This is normal for stone taken close to the surface.

6.1.3 Suhogerl

The area is dominated by grey and white marble, but reddish marble has also been reported. The white marble looked very well in the polished samples provided (Figure 6.10). The sample in Figure 6.10 is taken from close to the surface, and shows some open structures, but these will become more compact with depth. White marble such as the one examined at Suhogerl is one of the classic rocks, and is always in great demand in the market.

Figure 6.10: Polished white marble sample from Suhogerl

The grey marble is typically light grey in colour with white irregular shapes (Figure 6.11). The marble is easy to polish, and has the potential to be a stone product for large building projects. Currently there are a lot of grey marbles in the world market, and therefore the price for this stone is not high. However, there is always a market for a good quality grey marble.

Figure 6.11: Polished grey marble from Suhogerl

There is one special grey marble from the area with irregular bands of yellow (Figure 6.12). The polished sample examined looked good', and may have the potential to obtain a higher price than the homogenous grey marble.

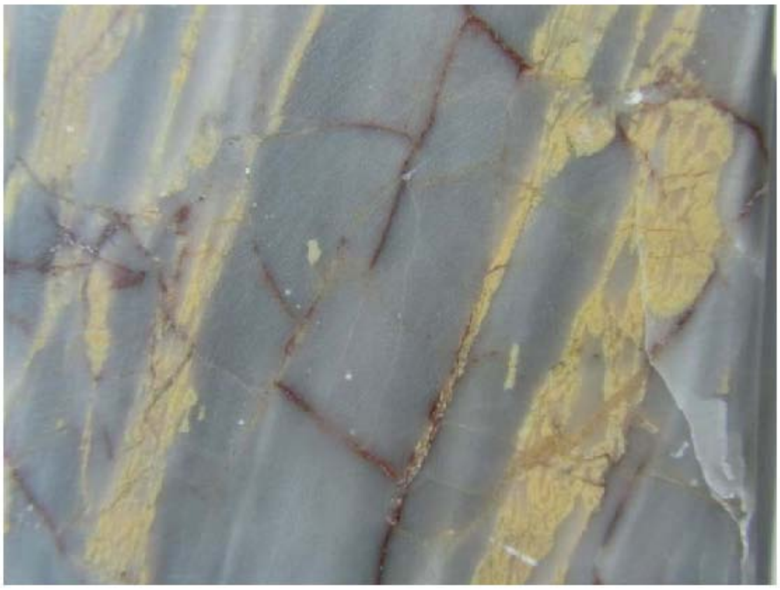

Figure 6.12: Polished grey marble with irregular yellow bands from Suhogerl

6.2 Evaluation of Quarry Sites

6.2.1 Rahovec

6.2.1.1 Cervenilla

The quarry site is easily accessible via a good paved road and will be easy to start production as the soil cover is very thin. The area is situated in flat terrain with little topography, therefore requiring some work with an excavator before quarry production can start.

There is a small quarry site in the area (Figure 6.13). A few blocks have been produced from the quarry but the quarry was stopped during the war in the 1990s.

Drill hole data from 1965, and detailed mapping on the surface form the basis for the estimated thickness of red limestone at this site, of approximately 30 m thick. Inspection on site verified the descriptions of each of the polished rock samples provided.

Figure 6.13: Photo from a small quarry that was producing blocks in a short period before the war in mid 1990s

The limestone shows good benching which will make it easy to produce. The thickness of the benches is between 1 m and 1.5 m (Figure 6.14). This gives potential for making large blocks, where the thickness of the blocks could be chosen as the third measurement of the produced blocks.

Figure 6.14: A close-up of a limestone bench measuring 1.3 m in thickness

6.2.1.2 Varrezat

This area is situated in relatively steep terrain and can be accessed by an existing road. The rock is easy to access, making it relatively easy to start mining. Mining can commence at the base of the hill, with waste being used to make roadways to higher levels as the quarry is expanded.

Currently, the rock occurs as circa 1 m high benches with potential for production of big blocks (Figure 6.15).

The whole hill is formed by the grey dolomite (Figure 6.16).

Figure 6.15: The potential quarry site is close to the road

Figure 6.16: There is a very large volume of the grey dolomite

6.2.1.3 Antena

The area is easy to access by dirt road. The access to the site is at the top of the ridge, which will make it relatively easy to start quarrying (Figure 6.17). The coarse grained gabbros and ultrabasic rocks can be followed from the top of the ridge down to the bottom of the valley.

Figure 6.17: It is easy to access the top of the ridge

In the valley there is some evidence of historical quarrying activity where some small blocks at around 0.5 m^3 were observed (Figure 6.18). The stone mason who accompanied us around the area said these blocks came from a small quarry nearby; however, no evidence for the quarry was identified during the site visit.

Figure 6.18: Photo of some several small blocks at the valley base

6.2.2 Banjat e Peje

The area is covered by soil, generally 1.5 m to 2 m thick. The topography is very flat (Figure 6.19), and to start production it will be necessary to dig down circa 5 m to 6 m with a heavy duty excavator. Exposures are characterised by travertine and lesser amounts of marble (onyx). The best exposure is encountered at Hotel Park (Figure 6.20), but there are also several small open pits developed by people using primitive technology.

Figure 6.19: Typical topography in the area

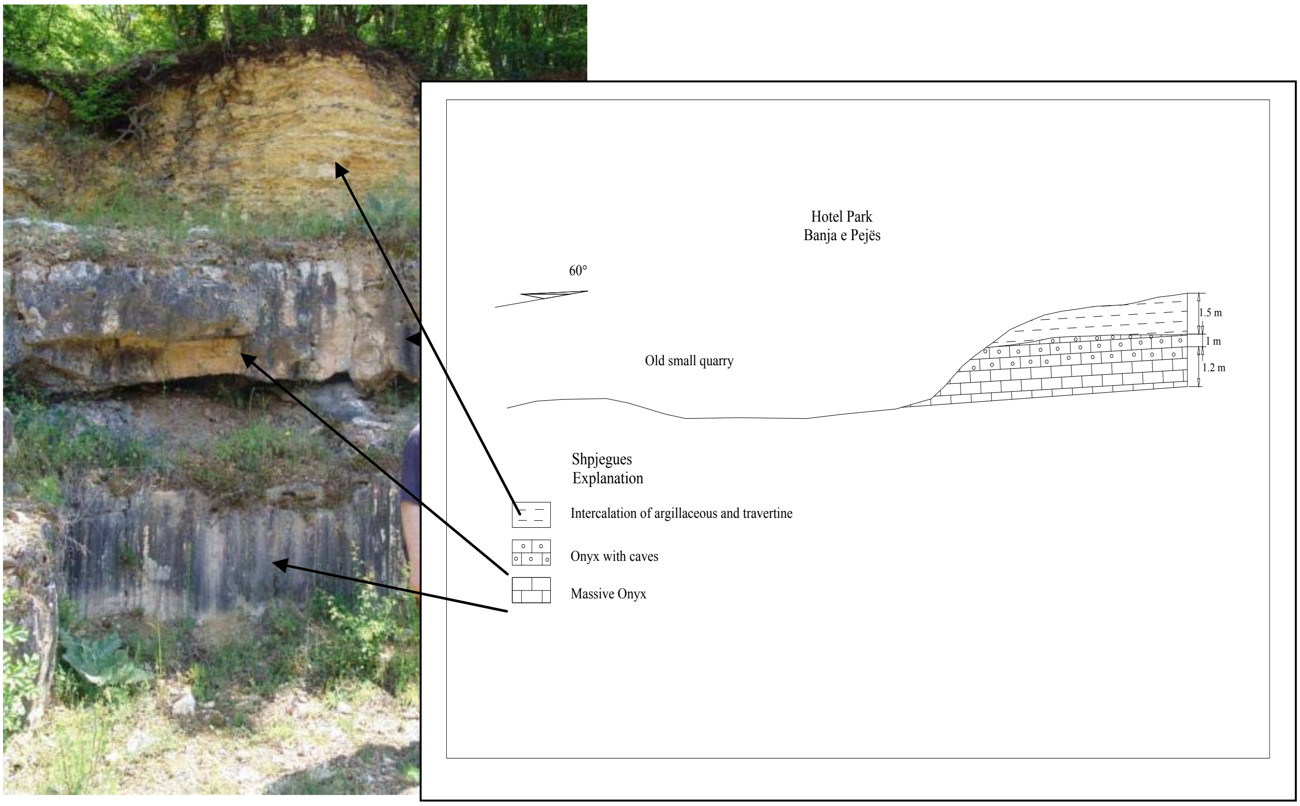

Figure 6.20: Quarry at the Hotel park which shows typical profile of over burden, then a karst formation and massif rock at the bottom

6.2.3 Suhogerl

The area is situated on a steep hill side with exposed rock (Figure 6.21), a very good place to start production. The existing dirt road up to the exposed rock is steep and narrow and will have to be upgraded or replaced prior to starting production.

Figure 6.21: Typical topography in the area

The soil cover is very thin, and there are a lot of boulders exposed across the steep terrain (Figure 6.22). Some of these boulders may be dug out and used for ornamental purposes.

Figure 6.22: In the area there is a thin soil cover, and a lot of boulders.

The outcrops show solid rock with little sign of fractures (Figure 6.23), so the rock should have a potential of producing big blocks.

Figure 6.23: Solid outcrop with little sign of cracks

6.3 Physical - Mechanical Properties

Laboratory tests were done on samples from Banjat e Peje and Suhogerl. They were conducted in September 2010 at The Center of Civil Geology & Geohazard, Tirana, Albania. The results are shown in Table 2 below.

Table 2: Physical-mechanical properties

Area	Description of sample	Water absorption	Porosity	Density	Compressive strength	Slip resistance	Flexural strength	Frost resistance
		%	%	g/cm^3	MPa	kg/cm^2	MPa kg/cm^2	kg/cm^2
Banjat e Peje	Light beige	0,07	1,8	2,71	820	93,0	820	499,0
Banjat e Peje	Light beige	0,07	1,9	2,70	749	86,0	749	440,5
Banjat e Peje	Grey	0,09	2,1	2,72	849	87,7	849	509,7
Banjat e Peje	Beige	0,05	1,7	2,67	688	65,8	688	245,5
Suhogerl	Dark grey to beige	0,12	3,8	2,71	801	76,0	801	476,3
Suhogerl	Dark grey to olive	0,10	3,5	2,70	790	85,0	790	461,0

6.4 Geological Interpretation

Golder modelled the geology of the deposit based on the geology interpretation given by Prof. Ibrahim Milushi from the Polytechnic University of Tirana. Golder constructed 3D wireframe models from topographic maps at a scale of 1:25 000, and used Vulcan software to estimate the volume of the deposits.

6.5 Volume Calculation

Potential quarry volumes were estimated using Vulcan. Topographic surfaces were created from imported contour lines. Initial volumetric quarry extents were created by projecting the outline of the property vertically downwards by a nominal 50 m thickness and creating a solid wireframe. This solid was then cropped to the topographic surface. The resulting wireframe represents the volume underneath the existing topography to the depth of predicted quarry extent.

6.5.1 Rahovec

Using the methods described in Section 6.5, volumes for each of the three sites in Rahovec were estimated (Table 3). Figure 6.25 shows the calculated volumes in 3D map view. The volume is based on approx. 50 m depth. This depth was chosen for ease of production access. It should be possible to produce from greater depths in the future but this will depend on the extent of the limestone at depth.

Table 3: Volumetric estimate of quarries at Rahovec

Quarry	Surface Area Estimate, m^2	Volumetric Estimate, m^3
Antena	3 771 000	97 200 000
Varrezat	789 000	16 800 000
Cervenilla	1 369 000	32 500 000

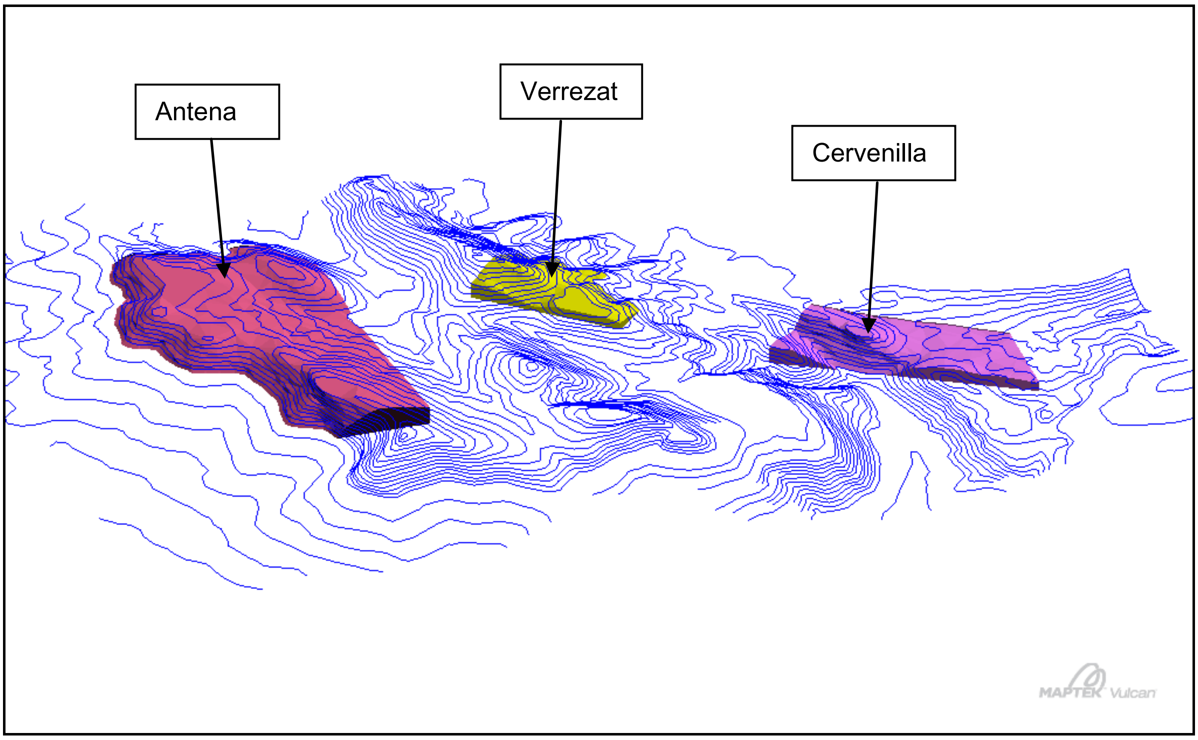

Figure 6.25: 3D map showing volume shapes from the Rahovec area; Antena to the left, Verrazat in the middle and Cervenilla to the right.

These volumes are calculated with vertical walls. The final design of the quarry outline needs to be completed before more detailed work can be done on the sites. The outlines of the quarries are identical to the outlines of the properties. Normal quarry planning would stipulate 6 to 8 m high production fronts. As the production descends it is normal to plan 3 m to 4 m benches for safety and later access. These safety shelves are normally smaller if the rock is stable and also if the potential unsafe parts are bolted and secured with safety nets. These restrictions are small compared to the outline of the quarries and will be less than 10% of the calculated quarry volume. Figure 6.26 shows a typical situation for ornamental stone quarries in Larvik, Norway. The quarries in front are in active production and have broad working selves at the base of each producing front. The quarry in the background has descended further down and small safety shelves are left as the rock is more stable.

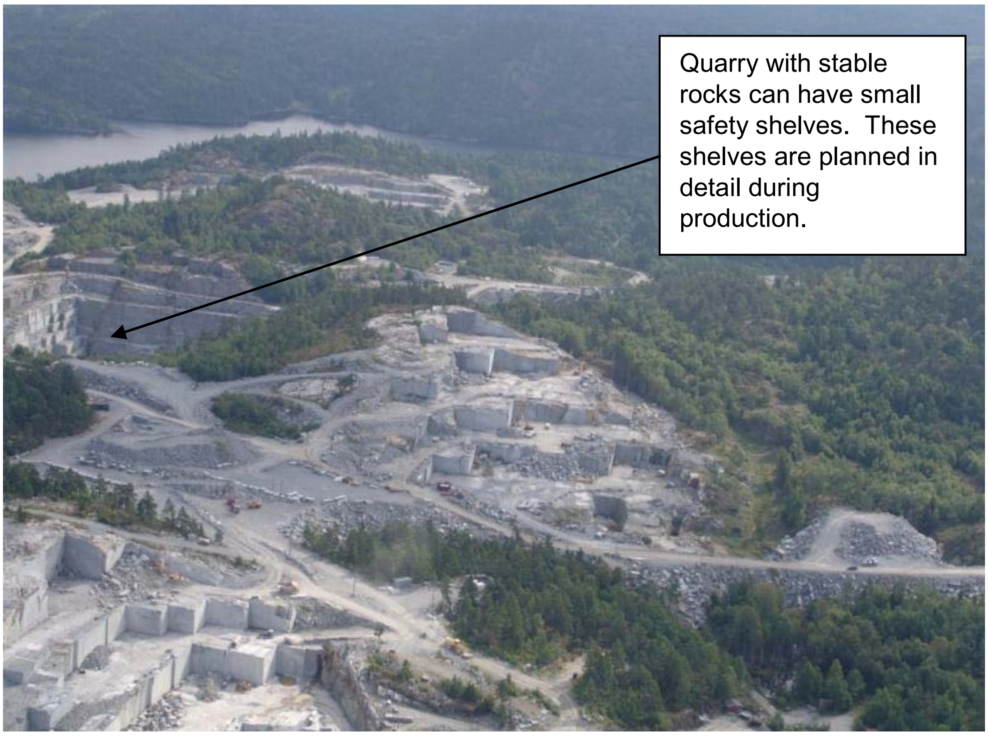

Figure 6.26: Quarries from Larvik, Norway.

6.5.2 Banjat e Peje

The volume estimate from the calculation in Vulcan is shown in the Table 4 below.

Table 4: Volumetric estimate of quarries at Banjat e Peje

Quarry	Lowest Elevation, m	Surface Area Estimate, m^2	Volumetric Estimate, m^3
Peja 1 (NW) (Parcel 3)	460	2 954 000	101 200 000
Peja 2 (middle) (Parcel 2)	450	745 000	20 000 000
Peja 3 (SE) (Parcel 1)	450	891 000	22 100 000

The volume estimation is based on a depth of approximately 50 m. This depth is chosen to enable easy production. It will be possible to produce from greater depths in the future as the quarry is developed. For each 10 m increase in depth (in Parcel 1) an increase in approximately 3 million m^3 of material may be achieved and for Parcel 2 an increase in approximately 2.35 million m^3 may be achieved.

The biggest Parcel (3) is overlain by molasse of Pliocene age. There is no indication of how deep the cover is over this Parcel and the volume is not easy to assess without obtaining further information. In Parcels 1 and 2 the cover above the onyx is thin, making the sites easy to exploit.

6.5.3 Suhogerl

The volume estimation from the calculation in Vulcan is show in Table 5 below. The volume is based on a 50 m quarry depth. For each additional 10 m increase in depth an additional increase of about 5 million m^3 of material can be expected (this assumes vertical walls to the quarry void).

Table 5: Volumetric estimate of quarries at Suhogerl

Quarry	Lowest Elevation, m	Surface Area Estimate, m^2	Volumetric Estimate, m^3
Suhogerl	850	1 202 000	36 600 000

6.6 Mineral Resource Classification

The Mineral Resource estimates were classified in accordance with the JORC Code, 2004. Classification of the Mineral Resource is based on the confidence in the sampling data, geological knowledge and Mineral Resource estimation.

The level of knowledge varies for each different area examined.

For the Rahovec area, two properties Cervenilla and Varrezat have enough sampling data and geological knowledge to be classified as Indicated Resources. The Antena property has a documented volume, which comprises a variety of different rock types (basalts, ultrabasics, gabbros and granites). These require further investigation for use as ornamental stone and as such, this property is classified as having an Inferred Resource.

For the Banjat e Peje area, Parcel 1 and Parcel 2 have enough sampling data and geological information to be classified as Indicated Resources. Parcel 3 has an uncertain amount of overburden and has been classified as an Inferred Resource.

For the Suhogerl area the level of information available is limited and the resource has been classified as an Inferred Resource.

6.7 Product Pricing and Valuation

In the USAID report prepared by Paolo Giovannangeli (Giovannangeli, 2005) the following market prices for marble products are stated:

> *"Product values in the current European market are defined as:*
> *Low: from 200 to 400 Euros per cubic metre.*
> *Medium: from 400 to 800 Euros per cubic metre.*
> *High: from 800 Euros and over per cubic metre."*

To establish a more exact market value for the product present in FML's Mineral Resources, it would be necessary to carry out a market survey in Italy and China among at least 10 producers. Generally the prices for grey, white and red marbles in the market are what the Italian expert states. If FML was selling blocks on the world market, the price of the blocks would be very important, but since FML is using the stone as a basis for their own processing plant, the price is not as important since the value added by processing is around 10 times the value of the 'raw' material on the international ornamental stone market.

For the purpose of this report an evaluation using the lowest price for each category was used in estimating the market value of the product at each site.

Golder has applied the pricing indicated in the USAID report (Giovannangeli, 2005) to the volumes estimated by Golder. It is Golder's opinion that these values stated are reasonable. Table 6 provides an estimate of the aggregate market value of the product present at each of the properties which have been classified as having Indicated Resources. The yield of the quarries is estimated to be 33%, which is in Golder's opinion, is a conservative estimation in relation to marble quarries.

Table 6: Estimated values of properties

INDICATED RESOURCE				
Property	**Volume (millions of m^3)**	**Value of Product (Euros per m^3) *1**	**Estimated Yield of Quarry**	**Estimated Value (millions of Euros) *2**
Rahovec				
Varrezat	16.8	200	33%	1,111
Cervenilla	32.5	400	33%	4,291
Banjat e Peje				
Peja 2 (middle) (Parcel 2)	20.0	800	33%	5,277
Peja 3 (SE) (Parcel 1)	22.1	800	33%	5,837
			Total value	16,516
INFERRED RESOURCE				
Suhogerl	36.6	(not evaluated)		
Rahovec				
Antena	97.2	(not evaluated)		
Banjat e Peje				
Peja 1 (NW) (Parcel 3)	101.2	(not evaluated)		

**1 - Value of m^3 according to Paolo Giovannangeli: Decorative and Dimensional Stone – Development Potential in Kosovo, 15 November 2005*

**2 – Small deviances between the estimated value in millions of Euros and the calculation (Volume x Value x Yield) using the values above are due to the estimated value being calculated using non-rounded values.*

The November 2011 Mineral Resource estimates for the Rahovec and Banjat e Peje properties were completed by Magne Martinsen of Golder Associates AS, Norway and subjected to internal senior review by Barry Balding of Golder Associates Ireland.

7.0 CONCLUSIONS AND RECOMMENDATIONS

- Of the five main properties evaluated in this study, three Rahovec (Cervenilla and Varrezat) and Banjat e Peje (Parcels 1 and 2)) are classified as having Indicated Resources. These properties should be easy to quarry for large blocks for the high quality ornamental marble market using diamond wire technology and in the future to quarry to greater depths utilising the resources indicated.
- The other two properties Rahovec (Antena) and Suhogerl (as well as Parcel 3 from Banjat e Peje) have been classified as having inferred resources and require further work by diamond core drilling to confirm the extent of the different rock types and their properties, in relation to colour and fracture;
- All the quarry sites are easy accessible and early production is possible, except for Suhogerl which requires the existing access road to be either upgraded or replaced;
- The polished samples give an indication of the potential value of the stone on the market, but to have a better understanding a market survey should be conducted; and
- Bigger samples from the all the sites should be cut and polished as thick slabs to give a better impression of the texture and colour.

Table 7 summarises the findings in the area evaluated.

Table 7: Summary of Findings

	Rahovec Cervenilla	Rahovec Varrezat	Rahovec Antena	Banjat e Peje	Suhogerl
Legal Holder	H&P SH.P.K.	H&P SH.P.K.	H&P SH.P.K.	Granit-Shala SH.P.K.	Rex Marble SH.P.K
% Interest	100%	100%	100%	100%	100%
Licence Period	10+10	10+10	10+10	20+20	20+20
Type of Licence	Exploitation	Exploitation	Exploitation	Exploitation	Exploitation
Lease Area (m^2)	2,557,000			1 780 000	540 000
Mine Licence Area (m^2)	49 855	45 917	47 641	48 609	50 500
Resource Volume (millions of cubic metres) (down to 50 m)	32.5	16.8	97.2	Parcel 1: 22.1 Parcel 2: 20 Parcel 3: 101.2	36.6
Rock Type	Limestone	Dolomitic Limestone	Ultra basics Granite Basalt	Marble onyx	Marble
Colour	Red	Grey	Black/grey	Honey brown	Grey
Thickness Range of Resource	<150 m	<150 m	>50 m	>200 m	>200 m
Thickness of Soil – Overburden	1 m	1 m	1 m	<3 m	<4 m
Potential Dimensions of Blocks	2.5 m x 1.5 m x 1.5 m	2.5 m x 1.5 m x1.5 m	Uncertain	2.5 m x 1.5 m x1.5 m	2.5 m x 1.5 m x 1.5 m
No. of Drill Holes	9	10	2	Yes, not recorded	No
Mapping Carried Out	Yes	Yes	Yes	Yes	Yes
Geophysical Survey	No	No	No	Yes	No

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9.0 CERTIFICATE OF QUALIFIED PERSON

I, Magne Martinsen, of Drammen; Norway, do hereby certify that as the author of this Competent Person's Report (CPR) on the FML properties in Kosovo, 8 March 2012, I hereby make the following statements:

- I am a Mining Geologist with Golder Associates AS, Norway, with a business address at Tomtegata 80, N-3012 Drammen, Norway;
- I am a graduate of University of Trondheim (Dr. Eng), Mining Geology, 1986;
- I have practiced my profession continuously since graduation;
- I have read the definition of "Competent Person" set out in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, (the JORC Code) (2004) and as considered by London Stock Exchange in the Guidance Note for Mining, Oil and Gas Companies (AIM Guidance Note) (2006) and certify that, by reason of my education, affiliation with a Professional Organisation and past relevant work experience, I fulfil the requirements to be a "Competent Person" for the purpose of preparation of a CPR and supervision of estimation of Mineral Resources;
- My relevant experience with respect to the FML Competent Person's Report includes twenty two years experience in exploration and mining, primarily in ornamental stone, industrial minerals and base metal deposits;
- I visited the actual marble sites in Kosovo in May 2011;
- I am responsible for the preparation of all portions of this CPR, dated 8 March 2012;
- I confirm that no material change has occurred in respect of the information contained in this CPR since 24 June 2011;
- I have no prior involvement with the Property that is the subject of the CPR;
- I am independent of the Issuer;
- As of the date of this Certificate, to my knowledge, information and belief, this CPR contains all scientific and technical information that is required to be disclosed to make the CPR not misleading; and
- This CPR has been prepared in accordance with the instructions set out in the AIM Guidance Note (2006).

SIGNED AND DATED THIS EIGHT DAY OF MARCH, 2012 IN DRAMMEN, NORWAY.

"Original Document, Revision *1* signed and sealed by Magne Martinsen (Dr. Eng)"

10.0 GLOSSARY OF TECHNICAL TERMS

aphanitic	An igneous rock in which the grain or crystalline structure is too fine to be seen by the unaided eye
AIM	The Alternative Investment Market of the London Stock Exchange.
alluvial	Loose, unconsolidated soil or sediments, eroded, deposited, and reshaped by water in some form in a non-marine setting.
andesite	An extrusive igneous, volcanic rock, of intermediate composition, with aphanitic to porphyritic texture
AusIMM	Australasian Institute of Mining and Metallurgy.
azimuth	An angular measurement in a spherical coordinate system.
basalt	An extrusive volcanic rock usually grey to black and fine-grained due to rapid cooling of lava at the surface of the planet.
basement	The oldest rocks exposed in an area.
breccia	A clastic rock made up of poorly sorted angular fragments of such size that an appreciable percentage of rock volume consists of particles of granule size or larger.
CPR	Competent Persons Report.
carbonate	A carbonate mineral such as calcite.
conglomerate	A generally coarse grained sedimentary rock with rounded or sub-rounded clasts that are greater than 2 mm in size.
core	A cylindrical core of solid rock obtained through drilling methods.
Dip	The true dip of a plane is the angle it makes with the horizontal plane.
fault	A surface of rock fracture along which has been differential movement.
gabbro	A coarse-grained igneous rock with composition of basalt.
geophysical	Prospecting techniques which measure the physical properties (magnetism, conductivity, density, etc.) of rocks and define anomalies for further testing.
geostatistics	A complex method of resource estimation using regionalised variables i.e., grade and thickness.
GPS	Global Positioning System; satellite-based navigational system permitting the determination of any point on the Earth with high accuracy.
granite	A coarse-grained igneous rock dominated by light-coloured minerals, consisting of about 50% orthoclase, 25% quartz, and balance of plagioclase feldspars and ferromagnesian silicates.

igneous	A rock or mineral that solidified from molten or partly molten material, i.e., from a magma.
Indicated Resource	As defined in the JORC Code, is that part of a Mineral Resource which has been sampled by drill holes, underground openings or other sampling procedures at locations that are too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability. An Indicated Mineral Resource will be based on more data and therefore will be more reliable than an Inferred resource estimate.
Inferred Resource	As defined in the JORC Code, is that part of a Mineral Resource for which the tonnage and grade and mineral content can be estimated with a low level of confidence. It is inferred from the geological evidence and has assumed but not verified geological and/or grade continuity. It is based on information gathered through the appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
intrusive	Of or pertaining to intrusion – both the processes and the rock so formed.
IMMM	Institute of Materials, Minerals and Mining.
JORC Code	Joint Ore Reserve Committee of the Australian Institute of Mining and Joint Ore Reserve Committee of the Australian Institute of Mining and Metallurgy; for reporting of Mineral Resources and ore reserves which sets out the minimum standards, recommendations and guidelines for the public reporting of exploration results, Mineral Resources and ore reserves.
kaolin	soft white clay
Km	Kilometres.
	A soft brownish coal showing traces of plant structure, intermediate between bituminous coal and peat.
LSE	London Stock Exchange plc.
m	Meters.
magnesite	Magnesium carbonate, MgCO3
marble	A metamorphic rock composed of recrystallized carbonate minerals, most commonly calcite or dolomite.
Measured Resource	Defined in the JORC Code, as that part of a Mineral Resource for which the resource has been intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known. A measured resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of the shapes, sizes, densities and grades.

metamorphism	A process by which rocks which have been altered by the agencies of heat, pressure and chemically active fluids.
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form that there are reasonable prospects for the eventual economic extraction. The location, quantity, grade geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided into Inferred, Indicated and Measured categories.
mm	Millimetres.
ophiolite	A section of the Earth's oceanic crust and the underlying upper mantle that has been uplifted or emplaced to be exposed within continental crustal rocks.
orogenic	Mountain building.
outcrop	Part of a rock formation that appears at the surface of the ground.
pegmatite	A very coarse-grained, intrusive igneous rock composed of interlocking grains usually larger than 2.5 cm in size.
plutonic	Pertaining to igneous rocks formed at great depths.
porphyry	An igneous rock containing conspicuous phenocrysts (crystals) in fine-grained.
quartz	A trigonal mineral, chemical symbol $SiO2$; silica group of minerals.
quartzite	A hard metamorphic rock which was originally sandstone
schist	A metamorphic rock dominated by fibrous or platy minerals.
sedimentary	Rocks formed from material derived from pre-existing rocks by processes of denudation.
serpentinite	A metamorphic rock
shear zone	A tabular to sheet-like, planar or curviplanar zone composed of rocks that are more highly strained than rocks adjacent to the zone.
Slate	A fine-grained, foliated, homogeneous metamorphic rock derived from an original shale-type sedimentary rock composed of clay or volcanic ash through low-grade regional metamorphism.
strike	The longest horizontal dimension of an ore body or zone of mineralisation.
tectonic	An adjective used to relate a particular phenomenon to a structural or orogenic concept, e.g. tectonic control of sedimentation.
trachyte,	An igneous volcanic rock with an igneous volcanic rock with an aphanitic to porphyritic texture to porphyritic texture

UK or United Kingdom	The United Kingdom of Great Britain and Northern Ireland.
vein	A tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle.
volcanic	Characteristic of, pertaining to, situated in or upon, formed in, or derived from volcanoes.
WGS	World Geodetic System; a standard for use in cartography, geodesy, and navigation.

Report Signature Page

GOLDER ASSOCIATES (UK) LTD

Magne Martinsen
Competent Person

Barry Balding
Senior Reviewer

Date: 2 August 2012

Author: Magne Martinsen/th

APPENDIX A

Drilling and Mapping Done by the Institute for Geological and Geophysical Research in Belgrade

RAHOVEC QUARRIES

RAHOVEC - OSTROZUB

DRILLING B-I

QUOTE		METER	THE WALL	5 10 15 20 25 MgO
705.8	~~~~~ ~~~~~	2.0	*Humus*	
	###### ###### ###### ######	3.0 6,7	*Dolomite, yellowish-white* *Compact dolomite, white*	
691.0	###### ######	9.0	*Grey Dolomites*	

The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Dolomites*	
Place	*Ostrozub, Rahovec*	
Ratio	*1:250*	
Coordinates	*X=700,914 Y=473,254 Z=700.2*	
Drilling Date	*August 1966*	
Depth	*9.0 m*	
Drilling angle	*90 degrees*	
Initial diameter	*101mm*	
Final diameter	*86mm*	
Core Percent. *Author*	*80%* *M. Mirkovic*	*Attachment 04*

DRILLING B-II

QUOTE		METER	THE WALL	5 10 15 20 25 MgO
705.8	~~~~~ ~~~~~	0.5	*Humus*	
	###### ###### ###### ######	4.0 6.0	*Dolomite sand, yellowish* *Dolomite sand, yellowish-white, crushed*	No probes were taken
   689.8	###### ###### ###### ######	12.0 13.0 16.0	*Compact dolomite, white* *Crushed Dolomite, white* *Compact Dolomite, white*	

The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Dolomites*	
Place	*Ostrozub, Rahovec*	
Ratio	*1:250*	
Coordinates	*X=700,916 Y=473,305 Z=705.8*	
Drilling Date	*August 1966*	
Depth	*16.m*	
Drilling angle	*90 degrees*	
Initial diameter	*101mm*	
Final diameter	*86mm*	
Author	*M. Mirkovic*	*Attachment 05*

DRILLING B-III

QUOTE		METER	THE WALL	5 10 15 20 25 MgO
706.0	~~~~~	0.5	*Humus*	
	######	3.0	*Dolomite sand, crushed, white*	
	######			
	######		*Compact Dolomite, white*	
	######	15.0		
			Dolomite yellowish-white	
		20.0		
	######		*Dolomite Limestone?*	
		25.0		
	######		*Dolomite, white*	
	######			
	######	39.0		
665.4		41.0	*Grey limestone & breccia*	

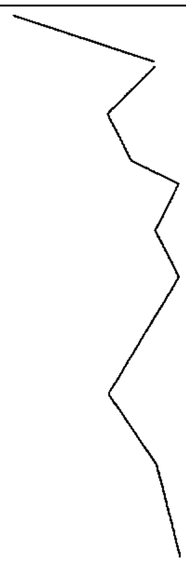
The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Dolomites*	
Place	*Ostrozub, Rahovec*	
Ratio	*1:250*	
Coordinates	*X=700,968 Y=473,254 Z=706.0*	
Drilling Date	*August 1966*	
Depth	*41.m*	
Drilling angle	*90 degrees*	
Initial diameter	*101mm*	
Final diameter	*86mm*	
Author	*M. Mirkovic*	*Attachment 7*

DRILLING B-IV

QUOTE		METER	THE WALL	5 10 15 20 25 MgO
714.4	~ ~	17.0	Humus	
	###### ###### ~ ~ ~ ~ ~ ~ ~ ~ ~ ~	19.0 20.0	*Dolomite, white* *Humus*	
684.5	###### ###### ###### ######	28.0 30.5 32.5	*White Dolomite* *Stamped Dolomite* *Grey Dolomite*	

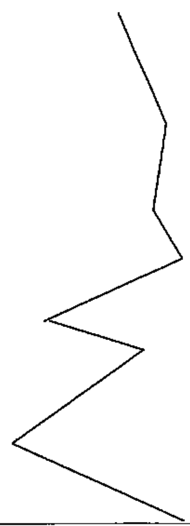
The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Dolomites*	
Place	*Ostrozub, Rahovec*	
Ratio	*1:250*	
Coordinates	*X=701,018 Y=473,254 Z=717.0*	
Drilling Date	*August 1966*	
Depth	*32.5m*	
Drilling angle	*90 degrees*	
Initial diameter	*101mm*	
Final diameter	*86mm*	
Core percent. *Author*	*80.0%* *M. Mirkovic*	*Attachment 8*

DRILLING B-V

QUOTE		METER	THE WALL	5 10 15 20 25 MgO
714.4	~ ~ ~ ~ ~ ~ ~ ~ ~ ~	0.5	*Humus*	
	# #	14.0	*Dolomite, white*	
691.4	# #	20.0 23.0	*Dolomite sand, yellowish-white* *Grey limestone*	

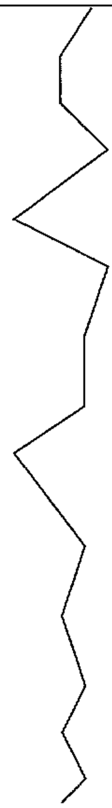
The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Dolomites*	
Place	*Ostrozub, Rahovec*	
Ratio	*1:250*	
Coordinates	*X=701,018 Y=473,305 Z=714.4*	
Drilling Date	*August 1966*	
Depth	*23.0m*	
Drilling angle	*90 degrees*	
Initial diameter	*101mm*	
Final diameter	*86mm*	
Core percent. *Author*	*81.3%* *M. Mirkovic*	*Attachment 9*

DRILLING B-VI

QUOTE		METER	THE WALL	5 10 15 20 25 MgO
709.2	~ ~ ~ ~ ~ ~ ~ ~ ~ ~	0.5	*Humus*	
	# #	3.5 9.0	*Dolomite sand, yellowish-white* *Compact Dolomite*	
691.4	# # # # # # # # # # # # # # # # # #	23.0	*Reddish Dolomite (Dolomite limestone)*	

The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Dolomites*	
Place	*Ostrozub, Rahovec*	
Ratio	*1:250*	
Coordinates	*X=701,020 Y=473,355 Z=709.2*	
Drilling Date	*August 1966*	
Depth	*13.0m*	
Drilling angle	*90 degrees*	
Initial diameter	*101mm*	
Final diameter	*86mm*	
Core percent. *Author*	*75.1%* *M. Mirkovic*	*Attachment 10*

DRILLING B-VII

QUOTE		METER	THE WALL	5 10 15 20 25 MgO
714.4	~~~~~	0.5	*Humus*	
	######	2.5	*Dolomite sand*	
	######	8.0	*Dolomite, yellowish-gray*	
	######		*Compact Dolomite, white*	
	######			
		28.0		
		28.5	*cracks filled with clay of*	
	#####		*yellow color*	
	######	32.0	*Compact Dolomite, white*	
		34.0	*Yellowish Dolomite*	
	######			
	######		*White Dolomite*	
		48.0		
		50.0	*Crushed dolomite and red clay*	
656.8		51.0	*White dolomite*	

The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Dolomites*	
Place	*Ostrozub, Rahovec*	
Ratio	*1:250*	
Coordinates	*X=701,018 Y=473,305 Z=714.4*	
Drilling Date	*August 1966*	
Depth	*23.0m*	
Drilling angle	*90 degrees*	
Initial diameter	*101mm*	
Final diameter	*86mm*	
Core percent.	*81.3%*	*Attachment*
Author	*M. Mirkovic*	*11*

DRILLING B-VIII

QUOTE		METER	THE WALL	5 10 15 20 25 MgO
714.4	~~~~~	0.5	*Humus*	
	######	2.5	*Dolomite sand*	
	######		*Dolomite, yellowish-gray*	
		7.0		
	######			
	######			
			Compact Dolomite, white	
	######			
		17.0		
	#####			
			Yellowish Dolomite	
	######	22.0		
	######			
	######		*Gray-white Dolomite-compact*	
	#####			
		37.0		
	######	38.0	*Dolomite sand brown colour*	
	######	39.0	*White dolomite*	
		40.0	*Red clay*	
	######			
	#####			
	######		*White dolomite*	
	######			
	######			
		57.0		
	######		*Breccia limestone, gray-white colour*	
649.0		58.0		

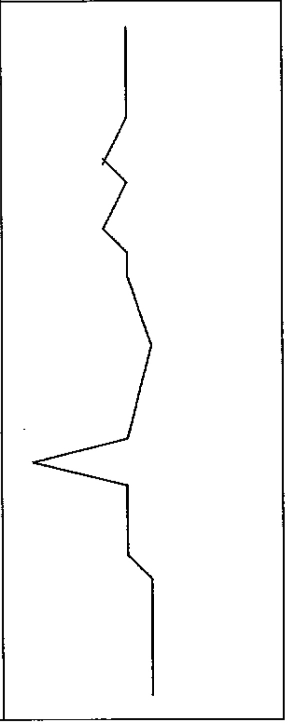
The Institute for Geological and Geophysical Research BELGRADE		
Object	Rahovec-Dolomites	
Place	Ostrozub, Rahovec	
Ratio	1:250	
Coordinates	X=700,921 Y=473,354 Z=707.0	
Drilling Date	August 1966	
Depth	58.0m	
Drilling angle	90 degrees	
Initial diameter	101mm	
Final diameter	86mm	
Core percent. Author	81.7% M. Mirkovic	Attachment 12

DRILLING B-IX

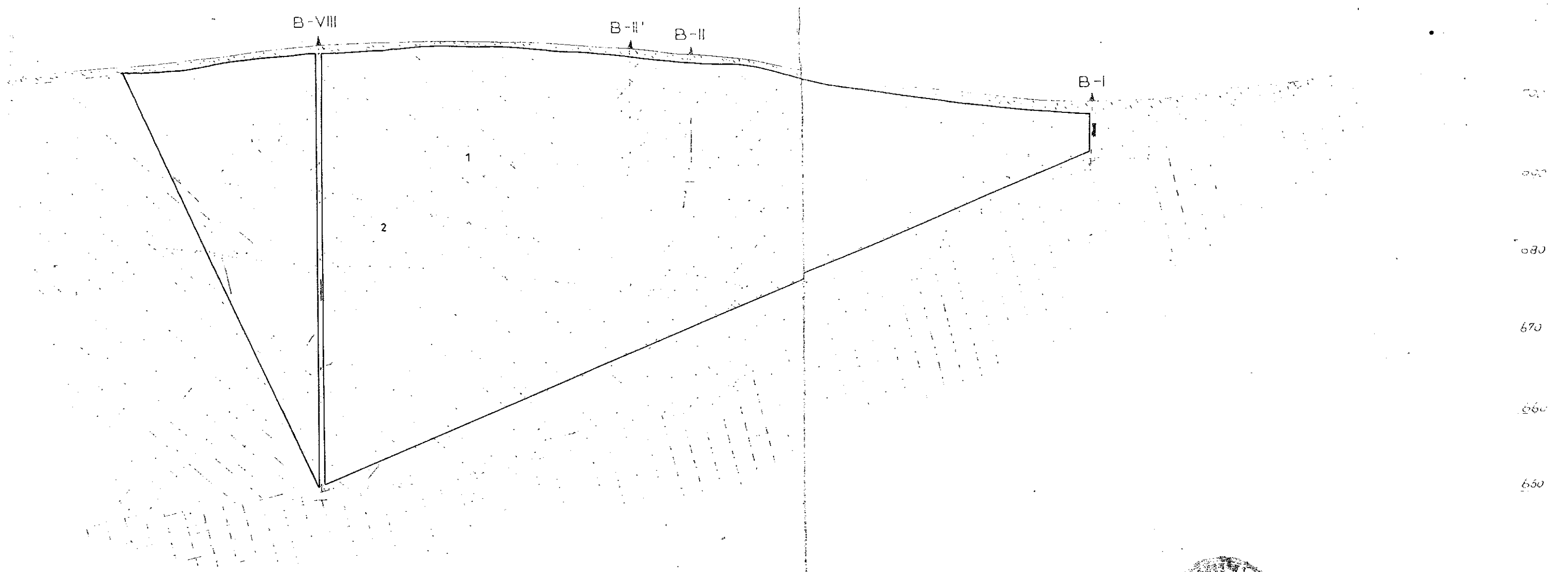
QUOTE		METER	THE WALL	5 10 15 20 25 MgO
711.2	~~~~~	0.5	*Humus-loose cover*	
	######			
	######			
	######		*Compact Dolomite, white*	
	######			
		16.0		
	######	16.5	*Honeycombed Dolomite*	
	#####		*Compact Dolomite, white*	
		21.0		
	######			
	######			
	######		*Honeycombed Dolomite, white*	
		30.0		
	#####			
	######			
	######		*Compact Dolomite, white*	
	######			
		44.0		
	#####	45.0	*Breccia dolomite*	
		46.0	*Crushed Dolomite*	
	######			
	######		*White dolomite, compact*	
	######			
658.7	######	52.5		

The Institute for Geological and Geophysical Research BELGRADE		
Object	Rahovec-Dolomites	
Place	Ostrozub, Rahovec	
Ratio	1:250	
Coordinates	X=700,970 Y=473,304 Z=711.2	
Drilling Date	August 1966	
Depth	52.6m	
Drilling angle	90 degrees	
Initial diameter	101mm	
Final diameter	86mm	
Core percent. Author	80.2% M. Mirkovic (can't be seen clearly)	Attachment 13

DRILLING B-X

QUOTE		METER	THE WALL	5 10 15 20 25 MgO
700.8	~~~~~ ~~~~~~	1.0	*Humus*	
	#####	1.5	*Crushed Dolomite, white*	
	#####			
	#####		*Compact dolomite, white*	
	#####			
	#####			
		19.0		
	#####	20.5	*Crushed Dolomite with red soil*	
	#####			
	#####		*Compact Dolomite, white*	
	#####			
669.8		31.0		

The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Dolomites*	
Place	*Ostrozub, Rahovec*	
Ratio	*1:250*	
Coordinates	*X=700,970 Y=473,404 Z=700.0*	
Drilling Date	*August 1966*	
Depth	*31.0 m*	
Drilling angle	*90 degrees*	
Initial diameter	*101mm*	
Final diameter	*86mm*	
Core percent.	*80.0%*	
Author	*M. Mirkovic*	*Attachment 14*



The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec- Dolomites*	
Place	*Ostrozub*	
Date	*August 1966*	*Geological profiles A-A', B-B', C-C'*
Scale	*1:500*	
Author		

LEGEND

HUMUS-CRVENICA

WHITE AND YELLOWISH-WHITE DOLOMITES

GREY LIMESTONE

CRACKS FILLED WITH DOLOMITE ~~SA~~ SANDS

YELLOWISH HONEYCOMBED DOLOM

DRILLED CRACKS

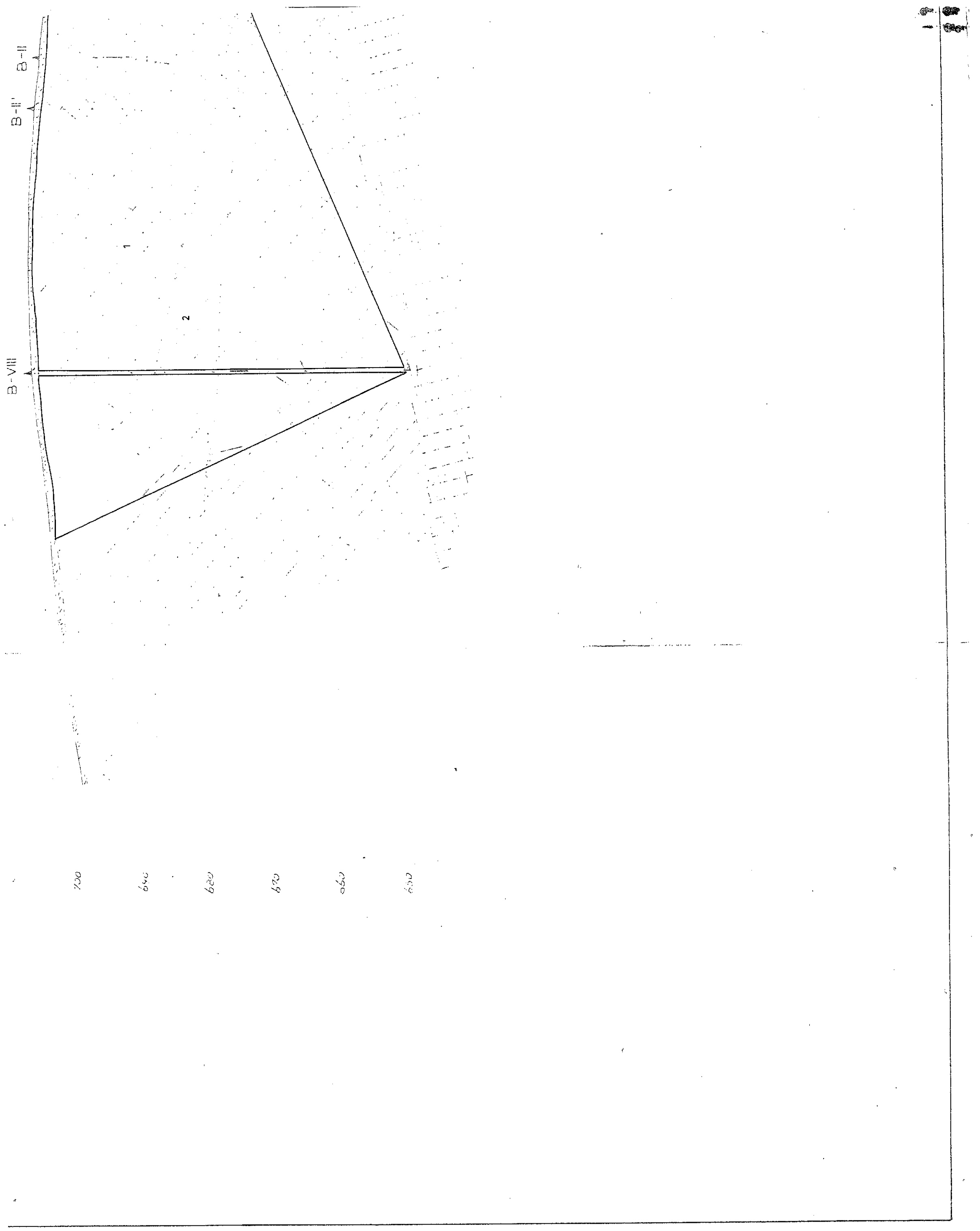
PROBES FOR PHYS-MECHANICAL TESTING

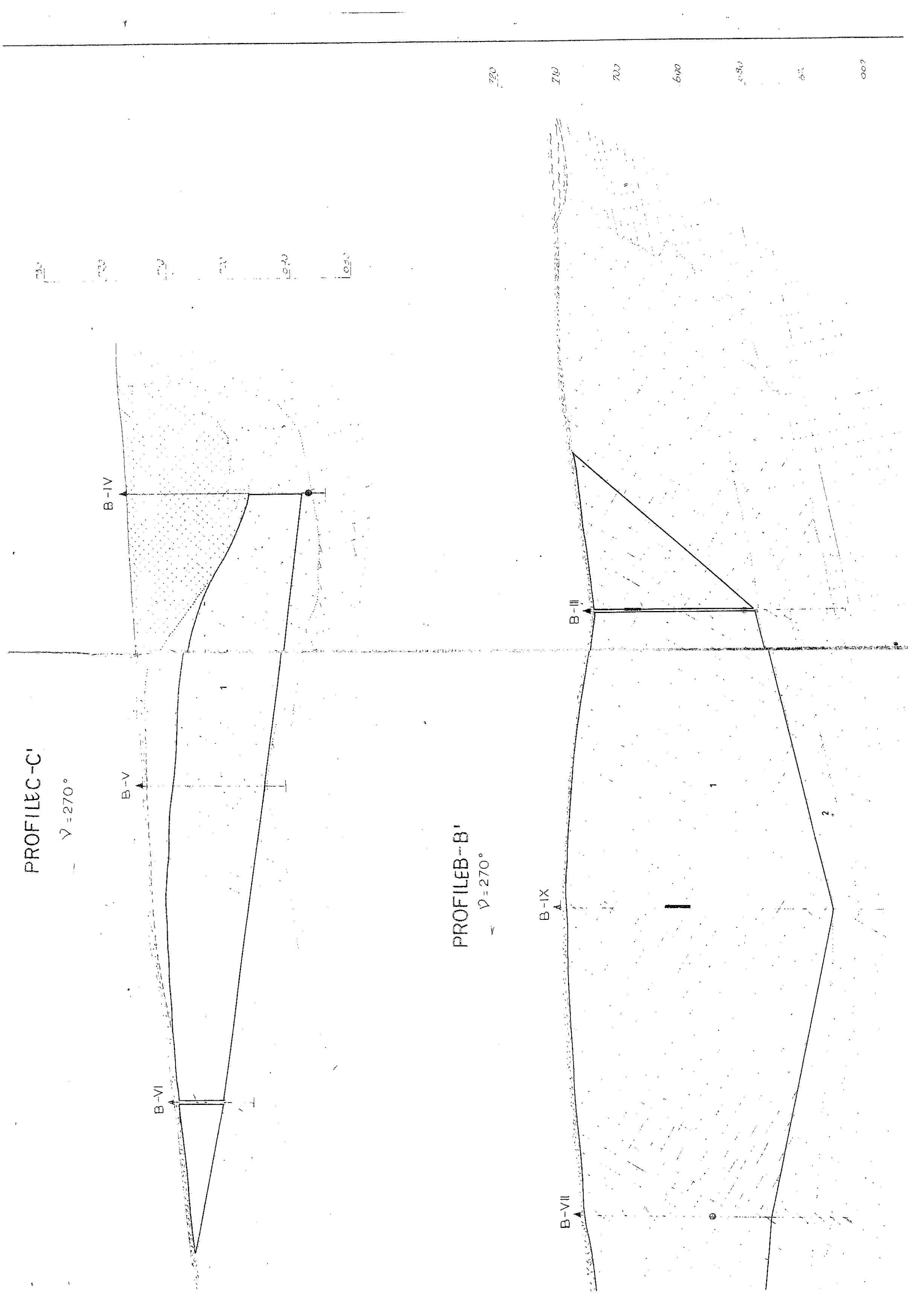
PROBES FOR PETROGRAFIC TESTING

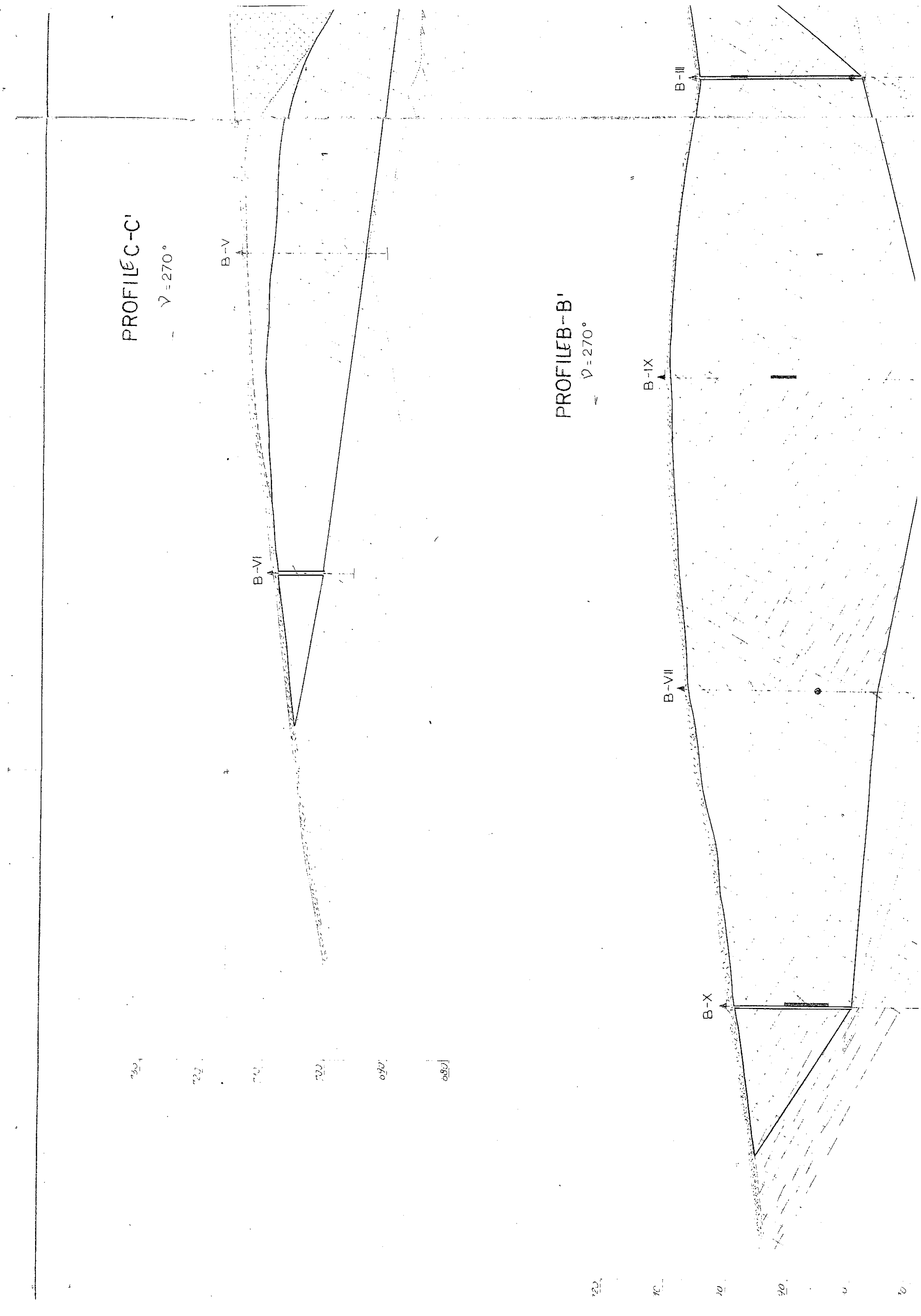
B CATHEGORY RESERVES

C1 CATHEGORY RESERVES

PRILOG 15


B-II
B-II'
B-VIII
1
2


PROFILE C-C'
ν=270°
B-IV
B-V
B-VI
1
PROFILE B-B'
ν=270°
B-III
B-IX
B-VII
1
2


PROFILE C-C'
∇=270°
B-V
B-VI
PROFILE B-B'
∇=270°
B-III
B-IX
B-VII
B-X

RAHOVEC QUARRIES

RAHOVEC - CRVENICA

DRILLING B'-IV

QUOTE 729.94		METER	THE WALL	Physical-Mechanical Testing
728.44	~ ~ ~ ~ ~	1.5	*Loose Cover*	Have not been completed
	# # # # # #			
725.94	# # # # # #	4.0	*Loose Serpentine*	
	....		*Red sandstones and slates*	
?	....	?		
719.06	~ ~ ~ ~ ~	5.8	*Red clay*	
717.60	# # # # # #	7.2	*Red limestone*	
	# # # # # #			
	# # # # # #			
	# # # # # #		*Fine grained sandstone*	
	# # # # # #			
710.24	# # # # # #	19.7		
	# # # # # #		*Red sandstone*	
	# # # # # #			
693.36		31.5		

The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Decorating stone*	
Place	*Crvenica*	
Ratio	*1:250*	
Coordinates	*X=701 656.348 Y=472 209.474 Z=729.644*	
Drilling Date	*August 1965*	
Depth	*24.5m*	
Drilling angle	*0 degrees*	
Initial diameter	*101mm*	
Final diameter	*76mm*	
Core Percent.	*72.1*	*Attachment*
Author	*M. Zivkovic*	*8*

DRILLING B-V

QUOTE		METER	THE WALL	Physical-Mechanical Testing
734.27	~ ~ ~ ~ ~ ~ ~ ~ ~ ~		*Loose Cover*	Have not been completed
730.77		3.5		
727.07	###### ###### ###### ######	7.2	*Red limestone with….* *Red limestone*	
715.07		19.2		
709.27	###### ###### ######	25.0	*Bright red limestone*	
704.27	######	30.0	*Grey limestone*	

The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Dolomites*	
Place	*Crvenica*	
Ratio	*1:250*	
Coordinates	*X=701 151.557 Y=472 152.144 Z=714.4*	
Drilling Date	*August 1965*	
Depth	*30.0m*	
Drilling angle	*0 degrees*	
Initial diameter	*101mm*	
Final diameter	*76mm*	
Author	*M. Mirkovic*	*Attachment 9*

DRILLING B-VI

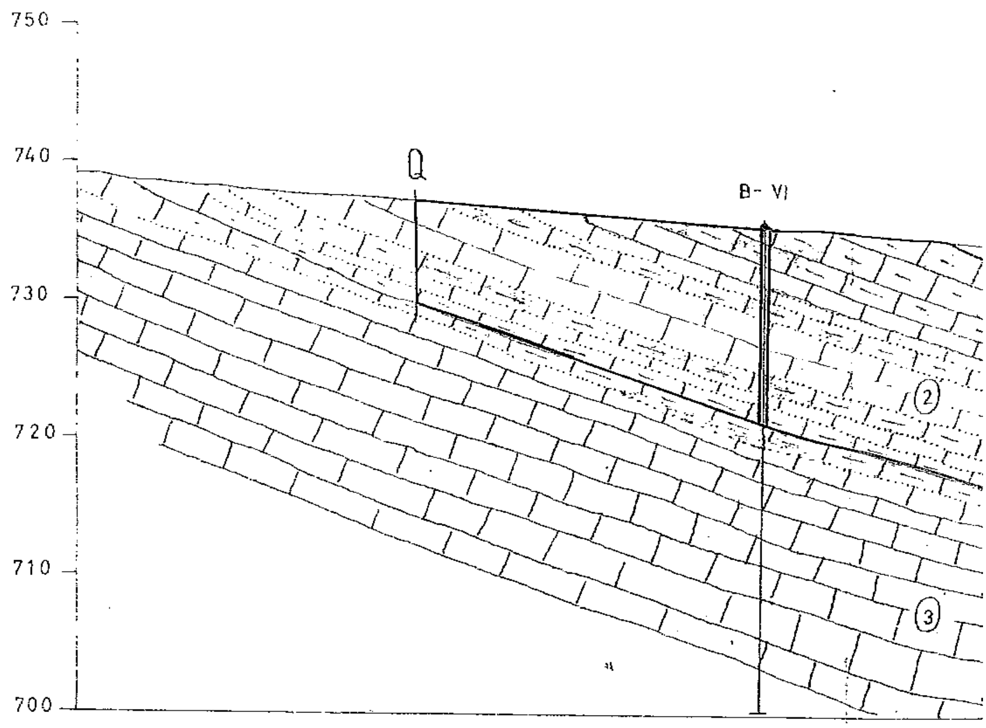
QUOTE		METER	THE WALL	RCO3 50 60 70 80 90
735.11	~~~~~ ~~~~~	2.5	*Loose Cover*	
	######	0.4	*Red limestone*	
	######			
		5.4	*Grey limestone*	
	######	6.0	*Red limestone*	
	######		*Grey limestone*	
		10.4		
	######	11.0	*Bright red limestone*	
		12.4	*??? limestone*	
		14.9	*Bright red limestone*	
		15.5	*Grey limestone*	|
				|
		20.0	*Grey limestone*	|
		23.5	*Grey limestone*	
	######		*Crushed Breccia limestone*	
		26.0		
	######			
	######		*Dark Grey limestone*	
705.11	######	35.0		

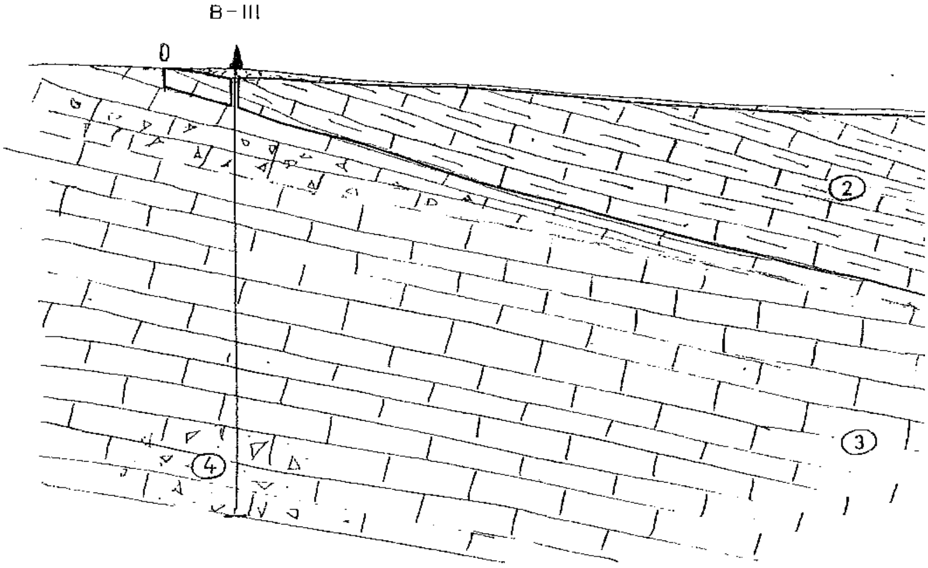
The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Decorative Stone*	
Place	*Crvenica*	
Ratio	*1:250*	
Coordinates	*X=701 00?.828 Y=472 144.540 Z=735.118*	
Drilling Date	*August 1965*	
Depth	*35.0m*	
Drilling angle	*0 degrees*	
Initial diameter	*101mm*	
Final diameter	*76mm*	
Core % *Author*	*70.2* *M. Zivkovic*	*Attachment* *10*

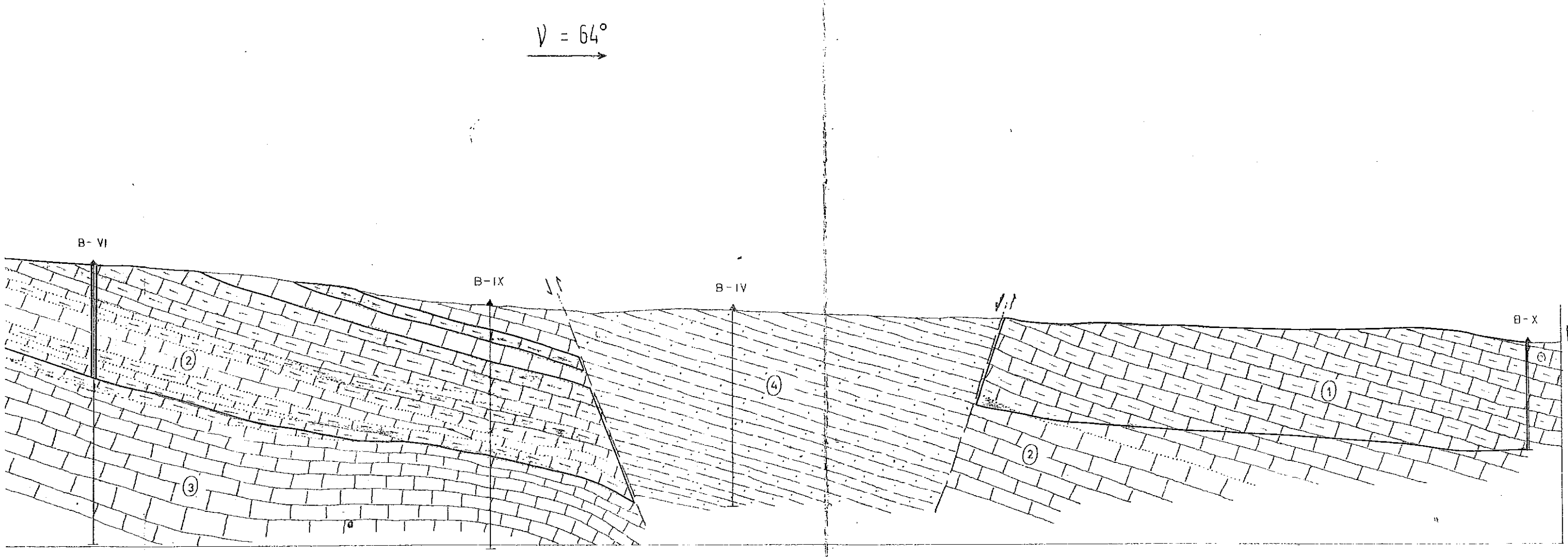
DRILLING B'-IX

QUOTE 730.00		METER	THE WALL	Physical-Mechanical Testing
729.50_	~~~~ ~__	0.5______	*Loose Cover______*	
725.94_	######	3.2______	*Grey limestone____*	
724.94_	######	4.2______	*Red and grey…. .*	
	######			
723.10	######	6.9	*Grey limestone*	Beta test scans not clear!!
717.60_	###### ######	???______	*Red and grey limestone with fossils*	
???___	######	???______	*Grey limestone____*	
???___	######	???______	*Red and grey limestone______*	
714.50_	######	15.5______	*Red Limestone_____*	
713.50_	######	16.5______	*Grey limestone_____*	
???___	######	???______	*Red limestone …____*	
???	###### ######	???	*Grey limestone*	
700.0	###### ######	30.0	*??? Grey limestone*	

The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec-Decorating stone*	
Place	*Crvenica*	
Ratio	*1:250*	
Coordinates	*X=701 ??????? Y=472 ?????? Z=730.000*	
Drilling Date	*August 1965*	
Depth	*24.5m*	
Drilling angle	*0 degrees*	
Initial diameter	*101mm*	
Final diameter	*76mm*	
Core Percent. *Author*	*73.3* *M. Zivkovic*	*Attachment 13*


750
740
730
720
710
700
Q
B- VI
2
3


B-III
0
2
3
4



B CATHEGORY RESERVES

C1 CATHEGORY RESERVES

LEGEND

1 RED LIMESTONE

2 GREY LIMESTONE

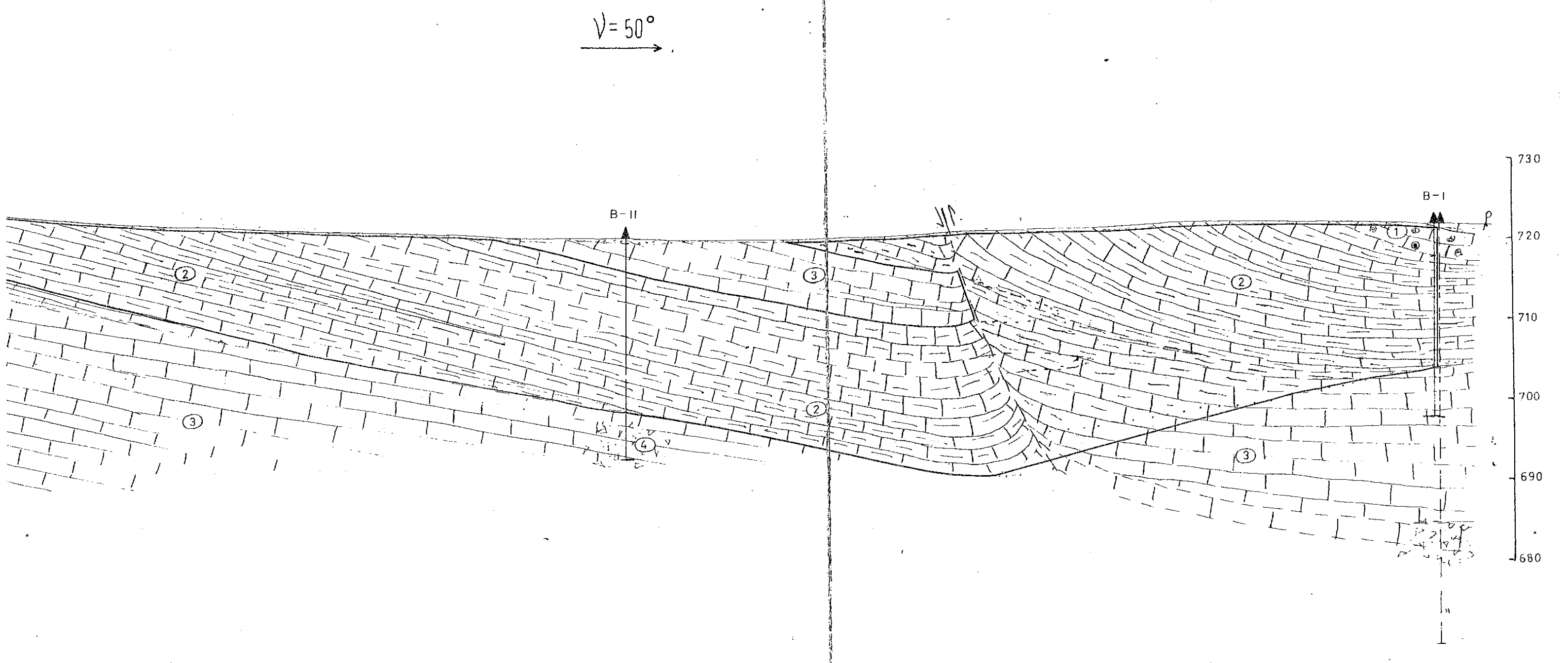
3 DARK GREY LIMESTONE

4 RED SANDSTONE

The Institute for Geological and Geophysical Research BELGRADE		
Object	Rahovec- DECORATIVE STONE	
Place	Crvenica	
Date	August 1965	Geological profile II-II’
Scale	1:500	
Author	M Zivkovic	

IZRA

CRTA



B CATHEGORY RESERVES

C1 CATHEGORY RESERVES

LEGEND

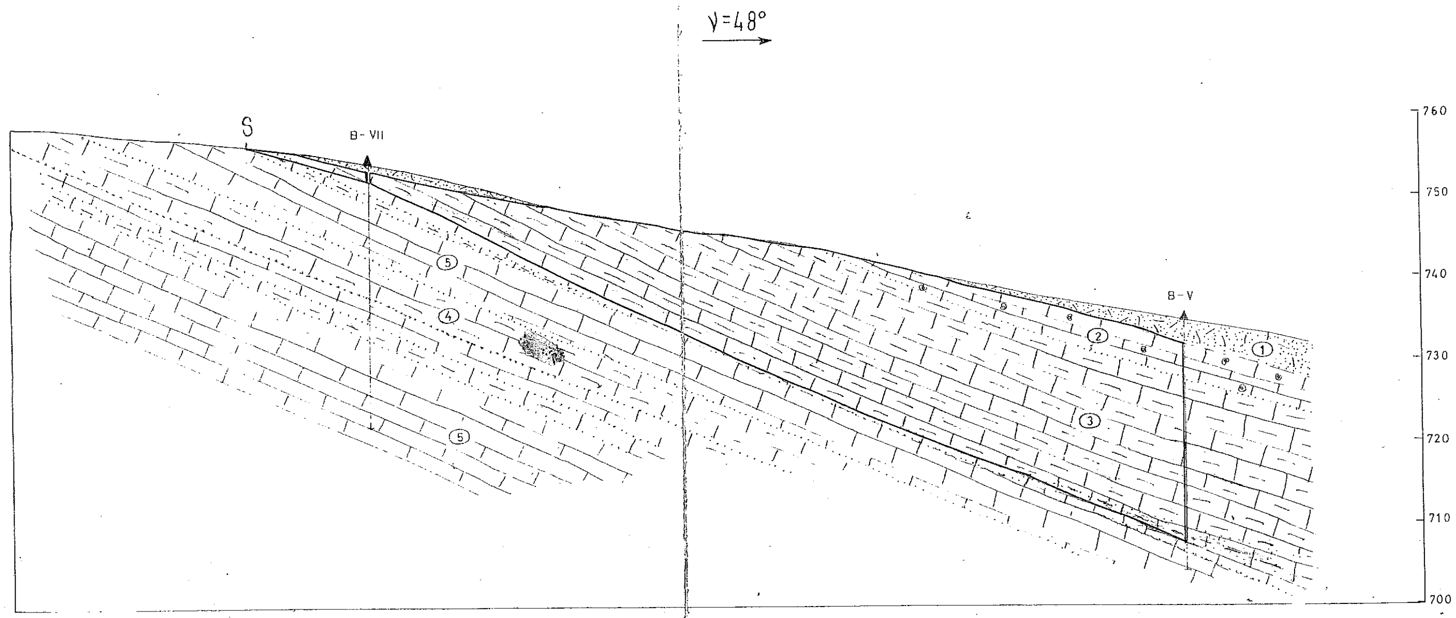
1 RED LIMESTONE WITH FOSSILS

2 BRIGHT RED AND RED LIMESTONI

3 GREY LIMESTONE

4 BRECCIA LIMESTONE

The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec- DECORATIVE STONE*	
Place	*Crvenica*	
Date	*August 1965*	*Geological profile I-I'*
Scale	*1:500*	
Author	*M Zivkovic*	



LEGENDA
LEGEND

- HUMUS – LOOSE MATERIAL
- RED LIMESTONE WITH FOSSILS
- RED LIMESTONE
- REDDISH GREY LIMESTONE
- GREY LIMESTONE

B CATHEGORY RESERVES

C1 CATHEGORY RESERVES

The Institute for Geological and Geophysical Research BELGRADE		
Object	Rahovec- DECORATIVE STONE	
Place	Crvenica	
Date	August 1965	Geological profile III-III'
Scale	1:500	
Author	M Zivkovic	

PRILOG 17

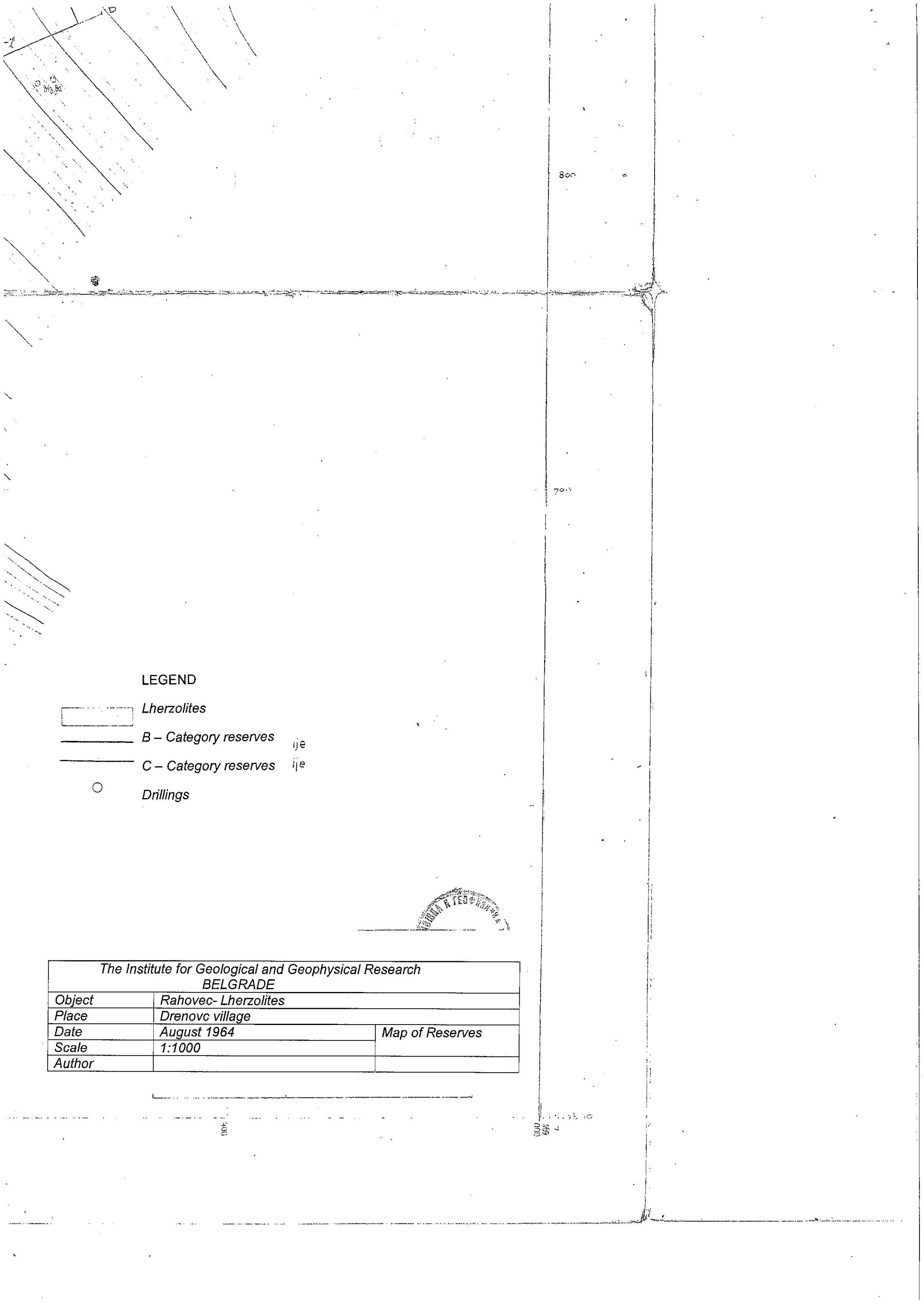
RAHOVEC QUARRIES

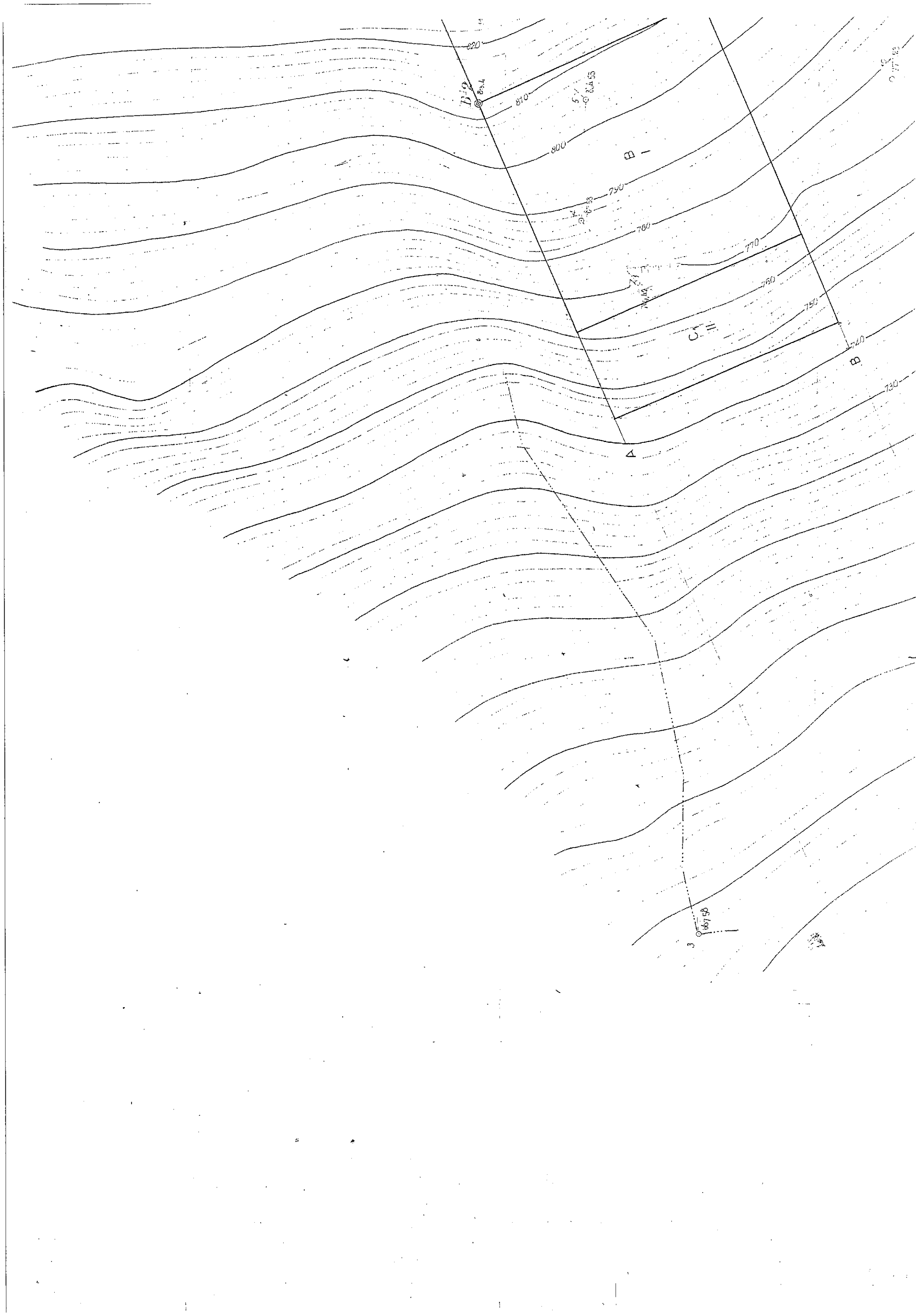
RAHOVEC - DRENOVC

DRILLING B-I

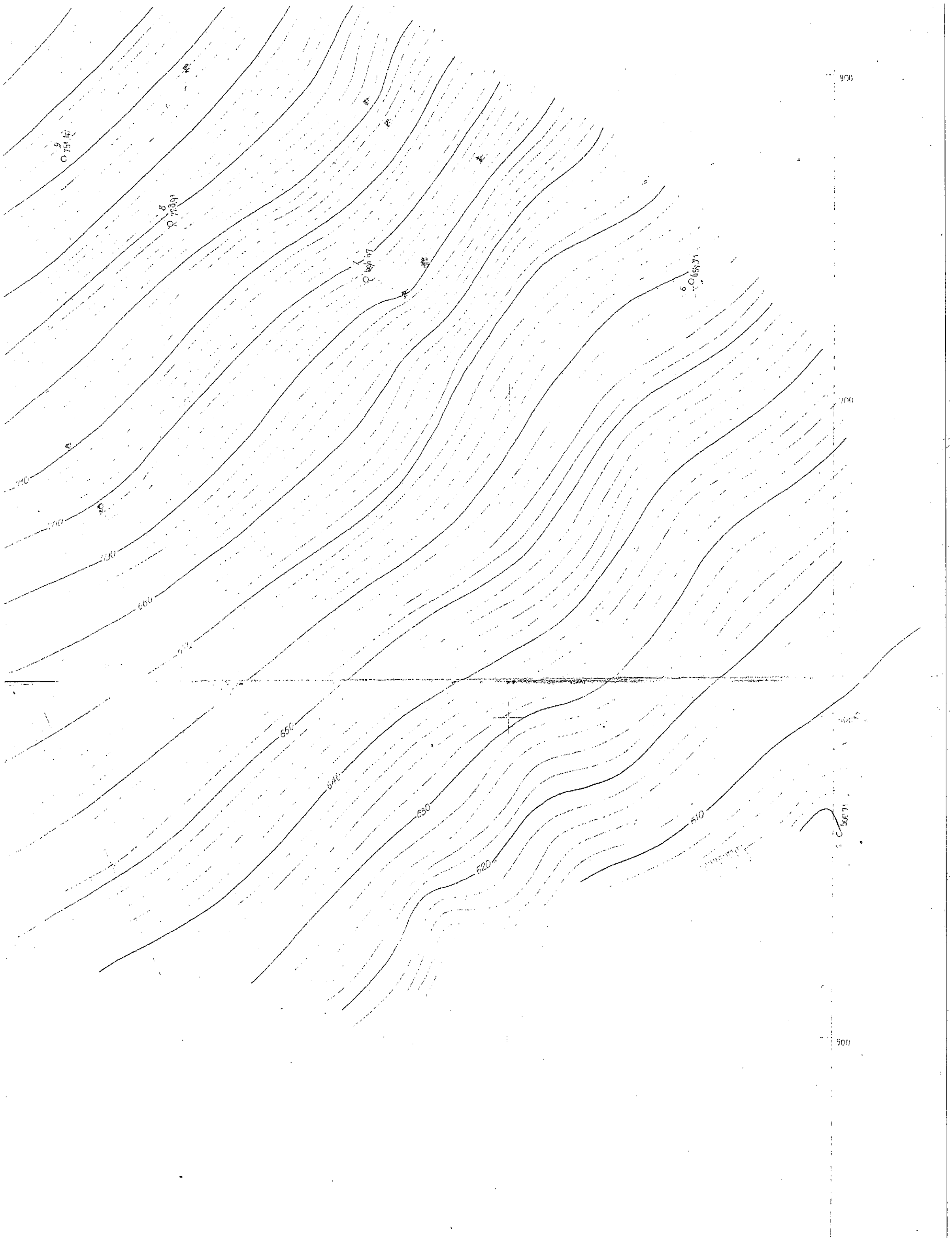
QUOTE		METERS	MATERIAL DESCRIPTION	DROP ANGLES (Degrees)
809.5	~ ~ ~ ~ ~ ~ ~ ~ ~ ~	1.00	*Humus*	
	# #	7.50	*Lherzolites*	-90
	\\\\\\\\ \\\\\\\\	8.50	*Fine-grained gabbro*	
				-85
	# # # # # ##			
	# # # # # # #			-70
	# # # # # # #			-73
			Lherzolites	
	# # # # # # #			-75
				-54
	# # # # # # #			
	# # # # # # #			
				-75
	# # # # # # #			
	# # # # # # #	33.0		
	\\\\\\\\	33.5	*Fine-grained gabbro*	
	# # # # # # #			-72
	# # # # # # #			
	# # # # # # #			
	# # # # # # #	38.0		
	\\\\\\\\	38.6	*Fine-grained gabbro*	
	# # # # # # #			
				-75
	# # # # # # #	40.0	*Lherzolites*	
769.5				

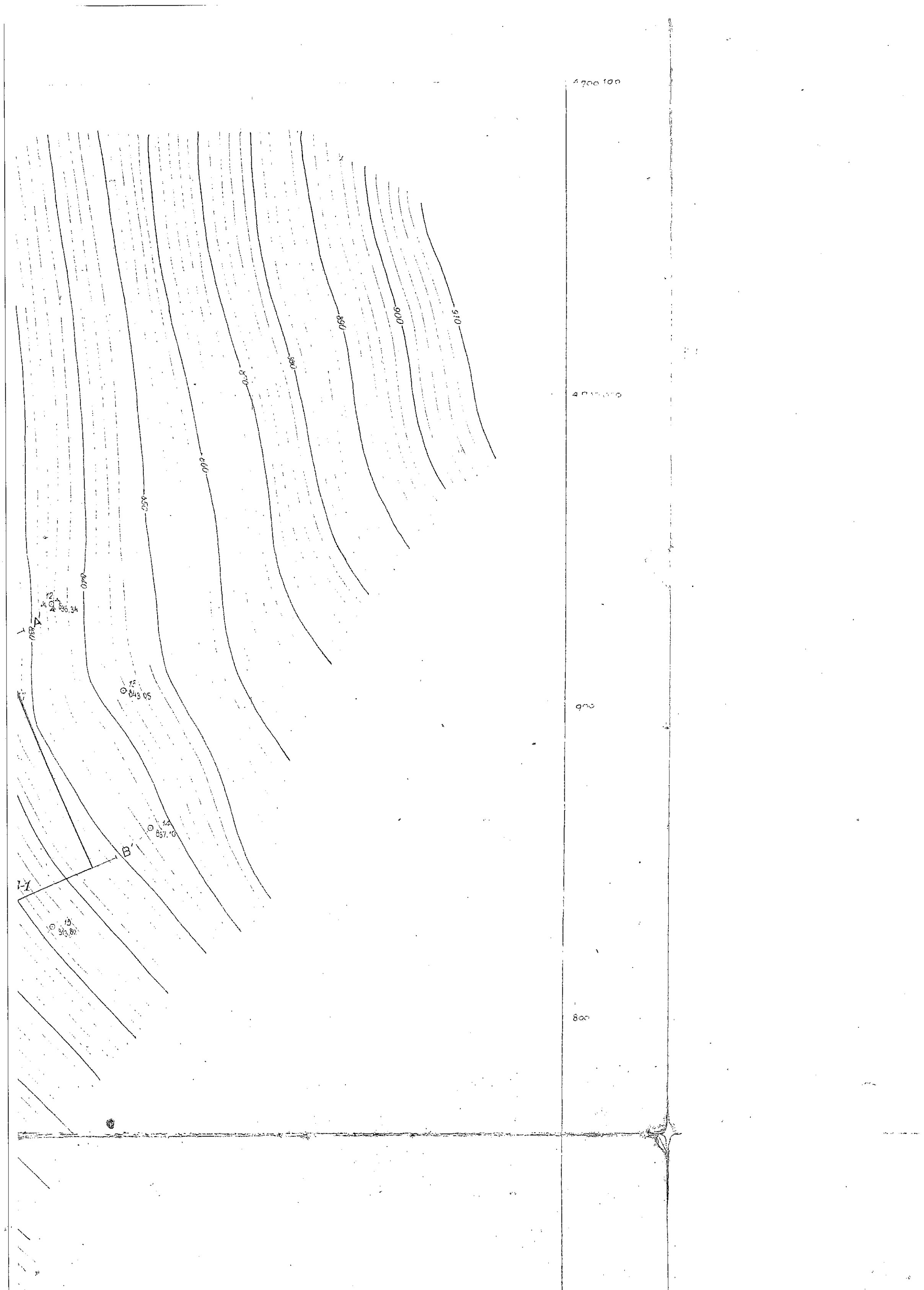
The Institute for Geological and Geophysical Research BELGRADE		
Object	Rahovec- Lherzolites	
Place	Drenovc village	
Ratio	1:250	
Coordinates	X=700,916 Y=473,305 Z=705.8	
Drilling Date	August 1964	
Depth	40 m	
Drilling angle	0 degrees	
Initial diameter	101mm	
Final diameter	76mm	
Author	M. Mirkovic	Attachment 04


LEGEND
Lherzolites
B – Category reserves
C – Category reserves
Drillings
The Institute for Geological and Geophysical Research
BELGRADE
Object
Rahovec- Lherzolites
Place
Drenovc village
Date
August 1964
Map of Reserves
Scale
1:1000
Author

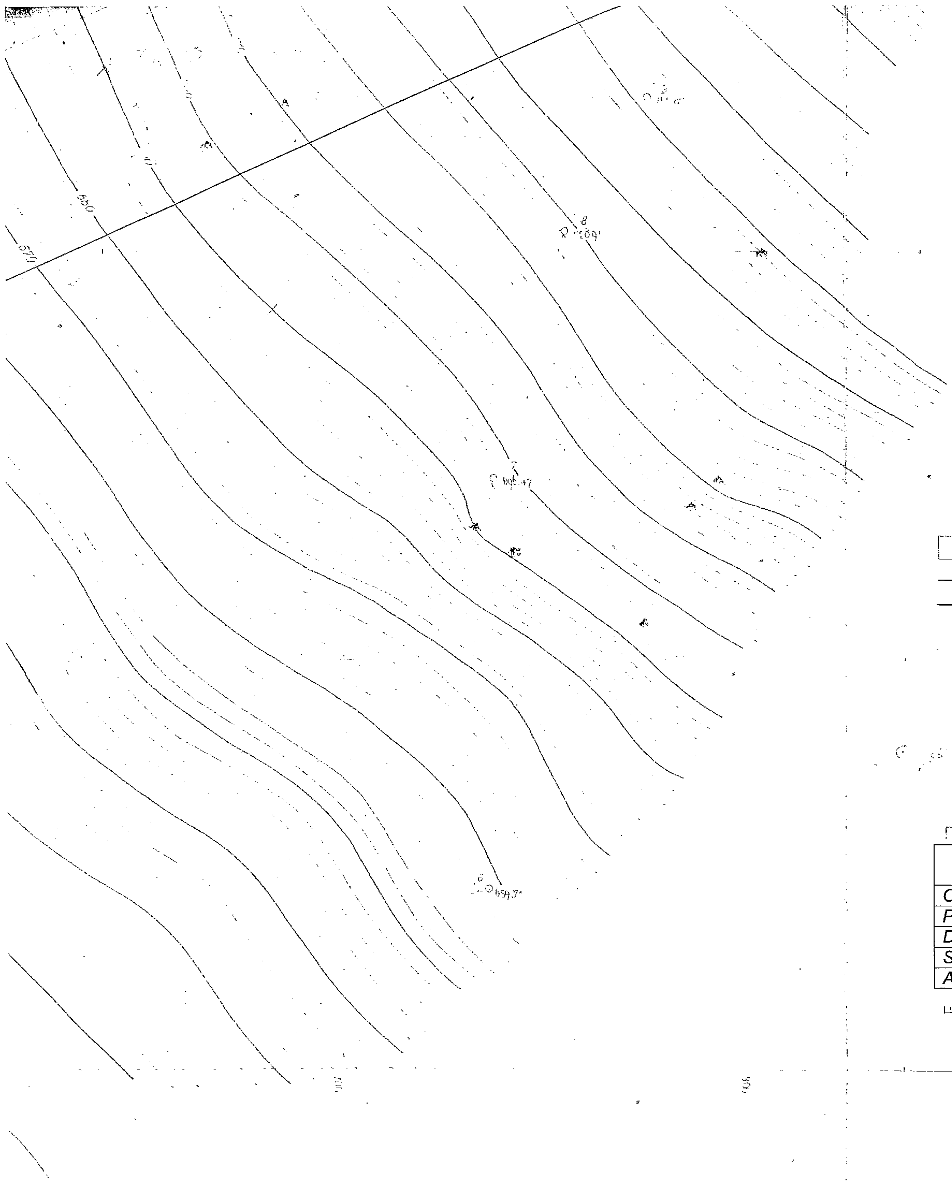


810
800
790
780
770
760
750
740
730
A
B
C


650
640
630
620
610



910
900
850
A
B
I-I
900
800

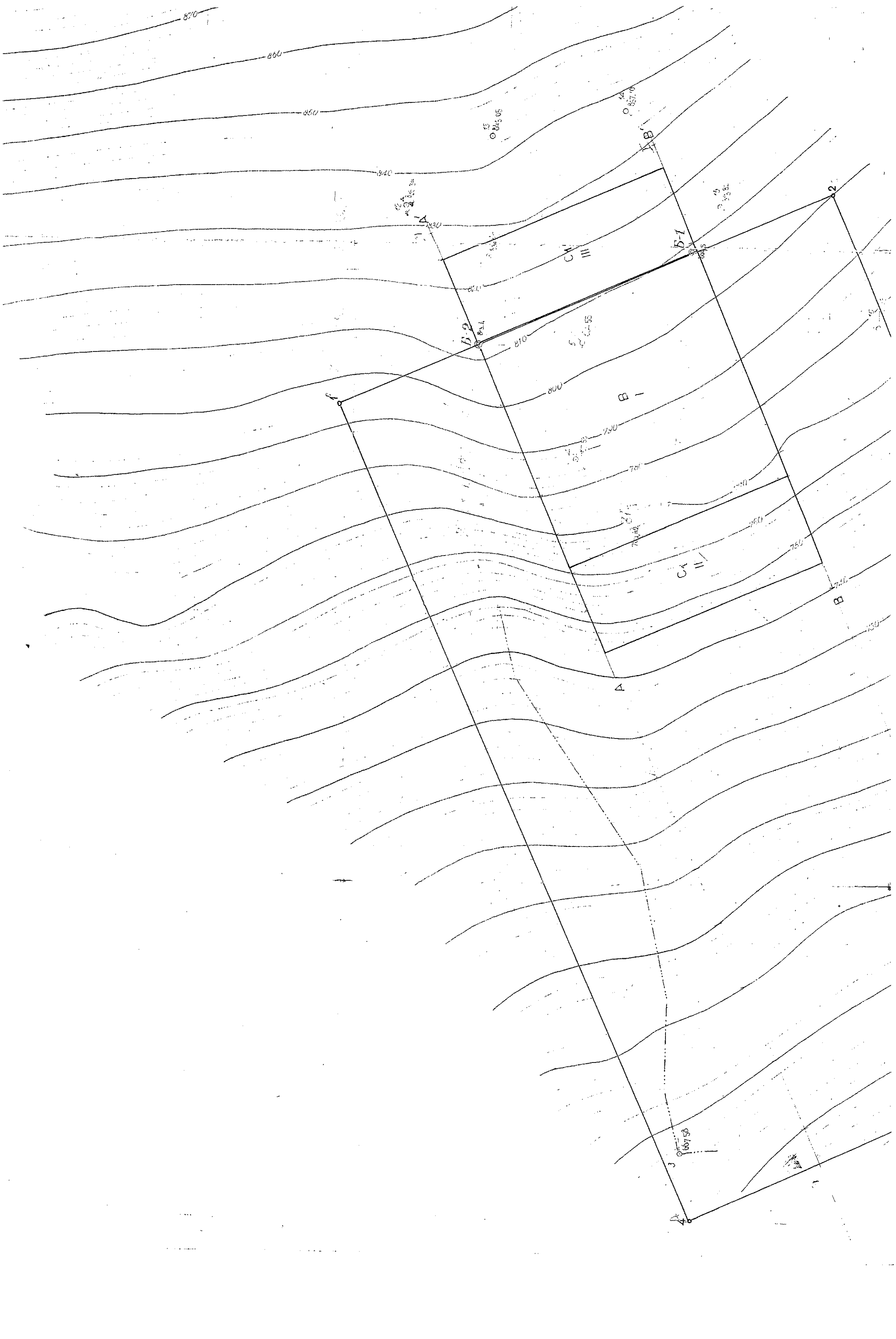


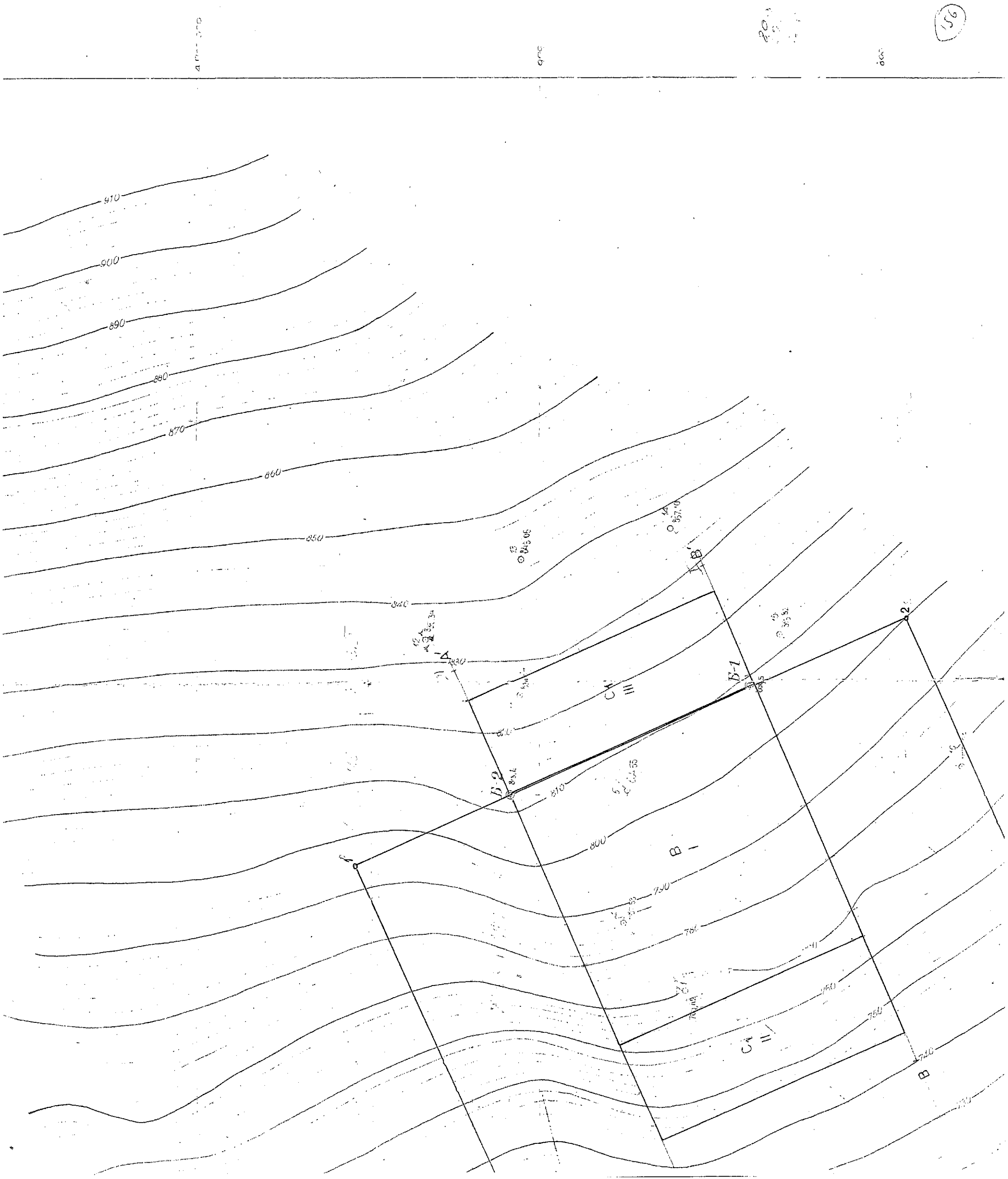
LEGENDA
LEGEND

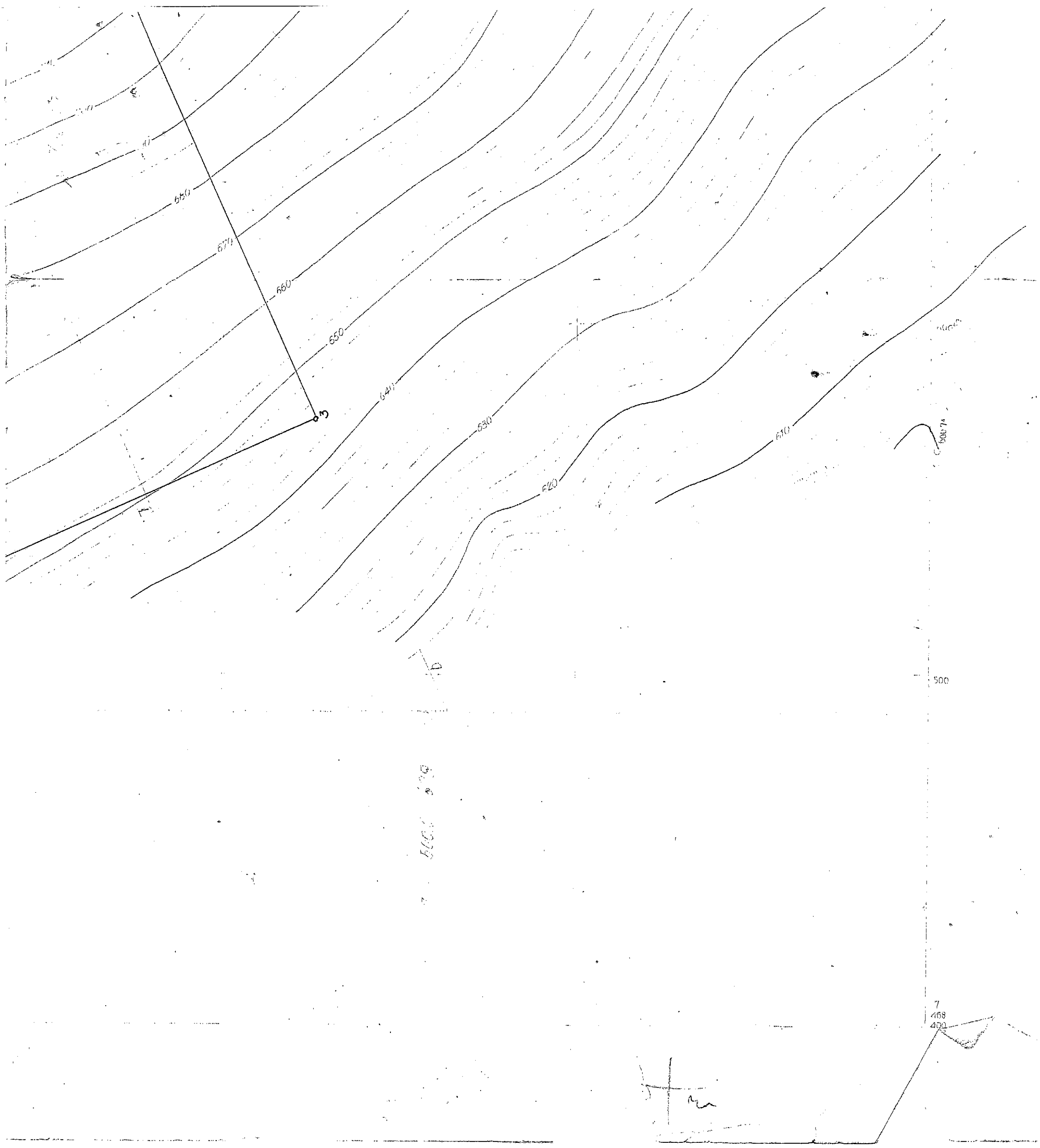
	Lherzolites
	B – Category reserves ije
	C – Category reserves ije
○	*Drillings*

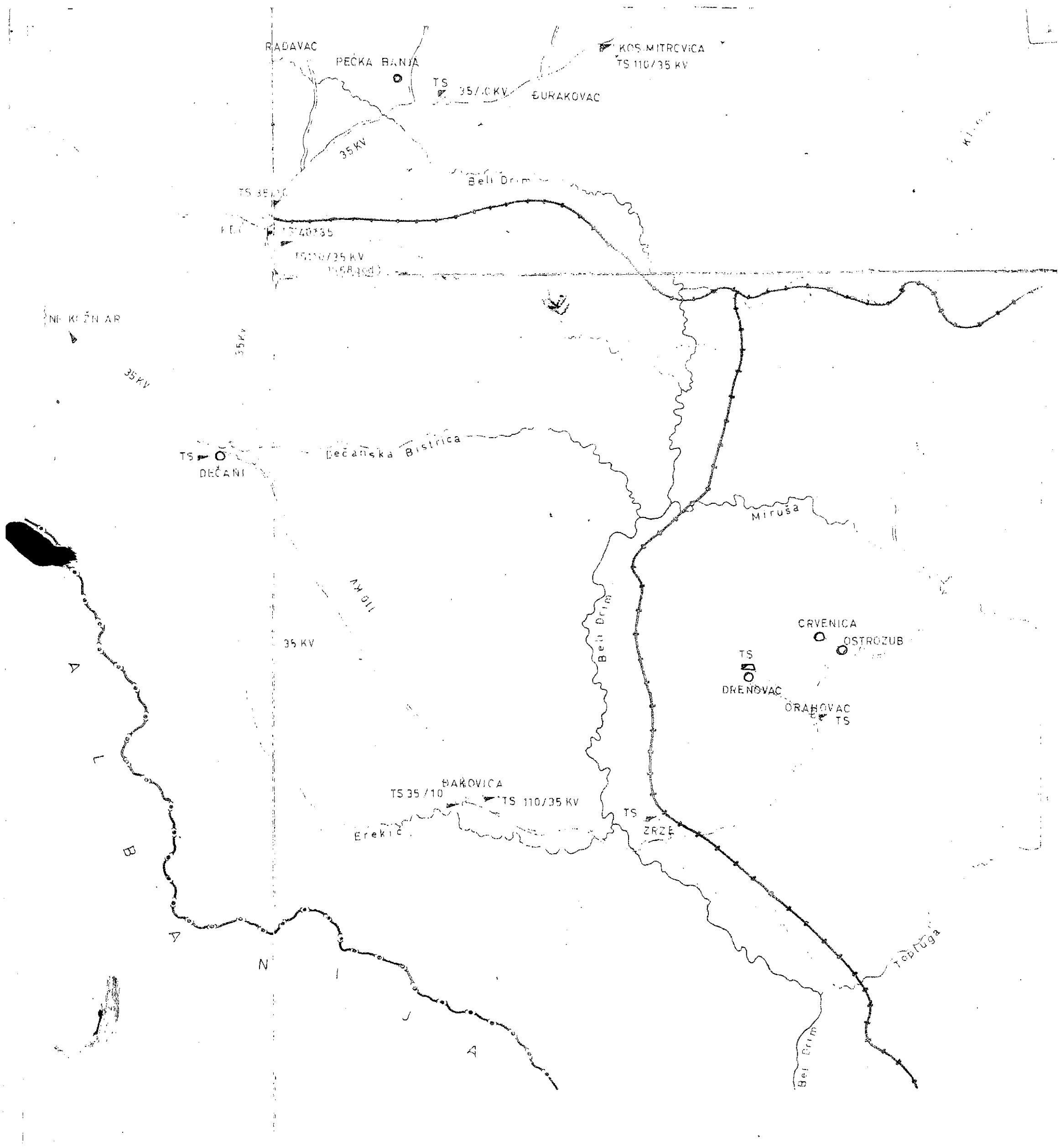
The Institute for Geological and Geophysical Research BELGRADE		
Object	*Rahovec- Lherzolites*	
Place	*Drenovc village*	
Date	*August 1964*	*Map of Reserves*
Scale	*1:1000*	
Author		

prilog


870
860
850
840
830
820
810
800
790
780
770
760
750
740
730
Б-1
Б-2
C1
III
II
B
I
A
B
1
2
3
4


910
900
890
880
870
860
850
840
810
800
Б-1
Б-2
CI
III
B
I
CI
II
2


680
670
660
650
640
630
620
610
500



LEGEND:

Transformer

Dolomite Deposit "OSTROZUB"

Lherzolites Deposit "DRENOVC"

Red Limestone Deposit "CRVENICA"

Travertine Deposit: Onix "Pecka Banja" (Banja e Pejes)

Breccia Marble Deposit "VISOKI DECAN"

ELECTRICITY NETWORK

MAP

At Golder Associates we strive to be the most respected global company providing consulting, design, and construction services in earth, environment, and related areas of energy. Employee owned since our formation in 1960, our focus, unique culture and operating environment offer opportunities and the freedom to excel, which attracts the leading specialists in our fields. Golder professionals take the time to build an understanding of client needs and of the specific environments in which they operate. We continue to expand our technical capabilities and have experienced steady growth with employees who operate from offices located throughout Africa, Asia, Australasia, Europe, North America, and South America.

Africa	+ 27 11 254 4800
Asia	+ 86 21 6258 5522
Australasia	+ 61 3 8862 3500
Europe	+ 356 21 42 30 20
North America	+ 1 800 275 3281
South America	+ 55 21 3095 9500

solutions@golder.com
www.golder.com

Golder Associates (UK) Ltd
1 Alie Street
London
E1 8DE
UK
T: [+44] 020 7423 0940

Golder Associates

PART VI

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON THE FML GROUP

Part VI of this Document contains the following financial information:

SECTION A	Accountants' Report on the historical financial information of the FML Group for the period to 31 December 2011
SECTION B	Historical financial information of the FML Group for the period from incorporation to 31 December 2011

SECTION A

ACCOUNTANT'S REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The following is the full text of a report on Fox Marble Limited from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors of Fox Marble Holdings Plc (the "Company").

BAKER TILLY

25 Farringdon Street
London EC4A 4AB
www.bakertilly.co.uk

The Directors
Fox Marble Holdings Plc
15 Kings Terrace
London
NW1 0JP

24 August 2012

Dear Sirs

Fox Marble Limited ("FML")

We report on the consolidated historical financial information set out in Section B of this Part VI of FML and its subsidiaries (together with "the FML Group"). This financial information has been prepared for inclusion in the admission document dated 24 August 2012 ("Admission Document") of Fox Marble Holdings Plc on the basis of the accounting policies set out in note 2 of Section B. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as if they had been applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as if they had been applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as if it had been applied by part (a) of Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of the Company are responsible for preparing the consolidated historical financial information on the basis of preparation set out in note 2 of Section B and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the consolidated historical financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the consolidated historical financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the consolidated historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated historical financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the consolidated historical financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the FML Group at the date stated and of its consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as adopted by the European Union.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as if it had been applied by part (a) of Schedule Two to the AIM Rules.

Yours faithfully

Baker Tilly Corporate Finance LLP
Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street London EC4A 4AB.

SECTION B

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON THE FML GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2011

	Note	317 day period ended 31 December 2011 €
Administration expenses		(1,160,701)
Operating loss	5	(1,160,701)
Income from investments	6	190
Finance costs	7	(104,579)
Loss before taxation		(1,265,090)
Taxation	8	–
Loss for the period attributable to equity holders of the company		(1,265,090)
Total comprehensive income for the period attributable to equity holders of the Company		(1,265,090)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2011

	Note	As at 31 December 2011 €
Assets		
Non-current assets		
Intangible assets	9	89,366
Total non-current assets		89,366
Current assets		
Receivables	10	44,977
Cash and cash equivalents	18	685,246
Total current assets		730,223
Total assets		819,589
Current liabilities		
Trade and other payables	11	(200,465)
Total current liabilities		(200,465)
Non current liabilities		
Borrowings	12	(1,396,496)
Total non current liabilities		(1,396,496)
Total liabilities		(1,596,961)
Net liabilities		(777,372)
Equity		
Share capital	13	115
Retained loss	14	(1,265,090)
Share based payment reserve	16	307,800
Capital contributed by equity holders	15	179,803
Total equity attributable to equity holders of the Company		(777,372)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 December 2011

	Note	317 day period ended 31 December 2011 €
Loss before taxation		(1,265,090)
Adjustment for:		
Income from investments		(190)
Finance costs		104,579
Operating loss for the period	5	(1,160,701)
Adjustment for:		
Equity settled transactions		307,800
Increase in receivables		(44,977)
Increase in accruals		105,321
Increase in trade and other payables		95,144
Contribution from equity participants		179,803
Net cash outflow from operating activities		(517,610)
Investing activities		
Expenditure on acquisition of mining rights and licences	9	(7,601)
Expenditure on exploration activities	9	(81,765)
Net cash outflow from investing activities		(89,366)
Cash flows from financing activities		
Proceeds from issue of shares		115
Finance costs		(104,579)
Proceeds on issue of convertible loan notes (net of issue costs)		1,396,496
Interest on bank deposits		190
Net cash inflow from financing activities		1,292,222
Net increase in cash and cash equivalents		685,246
Cash and cash equivalents at beginning of period		–
Cash and cash equivalents at end of period	18	685,246

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2011

	Share capital €	Contribution from equity holder € (note 15)	Share based payment reserve € (note 16)	Retained loss €	Total €
Balance on incorporation on 17 February 2011					
Share capital issued	115	–	–	–	115
Contribution from equity holders	–	179,803	–	–	179,803
Loss for the period	–	–	–	(1,265,090)	(1,265,090)
Equity settled transactions	–	–	307,800	–	307,800
Balance on 31 December 2011	115	179,803	307,800	(1,265,090)	(777,372)

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 DECEMBER 2011

1. General information

The Directors of FML are responsible for preparing the consolidated historical financial information set out herein, which has been prepared on the basis of the accounting policies that FML and the FML Group has adopted in their financial statements for the period ended 31 December 2011.

FML was incorporated on 17 February 2011, registered in England and Wales with the company number 7533264. The registered office is 15 Kings Terrace, London, NW1 0JP.

FML was established with the objective of extracting and processing decorative stone sourced at quarries with an initial focus in Kosovo.

2. Significant accounting policies

Basis of accounting

This consolidated historical financial information has been prepared under the historical cost convention in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as endorsed by the European Union and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of consolidation

The consolidated historical financial information incorporates the financial information of FML and its subsidiaries H&P Sh.P.K., Granit-Shala Sh.P.K. and Rex Marble Sh.P.K. (together "the FML Group").

Subsidiaries are entities whose financial and operating policies FML controls, directly or indirectly, so as to obtain benefits from their activities. Subsidiaries are consolidated from the date that control is gained and non controlling interests are apportioned on a proportional basis

All intra-FML Group transactions, balances, income and expenses are eliminated in full on consolidation.

Leases

Leases that transfer substantially all the risks and rewards of ownership of assets to the FML Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the FML Group is the lessee, rentals payable under operating leases, net of any incentives received from the lessor, are charged to profit or loss on the straight-line basis over the lease terms.

Intangible exploration and evaluation assets

All costs associated with mineral exploration and evaluation including the costs of acquiring exploration licences, exploitation licences, and annual licence fees, rights to explore, topographical, geological, geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a dimensional stone resource, are capitalised as intangible exploration and evaluation assets and subsequently measured at cost.

The costs are allocated to quarry locations within a region ("field"). Each field is treated as a cash-generating unit ("CGUs")/project because the underlying geology and risks and rewards of exploration within a field are considered to be similar.

If an exploration project is successful, the related expenditures will be transferred at cost to plant and equipment and depreciated over the estimated life of the commercial ore reserves on a unit of production basis. Where a project does not lead to the discovery of commercially viable quantities of dimensional stone resources and is relinquished, abandoned, or is considered to be of no further commercial value to the FML Group, the related costs are written off to the statement of comprehensive income.

The recoverability of deferred exploration costs is dependent upon the discovery of economically viable ore reserves, the ability of the FML Group to obtain necessary financing to complete the development of ore reserves and future profitable production or proceeds from the extraction thereof.

Impairment of exploration and evaluation assets and property, plant and equipment

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying value. Impairment losses are recognised in the statement of comprehensive income immediately.

Impairment reviews for intangible exploration and evaluation assets and property, plant and equipment are carried out on the basis of mineral/gemstone fields with each field representing a single CGU. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- unexpected geological occurrences that render the resources uneconomic;
- title to the asset is compromised;
- variations in dimensional stone prices that render the project uneconomic;
- variations in the foreign currency rates; or
- the FML Group determines that it no longer wishes to continue to evaluate or develop the field.

Financial instruments

Financial assets and financial liabilities are recognised when the FML Group has become a party to the contractual provisions of the instrument.

Financial assets

Other receivables
Other receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in profit or loss.

Cash and cash equivalents
For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Investments
Investments in subsidiaries, associates and joint ventures are recorded at cost in the Statement of Financial Position. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in profit or loss in the period they occur.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the FML Group after deducting all of its liabilities.

Borrowings
Interest-bearing loans and overdrafts are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the instrument using the effective rate of interest.

Trade and Other payables

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

Equity settled transactions

The FML Group has applied the requirements of IFRS 2 *Share-Based Payments* for all grants of equity instruments.

The FML Group has entered into equity settled share based payments as consideration for services received. Equity settled share based payments are measured at fair value at the date of issue

The FML Group have measured the fair value by reference to the equity instruments issued as it is not possible to reliably measure the fair value of the services received. In the absence of market prices, fair value has been based on the Directors valuation of the FML Group as at the issue date.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax payable is based on taxable profit for the year. The FML Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon rates enacted and substantively enacted at the reporting date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

Items included in the financial statements of each of the FML Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The historical financial information is presented in Euros (€) which is FML's and FML Group's functional and consolidated presentational currency.

Transactions in currencies other than the functional currency are initially recorded at the exchange rate prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the FML Group's overseas operations are translated into the FML Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates have fluctuated significantly during the year, in which case the exchange rate at the date of the transaction is used. All exchange differences arising, if any, are transferred to the FML Group's translation reserve, except to the extent that they relate to non-controlling interests, and are recognised as income or as expenses in the period in which the operation is disposed of, or when control, significant influence or joint control is lost.

Exchange differences arising on retranslation of the FML Group's overseas operations that are attributable to non-controlling interests are allocated to, and reported as part of, non-controlling interests in the Consolidated Statement of Financial Position. On disposal of the foreign operation, or when control is lost, the non-controlling interest derecognised (including exchange differences) is recognised in profit or loss as part of the gain or loss on disposal.

Critical accounting estimates and areas of judgement

Premium on conversion of loan notes

Between 25 August 2011 and 29 September 2011 FML issued €1,426,355 (£1,195,000) of unsecured convertible loan notes due 2016.

In the event of admission of the Company to AIM these loan notes convert to a variable number of ordinary shares of the Company to provide a conversion value of 5:1. A premium on conversion on these loan notes will be recognised in the consolidated income statement, immediately following admission, of €5,705,420 (see note 23).

The premium on conversion has not been recognised in the accounts as at 31 December 2011 as conversion is conditional on admission. At 31 December 2011, the Directors did not consider that listing and conversion were probable.

Quarry Reserves

Engineering estimates of FML Group's quarry reserves are inherently imprecise and represent only approximate amounts because of the significant judgments involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated quarry reserves can be designated as "proved" and "probable". Proved and probable quarry reserve estimates are updated at regular intervals taking into account recent production and technical information about each quarry. In addition, as prices and cost levels change from year to year, the estimate of proved and probable quarry reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in both depreciation and amortisation rates calculated on a units of production basis and the time period for discounting the rehabilitation provision.

Changes in the estimate of quarry reserves are also taken into account in impairment assessments of non-current assets.

Equity settled transactions

The FML Group has entered into equity settled share-based payments as consideration for services received. In accordance with IFRS 2 *Share-Based Payments*, in determining the fair value of the equity instruments issued, the Directors have considered the intrinsic value of the FML Group as at the issue date by reference to events that have taken place and market transactions that provide indicative values, as well as discounted cash flow calculations. Based on the conclusions reached the Directors have made a judgement as to the fair value of the FML Group as at the issue date.

Adoption of new and revised standards

The following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

Title	Subject	Effective Date
IAS 19 (revised June 2011)	Employee Benefits	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2013
IAS 28 (revised May 2011)	Investments in Associates and Joint Ventures	1 January 2013
IAS 27 (revised May 2011)	Separate Financial Statements	1 January 2013
Amendments to IAS 12 (Dec 2010)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IFRIC 20	Stripping costs in the Production Phase of a Surface Mine	1 January 2013

Adoption of the above is not considered to have a material impact on the FML Group's financial statements.

3. Going concern

The FML Group is currently dependent upon the financial support received from its investors and other related parties until revenue from its primary business activities are sufficient to fund its quarrying operations. The Directors have prepared detailed projected cash flow information for the period ended 31 August 2013, taking account of the proceeds of the placing and the forecast expenditure. Having regards to the existing working capital position, the Directors are of the opinion that the FML Group has adequate resources to enable it to undertake its planned activities for the next 12 months.

4. Segmental information

All of the operations of the FML Group are located in Kosovo. All sales of the FML Group will be as a result of the extraction and processing of marble at its quarries. It is the opinion of the Directors that the operations of the FML Group represent one segment, and are treated as such when evaluating its performance.

All non current assets held by the FML Group relate to intangible assets acquired in relation to exploration and evaluation expenditure incurred in Kosovo.

The FML Group incurs certain costs in the United Kingdom in relation to head office expenses. In the period under review included in the operating loss of €1,160,701 were costs incurred in the United Kingdom of €801,196.

The chief operating decision maker of the FML Group is the Board of Directors of FML. The Board of Directors reviews management accounts prepared for the FML Group as a whole when assessing performance of FML and the FML Group.

5. Operating loss

	317 day period ended 31 December 2011 €
Operating loss is stated after charging/(crediting):	
Fees payable to FML Group's auditors for the audit of the FML Group's annual accounts	11,936
Other services provided by FML Group's auditors:	
Tax services	9,549
Corporate finance services	75,924
Legal and professional fees	675,570
Consultancy fees	167,385
Staff costs	95,350
Other head office costs	79,638
Travelling and subsistence costs	50,355
Foreign exchange gain	(15,494)
Sundry	10,488
	1,160,701

The aggregate of Directors remuneration for the period ended 31 December 2011 is disclosed in Note 21.

6. Income from investments

	317 day period ended 31 December 2011 €
Interest on bank deposits	190

7. Finance costs

	317 day period ended 31 December 2011 €
Interest expense on convertible loan notes	51,664
Foreign exchange loss	52,915
	104,579

8. Taxation

	317 day period ended 31 December 2011 €
Reconciliation of effective tax rate	
Loss before income tax	1,265,090
Income tax on loss before tax at 26%	328,923
Tax effect of expense that are not deductible in determining taxable profit	(80,028)
Deferred tax asset not recognised in respect of losses	(248,895)
Total tax expense for the period	–

The tax computations of FML show it has tax losses carried forward. However due to the uncertainty of the timing of future profits, no deferred tax asset has been recognised.

9. Intangible assets

	Capitalised exploration and evaluation expenditure 2011 €
Cost and net book value	
At incorporation on 17 February 2011	–
Additions	89,366
At 31 December 2011	89,366

Capitalised exploration and evaluation expenditure represent rights for the mining of decorative stone reserves in the Peje, Rahovec and Suhogerll quarries.

The FML Group has been granted rights of use by the local municipality for twenty years over land in the Suhogerll and Rahovec region through acquisition of 75 per cent. of the issued share capital of Rex Marble Sh.P.K and 100 per cent. of the issued share capital of H&P Sh.P.K.

On 5 September 2011 the FML Group acquired the remaining 25 per cent. of the issued share capital of Rex Marble Sh.P.K as described in Note 19.

The FML Group was granted exploration licences over the Suhogerll, Rahovec and Peje sites by the ICMM, expiring between February and May 2013. Costs of €45,000 associated with the acquisition of these licences have been capitalised. The FML Group has since been granted mining licenses in respect of these sites which supercede the exploration licences.

Furthermore, the FML Group has been granted exploitation (mining) licences over the Suhogerll, Rahovec and Peje sites by the Independent Commission for Mines and Minerals (ICMM), expiring October 2025 and 2026. Costs of €39,265 associated with the acquisition of these licences have been capitalised.

10. Receivables

	2011 €
Other receivables	525
Prepayments	30,701
VAT recoverable	13,751
	44,977

All other receivables at 31 December 2011 are current. No receivables are past due but not impaired. All receivables are GBP denominated and have been translated to Euro at the exchange rate prevailing at 31 December 2011. The Directors consider that the carrying amount of other receivables approximates their fair value.

11. Trade and other payables

	2011 €
Trade payables	82,764
Amounts due to related parties	8,195
Other payables	4,185
Accruals	105,321
	200,465

Amounts due to related parties are considered further in note 21.

All trade and other payables at 31 December 2011 are current. Included in trade and other payables are Euro denominated payables of €11,156. All other trade and other payables are GBP denominated and have been translated to Euro at the exchange rate prevailing at 31 December 2011. The Directors consider that the carrying amount of other receivables approximates their fair value.

12. Borrowings

	2011 €
Convertible loan notes	1,472,618
Issue costs	(76,122)
	1,396,496

Between 25 August 2011 and 29 September 2011, FML issued €1,426,355 (£1,195,000) of unsecured convertible loan notes due 2016. On admission of the Company to AIM at any time, or on notice being provided by the loan note holder, these loan notes convert to a variable number of ordinary shares of the Company to provide a conversion value of 5:1. A premium on conversion of these loan notes will be recognised in the consolidated income statement, immediately following Admission. The interest rate applicable to the loan notes is 10 per cent. and accrues but is not payable in respect of the period from 25 August 2011 to the admission of the Company's shares to AIM, if admission occurs prior to 31 August 2012. As at 31 December 2011, the balance on the convertible loan notes of €1,472,618 included €46,263 of accrued interest.

Costs of €81,523 were incurred in connection with the issue of these loan notes. Costs are amortised over the period of the loan. As at 31 December 2011 the balance of these costs amounted to €76,122.

13. Share capital

	No	2011 €
Authorised and issued share capital of £1 each	100	115
		115

100 shares of £1 were issued on incorporation on the 17 February 2011 for cash consideration.

14. Retained Loss

	2011 €
Balance on incorporation at 17 February 2011	–
Loss for the year transferred to reserves	(1,265,090)
	(1,265,090)

15. Capital contribution by equity holders

	2011 €
Balance on incorporation at 17 February 2011	–
Contributions made during the period	179,803
	179,803

16. Share based payments reserve

	2011 €
Balance on incorporation at 17 February 2011	–
Equity settled transactions - legal and professional fees	307,800
	307,800

On 17 March 2011, FML granted Hamilton Bradshaw Capital Partners ("HBCP") 9 per cent. of the share capital of FML as part of the consideration for services provided by HBCP to the FML Group in connection with the admission of the Group to AIM. The share capital was satisfied by transfers from existing shareholders.

In accordance with IFRS 2 *Share-Based Payments* the FML Group has recognised an equity settled transaction expense of €307,800 in relation to the fair value of the equity received by HBCP in consideration for their services. The fair value was determined by reference to the fair value of the equity instruments issued based upon the valuation of the FML Group as at the issue date.

17. Leases and municipal rights of use

Area		Area m²'000	Start date	Period	Lease payment
Peje	Lease	1,780	10/03/2011	20 years	20% of net profits associated with activities carried out on leased land
Rahovec	Municipal rights of use	2,557	04/02/2011	10 years	€0.5 per cubic metre extracted
Suhogerll	Municipal rights of use	540	18/03/2011	20 years	€0.5 per cubic metre extracted

18. Financial instruments

Capital risk management

The FML Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the FML Group is to minimise costs and liquidity risk.

The capital structure of FML consists of equity attributable to equity holders comprising issued share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

The FML Group is exposed to a number of risks through its normal operations, the most significant of which are exploration, credit, foreign exchange and liquidity risks. The management of these risks is vested in the Board of Directors.

Fair Values

The fair values of the financial assets and liabilities are materially consistent with the carrying values.

Foreign exchange risk

There is exposure to movements in the GBP/EUR exchange rate as the cash held by the FML Group is denominated in GBP. However the balance is deemed to be immaterial and so the Directors do not actively manage the risk and therefore no sensitivities have been produced.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was €44,977.

As at 31 December 2011, FML holds €685,246 in cash and cash equivalents. The FML Group mitigates banking sector credit risk through the use of banks with no lower than a single A rating.

Liquidity Risk

The following are the contractual maturities of financial liabilities as at 31 August 2011:

31 December 2011	Carrying Amount €	Contractual cash flows €	6 months or less €	6-12 months €	1-2 years €	2-5 years €
Convertible loan notes	1,396,496	2,098,770	–	134,483	134,483	1,829,804
Trade and other payables	200,465	200,465	200,465	–	–	–

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the FML Group's short-, medium-, long-term funding and liquidity management requirements. The FML Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

19. Subsidiary undertakings

	% ownership	Date acquired	Place of incorporation	Principal activity
Rex Marble Sh.P.K	100	31/03/2011	Kosovo	Holding of licences & rights
H&P Sh.P.K	100	04/04/2011	Kosovo	Holding of licences & rights
Granit-Shala Sh.P.K	100	31/08/2011	Kosovo	Holding of licences & rights

On acquisition of 75 per cent. of the issued share capital of Rex Marble Sh.P.K , FML was granted a call option over the remaining 25 per cent. of the company for €3,000,000.

No non controlling interest has been recognised in respect of Rex Marble Sh.P.K as the company is dormant other than holding municipal rights of land use which it acquired for zero cost.

On 5 September 2011 FML acquired the remaining 25 per cent. of the issued share capital of Rex Marble Sh.P.K for consideration of €625. Thereafter, on 6 September 2011 FML entered into a royalty agreement with the owner of the minority shareholding through which he is entitled to 25 per cent. of the net profits derived from mineral exploitation at Suhogerll site over which Rex Marble Sh.P.K has licence. FML has the option to buy out the rights under this agreement for €3,000,000. This option can be called by FML at any time.

20. Controlling Parties

FML is jointly controlled by Mr Chris Gilbert and Dr Etrur Albani. Fox Marble Limited is the largest Group company which produces consolidated financial statements.

21. Related party transactions

RN Media Limited

FML is recharged operating costs from RN Media Limited, a company under the common control of Mr Chris Gilbert, a director of the company in relation to operating and staff costs for the operation of the company's head office. All transactions are recharged at cost, and at an arms length basis.

In the period under review €85,213 was paid to RN Media Limited, and a balance of €1,918 was outstanding at 31 December 2011.

At 31 December 2011, a balance of €6,277 was due to Directors of the Company as repayment for corporate and travel expenses incurred on behalf of the Company.

Remuneration of key management personnel
The remuneration of the Directors, who are key management personnel of the FML Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2011
	€
Short-employee benefits	865
Fees	74,062
	74,927

The total remuneration of the highest paid Director was €38,136 in the period.

22. Events after the reporting period

On 3 August 2012, the entire issued share capital of FML was acquired by the Company pursuant to an acquisition agreement. The consideration for the acquisition of the shares in FML were settled by the issue of 40,125,000 Ordinary Shares in the Company. Further details of the Company and the acquisition agreement are given in paragraphs 2 and 12.7.1 of Part VIII of this Document.

Following the acquisition of the FML Group by the Company, the entire loan notes in issue totalling €1,426,355 were novated to the Company such that conversion would be satisfied by the issue of shares in the Company. All other terms of the loan notes remain unchanged. These will convert, on Admission, into shares totalling €7,131,775. Based on the placing price of 20 pence, this will equate to 29,875,000 shares. The premium arising on conversion on these loan notes of €5,705,420 will therefore be recognised in the Group income statement, immediately following Admission.

Placing Convertible Loan Notes totalling up to £3,060,000 have been issued by the Company pursuant to loan note instruments dated 24 August 2012. These constitute the Series 1 Loan Notes and the Series 2 Loan Notes. The Placing Convertible Loan Notes carry an initial interest rate of 8 per cent. per annum payable quarterly in arrears. The Company may elect to capitalise interest in respect of the first two years following the date of issue. Further information on the Placing Convertible Loan Notes is set out in paragraph 12.6 of Part VIII of this Document.

AGMH is expected to subscribe for up to £2,000,000 of the Series 2 Loan Notes. Mr Chris Gilbert and Dr Etrur Albani are shareholders of AGMH. Further details of the subscription by AGMH are set out in paragraph 12.6 of Part VIII of this Document.

The Company has granted warrants to certain persons to subscribe for Ordinary Shares in respect of 1.4 per cent. of the Enlarged Share Capital. These warrants are exercisable at the Placing Price at any time between the first and fourth anniversaries of Admission. Further details are provided in paragraph 12.11 of Part VIII of this Document.

In addition, the Company has granted options, conditional on Admission, to Fiona Hadfield pursuant to the rules of the DSOP in respect of 120,000 Ordinary Shares, representing 0.1 per cent. of the Enlarged Share Capital. Further details are provided in paragraphs 5.2 and 8 of Part VIII of this Document.

PART VII

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF NET ASSETS OF THE GROUP

SECTION A

ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF NET ASSETS OF THE GROUP

The following is the full text of a report on the Group from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors of the Company.

BAKER TILLY

25 Farringdon Street
London EC4A 4AB
www.bakertilly.co.uk

The Directors
Fox Marble Holdings PLC
15 Kings Terrace
London
NW1 0JP

24 August 2012

Dear Sirs

Fox Marble Holdings plc (the "Company")

We report on the unaudited pro forma consolidated statement of net assets (the "Pro forma") set out in Section B of this Part VII of the Admission Document dated 24 August 2012 ("Admission Document") of Fox Marble Holdings Plc, which has been prepared on the basis described in Section B, for illustrative purposes only, to provide information about how the placing, issue of the convertible loan notes, acquisition of FML by the Company and the conversion of loan notes issued in 2011 (which convert on Admission) might have affected the financial information presented on the basis of the accounting policies adopted by the Company's subsidiary undertakings in preparing the consolidated historical financial information in Part VI for the period ending 31 December 2011. This report has been prepared in accordance with the requirements of paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, and given solely for the purposes of complying with paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules as if they had been applied by part (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

This report is made solely for the purposes of paragraph 20.2 of Annex I of the Prospectus Rules as if they had been applied by part (a) of Schedule Two to the AIM Rules for Companies. Our work has been undertaken so that we might state those matters we are required to state in an accountants' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than a person as and to the extent provided by paragraph 20.2 of Annex I of the Prospectus Rules as if it had been applied by part (a) of Schedule Two to the AIM Rules for Companies, for our audit work, for this report, or for the opinions we have formed or consenting to its inclusion in the Admission Document.

Responsibilities

It is the responsibility of the Directors of Company to prepare the Pro Forma in accordance with paragraph 20.2 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies, as to the proper compilation of the Pro Forma and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Opinion

In our opinion:

(a) the Pro Forma has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

Baker Tilly Corporate Finance LLP
Regulated by the Institute of Chartered Accountants in England and Wales

SECTION B

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF NET ASSETS OF THE GROUP

Set out below is an unaudited pro forma consolidated statement of net assets of the Group, which has been prepared by the Directors on the basis of the notes set out below.

The Company was incorporated on 14 October 2011 and has not traded since incorporation (other than entering into certain contracts set out in Part VIII). The unaudited pro forma consolidated statement of net assets has been prepared to show the effects of the Placing the acquisition of FML by the Company and the conversion of the Convertible Loan Notes on the consolidated unaudited net assets of the Group as at 31 December 2011 as if they had occurred on that date.

It is the sole responsibility of the Directors to prepare the pro forma statement. The pro forma statement has been prepared by the Directors for illustrative purposes only and, because it addresses a hypothetical situation, does not represent the Company's actual consolidated financial position either prior to or following the proposed Placing.

	Net assets of the Company on incorporation (note 1) €	Consolidated net assets of FML as at 31 December 2011 (note 2) €	Conversion of Convertible Loan Notes (note 3) €	Placing proceeds (note 4) €	Pro forma net assets of the Group €
ASSETS					
Non- current assets					
Intangible assets	–	89,366	–	–	89,366
Current assets					
Receivables	–	44,977	–	–	44,977
Cash and cash equivalents	2	685,246	–	10,254,800	10,940,048
Total current assets	2	730,223	–	10,254,800	10,985,025
TOTAL ASSETS	2	819,589	–	10,254,800	11,074,391
LIABILITIES					
Current liabilities					
Trade and other payables	–	(200,465)	–	–	(200,465)
Non-current liabilities					
Borrowings	–	(1,396,496)	1,396,496	–	–
TOTAL LIABILITIES	–	(1,596,961)	1,396,496	–	(200,465)
NET ASSETS/(LIABILITIES)	2	(777,372)	1,396,496	10,254,800	10,873,926

Notes

1. The net assets of the Company on incorporation has been comprised, without adjustment, from paragraph 3 of Part VIII of this Document. The share capital of the Company on incorporation amounted to £2. No adjustment has been made for share issues made on 31 October 2011 as set out in paragraph 3.4 of Part VIII, nor for shares issued in consideration of the acquisition of FML which have no impact on the pro forma consolidated net assets.
2. The net assets of the FML Group have been extracted without material adjustment from the audited financial information set out in Part VI of this document. No account has been taken of any movement in net assets of FML Group since 31 December 2011.
3. The adjustment assumes the conversion of the Convertible Loan Notes on Admission (after deducting issue costs) that were in issue at 31 December 2011.

   As at the date of this document, the Group had issued a total of €1,396,496 (after issue costs and inclusive of accrued interest) of Convertible Loan Notes. The Convertible Loan Notes convert, on Admission, into Ordinary Shares with a value at the Placing Price of approximately €7,132,000 (29,875,000 Ordinary Shares).

   The premium on conversion is therefore expected to be approximately €5,706,000 which will be recognised in the Group income statement, on conversion, immediately following Admission. The only impact on net assets of this conversion is the removal of the associated liability, classified as borrowings.
4. The net proceeds of the Placing are expected to amount to €10,254,800 being the gross proceeds of €11,966,000 less issue costs amounting to €1,711,200 inclusive of VAT (where applicable). The exchange rate used in calculating these figures is £1:€1.24.
5. No adjustment has been made to take into account the portion of the Placing Convertible Loan Notes classified as financial liabilities under IFRS.

PART VIII

ADDITIONAL INFORMATION

1. Responsibility statement

1.1 The Company and the Directors accept responsibility for the information contained in this document including, individual and collective responsibilities, for the Company's compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (having taken all reasonable care to ensure that such is the case), the information contained in the document is in accordance with the facts and makes no omission likely to affect the import of such information.

1.2 Golder Associates accepts responsibility for the information contained in the Competent Person's Report set out in Part V of this document and to the best of its knowledge, having taken all reasonable care that such is the case, the information contained therein is in accordance with the facts and contains no omission likely to affect its import.

2. The Company

2.1 The Company was incorporated and registered in England and Wales under the Act with registered number 7811256 on 14 October 2011 as a public company limited by shares with the name Fox Marble Holdings Plc.

2.2 The Company operates under the Act and the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder.

2.3 On 4 November 2011, the Registrar of Companies issued a certificate entitling the Company to do business under section 761 of the Act.

2.4 The Company's principal activity will be that of a holding company.

2.5 The Company's registered office address is 15 Kings Terrace, London NW1 0JP. The telephone number is +44 (0)207 380 0999.

2.6 The Company is the ultimate holding company and owns 100 per cent. (either directly or indirectly) of the following subsidiaries:

2.6.1 Fox Marble Limited, a company incorporated as 16 February Limited and registered as a private company limited by shares and in England and Wales on 17 February 2011 under the Act with registration number 7533264 and with its registered address at 15 Kings Terrace, London NW1 0JP. 16 February Limited changed its name to Fox Marble Limited on 22 February 2011;

2.6.2 Granit-Shala Sh.P.K., a company incorporated and registered as a limited liability company in Kosovo with registration number 70747006 and with its registered address at Banje, Istog, Kosovo;

2.6.3 H&P Sh.P.K, a company incorporated and registered as a limited liability company in Kosovo with registration number 70722674 and with its registered address at Rr. Bill Klinton, Nr. 36, Prishtina, Kosovo; and

2.6.4 Rex Marble Sh.P.K., a company incorporated and registered as a limited liability company in Kosovo with registration number 70702835 and with its registered address at Ilaz Kodra, Klinë e Poshtme, Skenderaj, Kosovo.

2.7 The accounting reference date of the Company is 31 December.

3. Share capital

3.1 As at 23 August 2012, (being the latest practicable date prior to the issue of this document), the issued fully paid up share capital of the Company was as follows:

	Issued and Fully Paid	
Class of share	**Number**	**Amount**
Ordinary	45,125,000	£451,250

3.2 The issued and fully paid share capital of the Company immediately following Admission is expected to be as follows:

Class of share	Issued and Fully Paid Number*	Amount*
Ordinary	107,200,000	£1,072,000

* This will be increased by a further 750,000 Ordinary Shares which are the subject of a placing commitment on deferred settlement terms which is expected to be settled on 30 November 2012.

3.3 At the date of incorporation, the Company had an issued share capital of £2.00 divided into two ordinary shares of £1.00 in registered form.

3.4 There have been the following changes in the share capital of the Company since incorporation:

3.4.1 on 31 October 2011, the Company subdivided each of the ordinary shares in issue into 100 ordinary shares of £0.01;

3.4.2 on 31 October 2011, the Company issued 2,249,900, 2,299,900, 150,000 and 300,000 Ordinary Shares to Christopher Gilbert, Etrur Albani, Adrian Bradshaw and Syndicated Investor Group Limited respectively; and

3.4.3 on 3 August 2012, the Company issued 40,125,000 Ordinary Shares as consideration for the acquisition of FML.

3.5 No major Shareholder has enhanced voting rights. All Ordinary Shares afford equal voting rights as set out in paragraph 4 of this Part VIII.

3.6 By resolutions passed on 3 August 2012 it was resolved that:

3.6.1 the purchase by the Company of the entire issued share capital of Fox Marble Limited from Christopher Gilbert, Etrur Albani, Adrian Bradshaw and Syndicated Investor Group Limited (together, the "Sellers"), the consideration to be satisfied by the issue and allotment of an aggregate of 40,125,000 Ordinary Shares to the Sellers, be approved in accordance with section 190 of the Act;

3.6.2 in substitution for all existing authorities conferred, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot and to make offers or agreements to allot shares or grant rights to subscribe for or to convert any securities into shares (together the "Relevant Securities") up to an aggregate nominal amount of £1,090,992.41. This authority expires on the earlier of the conclusion of the next annual general meeting of the Company and 30 December 2013, except that the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted or granted after such expiry and the Directors may allot Relevant Securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired;

3.6.3 the Directors be empowered, in accordance with section 571 of the Act, to allot equity securities (within the meaning of section 560(1) of the Act) pursuant to the authority conferred on the Directors referred to in paragraph 3.6.2 above, as if section 561(1) of the Act did not apply to any such allotment, provided that this power is limited to:

(a) the allotment of equity securities up to an aggregate nominal amount of:

(i) £452,000.00 in connection with the placing of new Ordinary Shares to institutional and other investors;

(ii) £437,840.91 in connection with the conversion of securities (issued and to be issued by the Company) into Ordinary Shares;

(b) in any other case, in addition to the authorities set out above, to exercise all the powers of the Company to allot equity securities up to an aggregate nominal amount of £201,151.50.

The authority in sub-paragraphs (a) and (b) shall, unless renewed, varied or revoked by the Company, expire on the earlier of the conclusion of the next annual general meeting of the Company and 30 December 2013, except that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities as the case may be to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of any such offer or agreement as if the authority conferred by the Company's shareholders had not expired.

3.7 At the date of this document, save for the Convertible Loan Notes (which convert into Ordinary Shares on Admission), the Placing Convertible Loan Notes, the Warrants and the options granted pursuant to the DSOP, the Company has no securities in issue not representing share capital.

3.8 Save as disclosed in this Part VIII:

(a) there has been no change in the amount of the issued share or loan capital of the Company since its incorporation;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company since its incorporation;

(c) no share or loan capital of the Company is under option or is agreed, conditionally or unconditionally, to be put under option;

(d) there are no shares of the Company held by or on behalf of itself or by any member of the Group; and

(e) no person has any preferential subscription rights for any share capital in the Company and the Company has given no undertakings to any third party to increase the capital of the Company.

4. Articles of association

In this paragraph 4 of Part VIII, "Statutes" means the Act and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company.

The Articles contain provisions, among others, to the following effect:

4.1 ***Objects***

Section 31 of the Act provides that the objects of a company are unrestricted unless any restrictions are set out in its articles of association. There are no such restrictions in the Articles and therefore the objects of the Company are unrestricted.

4.2 ***Voting rights***

4.2.1 Subject to any special terms as to voting upon which any share may be issued, or may be held, and subject to the provisions of the Articles, on a show of hands every member of the Company ("Member") present in person and entitled to vote shall have one vote and on a poll every Member present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder.

4.2.2 Subject to the two paragraphs directly following this paragraph, on a vote on a resolution on a show of hands at a meeting, every proxy present who has been duly appointed by one or more Member entitled to vote on the resolution has one vote.

4.2.3 On a vote on a resolution on a show of hands at a meeting, a proxy has one vote for and one vote against the resolution if:

(i) the proxy has been duly appointed by more than one Member entitled to vote on the resolution; and

(ii) the proxy has been instructed by one or more of those Members to vote for the resolution and by one or more of those other Members to vote against it.

4.2.4 On a vote on a resolution on a show of hands at a meeting, if:

(i) a proxy has been duly appointed by more than one Member entitled to vote on the resolution; and

(ii) the proxy has been instructed by one or more Members ("Member(s) A") to vote in a certain manner and has been given discretionary authority by one or more other Members ("Member(s) B") to vote in relation to the resolution in the manner such proxy deems fit, such proxy is entitled, pursuant to the discretionary authority granted by Member(s) B to cast a second vote which is contrary to the manner in which such proxy voted in accordance with the instructions of Member(s) A.

4.2.5 No Member is entitled to be present or to be counted in the quorum or vote, either in person or by proxy, at any general meeting or at any separate meeting of the holders of a class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll, unless all calls or other moneys due and payable in respect of the Member's share or shares have been paid.

4.2.6 Where a notice is served by the Company under section 793 of the Act (a "section 793 notice") on a Member, or another person appearing to be interested in shares held by that Member, and the Member or other person has failed in relation to any shares (the "default shares" which expression includes any shares issued after the date of the section 793 notice in respect of those shares) to give the Company the information required within 14 days from the date of service of the section 793 notice then, unless the Board otherwise decides, the Member is not entitled in respect of the default shares to be present or to vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll.

4.3 ***Dividends***

4.3.1 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid. Dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

4.3.2 Any dividend which has remained unclaimed for a period of 12 years from the date it became due for payment is forfeited and ceases to remain owing by the Company.

4.3.3 Where a section 793 notice is served on a Member, or another person appearing to be interested in shares held by that Member, and the Member or other person has failed in relation to any default shares to give the Company the information required within 14 days of the service of the section 793 notice and the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class then, unless the Board otherwise decides, any dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it and the Member is not entitled to elect to receive shares instead of a dividend.

4.4 ***Distribution of assets on a winding up***

If the Company shall be wound up voluntarily the liquidator may, with the authority of a special resolution and any sanction required by law, divide among the Members in kind the whole or any part of the assets of the Company and whether or not the assets consist of property of one kind or of different kinds and may for this purpose set such value as he deems fair on any class or classes of property and may determine on the basis of that valuation and in accordance with the then existing rights of Members how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the same authority, vest any part of the assets in the trustees upon such trust for the benefit of Members as the liquidator may think fit but so that no member shall be compelled to accept any asset in respect of which there is a liability or potential liability.

4.5 ***Variation of class rights***

Subject to the Statutes, the rights attached to any class of shares may be modified, varied or abrogated:

(a) in such manner (if any) as may be provided by those rights; or

(b) in the absence of provision, either with the consent in writing of the holders of at least three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of that class and then only subject to the provisions of section 633 of the Act.

4.6 ***Transfer of shares***

4.6.1 Subject to the provisions of the Articles, any Member may transfer all or any of his certificated shares by instrument of transfer in any usual form or in such other form as the Board may approve and the instrument must be executed by or on behalf of the transferor and (except in the case of a share which is fully paid up) by or on behalf of the transferee but need not be under seal. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of Members in respect of it.

4.6.2 Subject to the provisions of Articles, the Board may refuse to register a transfer of a certificated share unless it is:

(a) in respect of only one class of shares;

(b) in favour of not more than four joint transferees;

(c) duly stamped (if required);

(d) not in favour of a minor, infant, bankrupt or person with mental disorder; and

(e) delivered for registration to the registered office of the Company from time to time or such other place as the Board may decide accompanied by the certificate for the shares to be transferred (save in the case of a transfer by a recognised person to whom no certificate was issued) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so. The Board may impose restrictions on the transfer of a certificated share which is not fully paid, provided that the restrictions are not such as to prevent dealings in the shares from taking place on an open and proper basis.

4.6.3 The Board may, in exceptional circumstances approved by the Financial Services Authority and the London Stock Exchange, disapprove the transfer of a certificated share, provided that exercise of such powers does not disturb the market in the shares.

4.6.4 Subject to the CREST Regulations, the Board may permit shares of any class to be held in uncertificated form and to be transferred by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

4.6.5 The Board may refuse to register the transfer of an uncertificated share in any circumstances permitted by the Financial Services Authority, the London Stock Exchange, the CREST Regulations and the rules and practices of the operator of the relevant system provided that the exercise of such powers does not disturb the market in the shares.

4.6.6 Where a section 793 notice is served on a Member, or another person appearing to be interested in shares held by that Member, and the Member or other person has failed in relation to any default shares to give the Company the information required within 14 days from the date of service of the section 793 notice and such shares represent at least 0.25 per cent. in nominal value of the issued shares of their class, then, unless the Board otherwise decides, no transfer of any of the default shares shall be registered unless the transfer is an "excepted transfer" (as defined in the Articles) or the Member is not himself in default in supplying the information required and the Member proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer or the transfer is required by the CREST Regulations.

4.6.7 Other than as set out above, the Articles contain no restrictions as to the free transferability of fully paid shares.

4.7 ***Alterations to capital***

Subject to the Act, the Company may by ordinary resolution:

(a) consolidate and divide all or any of its authorised share capital into shares of a larger amount than its existing shares; and

(b) sub-divide all or any of its shares into shares of a smaller amount and may by the resolution determine that the shares resulting from such sub-division may have any preferred or other special rights or be subject to any restrictions, as compared with the others.

4.8 ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money.

4.9 ***Directors***

4.9.1 Unless and until otherwise determined by the Company by ordinary resolution the number of Directors is not subject to a maximum but must not be fewer than two. The Board may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the Board. A Director so appointed shall hold office only until the dissolution of the annual general meeting following next after his appointment, unless he is reappointed during the meeting. A Director so retiring shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.

4.9.2 The remuneration of a Director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money or in whole or in part by participation in profits or otherwise as the Board may determine and may be in addition to or instead of a fee payable to him for his services as Director pursuant to the Articles.

4.9.3 The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in the performance of their duties as Directors, including their expenses of travelling to and from meetings of the Board or committees of the Board or general meetings or separate meetings of the holders of a class of shares and any expenses incurred by them in obtaining independent professional advice.

4.9.4 The Board may establish, maintain, participate in or contribute to or procure the establishment or maintenance of, participation in or contribution to any pension, superannuation, benevolent or life assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to, any persons who are or were at any time in the employment or service of or who have at any time been Directors of the Company or of any company which is or was a member of the Group or any of their predecessors in business (and for any member of his family, including a spouse or civil partner or former spouse or former civil partner or a person who is or was dependent on him). Any Director or former director shall be entitled to participate in and retain for his own benefit any such donations, gratuities, pensions, allowances, benefits or emoluments. The Board may arrange for this to be done by the Company either alone or in conjunction with any other person.

4.9.5 Without prejudice to the requirements of the Statutes, a Director who is in any way, directly or indirectly, interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first taken into consideration, if he knows his interest then exists, or, in any other case, at the next meeting of the Directors after he knows that he is or has become interested.

4.9.6 Except as provided in the Articles, a Director may not vote in respect of any contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is, to his knowledge, materially interested, directly or indirectly otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. This prohibition does not apply to any resolution concerning any of the following matters namely:

(a) the giving to him of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(b) the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility, in whole or in part, under a guarantee or indemnity or by the giving of security;

(c) a contract, arrangement, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;

(d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise (relevant company) if he is not directly or indirectly the holder of or beneficially interested in one per cent. or more of a class of equity share capital of the relevant company (excluding any shares held as treasury shares) or of the voting rights available to members of the relevant company or able to cause one per cent. or more of those voting rights to be cast at his direction (and for the purposes of this Article, shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, shares comprised in a trust and in which the Director's interest is in reversion or is in remainder, if and so long as another person is entitled to receive the income from the trust, and shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder are disregarded);

(e) a contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or personal pension plan or employees' share scheme under which he may benefit and which has been approved by or is subject to and conditional on approval by HM Revenue & Customs for taxation purposes or which does not accord to any Director as such any privilege or benefit not accorded to the employees to whom the scheme or fund relates;

(f) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings under which the Director benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or benefit not accorded to the employees to whom it relates; or

(g) a contract, arrangement, transaction or proposal concerning the maintenance or purchase of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

4.10 ***Directors' indemnity***

Subject to the provisions of the Act, the Company may:

(a) indemnify any person who is or was a director, or a director of any associated company, directly or indirectly (including by funding any expenditure incurred or to be incurred by him), against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company; and/or

(b) indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the company's activities as trustee of an occupational pension scheme; and/or

(c) purchase and maintain insurance for any person who is or was a director, or a director of any associated company, against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company.

4.11 ***General meetings***

4.11.1 At least 21 clear days' notice of every annual general meeting and at least 14 clear days' notice of every other general meeting shall be given, to such Members as are, under the Articles, or the terms of issue of shares, entitled to receive such notices from the Company and to the Directors and the auditors of the Company.

4.11.2 Every notice of meeting shall specify the place, date and time of the meeting and the general nature of the business to be transacted and, if a meeting is convened to pass a special resolution, the intention to propose the resolution as a special resolution. Where the Company has given an electronic address in any notice of meeting, any documents or information relating to proceeding at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice.

5. Directors' and other interests

5.1 The interests of the Directors and any person connected with a Director (within the meaning of section 252 of the Act) (all of which are beneficial unless otherwise stated), in the issued share capital of the Company, were as at 23 August 2012 (being the latest practicable date prior to the publication of this document) and are expected to be immediately following Admission, to the extent that their existence is known to, or could with reasonable diligence be ascertained by, a Director, as follows:

	As at 23 August 2012		Immediately following Admission	
Director	**Number of Ordinary Shares**	**Percentage of issued ordinary share capital**	**Number of Ordinary Shares**	**Percentage of issued ordinary share capital**
Andrew Allner	–	–	500,000	0.5
Christopher Gilbert	20,306,250[(1)]	45	20,306,250	18.9
Dr Etrur Albani	20,757,500[(1)]	46	20,757,500	19.4
Fiona Hadfield	–	–	–	–
Sir Colin Terry KBE CB DL	–	–	–	–
Roy Harrison OBE	–	–	500,000	0.5

(1) These ordinary shares are subject to a charge granted in favour of Optimus as security for AGMH's loan repayment obligations.

5.2 Conditional on Admission, the Company has granted options over an aggregate of 120,000 Ordinary Shares (representing 0.1 per cent. of the Enlarged Share Capital) at the Placing Price to Fiona Hadfield. This will be granted under the DSOP. Further details of the DSOP are summarised in paragraph 8 of Part VIII of this Document. Accordingly, the following Directors are interested in options over Ordinary Shares which remain outstanding as set out below:

Director	**Number of Ordinary Shares conditionally subject to options**	**Exercise Period**	**Exercise Price**
Fiona Hadfield	120,000	10 years following Admission	20p

5.3 AGMH, a company owned by Christopher Gilbert (49.5 per cent.) and Etrur Albani (50.5 per cent.) has agreed to subscribe for up to £2,000,000 (nominal) of Series 2 Loan Notes. Further details of the Series 2 Loan Notes are set out in paragraph 12.6.2 of Part VIII of this Document.

5.4 Save as set out in paragraphs 5.1 and 5.2 above, as at 23 August 2012 and immediately following Admission, no Director will, and no person so connected with a Director has, or is expected to have, any interest in the share capital of the Company or any of its subsidiaries or any options over the Company's shares.

5.5 As at 23 August 2012 (being the latest practicable date prior to publication of this document) insofar as is known to the Company, no person or persons, other than as set out below, are or will, immediately following Admission, have an interest, directly or indirectly, in 3 per cent. or more of the share capital or voting rights of the Company, so far as is notifiable under English law:

	As at 23 August 2012		Immediately following Admission	
Name	**Number of Ordinary Shares**	**Percentage of issued ordinary share capital**	**Number of Ordinary Shares**	**Percentage of issued ordinary share capital**
Dr Etrur Albani	20,757,500[(1)]	45	20,757,500[(1)]	19.4
Christopher Gilbert	20,306,250[(1)]	46	20,306,250[(1)]	18.9
Dominic Redfern	–	–	10,650,000	9.9
Majedie Asset Management	–	–	7,500,000	7.0
Philip Richards	–	–	5,300,000	4.9
Amati Global Investors	–	–	5,300,000	4.9

(1) These ordinary shares are subject to a charge granted in favour of Optimus as security for AGMH's loan repayment obligations.

5.6 The Company's major shareholders set out in paragraph 5.4 above do not have different voting rights.

5.7 As at 23 August 2012 (being the latest practicable date prior to publication of this document) save as disclosed in this paragraph 5, the Company is not aware of any person or persons who, directly or indirectly, owns or controls the Company.

5.8 No Director or member of a Director's family has any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.

6. Additional information on the Directors

6.1 Other than their directorships of Group companies, directorships and partnerships currently held by the Directors and held over the five years preceding the date of this document are as follows:

Director	Current directorships	Past directorships
Andrew Allner	AZ Electronic Materials SA CSR Plc Marshalls Plc Northgate Plc The Go-Ahead Group Plc	RHM Limited
Christopher Gilbert	Dark Star Technologies Limited Four Frognal Limited Fox Marble Limited Red Nail Music Limited* RN Media Company Limited Rockmasters Music Limited 14 October Plc AGMH Limited	Auriga Kore Limited Bubblegum Productions Limited (Dissolved) Crosstown Music Publishing Limited (Dissolved) Crosstown Productions Limited* Crosstown Songs UK Limited Crosstown Songs UK 2 Limited (Dissolved) Data Communications Satellite Networks Limited (Dissolved) Sound Control Media Protection Limited
Dr Etrur Albani	16 February Limited Fox Marble Limited Tin Star Limited 14 October Plc AGMH Limited	KCPI Mining Limited (Dissolved) Rex Marble Limited Saco Logistics Ltd
Fiona Hadfield	None	None
Roy Harrison OBE	Domotec (Europe) Limited Madeley Academy Trust Limited Renew Holdings Plc Sandwell Academy Trust Limited Telford City Technology College Trust Limited Tyrone Timberframes Ltd Walsall City Academy Trust	The BSS Group Limited Ffestiniog Expanded Slate Company Limited (Dissolved) Paventer SA
Sir Colin Terry KBE CB DL	Meggitt Plc Porthgwidden Estate Limited Ulas Flying Club Limited	Council of European Aerospace Societies Cranfield University Engineering Council UK Royal Aeronautical Society Engineering Technology Board Skyguard Technologies Ltd

* *Dormant.*

6.2 None of the Directors have:

6.2.1 any unspent convictions in relation to indictable offences;

6.2.2 had a bankruptcy order made against him or made an individual voluntary arrangement;

6.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;

6.2.4 been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

6.2.5 had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership; or

6.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.3 None of the Directors or any person connected with them (within the meaning of section 252 of the Act) is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet).

7. Directors' service agreements and emoluments

7.1 The Directors have entered into service agreements and letters of appointment with the members of the Group as follows:

7.1.1 A service agreement dated 23 August 2012 between the Company and Chris Gilbert under the terms of which Chris Gilbert has agreed to act as chief executive officer of the Company. Chris Gilbert's appointment is for an initial term of two years, terminable by 12 months' notice by either party expiring at or after the end of the initial term. The Company has the discretion to terminate Chris Gilbert's employment with immediate effect by paying him his salary (excluding any bonus) in lieu of his notice period or any remainder of his notice period. The service agreement contains a garden leave clause entitling the Company to require Chris Gilbert to cease performing his job during any notice period and requiring him to remain away from work during such period. The agreement provides for an annual salary of £125,000 per annum, a taxable car allowance of £10,200 per annum, a discretionary annual bonus and an entitlement to family membership of medical insurance scheme. The agreement further provides that in the first year £40,000 of the annual salary is deferred for 12 months or until such time as the Company is generating revenues from the sale of processed marble. The annual salary is to be reviewed once the Company is generating revenues from the sale of processed marble. The discretionary bonus in relation to the year ending 31 December 2012 is up to 50 per cent. of his pro rata annual salary subject to certain performance conditions imposed by the Remuneration Committee: 50 per cent. of the bonus will be payable only on completion on schedule of key milestones of the Group's operating plan, namely opening and extraction of saleable marble blocks from two quarries and commissioning of the processing plant; the remaining 50 per cent. of the bonus will be payable only on the achievement of cash and EBITDA targets as included in the operating budget approved by the Board for the period ending 31 December 2012. Bonuses will only be payable following approval of the annual financial statements for the year ending 31 December 2012 at the Annual General Meeting in 2013. The discretionary bonus in relation to the year ending 31 December 2013 is up to 100 per cent. of his salary subject to certain performance conditions imposed by the Remuneration Committee: 50 per cent. of the bonus will be payable only on completion on schedule of key milestones of the Group's operating plan, namely completion of processing plant construction and initial sales targets; the remaining 50 per cent. of the bonus will be payable only on the achievement of cash and EBITDA targets as included in the operating budget approved by the Board for the period ending 31 December 2013. Bonuses will only be payable following approval of the annual financial statements for the year ending 31 December 2013 at the Annual General Meeting in 2014. The agreement contains various post-termination covenants which are customary in agreements of this nature in order to protect the Group's business.

7.1.2 A service agreement dated 23 August 2012 between the Company and Etrur Albani under the terms of which Etrur Albani has agreed to act as managing director of the Company. The appointment is for an initial term of two years, terminable by at least 12 months' notice by either party expiring at or after the end of the initial term. The Company has the discretion to terminate Etrur Albani's employment with immediate effect by paying him his salary (excluding any bonus) in lieu of his notice period or any remainder of his notice period. The service agreement contains a garden leave clause entitling the Company to require

Etrur Albani to cease performing his job during any notice period and requiring him to remain away from work during such period. The agreement provides for an annual salary of £125,000 per annum a taxable car allowance of £10,200 per annum, a discretionary annual bonus and an entitlement to family membership of medical insurance scheme. The agreement further provides that in the first year £40,000 of the annual salary is deferred for 12 months or until such time as the Company is generating revenues from the sale of processed marble. The annual salary is to be reviewed once the Company is generating revenues from the sale of processed marble. The discretionary bonus in relation to the year ending 31 December 2012 is up to 50 per cent. of his pro rata annual salary subject to certain performance conditions imposed by the Remuneration Committee: 50 per cent. of the bonus will be payable only on completion on schedule of key milestones of the Group's operating plan, namely opening and extraction of saleable marble blocks from two quarries and commissioning of the processing plant; the remaining 50 per cent. of the bonus will be payable only on the achievement of cash and EBITDA targets as included in the operating budget approved by the Board for the period ending 31 December 2012. Bonuses will only be payable following approval of the annual financial statements for the year ending 31 December 2012 at the Annual General Meeting in 2013. The discretionary bonus in relation to the year ending 31 December 2013 is up to 100 per cent. of his salary subject to certain performance conditions imposed by the Remuneration Committee: 50 per cent. of the bonus will be payable only on completion on schedule of key milestones of the Group's operating plan, namely completion of processing plant construction and initial sales targets; the remaining 50 per cent. of the bonus will be payable only on the achievement of cash and EBITDA targets as included in the operating budget approved by the Board for the period ending 31 December 2013. Bonuses will only be payable following approval of the annual financial statements for the year ending 31 December 2013 at the Annual General Meeting in 2014. The agreement contains various post-termination covenants which are customary in agreements of this nature in order to protect the Group's business.

7.1.3 A service agreement dated 23 August 2012 between the Company and Fiona Hadfield under the terms of which Fiona Hadfield has agreed to act as finance director of the Company. The appointment is for an initial term of two years, terminable by 12 months' notice by either party expiring at or after the end of the initial team. The Company has the discretion to terminate Fiona Hadfield's employment with immediate effect by paying her salary (excluding any bonus) in lieu of her notice period or any remainder of her notice period. The service agreement contains a garden leave clause entitling the Company to require Fiona Hadfield to cease performing her job during any notice period and requiring her to remain away from work during such period. The agreement provides for an annual salary of £100,000, a discretionary annual bonus and an entitlement to family membership of medical insurance scheme. The agreement further provides that in the first year £40,000 of the annual salary is deferred for 12 months or until such time as the Company is generating revenues from the sale of processed marble. The annual salary is to be reviewed once the Company is generating revenues from the sale of processed marble. The discretionary bonus in relation to the year ending 31 December 2012 is up to 50 per cent. of her pro rata annual salary subject to certain performance conditions imposed by the Remuneration Committee: 50 per cent. of the bonus will be payable only on completion on schedule of key milestones of the Group's operating plan, namely opening and extraction of saleable marble blocks from two quarries and commissioning of the processing plant; the remaining 50 per cent. of the bonus will be payable only on the achievement of cash and EBITDA targets as included in the operating budget approved by the Board for the period ending 31 December 2012. Bonuses will only be payable following approval of the annual financial statements for the year ending 31 December 2012 at the Annual General Meeting in 2013. The discretionary bonus in relation to the year ending 31 December 2013 is up to 60 per cent. of her salary subject to certain performance conditions imposed by the Remuneration Committee: 50 per cent. of the bonus will be payable only on completion on schedule of key milestones of the Group's operating plan, namely completion of processing plant construction and initial sales targets; the remaining 50 per cent. of the bonus will be payable only on the achievement of cash and EBITDA targets as included in the operating budget approved by the Board for the period ending 31 December 2013. Bonuses will only be payable following approval of the annual financial statements for the year ending 31 December 2013 at the Annual General Meeting in Q2 2014. The agreement contains various post-termination covenants which are customary in agreements of this nature in order to protect the Group's business.

7.1.4 A letter of appointment dated 23 August 2012 between the Company and Andrew Allner under the terms of which Andrew Allner has agreed to act as non-executive chairman of the Company for an initial term of three years. The appointment is terminable by three months' notice served by either party. The remuneration is £60,000 per annum. Andrew Allner has agreed to use his first year's fee (net of tax) to subscribe for Ordinary Shares.

7.1.5 A letter of appointment dated 23 August 2012 between the Company and Sir Colin Terry KBE CB DL under the terms of which Sir Colin Terry KBE CB DL has agreed to act as non-executive director of the Company for an initial term of three years. The appointment is terminable by three months' notice served by either party. The remuneration is £30,000 per annum. Sir Colin Terry KBE CB DL has agreed to use his first year's fee (net of tax) to subscribe for Ordinary Shares.

7.1.6 A letter of appointment dated 23 August 2012 between the Company and Roy Harrison OBE under the terms of which Roy Harrison OBE has agreed to act as non-executive director of the Company for an initial term of three years. The appointment is terminable by three months' notice served by either party. The remuneration is £30,000 per annum. Roy Harrison has agreed to use his first year's fee (net of tax) to subscribe for Ordinary Shares.

7.2 Save as set out in paragraph 7.1 above, there are no existing or proposed service agreements between any of the Directors and any member of the Group.

7.3 Other than payment of salary and benefits in lieu of notice the Directors' service contracts and letters of appointment do not provide for benefits upon termination of employment.

7.4 The aggregate remuneration paid and benefits in kind granted to the Directors including amounts paid from all members of the Group during the financial period ended 31 December 2011 amounted to €74,927.

7.5 The aggregate amount payable and benefits in kind to be granted to the Directors under the arrangements in force at the date of this document during the financial year ending 31 December 2012 are estimated to amount to £309,167.

8. Share option scheme

The Company has adopted the DSOP, the principal terms of which may be summarised as follows:

8.1 ***Administration***

The Company's remuneration committee ("Committee") is responsible for administering the DSOP.

8.2 ***Eligibility***

Any employee or Director (excluding a non-executive director) of the Group is eligible to participate in the DSOP.

8.3 ***Grant of options***

The Committee may grant options to acquire ordinary shares or any share representing the same in the Company ("Options") under the terms of the DSOP. Options are granted free of charge and are non-transferable.

Options may either be EMI options (granted under the tax-advantaged enterprise management incentive (EMI) regime) ("EMI Options") or unapproved options (or a combination of the two).

The Committee may make the exercise of an Option dependent on the satisfaction of an objective condition relating to the financial performance of the Group. The Option granted conditional upon Admission to Fiona Hadfield is subject to the following performance condition: Cash and EBITDA targets set by the Remuneration Committee for the period to 31 December 2014 included in the board approved Operating Budget for the period ending 31 December 2012.

8.4 ***Period for the grant of Options***

Options may be granted at any time prior to the date falling 42 days after Admission and thereafter within 42 days following the date of the announcement of the Company's annual or half-yearly results for any period. In exceptional circumstances, Options may be granted at other times.

8.5 ***Plan limits***

An individual's overall participation under the DSOP is limited so that the aggregate market value at the date of grant of the ordinary shares comprised in subsisting Options and rights to acquire ordinary shares under any other employees' share scheme established by any Group Company granted to him in the same financial year cannot exceed 100 per cent. of their annual base salary.

The value of ordinary shares which may be subject to unexercised EMI Options granted to any one individual cannot exceed £119,999 (the ordinary shares being valued as at the date of grant of the relevant option).

The number of ordinary shares issued or issuable (or transferred or transferable out of treasury) pursuant to Options granted after Admission (excluding, for this purpose, the option granted conditional on Admission to Fiona Hadfield) under the DSOP, when aggregated with the number of ordinary shares issued or issuable (or transferred or transferable out of treasury) pursuant to all rights granted after Admission under all Group share schemes or otherwise to employees, Directors or consultants of the Group, must not exceed 4 per cent. of the Company's issued ordinary share capital at the date of grant.

The aggregate value of ordinary shares which may be subject to unexercised EMI Options granted under the DSOP cannot exceed £3,000,000 (the ordinary shares being valued as at the date of grant of the relevant option).

8.6 ***Exercise price***

The exercise price per ordinary share is determined by the Committee but must be no less than the higher of the nominal value of a Share (if the Option is capable of being satisfied by the allotment and issue of Shares) and the market value of a Share on the date of grant provided that the Option granted to Fiona Hadfield conditional on Admission has an exercise price equal to the Placing Price.

8.7 ***Exercise and lapse of options***

An Option is normally exercisable only after the expiry of the vesting period relating to the Option (or to the relevant part of the Option) and within 10 years from the date of the grant (or an earlier date if determined by the Committee on or prior to the date of grant), provided that any relevant performance condition has been satisfied. When granting an Option, the Committee must specify any vesting period or periods applying to the Option. The vesting period applying to the Option granted to Fiona Hadfield conditional on Admission is three years.

Options will normally lapse on cessation of employment. If a participant ceases to be employed within the Group on the grounds of injury, ill health, disability, sale of the participant's employing company out of the Group or the undertaking in which he is employed being transferred out of the Company's group, the participant may, to the extent that any applicable performance condition (modified as appropriate to reflect the period of time elapsed since the date of grant) has been satisfied, exercise any subsisting Option for the period of six months from cessation, after which period the Options will lapse. However, the maximum number of ordinary shares over which the Option may be exercised is reduced pro rata to reflect the proportion of any relevant vesting period which has elapsed on the date of cessation. If the employee ceases to be employed for any other reason, then any subsisting Options held by the participant shall not be exercisable for a period of 60 days from the cessation provided that, before the end of the 60 day period the Committee may notify the participant in writing that his Options shall not lapse and shall be exercisable, to the extent that any applicable performance condition (modified as appropriate to reflect the period of time elapsed since the date of grant) has been satisfied and reduced pro rata as above, for a specified period to be determined by the Committee. If no such notification is given, the Options will lapse at the end of the 60 day period.

If the participant dies his personal representatives may exercise his outstanding Options reduced pro rata as above, before the earlier of the expiry of 12 months from the date of his death. The Options will lapse thereafter.

8.8 ***Change of control***

In the event of a takeover, reconstruction or voluntary winding-up of the Company, exercise of the Options is permitted either immediately before and/or within six months of the relevant event, to the extent that any applicable performance condition (modified as appropriate to reflect the period of time elapsed since the date of grant) has been satisfied. However, the maximum number of ordinary shares over which the Options may be exercised is reduced pro rata to reflect the proportion of any relevant vesting period which has elapsed at the date of the relevant event.

8.9 ***Variation of share capital***

On certain variations of the ordinary share capital of the Company the Committee may adjust the exercise price and the number of ordinary shares comprised in existing options provided that:

(a) the exercise price of an ordinary share shall never be less than the nominal value (if ordinary shares are to be subscribed); and

(b) the aggregate exercise price payable on the exercise of any Option shall neither be increased nor materially decreased.

8.10 ***Share rights***

Ordinary shares issued on the exercise of an Option shall be identical to and rank *pari passu* with the other issued ordinary shares. However, a participant shall not be entitled to any dividend or other distribution by the Company in respect of the ordinary shares issued or transferred to him where the relevant record date fell before the date on which the participant exercised the Option.

8.11 ***Amendment***

The Committee may make any amendment to the DSOP that it thinks fit, provided that:

(a) no increase shall be made to the limits referred to in paragraph 8.5 above without the prior sanction of an ordinary resolution of shareholders of the Company in general meeting; and

(b) no amendment shall be made to the material disadvantage of any participant in relation to a subsisting Option unless either the participant consents in writing to such amendment so taking effect or, broadly, 75 per cent. of all participants so disadvantaged agree to the amendment so taking effect.

8.12 ***Termination***

The DSOP will terminate ten years after the date of Admission, or such earlier time as the Committee may determine.

9. Taxation

9.1 ***Introduction***

The following paragraphs are intended as a general guide, based on current legislation and HM Revenue & Customs practice as at the date of this document, on the UK tax position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who beneficially hold their shares as investments (otherwise than under an individual savings account ("ISA")) and not as securities to be realised in the course of a trade. Shareholders who receive shares in connection with an employment contract with the company or as an office holder, should seek specific advice on their tax position. Any Shareholder who is in doubt as to their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom, should consult their own professional advisers immediately.

9.2 ***Income Tax***

9.2.1 Under current UK taxation legislation, no tax is withheld at source from dividend payments made by the Company.

9.2.2 An individual Shareholder who is resident (for tax purposes) in the United Kingdom and who receives a dividend paid by the Company will currently be entitled to receive a tax credit equal to 1/9th of the cash dividend. The individual will be taxable upon the total of the dividend and the related tax credit (the "gross dividend") which will be regarded as the top slice of the individual's income. An individual Shareholder who is not liable to income tax at a rate greater than the basic rate (currently 20 per cent.) will pay tax on the gross dividend at the dividend ordinary rate (currently 10 per cent.). Accordingly, the tax credit will be treated as satisfying the individual's liability to income tax in respect of the dividend and there will be no further tax to pay.

9.2.3 To the extent that the gross dividend (taken together with other taxable income) exceeds the individual's threshold for the higher rate of income tax the individual will, to that extent, pay tax on the gross dividend at the dividend upper rate (currently 32.5 per cent.). After taking into account the 10 per cent. tax credit, a higher rate tax payer will have further income tax to pay at the rate of 22.5 per cent. on the gross dividend (equivalent to 25 per cent. of the dividend received).

9.2.4 To the extent that the gross dividend (taken together with other taxable income) exceeds an individual's annual threshold of £150,000 the individual will, to that extent, pay tax at the additional rate of 42.5 per cent. After taking into account the 10 per cent. tax credit, such an individual will have further income tax to pay at the rate of 32.5 per cent. on the gross dividend (equivalent to 36.1 per cent. of the dividend received).

9.2.5 Tax credits are not repayable to Shareholders with no income tax liability or whose liability to income tax does not exceed the amount of tax credit.

9.2.6 Subject to exceptions for certain insurance companies and companies which hold shares as trading stock, a Shareholder which is a company resident (for tax purposes) in the United Kingdom and which receives a dividend paid by the Company will not in most circumstances be liable to corporation tax or income tax on the dividend.

9.2.7 Shareholders who are resident in countries other than the UK may be entitled to repayment of all or a proportion of the tax credit in respect of the dividends paid to them. This will depend upon the provisions of the double tax treaty (if any) between the country in which the Shareholder is resident and the United Kingdom. In addition, a Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders not resident in the UK should consult their own tax adviser on the application of such provisions and the procedure for claiming relief.

9.3 ***Taxation on capital gains for Shareholders***

9.3.1 To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will generally constitute the base cost of a Shareholders' holding.

9.3.2 A disposal or deemed disposal of Ordinary Shares by a UK resident Shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax ("CGT") (where the Shareholder is an individual) or UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

9.3.3 As regards an individual Shareholder, the principal factors that will determine the extent to which a gain will be subject to CGT are: (i) the extent to which they realise any other capital gains in the tax year of assessment in which the gain arises; (ii) the extent to which they have incurred capital losses in that or any earlier tax year or assessment; and (iii) the level of annual allowance of tax-free gains in the tax year of assessment in which the disposal takes place.

9.3.4 Subject to the availability of any such exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by UK resident (or ordinarily resident) individuals, trustees and personal representatives will generally be subject to CGT at the rate of 28 per cent..

9.3.5 Individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band are subject to CGT at the rate of 18 per cent., except to the extent that the aggregate of their total taxable income and gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to CGT at the rate of 28 per cent..

9.3.6 Subject to the availability of any exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by companies subject to UK corporation tax will generally be subject to UK corporation tax at the prevailing rate of up to 24 per cent. Indexation allowance may be available to reduce any chargeable gain arising on such disposal but cannot create or increase a loss.

Where a UK resident corporate shareholder holds more than 10 per cent. of the Ordinary Shares, subject to meeting certain other conditions, any gain on the disposal of the Ordinary Shares will be exempt and any capital loss will not be allowable.

9.4 ***Stamp duty and stamp duty reserve tax ("SDRT")***

9.4.1 No liability to stamp duty or SDRT should arise on the allotment of Placing Shares by the Company under the Placing.

9.4.2 Subsequent sales of Placing Shares inside CREST will generally be liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration calculated to the nearest penny. The SDRT is normally settled by CREST, on behalf of the purchaser or transferee, on the same day as the sale, but otherwise is payable on the "accountable date" for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made.

9.4.3 An exemption from stamp duty will be available on an instrument transferring the shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

9.4.4 Subsequent sale of Placing Shares outside of CREST will generally be liable to ad valorem stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. An obligation to account for SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the Placing Shares is not completed by a duly stamped instrument or transfer before the "accountable date" for SDRT purposes, as described above. Where an instrument of transfer which completes an unconditional agreement to transfer shares is duly stamped within six years after the agreement was entered into (or it becomes unconditional) the stamp duty will cancel the SDRT liability and any SDRT paid can be recovered. Stamp duty is normally, and SDRT is always, the liability of the purchaser or transferee of the Placing Shares.

9.4.5 Where Placing Shares are issued or transferred: (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Placing Shares or, in the case of an issue to such persons, the issue price of the Placing Shares. Following the decision of HSBC Holdings Plc & Vidacos Nominees Limited v CRC (Case C-569/0), the 1.5 per cent. charge no longer applies to issues of shares to a depositary receipt issuer or clearance service which is located within the European Union.

9.4.6 Special rules apply to market intermediaries, dealers and certain other persons. Transfers of Ordinary Shares to charities will not give rise to stamp duty if adjudicated in accordance with the relevant legislation and agreements to transfer shares to charities will not give rise to SDRT.

9.5 ***Inheritance Tax***

Individual Shareholders domiciled or deemed to be domiciled in the UK should note that transfers of Ordinary Shares (including on death) may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax.

9.6 ***VCT Legislation***

9.6.1 The Company has received advance assurance from HMRC that the Company should be a qualifying company for the purposes of the VCT legislation. The advance assurance relates only to the qualifying status of the Company and its shares and does not guarantee that any particular VCT will qualify for relief in respect of an acquisition of the Placing Shares. The conditions for relief are complex and depend not only upon the qualifying status of the Company but upon certain factors and characteristics of the VCT concerned. VCTs who believe they may qualify for VCT relief should consult their own tax advisers regarding this.

9.6.2 The Company cannot guarantee or undertake to conduct its business following Admission, in a way to ensure that the Company will continue to meet the requirements of Chapter 4, Part 6, Income Tax Act 2007.

9.6.3 Neither the Company nor its advisers give any warranties or undertakings that VCT relief will be available or that, if given, such relief will not be withdrawn.

9.6.4 The tax legislation in respect of VCTs is found in Part 6 of the Income Tax Act 2007 and sections 151A and 151B of the Taxation of Chargeable Gains Act 1992.

9.7 ***EIS Legislation***

The Company has also received advance assurance from HMRC that the Company will be a "qualifying company" and the Placing Shares will be eligible shares for the purposes of the enterprise investment scheme. Prospective investors who may be eligible for enterprise investment scheme relief are strongly recommended to consult their own professional advisers particularly on the conditions which must be satisfied to obtain such relief, the nature of the tax advantages which may be obtained, and the circumstances in which relief may be forfeited.

The information in this section is intended as a general summary of the UK tax position and should not be construed as constituting advice. Potential investors should obtain advice from their own investment or taxation adviser.

10. Working capital

The Directors are of the opinion, having made due and careful enquiry and having regard to the proceeds of the Placing, that the working capital available to the Company and the Group will, from Admission, be sufficient for their present requirements, that is for at least 12 months from the date of Admission.

11. Litigation

The Company is aware of allegations made by Rexhep Shaqiri in relation to the validity of the transfer of shares in Rex Marble Sh.P.K. to Fox Marble Limited and in respect of the non payment of fees due to him in respect of consultancy services provided. The Board has been advised that the allegations are frivolous and without merit and the Board intends to defend them vigorously.

Save as disclosed above there are no governmental, legal or arbitration proceedings which may have or have had, during the 12 months prior to the date of this Document, a significant effect on the Company's or the Group's financial position or profitability (and the Company is not aware of any such proceedings which are pending or threatened).

12. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the period of two years preceding the date of this document which are or may be material:

12.1 ***Placing Agreement***

A placing agreement dated 24 August 2012 between the Company, the Directors, Fox-Davies Capital and Merchant Securities pursuant to which conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 31 August 2012 (or such later time and/or date as Fox-Davies Capital, Merchant Securities and the Company may agree, being not later than 21 September 2012), Fox-Davies Capital and Merchant Securities have agreed to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price and subscribers for the Placing Convertible Loan Notes.

The Placing Agreement contains indemnities (from the Company and the Executive Directors) and warranties (from the Company and the Directors) in favour of Fox-Davies Capital and Merchant Securities together with provisions which enable Fox-Davies Capital, after consultation with Merchant Securities, to terminate the Placing Agreement in certain circumstance prior to Admission, including, but not limited to, circumstances where any warranties are found not to be true or accurate in any material respect:

- Fox-Davies Capital has agreed to use its reasonable endeavours to procure subscribers for 28,650,000 Placing Shares at the Placing Price and subscribers for the Series 1 Loan Notes; and
- Merchant Securities has agreed to use its reasonable endeavours to procure subscribers for 4,300,000 Placing Shares at the Placing Price and subscribers for the Series 2 Loan Notes.

Upon Admission, in consideration for its services, Fox-Davies Capital will be paid by the Company a corporate finance fee of £150,000 and a commission of 5.5 per cent. of the aggregate value, at the Placing Price, of the Placing Shares and 5.5 per cent. of the amount of the Series 1 Loan Notes issued to investors introduced by Fox-Davies Capital pursuant to the Placing. Upon Admission, in consideration for its services Merchant Securities will be paid a commission of 5.5 per cent. of the aggregate value, at the Placing Price, of the Placing Shares issued to investors introduced by

Merchant Securities and 3.5 per cent. of £1,250,000 of the Series 2 Loan Notes and following Admission 3.5 per cent. of the amount of any other Series 2 Loan Notes that may be issued. £255,000 of the commissions payable to Fox-Davies Capital will be satisfied by the issue of Ordinary Shares at the Placing Price. Of the commissions payable to Merchant Securities, £60,000 will be satisfied by the issue of 300,000 Ordinary Shares at the Placing Price. By separate agreements, each of Fox-Davies Capital and Merchant Securities has undertaken, save in certain limited circumstances, not to dispose of any of the aforementioned Ordinary Shares being issued in satisfaction of commissions for a period of six months from Admission without the consent of the Company and, for a further period of six months, only to dispose of such Ordinary Shares in an orderly fashion. In addition, pursuant to the Warrant Instrument, Fox-Davies Capital and Merchant Securities will be issued with warrants to subscribe for 1,188,250 Ordinary Shares and 369,250 Ordinary Shares respectively at the Placing Price, such warrants to be exerciseable at any time between the first and fourth anniversaries of Admission.

The Directors, on behalf of themselves, their families and others deemed to be connected with them, have undertaken not to dispose of any Ordinary Shares, save in the event of an intervening court order, a takeover becoming or being declared unconditional, or as regards an individual, in the event of the death of an individual, for a period of 12 months following Admission. In addition, they have agreed that, for a further period of 12 months they will only effect any such disposal through Fox-Davies Capital or any successor broker.

12.2 ***Lock-in Agreements***

12.2.1 Lock-in Agreements dated 24 August 2012 between the Company, Fox-Davies Capital and certain Shareholders pursuant to which certain Shareholders have undertaken, save in certain limited circumstances not to dispose of any of their respective interests in Ordinary Shares for a period of twelve months from Admission. Any disposal of Ordinary Shares by the parties subject to these lock-in arrangements before the second anniversary of Admission will be made through Fox-Davies Capital in such orderly manner as Fox-Davies Capital may reasonably determine. The number of Ordinary Shares in issue at Admission which will be subject to such restrictions is 73,263,750, representing 67.2 per cent. of the Enlarged Share Capital.

12.2.2 Lock-in Agreements dated 24 August 2012 between the Company, Fox-Davies Capital (for its own benefit and for the benefit of Merchant Securities) and certain shareholders pursuant to which certain shareholders have undertaken not to dispose of any of their respective interests in Ordinary Shares issued to them pursuant to the conversion of the Convertible Loan Notes for a period of six months from Admission and that they will be subject to orderly marketing arrangements during the six month period after the initial six month period.

12.2.3 Each of Fox-Davies Capital and Merchant Securities have undertaken to the Company and to each other that they will not sell or dispose of except in certain limited circumstances permitted under Rule 7 of the AIM Rules for Companies or with the prior consent of the Company, any of the Ordinary Shares issued to them pursuant to the Placing Agreement at any time in the six month period following Admission and that during the six month period after the initial six month period they will not sell any such shares unless they have first consulted with the Company regarding the effect of such disposal and following such consultation reasonably believe that such disposal will not have a material adverse effect on the maintenance of an orderly market in the shares of the capital of the Company.

The above figures do not include similar undertakings over 42,063,750 Ordinary Shares (39 per cent. of the Enlarged Share Capital) given by the Directors and persons connected with them.

12.3 ***Nominated Adviser and Joint Broker Agreement***

12.3.1 A nominated adviser and broker agreement dated 23 August 2012 between the Company and Fox-Davies Capital pursuant to which Fox-Davies Capital will act as nominated adviser to the Company for the purpose of AIM and joint broker for an initial period of 12 months commencing on the date of the agreement and such appointment is terminable thereafter on three months' notice by either party. The agreement includes various warranties, representations and indemnities given by the Company to Fox-Davies Capital.

12.3.2 A broker agreement dated 23 August 2012 between the Company and Merchant Securities pursuant to which Merchant Securities will act as joint broker to the Company for an initial period of 12 months commencing on the date of this agreement and such appointment is terminable thereafter on three months' notice by either party. The agreement includes various warranties, representations and indemnities given by the Company to Merchant Securities.

12.4 ***Relationship Agreement***

A relationship agreement dated 24 August 2012 between the Company and Chris Gilbert and Etrur Albani, pursuant to which Messrs Gilbert and Albani have agreed to exercise the voting rights held by them and their connected persons so as to ensure that (i) the Company is able to operate independently and (ii) any arrangements between the Company and each of them are carried out on an arms' length basis and on normal commercial terms.

12.5 ***Loan Note Instrument***

A convertible loan note instrument dated 25 August 2011 constituting up to £1,500,000 unsecured convertible loan notes was entered into by FML. This instrument was novated on 24 August 2012 and the effect of such novation was to substitute the Company for FML as the issuer in respect of the loan note instrument.

The interest rate applicable to the loan notes is 10 per cent. and accrues but is not payable in respect of the period from 25 August 2011 to the admission of the Company's shares to AIM, if admission occurs prior to 31 August 2012. The repayment date is 31 August 2016. Under the terms of loan note instrument a noteholder can serve notice on the Company to convert the aggregate nominal amount held by that noteholder into shares any time up to the repayment date. These loan notes will convert automatically into 29,875,000 Ordinary Shares which will be admitted to AIM on Admission which equates to a subscription price of 4 pence per share. Fox-Davies Capital holds £30,000 of the Convertible Loan Note.

12.6 ***Placing Convertible Loan Notes***

12.6.1 *Placing Convertible Loan Note Instrument – Series 1*

A loan note instrument of the Company dated 24 August 2012 constituting up to £1,060,000 unsecured convertible loan notes. The interest rate applicable to the Series 1 Loan Notes is 8 per cent. per annum. In the event that an event of default occurs the interest rate will rise to 25 per cent. per annum. The Company may elect to capitalise interest in respect of the period from the date of issue of the Series 1 Loan Notes up to but excluding 31 August 2014. Such capitalised interest is to be added to the principal amount outstanding on the Series 1 Loan Notes. The Company may elect to repay the capitalised interest at any time.

The Series 1 Loan Notes are transferrable and are repayable on 1 September 2017. The Series 1 Loan Notes may be repaid earlier in the event the interest rate rises to 25 per cent. The Series 1 Loan Notes are convertible into Ordinary Shares at the holders' option at any time prior to the repayment date at the rate (subject to adjustment) of 1 Ordinary Share for every "y" pence nominal of Stock converted, where "y" is the lesser of: (i) 20 + (number of whole months which have lapsed between the date of issue of the Stock held by the Stockholder and the date of receipt of by the Company of a conversion notice multiplied by 0.1666); and (ii) 26.

The loan note instrument includes certain restrictions on the Company including a prohibition on the payment of dividends or redemption of loan notes prior to the repayment of any interest which the Company has elected to capitalise in respect of the Series 1 Loan Notes, a negative pledge and a covenant which restricts the Company from issuing further loan notes (other than the Series 2 Loan Notes) or entering into further loans (which rank ahead of the stock thereby constituted) or borrow any sums (other than the Series 2 Loan Notes) in each case without the requisite consent of the holders of the stock thereby constituted. In addition, the instrument contains customary events of default including non-payment and insolvency.

For so long as Amati is the holder of the Series 1 Loan Notes Amati has the right to appoint one director to the Board.

12.6.2 *Placing Convertible Loan Note Instrument – Series 2*

A loan note instrument of the Company dated 24 August 2012 constituting up to £2,000,000 unsecured convertible loan notes. The interest rate applicable to the Series 2 Loan Notes is 8 per cent. per annum. In the event that an event of default occurs the interest rate will rise to 25 per cent. per annum. The Company may elect to capitalise interest in respect of the period from the date of issue of the Series 2 Loan Notes up to but excluding 31 August 2014. Such capitalised interest is to be added to the principal amount outstanding on the Series 2 Loan Notes. The Company may elect to repay the capitalised interest at any time.

The Series 2 Loan Notes are transferrable and are repayable five years and one day after the initial subscription for Series 2 Loan Notes, but the Company may elect to repay the Series 2 Loan Notes at any time on 30 days' notice after the first anniversary of the first issue of the Series 2 Loan Notes. The Series 2 Loan Notes are convertible into Ordinary Shares at the holders' option at any time prior to the repayment date at the rate (subject to adjustment) of 1 Ordinary Share for every "y" pence nominal of Stock converted, where "y" is the lesser of: (i) 20 + (number of whole months which have lapsed between the date of issue of the Stock held by the Stockholder and the date of receipt of by the Company of a conversion notice multiplied by 0.1666); and (ii) 26.

The loan note instrument includes certain restrictions on the Company including a prohibition on the payment of dividends or redemption of loan notes prior to the repayment of any interest which the Company has elected to capitalise in respect of the Series 2 Loan Notes, a negative pledge and a covenant which restricts the Company from issuing further loan notes (other than the Series 1 Loan Notes) or entering into further loans (which rank ahead of the stock thereby constituted) or borrow any sums (other than the Series 1 Loan Notes) in each case without the requisite consent of the holders of the stock thereby constituted. In addition, the instrument contains customary events of default including non-payment and insolvency.

12.6.3 *Subscribers for the Placing Convertible Loan Notes*
Amati has agreed to subscribe for up to £1,060,000 (nominal) of the Series 1 Loan Notes. AGMH has agreed to subscribe for up to £2,000,000 (nominal) of the Series 2 Loan Notes as may be notified to AGMH by the Company (on up to three occasions) in writing at any time prior to the first anniversary of the date of Admission.

The funds to be subscribed by AGMH have been provided by a loan to AGMH from Optimus which is secured by a charge granted by each of Chris Gilbert and Etrur Albani over their shareholdings in the Company. This charge cannot be enforced prior to the first anniversary of Admission.

12.7 ***Acquisition Agreements***

12.7.1 A sale and purchase agreement dated 3 August 2012 between the Company and Christopher Gilbert, Etrur Albani, Adrian Bradshaw and Syndicated Investor Group Limited (together the "FML Shareholders") pursuant to which the Company agreed to acquire the entire issued share capital of FML from the FML Shareholders in consideration of the issue of 40,125,000 Ordinary Shares. The agreement does not contain any warranties or indemnities from the FML Shareholders save for a warranty as to title.

12.7.2 A sale and purchase agreement dated 5 September 2011 between FML and Rexhep Shaqiri, pursuant to which FML agreed to purchase the remaining 25 per cent. of the issued share capital of Rex Marble for a cash consideration of €650 (the "September SPA"). FML previously acquired 75 per cent. of the issued share capital of Rex Marble in March 2011 (as described in paragraph 12.7.5 below). The agreement contains customary representations and warranties from both parties, including a warranty from Rexhep Shaqiri in favour of FML in relation to the title to the Suhogerll quarry. Rexhep Shaqiri agrees to indemnify FML against any liabilities relating to Rex Marble arising pre-completion or as a result of a breach of warranty. Rexhep Shaqiri also guarantees to settle any pre-completion tax liabilities arising other than in the ordinary course of business, for as long as FML is a shareholder in Rex Marble. In the event of a breach of warranty, Rexhep Shaqiri agrees to pay FML €100,000 or such sum that equals the aggregate amount needed to put FML in the financial position it would have been in at completion had the breach not occurred.

12.7.3 A sale and purchase agreement dated 31 August 2011 between FML and Remzi Shala, pursuant to which FML agreed to purchase the entire issued share capital of Granit-Shala for a cash consideration of €3,000. The agreement contains customary representations and warranties from both parties, including a warranty from Remzi Shala in favour of FML in relation to the title to the Peje quarry. Remzi Shala agrees to indemnify FML against any liabilities relating to Granit-Shala arising pre-completion or as a result of a breach of warranty. Remzi Shala also guarantees to settle any pre-completion tax liabilities arising other than in the ordinary course of business, for as long as FML is a shareholder in Granit-Shala. In the event of a breach of warranty, Remzi Shala agrees to pay FML €100,000 or such sum that equals the aggregate amount needed to put FML in the financial position it would have been in at completion had the breach not occurred.

12.7.4 A sale and purchase agreement dated 4 April 2011 between FML and Isen Saini, pursuant to which FML agreed to purchase the entire issued share capital of. H&P for a cash consideration of €2,500. The agreement contains customary representations and warranties from both parties, including a warranty from Isen Saini in favour of FML in relation to the title to the Rahovec quarries. Isen Saini agrees to indemnify FML against any liabilities relating to H&P arising pre-completion or as a result of a breach of warranty. Isen Saini also guarantees to settle any pre-completion tax liabilities arising other than in the ordinary course of business, for as long as FML is a shareholder in H&P. In the event of a breach of warranty, Isen Saini agrees to pay FML €100,000 or such sum that equals the aggregate amount needed to put FML in the financial position it would have been in at completion had the breach not occurred.

12.7.5 A sale and purchase agreement dated 31 March 2011 between FML and Rexhep Shaqiri, pursuant to which FML agreed to purchase 75 per cent. of the issued share capital of Rex Marble for a cash consideration of €1,950. Rexhep Shaqiri retained a 25 per cent. holding in Rex Marble. The agreement mirrors the terms of the September SPA.

12.8 ***Royalty Agreement***

A royalty agreement dated 6 September 2011 between Rexhep Shaqiri and FML, pursuant to which FML agreed to pay Rexhep Shaqiri a royalty payment equivalent to 25 per cent. of the net revenue derived from the sale of marble extracted from the Suhogerll quarry in consideration for consultancy services provided by Rexhep Shaqiri in connection with the acquisition of Suhogerll quarry. The agreement terminates after the shorter of 20 years or the period for which FML or any subsidiary is permitted to exploit the Suhogerll quarry. FML has the right to buy out any future liability to Rexhep Shaqiri at any time for the sum of €3 million.

12.9 ***Leases and Land Rights Agreements***

12.9.1 A novation agreement dated 29 September 2011 between Granit-Shala, Remzi Shala and FML, in relation to the lease of the Peje quarry (as described in paragraph 12.9.3 below). Under the terms of the agreement, Granit-Shala agreed to perform FML's obligations under the lease with effect from the date of the agreement. FML and Remzi Shala agreed to mutually release each other from their obligations under the lease.

12.9.2 On 18 March 2011, the Municipality of Skenderaj of the Republic of Kosovo issued a verdict allowing Rex Marble to operate the economic activity of extracting secondary forestry products, including limestone, for further processing from specified areas located in the Cadastral Zone of Suhogerll for a period of 20 years with the option of extension.

12.9.3 A lease agreement dated 10 March 2011 between Remzi Shala and FML, pursuant to which Remzi Shala agreed to lease to FML 1,605,267 square metres of land located in the Cadastral Zone Oroberde and 174,284 square meters of land located in the Cadastral Zone Shushice, both in the Municipality of Istog and together comprising the Peje quarry. FML was granted a 20-year term, commencing on 10 March 2011 and ending on 9 March 2031 with an option for FML to extend the term by a further 20 years on the same terms. In consideration for granting the lease, FML has agreed to pay Remzi Shala 20 per cent. of the net profits realised from the business activity carried out by FML from the leased land. The agreement contains customary representations and warranties from Remzi Shala, including a warranty that he is the sole lawful owner of the property and has the unrestricted right to lease it. If FML encounters any impediments in the exercise of its rights to use the property in accordance with the terms of the lease, Remzi Shala has 30 days to remedy such impediments, at his own cost, after which FML will be entitled to damages. FML can terminate the lease at any time upon 60 days' written notice, and Remzi Shala can terminate the lease if FML fails to pay the royalty for 45 days after the due date for payment.

12.9.4 An agreement dated 4 February 2011 between the Municipality Assembly of Rahovec's Directory for Urbanism, Planning and Environmental Protection ("DUPMA") and H&P in relation to the exploitation of three areas of land, one located in the Zatriq Cadstral Zone and two located in the Rahovec Cadastral Zone. The agreement terminates after 10 years and H&P may apply to extend the contract during the last 30 days of its term. H&P must pay DUPMA a fee for using the land in accordance with existing tariffs.

12.10 ***Mining Licences***

12.10.1 The ICMM granted mining licences to members of the Group on 27 October 2011 as follows:

- Mining Licence no. 1106/KPMM/2011 (Protocol no. 5631) for Hard Rock granted to Rex Marble in relation to 50050.56 square metres of the Suhorgell Property. The licence is for a period of 25 years from 31 October 2011 until 30 October 2036.
- Mining Licence no. 1108/KPMM/2011 (Protocol no. 5629) for Hard Rock granted to Rex Marble in relation to 45,917.00 square metres of the Rahovec Property; Mining Licence no. 1109/KPMM/2011 (Protocol no. 5627) for Hard Rock granted to Rex Marble in relation to 49,855.13 square metres of the Rahovec Property; and Mining Licence no. 1110/KPMM/2011 (Protocol no. 5626) for Hard Rock granted to H&P in relation to 47,641.11 square metres of the Rahovec Property. Each of these licences is for a period of 25 years from 31 October 2011 until 30 October 2036.
- Mining Licence no. 1111/KPMM/2011 (Protocol no. 5630) for Hard Rock granted to Granit-Shala in relation to 48,609.56 square metres of the Peje Property. The licence is for a period of 25 years starting from 31 October 2011 until 30 October 2035.

12.10.2 The mining licences are in the same form and the material terms of them are:

- The licencee shall:
  - unless the licence provides otherwise, commence Mining Operations within three (3) months from the date of issue;
  - develop the Licence Area and carry on mining in compliance with the licencee's Mining Programme as submitted to and accepted by the ICMM; and
  - demarcate and keep demarcated the Mining Area in such manner as the ICMM may reasonably require.
- The licencee shall maintain:
  - complete and accurate technical records of its operations in the Mining Area;
  - copies of all maps, geological reports, including interpretations, mineral analyses, aerial photographs, ore logs, analyses and tests and all other data obtained and compiled by the licencee in respect of the Mining Area; and
  - accurate and systematic financial records of its operations in the Mining Area and such other books of account and financial records as the ICMM may reasonably require; and if the licencee is engaged in any other activity not connected with its Mining Operations, it shall maintain separate records and books of account on its Mining Operations.
- The licencee shall submit to the ICMM within thirty (30) days from the end of each calendar quarter:
  - a report of the volume/tonnage of minerals produced during that quarter;
  - a statement showing the amount of the royalty that the licencee calculates to be payable in respect of such quarter, together with all information and calculations relating thereto; and
  - written proof that such royalties have been paid in the manner and amount required by Part IX of the Mining Law.
- The licencee shall submit to the ICMM within one hundred and twenty (120) days from the end of each calendar year:
  - a report for such calendar year providing: a summary of the results of all Mining Operations; precise details on the tonnage, volume, composition, grade and value of minerals produced; precise details on the tonnage and volume of waste

removed and the manner in which it was disposed of; a detailed statement of expenditures, costs and persons employed; and an estimate of the remaining mineral reserves illustrated by plans and sections at an appropriate scale, on accidents and safety at the work site, and on recultivation activities;

  - audited annual statements for such calendar year on expenditures;
  - an audited annual statement showing the amount of the royalty that has been determined to be payable in respect of such calendar year, together with all information and calculations relating thereto and any modifications and explanations required to reconcile such annual statement with statements previously submitted to the ICMM;
  - an audited annual financial report showing the profit or loss and the state of the financial affairs of the licencee at the end of such calendar year;
  - not later than 30 September of each calendar year, an updated Mining Programme for the following calendar year; and
  - such additional reports, records and other information as the ICMM may reasonably require.

- Except as otherwise provided in the Mining Law, the licences shall not be transferred, pledged or in any other form encumbered, whether by mutual agreement or by operation of law, without the consent of the ICMM.

12.11 ***Warrant instruments***

12.11.1 A warrant instrument entered into by the Company dated 24 August 2012, pursuant to which the Company issued Warrants to subscribe for an aggregate of 1,188,250 Ordinary Shares to Fox-Davies Capital. The Warrants are exercisable at the Placing Price at any time between the first and the fourth anniversaries of Admission. The Warrants are subject to variation on a reorganisation of the Company's share capital in such manner as the auditors of the Company shall certify.

12.11.2 A warrant instrument entered into by the Company dated 24 August 2012, pursuant to which the Company issued Warrants to subscribe for an aggregate of 369,250 Ordinary Shares to Merchant Securities. The Warrants are exercisable at the Placing Price at any time between the first and the fourth anniversaries of Admission. The Warrants are subject to variation on a reorganisation of the Company's share capital in such manner as the auditors of the Company shall certify.

13. Mandatory Bids and Compulsory Acquisition Rules relating to the Ordinary Shares

13.1 ***Mandatory Bid***

The City Code will apply to the Company upon Admission. Under the City Code, if an acquisition of interests in the Ordinary Shares were to increase the aggregate holding of an acquirer and persons acting in concert with it to an interest in the Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, persons acting in concert with it, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for any interest in the Ordinary Shares by the acquirer or persons acting in concert with it during the 12 months prior to the announcement of the offer. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in Ordinary Shares by a person holding (together with persons acting in concert with it) an interest in Ordinary Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

However, it should also be noted that on Admission, the Concert Party will hold 38.3 per cent. in aggregate of the voting rights in the Company. As such, although the City Code would generally apply to the Concert Party in the event that it made an offer for the Ordinary Shares which it did not already own, the relevant rules of the City Code relating to mandatory bids referred to above will not apply to the Concert Party. The result of this is that the Concert Party shall be free to acquire further Ordinary Shares without triggering a mandatory bid under the City Code, subject to the provisions of the Relationship Agreement.

13.2 ***Compulsory acquisition***

Under sections 974 – 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer.

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

13.3 The Company and the Directors are not aware of the existence of any takeover bid pursuant to the rules of the City Code, or any circumstances which may give rise to any takeover bid, and the Company and the Directors are not aware of any public takeover bid by third parties for the Ordinary Shares.

14. General

14.1 The nominated adviser and joint broker to the Company is Fox-Davies Capital Limited of 1 Tudor Street, London EC4Y 0AH which is regulated by the Financial Services Authority Limited.

14.2 Merchant Securities Limited of 51-55 Gresham Street, London EC2V 7EL is joint broker to the Company and is regulated by the Financial Services Authority Limited.

14.3 The expenses of or incidental to the Placing and Admission are payable by the Company and are estimated to amount to £1,380,000 (excluding value added tax), including commissions of £490,750.

14.4 The total proceeds of the Placing (in the event that the maximum amount of Series 2 Loan Notes are subscribed for at the request of the Company) expected to be raised by the Company are £9.65 million and the net proceeds, after deduction of the expenses, are estimated at £8.3 million.

14.5 The International Security Identification Number (ISIN) of the Ordinary Shares is GB00B7LGG306.

14.6 Other than the intended application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor are there intended to be any other arrangements for dealings in the Ordinary Shares.

14.7 Golder Associates has given and not withdrawn its written consent to the inclusion of them in this document and the references to them and to its name in the form and context in which they appear. This report was prepared at the request of the Company. Golder Associates has no interest in the share capital of any member of the Group.

14.8 Fox-Davies Capital has given and not withdrawn its consent to the issue of this document with inclusion herein of references to its name in the form and context in which they are included.

14.9 Merchant Securities has given and not withdrawn its consent to the issue of this document with inclusion herein of references to its name in the form and context in which they are included.

14.10 Baker Tilly UK Audit LLP, Chartered Accountants of 25 Farringdon Street, London EC4A 4AB, United Kingdom, which is a member firm of the Institute of Chartered Accountants in England and Wales, are the Company's auditors.

14.11 Other than as disclosed in this document, there has been no significant change in the financial or trading position of the Company or the Group since 31 December 2011, the date to which the consolidated historical information set out in Part V of this Document, has been prepared.

14.12 Payments aggregating approximately £31,920 have been made to government or regulatory authorities or similar bodies by the Group, or on behalf of it, with regard to the acquisition or maintenance, of the assets.

14.13 Save for the holders of the Convertible Loan Notes and a payment of £30,000 plus VAT to a former professional adviser, no person (other than professional advisers otherwise disclosed in this Document and trade suppliers) has received, directly or indirectly, from the Company within 12 months preceding the date of this document; or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after completion of the Placing any of the following:

14.13.1 fees totalling ten thousand pounds (£10,000) or more;

14.13.2 securities in the Company with a value of ten thousand pounds (£10,000) or more calculated by reference to the Placing Price; or

14.13.3 any other benefit with a value of ten thousand pounds (£10,000) or more at the date of completion of the Placing.

14.14 The Ordinary Shares are in registered form and will, following Admission, be capable of being held in uncertificated form. Prior to the despatch of share certificates following the Placing, transfers will be certified against the register of members. The Company has applied to Euroclear, the operator of CREST, for the ordinary shares to be admitted to CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles of Association permit the holding of ordinary shares under CREST. CREST is a voluntary system and holders of Ordinary Shares who wish to retain share certificates will be able to do so.

14.15 Save as disclosed in this Document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

14.16 The Company is not aware of any arrangements which may at a subsequent date result in a change of control of the Company.

14.17 Information sourced from a third party has been accurately reproduced and so far as the Company is aware, and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

14.18 The historical financial information contained in Part VI of this Document does not constitute statutory accounts within the meaning of section 434 of the Act.

14.19 Save as disclosed in this Document, the Directors are unaware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

14.20 Save as disclosed in Note 19 of the financial statements in Part VI of this Document, the Company confirms that there have been no other related party transactions during the period ended 31 August 2011.

14.21 Save as disclosed in this Document, there have been no related party transactions in the period from 31 December 2011 to the date of this Document.

15. Availability of admission document

Copies of this document are available during normal business hours on any weekday (except public holidays) free of charge from the Company's registered office and at the offices of Fox-Davies Capital Limited and shall remain available for at least one month after Admission.

Dated: 24 August 2012

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