

MINING FLASHNOTE

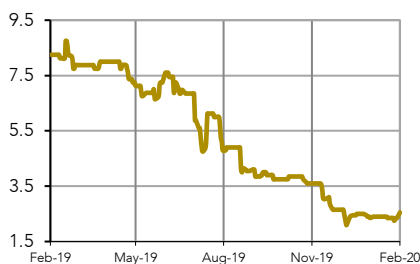
Fox Marble Holdings (FOX LN)

17 February 2020

Stock Data

| | |
|-----------------|-------|
| Share Price: | 2.55p |
| Market Cap (M): | £6.7 |
| EV (M): | £9.7 |

Price Chart



52 Week Range

| | |
|-------|-------|
| 8.75p | 2.55p |
| 1.9p | |

Company Summary

Fox Marble Holdings plc is a natural stone extraction company operating in Kosovo and the Balkans region. The Company is currently extracting blocks from the Cervenilla, Malesheva, Prilep and Syrigane quarries and operating a cutting and polishing plant in Kosovo.

MAIN SHAREHOLDERS HOLDING

| | |
|-------------------------------|--------|
| Andrew Muir | 10.78% |
| Albani Etrur | 8.56% |
| Premier Milton Group Plc | 8.36% |
| Christopher Gilbert | 8.14% |
| Shailesh Patil | 7.25% |
| Artemis Investment Management | 5.14% |

Source: Bloomberg and Fox Marble Holdings

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Fox Marble to double Lipjan block processing factory capacity due to strong demand

The Event

Fox Marble recently announced plans to double production at its Lipjan block processing plant due to strong demand.

Comment

This is one of the most important announcements that Fox Marble has made in recent times. This follows on from the announcement of the 5 December 2019 when Fox Marble announced the commencement of a new revenue stream, adding block processing for third parties to the two existing streams of (1) block sales from its Prilep quarry in North Macedonia; (2) sale of processed material from blocks of its own material quarried in Kosovo and Macedonia.

The first contract to process stone is on behalf of Inter Stone LLC was for an initial period of twelve months and is expected to generate over €1M in revenues for the Company, during the first year. This new third party block processing contract means that the factory needs to add an additional daily shift to handle the demand, given the already growing demand for its own processed materials. Further contracts for third party processing are expected to be signed in the near future.

This expansion requires no addition capital and sees the plant working 6 days a week with double shifts. It should move the company a long way towards being cash flow positive.

By comparison, the most recent RNS relating to a new agreement for the sale of processed marble is low key. The amount concerned, a minimum of 2,000 square metres could be produced in one shift although it will be delivered over the course of the financial year. However, the stone will be processed at Fox Marble's Lipjan factory, from existing blocks of Illirico Bianco, Flora and Alexandrian White.

These announcements demonstrate the ability of Fox Marble to win new contracts. The latest contract also calls for the use of Fox Marble's own marble and will help to reduce inventory levels.

Research Disclosures

Peter Rose

Peter has 33 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 12 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 17 February 2020

| <u>Company Name</u> | <u>Disclosure</u> |
|------------------------------|-------------------|
| Fox Marble Holdings (FOX LN) | 1, 2, 3, 7, 8, 9 |

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