

**EXPLANATORY REPORT
OF THE BOARD OF DIRECTORS OF
“S&B Industrial Minerals S.A.”
ACCORDING TO ARTICLE 11a, Par. 1, LAW 3371/2005**

The present explanatory report of the Board of Directors provides all information required by the provisions of paragraph 1 of article 11a of Law 3371/2005.

1. Shareholders Capital Structure

The company's shareholders capital amounts to €30,651,335, divided into 30,651,335 shares with nominal value of €1.00 each. All company shares are common registered ones with voting right and they are traded on the main market of the Athens Stock Exchange.

2. Limitations in the transfer of company stock

Stock transfers and trading in general is executed according to the law with no limitations arising from the Articles of Association.

3. Important direct or indirect participations according to the provisions of Presidential Decree 51/1992.

As is evidenced in the records of the company's Shareholders Book as of April 21, 2007, Mr. Ulysses Kyriacopoulos owns 22.0655511% of the shareholders capital, Ms. Flora-Maria Kyriacopoulou owns 24.3340298%, Ms. Aekaterini Kyriacopoulou owns 10.9700018% and the company "Morgan Stanley & Co International Ltd" owns 9.60821119%. Apart from the above-mentioned, no other person or corporate entity owns a percentage greater than 5% of the company's shareholders capital.

4. Share owners with special controlling rights

Non-existent

5. Limitations in voting rights

Non-existent

6. Agreements between shareholders of the company

The company is not aware of the existence of agreements between its shareholders that entail limitations in stock transfers or in voting rights derived from their shares.

7. Rules of appointment and replacement for members of Board of Directors

There is no differentiation from what is foreseen in the provisions of Law 2190/1920.

8. Authority of the Board of Directors or of certain BoD members for the issue of new shares or buy-back of own stock

According to article 3, paragraph 2, of the company's Article of Association, during the first 5 years from the company's foundation or within 5 years from the relevant decision of the General Assembly, the Board of Directors has the right, with a decision based on the majority of 2/3 of its total members, to increase the Shareholders Capital by issuing new stocks. The amount of the capital increase cannot exceed the initial paid-in Shareholders Capital, or the Shareholders Capital already paid-in at the date on which the General Assembly made the relevant decision. The above authority of the Board of Directors may be renewed by the General Assembly for a time period that cannot exceed five years for every renewal.

9. Significant agreement which the company has signed and which comes into operation, is amended, or expires due to a change in the company's ownership structure following a Public Offer and the results from such an agreement.

There is no such agreement.

10. Agreements between the company and members of Board of Directors or employees that anticipate compensation in case of resignation or discharge without a well founded cause, or termination of service or employment due to the Public Offer.

The company has signed a five year contract with the Managing Director, which was approved by the Ordinary General Assembly of June 1st, 2006 and which, among other things, anticipates the payment of compensation in case of contract termination from the part of the company without a well founded reason.

Kifissia, May 7, 2007

For the BoD

The Managing Director

Efthimios O. Vidalis