



MINING RESEARCH

Maghreb Minerals

1.5p

New Map for Treasure?

9 April 2009

The initial scoping study for Bou Jabeur Gite Est has shown that the project would only be viable with a 20% increase in commodity prices and/or an increase in resource. Since the study was undertaken, Maghreb has developed a more robust geological interpretation of the controls on mineralisation, which if correct, could increase the resource. However, Maghreb also expects more short term value in fluorspar prices and has decided to prioritise exploring its fluorspar targets, whilst looking for a partner to take on the development of the company's lead and zinc portfolio, including Bou Jabeur.

Maghreb obtained 90% ownership of the Bou Jabeur (Gite de l'Est) lead, zinc, barite, fluorite and silver project in Tunisia through a wholly owned subsidiary in February 2008. The remaining 10% has been retained by the Office National des Mines of Tunisia. In June, following positive results from the phase 1 and phase 2 drilling programme, Maghreb commissioned a mining and metallurgical scoping study to establish the technical and economic viability of the project.

Scott Wilson Ltd was chosen to take the overall lead for the scoping study and produce the resource estimation. SGS Lakefield Research Europe Ltd was appointed to conduct the flotation metallurgical test work on the lead and zinc and to estimate the net smelter return and potential revenues which were included in the scoping study.

Not currently viable

The results of the economic viability showed that on pre-tax cash flows, the project had a negative NPV of US\$-18m at an 8% discount rate. Although uneconomic at the current lead and zinc prices, the study showed that a 20% increase in both lead and zinc prices would make the NPV positive and a substantial increase in resources would improve the economics.

Opportunity for increased resources?

The appropriate production rate was estimated using Taylor's Rule at 1,500 tonnes per day to give an 11 year mine life. Although, in our experience, Taylor's formula underestimates the actual mining rate of currently producing mines as it is based on 1978 figures. Maghreb is currently completing additional work to verify the remaining resources within the historical mine workings which it believes will amount to approximately 500,000 tonnes. Furthermore at the time the study was commenced, the structural controls on mineralisation were not defined.

Maghreb believes that subsequent additional work by Aurum Consulting Services provides improved understanding of the controls of mineralisation at Gite Est. If the model is proven through additional exploration drilling, then Aurum believes that the resource could be further increased as there is a large amount of untested ground within the permit. This would enable Maghreb to increase the production rates substantially and improve the project's NPV.

Fluorspar future?

As the price of fluorspar has held up despite the present economic climate, Maghreb has switched its focus to exploring its fluorspar permits and the fluorspar market in general. As a result, Maghreb is looking to find an industry partner to progress Bou Jabeur and the company's other lead and zinc assets, carrying out minimal work itself, whilst it pursues its fluorspar assets.

HEAD OF RESEARCH

Barney Gray

+ 44 (0)20 7601 6140

barney.gray@hansonwesthouse.com

SALES & TRADING CONTACTS

See reverse

COMPANY DESCRIPTION

Mineral exploration and development in Tunisia

INVESTMENT DATA

Ticker	MMS
Listing	AIM
No. of shares	91m
Market cap.	£1.37m

SHAREHOLDERS Holding (%)

Bear Stearns Securities	24.06%
Pershing Keen Noms Ltd	11.65%
Barclays PLC	5.08%
Forest Nominees Ltd	4.24%
BNY (OCS) Noms Ltd	3.94%
TD Waterhouse Noms	3.43%
(As of 8 Jan 2009)	

12M SHARE PRICE PERFORMANCE



HansonWesthouse acts as nominated adviser and broker to Maghreb Minerals and is paid fees for these services.

For important regulatory disclosures, please refer to the information on page 2 of this report.

Important Disclosures

Hanson Westhouse Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority. Registered in England and Wales, No. 05861129. Registered Office 12th Floor, One Angel Court, London EC2R 7HJ.

Analyst Certification

In my role as Research Analyst for Hanson Westhouse Limited, I hereby certify that the views about the companies and their securities discussed in this report are accurately expressed and that I have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

Analyst Stock Ratings

Hanson Westhouse Limited uses **BUY**, **HOLD** and **SELL** as its stock rating system to describe its recommendations. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the research report contains more complete information concerning the analyst's views, investors should carefully read the entire research report and not infer its contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Ratings are explained as follows:

BUY: We expect that over the next twelve months the share price will outperform the market by more than 15%. The market is defined as the FTSE All Share Index

HOLD: We expect that over the next twelve months, the share price will perform between +15% and -15% of the market defined as the FTSE All Share Index

SELL: We expect that over the next twelve months the share price will under-perform the market by more than 15%. The market is defined as the FTSE All Share Index

Below is the distribution of HansonWesthouse research recommendations:

BUY: 71%, **HOLD:** 16%, **SELL:** 13%

HansonWesthouse publishes the following on a quarterly basis:

The proportion of all recommendations published **BUY**, **HOLD** or **SELL**

The proportion of relevant investments in each categories issued by the issuers to which the firm supplied investment banking services during the previous 12 months.

Disclosure of ownership or Investment Banking

Hanson Westhouse Limited, its affiliates and research analysts involved in the preparation of this report have:

Managed or co-managed a public offering of securities of the subject companies mentioned in this report. Yes No

Received compensation for investment banking services from the subject companies mentioned in this report. Yes No

Received compensation for products and services other than investment banking services from the subject companies mentioned in this report. Yes No

Provided or plans to provide investment banking services to, or has an investment banking client relationship with any of the subject companies covered in this report. Yes No

Provided or plans to provide non-investment banking, securities-related services to any of the subject companies mentioned in this report, or in the past has entered into an agreement to provide services, or has a client relationship with any of the companies covered in this report. Yes No

Hanson Westhouse Limited and its affiliates were acting as a market maker in the subject companies' securities at the time this research report was published. Yes No

Hanson Westhouse Limited and its affiliates beneficially own 5% or more of any class of common equity securities of the subject company. Yes No

The research analyst(s) involved in the preparation of this report and any members of their household have a financial interest in the securities of the subject company or have received any compensation from investment banking services revenues or from the subject companies in the past 12 months. Yes No

The research analyst(s) involved in the preparation of this report or any members of their household serve as an officer, director, or advisory board member of the subject companies mentioned in this report. Yes No

Any legal or natural person working for Hanson Westhouse is involved in the preparation of research recommendation, receives or purchases shares of the relevant issuer prior to a public offering of those shares. Yes No

Other disclosures

This research report has been published in accordance with our Research Policy which is available on written request from Hanson Westhouse Limited.

This report does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities discussed in this report may not be suitable for all investors. Hanson Westhouse Limited recommends that investors independently evaluate particular investments and strategies, as the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

This report is not an offer to buy or sell any security or to participate in any trading strategy, Hanson Westhouse Limited employees and its affiliates not involved in the preparation of this report may have investments in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report.

Hanson Westhouse Limited makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in this report change apart from when we intend to discontinue research coverage of a subject company.

With the exception of information regarding Hanson Westhouse Limited, reports prepared by Hanson Westhouse Limited research personnel are based on public information. Facts and views presented in this report have not been reviewed by, and may not reflect information known to, professionals in other Hanson Westhouse Limited business areas or its affiliates.

Hanson Westhouse Limited research personnel conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits.

The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realised.

CONTACTS

SALES:

Sanjiv Pandya

+44 (0)20 7601 6130

sanjiv.pandya@hansonwesthouse.com

Simon Hodges

+44 (0)20 7601 6136

simon.hodges@hansonwesthouse.com

Malcolm Graham-Wood

+44 (0)20 7601 6138

malcolm.graham-wood@hansonwesthouse.com

Raj Karia

+44 (0)20 7601 6128

raj.karia@hansonwesthouse.com

Deborah Kimbell

+44 (0)20 7601 6127

deborah.kimbell@hansonwesthouse.com

SALES TRADING:

Martin Dobson

+44 (0)20 7601 6135

martin.dobson@hansonwesthouse.com

Helen Brown

+44 (0)20 7601 6126

helen.brown@hansonwesthouse.com

Iлона Саму

+44 (0)20 7601 6137

ilona.samu@hansonwesthouse.com