

## MAGHREB MINERALS plc

### Interim Results

#### Substantial Progress – Option Agreements on Former Producing Mines Concluded

Maghreb Minerals plc ('Maghreb' or 'the Company'), the AIM-quoted mining and exploration company exploring for and developing base and precious metal deposits in North Africa, announces its unaudited results for the six-month period ended 31 December 2006, a period of substantial progress for the Company.

#### Operational Highlights:

##### Tunisia

- 90 per cent right to Fej Lahdoum and Bou Jabeur deposits secured
  - estimated in-situ value of resources in excess of US\$1 billion
- Evaluation of the redevelopment of the Bou Jabeur Gite de l'Est mine underway
- Four exploration permits secured in the Zaghouan fluorite district and data compilation underway
- Two permits added to the portfolio to cover additional targets near Djebba and Koudiat Louatia
- Further 14 drill holes completed at Djebba
- Gravity survey completed on the Ouled Moussa exploration permit

##### Algeria

- Five drill holes completed at Hoggar prospect; results below expectations
- Activities to be reduced in Algeria but will continue to monitor potential opportunities; immediate focus on short term opportunities in Tunisia

#### Financial Highlights:

- Consolidated loss of £701,000 (2005: £476,000), in line with expectations
- Placing to raise £894,000 completed in August 2006
- Cash reserves total £838,000 at period end

#### Commenting on Maghreb's prospects, Gordon Riddler, Executive Chairman, said:

*"Maghreb has succeeded in consolidating its strong exploration permit portfolio position in Tunisia. We have substantial in-situ resources and we are working to establish a pathway to restarting mining operations at these past producing mines. The Group's focus in the immediate future is on those permits and properties in Tunisia most likely to be able to be converted into producing assets in the near term."*

#### ENQUIRIES:

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**Notes to editors:**

Maghreb Minerals plc is a junior exploration company which is focused on exploiting mining opportunities in North Africa using its highly experienced board and management team. The Company joined AIM in December 2004. Maghreb's principal properties are located in Tunisia and Algeria in North Africa. Both countries are politically stable with good infrastructure. They have historic mining areas and excellent geological potential to host substantial mineral deposits. The countries have not been explored by modern techniques and therefore represent an excellent opportunity to find undiscovered or undeveloped deposits, mitigating exploration risk and reducing time to production. Geographically the countries are close to the important metal concentrate markets of Europe.

In Tunisia, Maghreb has nine exploration permits, and has agreements in place to develop two deposits, Fej Lahdoum and Bou Jabeur, with an in-situ value estimated to be in excess of US\$1 billion. In Algeria, Maghreb has a copper-gold project at Tan Chaffao with a historic resource and potential to expand.

*Nb. Any tonnages and grade estimates given in this report are based on available historical information and are not compliant with JORC standards, but are the only information available to the Group at present.*

*The technical content of this press release has been reviewed by the Executive Chairman of Maghreb Minerals plc, Gordon Riddler, BSc, MBA, FIMMM, CEng, CSci, CMkt, MCIM, MCMI who has 40 years of experience in the mining sector and is a Fellow of the Institute of Materials, Minerals and Mining, a recognised professional association.*

## CHAIRMAN'S STATEMENT

I am pleased to provide a review of Maghreb Minerals Plc's ("Maghreb" or the "Group") activities and financial results for the six months ended 31 December 2006; a period during which substantial progress has been made.

### Introduction

Maghreb has succeeded in consolidating a strong exploration permit portfolio position in Tunisia where it has continued to evaluate its lead, zinc, barite and fluorite prospects. The Group's focus in the immediate future is on those Tunisian permits and properties most likely to be able to be converted into producing assets in the near term, details of which are discussed in the paragraphs below.

In Algeria, in light of current circumstances, the Board has decided to reduce its activities and monitor potential opportunities that may arise to add to its core portfolio.

### Tunisian Operations

In Tunisia, Maghreb successfully concluded its extended negotiations with the Office Nationale des Mines ("O.N.M.") and signed agreements in December 2006 to earn a 90% right to the Fej Lahdoum and Bou Jabeur deposits. The successful conclusion to these negotiations allows the Group to now move quickly towards reserve determination and mine feasibility studies on these deposits and on the past producing mines.

The agreement with the O.N.M. (which owns an exploration permit ("EP") on the former mine concession at Fej Lahdoum including the Dar N'Hal Nord and Dar N'Hal Sud zinc-lead deposits) entitles Maghreb to earn a 90% interest in the Fej Lahdoum EP. The resource estimate for the Dar N'Hal Nord deposit was estimated at 1.4 million tonnes ("Mt") grading 5.6% Pb and 6.0% Zn in 1991, of which an estimated 1.2 Mt grading 11.6% Pb and Zn remains unmined. The O.N.M. resource estimate for the Dar N'Hal Sud deposit was 400,000 tonnes grading 5.6% Pb and 7.7% Zn (13.3% combined Pb and Zn). Drilling by Maghreb in 2005 expanded the footprint of known mineralisation at the Fej Lahdoum mine by an estimated 20%. The known resources have an in-situ value estimated to be in excess of US\$123 million, based on prices of Zn US\$1.75/lb and Pb US\$0.71/lb.

A similar agreement was signed giving a right to earn a 90% interest in the Bou Jabeur EP, formerly known as the Bou Jabeur mine concession, which covers a significant area of mineralisation including the Gite de l'Est barite-fluorite zinc-lead mine. A 1996 O.N.M report cites a "resource estimate" of 5.8Mt with a grading of 3.6% Zn, 1.5% Pb, 33.80% BaSO<sub>4</sub>, and 9.3% CaF<sub>2</sub>, including possible, probable and certain categories (the latter being 3.4 Mt at 3.6% Zn, 1.2% Pb, 10.6% CaF<sub>2</sub>, 39.2% BaSO<sub>4</sub>). It is estimated that less than 800,000 tonnes of the deposit has been mined. The in-situ value of the deposit, which consists of lead, zinc, barite and fluorite, is estimated to be in excess of US\$980 million, based on the prices above.

The Group plans to evaluate the redevelopment of the Bou Jabeur Gite de l'Est mine, while at Fej Lahdoum the agreement allows us to proceed with a resource assessment moving out from the former mine, and this is expected to form the basis of a resumption of mining operations at Fej Lahdoum. Maghreb has identified areas of potential mineralisation to the north and south of the Dar N'Hal Nord and Dar N'Hal Sud deposits which provides an opportunity to expand resources both inside the Fej Lahdoum EP as well as in its surrounding exploration permit.

Having completed the data compilation of all the known drill results and the plans of old mine workings, the Group's focus is to recommence drilling at the Fej Lahdoum and Bou Jabeur mines to target the expansion of the known resource and conversion of resources to proven reserves. The Company intends to engage a work programme that will enable it to appoint internationally recognised advisors to assist with feasibility studies and programme planning to advise on bringing the Bou Jabeur mine back into production as soon as possible.

In December, Maghreb was awarded four exploration permits in the Zaghouan fluorite district, located 60 km south of Tunis. The four permit areas, Zriba-Guebli, Kohol, Mesella and Sidi at Taia, cover an area of

known fluorite, lead and zinc mineralisation and historic mining operations. The Zriba-Guebli permit covers the Zriba mine and the Guebli deposit, which is considered an extension of the mineralised layer mined in the Zriba mine. Mineralisation is 1m to 10m thick and the O.N.M. estimates the remaining mineral resources in the south part of Zriba mine and at Guebli to be of the order of 4Mt, including 850,000 tonnes in the mineral reserve category. The three additional permits are all adjacent to the Zriba-Guebli permit. On the Kohol permit, the O.N.M. has identified a mineral resource of 600,000 tonnes including 400,000 tonnes of 'proved mineral in-situ estimates' grading 35 % CaF<sub>2</sub>, 2-5% Pb/Zn. On the Sidi at Taia permit, the O.N.M. has identified mineralisation of the order of 25,000 tonnes grading 15% CaF<sub>2</sub> (fluorite) 10% BaSO<sub>4</sub> (barite) + SrSO<sub>4</sub> (strontium sulphate) and 3.5% Pb/Zn. On the Mesella permit, zinc oxide and zinc sulphide and fluorite mineralisation is hosted in fractures and has been mined on a small scale in the past. In addition to the potential for discovery of additional fluorite resources, there is also potential for significant lead zinc mineralisation on these licence areas.

At Zriba historic data from the O.N.M. is being compiled which indicate that these permits represent an opportunity for the Company to become a significant industrial mineral producer in the short-term as well as having the potential for the discovery of additional fluorite, lead and zinc resources.

Two further exploration permits were added to the portfolio, Djebel Goraa and Lorbeus which extend the existing permits areas of Djebba and Koudiat Louatia respectively to include prospective targets as indicated by gravity surveys and geological mapping.

Drilling continued at Djebba during the reporting period and 14 drill holes (MDJ 14 – MDJ27 – for a total of 2,218m) were completed to test potential targets in the Miocene and Cretaceous rocks and also the brecciated contact zone. Some of the targets were indicated by the gravity survey. No significant extensions to the original Djebba deposit were found. The information gained led to a re-interpretation of the gravity survey at Djebba which has identified a significant gravity high coincident with Miocene rocks, overlying Triassic rocks, adjacent to the breccia zone and some former lead-zinc workings (similar to the geological setting of the known Djebba deposit). This lies on the new Djebel Goraa exploration permit north and east of the original permit and will be tested by drilling in due course.

A gravity survey was also completed on the Ouled Moussa exploration permit. The interpretation indicates that the main gravity anomaly associated with strata adjacent to the mineralisation, continues from the Bou Jabeur mine, north eastwards across the Ouled Moussa exploration permit, downthrown about 200m to the east by a northerly trending fault. This establishes an interesting target for later drilling.

### **Algerian Operations**

In Algeria, the Group responded to an invitation from the Ministry of Energy and Mines ("MEM") to submit bids for exploration permits, including Bouk Dema (lead, zinc) and In Ekker (gold). Unfortunately, the date of submission and bond arrangements were changed late during the bidding process with the consequence that the Group's winning bid for Bouk Dema was rejected in favour of an alternative bid. Our unsuccessful bid for the In Ekker permit reflected the removal of the most promising gold target from the area originally offered by MEM. This was a disappointing outcome considering that the Group has demonstrated its ability to deliver exploration programmes in difficult working conditions in the country.

On its Tan Chaffao permit in the Hoggar region of southern Algeria, Maghreb completed the first phase of its programme completing five drill holes (MTC001 – MTC005) for a total of 823m. Drilling results were below our expectations that were based on previous ORGM data. Gravity survey data combined with soil geochemistry identified some gravity highs with coincident elevated copper and gold in soils. This data is being reviewed to assess the viability of continued exploration on this permit.

Given that the Group has incurred expenditure in excess of £500,000 since it commenced operations in Algeria without the anticipated results, the Board has decided to reduce its activities but continue to monitor potential opportunities that may arise.

*Any tonnages and grade estimates given in this report are based on available historical information and are not compliant with JORC standards, but are the only information available to the Group at present.*

## **Financial**

During the period under review, on 3 August 2006 the Group raised £894,000 by a fresh issue of ordinary shares and warrants, details of which are set out in note 6 to these interim statements.

The Group made a consolidated loss for the six months ended 31 December 2006 of £701,000 (2005: £476,000) as tabled below. The loss was in line with expectations.

	<b>Six months to 31 December 2006 (£'000)</b>	<b>Six months to 31 December 2005 (£'000)</b>	<b>12 months to 30 June 2006 (£'000)</b>
Interest income	14	27	41
Total expenditure incurred in respect of the:			
- Tunisian exploration programme	(262)	(265)	(550)
- Algerian exploration programme	(254)	(70)	(293)
Administration expenses	(199)	(168)	(382)
Loss for the period	(701)	(476)	(1,184)

Included in the Algerian exploration expenses is a provision of £40,000 for land tax on the area over which the Group has options. Administration expenses in 2006 include the costs directly and indirectly associated with the fund raising. The Group had £838,000 in cash resources at 31 December 2006.

## **Outlook**

The Group's focus in the immediate future is on its Tunisian assets and in particular on those most likely to be able to be converted into producing mines in the near term.

Now that the important agreements on the two former mine concessions at Bou Jabeur and Fej Lahdoum have been signed with the O.N.M in Tunisia together with the acquisition of the fluorite permit at Zriba (Zaghouan), Maghreb is focussing on the "advanced exploration" opportunities that these permits provide. This will be followed in due course by exploration on its other permits including Djebel Fej Lahdoum, Djebel Goraa, Lorbeus and Ouled Moussa.

The Group has been approached by, and opened discussions with, a number of parties who have expressed interest in entering into varying commercial relationships to exploit the different mining concessions and exploration permits held by the Group. These discussions are at a very early and preliminary stage and whether any agreement/s will be reached is by no means certain.

The period has been one of substantial progress and Maghreb's core portfolio of exploration permits and agreements provide a strong foundation on which to build a robust future for the Company in North Africa.

Gordon Riddler  
Executive Chairman

5<sup>th</sup> March 2007

# MAGHREB MINERALS PLC

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2006

	<b>Un-audited 6 months ended 31 December 2006 £'000</b>	<b>Un-audited 6 months ended 31 December 2005 £'000</b>	<b>Audited 12 months ended 30 June 2006 £'000</b>
<b>Revenue</b>			
Exploration expenses	(516)	(335)	(843)
<b>Gross loss</b>	<b>(516)</b>	<b>(335)</b>	<b>(843)</b>
Administrative expenses	(199)	(168)	(382)
<b>Operating loss</b>	<b>(715)</b>	<b>(503)</b>	<b>(1,225)</b>
Investment income	14	27	41
<b>Loss before tax</b>	<b>(701)</b>	<b>(476)</b>	<b>(1,184)</b>
Income tax expense	-	-	-
<b>Loss for the period</b>	<b>(701)</b>	<b>(476)</b>	<b>(1,184)</b>
<b>Earnings per share</b>			
Basic loss per share (pence)	(1.38)	(1.20)	(2.99)

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	Un-audited 31 December 2006 £'000	Un-audited 31 December 2005 £'000	Audited 30 June 2006 £'000
<b>Non-current assets</b>			
Intangible assets	82	82	82
Property, plant and equipment	147	193	177
	<b>229</b>	<b>275</b>	<b>259</b>
<b>Current assets</b>			
Other receivables	35	115	42
Cash	838	1,173	561
	<b>873</b>	<b>1,288</b>	<b>603</b>
<b>Current liabilities</b>			
Trade and other payables	(102)	(48)	(55)
	<b>771</b>	<b>1,240</b>	<b>548</b>
<b>Net current assets</b>	<b>771</b>	<b>1,240</b>	<b>548</b>
<b>Total assets less current liabilities</b>	<b>1,000</b>	<b>1,515</b>	<b>807</b>
<b>Net assets</b>	<b>1,000</b>	<b>1,515</b>	<b>807</b>
<b>Equity</b>			
Share capital	304	237	237
Share premium account	3,894	3,067	3,067
Retained earnings	(3,198)	(1,789)	(2,497)
<b>Total equity</b>	<b>1,000</b>	<b>1,515</b>	<b>807</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2006

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
<b>Balance at 31 December 2004</b>	<b>237</b>	<b>3,067</b>	<b>(807)</b>	<b>2,497</b>
Loss for the period	-	-	(506)	(506)
Issue of share capital	-	-	-	-
<b>Balance at 1 July 2005</b>	<b>237</b>	<b>3,067</b>	<b>(1,313)</b>	<b>1,991</b>
Loss for the period	-	-	(476)	(476)
<b>Balance at 31 December 2005</b>	<b>237</b>	<b>3,067</b>	<b>(1,789)</b>	<b>1,515</b>
Loss for the period	-	-	(708)	(708)
<b>Balance at 1 July 2006</b>	<b>237</b>	<b>3,067</b>	<b>(2,497)</b>	<b>807</b>
Loss for the period			(701)	(701)
Issue of share capital	67	827	-	894
<b>Balance at 31 December 2006</b>	<b>304</b>	<b>3,894</b>	<b>(3,198)</b>	<b>1,000</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 31 December 2006

	Un-audited 6 months ended 31 December 2006 £'000	Un-audited 6 months ended 31 December 2005 £'000	Audited 12 months ended 30 June 2006 £'000
<b>Cash flows from operating activities</b>			
Operating loss before interest and tax	(715)	(503)	(1,225)
Add: Depreciation charges for the period	30	24	57
Operating loss before working capital changes	(685)	(479)	(1,168)
Decrease / (Increase) in debtors	7	(96)	(23)
Increase / (Decrease) in creditors	48	(28)	(21)
Cash generated / (absorbed) by operations	55	(124)	(44)
<b>Net cash from operating activities</b>	<b>(630)</b>	<b>(603)</b>	<b>(1,212)</b>
<b>Cash flows from investing activities</b>			
Purchases of plant and equipment	(1)	(17)	(34)
Interest income received	14	27	41
Net cash from investing activities	13	10	7
<b>Financing activities</b>			
Proceeds on issue of share capital	894	-	-
	894	-	-
<b>Net increase / (decrease) in cash</b>	<b>277</b>	<b>(593)</b>	<b>(1,205)</b>
Cash at the beginning of the period	561	1,766	1,766
<b>Cash at the end of the period</b>	<b>838</b>	<b>1,173</b>	<b>561</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. General information

The interim financial information for the six months ended 31 December 2006 has been prepared under IFRS as adopted for use in the EU.

The results for the year ended 30 June 2006 have been audited whilst the results for the six months ended 31 December 2005 and 31 December 2006 are un-audited. The interim report is un-audited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The statutory accounts for that year, which were prepared under UK Generally Accepted Accounting Principles (GAAP), have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified and did not contain a statement made under s237(2) or s237(3) of the Companies Act 1985.

The audited 12 months ended 30 June 2006 income statement figures have been restated following a reclassification of £52,000 between exploration expenses and administrative expenses.

There is no material seasonality associated with the Group's activities.

The interim financial report has been prepared in accordance with IFRS, including IAS34 'Interim Financial Reporting'. The interim figures are prepared on the basis of the accounting policies set out in the last annual report to 30 June 2006.

### 2. Dividends

No dividends were paid or proposed in the 6 months ended 31 December 2006 (for year ended 30 June 2006 - £ NIL).

### 3. Business and Geographical Segments

The Group's operations are located in Tunisia, Algeria and the United Kingdom. The Group's exploration activities are located in Tunisia and Algeria, and its administration and management is based in the United Kingdom.

Segment operating loss and loss for year by geography are reconciled to entity operating loss and entity loss for the year as follows:

	<b>Segment</b> Un-audited 6 months ended 31 Dec 2006  £'000	<b>Operating</b> Un-audited 6 months ended 31 Dec 2005  £'000	<b>Loss</b> Audited 12 months ended 30 June 2006  £'000	<b>Loss</b> Un-audited 6 months ended 31 Dec 2006  £'000	<b>For</b> Un-audited 6 months ended 31 Dec 2005  £'000	<b>Year</b> Audited 12 months ended 30 June 2006  £'000
Algeria	(254)	(70)	(293)	(254)	(70)	(293)
Tunisia	(262)	(265)	(550)	(262)	(265)	(550)
United Kingdom	(199)	(168)	(382)	(185)	(141)	(341)
Entity operating loss and entity loss for year	<b>(715)</b>	<b>(503)</b>	<b>(1,225)</b>	<b>(701)</b>	<b>(476)</b>	<b>(1,184)</b>

#### 4. Taxation

No liability in respect of income tax has arisen during the period, as a result of trading losses in each of the Group companies. No deferred tax liability or asset has been recognised in the period.

#### 5. Earnings per share

Basic earnings per ordinary share have been calculated on profit attributable to members from continuing activities of the parent company and on 50,734,002 (*31 December 2005 – 39,559,002*) ordinary shares, being the weighted average number of ordinary shares in issue throughout the six months ended 31 December 2006.

Diluted earnings per ordinary share have been calculated on profit attributable to members from continuing activities of the parent company and on 73,438,503 (*31 December 2005 - 51,258,503*) ordinary shares, warrants and share options, being the weighted average number of ordinary shares, warrants and share options in issue throughout the six months ended 31 December 2006.

This figure comprises:

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share		50,734,002
Effect of dilutive potential ordinary shares		
Warrants		19,704,501
Share options	3,800,000	
Net movement in share options	<u>(800,000)</u>	3,000,000
Weighted average number of ordinary shares for the purpose of diluted loss per share		<u>73,438,503</u>

#### 6. Share Capital

On 3 August 2006, 11,175,000 new ordinary shares of 0.6p per share were issued at a price of 8p per share and 11,175,000 warrants were issued. The warrants are exercisable at any time on or before the second anniversary of the date of issue, and the expiry date is 3 August 2008. The warrants will give the Warrant holders collectively the right to subscribe for 11,175,000 Ordinary Shares at a subscription price of 12 pence per share. The issue raised cash of £894,000.

## 7. Transactions with Directors

	Services Un-audited 6 months ended 31 Dec 2006 £'000	Services Un-audited 6 months ended 31 Dec 2005 £'000	Services Audited 12 months ended 30 June 2006 £'000
Gordon Peterkin Riddler	32	22	52
Robyn Maree Storer	21	31	56
Richard John Charles Collier	12	25	38
George Warren Heard	-	-	15

Payments to G P Riddler and R M Storer relate to consultancy services paid to related parties for services by them as Directors of the Company.

Payments to G W Heard and R J C Collier are in respect of Director's fees.

There were no amounts owed to related parties at 31 December 2006, 31 December 2005 and 30 June 2006.

## 8. Availability of report

Copies of this report are to be sent to all shareholders and are available from the Company's registered office at 25 Moorgate, London EC2R 6AY.

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