

MAGHREB MINERALS plc

INTERIM REPORT AND ACCOUNTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

MAGHREB MINERALS plc

Interim Results for the six months to 31 December 2009

Maghreb Minerals plc (“Maghreb” or “the Company”), the AIM-quoted mineral exploration company exploring for, and developing base metals and industrial minerals in Tunisia, announces its un-audited results for the six-month period ended 31 December 2009.

Highlights and Outlook

- The Tunisian operations will remain on care and maintenance.
- New discussions with regards to partners in the lead and zinc assets are being initiated.
- There is a continuing pursuit of value-adding fluorspar assets.
- The Board will be restructured with effect from 31 March 2010.
- Cash at bank of £207,000 as at 31 December 2009.
- The Board is actively exploring funding options with the support of its major shareholders, Firebird Global Master Fund Ltd and Firebird Global Master Fund II Ltd (together “Firebird”).

Commenting, Richard Linnell, Chairman, said:

“2009 was a difficult year for Maghreb with the Board’s ambitions to further develop its projects being frustrated by the absence of the necessary funds. The Board has received assurance from Firebird that Firebird will provide sufficient funding so as to guarantee the Company’s future on the current ‘care and maintenance’ basis for a further 12 months.

“The Tunisian operations will continue to be operated on this basis particularly whilst the Board and Firebird pursue the opportunities in the fluorspar sector that they are confident will add long term value to the Company and its shareholders. We are initiating new discussions with prospective partners for the Tunisian assets and on 31 March 2010 we will have also reconstituted the Board to take account of the changed circumstances of the Company.”

ENQUIRIES:

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CHAIRMAN'S STATEMENT

Operations

Set out below is a review of Maghreb Minerals Plc's ("Maghreb" or the "Company") activities and unaudited financial results for the six months ended 31 December 2009.

Maghreb is exploring for zinc ("Zn"), lead ("Pb"), barite ("BaSO₄") and fluorite ("CaF₂") in Tunisia, where it holds a number of highly prospective exploration permits ("EP") including permits covering past producing mines with un-mined resources. The upheaval in the world's financial markets continues to affect funding possibilities for the exploration sector adversely and consequently during this period the Company's emphasis has been on self-preservation.

On the corporate front, this period was dominated by the holding of the Extraordinary General Meeting which resulted in the conversion of the £500,000 convertible loan note into convertible preference shares and the raising of an additional £300,000 in equity finance. As a result thereof, the Company incurred unusually large professional and associated costs during the period. Following the Extraordinary General Meeting, Firebird held an interest of 31.73% in the issued ordinary shares and all of the preference shares in issue of the Company, which if converted and without the issue of further equity, would result in Firebird's interest increasing to 43.12%.

In the field, the Company has operated on a "care and maintenance" programme with field work concentrating on the fluorspar assets. No exploratory drilling was done and all the reports and other requirements necessary to keep the permits in good order have been completed and lodged with the authorities.

The search for a partner on the Bou Jabeur and other Pb/Zn assets continued with a number of interested parties conducting due diligence. However, the most prospective of these discussions has now been terminated.

Financial

The Group made a consolidated loss for the six months ended 31 December 2009 of £366,000 (six months ended 31 December 2008 - £892,000). Administration expenses were adversely impacted by professional and associated expenses incurred in relation to the Extraordinary General Meeting and its subject matter referred to previously.

The financial highlights are tabled below:

	Unaudited Six months to 31 December 2009 (£'000)	Unaudited Six months to 31 December 2008 (£'000)	Audited 12 months to 30 June 2009 (£'000)
Interest income	-	14	14
Fixed assets purchased	-	-	(2)
Total exploration expenditure incurred in Tunisia	(103)	(534)	(747)
Administration expenses	(263)	(372)	(704)
Loss for the period	(366)	(892)	(1,437)
Cash and Cash Equivalents	207	371	237

Outlook

At 31 December 2009, the Company had £207,000 in cash which at the date of this report is somewhat less. This is not sufficient to advance the Company's projects in Tunisia but will meet the Company's immediate cash requirements while the Board considers its long term strategy and funding options. As a result, Maghreb's operations in Tunisia continue on a care and maintenance basis and the Board is actively exploring funding options with the support of its major shareholders, Firebird.

The Board continues to pursue actively ways to advance the Tunisian and fluorspar projects and thereby generate value for shareholders. The strategy is to commence a new initiative to find a sector partner for its Tunisian lead and zinc assets, thereby enabling these assets to be developed and consequently be able to protect the permits over the next renewal season in some 18 months' time. In addition, the major shareholders and the directors are focused on developing the fluorspar interests and have a number of possibilities under consideration but these are taking longer than expected to bring to fruition. Nonetheless these are expected to happen to the long term advantage of Maghreb and all its shareholders.

The Board will keep shareholders apprised of developments in this regard but, if no such opportunity arises, the Board will consider whether it remains in the best interests of shareholders to pursue its current strategy.

Changes to the Board and Senior Management

Given the need to reduce costs and streamline the operations of the Company, Richard Collier, the chief executive, and Anthony Allen a non-executive director, will be standing down from the Board with effect from 31 March 2010. In addition, the Company's Tunisian General Manager, Carlos Nascimento, will not have his contract renewed when its current term ends in May 2010.

I will become Executive Chairman and I will be supported on the Board by Messrs James Passin and Albert Gourley. I wish to take this opportunity to thank Richard, Tony and Carlos for all their efforts on behalf of the Company.

Richard Linnell
Chairman
30 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2009

	Un-audited 6 months ended 31 December 2009 £'000	Un-audited 6 months ended 31 December 2008 £'000	Audited 12 months ended 30 June 2009 £'000
Revenue	-	-	-
Exploration expenses	(103)	(534)	(747)
Gross loss	(103)	(534)	(747)
Administrative expenses	(263)	(372)	(704)
Operating loss	(366)	(906)	(1,451)
Investment income	-	14	14
Total loss for the period attributable to the equity holders of the parent	(366)	(892)	(1,437)
Other comprehensive income	-	-	-
Total comprehensive loss for the period attributable to the equity holders of the parent	(366)	(892)	(1,437)
Earnings per share			
Basic and diluted loss per share from operations (pence)	(0.38)	(0.98)	(1.58)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Un-audited 31 December 2009 £'000	Un-audited 31 December 2008 £'000	Audited 30 June 2009 £'000
Non-current assets			
Intangible assets	82	82	82
Property, plant and equipment	65	103	84
	147	185	166
Current assets			
Trade and other receivables	38	42	26
Cash and cash equivalents	207	371	237
	245	413	263
Current liabilities			
Convertible loan note	-	-	(500)
Trade and other payables	(37)	(155)	(42)
	(37)	(155)	(542)
Net current assets/(liabilities)	208	258	(279)
Net assets/(liabilities)	355	443	(113)
Equity			
Ordinary share capital	666	546	546
Preference share capital	133	-	-
Share premium account	7,021	6,474	6,474
Share option reserve	117	240	229
Retained earnings	(7,582)	(6,817)	(7,362)
Total equity	355	443	(113)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2009

	Ordinary share capital £'000	Preference share capital £'000	Share premium £'000	Share Option Reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2007	546	-	6,474	195	(4,765)	2,450
Total comprehensive loss for the period	-	-	-	-	(1,160)	(1,160)
Share based payments	-	-	-	15	-	15
Balance at 30 June 2008	546	-	6,474	210	(5,925)	1,305
Total comprehensive loss for the period	-	-	-	-	(892)	(892)
Share based payments	-	-	-	30	-	30
Balance at 31 December 2008	546	-	6,474	240	(6,817)	443
Total comprehensive loss for the period	-	-	-	-	(545)	(545)
Share based payments	-	-	-	(11)	-	(11)
Balance at 30 June 2009	546	-	6,474	229	(7,362)	(113)
Ordinary equity subscription	120	-	180	-	-	300
Preference share subscription	-	133	367	-	-	500
Total comprehensive loss for the period	-	-	-	-	(366)	(366)
Share based payments	-	-	-	34	-	34
Transfer from share option reserve	-	-	-	(146)	146	-
Balance at 31 December 2009	666	133	7,021	117	(7,582)	355

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2009

	Un-audited 6 months ended 31 December 2009 £'000	Un-audited 6 months ended 31 December 2008 £'000	Audited 12 months ended 30 June 2009 £'000
Cash flows from operating activities			
Operating loss from continuing operations	(366)	(906)	(1,451)
Add : Depreciation charges for the period	19	37	55
Add : Share option charge for the period	34	30	19
Operating loss before working capital changes	(313)	(839)	(1,377)
 (Increase) / Decrease in other trade and other receivables	 (12)	 (7)	 10
(Decrease) in trade and other payables	(5)	(14)	(117)
(Decrease) in provisions	-	-	(10)
Net cash flow from operating activities	(330)	(860)	(1,494)
Cash flows from investing activities			
Purchases of plant and equipment	-	(2)	(2)
Interest income received	-	14	14
Net cash from investing activities	-	12	12
Cash flows from financing activities			
Proceeds on issue of share capital	300	-	-
Proceeds from convertible loan note	-	-	500
Net cash from financing activities	300	-	500
Net (decrease) in cash and cash equivalents	(30)	(848)	(982)
 Cash and cash equivalents at the beginning of the period	 237	 1,219	 1,219
Cash and cash equivalents at the end of the period	207	371	237

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Statement of Compliance

The consolidated interim financial information for the six months ended 31 December 2009 has been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006 and in accordance with IAS 34, Interim Financial Reporting.

The results for the year ended 30 June 2009 have been audited whilst the results for the six months ended 31 December 2008 and 31 December 2009 are un-audited. The interim report is un-audited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 June 2009, which were prepared under IFRS, have been delivered to the Registrar of Companies.

The auditors’ opinion on the statutory accounts for the year ended 30 June 2009 was unqualified and did not contain a statement made under s495 of the Companies Act 2006. However, it did contain an emphasis of matter paragraph in relation to the Group’s ability to continue as a going concern. The auditors considered the adequacy of the disclosure made in the notes to those financial statements concerning the Group’s ability to continue as a going concern. In the year ended 30 June 2009, the Group incurred a net loss of £1,437,000 and at that date the Group’s net current liabilities were £279,000. As explained in the notes to the financial statements, the Group was reliant on future funding from existing investors. This condition indicated the existence of a material uncertainty, which may cast significant doubt about the Group and the Company’s ability to continue as going concerns. The financial statements did not include the adjustments that would result if the Group was unable to continue as a going concern.

Similarly the consolidated interim financial information for the six months ended 31 December 2009 do not include the adjustments that would result if the Group was unable to continue as a going concern. See note 2.

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

2. Accounting Policies

The interim financial information has been prepared using accounting policies consistent with IFRS, as set out in the last annual report to 30 June 2009, except as described below:

The Group has applied the following standards which are effective for the period beginning on or after January 1, 2009. The adoption of these standards only impacts the presentation and the extent of the disclosures presented in the financial statements:

- IAS 1 revised, Presentation of Financial Statements
- IFRS 8, Operating Segments

The principle risks and uncertainties for the next twelve months of the financial year are essentially the Group’s and the Company’s ability to continue as going concerns, the validity of which depends principally on the discovery of economically viable mineral deposits and the availability of subsequent funding to extract the resource or alternatively the availability of funding to extend the Group’s exploration activities. The Company is actively seeking an industry partner for certain of the Pb/Zn projects that the Company has in its portfolio, in the absence of which, the Group is reliant on future funding from existing investors. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern. The financial information in the interim report does not include the adjustments that would result if the Group was unable to continue as a going concern.

3. Dividends

No dividends were paid or proposed in the 6 months ended 31 December 2009 (for year ended 30 June 2009 - £ NIL).

4. Operating Segments

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

The segments presented in this note reflect the separate segments and companies within the Group and is how management information is presented to the Chief Operating Decision Maker.

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

	Segment Operating Loss			Loss For Period		
	Un-audited 6 months ended 31 December 2009 £'000	Un-audited 6 months ended 31 December 2008 £'000	Audited 12 months ended 30 June 2009 £'000	Un-audited 6 months ended 31 December 2009 £'000	Un-audited 6 months ended 31 December 2008 £'000	Audited 12 months ended 30 June 2009 £'000
Tunisia	(140)	(534)	(732)	(140)	(534)	(732)
United Kingdom	(226)	(372)	(719)	(226)	(358)	(705)
Total Entity operating loss and entity loss	(366)	(906)	(1,451)	(366)	(892)	(1,437)

	Segment Total Assets		
	Un-audited 6 months ended 31 December 2009 £'000	Un-audited 6 months ended 31 December 2008 £'000	Audited 12 months ended 30 June 2009 £'000
Tunisia	75	111	82
United Kingdom	367	637	427
Consolidation adjustment	(50)	(150)	(80)
Group Assets	392	598	429

In accordance with IFRS 8, Operating Segments, the information presented in this note is the same as that reported to the Chief Operating Decision Maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.

There has been no alteration from the last annual financial statements in the basis of segmentation.

5. 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.

The deferred tax asset has not been recognised in the accounts as there is not sufficient evidence that there will be taxable profits in the near future against which the deductible temporary differences can be utilised within the meaning of IAS 12.

6. Earnings per ordinary share (basic and diluted)

The calculation of the basic loss per share attributable to the ordinary equity holders of the parent has been calculated on the net loss after tax of £366,000 (2008 - £892,000) using the weighted average number of ordinary shares of 96,033,981 (2008 - 91,033,981).

All share options in issue decrease the loss per share for the period, and as such are deemed anti-dilutive. Therefore the diluted loss per share is the same as the basic loss per share.

7. Ordinary Share Capital

Following the passing of the resolutions at the Extraordinary General Meeting on 12 November 2009, the resultant issued share capital of the Company at 31 December 2009 was as follows:

Called up, allotted and fully paid Ordinary shares of 0.6 pence each	Share Capital 2009 Number	Nominal Value 2009
	'000	£'000
Balance at 30 June 2009/30 June 2008	91,034	546
Shares issued on 19 November 2009	20,000	120
Balance on 31 December 2009	111,034	666

Of the ordinary shares issued on 19 November 2009, 6,667,000 ordinary shares were issued to a director of the Company.

8. Preference Share Capital and Convertible Loan Note

In March 2009, Firebird Global Master Fund II, Limited invested £500,000 by way of a zero coupon, convertible loan note.

The loan was convertible into convertible preference shares of a nominal value of 0.6p per share at a price of 2.25 pence per preference share. Following the Extraordinary General Meeting of shareholders on 12 November 2009, the loan note was converted into 22,222,222 preference shares, which shares were allotted to Firebird Global Master Fund II, Limited.

The preference shares have the right, at the option of the preference shareholder, to convert into ordinary shares of the Company on the basis of one preference share for every new ordinary share. The preference shares will not be listed, do not have voting rights except in regards to items affecting the preference shares themselves and are entitled to a dividend equivalent to any dividend declared on the ordinary shares.

The resultant issued preference share capital of the Company at 31 December 2009 was as follows

Called up, allotted and fully paid Preference shares of 0.6 pence each	Share Capital 2009 Number	Nominal Value 2009
	'000	£'000
Balance at 30 June 2009/30 June 2008	-	-
Shares issued in November 2009	22,222	133
Balance on 31 December 2009	22,222	133

9. Share Option Reserve

	Share Option Reserve		
	Un-audited 6 months ended 31 December 2009	Un-audited 6 months ended 31 December 2008	Audited 12 months ended 30 June 2009
	£'000	£'000	£'000
Balance on 1 July 2008/2009	229	210	210
Share based payments – share option scheme	34	30	41
Decrease for expired share options	(146)	-	(22)
Balance at 31 December 2009/2008	117	240	229

The share option reserve arises as a result of the expense recognised in the income statement for the cost of share-based employee compensation arrangements. The decrease represents the amount previously charged to the Share Option Reserve Account and now no longer required due to options having lapsed either through the expiry of the exercise dates thereof or as a result of the employees leaving the Group. The amount is written back against the Retained Loss Account.

10. Availability of report

Copies of this report are available from the Company's business address at Blackwell House, Guildhall Yard, London, EC2V 5AE.