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## **Maghreb Minerals Plc**

### **Notice of Extraordinary General Meeting**

Maghreb Minerals Plc (“Maghreb” or the “Company”), the AIM-listed exploration company developing base and industrial mineral deposits in Tunisia announces that it will post to shareholders a circular convening an Extraordinary General Meeting to be held at 25 Moorgate, London, EC2R 6AY at 10.00 a.m. on 12 November 2009 (“EGM”). The circular will be posted to shareholders on Monday, 19<sup>th</sup> October but will be available immediately on the Company’s website: [www.maghrebminerals.co.uk](http://www.maghrebminerals.co.uk). The purpose of the circular is to give details to Shareholders of proposals for the approval at the EGM.

**Due to ongoing industrial action affecting postal services in London and possibly throughout the United Kingdom, Shareholders are strongly encouraged to refer to the Company’s website ([www.maghrebminerals.co.uk](http://www.maghrebminerals.co.uk)) to review the Circular and also to return the Form of Proxy contained therein upon receipt as soon as possible to ensure that it is received by 10 a.m. on 10 November 2009.**

The purpose of the Extraordinary General Meeting is for Shareholders of the Company to consider and, if thought fit, pass resolutions to (amongst other things):

- issue 22,222,222 Preference Shares or Ordinary Shares upon conversion of loan notes that the Company has issued to Firebird Global Master Fund II, Ltd;
- issue, in aggregate, 20,000,000 Ordinary Shares pursuant to a proposed subscription by Firebird Global Master Fund II, Ltd and Albert Gourley;
- issue up to 1,400,000 Ordinary Shares following the exercise of the options held by members of a concert party;
- approve required increases in the authorised share capital of the Company; and
- approve, by means of independent shareholders voting on a poll, waivers granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise under Rule 9 of the City Code on Takeovers and Mergers for Firebird Global Master Fund II, Ltd and/or the concert party to make a mandatory offer for the existing ordinary shares not already owned by it/them.

The circular also sets out why the Independent Directors, who have been so advised by Hanson Westhouse, consider that the Proposals, including the Waiver Resolutions which approve the waiver by the Panel of the requirements under Rule 9 of the City Code for the Concert Party to

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Registered Office    25 Moorgate, London, EC2R 6AY

make a general offer for all of the issued Ordinary Shares following the Subscription, the Conversion and the exercise of the Concert Party Options by James Passin and Albert Gourley, are fair and reasonable and are in the best interests of the Independent Shareholders and the Company as a whole and unanimously recommend that Independent Shareholders vote in favour of all the Resolutions to be proposed at the Extraordinary General Meeting, as the Independent Directors intend to do in respect of their beneficial holdings, amounting to 230,000 Ordinary Shares, representing approximately 0.3 per cent of the Ordinary Shares issued by the Company. In providing advice to the Independent Directors, Hanson Westhouse has taken into account the Independent Directors' commercial assessments.

Further, where a company whose shares are listed on AIM enters into a Related Party Transaction, AIM Rule 13 requires the directors of the company to confirm that they consider, having consulted with the company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as the company's shareholders are concerned.

Taking into account the Company's need to raise additional working capital on an urgent basis, and the anticipated benefit to Shareholders which may result in a dilution arising on Conversion of the Loan Notes and the Subscription, the Independent Directors consider, having consulted with Hanson Westhouse, the Company's Nominated Adviser, that the terms of the Conversion, a Related Party Transaction with the Concert Party, are fair and reasonable insofar as the Independent Shareholders are concerned.

#### Background to the Conversion

As previously announced, on 10 March 2009 the Company issued a Convertible Loan Note Instrument, creating £500,000 zero coupon unsecured convertible Loan Notes of £1.00 each. A total of £500,000 Loan Notes were subscribed for by FG2 in cash.

The salient features of the Convertible Loan Note Instrument are that the Loan Notes are conditionally convertible (i) at the request of the Company into 22,222,222 Preference Shares at the Conversion Price or (ii) where the Company has not already issued a notice to convert them into Preference Shares, at the request of a Noteholder either into Preference Shares or Ordinary Shares (at the election of the Noteholder) at the Conversion Price. The Conversion can only take place following the passing at the EGM all of the Resolutions.

On Conversion, the Conversion Shares will be newly issued credited as fully paid and if they are Ordinary Shares they will rank *pari passu* in all respects with the Existing Ordinary Shares.

If Preference Shares are issued on Conversion, they will constitute a separate class of shares having the rights attached thereto as set out in the New Articles. Preference Shares will be capable of conversion, at the option of their holders, into Ordinary Shares on the basis of one Preference Share for each new Ordinary Share. The Preference Shares will not be listed, will not have voting rights (except in regards to items affecting the Preference Shares themselves) and will be entitled to a dividend equivalent to any dividend declared on the Ordinary Shares.

Under the terms of the Convertible Loan Note Instrument, notice convening an extraordinary general meeting for the approval of the Proposals has to be given prior to the Notice Date. In the event that either the EGM is not called or any of the Resolutions are not passed at the EGM, there will be an event of default, which, if not remedied within 10 Banking Days after the date on which notice of the event of default was given, will entitle the Noteholders to demand immediate repayment of the Loan Notes.

At the time the Convertible Loan was entered into, the Company was in urgent need of funds to cover its overheads and operating costs in relation to exploration opportunities. Firebird, being one of the biggest shareholders in the Company, was the only source from which the Company could obtain finance on short notice. Firebird was prepared to lend funds to the Company until 30

November 2009 on an unsecured basis. Taking into account the difficulties in raising finance in the current equity capital and debt markets, the Company's preference was to convert the loan into non-voting preference shares instead of repaying the loan in cash. In order to activate the conversion rights under the Loan Notes, Shareholders' approval for the issue of Conversion Shares is required. The Company intended to seek Shareholders' approval for the Conversion as soon as possible after the loan was made. Accordingly, the Company undertook to Firebird to send a notice of an extraordinary general meeting to its Shareholders by no later than 30 June 2009 to seek the required approval from the Shareholders for the Conversion. This period has, by mutual agreement, been extended to 31 October 2009 so that the posting of the Circular is taking place within the required period.

If all the Resolutions are passed at the Extraordinary General Meeting, the Conversion of the Loan Notes into Conversion Shares will occur at the request of either (i) the Company by serving a Conversion Notice on a Noteholder (which it intends to do immediately following the EGM), requiring such Noteholder to convert all but not part of the Loan Notes held by such Noteholder into fully paid Preference Shares at the Conversion Price, or (ii) a Noteholder by serving a Conversion Notice on the Company (at any time up to three Banking Days before the Repayment Date) requiring the Company to convert all or any of the Loan Notes held by the Noteholder into either (at the Noteholder's election) fully paid Ordinary Shares or Preference Shares, in each case at the Conversion Price. As at the date of this Announcement, all the Loan Notes are held by FG2.

The level of shareholding which Firebird could reach on full conversion (assuming Conversion into Ordinary Shares or subsequent conversion of Preference Shares into Ordinary Shares) could oblige them, absent an appropriate waiver, to make an offer for all other shares of the Company under Rule 9 of the City Code (as described in greater detail below). It is for this reason that the Independent Shareholders' approval of Waiver Resolution 1 is being sought at the EGM.

If the Conversion is not approved by the passing of all the Waiver Resolutions at the EGM, there will be an event of default under the Convertible Loan Note Instrument, which will entitle the Noteholders to demand immediate repayment of the Loan Notes. If the event of default is waived by FG2, the Loan Note will remain repayable in full on the Repayment Date.

Further to discussions with the Panel, the Panel considers that the approval of the Panel should have been sought at the time the Convertible Loan Note Instrument was entered into and the Loan Notes issued. The Panel has exceptionally agreed to grant a waiver of Rule 9 of the City Code in respect of a full conversion (assuming Conversion into Ordinary Shares or subsequent conversion of Preference Shares into Ordinary Shares). It is for this reason that a waiver in respect of the Conversion into Ordinary Shares or subsequent conversion of Preference Shares into Ordinary Shares is being sought now.

#### Background to the Subscription

The Company requires further financing to continue its operations. The Company has considered various financing options and concluded that seeking additional financing from Firebird by way of subscription for new Ordinary Shares would be the most appropriate and cost-effective method of raising cash for the Company as Firebird is the largest Shareholder and has expressed its willingness to support the Company.

The Company entered into negotiations with Firebird regarding this additional financing and Albert Gourley, a director of the Company, also became a party to the negotiations as a potential source of financing. Pursuant to the negotiations between the Company, Firebird and Albert Gourley, the Company has, this morning, obtained Subscription Undertakings from FG2 to subscribe for 13,333,334 Ordinary Shares and from Albert Gourley to subscribe for 6,666,666 Ordinary Shares, in each case at the Subscription Price, for a total consideration of £300,000.

Under the terms of the Subscription Undertaking executed by FG2, the Waiver must have been granted by the Panel, all the Waiver Resolutions and the Transaction Resolution must be passed without amendment at the EGM and its Subscription Shares must be admitted to trading on AIM. If these conditions, amongst others, are not satisfied, FG2's Subscription Undertaking will lapse and FG2 will no longer be obliged to subscribe for its Subscription Shares.

The Subscription Undertaking executed by Albert Gourley is on the same terms as that executed by FG2 except that Albert Gourley's Subscription Undertaking is further conditional on FG2's Subscription Shares being admitted to trading on AIM. Mr Gourley's Subscription Shares would be admitted to AIM three Banking Days thereafter.

The Subscription Shares will be allotted fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and confer the right to receive all dividends declared, made or paid after the date of allotment.

The performance of the Subscription Undertakings and the level of holdings which FG2 and Albert Gourley would reach upon subscribing for the Subscription Shares could oblige the Concert Party, absent an appropriate waiver, to make an offer for all other shares of the Company as described in greater detail below. It is for this reason that Independent Shareholders' approval of Waiver Resolution 2 is being sought at the EGM.

Only if all the Waiver Resolutions and the Transaction Resolution are passed will there be authority for the issue of the Subscription Shares to each of FG2 and Albert Gourley.

**If all the Resolutions are not passed at the EGM, the Conversion will not be implemented and the Loan Notes will immediately become repayable on demand in cash. If all the Waiver Resolutions and the Transaction Resolution are not passed at the EGM, the Subscription will not be implemented. In these circumstances the Company would face severe financial difficulty in the coming months and would be likely to become insolvent and be obliged to cease trading.**

#### Background to the Grant of Concert Party Options under the Employee Share Option Scheme

On 12 May 2009 the remuneration committee approved awards of share options (each over a new Ordinary Share) to all Directors and the senior management of the Company as part of their remuneration package for the 2009/2010 financial year pursuant to the Employee Share Option Scheme.

All non-executive Directors, including Albert Gourley and James Passin (who are also Concert Party Directors), were granted 700,000 options each (the **Concert Party Options**), Richard Collier (CEO) and Richard Linnell (Chairman) were granted 1,000,000 and 1,200,000 options respectively and another senior executive of the Company was granted 1,000,000 options.

Under the terms of the Employee Share Option Scheme the options granted to the Directors cannot be exercised immediately. One third can be exercised on the 1<sup>st</sup>, one third on 2<sup>nd</sup> and one third on 3<sup>rd</sup> anniversary of the date of the grant.

When all Concert Party Options awarded to Albert Gourley and James Passin are exercised, which will be not earlier than on the third anniversary of their grant, and assuming that no other issues of shares or exercise of options by other Directors take place, such Concert Party Options would represent 1.5 per cent of the then issued share capital of the Company.

However, the level of holdings reached by Albert Gourley and James Passin upon the exercise of all the Concert Party Options granted to each of them, taken together with the Conversion into Ordinary Shares or subsequent conversion of Preference Shares into Ordinary Shares by FG2 and the performance of the Subscription Undertakings by FG2 and Albert Gourley could oblige

the Concert Party, absent an appropriate waiver, to make an offer for all other shares of the Company as described in greater detail below. It is for this reason that Independent Shareholders' approval of Waiver Resolution 3 is being sought at the EGM.

Further to discussions with the Panel, the Panel considers that the approval of the Panel should have been sought at the time the Concert Party Options were granted. The Panel has exceptionally agreed to grant a waiver of Rule 9 of the City Code in respect of the Concert Party Options. It is for this reason that a waiver in respect of the exercise of the Concert Party Options is being sought now.

Further details of the Concert Party Options and options granted to the other Directors are set out in the Circular.

#### Background information on Firebird, James Passin and Albert Gourley

Firebird is the collective name for two funds, FG1 and FG2, which (together with James Passin and Albert Gourley) make up the Concert Party. FG1 and FG2 are investment funds that are organised in the Cayman Islands and are managed and controlled by, respectively, FGS Advisors, LLC and FG2 Advisors, LLC. Firebird focuses on various frontier and emerging market investments, including in the energy and minerals sectors. For further details regarding Firebird are contained in the Circular.

At the date of this Announcement, Firebird has a 24.1 per cent interest in the capital of the Company being 21,902,824 Existing Ordinary Shares. Further details of Firebird's acquisition of Ordinary Shares in the Company prior to the date of this Announcement, are contained in the Circular.

James Passin, a Director, is one of the owners of FGS Advisors and is therefore considered to be a member of the Concert Party and is not considered to be an Independent Director.

Albert Gourley is a partner in Fasken Martineau, a London based firm of solicitors, which advised Firebird in relation to its subscription for the Loan Notes. Mr Gourley is also a Director. Because of this, Albert Gourley is also considered to be a member of the Concert Party and is not considered to be an Independent Director.

The Concert Party has expressed to the Board that it wishes to assist the Company in meeting its aim of developing the Company's existing assets, including fluorspar, and raising additional capital to safeguard the Company's future.

The Concert Party members do not currently intend to dispose of either their individual or joint beneficial share ownership in the Company during the foreseeable future. The Concert Party members intend to utilise their relationships, expertise and other portfolio holdings in similar companies in the frontier and emerging markets, including the mining and energy sectors, to benefit the Company.

Further details on the Concert Party are set out in the Circular.

#### The City Code and Code Waiver

The Proposals give rise to certain considerations under the City Code. Brief details of the Panel, the City Code and the protection they afford to Shareholders are described in the Circular.

### Rule 9 and concert parties

Under Rule 9 of the City Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the City Code) in shares which, (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent or more of the voting rights of a company subject to the City Code, is normally required to make a general offer to all remaining shareholders to acquire their shares.

An offer under Rule 9 of the City Code must be in cash and at not less than the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares of the Company during the 12 months prior to the announcement of the offer.

In addition, Rule 9 of the City Code provides that where any person, together with persons acting in concert with him, is interested in shares in a company which is subject to the City Code and which in aggregate carry not less than 30 per cent but not more than 50 per cent of that company's voting rights, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in that company in which he is interested, such person is normally required, in the same way, to make a general offer to all shareholders.

Furthermore, under the City Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Under the City Code, control means a holding, or aggregate holdings, of shares carrying 30 per cent or more of the voting rights of a company, irrespective of whether the holding or holdings gives de facto control.

FG1, FG2, James Passin and Albert Gourley are deemed to be acting in concert for the purposes of the City Code. On completion of the Conversion and the Subscription (and excluding the exercise of the Concert Party Options), FG1, FG2, James Passin and Albert Gourley will between them be interested in 64,125,046 Shares, representing approximately 48.12 per cent of the Enlarged Share Capital. Assuming, additionally, the full exercise of the Concert Party Options by James Passin and Albert Gourley, the members of the Concert Party would then between them be interested in 65,525,046 Shares, representing approximately 48.66 per cent of the Enlarged Share Capital. The earliest date on which the Concert Party Options can be exercised in full is 12 May 2012 though one third of the Concert Party Options will vest on each of the first, second and third anniversaries of the date of the grant, being 12 May 2009. A table showing the respective individual interests in Shares of the members of the Concert Party on completion of the Conversion, the Subscription and following exercise of the Concert Party Options on the basis set out below..

The Panel has agreed to waive the obligation to make a general offer that would otherwise arise as a result of the Conversion, Subscription and exercise of the Concert Party Options subject to the approval of the Independent Shareholders. Accordingly, the Waiver Resolutions are being proposed at the EGM and will be taken on a poll. Firebird, the only member of the Concert Party that is currently a Shareholder, will not be entitled to vote on the Waiver Resolutions.

Following the issues of Shares upon completion of the Conversion and the Subscription and following exercise of the Concert Party Options (assuming no further issues of Shares take place), the members of the Concert Party will between them be interested in Shares carrying 30 per cent or more of the Company's voting share capital but will not hold Shares carrying more than 50 per cent of the voting rights and (for so long as they continue to be treated as acting in concert) any further increase in that aggregate interest in Shares will be subject to the provisions of Rule 9 of the City Code.

Further details concerning the members of the Concert Party and their respective interests in the Company are set out in the Circular .

Dispensation from Rule 9 of the City Code in relation to Convertible Loan Note Instrument and Shareholders' considerations

Rule 9 of the City Code addresses, inter alia, the specific issue of securities convertible into shares. Rule 9 of the City Code is applicable to the Convertible Loan Note Instrument and states that whilst the issue of convertible securities (for example, the Loan Notes) does not give rise to an obligation to make a general offer, the conversion of such securities into shares carrying voting rights will require an offer to be made unless the issue of convertible securities has been approved by a vote of independent shareholders. If there was no such vote at the time of issue of convertible securities (as is the case with the Convertible Loan Note Instrument), the Panel would not normally permit a company to 'retrospectively' seek a waiver of its obligations under Rule 9 of the City Code.

Regardless of whether the Subscription and/or the exercise of the Concert Party Options takes place, the Conversion would increase the percentage interest of members of the Concert Party to above 30 per cent. As a result, the Conversion could oblige the Concert Party and/or members of the Concert Party to make a general offer to all Shareholders pursuant to Rule 9 of the City Code.

The Panel has exceptionally agreed, subject to the approval of Independent Shareholders on a poll in general meeting, to waive any obligation to make a general offer that would otherwise arise as a result of Conversion into Ordinary Shares or subsequent conversion of Preference Shares into Ordinary Shares. Approval of the Independent Shareholders is sought through Waiver Resolution 1.

Dispensation from Rule 9 of the City Code in relation to Concert Party Options and Shareholders' considerations

Rule 9 of the City Code also addresses, inter alia, the specific issue of the granting and exercising of options where the exercise of such options would trigger a requirement to make a general offer to shareholders under the conditions outlined above in the paragraph above headed "*Rule 9 and concert parties*". Rule 9 of the City Code stipulates that whilst the granting of options does not give rise to an obligation to make a general offer, the exercising of options will be considered to be an acquisition of an interest in shares and will require an offer to be made unless the granting of the options was approved by a vote of independent shareholders. If there was no such vote at the time of granting of the options (as is the case with the Concert Party Options), the Panel would not normally permit a company to 'retrospectively' seek a waiver of its obligations under Rule 9 of the City Code. No such vote took place at the time the Concert Party Options described in this document were granted.

Taken together with the Conversion and the Subscription, the exercise of any of the Concert Party Options by either of James Passin or Albert Gourley would increase the percentage in the combined interests in the Company of the Concert Party and/or members of the Concert Party. As a result, such exercise could oblige the Concert Party and/or members of the Concert Party to make a general offer to all Shareholders pursuant to Rule 9 of the City Code.

The Panel has exceptionally agreed, subject to the approval of Independent Shareholders on a poll in general meeting, to waive any obligation to make a general offer that would otherwise arise as a result of any exercise of any Concert Party Options. Approval of the Independent Shareholders is sought through Waiver Resolution 3. The Panel has agreed to this waiver on the basis that the Directors, who have been so advised by Hanson Westhouse, believe that it is in the best interests of Shareholders for the Independent Shareholders to approve this waiver at this time.

**Following an application by the Independent Directors, the Panel has agreed to waive the obligation to make a general offer that could otherwise arise as a result of the Subscription, the Conversion and exercise of the Concert Party Options by James Passin and Albert Gourley and the subsequent increase in the Concert Party's interest in Ordinary Shares, subject to the approval of the Independent Shareholders. Accordingly, the Waiver Resolutions are being proposed at the Extraordinary General Meeting and will be taken on a poll by the Independent Shareholders (as required by the City Code).**

**The Waiver will be invalidated if any purchases of Ordinary Shares are made by the Concert Party, or any person acting in concert with them, in the period between the date of the posting of the Circular and the Extraordinary General Meeting. The Concert Party has undertaken to the Company that it will not make any such purchases of Ordinary Shares.**

**The Waiver is conditional upon all the Waiver Resolutions being approved by the Independent Shareholders voting on a poll at the Extraordinary General Meeting. The Waiver Resolutions are ordinary resolutions of the Independent Shareholders and are set out in full in the Notice.**

#### Code Waiver

Listed below are the scenarios that may arise from the approval of all the Waiver Resolutions and the Transaction Resolution. The table of shareholdings below sets out the number of Shares each member of the Concert Party currently holds and shows the maximum number of Shares and the percentage interest each member of the Concert Party and the Concert Party in aggregate will have in the Enlarged Share Capital, assuming that no further Shares are issued.

#### Scenario 1

- Ordinary Shares are subscribed for by FG2 and Albert Gourley in accordance with the terms of their individual Subscription Undertakings;
- Full Conversion of the Loan Notes into Ordinary Shares or subsequent conversion by the Concert Party of all its Preference Shares into Ordinary Shares takes place; and
- The Concert Party Options are exercised in full.

#### Scenario 2

- Ordinary Shares are subscribed for by FG2 and Albert Gourley in accordance with the terms of their individual Subscription Undertakings;
- Full Conversion of the Loan Notes into Ordinary Shares or subsequent conversion by the Concert Party of all its Preference Shares into Ordinary Shares takes place; and
- The Concert Party Options are not exercised.

The table below shows the Concert Party's shareholding in the Company in respect of scenarios 1 and 2.

Shareholder	Number of shares held as at the date of the Circular	% of current issued share capital	Scenario 1		% of issued share capital	Scenario 2		% of issued share capital
			New	Aggregate		New	Aggregate	
FG1	8,000,000	8.79	0	8,000,000	5.94	0	8,000,000	6.00
FG2	13,902,824	15.27	35,555,556	49,458,380	36.73	35,555,556	49,458,980	37.12
James Passin	0	0	700,000	700,000	0.52	0	0	0
Albert Gourley	0	0	7,366,666	7,366,666	5.47	6,666,666	6,666,666	5.00
<b>Aggregate shareholding of the Concert Party</b>	<b>21,902,824</b>	<b>24.06</b>	<b>43,622,222</b>	<b>65,525,046</b>	<b>48.66</b>	<b>42,222,222</b>	<b>64,125,046</b>	<b>48.12</b>
<b>In issue</b>	91,033,981			134,656,203			133,256,203,	

In either of the above two scenarios, the Concert Party would be interested in 30 per cent or more of the voting rights of the Company, but will not hold more than 50 per cent of the voting rights of the Company. Either of these levels of shareholdings would, in the absence of the Waiver, impose an obligation on the members of the Concert Party to make a general offer to the Shareholders pursuant to Rule 9 of the City Code. Any further increase in that aggregate percentage, either individually or together, will be subject to the provisions of Rule 9 and would trigger an obligation on the members of the Concert Party to make a general offer to the Shareholders pursuant to Rule 9 of the City Code.

For the avoidance of doubt, Conversion of the Loan Notes into Preference Shares only does not require the Concert Party to make a general offer referred to above. However, should the Concert Party choose to convert the Loan Notes into Ordinary Shares or the Preference Shares into Ordinary Shares at a later date, the Concert Party would thereby be entitled to the voting rights attached to each Ordinary Share it then held, which would trigger such an obligation (assuming that they had retained sufficient Shares for the 30 per cent threshold to be breached).

The Waiver Resolutions are set out below in the section titled "*Extraordinary General Meeting*".

### **Related Party Transaction**

As at the date of this Announcement the Concert Party, together with any applicable affiliates or associates who hold shares in the Company, is interested in 21,902,824 Ordinary Shares representing approximately 24.1 per cent of the Company's current issued share capital. The Concert Party has been deemed to be a substantial shareholder and a related party for the purposes of the Conversion and the Subscription. The Conversion and the Subscription are Related Party Transactions for the purposes of the AIM Rules.

Where a company whose shares are listed on AIM enters into a Related Party Transaction, AIM Rule 13 requires the directors of the company to confirm that they consider, having consulted with

the company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as the company's shareholders are concerned.

Taking into account the Company's need to raise additional working capital on an urgent basis, and the anticipated benefit to Shareholders which may result in a dilution arising on Conversion of the Loan Notes and the Subscription, the Independent Directors consider, having consulted with Hanson Westhouse, the Company's Nominated Adviser, that the terms of the Conversion, a Related Party Transaction with the Concert Party, are fair and reasonable insofar as the Independent Shareholders are concerned.

#### Other Information

In order to reduce costs to a minimum, the Directors at a meeting of the Board held on 3 July 2009 agreed to reduce the amount of Richard Collier's remuneration to £25,000 per annum and to waive entirely the remuneration of the other Directors. This arrangement will apply until November 2009, when a review of Directors' remuneration packages will be carried out.

#### Extraordinary General Meeting

The Notice convening the Extraordinary General Meeting is set out at the end of the Circular.

Resolutions 1, 2 and 3 (the Waiver Resolutions) are proposed as ordinary resolutions.

As a requirement of the City Code, Resolutions 1, 2 and 3 must be passed by the Independent Shareholders voting on a poll at the Extraordinary General Meeting. This means that for the resolutions to be passed, more than half of the votes cast must be in favour of each resolution.

Resolutions 4 and 5 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

#### Resolution 1 - Waiver Resolution 1

This resolution seeks approval from the Independent Shareholders voting on a poll to waive the general offer provisions of Rule 9 of the City Code which would otherwise apply upon the Conversion by FG2 of all the Loan Notes into Ordinary Shares or subsequent conversion of the Preference Shares into Ordinary Shares.

This resolution will be proposed as an ordinary resolution.

#### Resolution 2 - Waiver Resolution 2

This resolution seeks approval from the Independent Shareholders voting on a poll to waive the general offer provisions of Rule 9 of the City Code which would otherwise apply upon the issue of the Subscription Shares to FG2 and Albert Gourley.

This resolution will be proposed as an ordinary resolution.

#### Resolution 3 - Waiver Resolution 3

This resolution seeks approval from the Independent Shareholders voting on a poll to waive the general offer provisions of Rule 9 of the City Code which would otherwise apply upon the exercise of the Concert Party Options granted to James Passin and Albert Gourley.

This resolution will be proposed as an ordinary resolution.

#### Resolution 4 - Transaction Resolution

- (a) Increase of Authorised Share Capital
- (b) Authority for Directors to Allot Shares
- (c) Disapplication of Pre-emption Rights for the issues of Ordinary Shares as described in this Announcement
- (d) Adoption of New Articles of Association

This resolution will be proposed as a special resolution and is conditional upon the passing of Waiver Resolution 1, Waiver Resolution 2 and Waiver Resolution 3.

#### **Resolution 5 - Further Disapplication of Pre-emption Rights**

This resolution, which will be proposed as a special resolution, will, if passed, disapply the statutory pre-emption rights for issues of Ordinary Shares for the specific purposes detailed in the Notice.

**If all the Resolutions are passed, both the Conversion and the Subscription will be implemented.**

**If any of the Resolutions are not passed, the Conversion will not be implemented and there will be an event of default under the Convertible Loan Note Instrument. If any of the Waiver Resolutions are not passed, the Transaction Resolution cannot be passed and the Subscription will be not be implemented. In either of these circumstances the Company would face severe financial difficulty in the coming months and would be likely to become insolvent and be obliged to cease trading. Shareholders are accordingly strongly encouraged to vote in favour of all the Resolutions.**

#### **Enquiries**

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Maghreb Minerals plc is a mineral exploration company exploring for and developing base metals and industrial minerals in Tunisia.

<b>AIM</b>	the AIM market operated by the London Stock Exchange
<b>AIM Rules for Companies</b>	the rules for companies whose securities are admitted to trading on AIM as published by the London Stock Exchange from time to time
<b>Banking Day</b>	a day (other than Saturday or Sunday) on which banks are open for business in London
<b>Board <i>or</i> Directors</b>	the board of directors of the Company from time to time
<b>Circular</b>	the Circular to be posted to Shareholders
<b>City Code</b>	the City Code on Takeovers and Mergers
<b>Company <i>or</i> Maghreb</b>	Maghreb Minerals plc
<b>concert party</b>	has the meaning given to that term under the City Code according to which a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company (under the City Code, control means a holding, or aggregate holdings, of shares carrying 30 per cent or more of the voting rights of a company, irrespective of whether the holding or holdings gives de facto control)
<b>Concert Party</b>	FG1, FG2, James Passin and Albert Gourley
<b>Concert Party Directors</b>	the persons whose names are set out in the Circular
<b>Concert Party Options</b>	the options to subscribe for Ordinary Shares granted to James Passin and Albert Gourley pursuant to the Employee Share Option Scheme
<b>Conversion</b>	the conversion of the outstanding Loan Notes into Preference Shares or Ordinary Shares (as the case may be) at the Conversion Price
<b>Conversion Price</b>	2.25 pence per Share
<b>Conversion Proposal</b>	the Proposal relating to the issue of the Conversion Shares by the Company upon Conversion, approval for which is being sought by way of Waiver Resolution 1 and the Transaction Resolution
<b>Conversion Shares</b>	the 22,222,222 Preference Shares or Ordinary Shares (as the case may be) which would be issued by the Company pursuant to the Conversion
<b>Convertible Loan</b>	the convertible loan of £500,000 granted by FG2 to the Company pursuant to which the Convertible Loan Note Instrument was entered into by the Company and FG2
<b>Convertible Loan Note Instrument</b>	The zero coupon convertible loan note instrument creating the Maghreb Minerals plc Convertible Loan Notes 2009 dated 10 March 2009, as amended
<b>Employee Share Option Scheme</b>	the unapproved share option scheme for the benefit of the employees of the Company established by a resolution of the Board on 29 November 2004 and further described in the Circular

<b>Enlarged Share Capital</b>	the issued share capital of the Company following the Conversion, the Subscription and/or the exercise of the Concert Party Options (as applicable)
<b>Existing Articles</b>	the articles of association of the Company as adopted by a resolution of the Company's shareholders on 29 November 2004 (as amended prior to the date of this Announcement)
<b>Existing Ordinary Shares</b>	the Ordinary Shares in issue at the date of this Announcement
<b>Extraordinary General Meeting or EGM</b>	the extraordinary general meeting of the Company to be held at 10 a.m. on 12 November 2009, or any adjournment thereof, notice of which is set out at the end of the Circular
<b>FG1</b>	Firebird Global Master Fund, Ltd.
<b>FG2</b>	Firebird Global Master Fund II, Ltd.
<b>FG Advisors</b>	FGS Advisors, LLC and FG2 Advisors, LLC
<b>Firebird</b>	FG1 and FG2
<b>Form of Proxy</b>	the form of proxy for use by Shareholders in connection with the Extraordinary General Meeting
<b>Hanson Westhouse</b>	Hanson Westhouse Limited, financial adviser, Rule 3 adviser and broker to the Company
<b>Independent Directors</b>	Richard Collier, Richard Linnell and Anthony Allen
<b>Independent Shareholders</b>	holders of Existing Ordinary Shares, excluding Firebird
<b>Loan Notes</b>	the £500,000 unsecured convertible loan notes of £1.00 each constituted by the Convertible Loan Note Instrument
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>New Articles</b>	the articles of association of the Company proposed to be adopted by the Extraordinary General Meeting
<b>Noteholders</b>	the holders of the Loan Notes
<b>Notice</b>	the notice convening the Extraordinary General Meeting which is set out at the end of the Circular
<b>Notice Date</b>	the date by which the Circular has to be despatched, which has been extended to 31 October 2009 with the agreement of the Noteholders in accordance with the terms of the Convertible Loan Note Instrument
<b>Ordinary Shares</b>	ordinary shares of £0.006 each in the capital of the Company
<b>Panel</b>	The Panel on Takeovers and Mergers
<b>Preference Shares</b>	preference shares of £0.006 each in the capital of the Company having the rights attached thereto as set out in the New Articles
<b>Proposals</b>	the proposals set out herein comprising the Conversion, the Subscription and approval of all the Waiver Resolutions and the Transaction Resolution
<b>Related Party Transaction</b>	has the meaning given to that term in the AIM Rules for Companies

<b>Repayment Date</b>	30 November 2009 or such other date (being a Banking Day) as may be agreed between the Company and the Noteholders
<b>Resolutions</b>	the resolutions to be proposed at the Extraordinary General Meeting and set out in the Notice
<b>Shareholder(s)</b>	holder(s) of Ordinary Shares and/or Preference Shares as the case may be
<b>Shares</b>	Ordinary Shares and/or Preference Shares
<b>Subscription</b>	the subscription for Ordinary Shares by FG2 and Albert Gourley, approval for which is being sought by way of Waiver Resolution 2 and the Transaction Resolution
<b>Subscription Shares</b>	the 20,000,000 Ordinary Shares that are proposed be subscribed for by FG2 and Albert Gourley pursuant to the Subscription Proposal, with FG2's proposed subscription being 13,333,334 Ordinary Shares and Albert Gourley's proposed subscription being 6,666,666 Ordinary Shares
<b>Subscription Price</b>	£0.015 per Subscription Share
<b>Subscription Undertakings</b>	the conditional undertakings executed by FG2 and Albert Gourley dated the date of this Announcement respectively in which they agree to subscribe for their respective Subscription Shares at the Subscription Price on the terms more particularly set out therein
<b>Transaction Resolution</b>	Resolution 4 set out in the Notice
<b>Waiver</b>	the waiver (further details of which are set out in the Circular) of the obligations of the Concert Party to make a general offer under Rule 9 of the City Code which may otherwise arise as a consequence of the issue of Shares following the Conversion and/or the Subscription and/or the exercise of the Concert Party Options, granted by the Panel and conditional upon the passing of the Waiver Resolutions by the Independent Shareholders
<b>Waiver Resolution 1</b>	Resolution 1 set out in the Notice
<b>Waiver Resolution 2</b>	Resolution 2 set out in the Notice
<b>Waiver Resolution 3</b>	Resolution 3 set out in the Notice
<b>Waiver Resolutions</b>	Waiver Resolution 1, Waiver Resolution 2 and Waiver Resolution 3 collectively