

# HIGHLIGHTS FOR THE YEAR UNDER REVIEW

## Overview

The focus of the Group this year has been to:

- Complete the mining and metallurgical scoping studies on the Bou Jabeur – Gite Est deposit.
- Complete the minimum work requirements required to renew the Group's existing portfolio of exploration permits including over three past producing mines.
- Minimise the Group's operating costs as much as possible.
- Seek strategic, industry partners to develop further the highly prospective Pb/Zn interests of the Group.

## Financial Position

- The Group has approximately £237,000 in cash resources as at 30 June 2009 (2008 – £1.2 million).
- Provided shareholders vote in favour of the resolutions proposed at the Extraordinary General Meeting on 12 November 2009, investors have undertaken to invest a further £300,000.
- The Directors are confident that further investment can be attracted to the Company to pursue its expansion into the fluorspar sector internationally.
- Equally, discussions are in progress to introduce partners into the Pb/Zn portfolio.
- The budgets prepared indicate that these steps together with cash in hand should see the Group through the next twelve months.

## Bou Jabeur – Gite Est

- Mining and metallurgical scoping studies by the Scott Wilson Mining Group and SGS Lakefield Europe were completed.
- The geology structural controls are believed to have been identified by the Group's geologists. These have the potential to increase the reserves over the Bou Jabeur permit including the Bou Jabeur – Gite Est deposit.

## Fej Lahdoum

- The Group has qualified, and applied for its right to a 90 per cent earn-in which has been approved and is in the process of being gazetted.

## Fluorspar and Other Permits

- The drilling and geology work programme on the four Fluorspar permits was completed.
- Limited drilling was undertaken at Fej Lahdoum targeted at testing possible extensions to the north-west of the known Zn-Pb resource at the Dar N'Hal Nord deposit. With the exception of MFL33, all drill holes to date (MFL31 – MFL37) have intersected mineralisation.
- The Group has completed the exploration work requirements necessary to renew all of its permits. All permits are in good standing.

## Other

- The Group and its major shareholders are actively pursuing opportunities to increase the Group's portfolio, to include producing assets, in the fluorspar sector internationally.

MAGHREB MINERALS PLC is exploring and developing base metals (zinc and lead) and industrial mineral deposits, (barite and fluorite) along the highly prospective Mejerda zone in northern Tunisia.

The Company's prime focus is the evaluation and expansion of known resources at three past producing mines and advancing these projects towards pre-feasibility study.

## CONTENTS

Chairman's Statement	3
Operations Report	4
Financial Review	8
Directors' Report	9
Corporate Governance	11
Financial Risk Management	12
Independent Auditors' Report	13
<b>Financial Statements for the year ended 30 June 2009</b>	
Consolidated Income Statement	14
Consolidated and Company Balance Sheets	15
Consolidated and Company Statement of Changes in Equity	16
Consolidated and Company Cash Flow Statement	17
Notes to the Accounts	18
Notice of Annual General Meeting	38
Group Record	39
Shareholder Information	39
Directors and Advisers	40

Please note that throughout this Annual Report and Accounts some of the information in relation to mineral resource estimates has been sourced from the Office National des Mines and other official sources in Tunisia. The Group has not yet been able to verify independently the accuracy of some of this information.

Where applicable in its context, any tonnage and grade estimates given in this Annual Report and Accounts are based on available historical information and are not compliant with International Reporting Standards but it is the only information currently available to the Group.

**Company Number: 5146673**

# CHAIRMAN'S STATEMENT

The state of the credit and stock markets worldwide has caused Maghreb Minerals Plc (the "Group" or "Maghreb") to re-evaluate its position and curtail its exploration programme as much as possible within the constraints of previously committed contractual obligations and the need to preserve its exploration permit ("EP") portfolio in Tunisia during this financial year.

The previously contracted mining and metallurgical scoping studies, by the Scott Wilson Mining Group and SGS Lakefield Europe respectively, were completed for the Bou Jabeur – Gite Est deposit in March 2009 and the minimum work programmes to preserve the ten EPs with an exploration pipeline of zinc, lead, fluorite and associated silver projects at various stages ranging from a completed scoping study (such as Bou Jabeur – Gite de l'Est), through advanced exploration (such as Fej Lahdoum) to exploration (such as Djebel Lorbeus) was completed by the second half of June 2009. The geology programme is focused now on field work using the Group's in-house geology team and the drilling programme has been stopped until circumstances improve.

The Group had approximately £237,000 in cash resources as at 30 June 2009 (2008 – £1.2 million). Provided shareholders vote in favour of the resolutions proposed at the Extraordinary General Meeting on 12 November 2009, Firebird Global Master Fund II and Albert Gourley have undertaken to invest a further £300,000.

Provided the resolutions are passed at the Extraordinary General Meeting, the Directors are confident that further investment can be attracted to the Company to pursue its expansion into the fluorspar sector internationally as corporate development opportunities are being sought actively. Equally, discussions are in progress to introduce partners into the Pb/Zn portfolio to provide expertise and additional funding to facilitate the recommencement of the Group's activities in its Pb/Zn EP portfolio.

As you will expect your Board is constantly monitoring the financial position of the Company and shareholders will be informed as soon as possible on developments.

There have been changes to the Group's Board of Directors. On 1 August 2008, Anthony Allen, who brings to the Board a long track record of corporate finance and advisory experience, was appointed as a non-executive director. In October 2008,

Robyn Storer resigned from the Board. On 18 November 2008, Gordon Riddler stepped down as Chairman and retired from the Company with effect from 31 December 2008. I would like to thank them both for their valuable contribution to the development of the Company.

On 18 November 2008, James Passin, Albert Gourley and I were appointed to the Board whereupon I was appointed Chairman of the Company.

A review of the EPs is included in the Operations Report. The Company's approach will be to focus more on its fluorspar assets, where it will be pursuing other opportunities both corporate and organic in this area to increase its exposure to the fluorspar sector with the support of your Company's major shareholder.

To this end we welcome the positive support, both in terms of funding and in terms of strategic advice and management support, being given by Firebird.

Based on the results of the Bou Jabeur – Gite Est scoping study, the Company will endeavour to find an industry partner to assist in advancing this highly prospective project, possibly in conjunction with the other Pb/Zn projects that the Company has in its portfolio. Whilst we are pursuing this option, shareholders must be aware of the current economic circumstances and recognise that this process could take some significant time.

I take this opportunity to thank all Group staff for their hard work over the last year.

The continuing co-operation and support of the government authorities in Tunisia is acknowledged and is greatly appreciated.

**Richard Linnell**

Chairman  
16 October 2009

## “Bou Jabeur – Gite Est and the Bou Jabeur EP is an advanced stage exploration project ”

### EXPLORATION PERMITS

Through its wholly owned subsidiary, High Marsh Holdings (“HMH”), the Group has 10 exploration permits (“EPs”) covering base metals (lead and zinc) and industrial mineral deposits (barite and fluorite) along the highly prospective Mejerda zone in northern Tunisia. It holds a 100 per cent interest in the Djebel Fej Lahdoum, Djebba, Djebel Goraa, Djebel Lorbeus, Djebel Hamman Zriba – Djebel Guebli, Djebel Kohl, Sidi et Taia and Djebel Mecella EPs. Wholly owned subsidiaries have the right to a 90 per cent earn-in for the Fej Lahdoum EP (covering the Dar N’Hal Nord and Dar N’Hal Sud deposits) and a 90 per cent interest in the Bou Jabeur EP.

### WORK PROGRAMME AND RESULTS

The main emphasis of work during the year has been on completing the “Bou Jabeur – Gite Est” scoping study, limited drilling at Fej Lahdoum and on doing the requisite work required to enable renewal of several permits including the Zaghouan fluorite EPs, details of which are included in the review set out below.

### BOU JABEUR (GITE EST MINE)

As reported in February 2008, the Company, through a wholly owned subsidiary, had exercised its earn-in of a 90 per cent interest in the Bou Jabeur Exploration Permit and the transfer of 90 per cent of the EP to the Company was completed. The Office National des Mines (“O.N.M.”) of Tunisia holds 10 per cent. The EP, formerly known as the Bou Jabeur mine concession, covers a significant area of mineralisation including the Gite Est lead-zinc-fluorite-barite mine (“Bou Jabeur – Gite Est”).

The Company accelerated its delineation and evaluation drilling at Bou Jabeur – Gite Est. The focus of the programme was to increase the grade and tonnage of the lead-zinc-fluorite-barite resource by drilling laterally and at depth to identify the stratigraphic and structural controls of mineralization.

The exploration programme was advanced to such an extent that a scoping study on Bou Jabeur – Gite Est was commissioned of Scott Wilson Ltd. (“Scott Wilson”) with the metallurgical test work being conducted by SGS Lakefield Research Europe (“SGS”). Aurum Exploration Services (“Aurum”) was retained to provide additional, independent geological and technical services to the Company.

The scoping study reported that the Bou Jabeur – Gite Est deposit has an inferred mineral resource of 4.76Mt (using a 4% cut-off grade for Pb/Zn combined) grading at 5.67% combined Pb/Zn with 39.6% barite (“BaSO<sub>4</sub>”), 7.69% fluorite (“CaF<sub>2</sub>”) and 7.3g/t silver (“Ag”).

The structural controls on mineralization were not defined by the cut-off date for the scoping study. The Company believes that the additional work completed by Aurum after the scoping study cut-off date provides it with an improved understanding on the controls of mineralization at Gite Est. The geological model requires testing through a further exploration drilling programme and, if proven, Aurum and the Company believe that there is potential for a substantial increase in the resources at Bou Jabeur – Gite Est as there is a large amount of untested ground within Gite Est and also to the West of the permit.

The processing of the four economic minerals (sphalerite, galena, barite and fluorite), through standard laboratory flotation testing can be conducted through typical processing using regular infrastructure as demonstrated by SGS. Recoveries for Zn and Pb are 92% and 85% respectively. The industrial minerals (barites and fluorspar) could be an interesting by-product because of the internal market for these raw materials.

At this stage, Scott Wilson has not identified any significant issues in terms of environmental or social impacts resulting from future mining activities.

The “Base Case” assumed that new surface and mining infrastructure will be required for future mining with sub-level stopping considered the most appropriate mining method. It assumed the construction of a new stand alone plant at Bou Jabeur – Gite Est with a mine life of 11 years at the modelled production rate of 1,500t/d. As noted above, the Company believes that a further exploration drilling programme could prove a substantial increase in the resources contained in Bou Jabeur – Gite Est itself, and in the Bou Jabeur EP as well which, if proved, could support a mine at a production level in excess of 1,500t/d.

The results of the scoping study together with a sensitivity analysis based on differing prices of Pb and Zn at a production rate of 1,500t/day with other prices and factors remaining constant are tabled below.

	Mineral Prices (US \$/t)	Head Grade (% and for Ag, g/t) at 15% dilution	Pre-Tax Total Cash Flow (US \$' million)	Pre-Tax Net Present Value at 8% discount rate (US \$' million)	Attributable NPV per Maghreb Share (pence per share) <sup>(1)</sup>
<b>BASE CASE</b>			12.43	(18.1)	(12.1)
Zn	1,200	3.06			
Pb	1,400	1.87			
Ag	10	6.35			
CAF <sub>2</sub> – (f.o.b.)	300	6.69			
BaSO <sub>4</sub> – Mud Grade (f.o.b.)	100	34.44			
BaSO <sub>4</sub> – Chemical Grade (f.o.b.)	150	34.44			
<b>Base plus 10%</b>			31.8	(6.2)	(4.1)
Zn	1,320				
Pb	1,540				
<b>Base plus 20%</b>			49.6	4.7	3.2
Zn	1,440				
Pb	1,680				
<b>Base plus 30%</b>			67.3	15.5	10.4
Zn	1,560				
Pb	1,820				
<b>Base plus 40%</b>			85.0	26.4	17.6
Zn	1,680				
Pb	1,960				
<b>Base plus 50%</b>			102.8	37.2	24.8
Zn	1,800				
Pb	2,100				

<sup>(1)</sup> This does not form part of the scoping study and has been calculated by the Company using 91,033,981 ordinary shares in issue at an exchange rate of £/\$ 1.485 on an interest of 90 per cent in the project's net present value.

In considering the implications of this table, it should be borne in mind that the results assume production rates of 1,500t/d. The overall resource should increase once additional drilling work has been completed to verify the remaining resources within the historical mine workings which are believed to amount to

approximately 500,000 tonnes. In addition, the Company believes that with additional drilling, reserves could be identified that could increase these production rates and substantially improve the net present values and viability of the project.

Notwithstanding production rates of 1,500t/d, the project is viable with maintainable Zn and Pb prices some 20 per cent higher than the prices used in the base case.

The scoping study and work done by Aurum and our in-house team confirmed that the Bou Jabeur – Gite Est and the Bou Jabeur EP is an advanced stage exploration project with further exploration necessary to prove it to a viable mine.

Given current market circumstances, the Company's strategy is actively to seek a mining partner to progress the project, particularly to fund the required additional drilling and exploration programme for both this project as well as the Company's other lead and zinc portfolio assets.

#### BOU JABEUR DRILLING PROGRAMME:

During the period five drill holes (MBJ13, MBJ15, MBJ34, MBJ35 and MBJ36) were completed totalling 1,839 meters. MBJ13 and MBJ15 were drilled in the West part of the permit. We found strong mineralization in both drill holes. In MBJ15 one meter of 33.36% of zinc was reported. This represents the down dip continuity of a mineralized structure discovered by ONM during the drilling work completed in 1996.

These two holes are located about 2.5 km west of Gite Est; this implies that the full extent of the Bou Jabeur EP is not completely known and justifies the continuity of the drilling work.

Selected core assays' results are as follows:

DRILL HOLE	From (m)	To (m)	Interval (m)	Pb (%)	Zn (%)	Combined (Zn+Pb%)
<b>MBJ13</b>	237,40	245,00	7,60	9,16	0,02	9,18
including	240,20	241,50	1,30	18,15	0,01	18,16
<b>MBJ15</b>	184,70	199,30	14,60	0,90	6,35	7,25
including	190,40	192,50	2,10	0,12	12,25	12,37
including	195,50	196,50	1,00	0,59	33,36	33,95
	201,20	206,40	5,20	0,60	5,11	5,71
including	201,20	203,40	2,20	0,90	8,09	8,99
	269,60	272,90	3,30	0,48	2,08	2,56
	274,00	276,10	2,10	4,61	4,35	8,96
<b>MBJ36</b>	48,60	53,80	5,20	6,22	5,18	11,40
	56,90	58,80	1,90	4,95	5,05	10,00
	60,80	65,10	4,30	3,94	2,51	6,45

# OPERATIONS REPORT (Continued)

## FEJ LAHDOUM – DAR N’HAL NORD

The Group has achieved the qualifying expenditure set out in the earn-in agreement dated January 2007 for what was the former Fej Lahdoum mining concession, which covers the past-producing area at Dar N’Hal Nord. Maghreb has submitted its application for its 90 per cent interest through its wholly-owned subsidiary, North African Mining and Minerals Limited, has been notified that this has been agreed and is currently awaiting its formal gazetting.

Drilling re-commenced at Fej Lahdoum in October 2008. 3 drill holes (MFL35, MFL36 and MFL37) were completed totaling 766 meters along the Western edge of the known Dar N’Hal Nord deposit to search for the down dip extension to the known orebody.

The renewal of this EP has been approved by the Tunisian Mining Council and is in the process of being gazetted.

## DJEBEL FEJ LAHDOUM

Two drill holes, MFL33 and MFL34, totaling approximately 756 meters targeted a possible western extension of the known Dar N’Hal Nord deposit. MFL34 was well mineralized and proved the down dip extension of Dar N’Al Nord to the North West. This result is very important and has positive implications to the potential of the EP’s resources. The orebody is open to the North West and could confirm the model for Dar N’al Nord deposit.

Principal assay results are as follow:

DRILL HOLE	From (m)	To (m)	Interval (m)	Pb (%)	Zn (%)	Combined (Zn+Pb%)
<b>MFL34</b>	260,80	264,80	4,00	6,86	0,42	7,28
including	262,80	263,80	1,00	14,47	0,27	14,74
	268,80	277,80	9,00	3,87	0,30	4,17
	277,80	279,80	2,00	4,02	1,09	5,11
	284,50	288,10	3,60	4,98	0,84	5,82
including	286,85	288,10	1,25	7,61	0,86	8,47
	307,00	310,10	3,10	7,23	0,12	7,35
including	308,00	309,00	1,00	17,60	0,24	17,84
<b>MFL35</b>	179,50	183,10	3,60	2,52	1,40	3,92
	197,20	199,20	2,00	4,10	3,37	7,47

## THE FLUORSPAR PERMITS

The Group has completed its evaluation of Djebel Hamman Zriba – Djebel Guebli, Djebel Kohl, Sidi et Taia and Djebel Mecella EPs sufficient to ensure renewal of the permits for 3 years. The work requirements to renew the permits were completed by mid June and the Company is evaluating the results of this phase of the programme. To date, the Group awaits the laboratory results of the core assays.

Seven verification drill holes (652m) were drilled at Djebel Kohl to check the known orebody.

Nine boreholes (674m) were drilled at Djebel Mecella. We await many of the assay results.

DRILL HOLE	From (m)	To (m)	Interval (m)	Pb (%)	Zn (%)	Combined (Zn+Pb%)
<b>MCI</b>	24,30	26,4	2,1	14,06	6,92	20,98
	27,40	27,9	0,5	14,3	31,16	45,46
<b>MKI</b>	40,10	44,5	4,4	0,66	2,97	3,63
<b>MK3</b>	79,20	85,2	6	0,04	6,7	6,74
	87	88,4	1,40	0,03	4,65	4,68
	99,10	100,3	1,20	0,01	3,33	3,34
<b>MK4</b>	17,50	18,30	0,80	27,73	2,64	30,37
<b>MK5</b>	0,00	2,10	2,10	1,83	4,49	6,32
<b>MK6</b>	25,30	31,30	6	3,52	0,08	3,60
<b>MK7</b>	1,50	2,00	0,50	0,30	6,90	7,20
	6,40	13,40	7,00	1,14	6,87	8,01

For Fluorite the first assay results are as follows:

DRILL HOLE	From (m)	To (m)	Interval (m)	CaF <sub>2</sub> (%)
<b>MCI</b>	24,3	26,40	2,10	50,18
<b>MK2</b>	52,6	60,90	8,30	15,10
Including	56,1	59,50	3,40	21,24
<b>MK3</b>	80,2	83,20	3	28,39
<b>MK5</b>	0,00	2,10	2,10	23,49
	9,70	10,70	1	22,64
<b>MK7</b>	1,50	3	1,50	15,19
	9	13,40	4,40	15,31

In conclusion, there is a substantial amount of geological work required to assess these permits but these results are encouraging, with the high grades of lead and zinc being interesting. The challenge is to identify the continuity of the grades in order to have an economic resource.

## **OUTLOOK**

As noted in the Chairman's Report, the Company's approach will be to focus more on its fluorspar assets, where it will be pursuing other opportunities both corporate and organic in this area to increase its exposure to the fluorspar sector with the support of your Company's major shareholder.

Based on the results of the Bou Jabeur – Gite Est scoping study, the Company will endeavour to find an industry partner to assist in advancing this highly prospective project, possibly in conjunction with the other Pb/Zn projects that the Company has in its portfolio.

Given the current economic circumstances, the Company's focus is to conserve its resources as much as possible, especially as it has met all the requirements in the forthcoming financial year to maintain its portfolio intact.

Maghreb has a strong, focused EP portfolio in Tunisia. Its strong pipeline of projects, especially if one is successful in introducing sector partners to resume mining operations and/or monetize the value of its underlying EP's give some degree of confidence that Maghreb could benefit from the anticipated shortfall in supply and consequent increase in metal prices, particularly zinc, forecast by sector analysts to occur between 2010 and 2012.

# FINANCIAL REVIEW

## Use of Funds

The Group's resources have been used in the pursuit of the Group's exploration activities in Tunisia as summarized below:

	2009	2008
<b>Operating Expenditure</b>	<b>£'000</b>	<b>£'000</b>
Fixed assets purchased	2	55
Exploration expenditure	747	1,218
Tunisia	747	1,253
Algeria – discontinued operations	–	(35)
Administration expenditure	704	636
<b>Total</b>	<b>1,453</b>	<b>1,909</b>

# DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of the Company and of the Group for the year ended 30 June 2009.

## PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Group is fluorite, zinc, lead and other mineral exploration in Tunisia. A review of the Group's operations for the year ended 30 June 2009 and an indication of likely future developments are set out in the Chairman's Statement and Operations Report.

## FINANCIAL RISK MANAGEMENT

Details of the Group's financial instruments with regard to financial risk management are given in Note 3 to the financial statements.

## FINANCIAL RESULTS FOR THE YEAR AND DIVIDENDS

The loss on ordinary activities before and after taxation amounted to £1,437,000 (2008 – £1,747,000).

The loss per share amounted to 1.58 pence (2008 – 1.92 pence).

The Directors do not recommend the payment of a dividend.

## GOING CONCERN

As stated in the Chairman's Statement and in Note 3 to the accounts, the Directors have a cautious but reasonable anticipation that both the Company and the Group have adequate resources to continue their operations. For this reason they continue to adopt the going concern basis in preparing financial statements.

## DIRECTORS

The Directors of the Company during the year were:

Anthony V. Allen (appointed 1 August 2008)

Richard J. C. Collier

Albert Gourley (appointed 18 November 2008)

Richard J. Linnell (appointed 18 November 2008)

James C. Passin (appointed 18 November 2008)

Gordon P. Riddler (resigned 31 December 2008)

Robyn M. Storer (resigned 9 October 2008)

In terms of the Articles of Association, Messrs Gourley, Linnell and Passin will retire and offer themselves for re-election at the forthcoming Annual General Meeting.

## SUBSTANTIAL INTERESTS

As far as is known to the Directors, the following persons have interests representing 3 per cent or more of the issued ordinary shares of 0.6 pence each in the capital of the Company at 30 June 2009.

	Shareholder 30 June 2009	
	Number ('000)	(%)
Firebird Global Master Fund II Ltd	13,902	15.27
J P Morgan Clearing Corp <sup>(1)</sup>	8,000	8.79
Pershing Nominees Limited	7,178	7.88
Barclayshare Nominees Limited	6,926	7.61
TD Waterhouse Nominees (Europe)	4,822	5.30
L R Nominees Limited	4,040	4.44
BNY (OCS) Nominees Limited	3,571	3.92

<sup>(1)</sup> Firebird Global Master Fund Ltd., a deemed affiliate of Firebird Global Master Fund II, Ltd., owns 8 million shares through JP Morgan Clearing Corporation.

## SUPPLIER PAYMENT POLICY AND PRACTICE

It is the Group's policy to settle the terms of payment for the provision of services when agreeing terms of the transaction, to ensure that the suppliers are aware of those terms and to abide by them. At 30 June 2009, the Group had an average of 11 (2008 – 28) days' purchases owed to trade creditors.

## KEY PERFORMANCE INDICATORS

Financial key performance indicators relate to the management of the Group's resources over its exploration portfolio which is disclosed in the Financial Review.

Non-financial key performance indicators relate to the geological results over the Group's exploration permit portfolio that are disclosed in the Chairman's Statement and Operations Report.

## KEY OPERATIONAL RISK AND UNCERTAINTIES

Key operational risk and uncertainties are described under the Corporate Governance Statement.

## AUDITORS

A resolution to reappoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

# DIRECTORS' REPORT (Continued)

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

United Kingdom company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Company and the Group for that period. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with specific requirements in IFRS or applicable United Kingdom Company law is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entities' financial position and financial performance; and
- state that the Company and the Group have complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that, in fulfilling their duties as a director, they have:

- taken all the necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information; and
- so far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

This report was approved and authorised for issue by the Board and signed on its behalf by:

**R J Linnell**  
Chairman

**R J C Collier**  
Chief Executive

16 October 2009

# CORPORATE GOVERNANCE STATEMENT

The Combined Code on Corporate Governance is not currently mandatory for companies traded on the AIM Market of the London Stock Exchange. However, the Directors support the principles set out in Section 1 of the Combined Code prepared by the Committee on Corporate Governance, and of the Revised Combined Code and are applying the requirements of the Codes where they are considered appropriate to the size and nature of the Group's operations and after taking into consideration the close involvement of all the Directors in the management of the business. During 2009/2010, the Board will consider further areas where current practice differs from the new code, and where considered practicable will make the appropriate changes towards compliance or explain to shareholders why it considers it is in the Group's best interest not to have done so.

## THE BOARD

During the year to 30 June 2009 the Board comprised four Non-Executive Directors and one Executive Director.

The Non-Executive Directors are of varied backgrounds and experience within the sector.

The Board meets at least four times a year. Matters for consideration at formal meetings are clearly laid down and decisions recorded. The Board is responsible for overall corporate strategy, the reviewing and approving of acquisition opportunities and divestment possibilities, the approval of capital expenditures above and beyond agreed limits, the review of budgets and trading performances and all significant financial and operational issues.

Anthony Allen is Chairman of the Audit Committee. James Passin is Chairman of the Remuneration Committee.

The Audit Committee will receive and review reports from management and the Group's auditors relating to the annual and interim accounts, and the accounting and internal control systems of the Group. The Audit Committee will have unrestricted access to the Group's external auditors.

The Remuneration Committee will review the scale and structure of the Executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of the appointment of Non-Executive Directors will be set by the Board.

## INTERNAL CONTROL

The Board is responsible for identifying and evaluating the major business risks faced by the Group and for determining and monitoring the appropriate course of action to manage these risks.

The Board conducts a review of the effectiveness of the Group's systems of internal control and risk management on an annual basis. Following this review it has concluded that the Group's financial, operational and compliance controls and risk management procedures are appropriate and suitable to enable the Board to safeguard shareholders' investment and the Group's assets.

Due to the nature and size of the Group at present, the Board considers that it is not appropriate for the Group to have a dedicated internal audit function. The Board will continue to review this recommendation on at least an annual basis.

The process and systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives, and can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

## AUDITOR INDEPENDENCE AND OBJECTIVITY

Nexia Smith & Williamson conducts the annual statutory audit. In forming their opinion of the independence and objectivity of the external auditors, the Audit Committee takes into account the safeguards within Nexia Smith & Williamson and their Associates. Regard is given to the nature of remuneration received for other services provided by Nexia Smith & Williamson and their Associates and confirmation is sought from them that the fee payable for the annual statutory audit is adequate to enable them to fulfil their obligation in accordance with the scope of the audit.

## COMMUNICATION WITH SHAREHOLDERS

The Group provides extensive information about its activities in the Annual Report and Accounts and the Interim Report, copies of which are available to shareholders electronically. Additional copies are available by application. The Group is active in communicating with both its institutional and private shareholders and welcomes queries on matters relating to shareholdings and the business of the Group. All shareholders are encouraged to attend the Annual General Meeting, at which Directors and senior management are introduced and available for questions. The Group also makes every effort to keep its website as up to date as possible.

# FINANCIAL RISK MANAGEMENT

The Group's mineral exploration activities are subject to a range of financial and operational risks, as described below, which can impact its performance significantly.

## **LIQUIDITY AND INTEREST RATE RISKS**

Cash forecasts identifying the liquidity requirements of the Group are produced monthly. These are reviewed regularly by management and the Board to ensure that sufficient financial headroom exists.

This strategy will be reviewed continually in the light of developments with existing projects and new project opportunities as they arise.

## **CURRENCY RISK**

Due to the expenses denominated in foreign currencies, it is not considered cost effective to manage transactional currency exposure on an active basis. However as the financial statements are reported in Sterling, movements in the Euro, Tunisian Dinar and Sterling exchange rate can affect the Group's profit and loss account.

As a result of the Group having subsidiaries whose accounts are denominated in foreign currencies, movements in the Tunisian Dinar and Sterling exchange rates can also affect the Group's balance sheet. Exchange differences that arise on consolidation are taken to reserves.

## **FINANCIAL INSTRUMENTS**

The Directors do not consider it appropriate for the Group to enter into any hedging activities or to hold or trade in any complex financial instruments, such as derivatives.

## **OPERATIONAL RISK**

Operational risks include equipment failure, fire and the consequences of bad weather.

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MAGHREB MINERALS PLC

For the year ended 30 June 2009

We have audited the Group and Parent Company financial statements (the "financial statements") of Maghreb Minerals Plc for the year ended 30 June 2009 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Statement of Cash Flows, the Group and Parent Company Statement of Changes in Equity and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## OPINION ON FINANCIAL STATEMENTS

### In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 3 to the financial statements concerning the Group and Company's ability to continue as going concerns. The Group incurred a net loss of £1,437,000 during the year ended 30 June 2009 and at that date the Group's net current liabilities were £279,000. As explained in Note 3 to the financial statements, the Group is reliant on future funding from existing investors. This condition indicates the existence of a material uncertainty, which may cast significant doubt about the Group and Company's ability to continue as going concerns. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

## OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent/group company; or
- the parent/group company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Senior Statutory Auditor, for and on behalf of  
**Nexia Smith & Williamson**

Statutory Auditor  
Chartered Accountants  
25 Moorgate  
London EC2R 6AY

16 October 2009

*The maintenance and integrity of the Maghreb Minerals Plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the web site.*

*Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.*

# CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2009

	Notes	2009	2008
		£'000	£'000
<b>Continuing operations</b>			
<b>Revenue</b>	4	-	-
Exploration expenses		(747)	(1,253)
<b>Gross loss</b>		(747)	(1,253)
Administrative expenses		(704)	(636)
<b>Operating loss</b>		(1,451)	(1,889)
Investment income	10	14	107
<b>Income tax expense</b>	11	-	-
<b>Loss for the year on continuing operations</b>		(1,437)	(1,782)
<b>Discontinued operations</b>			
<b>Profit loss for the year from discontinued operations</b>		-	35
<b>Total (loss) for the year</b>		(1,437)	(1,747)
<b>Earnings per share</b>			
Basic and diluted loss per share on continuing operations after tax (pence)	13	(1.58)	(1.96)
Basic and diluted profit (loss) per share from discontinued operations after tax (pence)	13	-	0.04
<b>Total basic and diluted loss per share after tax (pence)</b>	13	(1.58)	(1.92)

# CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 30 June 2009

	Notes	Group		Company	
		2009	2008	2009	2008
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Intangible assets	14	82	82	–	–
Property, plant and equipment	15	84	137	6	13
Investments	16	–	–	84	84
		<b>166</b>	219	<b>90</b>	97
<b>Current assets</b>					
Trade and other receivables	18	26	36	100	178
Cash and cash equivalents	19	237	1,219	237	1,203
		<b>263</b>	1,255	<b>337</b>	1,381
<b>Current liabilities</b>					
Convertible Loan Note	20	(500)	–	(500)	–
Trade and other payables	21	(42)	(159)	(33)	(82)
Provisions	21	–	(10)	–	–
		<b>(542)</b>	(169)	<b>(533)</b>	(82)
<b>Net current (liabilities)/assets</b>		<b>(279)</b>	1,086	<b>(196)</b>	1,299
<b>Net (liabilities)/assets</b>		<b>(113)</b>	1,305	<b>(106)</b>	1,396
<b>Equity</b>					
Share capital	22	546	546	546	546
Share premium account		6,474	6,474	6,474	6,474
Share option reserve	23	229	210	229	210
Retained loss	25	(7,362)	(5,925)	(7,355)	(5,834)
<b>Total equity</b>		<b>(113)</b>	1,305	<b>(106)</b>	1,396

The accounts on pages 14 to 37 were approved by the Board of Directors on 16 October 2009.

**R J Linnell**  
Chairman

**R J C Collier**  
Chief Executive

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

	Share Capital	Share Premium	Share Option Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2007	526	6,252	167	(4,178)	2,76
Loss and total recognised income and expense	–	–	–	(1,747)	(1,747)
Issue of shares in the year	20	–	–	–	20
Premium on shares issued	–	222	–	–	222
Share based payments	–	–	43	–	43
Balance at 1 July 2008	546	6,474	210	(5,925)	1,305
Loss and total recognised income and expense	–	–	–	(1,437)	(1,437)
Share based payments	–	–	19	–	19
<b>Balance at 30 June 2009</b>	<b>546</b>	<b>6,474</b>	<b>229</b>	<b>(7,362)</b>	<b>(113)</b>

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

	Share Capital	Share Premium	Share Option Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2007	526	6,252	167	(4,077)	2,868
Loss and total recognised income and expense	–	–	–	(1,757)	(1,757)
Issue of shares in the year	20	–	–	–	20
Premium on shares issued	–	222	–	–	222
Share based payments	–	–	43	–	43
Balance at 1 July 2008	546	6,474	210	(5,834)	1,396
Loss and total recognised income and expense	–	–	–	(1,521)	(1,521)
Share based payments	–	–	19	–	19
<b>Balance at 30 June 2009</b>	<b>546</b>	<b>6,474</b>	<b>229</b>	<b>(7,355)</b>	<b>(106)</b>

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2009

Notes	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Operating loss before interest and tax	(1,451)	(1,854)	(1,535)	(1,864)
Add: Depreciation charges for the year	55	74	7	11
Add: Share option reserve charge	19	43	19	43
Operating loss before working capital change	(1,377)	(1,737)	(1,509)	(1,810)
Decrease in trade and other receivables	10	1	78	4
Increase (Decrease) in trade and other payables	(117)	9	(49)	42
(Decrease) in provisions	(10)	-	-	-
<b>Net cash flow from operating activities</b>	<b>(1,494)</b>	<b>(1,727)</b>	<b>(1,480)</b>	<b>(1,764)</b>
<b>Cash flows from investing activities</b>				
Purchases of plant and equipment	(2)	(55)	-	(3)
Interest income received	14	107	14	107
<b>Net cash from investing activities</b>	<b>12</b>	<b>52</b>	<b>14</b>	<b>104</b>
<b>Cash flows from financing activities</b>				
Proceeds on issue of share capital	-	242	-	242
Decrease in receivables with respect to issue of share capital	-	700	-	700
Proceeds from convertible loan note	500	-	500	-
<b>Net cash from financing activities</b>	<b>500</b>	<b>942</b>	<b>500</b>	<b>942</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(982)</b>	<b>(733)</b>	<b>(966)</b>	<b>(718)</b>
Cash and cash equivalents at the beginning of the year	1,219	1,952	1,203	1,921
<b>Cash and cash equivalents at the end of the year</b>	<b>237</b>	<b>1,219</b>	<b>237</b>	<b>1,203</b>

# NOTES TO THE ACCOUNTS

For the year ended 30 June 2009

## 1. GENERAL INFORMATION

Maghreb Minerals Plc is a public limited company and was incorporated in England and Wales on 7 June 2004. The Company was admitted to the Alternative Investment Market of the London Stock Exchange on 23 December 2004. The address of its registered office and principal place of business are disclosed on the last page of the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in the Chairman's Statement.

## 2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group follows the Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee of the IASB and endorsed by the European Union that are relevant to its operations. At the date of authorisation of these financial statements, the Group is aware of the following International Financial Reporting Standards ("IFRSs") which were in issue but have not been applied in these financial statements as they are not mandatorily effective:

- IAS 39 (Revised) Financial Instruments: Recognition and Measurement
- IFRS 7 (Revised) Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IFRS 2 (Revised) Share based payments
- IAS 1 (Revised) Presentation of financial statements
- IAS 32 (Revised) Financial Instruments: Presentation

The Directors do not anticipate that the adoption of these statements and interpretations will have a material impact on the Group's primary financial statements. However, future application of these standards is likely to significantly increase the disclosures required in the financial statements. The effect of revision to IAS 27 will depend on the extent of relevant future transactions.

IFRS 6 Exploration for and Evaluation of Mineral Resources permits an entity on adopting IFRS to change its accounting policies for exploration and evaluation expenditures if the change makes the financial statements more relevant to the economic decision making needs of the users. Equally, IFRS 6 permits an entity to continue to use the accounting policies applied immediately before adopting the IFRS if this is considered more relevant. The Directors believe it was and is more relevant to continue with the accounting policies then prevailing and apply United Kingdom generally accepted accounting practices for exploration and evaluation expenditures.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with IFRS as adopted for use in the European Union. The financial statements have been prepared on the historic cost basis.

The principal accounting policies set out below have been applied consistently by Group entities:

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated Income Statement from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### Going concern

The Group had approximately £237,000 in gross cash resources as at 30 June 2009 (2008 – £1.2 million). Provided shareholders vote in favour of the resolutions proposed at the Extraordinary General Meeting on 12 November 2009, Firebird Global Master Fund II and Albert Gourley have undertaken to invest a further £300,000.

Based on the results of the Bou Jabeur – Gite Est scoping study, the Company is actively seeking to find an industry partner to assist in advancing this highly prospective project, possibly in conjunction with the other Pb/Zn projects that the Company has in its portfolio.

The Directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the next twelve months, provided that the further £300,000 described above is invested in the Group as anticipated by the Directors.

The financial information has been prepared on the going concern basis, the validity of which is dependent on the successful conclusion of the matters described above. The future of the Group depends 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. If these are unsuccessful, the Group is likely to face severe financial difficulty and may be obliged to cease trading. The financial information does not include any adjustment that would arise from a failure to complete either option.

### **Revenue**

Other than interest income, the Group has not generated any revenue in the year ended 30 June 2009.

### **Interest Income**

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### **Foreign currencies**

The individual financial statements of each group entity are presented in Pounds Sterling. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Pounds Sterling, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the prevailing rate on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Income Statement for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Income Statement for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Pounds Sterling using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

# NOTES TO THE ACCOUNTS (continued)

For the year ended 30 June 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation and the Group intends to settle its current assets and liabilities on a net basis.

### Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their residual value, over their expected useful lives.

The rates used across the Group are as follows:

Plant and machinery	20 – 33.3%	Straight line
Motor vehicles	20%	Straight line
Fixtures, fittings and equipment	10 – 33.3%	Straight line

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Management have not had to make any judgements that have had a significant effect on the amounts recognised in the financial statements except as noted in the accounting policy for share based payments and in respect of the carrying value of the amount due by subsidiary undertakings.

### Foreign exchange risk

The Group has operations in North Africa and the United Kingdom. The Group is exposed to foreign exchange risks primarily with respect to the Euro and Tunisian Dinar. The Group holds materially all of its bank balances and cash in Pounds Sterling, and has not hedged against any exposure risk.

### Recognition of exploration and evaluation assets

The Group has adopted International Financial Reporting Standard 6 – Exploration for and Evaluation of Mineral Resources. Purchased exploration and evaluation assets are included within both intangible assets and investments. These assets are disclosed separately, and are held at cost less any provision for impairment.

Internal exploration is expensed in the year in which it is incurred. When a decision is taken that a mining project is commercially viable (normally when the project has reached pre-feasibility stage) all further directly attributable pre-production expenditure is capitalised. Capitalisation of pre-production expenditure ceases when commercial levels of production are achieved.

### Intangible assets

Intangible assets comprise exploration permits in Tunisia. The intangible assets are stated at cost less any accumulated impairment losses. The useful life of these assets is indefinite as they depend on the economic resources and reserves contained therein.

### Impairment of property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### **Share-based payments**

Certain employees (including Directors) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares in terms of the Employee Unapproved Share Option Plan ("equity settled transactions").

The cost of these transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards are determined by an external valuer and the fair value at the grant date is expensed in the income statement on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest. There is a corresponding increase in the share option reserve. Judgement is exercised over the number of shares expected to vest, employee turnover, future dividend policy, timing within which options will be exercised and the future volatility in the price of the Group's shares. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Other share based payments where shares are issued in consideration for specific services rendered at a pre-determined amount, whether for employee or third party services, are taken into account at the issue price of the shares at the date of settlement.

### **Operating leases**

Rentals payable under operating leases are taken to the Income Statement on a straight line basis over the term of the lease.

### **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits.

### **Financial liabilities and equity**

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### **Convertible Loan Note**

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

At the 30 June 2009 the conditions that would bring about an equity component of the convertible loan note have not been met. Thus the whole balance has been categorised as debt in current liabilities.

### **Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### **Trade and other receivables**

Trade and other receivables are measured on initial recognition at fair values, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

# NOTES TO THE ACCOUNTS (continued)

For the year ended 30 June 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

### Discontinued Operations

A discontinued operation is a component of the Group's business that represents separate operations and cash flows which can be clearly distinguished operationally and for financial reporting purposes from the rest of the Group.

Classification as a discontinued operation occurs upon the cessation or disposal of the operation.

## 4. REVENUE

The Group has not generated any turnover in the year ended 30 June 2009 (2008 – nil).

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

### Business segments

The Group has only one distinct business segment, being that of mineral exploration.

### Geographical 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 and Tunisia.

The following is an analysis of the carrying amount of segment assets, and additions to plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Additions to Plant and Equipment		Disposal of Plant and Equipment		Depreciation Plant and Equipment	
	2009	2008	2009	2008	2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000
Tunisia	2	52	–	5	48	63
United Kingdom	–	3	–	1	7	11
Algeria	–	–	–	17	–	–
	<b>2</b>	<b>55</b>	<b>–</b>	<b>23</b>	<b>55</b>	<b>74</b>

Segment assets and liabilities are reconciled to entity assets and liabilities as follows:

	Segment Assets		Segment Liabilities		Segment Net Assets	
	2009	2008	2009	2008	2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000
Algeria (discontinued)	–	–	–	(10)	–	(10)
Tunisia	84	132	(8)	(80)	76	52
United Kingdom	108	123	(534)	(79)	(426)	44
Unallocated assets representing the Group's cash and cash equivalents	237	1,219	–	–	237	1,219
<b>Entity Assets (Liabilities)</b>	<b>429</b>	<b>1,474</b>	<b>(542)</b>	<b>(169)</b>	<b>(113)</b>	<b>1,305</b>

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

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

	Segment Operating Loss		Loss for Year	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Algeria (discontinued)	-	35	-	35
Tunisia	(732)	(1,253)	(732)	(1,253)
United Kingdom	(719)	(636)	(705)	(529)
<b>Entity operating loss and entity loss for year</b>	<b>(1,451)</b>	<b>(1,854)</b>	<b>(1,437)</b>	<b>(1,747)</b>

Non cash expenditure for the year, is as follows:

	2009	2008
	£'000	£'000
Tunisia	-	-
United Kingdom		
- Share option transactions	19	43

## 6. DISCONTINUED OPERATIONS – ALGERIA

In 2007 the decision was made to terminate further exploration over the permit in Algeria.

During the year ended 30 June 2009, the Algerian operations had cash outflows from operating activities of nil (2008 – nil), cash outflows from investing activities of nil (2008 – nil), cash flows from financing activities of nil (2008 – nil) and a reversal of amounts previously provided as costs in 2007 of nil (2008 – £35,000).

## 7. OPERATING LOSS FOR THE YEAR

Operating loss for the year is stated after charging:

	2009	2008
	£'000	£'000
Depreciation of plant and equipment owned by the Group	55	74
Directors' fees and salaries (see note 9)	255	236
Foreign exchange losses	(1)	2
Operating lease charges	35	30
<b>Auditors' remuneration</b>		
Fees payable to the Group's auditors for the audit of the Group's annual accounts (including £5,000 in respect of the Company (2008 – £5,000))	41	24
Fees payable to the Group's auditor and its associates for other services:		
- The auditing of accounts of associates of the company pursuant to legislation	7	7
- Other services relating to taxation	3	3
All other services	6	6

# NOTES TO THE ACCOUNTS (continued)

For the year ended 30 June 2009

## 8. STAFF COSTS

	2009	2008
	£'000	£'000
Staff costs including Directors' remuneration, were as follows:		
Wages and salaries	375	449
Social security cost	24	14
Share based payments	41	43
	440	506

	2009	2008
	Number	Number
The average monthly number of employees, including Directors,		
Directors	5	5
Other Employees	14	15
	19	20

	2009	2008
	£'000	£'000
Highest paid director, amounts included above:		
Aggregate emoluments	150	101
	150	101

## 9. DIRECTORS' REMUNERATION

The directors' remuneration is tabled below:

	2009	2008
	£'000	£'000
Aggregate emoluments	219	205
	219	205

## 10. INVESTMENT INCOME

	2009	2008
	£'000	£'000
Interest on bank deposits	14	107

## 11. INCOME TAX EXPENSE

No liability in respect of corporation tax has arisen during the year, as a result of trading losses in each of the Group companies. A potential tax asset exists at the balance sheet date in respect of tax losses carried forward. 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. In addition there is a potential deferred tax asset of £1,748,000 (2008 – £1,353,000) relating to tax losses after temporary differences.

The total charge for the year can be reconciled to the accounting profit as follows:

	2009	2008
	£'000	£'000
Loss before taxation	(1,437)	(1,747)
Loss on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 28% (2008 – 28.5%)	(402)	(515)
<b>Difference to be explained</b>		
Expenses not deductible	4	8
Accelerated capital allowances	3	3
Unrelieved tax losses	395	504
Tax expense and effective tax rate for the year	–	–

## 12. DIVIDENDS

No distributions were made to equity shareholders during the year ended 30 June 2009 (2008 – nil).

## 13. 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 £1,437,000 (2008 – £1,747,000), using the weighted average number of ordinary shares of 91,033,981 (2008 – 91,033,981).

Share options in issue and the convertible note at the year end decrease the loss per share for the year, and as such are deemed anti-dilutive. Therefore the diluted loss per share is the same as the basic loss per share for both 2009 and 2008.

The total number of share options outstanding at the year end which could potentially become dilutive in the future is 9,100,000 (2008 – 6,100,000). If the convertible loan note were to be converted entirely into shares then an additional 22,222,222 shares would be issue.

	2009	2008
	Pence	Pence
Loss from continuing operations for the purposes of basic and diluted loss per share after tax	(1.58)	(1.96)
Profit from discontinued operations for purposes of basic and diluted loss per share after tax	–	0.04
Total basic and diluted loss per share after tax	(1.58)	(1.92)

# NOTES TO THE ACCOUNTS (continued)

For the year ended 30 June 2009

## 14. GROUP INTANGIBLE ASSETS

	Exploration Permits 2009
	£'000
<b>Cost</b>	
At 1 July 2007	82
Additions	–
At 30 June 2008	82
Additions	–
<b>At 30 June 2009</b>	<b>82</b>
<b>Net book value</b>	
<b>At 30 June 2009</b>	<b>82</b>
At 30 June 2008	82

The intangible assets relate to the cost of the acquisition of the Group's exploration permits in Tunisia.

## 15. GROUP PLANT AND EQUIPMENT

	Plant and Machinery	Motor Vehicles	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 July 2007	209	41	54	304
Additions	1	24	30	55
Disposals	–	(11)	(12)	(23)
At 30 June 2008	210	54	72	336
Additions	2	–	–	2
Disposals	–	–	–	–
<b>At 30 June 2009</b>	<b>212</b>	<b>54</b>	<b>72</b>	<b>338</b>
<b>Accumulated Depreciation</b>				
At 1 July 2007	96	26	26	148
Charge for the year	45	9	20	74
Disposal	–	(11)	(12)	(23)
At 30 June 2008	141	24	34	199
Charge for the year	27	11	17	55
<b>At 30 June 2009</b>	<b>168</b>	<b>35</b>	<b>51</b>	<b>254</b>
<b>Net Book Value</b>				
<b>At 30 June 2009</b>	<b>44</b>	<b>19</b>	<b>21</b>	<b>84</b>
At 30 June 2008	69	30	38	137

All plant and machinery are assets used in the exploration and evaluation of mineral resources.

At 30 June 2009 the Group had not entered into any contractual agreements for capital expenditure after that date.

## 15. GROUP PLANT AND EQUIPMENT (CONTINUED)

Parent Company plant and equipment	Fixtures, Fittings and Equipment
	£'000
<b>Cost</b>	
At 1 July 2007	35
Additions	3
Disposals	(1)
At 30 June 2008	37
Additions	–
Disposals	–
<b>At 30 June 2009</b>	<b>37</b>
<b>Accumulated Depreciation</b>	
At 1 July 2007	14
Charge for the year	11
Disposal	(1)
At 30 June 2008	24
Charge for the year	7
<b>At 30 June 2009</b>	<b>31</b>
<b>Net Book Value</b>	
<b>At 30 June 2009</b>	<b>6</b>
At 30 June 2008	13

# NOTES TO THE ACCOUNTS (continued)

For the year ended 30 June 2009

## 16. PARENT COMPANY INVESTMENTS

	Subsidiary Companies
	£'000
<b>Cost</b>	
At 1 July 2007	84
Additions	–
At 30 June 2008	84
Additions	–
<b>At 30 June 2009</b>	<b>84</b>
<b>Net Book Value</b>	
<b>At 30 June 2009</b>	<b>84</b>
At 30 June 2008	84

## 17. SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2009 are as follows:

Name of subsidiary	Country of Incorporation and Operation	Activity	Proportion of Ownership Interest %	Proportion of Voting Power Held %
<b>High Marsh Holdings Limited</b>	British Virgin Islands	Mineral Exploration	100	100
<b>Maghreb Mining Limited</b>	UK	Dormant Company	100	100
<b>Maghreb Algeria Limited</b>	UK	Dormant Company	100	100
<b>High Marsh Services</b>	Tunisia	Service Company	49	100
<b>North African Mining and Minerals Limited</b>	British Virgin Islands	Mineral Exploration	100	100
<b>European Industrial and Base Metals Limited</b>	British Virgin Islands	Mineral Exploration	100	100
<b>HMH Fluor Limited</b>	British Virgin Islands	Mineral Exploration	100	100
<b>Tan Chafao Mining Company SARL</b>	Algeria	Dormant Company	85	85

High Marsh Services is a company established in Tunisia that employs the Group's exploration employees. High Marsh Holdings Limited has a 49 per cent shareholding interest and has an agreement with its fellow Tunisian shareholder relating to the economic interest in, and control of, the company.

North African Mining and Minerals Limited and European Industrial and Base Metals Limited are 100 per cent owned special purpose vehicles with branches in Tunisia that own the interest in the Fej Lahdoum and Bou Jabeur permits respectively.

HMH Fluor Limited is a 100 percent owned special purpose vehicle with a branch in Tunisia that has the Djebel Hamman Zriba – Djebel Guebli, Djebel Kohl, Sidi et Taia and Djebel Mecella exploration permits.

Tan Chafao Mining Company SARL is owned 85 per cent by the Group and 15 per cent by Goldim Filiale ORGM (a representative company of the Algerian authorities). This company held the Algerian exploration permits. Under the agreement with Goldim, the Group was responsible for all the costs incurred until such time as the Algerian assets had been proved to a pre-feasibility resource stage. Given the termination of active exploration activities in Algeria, the company is now dormant.

All the subsidiaries have been consolidated in the Group financial statements.

## 18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
<i>Due within one year</i>				
Amount due from subsidiary undertakings	-	-	80	150
Other receivables	16	26	11	21
Prepaid expenses and accrued income	10	10	9	7
	<b>26</b>	36	<b>100</b>	178

The amount due by subsidiary undertakings to the parent company at 30 June 2009 totaled £4,138,000 (2008 – £3,364,000). This relates to funding for working capital requirements provided by the parent company to the subsidiaries. A further provision of £844,000 (2008 – £1,247,000) has been made against the balance in the accounts of the Company, to arrive at a carrying value of £80,000 (2008 – £150,000). In the Directors' opinion, the carrying value represents their estimate of the fair value of the tangible assets of the subsidiary undertakings.

Movements on the intercompany balances are tabled below:

	Company	
	2009	2008
	£'000	£'000
Gross intercompany balances at 1 July 2008/2007	<b>3,364</b>	2,117
Additions for working capital	<b>774</b>	1,247
Total at 30 June 2009/2008	<b>4,138</b>	3,364
Provision on intercompany balances	<b>(4,058)</b>	(3,214)
Net intercompany balances at 30 June 2009/2008	<b>80</b>	150

The Group has no trade receivables. Other receivables constitute the only financial assets within the category "loans and receivables" as defined by IAS 39, except for cash and cash equivalents.

Other receivables comprise mainly of amounts paid in advance of services, are non-interest bearing and generally have a 30 – 90 day term. The fair value of other receivables approximates their book value.

No provision for impairment of other receivables has been made as there is no objective evidence that the Group will not be able to collect all amounts due according to the original terms. There are no other receivables that were past due date.

# NOTES TO THE ACCOUNTS (continued)

For the year ended 30 June 2009

## 19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Cash at bank and in hand	237	219	237	203
Short term bank deposits	-	1,000	-	1,000
	<b>237</b>	<b>1,219</b>	<b>237</b>	<b>1,203</b>

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

## 20. CONVERTIBLE LOAN NOTE

In March 2009, the Company raised £500,000 by way of a zero coupon, convertible loan note.

The loan will be convertible into preference shares of a nominal value of 0.6p per share at a price of 2.25 pence per preference share. Conversion into preference shares will take place following a meeting of shareholders to be called by the Company to authorize the changes required to the Company's Articles of Association to provide for the creation of the preference shares, to dis-apply pre-emption rights and do whatever may be required to give effect to the creation, allotment and conversion of the preference shares in terms of the Companies Act and the rules and regulations of the London Stock Exchange and Takeover Code. Notice convening this meeting must be given prior to 31 October 2009. Essentially, failure to pass the resolutions at this meeting will constitute an event of default on the loan. The preference shares thus allotted will have the right, at the option of the preference shareholders 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, 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. The final due date of the convertible loan note, if applicable, is 30 November 2009.

## 21. TRADE, OTHER PAYABLES AND PROVISIONS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
<i>Falling due within one year</i>				
Other payables	-	-	-	2
Trade payables	6	98	1	55
Accruals and deferred income	36	61	32	25
Provisions	-	10	-	-
	<b>42</b>	<b>169</b>	<b>33</b>	<b>82</b>

Provisions relate to costs of recovering the Group's Algerian assets.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

## 22. SHARE CAPITAL

Authorised	Number		Nominal Value	
	2009	2008	2009	2008
	'000	'000	£'000	£'000
Ordinary shares of 0.6p each	150,000	150,000	900	900
<b>Called up, allotted and fully paid</b>				
Ordinary shares of 0.6p each	91,034	91,034	546	546

The Company has one class of ordinary shares which carry no right to fixed income.

The following transactions relating to warrants took place during the year:

Warrants in issue	Total Number	
	2009	2008
Issued 23 December 2004	8,529,501	8,529,501
Issued 3 August 2006	11,175,000	11,175,000
Exercised	–	–
Lapsed 23 December 2007	(8,529,501)	(8,529,501)
Lapsed 3 August 2008	(11,175,000)	–
<b>Balance at 30 June 2009/2008</b>	–	11,175,000

The 11,175,000 warrants outstanding at 30 June 2008, were issued on 3 August 2006 and were exercisable at any time on or before the second anniversary of the date of issue, which expiry date was 3 August 2008 without any having been exercised.

## 23. SHARE OPTION RESERVE

	Share Option Reserve	
	2009	2008
	£'000	£'000
Balance on 1 July 2008/2007	210	167
Share based payments – share option scheme	41	100
Decrease required for forfeited share options	(22)	(57)
<b>Balance at 30 June 2009/2008</b>	229	210

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.

# NOTES TO THE ACCOUNTS (continued)

For the year ended 30 June 2009

## 24. HEDGING AND TRANSLATION RESERVES

The company has not hedged against foreign exchange exposure.

## 25. RETAINED LOSS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
At 1 July 2008 and 1 July 2007	(5,925)	(4,178)	(5,834)	(4,077)
Loss for the financial year	(1,437)	(1,747)	(1,521)	(1,757)
<b>At 30 June 2009 and 2008</b>	<b>(7,362)</b>	<b>(5,925)</b>	<b>(7,355)</b>	<b>(5,834)</b>

## 26. PARENT COMPANY PROFIT AND LOSS ACCOUNT

As permitted under Section 408 of the Companies Act 2006, no profit and loss account is presented for the holding company.

The loss for the year after tax for the holding company, was £1,521,000 (2007 – £1,757,000).

## 27. CONTINGENT LIABILITY

The Group had no contingent liabilities at the year end (2008 – nil).

## 28. COMMITMENTS

No claim has been made during the year, nor is the Group aware of any liability, which it may have as it relates to any environmental clean up, restoration or the violation of any rules or regulations relating thereto.

## 29. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had outstanding commitments under non-cancellable leases as follows for each of the following periods:

Expiry date:	Land and Buildings	
	2009	2008
	£'000	£'000
In less than 1 year	7	7
Between 1 and 5 years	-	-
In more than 5 years	-	-
	<b>7</b>	<b>7</b>

### 30. SHARE BASED PAYMENT

On 12 May 2009, the Group issued 5,300,000 new share options at an exercise price of 2.125 pence per share. Under the Employee Unapproved Share Option Plan, the new share options will vest in three equal instalments, the first instalment vesting on 11 May 2010.

During the course of the year a total of 2,300,000 options lapsed under the Employee Unapproved Share Option Plan.

At 30 June 2009, the number of share options held by the Group's Directors was 7,600,000 and 1,500,000 share options have been allocated to key employees of the Group.

The total number of options outstanding is now 9,100,000 being 9.9 per cent of the current issued share capital. Set out below is a table summarising the Group's share based payment arrangements under the Employee Unapproved Share Option Plan.

<b>Exercise Price</b>	<b>17p</b>	<b>10p</b>	<b>10p</b>	<b>10.75p</b>	<b>17p</b>	<b>10p</b>	<b>9p</b>	<b>7p</b>	<b>3.75p</b>	<b>2.125p</b>	<b>Total</b>
<b>Date of Grant</b>	17/12/04	01/07/05	01/10/05	17/03/06	17/03/06	01/03/07	04/04/07	12/10/07	01/04/08	12/05/09	
<b>Total Number Granted ('000)</b>	2,260	100	480	400	560	1,000	1,760	750	2,600	5,300	15,210
<b>Total Number Lapsed ('000)</b>	1,927	67	480	367	507	1,000	612	200	950	–	6,110
<b>Balance at 30 June 2008 ('000)</b>	333	33	–	33	53	–	1,148	550	1,650	5,300	9,100
<b>Contractual Life</b>	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	
<b>Vesting Conditions</b>	<b>Remaining in Employment at Date of Exercise</b>										
<b>Estimated Fair Value</b>	10p	6p	6p	6p	6p	4p	4p	3p	2p	1.7p	

For the options outstanding at 30 June 2009, the weighted average contractual life remaining was approximately 4.2 years.

The estimated fair value of share options granted during the year was calculated by applying the Binomial option pricing model using an average share price at the date of grant of 2.125 pence per share. For these options, the model assumes volatility of 150 per cent and a risk-free interest rate of 2.8 per cent. No dividends were expected over the contractual life of 5 years.

# NOTES TO THE ACCOUNTS (continued)

For the year ended 30 June 2009

## 30. SHARE BASED PAYMENT (CONTINUED)

Further details of the share option based payment transactions are as follows:

	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	2009	2009(p)	2008	2008 (p)
Outstanding at start of year	6,100,000	7.7	4,000,000	11.0
Granted	5,300,000	2.125	3,350,000	4.5
Lapsed	(2,300,000)	8.41	(1,250,000)	9.5
Exercised	-	-	-	-
Outstanding at end of year	9,100,000	4.27	6,100,000	7.7
Exercisable at end of year	-	-	-	-

The expense arising from share based payment transactions was as follows:

	2009	2008
	£'000	£'000
Expense arising from share option based payment transactions	41	100
Reduction in provision required for lapsed share options	(22)	(57)
Expense arising in previous years from share option based payment transactions	-	-
Expense arising from other share based payment transactions	-	-

## 31. RELATED PARTY TRANSACTIONS

### GROUP

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the Directors of Maghreb Minerals Plc. Information regarding the comparison is given below in aggregate for each category specified in IAS 24 Related Party Disclosures:

	2009	2008
	£'000	£'000
Short-term employee benefits	240	210
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	17	31
	<b>257</b>	<b>241</b>

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	Other Purchases		Consultancy Services		Amounts owed from Related Parties	
	2009	2008	2009	2008	2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Companies</b>						
Mineral Resource Practice	-	-	25	66	-	-
SRM Consulting Limited BVI	-	-	5	32	-	-
Mejerda Exploration Limited	-	-	-	38	-	-
Fasken Martineau LLP	2	-	-	-	-	-

R M Storer is a director and majority shareholder of SRM Consulting Limited BVI. G P Riddler is the proprietor of Mineral Resource Practice. C J Clayton and A W Baird are the proprietors of Mejerda Exploration Limited.

Payments made by the Company to SRM Consulting Limited BVI, Mineral Resource Practice and Mejerda Exploration Limited relate to services rendered by Directors of the Company.

Payments to Fasken Martineau LLP by the Group relate to certain legal expenditure. Albert Gourley is a partner of Fasken Martineau LLP.

During the financial year Firebird Global Master Fund II subscribed for £500,000 in Convertible Loan Notes issued by the Company. Firebird Global Master Fund II is a shareholder of the Company and James C. Passin is a Director of both Firebird Global Master Fund II and the Company.

## COMPANY

Transactions between the Company and its subsidiaries are below:

As at 30 June	2009	2008
	£'000	£'000
Provision of working capital from Parent company to subsidiary companies	4,063	3,314
Management charges due by subsidiary companies to Parent company	75	50
	<b>4,138</b>	3,364

# NOTES TO THE ACCOUNTS (continued)

For the year ended 30 June 2009

## 32. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and cash equivalents and items such as trade payables and receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The following table shows the carrying value amount as at 30 June 2009 for each category of financial assets and liabilities as required by IFRS 7.

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Loans and receivables	253	1,245	328	1,374
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(542)	(169)	(533)	(82)

The Group's operations expose it to a variety of financial risks including liquidity risk, interest rate risk and foreign currency exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

### Credit risk

The Group has no trade receivables but does have cash balances at bank. The maximum exposure is limited to a carrying figure of cash and cash equivalents at the year end of £237,000 (2008 – £1,219,000). The credit exposure on these liquid assets is considered to be limited because the counter-party is a bank with a high credit rating.

### Interest rate risk

The Group has interest bearing assets comprising only cash and cash equivalents which earn interest at a variable rate.

The Group's cash and cash equivalents earned interest at a rate variable between 0 per cent and 1 per cent.

The Convertible Loan Note has a zero coupon and therefore has no interest rate risk for the Group.

### Liquidity risk

The Group has no long-term debt finance. The Group's financial liabilities comprise trade payables and a Convertible Loan Note details of which are set out in note 20. The following table shows the contractual maturities of the Group's trade payables and Convertible Loan Note which are measured at their amortised cost equal to the gross cash flow payable.

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
<b>3 months or less</b>				
Trade Payables	5	98	1	55
Accruals	37	61	32	25
Total	42	159	33	80
<b>Over 3 months</b>				
Convertible Loan Note	500	–	500	–
Total Liabilities	542	159	533	80

### **Market risk and sensitivity analysis**

#### **Foreign currency exchange rate risk**

The Group is exposed to foreign currency exchange rate risk as a result of trade payables which will be settled in Euros and Tunisian Dinars. During the year the Group did not enter into any arrangements to hedge this risk, as the directors' did not consider the exposure to be significant given the short term nature of the balances. The Group will review this policy as appropriate in the future.

As at 30 June 2009, if the TND had weakened by 10 per cent against sterling with all other variables held constant, post-tax losses and equity would have been £69,000 (2008 – £111,000) lower and higher respectively. Conversely, if the TND had strengthened 10 per cent against sterling with all other variables held constant, post tax losses and equity would have been £84,000 (2008 – £136,000) higher and lower respectively.

#### **Interest rate risk**

The Group is exposed to interest rate risk as a result of positive cash balances, denominated in sterling, which earn interest at a variable rate. As at 30 June 2009, if bank lending rates had increased by 0.5 per cent with all other variables held constant, post-tax losses and equity would have been £4,000 (2008 – £8,000) lower and higher respectively. Conversely, if bank lending rates had fallen 0.5 per cent with all other variables held constant, post tax losses and equity would have been £4,000 (2008 – £8,000) higher and lower respectively.

### **33. CAPITAL RISK MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's long-term expense commitments and adjusts the level of capital as is determined to be necessary by issuing new shares.

The Group is not subject to any externally imposed capital requirements.

### **34. CONTROLLING PARTY**

There is no ultimate controlling party.

### **35. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors and authorized for issue on 16 October 2009.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 25 Moorgate, London, EC2R 6AY at 09:00 on 12 November 2009 for the following purposes:

- 1 To receive and adopt the report of the Directors and audited accounts of the Company for the financial year ended 30 June 2009 together with the report of the auditors.
- 2 To re-elect Albert Gourley, who was appointed by the Board with effect from 18 November 2008 and retires in accordance with Article 86.1 of the Company's Articles of Association and who, being eligible, offers himself for re election as a Director.
- 3 To re-elect Richard J Linnell, who was appointed by the Board with effect from 18 November 2008 and retires in accordance with Article 86.1 of the Company's Articles of Association and who, being eligible, offers himself for re election as a Director.
- 4 To re-elect James C Passin, who was appointed by the Board with effect from 18 November 2008 and retires in accordance with Article 86.1 of the Company's Articles of Association and who, being eligible, offers himself for re election as a Director.
- 5 To re-elect Nexia Smith & Williamson as auditors of the Company until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

Dated 16 October 2009

**Registered office:** 25 Moorgate,  
London EC2R 6AY

**By Order of the Board**

R J C Collier  
London EC2R 6AY  
Company Secretary

Notes:

- 1 A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy need not be a member of the Company.
- 2 A Form of Proxy is provided with this notice. Completion and return of such a proxy will not prevent a member from attending the Meeting and voting in person.
- 3 To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with the Company's registrars, Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours before the time of the holding of the Meeting or any adjournment thereof.
- 4 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those members registered on the register of members of the Company at the close of business on 9 November 2009 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after the close of business on 9 November 2009 shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

# GROUP RECORD

<b>As at 30 June</b>	<b>2009</b>	2008
	<b>£'000</b>	£'000
Loss before tax	<b>(1,437)</b>	(1,747)
Fixed assets and investments	<b>166</b>	219
Debtors	<b>26</b>	36
Cash, securities	<b>237</b>	1,219

<b>As at 30 June</b>	<b>2009</b>	2008
	<b>Pence</b>	Pence
Loss per share	<b>(1.58)</b>	(1.92)

## SHAREHOLDER INFORMATION

### GROUP INFORMATION

If you would like further information about the Group, please visit our website at [www.maghrebminerals.co.uk](http://www.maghrebminerals.co.uk)

### INVESTOR RELATIONS

Should you have any queries, please contact **Richard Collier** at [info@maghrebminerals.co.uk](mailto:info@maghrebminerals.co.uk)

### SHARE PRICE INFORMATION

The latest price of the Maghreb Minerals Plc shares on the London Stock Exchange is published in the financial pages of the press and contained on the Maghreb Minerals Plc website. Maghreb Minerals Plc stock exchange code is MMS.

### SHAREHOLDER ENQUIRIES

The Company's share register is maintained by  
Computershare Investor Services  
The Pavilions Bridgewater Road Bristol BS13 8AE  
Telephone 0870 702 0003

Please contact them if you have any enquiries about your Maghreb Minerals Plc shareholding, including those concerning change of name or address or loss of share certificate.

### FINANCIAL CALENDAR 2009 – 2010

**March** Announcement of half year results to 31 December 2009

**September** Announcement of full year results to 30 June 2010

### BUSINESS ADDRESS

**Maghreb Minerals Plc**, Blackwell House, Guildhall Yard, London, EC2V 5AE  
**Tel** +44(0)20 7556 0940, **Fax** +44(0)20 7556 0949, **email** [info@maghrebminerals.co.uk](mailto:info@maghrebminerals.co.uk)

# DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	<b>Richard J. Linnell</b> (Chairman) <b>Richard J. C. Collier</b> (Chief Executive) <b>Anthony V. Allen</b> (Non-Executive Director) <b>Albert Gourley</b> (Non-Executive Director) <b>James C. Passin</b> (Non-Executive Director)	
<b>Senior Management</b>	<b>Dr Carlos Nascimento</b> (General Manager, Tunisia) <b>Samia Mejri</b> (Administrator, Tunisia)	
<b>Company Secretary</b>	<b>Richard J.C. Collier</b>	
<b>Registered Office</b>	<b>Maghreb Minerals Plc</b> 25 Moorgate London EC2R 6AY	
<b>Business Address</b>	<b>London</b> <b>Maghreb Minerals Plc</b> Blackwell House Guildhall Yard London EC2V 5AE	<b>Tunisia</b> <b>High Marsh Holdings Tunisia</b> Espace Tunis – Bloc D 4 eme etage – Apt. 1 & 2 Montplaisir Tunis 1073
<b>Nominated Adviser &amp; Broker</b>	<b>Hanson Westhouse Limited</b> One Angel Court London EC2R 7HJ	
<b>Solicitors to the Company</b>	<b>Norton Rose LLP</b> 3 More London Riverside London SE1 2AQ  <b>Adly Bellagha</b> 126 rue de Yougoslavie Tunis 1000	
<b>Auditors</b>	<b>Nexia Smith &amp; Williamson</b> 25 Moorgate London EC2R 6AY	
<b>Bankers</b>	<b>Barclays Bank PLC</b> 128 Moorgate London EC2M 6SX	
<b>Registrars</b>	<b>Computershare Investor Services Plc</b> The Pavilions Bridgwater Road Bristol BS13 8AE	
<b>Tunisian Accountants and Secretaries</b>	<b>Tunisian Management Consulting</b> Immeuble SAADI Tour C.D No 7 & 8 El Menzah 4 Tunis	<b>FINOR</b> Immeuble International City Center Tour des bureaux Centre urbain nord de Tunis Tunis