

**This document is important and requires your immediate attention. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own independent financial advice from your stockbroker, solicitor or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your Ordinary Shares in Maghreb Minerals plc, you should forward this document, together with the accompanying form of proxy, immediately to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

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# MAGHREB MINERALS PLC

(INCORPORATED AND REGISTERED IN ENGLAND AND WALES UNDER THE COMPANIES ACT 1985, REGISTERED NO. 5146673)

**Proposal for the conversion of loan notes into  
Preference Shares or Ordinary Shares**

**Proposal for the issue of new Ordinary Shares**

**Proposed approval of waiver of mandatory offer provisions in the  
City Code on Takeovers and Mergers**

**Adoption of New Articles of Association**

**Notice of Extraordinary General Meeting**

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Notice of an Extraordinary General Meeting of the Company to be held at 25 Moorgate, London, EC2R 6AY at 10.00 a.m. on 12 November 2009 is set out at the end of this document. Shareholders are requested to complete and return the enclosed form of proxy to the Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible, but in any event so as to arrive by no later than 10.00 a.m. on 10 November 2009, whether or not they propose to be present at the Extraordinary General Meeting.

In case you are unable to attend and vote at the Extraordinary General Meeting, a Form of Proxy for use at the Extraordinary General Meeting is enclosed. To be valid, the enclosed Form of Proxy should be completed in accordance with the instructions thereon, signed and returned so as to be received by the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible but, in any event, so as to arrive by no later than 10.00 a.m. on 10 November 2009. Completion and return of a Form of Proxy will not preclude shareholders from attending and voting at the Extraordinary General Meeting should they wish to do so.

Copies of this document are available from the Company's registered office, 25 Moorgate, London, EC2R 6AY, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and can be downloaded from the Company's website, [www.maghrebminerals.co.uk](http://www.maghrebminerals.co.uk).

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# DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>1985 Act</b>	Companies Act 1985 (as amended)
<b>2006 Act</b>	Companies Act 2006
<b>AIM</b>	the AIM market operated by the London Stock Exchange
<b>AIM Rules for Companies</b>	the rules for companies whose securities are admitted to trading on AIM as published by the London Stock Exchange from time to time
<b>Banking Day</b>	a day (other than Saturday or Sunday) on which banks are open for business in London
<b>Board or Directors</b>	the board of directors of the Company from time to time
<b>Circular</b>	this document
<b>City Code</b>	the City Code on Takeovers and Mergers
<b>Company or Maghreb</b>	Maghreb Minerals plc
<b>concert party</b>	has the meaning given to that term under the City Code according to which a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company (under the City Code, control means a holding, or aggregate holdings, of shares carrying 30 per cent or more of the voting rights of a company, irrespective of whether the holding or holdings gives de facto control)
<b>Concert Party</b>	FG1, FG2, James Passin and Albert Gourley
<b>Concert Party Directors</b>	the persons whose names are set out in paragraph 3 of Part III of this Circular
<b>Concert Party Options</b>	the options to subscribe for Ordinary Shares granted to James Passin and Albert Gourley pursuant to the Employee Share Option Scheme
<b>Conversion</b>	the conversion of the outstanding Loan Notes into Preference Shares or Ordinary Shares (as the case may be) at the Conversion Price
<b>Conversion Price</b>	2.25 pence per Share
<b>Conversion Proposal</b>	the Proposal relating to the issue of the Conversion Shares by the Company upon Conversion, approval for which is being sought by way of Waiver Resolution 1 and the Transaction Resolution
<b>Conversion Shares</b>	the 22,222,222 Preference Shares or Ordinary Shares (as the case may be) which would be issued by the Company pursuant to the Conversion
<b>Convertible Loan</b>	the convertible loan of £500,000 granted by FG2 to the Company pursuant to which the Convertible Loan Note Instrument was entered into by the Company and FG2
<b>Convertible Loan Note Instrument</b>	the zero coupon convertible loan note instrument creating the Maghreb Minerals plc Convertible Loan Notes 2009 dated 10 March 2009, as amended
<b>Employee Share Option Scheme</b>	the unapproved share option scheme for the benefit of the employees of the Company established by a resolution of the Board on 29 November 2004 and further described in paragraph 11 Part IV of this Circular
<b>Enlarged Share Capital</b>	the issued share capital of the Company following the Conversion, the Subscription and/or the exercise of the Concert Party Options (as applicable)

# DEFINITIONS (CONTINUED)

<b>Existing Articles</b>	the articles of association of the Company as adopted by a resolution of the Company's shareholders on 29 November 2004 (as amended prior to the date of this Circular)
<b>Existing Ordinary Shares</b>	the Ordinary Shares in issue at the date of this Circular
<b>Extraordinary General Meeting or EGM</b>	the extraordinary general meeting of the Company to be held at 10.00 a.m. on 12 November 2009, or any adjournment thereof, notice of which is set out at the end of this Circular
<b>FG1</b>	Firebird Global Master Fund, Ltd.
<b>FG2</b>	Firebird Global Master Fund II, Ltd.
<b>FG Advisors</b>	FGS Advisors, LLC and FG2 Advisors, LLC
<b>Firebird</b>	FG1 and FG2
<b>Form of Proxy</b>	the form of proxy for use by Shareholders in connection with the Extraordinary General Meeting
<b>Group</b>	the Company and/or all or any of its subsidiary undertakings
<b>Hanson Westhouse</b>	Hanson Westhouse Limited, financial adviser, Rule 3 adviser and broker to the Company
<b>Independent Directors</b>	Richard Collier, Richard Linnell and Anthony Allen
<b>Independent Shareholders</b>	holders of Existing Ordinary Shares, excluding Firebird
<b>Loan Notes</b>	the £500,000 unsecured convertible loan notes of £1.00 each constituted by the Convertible Loan Note Instrument
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>New Articles</b>	the articles of association of the Company proposed to be adopted by the Extraordinary General Meeting
<b>Noteholders</b>	the holders of the Loan Notes
<b>Notice</b>	the notice convening the Extraordinary General Meeting which is set out at the end of this Circular
<b>Notice Date</b>	the date by which this Circular has to be despatched, which has been extended to 31 October 2009 with the agreement of the Noteholders in accordance with the terms of the Convertible Loan Note Instrument
<b>Ordinary Shares</b>	ordinary shares of £0.006 each in the capital of the Company
<b>Panel</b>	The Panel on Takeovers and Mergers
<b>Preference Shares</b>	preference shares of £0.006 each in the capital of the Company having the rights attached thereto as set out in the New Articles
<b>Proposals</b>	the proposals set out herein comprising the Conversion, the Subscription and approval of all the Waiver Resolutions and the Transaction Resolution
<b>Related Party Transaction</b>	has the meaning given to that term in the AIM Rules for Companies
<b>Repayment Date</b>	30 November 2009 or such other date (being a Banking Day) as may be agreed between the Company and the Noteholders
<b>Resolutions</b>	the resolutions to be proposed at the Extraordinary General Meeting and set out in the Notice
<b>Shareholder(s)</b>	holder(s) of Ordinary Shares and/or Preference Shares as the case may be
<b>Shares</b>	Ordinary Shares and/or Preference Shares

<b>Subscription</b>	the subscription for Ordinary Shares by FG2 and Albert Gourley, approval for which is being sought by way of Waiver Resolution 2 and the Transaction Resolution
<b>Subscription Shares</b>	the 20,000,000 Ordinary Shares that are proposed be subscribed for by FG2 and Albert Gourley pursuant to the Subscription Proposal, with FG2's proposed subscription being 13,333,334 Ordinary Shares and Albert Gourley's proposed subscription being 6,666,666 Ordinary Shares
<b>Subscription Price</b>	£0.015 per Subscription Share
<b>Subscription Undertakings</b>	the conditional undertakings executed by FG2 and Albert Gourley dated 19 October 2009 in which they agree to subscribe for their respective Subscription Shares at the Subscription Price on the terms more particularly set out therein
<b>Transaction Resolution</b>	Resolution 4 set out in the Notice
<b>Waiver</b>	the waiver (further details of which are set out on page 7 of this Circular) of the obligations of the Concert Party to make a general offer under Rule 9 of the City Code which may otherwise arise as a consequence of the issue of Shares following the Conversion and/or the Subscription and/or the exercise of the Concert Party Options, granted by the Panel and conditional upon the passing of the Waiver Resolutions by the Independent Shareholders
<b>Waiver Resolution 1</b>	Resolution 1 set out in the Notice
<b>Waiver Resolution 2</b>	Resolution 2 set out in the Notice
<b>Waiver Resolution 3</b>	Resolution 3 set out in the Notice
<b>Waiver Resolutions</b>	Waiver Resolution 1, Waiver Resolution 2 and Waiver Resolution 3 collectively

# PART I

## Letter from the Chairman of Maghreb Minerals PLC

(Incorporated and registered in England and Wales under the Companies Act 1985, registered no. 5146673)

### Directors:

**R J Linnell** (Chairman)

**R J C Collier** (Chief Executive Officer)

**A C Gourley** (Director)

**A V Allen** (Director)

**J C Passin** (Director)

### Registered Office:

25 Moorgate

London

EC2R 6AY

19 October 2009

### TO THE HOLDERS OF EXISTING ORDINARY SHARES AND, FOR INFORMATION ONLY, OPTION HOLDERS

#### Dear Shareholder

**Proposal for the conversion of Loan Notes into Preference Shares or Ordinary Shares; Proposal for the issue of new Ordinary Shares; Proposed approval of waiver of mandatory offer provisions in the City Code on Takeovers and Mergers; Adoption of New Articles of Association; Notice of Extraordinary General Meeting.**

#### INTRODUCTION

You will find enclosed with this letter a Notice convening an extraordinary general meeting of the Company to be held at 10.00 a.m. on 12 November 2009 at 25 Moorgate, London, EC2R 6AY. The purpose of the Extraordinary General Meeting is for Shareholders of the Company to consider and, if thought fit, pass the Resolutions to authorise (among other matters): (i) the issue of 22,222,222 Preference Shares or Ordinary Shares (at the Noteholders' election (see section titled "Conversion" below)) upon conversion of the Loan Notes that the Company has issued to FG2, (ii) the issue of 13,333,334 Ordinary Shares to FG2 and 6,666,666 Ordinary Shares to Albert Gourley pursuant to the Subscription, (iii) the issue of up to 1,400,000 Ordinary Shares following the exercise of the Concert Party Options, (iv) to approve the required increase in the authorised share capital of the Company and (v) in the case of the Waiver Resolutions, to approve the waiver of the provisions of Rule 9 of the City Code in relation to the issue of Shares to the Concert Party.

The purpose of this letter is to provide you with further information regarding the Concert Party, the Convertible Loan Note Instrument, the Conversion, the Subscription, the Concert Party Options as well as the Waiver for which your approval is being sought at the Extraordinary General Meeting.

### BACKGROUND TO AND REASONS FOR THE PROPOSALS

#### Conversion

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

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

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

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

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

At the time the Convertible Loan was entered into, the Company was in urgent need of funds to cover its overheads and operating costs in relation to exploration opportunities. Firebird, being one of the biggest shareholders in the Company, was the only source from which the Company could obtain finance on short notice. Firebird was prepared to lend funds to the Company until 30 November 2009 on an unsecured basis. Taking into account the difficulties in raising finance in the current equity capital and debt markets, the Company's preference was to convert the loan into non-voting preference shares instead of repaying the loan in cash. In order to activate the conversion rights under the Loan Notes, Shareholders'

approval for the issue of Conversion Shares is required. The Company intended to seek Shareholders' approval for the Conversion as soon as possible after the loan was made. Accordingly, the Company undertook to Firebird to send a notice of an extraordinary general meeting to its Shareholders by no later than 30 June 2009 to seek the required approval from the Shareholders for the Conversion. This period has, by mutual agreement, been extended to 31 October 2009 so that today's posting of this Circular is taking place within the required period.

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

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

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

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

## Subscription

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

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

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

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

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

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

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

# PART I (CONTINUED)

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

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

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

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

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

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

However, the level of holdings reached by Albert Gourley and James Passin upon the exercise of all the Concert Party Options granted to each of them, taken together with the Conversion into Ordinary Shares or subsequent conversion of Preference Shares into Ordinary Shares by FG2 and the performance of the Subscription Undertakings by FG2 and Albert Gourley could oblige the Concert Party, absent an appropriate waiver, to make an offer for all other shares of the Company as described in greater detail below. It is for this reason that Independent Shareholders' approval of Waiver Resolution 3 is being sought at the EGM.

Further to discussions with the Panel, the Panel considers that the approval of the Panel should have been sought at the time the Concert Party Options were granted. The Panel has exceptionally

agreed to grant a waiver of Rule 9 of the City Code in respect of the Concert Party Options. It is for this reason that a waiver in respect of the exercise of the Concert Party Options is being sought now.

Further details of the Concert Party Options and options granted to the other Directors are set out in paragraph 4.3 of Part IV of this Circular.

## **BACKGROUND INFORMATION ON FIREBIRD, JAMES PASSIN AND ALBERT GOURLEY**

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

At the date of posting of this Circular, Firebird has a 24.1 per cent interest in the capital of the Company being 21,902,824 Existing Ordinary Shares. For further details of Firebird's acquisition of Ordinary Shares in the Company prior to the date of this Circular, see paragraph 4.4 of Part IV.

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

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

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

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

Further details on the Concert Party are set out in Part III of this Circular.

## **THE CITY CODE AND CODE WAIVER**

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

### **City Code**

The City Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, inter alia, a listed or unlisted public company with its place of central management and control in the United Kingdom. The Company is such a company and its Shareholders are entitled to the protection afforded by the City Code.

### **Rule 9 and concert parties**

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

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

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

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

FG1, FG2, James Passin and Albert Gourley are deemed to be acting in concert for the purposes of the City Code. On completion of the Conversion and the Subscription (and excluding the exercise

of the Concert Party Options), FG1, FG2, James Passin and Albert Gourley will between them be interested in 64,125,046 Shares, representing approximately 48.12 per cent of the Enlarged Share Capital. Assuming, additionally, the full exercise of the Concert Party Options by James Passin and Albert Gourley, the members of the Concert Party would then between them be interested in 65,525,046 Shares, representing approximately 48.66 per cent of the Enlarged Share Capital. The earliest date on which the Concert Party Options can be exercised in full is 12 May 2012 though one third of the Concert Party Options will vest on each of the first, second and third anniversaries of the date of the grant, being 12 May 2009. A table showing the respective individual interests in Shares of the members of the Concert Party on completion of the Conversion, the Subscription and following exercise of the Concert Party Options on the basis set out above is on page 10 of this Circular.

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

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

Further details concerning the members of the Concert Party and their respective interests in the Company are set out in the table on page 10 of this Circular and in Part III.

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

Rule 9 of the City Code addresses, inter alia, the specific issue of securities convertible into shares. Rule 9 of the City Code is applicable to the Convertible Loan Note Instrument and states that whilst the issue of convertible securities (for example, the Loan Notes) does not give rise to an obligation to make a general offer, the conversion of such securities into shares carrying voting rights will require an offer to be made unless the issue of convertible securities has been approved by a vote of independent shareholders. If there

## PART I (CONTINUED)

was no such vote at the time of issue of convertible securities (as is the case with the Convertible Loan Note Instrument), the Panel would not normally permit a company to 'retrospectively' seek a waiver of its obligations under Rule 9 of the City Code.

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

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

The Panel has agreed to this waiver on the basis that the Directors, who have been so advised by Hanson Westhouse, believe that it is in the best interests of Shareholders for the Independent Shareholders to approve this waiver at this time.

Hanson Westhouse has provided advice to the Independent Directors in relation to the waiver of the obligations of Rule 9 of the City Code in accordance with the requirements of the City Code. As part of its advice to the Independent Directors in connection with the Conversion of the Convertible Loan Note Instrument, Hanson Westhouse has referred to a number of factors which the Independent Shareholders should take into account including, *inter alia*, on the one hand the following factors:

- (i) on full conversion of the Loan Notes (assuming Conversion into Ordinary Shares or subsequent conversion of Preference Shares into Ordinary Shares), the Concert Parties will together control more than 30 per cent, but less than 50 per cent. of the Ordinary Shares and voting rights of the Company as detailed above, and accordingly will be able to block any special resolutions (other than in relation to matters relating to themselves) to be voted upon in a general meeting of Shareholders; and
- (ii) the Conversion will not result in the receipt of any new monies into the Company;

and on the other hand:

- (iii) the approval by Independent Shareholders of the Conversion and the Subscription at the EGM is vital to the ongoing viability of the Company;

- (iv) the Subscription is conditional upon the approval of the Independent Shareholders of the Waiver by passing all the Waiver Resolutions and the Transaction Resolution; and

- (v) in the event that the Independent Shareholders do not approve the waiver of the obligations of Rule 9 of the City Code in respect of the Conversion, the Loan Notes will become repayable on demand and the Company will be required to redeem the principal amount of the outstanding Loan Notes which was £500,000 as at 9 October 2009 (being the latest practicable date prior to the publication of this document). The Company does not have sufficient funds to repay this amount on demand and therefore the continued existence of the Company would be in doubt.

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

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

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

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

Hanson Westhouse has provided advice to the Independent Directors in relation to the waiver of the obligations of Rule 9 of the City Code in accordance with the requirements of the City Code. As part of its advice to the Independent Directors in connection with the exercise of the Concert Party Options, Hanson Westhouse has referred to a number of factors which the Independent Shareholders should take into account including, *inter alia*, on the one hand the following factor:

- (i) in the event that a waiver is granted for the exercise of the Concert Party Options, the Concert Party will have a larger percentage of the issued share capital of the Company than otherwise would be the case;

and on the other hand:

- (ii) the Concert Party Options were issued pursuant to the Employee Share Option Scheme and as part of the general grant of options to the Directors and senior management of the Company as part of their remuneration package and in order to provide an incentive to the Directors and management. The issue of options as part of such remuneration package is vital in preserving cash required by the Company;
- (iii) the Independent Directors believe that there is widespread shareholder support for the incentive measures put in place for management/employees and that the relevant Concert Party members should be permitted to retain their options and any Ordinary Shares issued pursuant to the Concert Party Options;
- (iv) assuming that there are no further issues of Shares, the exercise of the Concert Party Options would, on their own, represent 1.5 per cent of the issued share capital of the Company but if they were to be exercised together with the options held by other Directors and senior management, this percentage would be less;
- (v) Albert Gourley and James Passin are providing crucial funds pursuant to the Subscription which are necessary in order for the Company to be able to continue trading; and
- (vi) in the event that the waiver is not granted for the exercise of the Concert Party Options but is granted in respect of the Conversion and Subscription, the aggregate shareholding of the Concert Party will still exceed 30 per cent of the voting rights of the Company but would not exceed 50 per cent of the voting rights. As such, the granting of the waiver for the exercise of the Concert Party options would not facilitate the Concert Party passing through any key City Code percentage threshold.

In providing advice to the Independent Directors, Hanson Westhouse has taken account of the commercial assessments of the Independent Directors.

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

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

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

### **Code Waiver**

The following alternatives are available to Shareholders when considering voting on the Resolutions:

#### *Alternative 1*

- A waiver is not granted for any of the Subscription, the Conversion or exercise of the Concert Party Options.

In this alternative, the Transaction Resolution would also not be passed as it is conditional upon the approval by the Independent Shareholders of all the Waiver Resolutions. The shareholdings of the Concert Party would remain at their current level of less than 30 per cent of the current share capital of the Company.

In such a circumstance, (1) the Loan Notes would become repayable on demand as the failure to pass all the Resolutions is an event of default under the terms of the Convertible Loan Note Instrument and (2) the Subscription Undertakings would lapse because they are conditional, amongst other things, on the passing of all the Waiver Resolutions and the Transaction Resolution.

The Company will therefore be immediately obliged to repay the Loan Notes in cash in accordance with the terms of the Convertible

## PART I (CONTINUED)

Loan Note Instrument and FG2 and Albert Gourley would not be obliged to subscribe for the Subscription Shares. The Company would, as result, face severe financial difficulty in the coming months and would be likely to become insolvent and be obliged to cease trading.

### Alternative 2

- A waiver is granted for the full Conversion of the Loan Notes into Ordinary Shares or subsequent conversion by the Concert Party of its resultant Preference Shares into Ordinary Shares, the Subscription and for the exercise of the Concert Party Options.

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

### Scenario 1

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

### Scenario 2

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

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

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

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

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

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

### **RELATED PARTY TRANSACTION**

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

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

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

Party Transaction with the Concert Party, are fair and reasonable insofar as the Independent Shareholders are concerned.

### **OTHER INFORMATION**

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

### **NEW ARTICLES OF ASSOCIATION**

The Directors believe that it is in the best interests of the Company to take advantage of recent changes in English company law and propose to adopt the New Articles. The New Articles reflect, inter alia, the rights attaching to the Preference Shares created pursuant to the Conversion, and certain new provisions in order to ensure that the Company complies with and benefits from the provisions of the 2006 Act and in particular, those provisions relating to electronic communications with shareholders and notifiable interests in shares.

Copies of the Existing Articles and the New Articles will be available for inspection during normal business hours at the registered office of the Company until the date of the Extraordinary General Meeting or upon request. Copies will also be available at the Extraordinary General Meeting until its conclusion.

The material provisions of the New Articles and material differences between the Existing Articles and the New Articles are summarised at Annex 1 to this Circular.

### **EXTRAORDINARY GENERAL MEETING**

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

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

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

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

### **Resolution 1 – Waiver Resolution 1**

# PART I (CONTINUED)

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

This resolution will be proposed as an ordinary resolution.

## **Resolution 2 – Waiver Resolution 2**

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

This resolution will be proposed as an ordinary resolution.

## **Resolution 3 – Waiver Resolution 3**

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

This resolution will be proposed as an ordinary resolution.

## **Resolution 4 – Transaction Resolution**

### (a) Increase of Authorised Share Capital

If this resolution is passed, the authorised share capital of the Company will be increased from 150,000,000 Ordinary Shares to 300,000,000 Ordinary Shares and 25,000,000 new Preference Shares will be created.

### (b) Authority to Allot Shares

The authority given to the Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting under section 551 the 2006 Act. If this resolution is passed, the Directors will have authority to allot shares up to a maximum nominal amount of £1,403,796.11, which represents the authorised share capital of the Company less the number of Shares in issue. This authority will expire immediately following the Annual General Meeting in 2009 or on 31 December 2009, whichever is the earlier.

### (c) Disapplication of Pre-emption Rights

Under the 2006 Act, the Directors require authority from shareholders before allotting new shares (or rights in respect of shares) or selling any Ordinary Shares which the Company may purchase and elect to hold as treasury shares for cash without first offering them to existing shareholders in

proportion to their existing holdings. If this resolution is passed, it will disapply the statutory pre-emption rights for issues of Ordinary Shares for cash to enable the issue of: (i) Ordinary Shares to FG2 and Albert Gourley pursuant to the Subscription, (ii) Conversion Shares to FG2 upon Conversion of the Loan Notes and (iii) Ordinary Shares pursuant to the exercise of the Concert Party Options by James Passin and Albert Gourley.

### (d) Adoption of New Articles

If this resolution is passed, the New Articles will be adopted by the Company to take advantage of recent changes introduced by the 2006 Act and to provide for the creation of Preference Shares as a new share class.

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

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

As described above, the Directors require authority from Shareholders before allotting new shares (or rights in respect of shares) or selling any Ordinary Shares which the Company may purchase and elect to hold as treasury shares for cash without first offering them to existing Shareholders in proportion to their existing holdings. This resolution, which will be proposed as a special resolution, will, if passed, disapply the statutory pre-emption rights for issues of Ordinary Shares for the following purposes:

- (a) to enable rights issues, open offers or equivalent offers to be implemented on a basis which enables the Directors to make arrangements to deal with (*inter alia*) fractional entitlements and overseas securities laws;
- (b) to enable the issue of Ordinary Shares pursuant to share option schemes adopted by the Company; and
- (c) in addition to the above, authorising the issue of Shares up to an aggregate nominal amount of £1,095,863.

Such authority, if given, will, in addition to the authority granted by the Transaction Resolution, expire at the conclusion of the next Annual General Meeting of the Company or 31 December 2010, whichever is the earlier. Following the implementation of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, this authority extends to any subsequent sale of equity securities which have been held in treasury.

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

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

#### **ACTION TO BE TAKEN IN RESPECT OF THE EXTRAORDINARY GENERAL MEETING**

A Form of Proxy is enclosed with this Circular for use at the Extraordinary General Meeting. Whether or not you intend to be present at the meeting you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible but in any event so as to arrive not later than 10.00 a.m. on 10 November 2009 in accordance with the notes to the Notice and Form of Proxy. The completion and return of a Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person should you subsequently wish to do so. Please read carefully the detailed notes to the Notice and Form of Proxy.

#### **RECOMMENDATION**

James Passin and Albert Gourley are both members of the Concert Party and as a result of having this conflict of interest have not taken part in the discussions of the Board about the Proposals and are not included as part of the Directors' recommendation.

The Independent Directors, who have been so advised by Hanson Westhouse, consider that the Proposals, including the Waiver Resolutions which approve the waiver by the Panel of the requirements under Rule 9 of the City Code for the Concert Party to make a general offer for all of the issued Ordinary Shares following the Subscription, the Conversion and the exercise of the Concert Party Options by James Passin and Albert Gourley, are fair and reasonable and are in the best interests of the Independent Shareholders and the Company as a whole.

As previously stated, both the Conversion and the Subscription are necessary for the ongoing viability of the Company. In order for the Conversion and the Subscription both to take place all the Resolutions must be passed at the EGM.

Consequently the Independent Directors unanimously recommend that Independent Shareholders vote in favour of **all** the Resolutions to be proposed at the Extraordinary General Meeting, as the Independent Directors intend to do in respect of their beneficial holdings, amounting to 230,000 Ordinary Shares, representing approximately 0.3 per cent of the Ordinary Shares issued by the Company. In providing advice to the Independent Directors, Hanson Westhouse has taken into account the Independent Directors' commercial assessments.

Yours Faithfully

**Richard J Linnell**

Chairman

## PART II

# Financial information relating to the Company

Nature of financial information on Maghreb

The following financial information has been extracted without material adjustment from the audited published accounts of Maghreb for the financial years ended 30 June 2006, 30 June 2007, 30 June 2008 and 30 June 2009. The financial information contained in this Part II does not constitute Maghreb's statutory accounts within the meaning of section 434 of the 2006 Act. The statutory accounts for the financial years ended 2006, 2007 and 2008 have been delivered to the Registrar of Companies.

Year Ended 30 June	2009	2008	2007	2006
	£'000	£'000	£'000	£'000
Revenue	-	-	-	-
Exploration expenses (continuing operations)	(747)	(1,253)	(544)	(536)
<b>Exploration expenses (discontinued operations)</b>	-	-	-	(255)
Gross loss	(747)	(1,253)	(544)	(791)
Administrative expenses	(704)	(636)	(881)	(434)
<b>Operating loss</b>	<b>(1,451)</b>	(1,889)	(1,425)	(1,225)
Investment income	14	107	25	41
<b>Income tax expense</b>	-	-	-	-
<b>(Loss) for the year on continuing operations</b>	<b>(1,437)</b>	(1,782)	(1,400)	(929)
<b>Profit (loss) for the year from discontinued operations</b>	-	35	(281)	(255)
<b>Total (loss) for the period</b>	<b>(1,437)</b>	(1,747)	(1,681)	(1,184)
<b>Earnings per share</b>				
Basic loss per share on continuing operations after tax (pence)	<b>(1.58)</b>	(1.96)	(2.81)	(2.35)
Basic profit (loss) per share from discontinued operations after tax (pence)	-	0.04	(0.56)	(0.64)

# CONDENSED CONSOLIDATED BALANCE SHEETS

<b>As at 30 June</b>	<b>Audited 2009</b>	Audited 2008
	<b>£'000</b>	£'000
<b>Non-current assets</b>		
Intangible assets	82	82
Property, plant and equipment	84	137
	<b>166</b>	219
<b>Current assets</b>		
Trade and other receivables	26	36
Cash and cash equivalents	237	1,219
	<b>263</b>	1,255
<b>Current liabilities</b>		
Convertible loan note	(500)	–
Trade and other payables	(42)	(159)
Provisions	–	(10)
	<b>(542)</b>	(169)
<b>Net current (liabilities) / assets</b>	<b>(279)</b>	1,086
<b>Net (liabilities) / assets</b>	<b>(113)</b>	1,305
<b>Equity</b>		
Share capital	546	546
Share premium account	6,474	6,474
Share Option Reserve	229	210
Retained loss	(7,362)	(5,925)
<b>Total equity</b>	<b>(113)</b>	1,305

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2009

Year ended 30 June	Audited 2009	Audited 2008
	£'000	£'000
<b>Cash flows from operating activities</b>		
Operating loss from continuing operations	(1,451)	(1,854)
Add : Depreciation charges for the year	55	74
Add : Share option reserve charge	19	43
Operating loss before working capital changes	(1,377)	(1,737)
Decrease in other trade and other receivables	10	1
Increase / (Decrease) in trade and other payables	(117)	9
(Decrease) in provisions	(10)	–
<b>Net cash flow from operating activities</b>	<b>(1,494)</b>	<b>(1,727)</b>
<b>Cash flows from investing activities</b>		
Purchases of plant and equipment	(2)	(55)
Interest income received	14	107
<b>Net cash from investing activities</b>	<b>12</b>	<b>52</b>
<b>Cash flows from financing activities</b>		
Proceeds on issue of share capital	–	242
Decrease in receivables with respect to issue of share capital	–	700
Proceeds from convertible loan note	500	–
<b>Net cash from financing activities</b>	<b>500</b>	<b>942</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(982)</b>	<b>(733)</b>
Cash and cash equivalents at the beginning of the year	1,219	1,952
<b>Cash and cash equivalents at the end of the year</b>	<b>237</b>	<b>1,219</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

The financial information has been prepared under International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

The results for the years ended 30 June 2009, 30 June 2008, 30 June 2007 and 30 June 2006 have been audited.

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, Firebird Global Master Fund II and Albert Gourley have conditionally 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 in this notice) 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 in the longer term depends principally on the discovery of economically viable mineral deposits and the availability of subsequent funding to extract the resource or alternatively the availability of funding to extend the Group's exploration activities. The financial information does not include any adjustment that would arise from a failure to complete either option.

The statutory accounts for the year ended 30 June 2009, were prepared under IFRS. The auditors' opinion on those accounts was unqualified, however, it did contain an emphasis of matter paragraph in relation to the Group's ability to continue as a going concern. The paragraph stated that 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. 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's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. The audit report did not contain any statement made under section 237 of the 1985 Act.

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

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 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.

## 2. DIVIDENDS

No dividends were paid or proposed in any of the periods to which the financial information relates.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. BUSINESS AND 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.

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

	Segment Operating Loss		Loss for 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

### 4. TAXATION

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.

### 5. 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 Loan Notes 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). Shareholders should refer to the information set out in this document when considering the dilutive effect of the passing of all the Waiver Resolutions.

## 5. EARNINGS PER ORDINARY SHARE (BASIC AND DILUTED) (CONTINUED)

	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)

## 6. SHARE CAPITAL AND WARRANTS

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 7. CONVERTIBLE LOAN

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

For the year ended 30 June 2009 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 Instrument have not been met. Thus the whole balance has been categorised as debt in current liabilities.

Full information in relation to the Convertible Loan and the Convertible Loan Note Instrument is set out on in this document.

### 8. SHARE BASED PAYMENTS AND SHARE OPTIONS

On 12 May 2009, the Group issued 5,300,000 new share options at an exercise price of 2.125 pence per share. Of these, 4,300,000 were issued to Group Directors and 1,000,000 was allocated to a key employee of the Group. Under the Employee Share Option Scheme, the new share options will vest in three equal instalments, the first instalment vesting on 11 May 2010.

The options were issued as follows:

	<b>Options Granted</b>	<b>Options held following issue</b>
Anthony Allen	700,000	700,000
Richard Collier	1,000,000	3,500,000
Albert Gourley	700,000	700,000
Richard Linnell	1,200,000	1,200,000
Carlos Nascimento	1,000,000	1,500,000
James Passin	700,000	700,000

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

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.

Details of all options held by the Directors is set out on page 37 of this document.

## 9. RELATED PARTY TRANSACTIONS

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. Information regarding the comparison is given below in aggregate for each category specified in IAS 24 Related Party Disclosures:

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

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.

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

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 the individuals named in the above paragraph while acting as 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.

# PART III

## Information on the Concert Party

### I. BACKGROUND ON THE CONCERT PARTY

Firebird is the collective name for two funds, FG1 and FG2, which (together with James Passin and Albert Gourley) make up the Concert Party. FG1 and FG2 are investment funds that are organised in the Cayman Islands and are managed and controlled by, respectively, FGS Advisors, LLC and FG2 Advisors, LLC. FG Advisors are New York investment advisers owned and controlled by James Passin (who also serves as a Director of the Company and has been awarded certain stock options over Maghreb's Ordinary Shares, further details of which are set out in paragraph 4.3 of Part IV of this Circular), Harvey Sawikin and Ian Hague. Another US limited liability company holds a small equity portion of FG2 Advisors, LLC. In addition, all three of James Passin, Harvey Sawikin and Ian Hague are on the board of directors of Firebird, as set out below.

As of April 2009, FGS Advisors, LLC and its affiliates own in aggregate less than 11 per cent of the equity interests of FG1 and FG2 Advisors, LLC and its affiliates own in aggregate less than 6 per cent of the equity interests of FG2.

Albert Gourley is a partner in Fasken Martineau, a London based firm of solicitors, which advised Firebird in relation to its subscription for the Loan Notes. Mr Gourley is also a Director of the Company. Mr Gourley does not currently have any interest in the share capital of the Company, but he has an option, which was granted on 12 May 2009 under the Employee Share Option Scheme, to subscribe for up to 700,000 Ordinary Shares. Further details of Mr Gourley's options are given in paragraph 4.4 of Part IV of this Circular.

### 2. NATURE OF BUSINESS AND FINANCIAL AND TRADING PROSPECTS

FG1 and FG2 focus primarily on emerging markets and their financial position has been adversely affected by the volatility in global capital markets. However the directors of Firebird continue to believe in the long term prospects of FG1 and FG2. Many markets in which FG1 and FG2 invest are considerably oversold, leading many experts to believe that a substantial recovery may be near.

As was basically a standard practice in the fund industry at the time, FG1 has dealt with the adverse and volatile markets of the end of 2008 and beginning of 2009 by allowing approximately one half of the fund's investments by value to be liquidated and returned to certain investors in its two controlling feeder funds, in a controlled restructuring. Nonetheless FG1's investment programme and operations continue as before, and FG1 goes on investing on behalf of that majority of investors that have chosen to remain invested in the feeder funds.

### 3. CONCERT PARTY DIRECTORS

The names of the directors of the corporate entities of the Concert Party (i.e., directors of FG1 and FG2) are as follows:

James Passin  
Harvey Sawikin  
Ian Hague  
Peter Anderson  
William Walmsley

each a **Concert Party Director** and together being the **Concert Party Directors**.

### 4. REGISTERED OFFICE

The registered address of FG1 and FG2 is:

c/o Trident Trust Company (Cayman) Limited  
One Capital Place  
P.O. Box 847 Grand Cayman  
Cayman Islands

The address of FGS Advisors, LLC and FG2 Advisors, LLC is:  
152 W. 57th St. 24th Floor  
New York NY 10019 USA

The address of James Passin is  
2112 Broadway #7B New York NY 10023 USA.

The address of Albert Gourley is  
17 Hanover Square London W1S 1HU United Kingdom.

## 5. FINANCIAL INFORMATION ON FIREBIRD

### 5.1 FINANCIAL INFORMATION ON FGI

Summarised consolidated profit and loss account for the last 3 full years:

## STATEMENT OF OPERATIONS

(Stated in United States Dollars)

Year ended December 31	2006
	US\$
<b>Investment income:</b>	
Dividends (net of US\$281,069 withholding taxes)	2,019,551
Interest income	1,107,581
Total investment income	3,127,132
<b>Expenses:</b>	
Withholding tax reserve	685,105
Interest expense	620,533
Professional fees	337,236
Administration fees	315,363
Bank & broker expenses	289,877
Other expenses	85,823
Dividends on securities sold, but not yet purchased	14,325
Directors' fees	8,570
Total expenses	2,356,832
Net investment income	770,300
Gain on investments and foreign currency transactions:	
Net realized gain from securities and foreign currency transactions	51,763,854
Net unrealized appreciation of securities positions and foreign currency transactions	45,631,728
Net gain on investments and foreign currency transactions	97,395,582
Net change in net assets resulting from operations	98,165,882

## 5.1 FINANCIAL INFORMATION ON FGI (CONTINUED)

### STATEMENT OF OPERATIONS

(Stated in United States Dollars)

Year ended December 31	2007
	US\$
<b>Investment income:</b>	
Dividends (net of US\$295,069 withholding taxes)	8,923,296
Interest income	4,318,936
Total investment income	13,242,232
<b>Expenses:</b>	
Capital gains tax expense	2,408,959
Dividends on securities sold, but not yet purchased	1,098,105
Bank and broker expenses	386,944
Professional fees	274,026
Administration fees	233,921
Other expenses	30,277
Interest expense	18,818
Directors' fees	15,605
Total expenses	4,466,655
Net investment income	8,775,577
Gain on investments, derivatives and foreign currency transactions:	
Net realized gain on investments, derivatives and foreign currency transactions	129,422,120
Net change in unrealized depreciation on investments, derivatives and foreign currency transactions	(665,510)
Net gain on investments, derivatives and foreign currency transactions	128,756,610
Net income	137,532,187

## 5.1 FINANCIAL INFORMATION ON FGI (CONTINUED)

# STATEMENT OF OPERATIONS

(Stated in United States Dollars)

Year ended December 31	2008
	US\$
<b>Investment income:</b>	
Dividend income (net of US\$164,418 withholding taxes)	4,467,290
Interest income	877,471
<b>Total investment income</b>	<b>5,344,761</b>
<b>Expenses</b>	
Professional fees	969,265
Provision for bad debts	725,951
Dividends on securities sold, but not yet purchased	701,873
Bank and broker expenses	354,285
Administration fees	202,550
Other expenses	111,630
Interest expense	67,091
Directors' fees	6,483
<b>Total expenses</b>	<b>3,139,128</b>
<b>Net investment income</b>	<b>2,205,633</b>
Loss on investments, derivatives and foreign currency transactions:	
Capital gains tax expense reduction	1,917,275
Net realized loss on investments, derivatives and foreign currency transactions	(21,414,084)
Net change in unrealized depreciation on investments, derivatives and foreign currency transactions	(291,173,202)
<b>Net loss on investments, derivatives and foreign currency transactions</b>	<b>(310,670,011)</b>
<b>Net loss</b>	<b>(308,464,378)</b>

## 5.1 FINANCIAL INFORMATION ON FGI (CONTINUED)

Consolidated balance sheet from the last annual accounts:

### STATEMENT OF ASSETS AND LIABILITIES

(Stated in United States Dollars)

Year ended December 31	2008
	US\$
<b>Assets</b>	
Cash and cash equivalents	151,286,053
Investments in securities, at value (cost US\$250,072,339)	172,535,036
Derivative contracts, at value	14,222,254
Purchased options, at value (premium US\$1,238,550)	266,843
Investments in other investment funds, at value (cost US\$6,702,785)	2,524,269
Interest receivable	1,023,557
<b>Total assets</b>	<b>341,858,012</b>
<b>Liabilities</b>	
Derivative contracts, at value	5,653,282
Accrued capital gains tax reserve	2,145,828
Accounts payable and accrued expenses	118,504
Accrued interest expense	288
<b>Total liabilities</b>	<b>7,917,902</b>
<b>Net assets</b>	<b>333,940,110</b>
<b>Net asset value per share</b>	
Class A Ltd. Unrestricted shares (based on 49,089.19 shares outstanding)	2,726.55
Class A Ltd. Restricted shares (based on 34,630.79 shares outstanding)	2,700.71
Class B shares (based on 100.00 shares outstanding)	188,728.35
Class C L.P. Unrestricted shares (based on 18,579.77 shares outstanding)	3,647.68
Class C L.P. Restricted shares (based on 5,451.44 shares outstanding)	3,654.49

## 5.1 FINANCIAL INFORMATION ON FGI (CONTINUED)

Consolidated cash flow statement from the last annual accounts:

# STATEMENT OF CASH FLOWS

(Stated in United States Dollars)

Year ended December 31	2008
	US\$
<b>Operating activities</b>	
Net loss	(308,464,378)
Adjustments to reconcile net income to net cash provided by operating activities:	
Net realized loss on investments and derivatives	38,014,437
Net change in unrealized depreciation on investments and derivatives	290,424,428
Changes in operating assets and liabilities:	
Purchases of securities	(295,396,731)
Proceeds from sales of securities	503,661,722
Due from broker	2,563,988
Dividends receivable	561,345
Interest receivable	(10,962)
Other assets	5,738
Accrued capital gains tax reserve	(7,321,807)
Dividend payable on securities sold, but not yet purchased	(1,098,105)
Due to broker	(933,903)
Accounts payable and accrued expenses	70,213
Accrued interest expense	(52,429)
Net cash provided by operating activities	222,023,556
<b>Financing activities</b>	
Proceeds from issuance of shares	58,757,359
Payments for redemptions of shares	(186,295,920)
Class B dividends paid	(3,500,000)
Net cash used by financing activities	(131,038,561)
Net change in cash and cash equivalents	90,984,995
Cash and cash equivalents at beginning of year	60,301,058
Cash and cash equivalents at end of year	151,286,053
<b>Supplemental disclosure of cash flow information</b>	
Cash paid during the year for interest	119,520
Cash paid during the year for taxes	5,404,532

## 5.2 FINANCIAL INFORMATION ON FG2

Summarised consolidated profit and loss account for the last 3 full years:

### STATEMENT OF OPERATIONS

(Stated in United States Dollars)

Period from July 1, (commencement of operations) to December 31	2006
	US\$
<b>Investment income:</b>	
Dividends (net of US\$8,449 withholding taxes)	60,176
Interest income	120,533
<b>Total investment income</b>	<b>180,709</b>
<b>Expenses:</b>	
Withholding tax reserve	1,527
Interest expense	20,893
Professional fees	89,882
Administration fees	70,444
Bank & broker expenses	11,373
Other expenses	6,508
Directors' fees	3,750
<b>Total expenses</b>	<b>204,377</b>
Net investment expense	(23,668)
Gain on investments and foreign currency transactions:	
Net realized gain from securities and foreign currency transactions	703,914
Net unrealized appreciation of securities positions and foreign currency transactions	16,813,907
<b>Net gain on investments and foreign currency transactions</b>	<b>17,517,821</b>
<b>Net change in net assets resulting from operations</b>	<b>17,494,153</b>

## 5.2 FINANCIAL INFORMATION ON FG2 (CONTINUED)

Summarised consolidated profit and loss account for the last 3 full years:

# STATEMENT OF OPERATIONS

(Stated in United States Dollars)

Year ended December 31	2007
	US\$
<b>Investment income:</b>	
Dividends (net of US\$19,945 withholding taxes)	1,142,148
Interest income	482,103
Total investment income	1,624,287
<b>Expenses:</b>	
Capital gains tax expense	1,059,711
Professional fees	302,667
Administration fees	218,277
Interest expense	179,793
Bank & broker expenses	111,327
Dividend on securities sold, but not yet purchased	95,040
Other expenses	13,016
Directors' fees	8,091
Total expenses	1,987,922
Net investment expense	(363,635)
Gain on investments, derivatives and foreign currency transactions:	
Net realized loss on investments, derivatives and foreign currency transactions	(5,424,828)
Net change in unrealized appreciation of investments, derivatives and foreign currency transactions	27,924,481
Net gain on investments, derivatives and foreign currency transactions	22,499,653
Net income	22,136,018

## 5.2 FINANCIAL INFORMATION ON FG2 (CONTINUED)

### STATEMENT OF OPERATIONS

(Stated in United States Dollars)

Year ended December 31	2008
	US\$
Investment income:	
Dividends (net of US\$23,546 withholding taxes)	1,932,485
Interest income	618,929
<b>Total investment income</b>	<b>2,551,414</b>
Expenses:	
Professional fees	847,428
Capital gains tax expense	287,651
Bank & broker expenses	223,399
Administration fees	204,066
Interest expense	192,944
Other expenses	109,440
Directors' fees	7,050
<b>Total expenses</b>	<b>1,871,978</b>
Net investment income	679,436
Loss on investments, derivatives and foreign currency transactions:	
Net realized loss on investments, derivatives and foreign currency transactions	(33,926,986)
Net change in unrealized appreciation of investments, derivatives and foreign currency transactions	(113,624,419)
<b>Net loss on investments, derivatives and foreign currency transactions</b>	<b>(147,551,405)</b>
<b>Net loss</b>	<b>(146,871,969)</b>

## 5.2 FINANCIAL INFORMATION ON FG2 (CONTINUED)

Consolidated balance sheet from the last annual accounts:

# STATEMENT OF ASSETS AND LIABILITIES

(Stated in United States Dollars)

Year ended December 31	2008
	US\$
<b>Assets</b>	
Cash and cash equivalents	49,375,814
Investments in securities, at fair value (cost US\$153,337,181)	83,380,134
Investments in other investment funds, at fair value (cost US\$2,026,134)	763,042
Purchased options (cost US\$2,089,784)	1,064,153
Derivative contracts, at fair value	5,305,432
Due from brokers	329,814
Interest receivable	342,567
Other assets	57,540
<b>Total assets</b>	<b>140,618,496</b>
<b>Liabilities</b>	
Derivative contracts, at fair value	1,841,924
Due to brokers	13,337
Class A Shareholder redemptions payable	2,361,514
Class B Shareholder redemptions payable	29,240,278
Dividends payable on management shares	150,000
Accrued capital gains tax reserve	1,308,587
Accounts payable and accrued expenses	99,913
<b>Total liabilities</b>	<b>35,015,553</b>
<b>Net assets</b>	<b>105,602,943</b>
<b>Net asset value per share</b>	
Class A L.P. Unrestricted Shares (based on 45,283.58 shares outstanding)	833.38
Class A L.P. Restricted Shares (based on 2,039.95 shares outstanding)	833.38
Class B Ltd. Unrestricted Shares (based on 50,605.50 shares outstanding)	783.64
Class B Ltd. Restricted Shares (based on 17,939.19 shares outstanding)	783.79
Special Situation Shares SS 0906 (based on 242.50 shares outstanding)	2.27
Special Situation Shares SS 1008 (based on 5,513.21 shares outstanding) [Y1]	817.64
Special Situation Shares SS 1208 (based on 7,383.95 shares outstanding)	812.57
Management Shares (based on 91.08 shares outstanding)	21,287.02

## 5.2 FINANCIAL INFORMATION ON FG2 (CONTINUED)

Consolidated cash flow statement from the last annual accounts:

### STATEMENT OF CASH FLOWS

(Stated in United States Dollars)

Year ended December 31	2008
	US\$
<b>Operating activities</b>	
Net loss	(146,871,969)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Net realized loss on investments, derivatives and foreign currency transactions	30,436,904
Net change in unrealized depreciation on investments and derivatives	113,558,087
Changes in operating assets and liabilities:	
Purchases of securities	(118,174,137)
Proceeds from sales of securities	147,159,492
Due from broker	589,852
Interest receivable	(219,891)
Dividends receivable	41,832
Prepayments	(25,000)
Other assets	13,016
Due to broker	(2,288,923)
Accrued capital gains tax reserve	(78,683)
Accounts payable and accrued expenses	232,466
Net cash provided by operating activities	24,373,046
<b>Financing activities</b>	
Proceeds from issuance of shares	29,912,000
Dividends paid on management shares	(5,000)
Payments for redemptions of shares	(7,064,966)
Net cash provided by financing activities	22,842,034
Net change in cash and cash equivalents	47,215,080
Cash and cash equivalents at beginning of year	2,160,734
Cash and cash equivalents at end of year	49,375,814
<b>Supplemental disclosure of cash flow information</b>	
Cash paid during the year for interest expense	203,674
Cash paid during the year for taxes	55,185

## 6. SUMMARY OF ACCOUNTING PRINCIPLES AND POLICY

Both FG1 and FG2, as well as their feeder funds (together, the **Feeder Funds**), comply with US generally accepted accounting principles (US GAAP). Set out below is a summary of the funds' valuation policy with respect to their interests and investments.

### Net Asset Valuation

The net asset value (**Net Asset Value**) of each class of interests of each Feeder Fund will equal the total net assets attributable to the interests of such class divided by the number of such interests outstanding. The total net assets attributable to each class of interests will equal the sum of (i) all subscriptions for interests of such class, plus (ii) all allocations of net gains to such class, minus (iii) all redemptions/withdrawals of interests of such class, minus (iv) all dividends or distributions with respect to interests of such class, and minus (v) all allocations of net losses to such class. In general, net gains and net losses (i.e., the difference between total net assets at the end of each period minus total net assets at the beginning of the period, net of the proceeds of any sales or redemptions of interests or distributions with respect to interests in the period) will be allocated as of the end of each month to the interests of each class in proportion to their respective Net Asset Values as of the end of the preceding month.

The determination of the Net Asset Value of each Feeder Fund and the Net Asset Value per each interest with respect to each Feeder Fund shall be made by the relevant Feeder Funds' Administrator (the **Administrator**) acting in good faith. In general, portfolio securities that are traded in an active market are valued at their last reported sales price in the case of securities listed or quoted on a recognized securities exchange, the U.S. NASDAQ National Market List or any comparable foreign quotation system for securities that generally trade daily. Securities (other than call or put options) that are quoted on a recognized securities quotation service for securities which generally do not trade on a daily basis will be valued at the average of the last reported "bid" and "asked" prices on the valuation date, or based upon quotations obtained from dealers in the relevant securities. In any of the above cases, if no active market exists for such securities at the time, then the securities will be assigned a value reasonably and in good faith by the respective Investment Advisor (i.e., for FG1 – FGS Advisors, LLC, and for FG2 – FG2 Advisors, LLC) (the **Investment Advisor**), in consultation with third parties and the Administrator. Warrants for which the underlying security is listed or quoted on a national securities exchange will be valued using the Black-Scholes methodology, less discounts for volatility and liquidity. Warrants for which the underlying security is not listed or quoted on a national securities exchange will be valued at the in-the-money value less applicable market and liquidity discounts. Options traded on a contract market will be valued at their last reported sales price on the valuation date on the principal contract market on which such options have traded on such date (or, in the event that the valuation date is not a date upon which a contract market on which such options are traded was open for trading, on the last prior date on which such contract market was open) or, if no sales occurred on either of the foregoing dates, at the last sales price reported on the last date on which the contract market was open for trading. Securities that represent interests in any partnership or investment company in which a Fund has invested will generally be valued at their net redemption value, as determined by such partnership or investment company, after deduction of any applicable redemption charges, and less any appropriate discount as determined by the Investment Advisor to reflect any applicable lock-up or other restriction on redemptions. The value of all other securities will be determined by the Funds' Investment Advisor reasonably and in good faith, in consultation with third parties and the Administrator.

Notwithstanding the foregoing, if the Investment Advisor should determine reasonably and in good faith that special circumstances exist, including but not limited to the size of the position held by a Fund, restrictions on the resale of a security held by a Fund or other circumstances which may in the Investment Advisor's opinion affect the value of a security, then the value of such securities shall mean the value of such securities so determined by the Investment Advisor. Prospective investors should be aware that uncertainties as to the valuation of portfolio positions could result in subsequent decrease in the Net Asset Value upon re-evaluation if initial judgments regarding appropriate valuations should prove incorrect. Absent bad faith or manifest error, the Administrator's Net Asset Value determinations are conclusive and binding on all interestholders.

There will be deducted from the total value of each Fund's assets all accrued debts and liabilities, including (i) fees of the Investment Advisor, the Administrator and the Custodian earned but not yet paid, (ii) any allowance for the Fund's estimated annual audit and legal fees, and (iii) any contingencies for which reserves are determined to be required. Net asset valuations are expressed in U.S. Dollars, and any items denominated in other currencies are translated at prevailing exchange rates as determined by the Administrator in consultation with the Investment Advisor.

## 7. MATERIAL CONTRACTS

Firebird has confirmed that it has not entered into any material contracts during the past two years.

### 8. INTENTIONS OF THE CONCERT PARTY

The Concert Party wishes in principle to assist the Company in meeting its aim of proving the fluorspar permits, developing a respected and attentive investor base and raising additional capital to safeguard the Company's future.

The Concert Party does not currently intend to dispose of either its individual or joint beneficial share ownership in the Company during the foreseeable future, and intends to utilise its interest in the Company to the benefit of the Company's and FG1 and FG2 shareholders through the use of its relationships, expertise and other portfolio holdings in the frontier and emerging markets, including mining and energy sectors.

Generally, in relation to the future business of the Company, the Concert Party seeks to grow the Company's business and to offer financial support.

In relation to strategic plans for the Company, the Concert Party intends to encourage the Company to adopt a growth strategy, including potential mergers and acquisitions.

The Concert Party does not have any current intentions to redeploy the Company's fixed assets.

The Concert Party does not have any plans for any sizable redundancies at the Company in the foreseeable future as a result of these arrangements and no significant changes are envisaged to the Company's business model. In any event, the legally protected employment-related rights, including pension rights, of employees will be fully safeguarded.

In relation to the continued employment of employees and management of the Company and its subsidiaries, the Concert Party does not intend to get directly involved in the day-to-day business of the Company, but intends to ensure that the Company continues to retain qualified managers to manage the everyday affairs of the Company and its subsidiaries.

The Concert Party's long-term commercial justification for the financial support of Maghreb is that the Company is an attractive investment opportunity for the members of the Concert Party, and presents an opportunity to leverage the Concert Party's other assets in the energy sector (as outlined above).

## General Information and details of the Company

### I. RESPONSIBILITY

- 1.1 The Directors of the Company, whose names are set out on page 4 of this Circular, accept responsibility for the information contained in this Circular other than that relating to the Concert Party. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Circular for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Concert Party Directors, whose names are set out on page 22 of this Circular, accept responsibility for the information contained in this Circular relating to the Concert Party. To the best of the knowledge and belief of the Concert Party Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Circular for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Albert Gourley, who is a member of the Concert Party as stated on page 6 of this Circular, accepts responsibility for the information contained in this Circular relating to himself. To the best of his knowledge and belief and having taken all reasonable care to ensure that such is the case, the information contained in this Circular for which Albert Gourley is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2 THE COMPANY

- 2.1 The Company was incorporated and registered in England and Wales as a public limited company under the 1985 Act on 7 June 2004 with the name Maghreb Minerals Plc and with registered number 5146673.
- 2.2 The liability of the members of the Company is limited.
- 2.3 The principal legislation under which the Company operates is the 1985 Act and the 2006 Act.
- 2.4 The Company's Ordinary Shares were admitted to trading on AIM on 23 December 2004.
- 2.5 The registered office of the Company is 25 Moorgate, London EC2R 6AY.

### 3. SHARE CAPITAL

The authorised and issued share capital of the Company as at the date of this Circular and following the Subscription, the Conversion and exercise of the Concert Party Options is set out below:

- 3.1 Number of Ordinary Shares and Preference Shares authorised and issued as at the date of this Circular

	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
<b>Ordinary Shares</b>	150,000,000	£900,000	91,033,981	£546,203.89
<b>Preference Shares</b>	-	-	-	-

- 3.2 Number of Ordinary Shares and Preference Shares authorised and issued following the Conversion assuming that all of the Loan Notes are converted into Preference Shares, the Subscription and full exercise of the Concert Party Options, assuming no further Shares are issued

	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
<b>Ordinary Shares</b>	300,000,000	£1,800,000	112,433,981	£674,603.87
<b>Preference Shares</b>	25,000,000	£150,000	22,222,222	£133,333

# PART IV (CONTINUED)

## 3. SHARE CAPITAL (CONTINUED)

3.3 Number of Ordinary Shares and Preference Shares authorised and issued following the Conversion assuming that all of the Loan Notes are converted into Ordinary Shares, the Subscription and full exercise of the Concert Party Options, assuming no further Shares are issued

	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
<b>Ordinary Shares</b>	300,000,000	£1,800,000	134,656,203	£807,937.22
<b>Preference Shares</b>	25,000,000	£150,000	–	–

3.4 Number of Ordinary Shares and Preference Shares authorised and issued following the Conversion of all Loan Notes into Preference Shares and the Subscription only, assuming no further Shares are issued

	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
<b>Ordinary Shares</b>	300,000,000	£1,800,000	111,033,981	£666,203.87
<b>Preference Shares</b>	25,000,000	£150,000	22,222,222	£133,333

3.5 Number of Ordinary Shares and Preference Shares authorised and issued following the Conversion of all Loan Notes into Preference Shares or subsequent conversion of Preference Shares into Ordinary Shares and the Subscription only, assuming no further Shares are issued

	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
<b>Ordinary Shares</b>	300,000,000	£1,800,000	133,256,203	£799,537.22
<b>Preference Shares</b>	25,000,000	£150,000	–	–

## 4. INTERESTS AND DEALINGS

### Directors

4.1 The interests of the Directors and the persons connected with them (within the meaning of sections 252 to 255 and 820 to 825 of the 2006 Act) in the share capital of the Company as at 9 October 2009, being the latest practicable date prior to the posting of this Circular, are as follows:

#### Prior to the Subscription, the Conversion and exercise of the Concert Party Options:

Director	Number of Ordinary Shares	%
R J C Collier	230,000	0.3
James Passin <sup>(1)</sup>	21,902,824	24.1
Albert Gourley	–	–

(1) Firebird has control over 24.1 per cent of the voting rights of the Company, and James Passin, in his capacity as member and manager of FG Advisors has indirect control of this 24.1 per cent of the voting rights of the Company due to FG Advisors' managerial control over Firebird.

#### After the Subscription, the Conversion and exercise of the Concert Party Options<sup>(1)</sup>:

Director	Number of Ordinary Shares	%
R J C Collier	230,000	0.2
James Passin <sup>(2)</sup>	57,458,380	43.1
Albert Gourley	6,666,666	5.3

(1) Assuming Conversion into Ordinary Shares or, if Conversion into Preference Shares, subsequent conversion of Preference Shares into Ordinary Shares (but not the exercise by James Passin or Albert Gourley of the Concert Party Options)

(2) Firebird will have control over 43.1 per cent of the voting rights of the Company, and James Passin, in his capacity as member and manager of FG Advisors has indirect control of this 43.1 per cent of the voting rights of the Company due to FG Advisors' managerial control over Firebird

#### 4. INTERESTS AND DEALINGS (CONTINUED)

- 4.2 As at 9 October 2009, being the latest practicable date prior to posting of this Circular, the Directors are also interested in the following unissued Ordinary Shares pursuant to share options granted by the Company under the Employee Share Option Scheme further details of which are set out in paragraph 11 of this Part IV.

Director	Date of Grant	Number of Ordinary Shares under Option	Exercise price per Ordinary Share
			(p)
Richard Collier	17/12/2004	93,333	17
	04/04/2007	556,667	9
	12/10/2007	550,000	7
	01/04/2008	1,300,000	3.75
	12/05/2009	1,000,000	2.125
Anthony Allen	12/05/2009	700,000	2.125
Albert Gourley	12/05/2009	700,000	2.125
Richard Linnell	12/05/2009	1,200,000	2.125
James Passin	12/05/2009	700,000	2.125

The share options vest on the 1st, 2nd and 3rd anniversary of the date of grant and none of the vested share options set out in the table above has been exercised.

Save as disclosed in this paragraph 4 or paragraph 11 of this Part IV as at 9 October 2009, being the latest practicable date prior to the posting of this Circular, neither the Directors nor any person connected with Directors (within the meaning of sections 252 to 255 of the 2006 Act) is expected to have any interest, beneficial or non-beneficial, in the share or loan capital of the Company.

#### Information on the Concert Party members

- 4.3 As at 9 October 2009, being the latest practicable date prior to the posting of this Circular, only the corporate member of the Concert Party, Firebird, has a direct interest in the share capital of the Company. Firebird currently owns 24.1 per cent of the issued share capital and voting rights of the Company, having bought its initial stakes at various times last year. The details of these purchases are as follows:

Date	Shareholder	Ordinary Shares Purchases	Purchase Price	Total Share-holding (% of Company)
27 May 2008	FG2	5,310,000	4.99p	5.8
28 May 2008	FG1	8,000,000	5.70p	8.8
28 May 2008	FG2	8,592,824	5.70p	9.4
<b>Total holding</b>		21,902,824		24.1

- 4.4 Save as disclosed in this paragraph 4 and paragraph 12 of Part IV of this Circular, the Concert Party, the Concert Party Directors and any concert party of the Concert Party have no interests, rights to subscribe or short positions in the Company and there have been no dealings for value in shares in the Company or other interests by the Concert Party, the Concert Party Directors or any concert party of the Concert Party.
- 4.5 There is no agreement, arrangement or understanding that exists between the Concert Party and any of the other Directors, or recent Directors, Shareholders or recent Shareholders having any connection with, or dependence upon, the Conversion or the Subscription.

## 5. GENERAL

5.1 Save as disclosed or referred to in this Circular:

- 5.1.1 no Director (nor any member of their respective immediate families or related trustees) nor any member of the Concert Party nor any person connected with any of them (within the meaning of sections 252 to 255 of the 2006 Act) is interested in any relevant securities of the Company;
- 5.1.2 neither the Company nor any Director has any interest in the relevant securities of any member of the Concert Party, nor has the Company nor any Director dealt for value in any such securities during the period of 12 months prior preceding the date of this Circular;
- 5.1.3 no Director (nor any member of their respective immediate families or related trustees) nor any member of the Concert Party nor any person acting in concert with any of them (within the meaning of section 254 of the 2006 Act) has dealt for value in any relevant securities of the Company during the period of 12 months prior preceding the date of this Circular;
- 5.1.4 neither the Company nor, so far as the Directors are aware, having made due and careful enquiry, any member of the Concert Party have any arrangement with any other person in relation to relevant securities;
- 5.1.5 the Company has no interests, rights to subscribe or short positions in any member of the Concert Party;
- 5.1.6 the Directors have no interests, rights to subscribe or short positions in any member of the Concert Party;
- 5.1.7 the Directors have no interests, rights to subscribe or short positions in the Company;
- 5.1.8 no associate of the Company has any interests, rights to subscribe or short positions in the Company;
- 5.1.9 the Company has no interests, rights to subscribe or short positions in any pension funds;
- 5.1.10 no pension fund of the Company or of any associate of the Company has any interests, rights to subscribe or short positions in the Company;
- 5.1.11 no employee benefit trust of the Company has any interests, rights to subscribe or short positions in the Company;
- 5.1.12 no employee benefit trust of any associate of the Company has any interests, rights to subscribe or short positions in the Company;
- 5.1.13 no connected adviser of the Company has any interests, rights to subscribe or short positions in the Company;
- 5.1.14 no connected advisers of an associate of the Company or of the Concert Party have any interests, rights to subscribe or short positions in the Company;
- 5.1.15 no person controlling, controlled by or under the same control as a connected adviser of an associate of the Company or of the Concert Party has any interests, rights to subscribe or short positions in the Company; and
- 5.1.16 no member of the Concert Party or any concert party of the Concert Party has borrowed or lent any Ordinary Shares.

(For the purposes of this paragraph 5.1, "associate" has the meaning ascribed to it in category 1 of the definition of associate in the City Code. "Connected adviser" also has the meaning ascribed to it in the City Code.)

## **5. GENERAL (CONTINUED)**

- 5.2 No loan or guarantee has been granted or provided by the Company to any Director or any person connected with them.
- 5.3 Save as disclosed in this Part IV of this Circular, no agreement, arrangement or understanding (including any compensation arrangement) exists between Firebird, James Passin, Albert Gourley or any person acting in concert with them and any of the directors, recent directors, shareholders or recent shareholders of the Company, or any person interested or recently interested in Shares of the Company, having any connection with or dependence upon the Conversion or the Subscription.
- 5.4 Save as disclosed in this Part IV of this Circular, no Shares acquired in conjunction with the Conversion, the Subscription or the exercise of the Concert Party Options will be transferred to any other persons (except intragroup transfers in the case of Firebird).

Save as disclosed in this Circular, none of the Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.

## **6. DIRECTORS' SERVICE CONTRACTS**

- 6.1 The following Directors have service contracts or consultancy agreements with the Company as detailed below:

6.1.1 Richard J. Linnell (Chairman)

Richard Linnell was appointed on 18 November 2008 as a non-executive director and Chairman of the Company with effect from 1 January 2009. His appointment continues until terminated by either party giving no less than three months' written notice. Under the terms of the agreement he is entitled to £30,000 per annum, subject to review annually and/or in accordance with the positive performance of the Company. Richard Linnell is eligible to participate in the Employee Share Option Scheme. There is no provision for compensation for early termination of office.

6.1.2 Albert C. Gourley

Albert Gourley was appointed on 18 November 2008 as a non-executive director of the Company. His appointment continues until terminated by either party giving no less than three months' written notice. Under the terms of the agreement, as from 1 May 2009, he is entitled to £16,000 per annum, subject to review annually and/or in accordance with the positive performance of the Company. Albert Gourley is eligible to participate in the Employee Share Option Scheme. There is no provision for compensation for early termination of office.

6.1.3 Richard J. Collier

Richard Collier was appointed as a Director of the Company with effect from 7 June 2004. His new terms of appointment were entered into with effect from 1 April 2008 to supersede his former contract dated 28 October 2004. Under the new terms he was appointed as Chief Executive Officer and executive director. His appointment continues until terminated by either party giving no less than six months' written notice. Under the new terms of appointment he is entitled to £150,000 per annum, subject to review annually and/or in accordance with the positive performance of the Company. Richard Collier is eligible to participate in the Employee Share Option Scheme. There is no provision for compensation for early termination of office.

6.1.4 Anthony V. Allen

Anthony Allen was appointed as a non-executive Director of the Company with effect from 1 August 2008. The terms of his appointment were amended with effect from 1 January 2009. His appointment continues until terminated by either party giving no less than three months' written notice. Under the terms of the agreement he is entitled to £25,000 per annum, subject to review annually and/or in accordance with the positive performance of the Company. Anthony Allen is eligible to participate in the Employee Share Option Scheme. There is no provision for compensation for early termination of office.

## 6. DIRECTORS' SERVICE CONTRACTS (CONTINUED)

### 6.1.5 James C. Passin

James Passin was appointed on 18 November 2008 as a non-executive Director of the Company. His appointment continues until terminated by either party giving no less than three months' written notice. Continuation of his contract of appointment is contingent on satisfactory performance and re-election at forthcoming Annual General Meetings. His appointment will be reviewed annually. Under the terms of the agreement he has waived any entitlement to any fees for his service, but has reserved his right to exercise the options granted to him under the Employee Share Option Scheme. James Passin is eligible to participate in the Employee Share Option Scheme at the discretion of the Company's Remuneration Committee. There is no provision for compensation for early termination of office.

6.2 At a meeting of the Board held on 3 July 2009, the Directors agreed to reduce the amount of Mr Collier's remuneration to £25,000 per annum and to waive entirely the remuneration of the other Directors where such remuneration is payable by the Company. This arrangement will apply until November 2009, when a review of Directors' remuneration packages will be carried out.

6.3 Save as disclosed herein, in the past 6 months there have been no service contracts or consultancy agreements between any Director and the Company which have been entered into, replaced or amended.

## 7. MATERIAL CONTRACTS

Save as disclosed herein, the Company has not in the past 2 years entered into any contract which is or may be material otherwise than in the ordinary course of business.

### Convertible Loan

On 10 March 2009 the Company issued 500,000 zero coupon, unsecured convertible loan notes of £1.00 each, constituted by the Convertible Loan Note Instrument dated 10 March 2009, to FG2 for cash and which are repayable on 30 November 2009. Under the terms of the Convertible Loan Note Instrument, notice convening an extraordinary general meeting for the approval of resolutions enabling the exercise of conversion rights by the Company or FG2 has to be given prior to the Notice Date. In the event that the extraordinary general meeting is not called or the required resolutions are not passed, there will be an event of default which, if it remains un-remedied, will entitle FG2 to demand immediate repayment of the Loan Notes.

Further details of the Convertible Loan are set out in Part 1 of this Circular.

## 8. LITIGATION

The Company is not nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Circular which may have or have had in the recent past a significant effect on the Company and its financial position or profitability.

## 9. MATERIAL CHANGES

Save as disclosed in this Circular, there has been no material change in the financial or trading position of the Company since 30 June 2009 (being the date to which the last audited accounts of the Company were prepared).

However, if all the Waiver Resolutions and the Transaction Resolution are not passed at the EGM, the Loan Notes will immediately become repayable on demand in cash. Further, the Subscription Undertakings will lapse as they are conditional, amongst other things, on the passing of all the Waiver Resolutions and the Transaction Resolution, and Albert Gourley and FG2 will no longer be obliged to subscribe for the Subscription Shares.

In these circumstances, considering the current difficulties in raising finance in the debt and equity markets to repay the Loan Notes and further financing for working capital, the Company would face severe financial difficulty in the coming months and would be likely to become insolvent and be obliged to cease trading.

## 10. MIDDLE MARKET QUOTATIONS

The following table lists the closing middle market quotation for the Ordinary Shares, as derived from the Daily Official List of the London Stock Exchange, on the first dealing day of each of the six months prior to the date of this Circular, and on 9 October 2009 (being the last practicable date prior to posting of this Circular):

## 10. MIDDLE MARKET QUOTATIONS (CONTINUED)

Date	Price per Ordinary Share
	(p)
01/04/2009	1.63
01/05/2009	2.00
01/06/2009	2.25
01/07/2009	1.75
03/08/2009	1.38
01/09/2009	4.13
01/10/2009	2.50
09/10/2009	2.50

## 11. SHARE OPTIONS

### 11.1 Introduction

On 29 November 2004 at an Extraordinary General Meeting, the Company adopted the Maghreb Minerals plc 2004 Employee Unapproved Share Option Scheme (the **Employee Share Option Scheme**).

### 11.2 Administration

The Employee Share Option Scheme is operated by the Board of Directors.

### 11.3 Eligibility

Any employee or director or non-executive director or provider of services to of the Company, who on the date on which an option (**award**) is granted is not within six months of retirement in accordance with the terms of his employment is eligible to participate in the Employee Share Option Scheme, at the discretion of the Board.

### 11.4 Timing of grants

In addition to initial grants being made within 42 days of the Employee Share Option Scheme having been adopted by the Board, grants may be awarded:

- (a) within 42 days following the announcement of the Company's interim or final results;
- (b) to an individual within 14 days of that individual fitting the criteria of paragraph 11.3 above; or
- (c) at any time if the Board considers that the circumstances are exceptional.

### 11.5 Exercise price

The exercise price is the price payable on the exercise of an award. The exercise price of any award will be the market value per share at the date of the grant, subject to the market value not being less than the nominal value per share.

### 11.6 Restrictions on the granting of awards

At any time, the number of Ordinary Shares granted under the Employee Share Option Scheme shall not exceed 10 per cent of the Company's issued Ordinary Share capital at that time. No award shall be granted following the 10th anniversary of the Employee Share Option Scheme being adopted.

### 11.7 Exercise of awards

Awards shall become exercisable either:

- (a) in equal instalments vesting on the first, second and third anniversary from when the award was granted; or
- (b) in equal instalments vesting on the first, second and third anniversary from when the award was granted subject to the targets as determined by the Board from time to time.

## II. SHARE OPTIONS (CONTINUED)

The exercise of awards may be made dependent upon the achievement of performance conditions set by the Board when the awards are granted.

### 11.8 Awards lapse:

- (a) five years from the date they were granted;
- (b) immediately, if the employee is dismissed or has a service contract terminated by the Company;
- (c) on the commencement of a winding-up order of the company; or
- (d) if a bankruptcy order is made in respect of a particular participant of the Share Option Scheme.

### 11.9 Cessation of employment

If a participant of the Employee Share Option Scheme leaves for any reason other than dismissal, before the award becomes vested, the Board has the discretion to permit the award regardless, for a period of three months from ceasing to be employed by the Company.

If a participant dies, his legal personal representatives may exercise the award – provided it has become a vested award – within 12 months from the date of the participant's death.

### 11.10 Takeover and winding up

In the event of a takeover or winding up, subject to the Board's discretion, each participant's award shall become vested and entitled to exercise the awards in full shortly thereafter.

### 11.11 Voting, dividend and other rights

Until participants receive Ordinary Shares, participants have no voting or dividend rights in respect of the Ordinary Shares. Shares allotted under the Employee Share Option Scheme will rank *pari passu* with the Existing Ordinary Shares and an application will be made to AIM for such Ordinary Shares to be admitted to trading once the awards are exercised.

### 11.12 Adjustments of awards

In the event of a rights or capitalisation issue or any sub-division, consolidation, reduction or other variation of the Company's share capital, the exercise price of an option and the number of option shares may be adjusted in such manner as the Board determines is fair and reasonable.

### 11.13 Amendments

The Employee Share Option Scheme may be amended by the Board although amendments to the material detriment of a participant would require approval by a majority (over 50 per cent) of such participants to such amendment.

On 27 April 2007 the Board agreed to the cancellation of 1,593,333 share options that would have vested in accordance with the terms of the Employee Share Option Scheme. The Board also approved the issue of 1,593,333 new share options at a premium, vesting in three equal instalments, the first instalment vesting in April 2008.

On 17 April 2008 the Board ratified the issue of 2,600,000 new share options which vest in three equal instalments, the first instalment vesting in April 2009.

On 12 May 2009 the Company announced the grant of 5,300,000 share options over Ordinary Shares to various directors and senior management of the Company. These options are exercisable in three equal annual instalments from the first anniversary of the date of grant, being 11 May 2009. These options were issued under the Employee Share Option Scheme. Further details of the options issued to the directors of the Company are set out in paragraph 4.3 of this Part IV.

The total number of options outstanding is now in respect of 9,100,000, Ordinary Shares being equivalent to 9.99 per cent of the current issued share capital of the Company.

## **12 FINANCING ARRANGEMENTS**

If all the Waiver Resolutions and the Transaction Resolution are passed at the Extraordinary General Meeting, the Conversion and Subscription will be implemented and there will not be an immediate requirement for any new financing arrangements to be put in place. Therefore, there will not be any payment of interest on, repayment of, or security for, any liability which will depend to any significant extent on the business of the Company. However, the Directors will be reviewing and monitoring the Company's financing needs on an ongoing basis.

## **13. GENERAL**

13.1 Hanson Westhouse of One Angel Court, London EC2R 7HJ has given and not withdrawn its written consent to the issue of this Circular with the inclusion of the references to its name in the form and context in which they appear. Hanson Westhouse is regulated by the Financial Services Authority and is registered in England and Wales with registered number 5861129.

13.2 Unless otherwise stated, the financial information concerning the Company is extracted from the statutory accounts of the Company for the years ended 30 June 2006, 30 June 2007, 30 June 2008 and 30 June 2009.

## **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) until the conclusion of the Extraordinary General Meeting:

- the memoranda and articles of association of the Company, FG1 and FG2;
- the audited consolidated accounts of the Company for the years ended 2006, 2007, 2008 and 2009;
- the audited consolidated accounts of Firebird for the years ended 2006 and 2007. Firebird's funds are incorporated in the Cayman Islands. As such they are not subject to the same obligation to publish accounts as an equivalent UK company. This was a strategic decision by Firebird who, for commercial reasons, wish to keep confidential certain information pertaining to their investment portfolio. Firebird will therefore make available, with the Panel's consent, edited versions of their accounts. These accounts in their edited format provide Shareholders with sufficient information with regard to their decisions to vote for or against the Resolutions;
- the service contracts and letters of appointment of the Directors referred to in paragraph 6 of this Part IV;
- the written consent referred to in paragraph 13.1 of this Part IV;
- the material contracts of the Company referred to in paragraph 7 of this Part IV;
- this Circular and the Form of Proxy.

Dated 19 October 2009

## Summary of provisions in New Articles

The material provisions of the New Articles and material differences between the Existing Articles and the New Articles are as follows:

### 1. PREFERENCE SHARES

The New Articles will create Preference Shares in the share capital of the Company. The Preference Shares will rank *pari passu* with the Ordinary Shares in all respects, including for dividends. However, the Preference Shares will have priority over the Ordinary Shares on a return of the Company's assets on a liquidation, capital reduction or otherwise, after payment of the Company's liabilities. Holders of Preference Shares will not have the right to vote at general meetings, but will have the right to receive notice of and to attend and speak at general meetings. A Preference Share may be converted at the option of the Preference Shareholder into an Ordinary Share.

### 2. ARTICLES WHICH DUPLICATE STATUTORY PROVISIONS

Provisions in the Existing Articles which replicate provisions contained in the 1985 Act are amended to bring them into line with the 2006 Act. Certain examples of such provisions include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

### 3. FORM OF RESOLUTION

The Existing Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is proposed to be removed as the concept of extraordinary resolutions has not been retained under the 2006 Act.

The Existing Articles enable members to act by written resolution. Under the 2006 Act public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

### 4. VARIATION OF CLASS RIGHTS

The Existing Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the 2006 Act. The relevant provisions have therefore been amended in the New Articles.

### 5. CONVENING EXTRAORDINARY AND ANNUAL GENERAL MEETINGS

The provisions in the Existing Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the 2006 Act. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

### 6. VOTES OF MEMBERS

Under the 2006 Act proxies are entitled to vote on a show of hands whereas under the Existing Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed (but if they purport to exercise their rights in different ways, then the power is treated as not being exercised). The New Articles reflect all of these new provisions.

### 7. AGE OF DIRECTORS ON APPOINTMENT

The Existing Articles contain a provision requiring a director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected, limiting the age at which a director can be appointed. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

### 8. CONFLICTS OF INTEREST

The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The 2006 Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

#### **9. NOTICE OF BOARD MEETINGS**

Under the Existing Articles, when a director is abroad he can request that notice of directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad. It has been replaced with a more general provision that a director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

#### **10. RECORDS TO BE KEPT**

The provision in the Existing Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the 2006 Act.

#### **11. DISTRIBUTION OF ASSETS OTHERWISE THAN IN CASH**

The Existing Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Existing Articles.

#### **12. ELECTRONIC AND WEB COMMUNICATIONS**

Provisions of the 2006 Act which came into force in January 2007 enable companies to communicate with members by electronic

and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

#### **13. DIRECTORS' INDEMNITIES AND LOANS TO FUND EXPENDITURE**

The 2006 Act has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

#### **14. THE COMPANY'S OBJECTS**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act the objects clause and all other provisions which are currently contained in a company's memorandum will be deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

Further the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. The Company is

proposing to remove its objects clause to allow it to have the widest possible scope for its activities.

## **15. CHANGE OF NAME**

Currently, a company can only change its name by special resolution. Under the 2006 Act a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

## **16. AUTHORISED SHARE CAPITAL**

The 2006 Act abolishes the requirement for a company to have an authorised share capital. However, the New Articles will specify an authorised share capital of £1,950,000 divided into 300,000,000 Ordinary Shares and 25,000,000 Preference Shares.

The Directors are not currently aware of any further issue of Ordinary Shares or Preference Shares beyond those detailed in this Circular, but consider that the authorised share capital should be increased beyond the amount specifically required for the purposes set out in this Circular in order to provide sufficient headroom to delay future administrative costs associated with increasing the authorised share capital.

## **17. REDEEMABLE SHARES**

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

## **18. AUTHORITY TO PURCHASE OWN SHARES, CONSOLIDATE AND SUB-DIVIDE SHARES, AND REDUCE SHARE CAPITAL**

Under the law currently in force a company requires specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Existing Articles include these enabling provisions. Under the 2006 Act a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

# MAGHREB MINERALS PLC (THE COMPANY)

(INCORPORATED IN ENGLAND AND WALES UNDER THE COMPANIES ACT 1985 WITH REGISTERED NUMBER 5146673)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of the Company will be held at 25 Moorgate, London, EC2R 6AY at 10.00 a.m. on 12 November 2009, for the purpose of considering and, if thought fit, passing the following resolutions:

### ORDINARY RESOLUTIONS

1. THAT the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on the members of the Concert Party, as defined in the circular to the Company's shareholders dated 19 October 2009 (the **Circular**), individually or collectively to make an offer to the shareholder of the Company pursuant to Rule 9 of the City Code on Takeover and Mergers as a result of the conversion of the Loan Notes into Ordinary Shares or into Preference Shares with the subsequent conversion of such Preference Shares into Ordinary Shares (as such terms are defined in the Circular) be and is hereby approved.
2. THAT the waiver granted by the Panel of Takeovers and Mergers of the obligation that would otherwise arise on the members of the Concert Party, as defined in the circular to the Company's shareholders dated 19 October 2009 (the **Circular**), individually or collectively to make an offer to the shareholders of the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the issue of the Subscription Shares (as such term is defined in the Circular) be and is hereby approved.
3. THAT the waiver granted by the Panel of Takeovers and Mergers of the obligation that would otherwise arise on the members of the Concert Party as defined in the circular to the Company's shareholders dated 19 October 2009 (the **Circular**) individually or collectively to make an offer to the shareholders of the Company pursuant to Rule 9 of the City Code on Takeover and Mergers as a result of the exercise of the options awarded to James Passin and Albert Gourley over ordinary shares in the Company as described in the Circular be and is hereby approved.

### SPECIAL RESOLUTIONS

4. THAT, subject to the passing of Resolutions 1, 2 and 3 set out in the notice of the meeting at which this Resolution is being considered:
  - (a) the capital of the Company be increased from £900,000 to £1,950,000 by the creation of 150,000,000 ordinary shares of £0.006 each (**Ordinary Shares**) and 25,000,000 preference shares of £0.006 each (**Preference Shares**);

- (b) in substitution for all subsisting authorities to the extent unused, the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 Companies Act 2006 (the **Act**) to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares of the Company up to an aggregate nominal amount of £1,403,796.11 during the period commencing on the date of the passing of this Resolution and shall expire at the conclusion of the next Annual General Meeting of the Company or 31 December 2010, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to be granted (as the case may be) after such expiry and the Directors may allot shares or grant rights (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;
- (c) the Directors be and they are hereby empowered, pursuant to section 571 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority given in accordance with section 551 of the Act by the said paragraph (b) above, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities comprising the issue of Ordinary and/or Preference Shares pursuant to (i) the exercise of conversion rights under the Loan Notes (as defined in the circular sent to the Company's shareholders dated 19 October 2009 (the **Circular**), (ii) the issue of the Subscription Shares (as defined in the Circular) and (iii) the exercise of the options granted by the Company to James Passin and Albert Gourley, and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or, if earlier, on the close of business on 31 December 2010, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements and all authorities previously conferred under section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect; and
- (d) the new articles of association of the Company in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be and are hereby approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association with effect from the conclusion of the meeting at which this Resolution is being considered.

# MAGHREB MINERALS PLC (THE COMPANY)

(INCORPORATED IN ENGLAND AND WALES UNDER THE COMPANIES ACT 1985 WITH REGISTERED NUMBER 5146673)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

5. THAT the Directors be and they are hereby empowered, pursuant to section 571 of the Companies Act 2006 (the **Act**) subject to the passing of Resolution 4 set out in the notice of the meeting at which this Resolution is being considered and in addition to the authorities thereby granted,

(i) to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 4; and/or

(ii) to allot equity securities where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act,

as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with or the subject of an offer or invitation, including a rights issue or open or equivalent offer, open for acceptance for a period fixed by the Directors, to holders of ordinary shares and such other equity securities of the Company as the Directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto, including equity securities which, in connection with such offer or invitation, are the subject of, or the arrangements for which provide for, such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise;

(b) pursuant to the terms of any share option scheme adopted by the Company (and any ordinary shares acquired or held by the Company in treasury may be transferred in satisfaction of the exercise of options under any of the Company's share option schemes); and

(c) (otherwise than pursuant to sub-paragraphs (a) and (b) above) up to an aggregate nominal amount of £1,095,863.

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution 5

or, if earlier, on the close of business on 31 December 2010, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements and all authorities previously conferred under section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

By order of the Board

Company Secretary

19 October 2009

Registered Office:

25 Moorgate

London

EC2R 6AY

Notes:

- 1 A member entitled to attend and vote at the Extraordinary General Meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. The proxy need not be a member of the Company. Completion and return of a Form of Proxy will not preclude members from attending or voting in person at the Extraordinary General Meeting if they so wish.
- 2 Where a proxy does not state the number of shares to which it applies (a "blank proxy") then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of shares registered in the name of the appointing member (the "member's entire holding"). In the event of a conflict between a blank proxy and a proxy which does state the number of shares to which it applies (a "specific proxy"), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that, as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one).
- 3 Members may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than the member's entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares. To appoint more than one proxy, you may photocopy this Form of Proxy. Please indicate next to the proxy's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope.
- 4 When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if the Company is unable to determine which is last sent, last received). Proxies in the same envelope will be treated as sent and received at the same time, to minimise the number of conflicting proxies. If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) an entire holding, none of them shall be treated as valid. Where the aggregate number of shares in

respect of which proxies are appointed exceeds a member's entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata.

- 5 A "vote withheld" option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the votes "For" and "Against" a resolution. If you either select the "Discretionary" option on the Form of Proxy or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter put before the meeting.
- 6 To be valid a Form of Proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the Company's Registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 10.00 a.m. on 10 November 2009. A Form of Proxy is enclosed with this notice and instructions for use are shown on the form.
- 7 In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
- 8 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- 9 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
- 10 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at the close of business on 9 November 2009 shall be entitled to attend and vote, whether in person or by proxy, at the Extraordinary General Meeting, in respect of the number of ordinary shares in the capital of the Company registered in their name at that time. Changes to entries in 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 or vote at the Extraordinary General Meeting.
- 11 In accordance with the requirements of the Panel on Takeovers and Mergers, Resolutions 1, 2 and 3 set out in this notice of EGM will be decided on a poll of the Independent Shareholders (as such term is defined in the circular to the Company's shareholders dated 19 October 2009 (the Circular)). Firebird (as such term is defined in the Circular) will not be entitled to vote on any of Resolutions 1, 2 and 3 set out in this notice of EGM.



# MAGHREB MINERALS PLC

(INCORPORATED IN ENGLAND AND WALES WITH REGISTERED NO. 5146673)

## EXTRAORDINARY GENERAL MEETING PROXY FORM

I/We (name in full) \_\_\_\_\_ (please use BLOCK CAPITALS letters)

being a member of the Company appoint the Chairman of the meeting or (see note 3)

of \_\_\_\_\_

as my/our proxy to attend, speak and vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at 25 Moorgate, London, EC2R 6AY at 10.00 a.m. on 12 November 2009 and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an "X". If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Please clearly mark the boxes below to instruct your proxy how to vote.

Resolution	For	Against	Vote withheld (see note 4)
1. To approve, on a poll vote by the Independent Shareholders only, the Waiver of Rule 9 of the City Code in relation to the Conversion into Ordinary Shares or subsequent conversion of Preference Shares into Ordinary Shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve, on a poll vote by the Independent Shareholders only, the Waiver of Rule 9 of the City Code in relation to the issue of Subscription Shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve, on a poll vote by the Independent Shareholders only, the Waiver of Rule 9 of the City Code in relation to the exercise of options awarded to James Passin and Albert Gourley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To: (a) increase the authorised share capital of the Company from £900,000 to £1,950,000; (b) authorise the allotment of relevant securities up to a maximum aggregate nominal amount of £1,403,796.11; (c) disapply statutory pre-emption rights in respect of the allotment of equity securities to allot and issue the Ordinary and/or Preference Shares pursuant to the exercise of conversion rights under the Loan Notes; and (d) agree to the adoption of new Articles of Association for the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To disapply statutory pre-emption rights in respect of the allotment of equity securities up to a maximum aggregate nominal value of £1,095,863.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated \_\_\_\_\_ Signature \_\_\_\_\_

### NOTES TO THE PROXY FORM

- As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
- Submission of a proxy form does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

## NOTES TO THE PROXY FORM (CONTINUED)

- 3 A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- 4 To direct your proxy how to vote on the resolutions mark the appropriate box with an "X". To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 5 To appoint a proxy using the proxy form, the form must be:
  - completed and signed;
  - sent or delivered to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY; and
  - received by Computershare Investor Services PLC no later than 48 hours before the time appointed for the holding of the meeting.
- 6 In the case of a member which is a company, this form of proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- 7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- 8 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxy appointments will take precedence.
- 9 For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.

## **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)

**[www.maghrebminerals.co.uk](http://www.maghrebminerals.co.uk)**