

24 December 2010

Maghreb Minerals PLC
(“Maghreb” or the “Company”)
Intention to Raise US\$10,000,000 and Purchase of Shareholding in Sallies Limited
and
Kenya Fluorspar Company Limited

Sallies Transaction

The Board is pleased to announce that Maghreb Minerals PLC has today entered into an agreement (the “Sallies Agreement”) to acquire a controlling interest (the “Sallies Acquisition”) in leading fluorspar company Sallies Limited (“Sallies”). Sallies is currently listed on the JSE Limited and owns the Witkop and Buffalo fluorspar mines in South Africa. The transaction represents a significant step towards the Company’s stated strategy of acquiring fluorspar assets internationally.

The Company has conditionally agreed to purchase, from Firebird Global Master Fund, Ltd and Firebird Global Master Fund II, Ltd (together “Firebird”), their total equity stake in Sallies of 484,958,606 ordinary shares, which equates to a 66.9% shareholding in Sallies (which provides an aggregate holding for Maghreb of 78.3% given its existing 11.4% stake in Sallies). The principal conditions in the Sallies Agreement are that Maghreb raise US\$10,000,000 in financing (“**Financing**”) and obtain shareholders’ approval to the acquisition at a general meeting of Maghreb. The consideration for the acquisition of the shares in Sallies is the issue of 335,636,268 Maghreb shares.

The Company has also conditionally agreed to purchase, from Firebird, their holdings in Sallies debentures. The arrangements for the acquisition of Sallies debentures are contained in the Sallies Agreement and are therefore subject to the same conditions as for the acquisition of Sallies shares. Firebird will sell 83,412,850 debentures for an aggregate consideration of 134,701,973 Maghreb shares.

A circular explaining the details of the Sallies Acquisition and of the KFC Acquisition (as defined below) will be posted to the shareholders in due course. As well, the successful completion of this transaction will trigger a mandatory offer to the Sallies minorities in terms of the rules of the JSE Limited.

Commenting, Richard Linnell, Chairman, said:

“This transaction represents a major step in the implementation of Maghreb’s stated strategy of acquiring significant assets in the fluorspar sector internationally to enable it to develop critical mass in the sector. We hope that the minority Sallies’ shareholders will soon join Maghreb and strengthen our shareholder base and we will be reaching out to them as soon as practicable.”

Kenya Fluorspar

The Board is also pleased to announce that Maghreb has today also entered into an agreement (the “KFC Agreement”) to acquire a strategic 20% shareholding (the “KFC Acquisition”) in leading fluorspar producer, Kenya Fluorspar Company Ltd (“KFC”). KFC is a privately owned company that owns and operates the Kenya Fluorspar mine located at Kimwarer, Kenya. Again, the transaction is consistent with Maghreb’s stated strategy of acquiring significant stakes in producing fluorspar assets internationally.

The Company has conditionally agreed to purchase, from Firebird Global Master Fund II, Ltd (“Firebird II”), its total equity stake in KFC of 1,000,000 ordinary shares, which equates to a 20% shareholding in KFC. The principal conditions in the KFC Agreement are Maghreb completing the Financing and obtaining shareholders’ approval to the acquisition of the shares in KFC at a general meeting of Maghreb. The completion of the KFC Acquisition is also conditional upon the Sallies Agreement having completed, or not having been terminated, and having become unconditional in all respects. These shares will be acquired for a consideration of 100,291,929 Maghreb shares. The prior consent of KFC’s 80% shareholder has been obtained.

The Company has also conditionally agreed to purchase, from Firebird II, its holding of 500,000 KFC convertible debentures for a consideration of 15,802,781 Maghreb shares. The arrangements for the acquisition of KFC debentures are contained in the KFC Agreement and are therefore subject to the same conditions as for the acquisition of KFC shares.

The KFC Agreement contains provisions whereby if, during the period of 12 months from the date of the KFC Agreement, Maghreb acquires the remaining shares in KFC for consideration in excess of that paid pursuant to the KFC Agreement then Maghreb will issue additional Maghreb shares so that Firebird II receives, in aggregate, the same number of Maghreb shares per KFC share as are received by third parties pursuant to such subsequent transaction.

Commenting, Richard Linnell, Chairman, said:

“The acquisition of a minority interest in KFC is a strategic interest in an important fluorspar producer and consistent with the implementation of Maghreb’s stated strategy of acquiring significant assets in the fluorspar sector internationally to enable it to develop critical mass in the sector. Maghreb will acquire substantial rights as a minority holder of KFC, which are disproportionate to a simple minority shareholding.”

Suspension of trading

The Sallies Acquisition and the KFC Acquisition together constitute a reverse takeover of the Company for the purposes of the AIM Rules for Companies. Accordingly, the Company has requested a suspension of the Company’s shares pending the publication of an admission document by the Company.

Profit Statement

The losses attributable to Sallies and KFC were, for Sallies, an audited loss of 62.582 million South African Rand for the year ended 30 June 2010 and, for KFC, an unaudited loss of \$2.753 million for the year ended 31 December 2009, owing to the fact that both operations were largely on care and maintenance during the fiscal periods.

Intention to raise US\$10,000,000

The Company is in need of funds to develop its current and proposed portfolio. The Company therefore announces that it intends to complete the Financing by raising US\$10,000,000 (£6,321,112.52) through subscriptions for 361,206,430 new ordinary shares of 0.6 pence each (“the Placing Share(s)”) in the Company at a price of 1.75 pence per share (the “Placing”).

Related Party Transactions

Where a company whose shares are quoted on AIM enters into a Related Party Transaction, AIM Rule 13 requires the independent 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.

Both acquisitions involve Firebird. The two Firebird funds are associated with and managed by a director of the Company.

For the purposes of the acquisitions of interests in Sallies and KFC (“the Transactions”), Richard Linnell and Dunbar Dales are considered to be independent directors. The independent directors consider that, having consulted with Westhouse Securities Limited, the Company's Nominated Adviser, the terms of the Transactions are fair and reasonable insofar as the independent shareholders are concerned.

For further information, please contact:

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