



TETE DRILLING UPDATE

15th July 2010

Baobab Resources plc ("Baobab" or the "Company"), the iron ore, base and precious metals explorer with a portfolio of mineral projects in Mozambique, is pleased to present an update on the scout drilling programme currently underway at the Tete iron/vanadium/titanium project.

Highlights:

- The first round of scout diamond drilling at the Chimbala prospect has been completed with 24 holes drilled for an aggregate total of 4,950m. The drilling, testing magnetic targets over a 3km² area, has intersected significant widths of magnetite-ilmenite mineralisation.
- Latest analytical results have returned significant mineralised intercepts recording concentrate grades of:

TDH0028 – two significant intercepts, totalling 51.5m, including:
31.0m @ 63.1% Fe, 0.69% V₂O₅ and 28.6% mass recovery from 28.0m
which includes
20m @ 62.8% Fe, 0.68% V₂O₅ and 36.0% mass recovery

TDH0031 – four significant intercepts, totalling 38m, including:
30.5m @ 60.2% Fe, 0.72% V₂O₅ and 19.2% mass recovery from 60.5m
which includes
15m @ 61.3% Fe, 0.69% V₂O₅ and 27.6% mass recovery

TDH0032 – four significant intercepts, totalling 52m, including:
34.0m @ 57.4% Fe, 0.62% V₂O₅ and 19.1% mass recovery from 93.0m
which includes
8m @ 60.0% Fe, 0.65% V₂O₅ and 33.8% mass recovery

- Samples from the next batch of holes are at the laboratory in Australia with analytical results expected to be available early next month.
- Scout drilling has recommenced at the South Zone prospect with three of four planned diamond holes already completed. All holes have intersected substantial widths of mineralisation.
- Step out reverse circulation (RC) drilling is on schedule to commence at South Zone in August 2010.

Commenting today, Ben James, Baobab's Managing Director, said: "Drilling is progressing at pace and, considering the large area being explored at Chimbala, has returned encouraging and reasonably consistent results. South Zone continues to impress and we are looking forward to commencing the RC programme in the near future."

Scout Drilling Programme – *Chimbala Prospect (Massamba Group)*

Approximately 12,000m of combined diamond and reverse circulation (RC) drilling has been planned to assess the Chimbala and South zone prospects of the Massamba Group trend. The purpose of the campaign is two-fold: to improve confidence in the 400 to 700Mt Exploration Target and to clarify geological domains for continued metallurgical test work.

Three diamond drill holes were completed at the South Zone prospect in 2009 prior to the onset of the wet season, all of which intersected significant magnetite-ilmenite mineralisation (as announced on 1 February and 19 February 2010). The scout drilling programme resumed

in March this year starting at the Chimbala prospect due to late rains restricting access in the South Zone area.

The Chimbala prospect comprises the central portion of the Massamba Group trend and is underlain by a 3km long zone of strong aeromagnetic response. Limited historical exploration has taken place in the prospect area.

Baobab commenced drilling operations on 10 March 2010 and has completed 24 diamond drill holes for an aggregate total of 4,950m. The first 5 holes (TDH0020 to TDH0024) were drilled at an inclination of 60 degrees at 100m to 200m collar centres along an east-west traverse transecting a broad section of the prospect's aeromagnetic signature. The other holes have been designed to traverse other areas of strong magnetic response over an area of 3km².

A final 500m diamond hole has been designed to test the central core of the prospect at depth. Drilling is due to commence next week.

The drilling has intersected stacked packages of both cumulate and intrusive style magnetite-ilmenite mineralisation intercalated with gabbroic and anorthositic country rock. The packages dip at moderate to very steep angles and are composed of individual horizons varying in width from 4m to more than 40m.

Analytical results from holes TDH0028 to 32 have been returned with significant intercepts tabulated below. Drill holes TDH0028 and 29 tested a discrete aeromagnetic/outcrop target in the central north of the prospect area while TDH0030 to 32, drilled at an inclination of 60 degrees along a traverse oriented to an azimuth of 320 degrees, targeted a linear NNE aeromagnetic feature.

Sample preparation at 1m composite intervals was completed by ACT-UIS laboratories in Tete, Mozambique prior to despatch to ALS Chemex laboratories in Perth, Western Australia for further compositing (maximum composite length of 4m), Davis Tube Recovery (DTR) and X-ray Fluorescence Spectrometry XRF analysis. Analytical results from the first eight Chimbala diamond drill holes (TDH0020 to 27) were announced on 17 May and 11 June 2010.

Scout Drilling Programme – South Zone Prospect (Massamba Group)

The South Zone prospect was first recognised by the Company during its 2008 high resolution aeromagnetic survey, as a 2.5km long north-south zone of high magnetic response immediately south of the known Massamba Group prospects. The primary iron, vanadium and titanium mineralisation occurs as cumulate sequences within the gabbro / anorthositic suite. The enrichment of the ore bearing minerals of magnetite and ilmenite varies from 10% to 90% over widths ranging from one to in excess of fifty metres. The mineralisation is similar to that observed in the Chitongue Grande drill core and appears to be steeply dipping.

A secondary phase of mineralisation, in the form of a vertical massive magnetite-ilmenite intrusive dyke, outcrops as a chain of small ridges along the western margin of the magnetic anomaly. The dyke has an apparent thickness in excess of 20m and appears to crosscut the primary mineralisation. Post-mineralisation tectonics has segregated the prospect into at least 5 discrete fault blocks. Dolerite dykes crosscut the area in a northeast-southwest orientation and are up to 10m thick.

To date, six out of seven designed scout holes have been completed at the South Zone prospect for an aggregate total of 1,540m (including TDH0016 to 18 drilled in 2009). All drill holes have intersected substantial widths of mineralisation of between 20 and 100m (true width). A programme of approximately 7,000m reverse circulation (RC) drilling has been designed to step out from the scout drilling at South Zone and is on schedule to commence during August 2010.

Chimbala Prospect Scout Drilling Results: Significant Intercepts

| TDH0028 | | | | Collar Location: 574842mE 8264577mN 334mRL | | | | | | | |
|---------------------|-----|----------|-------------|--|------|------|-------|-------|-------|-------|-------|
| Total Depth: 149.4m | | | | Collar Dip/Azimuth: -60/320 | | | | | | | |
| FROM | TO | INTERVAL | COMP | REC | Fe | V2O5 | TiO2 | Al2O3 | P | S | SiO2 |
| 0.5 | 21 | 20.5 | MAGS | 11.3 | 58.9 | 0.52 | 4.26 | 0.84 | 0.003 | 0.003 | 0.72 |
| | | | HEAD | | 27.9 | 0.18 | 10.74 | 10.12 | 0.047 | 0.006 | 26.90 |
| <i>inc.</i> | | | | | | | | | | | |
| 0.5 | 4.5 | 4 | MAGS | 21.7 | 65.7 | 0.51 | 4.91 | 0.94 | 0.004 | 0.003 | 0.71 |
| | | | HEAD | | 37.0 | 0.20 | 13.55 | 4.76 | 0.021 | 0.006 | 18.85 |
| 28 | 59 | 31 | MAGS | 28.6 | 63.1 | 0.69 | 6.39 | 2.92 | 0.002 | 0.206 | 0.93 |
| | | | HEAD | | 33.7 | 0.25 | 12.78 | 10.02 | 0.025 | 0.226 | 19.58 |
| <i>inc.</i> | | | | | | | | | | | |
| 36 | 56 | 20 | MAGS | 36.0 | 62.8 | 0.68 | 6.63 | 3.12 | 0.002 | 0.227 | 0.85 |
| | | | HEAD | | 38.5 | 0.29 | 14.74 | 8.90 | 0.014 | 0.301 | 14.25 |

| TDH0029 | | | | Collar Location: 574880mE 8264490mN 334mRL | | | | | | | |
|---------------------|------|----------|-------------|--|------|------|-------|-------|-------|-------|-------|
| Total Depth: 206.1m | | | | Collar Dip/Azimuth: -60/320 | | | | | | | |
| FROM | TO | INTERVAL | COMP | REC | Fe | V2O5 | TiO2 | Al2O3 | P | S | SiO2 |
| 17 | 20 | 3 | MAGS | 19.1 | 65.6 | 0.75 | 5.58 | 0.72 | 0.002 | 0.007 | 0.55 |
| | | | HEAD | | 32.6 | 0.29 | 12.80 | 9.55 | 0.011 | 0.005 | 21.10 |
| 34.5 | 45.5 | 11 | MAGS | 11.2 | 66.2 | 0.75 | 4.90 | 1.32 | 5E-04 | 0.049 | 0.80 |
| | | | HEAD | | 21.1 | 0.16 | 7.63 | 13.02 | 0.064 | 0.145 | 34.31 |
| 98 | 101 | 3 | MAGS | 15.2 | 61.8 | 0.68 | 2.63 | 2.11 | 5E-04 | 2.33 | 1.15 |
| | | | HEAD | | 21.8 | 0.15 | 8.47 | 10.75 | 0.03 | 0.593 | 33.60 |
| 109 | 113 | 4 | MAGS | 10.8 | 68.8 | 0.72 | 1.54 | 1.16 | 5E-04 | 0.022 | 0.72 |
| | | | HEAD | | 23.0 | 0.18 | 10.50 | 12.55 | 0.031 | 0.215 | 29.40 |
| 117 | 121 | 4 | MAGS | 18.0 | 67.3 | 0.65 | 3.87 | 1.05 | 0.005 | 0.127 | 0.51 |
| | | | HEAD | | 26.2 | 0.19 | 9.74 | 10.65 | 0.445 | 0.323 | 26.80 |

| TDH0030 | | | | Collar Location: 574060mE 8264000mN 332mRL | | | | | | | |
|---------------------|------|----------|-------------|--|------|------|-------|-------|-------|-------|-------|
| Total Depth: 201.4m | | | | Collar Dip/Azimuth: -60/320 | | | | | | | |
| FROM | TO | INTERVAL | COMP | REC | Fe | V2O5 | TiO2 | Al2O3 | P | S | SiO2 |
| 2.5 | 6.5 | 4 | MAGS | 21.7 | 67.9 | 0.76 | 1.83 | 1.72 | 0.004 | 0.006 | 0.89 |
| | | | HEAD | | 35.2 | 0.27 | 13.75 | 10.35 | 0.01 | 0.008 | 18.90 |
| 10.5 | 14.5 | 4 | MAGS | 10.8 | 68.7 | 0.76 | 1.26 | 0.65 | 0.006 | 0.005 | 0.80 |
| | | | HEAD | | 22.1 | 0.17 | 8.64 | 14.80 | 0.046 | 0.012 | 31.70 |

| TDH0031 | | | | Collar Location: 574125mE 8263925mN 326mRL | | | | | | | |
|---------------------|-------|----------|-------------|--|------|------|------|-------|-------|-------|-------|
| Total Depth: 200.7m | | | | Collar Dip/Azimuth: -60/320 | | | | | | | |
| FROM | TO | INTERVAL | COMP | REC | Fe | V2O5 | TiO2 | Al2O3 | P | S | SiO2 |
| 60.5 | 91 | 30.5 | MAGS | 19.2 | 60.2 | 0.67 | 3.71 | 2.84 | 0.001 | 0.917 | 2.15 |
| | | | HEAD | | 26.3 | 0.18 | 8.16 | 10.75 | 0.025 | 0.328 | 29.14 |
| <i>inc.</i> | | | | | | | | | | | |
| 72.5 | 87.5 | 15 | MAGS | 27.6 | 61.3 | 0.69 | 4.69 | 3.41 | 0.001 | 0.9 | 2.35 |
| | | | HEAD | | 31.1 | 0.22 | 9.44 | 9.44 | 0.02 | 0.361 | 24.36 |
| 96 | 99 | 3 | MAGS | 23.3 | 59.0 | 0.68 | 4.74 | 3.53 | 0.002 | 1.371 | 2.77 |
| | | | HEAD | | 31.1 | 0.18 | 8.03 | 5.74 | 0.014 | 0.486 | 25.30 |
| 115.5 | 118.5 | 3 | MAGS | 15.0 | 60.1 | 0.68 | 3.38 | 3.29 | 0.002 | 1.395 | 3.28 |
| | | | HEAD | | 21.0 | 0.13 | 6.63 | 11.85 | 0.041 | 0.377 | 34.90 |
| 120.5 | 122 | 1.5 | MAGS | 12.0 | 61.4 | 0.72 | 3.16 | 3.49 | 0.002 | 1.165 | 2.64 |
| | | | HEAD | | 17.7 | 0.11 | 5.39 | 12.80 | 0.076 | 0.248 | 39.40 |

| TDH0032 | | | | Collar Location: 574190mE 8263840mN 316mRL | | | | | | | |
|---------------------|-----|----------|-------------|--|------|------|-------|-------|-------|-------|-------|
| Total Depth: 200.7m | | | | Collar Dip/Azimuth: -60/270 | | | | | | | |
| FROM | TO | INTERVAL | COMP | REC | Fe | V2O5 | TiO2 | Al2O3 | P | S | SiO2 |
| 93 | 127 | 34 | MAGS | 19.1 | 57.4 | 0.62 | 7.25 | 3.42 | 0.002 | 0.699 | 2.16 |
| | | | HEAD | | 22.9 | 0.16 | 8.05 | 11.46 | 0.062 | 0.262 | 30.69 |
| <i>inc.</i> | | | | | | | | | | | |
| 93 | 101 | 8 | MAGS | 33.8 | 60.0 | 0.65 | 7.22 | 3.32 | 5E-04 | 0.878 | 1.55 |
| | | | HEAD | | 34.7 | 0.25 | 11.43 | 6.30 | 0.016 | 0.481 | 19.83 |
| <i>and</i> | | | | | | | | | | | |
| 121 | 127 | 6 | MAGS | 31.9 | 60.7 | 0.65 | 8.39 | 3.46 | 0.004 | 0.608 | 1.09 |
| | | | HEAD | | 29.9 | 0.22 | 12.60 | 7.60 | 0.13 | 0.264 | 13.63 |
| 131 | 141 | 10 | MAGS | 23.0 | 59.6 | 0.64 | 4.82 | 3.40 | 0.019 | 1.192 | 2.98 |
| | | | HEAD | | 27.8 | 0.17 | 8.85 | 8.60 | 0.123 | 0.395 | 27.65 |
| 151 | 155 | 4 | MAGS | 18.2 | 59.0 | 0.64 | 4.56 | 3.98 | 0.027 | 1.06 | 3.63 |
| | | | HEAD | | 21.7 | 0.14 | 7.73 | 11.20 | 0.23 | 0.323 | 34.00 |
| 177 | 181 | 4 | MAGS | 12.4 | 59.3 | 0.72 | 3.44 | 3.72 | 0.005 | 0.854 | 4.80 |
| | | | HEAD | | 17.6 | 0.12 | 5.14 | 12.10 | 0.089 | 0.255 | 39.30 |

Coordinate system WGS84 UTM zone 36S. All samples were submitted to Davis Tube Recovery (DTR) analysis conducted at the ALS Laboratory Group in Perth, Western Australia, at a 38µm fraction and 3000G. Head and magnetic concentrate sub-samples were analysed by X-ray Fluorescence Spectrometry (XRF). All values are calculated as weighted averages over the reported interval. Maximum length of internal dilution = 3m. Only intervals with a calculated mass recovery of >10% are presented. Interval lengths are measured down-hole and should not be interpreted as true width.

Tete Project – Overview

The Tete Project, covering an area of 632km², is located immediately north of the provincial capital of Tete and shares licence boundaries with Vale and Riversdale's mega coal projects. The project is strategically located to access abundant, low tariff hydro-electric power from existing and developing schemes on the Zambezi River. The ports of Beira and Nacala are being refurbished, as are the rail corridors through to Tete.

The project contains two areas of magnetite-ilmenite mineralisation:

- The Singore area to the south; and
- The Massamba Group trend in the north. The 8km long Massamba Group trend is composed of a series of five prospects (Chitongue Grande, Pequeno, Caangua, Chimbala and South Zone) that have experienced little or no historical exploration.

The Company commenced exploration initiatives in mid 2008 and has focused its efforts to date on the Massamba Group area. The Singore area remains largely untested, but highly prospective (refer to announcement dated 28 January 2010 for results to date).

Work completed by the Company during 2009 culminated in the estimation of a 47.7mt maiden Inferred Mineral Resource over a 500m portion of the Chitongue Grande prospect and a 400mt to 700mt Exploration Target over the broader Massamba Group area.

Independent scoping metallurgical studies and financial modelling indicate positive project economics in the production of high quality magnetite (iron and vanadium) and ilmenite (titanium) concentrate commodities (refer to announcements dated 24 September 2009, 29 September 2009 and 8 October 2009).

Baobab has entered into a strategic partnership with International Finance Corporation (IFC), the commercial arm of the World Bank, at both the corporate and project equity levels.

The information in this release that relates to Exploration Results is based on information compiled by Managing Director Ben James (BSc). Mr James is a Member of the Australasian Institute of Mining and Metallurgy, is a Competent Person as defined in the Australasian Code for Reporting of exploration results and Mineral Resources and Ore Reserves, and consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

A COPY OF THIS ANNOUNCEMENT AND ACCOMPANYING LOCATION PLANS IS AVAILABLE FOR DOWNLOAD FROM THE COMPANY'S WEBSITE www.baobabresources.com

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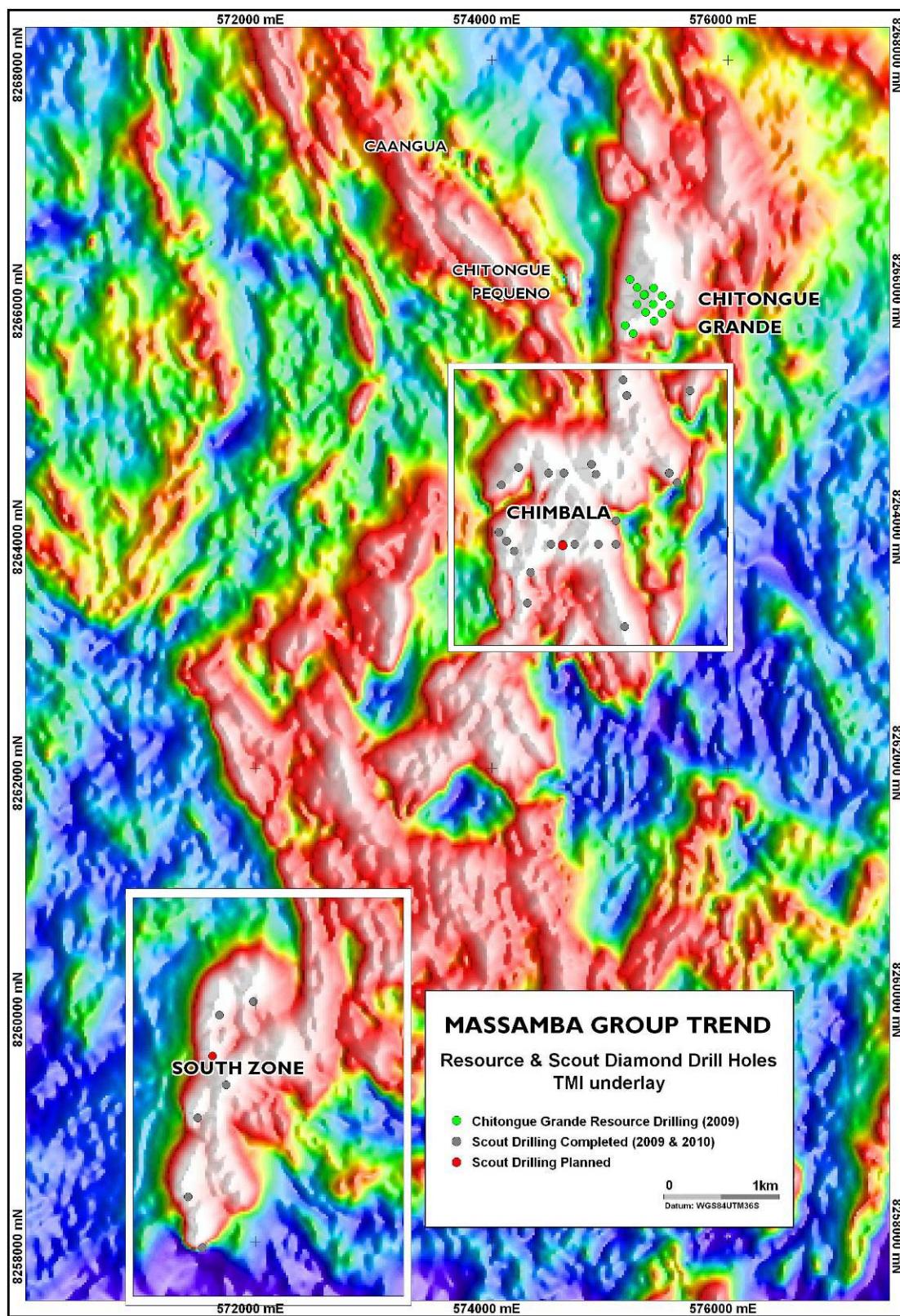


Figure 1: Massamba Group resource & scout drillhole locations: Chimbala & South Zone inset locations

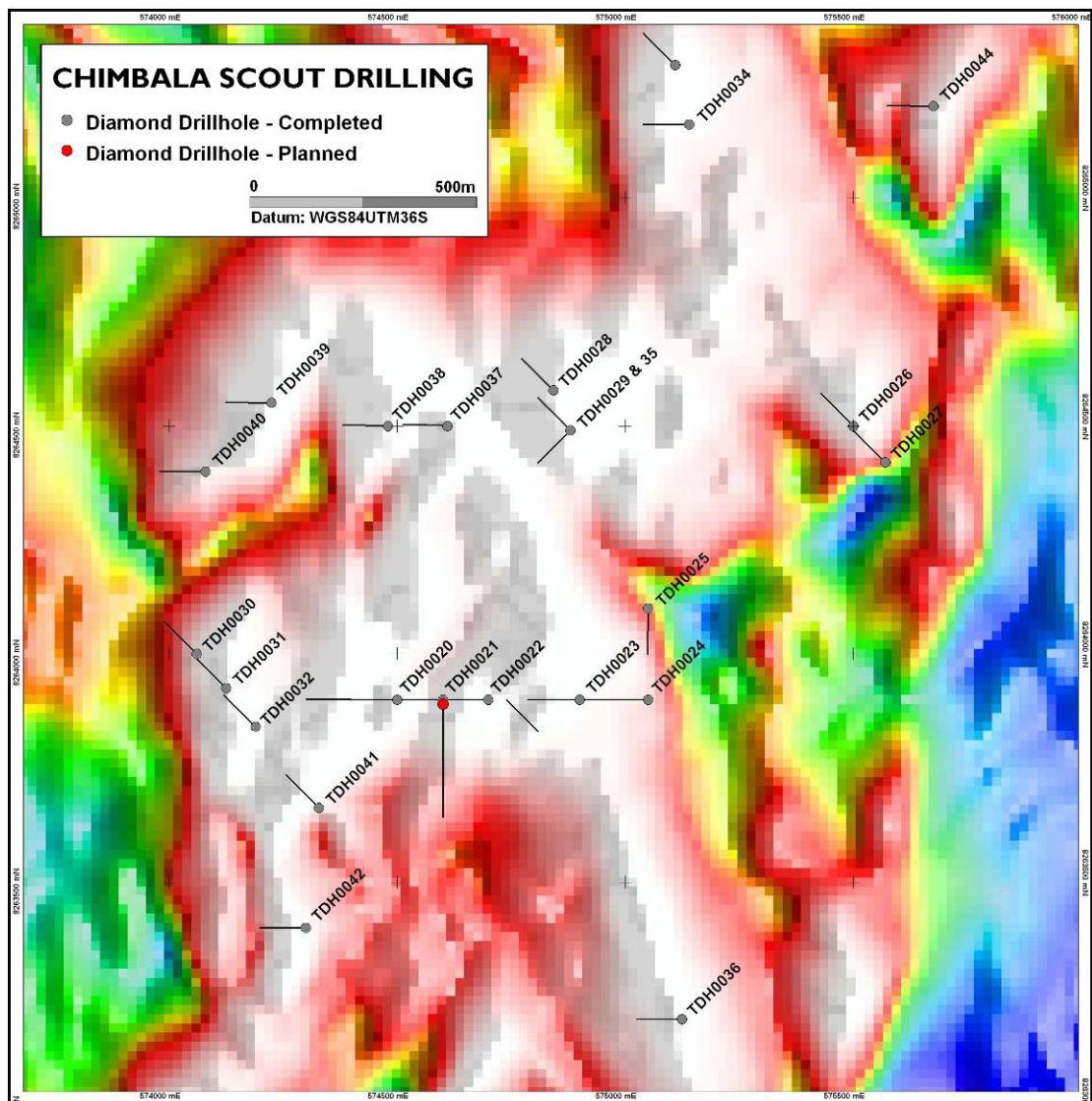


Figure 2: Chimbala Prospect Inset with scout drill hole locations & drill traces

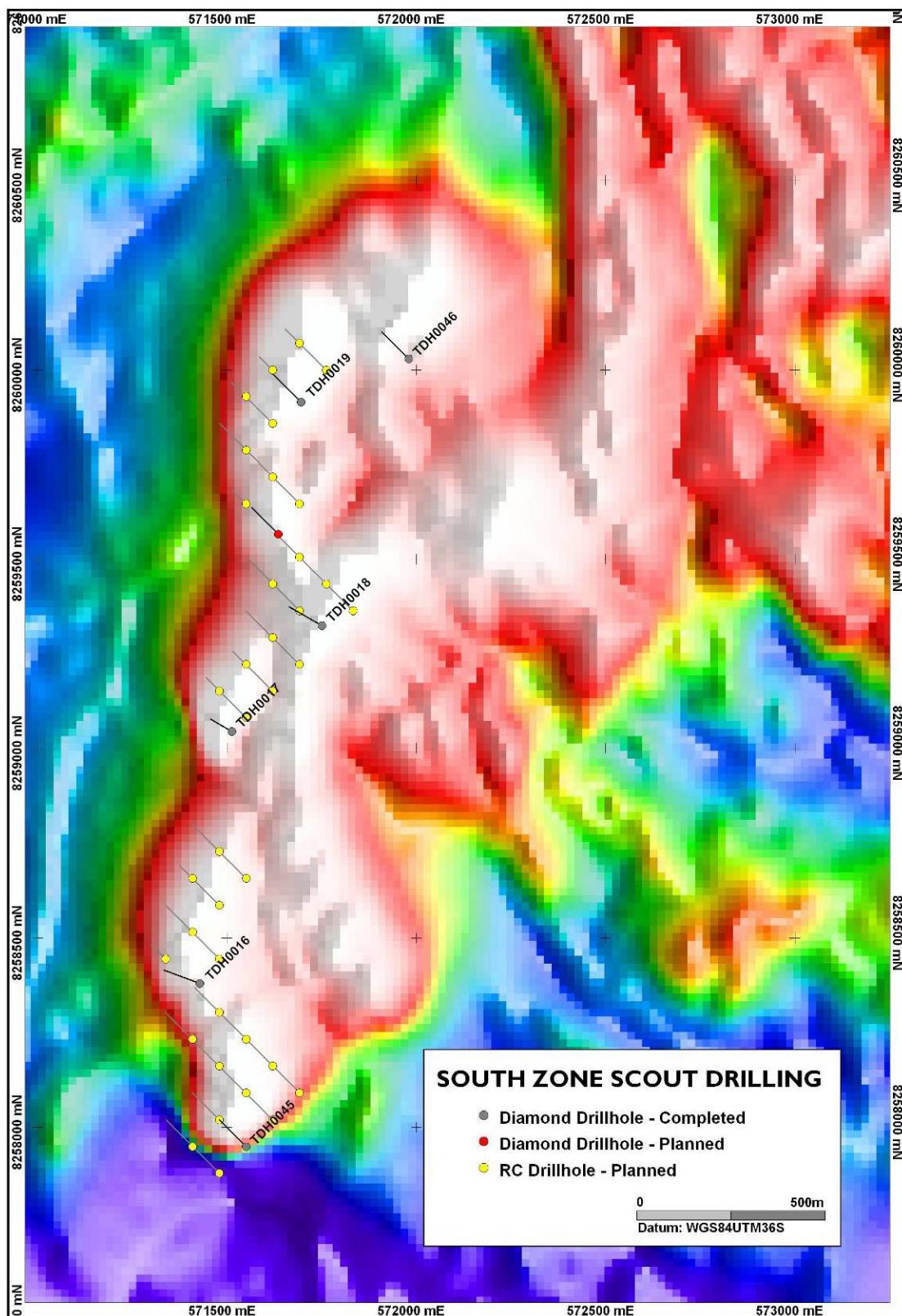


Figure 3: South Zone Prospect Inset with scout & planned RC drill hole locations