



SOUTH ZONE DRILLING UPDATE

8th November 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 exploration activities currently underway at the Tete iron/vanadium/titanium project.

Highlights:

- **Step-out reverse circulation (RC) drilling continues to delineate substantial widths of mineralisation at the South Zone prospect with 3,500m now completed.**
- **The current round of drill hole results has returned mineralised intercepts, representing the depth extension of vertical to steeply dipping mineralisation mapped on surface, reporting best concentrate grades of:**

TRC0005 – four significant intercepts, totaling 47m, including:

30m @ 62.8% Fe, 0.68% V₂O₅ and 27.4% mass recovery from 23m

TRC0007 – three significant intercepts, totaling 118m, including:

32m @ 58.3% Fe, 0.69% V₂O₅ and 28.5% mass recovery from 0m and

82m @ 59.1% Fe, 0.62% V₂O₅ and 30.3% mass recovery from 94m

TRC0008 – one end-of-hole significant intercept of:

11m @ 61.1% Fe, 0.65% V₂O₅ and 36.1% mass recovery from 58m

- **Drilling in the north of the South Zone prospect area has intersected a 200m wide sequence of stacked, steeply dipping, heavily mineralised packages over a strike length in excess of 300m. Mineralisation remains open along strike and at depth.**
- **The Company has successfully secured a second RC drill rig to improve productivity and accelerate the drilling campaign. The rig is mobilising to site this week.**
- **The Company expects the next round of RC drill results to be available by the end of November 2010.**

Commenting today, Ben James, Baobab's Managing Director, said: "the results to date are beginning to reveal the greater potential of the South Zone prospect. Drilling currently underway in the northern portions of the area is delineating a substantially wider zone of mineralisation than anticipated that has yet to be closed off along strike and at depth."

Step-out RC Drilling Programme – South Zone Prospect (*Massamba Group*)

Due to the significant widths and interpreted lateral continuity of mineralisation at the South Zone, the prospect has been prioritised for step-out reverse circulation (RC) drilling. The programme is systematically assessing a sequence of seven mineralised zones over a strike length of some 2km, drilling on traverses spaced 100m apart.

A total of 50 RC drill holes have been planned for a combined meterage of 7,000m. Drilling commenced in August and to date twenty six holes have been completed for an aggregate total of approximately 3,500m.

The first nine RC drill holes tested the along strike continuations of mineralisation intersected in scout diamond drill hole TDH0019 over five cross sections (please refer to the location plan in baobab's website version of this announcement available for download from www.baobabresources.com/Pages/invest_centre/Aim_Releases.html).

Analytical results from drill holes TRC0001 to 3 were reported on 20 October 2010. TRC0004 did not intersect significant mineralisation and was not sampled. The analytical results from drill holes TRC0005 to 9 have been received with significant intercepts tabulated below. Due to mechanical issues, drill holes TRC0006 to 9 did not reach their target depths (TRC0007 and 8 ended in mineralisation). The drill holes will be re-drilled, at the operator's expense, in due course and updated intercepts will be reported as soon as they become available.

Drilling is currently focused in the northern most target area where three east-west cross sections and an oblique cross section has intersected a stacked, 200m wide sequence of steeply dipping, heavily mineralised packages over a strike length of more than 300m. Mineralisation remains open along strike and at depth.

The Company has successfully secured a second RC drill rig to improve productivity and accelerate the drilling campaign. The drill rig is currently being mobilised to site and will commence drilling this week.

It is the Company's intention to combine the results of the scout diamond drilling and RC programmes to estimate a global resource for the South Zone prospect. International consultants, Coffey Mining Pty Ltd, have been commissioned to carry out the resource estimation once the drilling programme is completed.

South Zone Drilling Results: *Significant Intercepts*

TRC0005				Collar Location: 571510mE 8258760mN 363mRL							
Total Depth: 109m				Collar Dip/Azimuth: -60/297							
Prospect: SOUTH ZONE				REC	Fe	V2O5	TiO2	Al2O3	P	S	SiO2
FROM	TO	INTERVAL	COMP	%	%	%	%	%	%	%	%
0	11	11	MAGS	24.7	64.3	0.74	4.75	2.54	0.009	0.007	0.78
			HEAD		39.0	0.30	16.89	6.62	0.020	0.015	13.84
23	53	30	MAGS	27.4	62.8	0.68	5.64	3.18	0.003	0.302	1.11
			HEAD		31.5	0.22	12.96	8.07	0.058	0.267	21.92
71	74	3	MAGS	19.2	64.6	0.64	2.35	2.38	0.005	0.256	2.68
			HEAD		25.1	0.16	8.88	9.45	0.097	0.407	30.00
88	91	3	MAGS	16.0	62.1	0.63	2.21	2.30	0.003	0.655	4.61
			HEAD		20.9	0.12	7.19	10.80	0.048	0.245	35.60

TRC0006 Total Depth: 106m				Collar Location: 571420mE 8258470mN 371mRL Collar Dip/Azimuth: -60/297							
Prospect: SOUTH ZONE				REC	Fe	V2O5	TiO2	Al2O3	P	S	SiO2
FROM	TO	INTERVAL	COMP	%	%	%	%	%	%	%	%
44	46	2	MAGS	25.9	63.0	0.78	5.46	3.31	0.004	0.006	1.24
			HEAD		31.2	0.25	11.45	9.76	0.026	0.008	24.30

TRC0007 Total Depth: 176m				Collar Location: 571465mE 8258555mN 369mRL Collar Dip/Azimuth: -60/297							
Prospect: SOUTH ZONE				REC	Fe	V2O5	TiO2	Al2O3	P	S	SiO2
FROM	TO	INTERVAL	COMP	%	%	%	%	%	%	%	%
0	32	32	MAGS	28.5	58.3	0.69	11.01	3.49	0.006	0.014	1.34
			HEAD		31.9	0.23	12.15	9.18	0.103	0.018	23.23
65	69	4	MAGS	13.8	62.3	0.74	5.11	3.88	0.003	0.222	1.87
			HEAD		19.6	0.12	6.28	12.05	0.111	0.241	37.50
94	176	82	MAGS	30.3	59.1	0.62	9.63	3.48	<0.001	0.301	1.06
			HEAD		32.0	0.21	11.51	7.79	0.046	0.360	22.17

including

141	176	35	MAGS	39.7	59.1	0.60	10.84	3.55	<0.001	0.322	1.07
			HEAD		37.7	0.25	13.79	6.05	0.043	0.436	16.23

TRC0008 Total Depth: 69m				Collar Location: 571510mE 8258645mN 364mRL Collar Dip/Azimuth: -60/297							
Prospect: SOUTH ZONE				REC	Fe	V2O5	TiO2	Al2O3	P	S	SiO2
FROM	TO	INTERVAL	COMP	%	%	%	%	%	%	%	%
58	69	11	MAGS	36.1	61.1	0.65	8.55	3.41	0.002	0.243	0.96
			HEAD		35.5	0.25	13.89	7.07	0.021	0.344	18.11

TRC0009 Total Depth: 167m				Collar Location: 571555mE 8258735mN 370.64mRL Collar Dip/Azimuth: -60/297							
Prospect: SOUTH ZONE				REC	Fe	V2O5	TiO2	Al2O3	P	S	SiO2
FROM	TO	INTERVAL	COMP	%	%	%	%	%	%	%	%
52	55	3	MAGS	12.9	61.0	0.61	3.69	2.44	0.118	0.699	3.56
			HEAD		22.6	0.11	8.32	4.66	1.215	0.323	30.20
61	93	32	MAGS	11.8	60.5	0.65	3.40	2.77	0.075	0.688	3.38
			HEAD		21.1	0.10	6.85	5.19	1.187	0.319	32.68
98	107	9	MAGS	13.6	63.2	0.70	3.65	2.09	0.051	0.271	2.80
			HEAD		23.8	0.12	7.95	4.53	0.569	0.601	30.14

Coordinate system WGS84 UTM zone 36S. 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) and Davis Tube Recovery (DTR) analysis (conducted 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 = 4m. 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).

A scout drilling programme, designed to assess the Chimbala and South zone prospects of the Massamba Group trend, has been completed for an aggregate total of approximately 7,500m. The purpose of the campaign has been two-fold: to improve confidence in the Company's Exploration Target and to clarify geological domains for continued metallurgical test-work. For detailed information on the scout drilling programme, please refer to announcements dated 1 February, 19 February, 17 May, 11 June, 15 July, 12 August, 2 September and 20 October 2010.

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 DRILL HOLE LOCATION PLAN IS AVAILABLE FOR DOWNLOAD FROM THE COMPANY'S WEBSITE www.baobabresources.com

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