



## **SOUTH ZONE CONTINUES TO DELIVER**

**30<sup>th</sup> 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 4,100m now completed.**
- **The current round of results is from an oblique section of five RC drill holes, centred on scout diamond drill hole TDH0019, transecting the northern portion of the prospect. Mineralised intercepts reported best concentrate grades of:**

*TRC0024 – three significant intercepts, totaling 62m, including:*

16m @ 62.3% Fe, 0.68% V<sub>2</sub>O<sub>5</sub> and 42.6% mass recovery from 0m and  
26m @ 59.5% Fe, 0.65% V<sub>2</sub>O<sub>5</sub> and 35.8% mass recovery from 44m

*TRC0038 – two significant intercepts, totaling 43m, including:*

39m @ 55.1% Fe, 0.56% V<sub>2</sub>O<sub>5</sub> and 30.2% mass recovery from 0m

*TRC0039 – three significant intercepts, totaling 119m, including:*

114m @ 58.0% Fe, 0.65% V<sub>2</sub>O<sub>5</sub> and 23.9% mass recovery from 27m including  
40m @ 60.0% Fe, 0.69% V<sub>2</sub>O<sub>5</sub> and 32.4% mass recovery from 60m

*TRC0055 – five significant intercepts, totaling 67m, including:*

14m @ 60.8% Fe, 0.66% V<sub>2</sub>O<sub>5</sub> and 33.2% mass recovery from 49m and  
23m @ 61.5% Fe, 0.74% V<sub>2</sub>O<sub>5</sub> and 24.7% mass recovery from 100m

- **Continued drilling in the north of the South Zone prospect continues to intersect a wide sequence of stacked, heavily mineralised packages over a strike length in excess of 300m. Mineralisation remains open along strike and at depth.**
- **Concurrent drilling in the southern limits of the prospect is also delineating broad zones of mineralisation.**
- **The Company expects the next round of RC drill results to be available during December 2010.**

**Commenting today, Ben James, Baobab's Managing Director, said:** "South Zone continues to return positive results outlining substantial widths of mineralisation. With six drill holes currently at the laboratory and more on the way, investors may expect a regular news flow through into the new year."

### **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 thirty holes have been completed for an aggregate total of approximately 4,100m.

The first nine RC drill holes tested the along strike continuations of mineralisation intersected in scout diamond drill hole TDH0019 over five cross sections. Analytical results from these drill holes were announced to the market on 20 October and 8 November 2010. 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.

Please note that drill holes have not been drilled in sequence, consequently there are gaps in the hole numbering.

Drilling in the northern most target area over three east-west cross sections and an oblique cross section has intersected a stacked, 200m wide sequence of moderately to steeply dipping, heavily mineralised packages over a strike length of more than 300m. Results from the oblique cross section, centred on scout diamond drill hole TDH0019, have been returned with significant intercepts tabulated below. Please note that the results are presented as drilled along the traverse from northwest to southeast and includes the TDH0019 intercepts for completeness. A location plan and cross section is available in the Company's website version of this announcement available for download from [www.baobabresources.com/Pages/invest\\_centre/Aim\\_Releases.html](http://www.baobabresources.com/Pages/invest_centre/Aim_Releases.html).

Concurrent drilling in the southern limit of the South Zone prospect is beginning to delineate broad zones of magnetite mineralisation.

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 in accordance with the JORC code once the drilling programme is completed.

#### South Zone Oblique Section Drilling Results: *Significant Intercepts*

TRC0038 Total Depth: 105m Prospect: SOUTH ZONE				Collar Location: 571625mE 8259977mN 353mRL Collar Dip/Azimuth: -60/312								Section Reference
FROM	TO	INTERVAL	COMP	REC %	Fe %	V2O5 %	TiO2 %	Al2O3 %	P %	S %	SiO2 %	
0	39	39	MAGS	30.2	55.1	0.56	12.74	2.71	0.005	0.005	0.86	1
			HEAD		32.2	0.23	13.53	7.89	0.234	0.009	20.13	
84	88	4	MAGS	16.7	62.8	0.72	3.66	2.98	0.001	0.592	2.11	2
			HEAD		25.2	0.16	11.15	7.60	0.023	0.430	29.30	

TRC0024 Total Depth: 143m Prospect: SOUTH ZONE				Collar Location: 571655mE 8259950mN 353mRL Collar Dip/Azimuth: -60/312								Section Reference
FROM	TO	INTERVAL	COMP	REC %	Fe %	V2O5 %	TiO2 %	Al2O3 %	P %	S %	SiO2 %	
0	16	16	MAGS	42.6	62.3	0.68	8.09	2.96	0.005	0.005	0.63	3
			HEAD		43.8	0.34	17.78	5.94	0.027	0.010	8.76	
44	70	26	MAGS	35.8	59.5	0.65	9.59	3.56	0.001	0.332	1.23	4
			HEAD		37.0	0.25	15.31	4.78	0.032	0.547	15.29	
80	100	20	MAGS	24.1	60.3	0.73	8.13	3.38	0.001	0.553	1.56	5
			HEAD		29.2	0.20	10.43	7.22	0.120	0.543	24.66	

TDH0019 Total Depth: 200.7m Prospect: SOUTH ZONE				Collar Location: 571695mE 8259915mN 363mRL Collar Dip/Azimuth: -60/270								Section Reference
FROM	TO	INTERVAL	COMP	REC %	Fe %	V2O5 %	TiO2 %	Al2O3 %	P %	S %	SiO2 %	
46	111.5	65.5	MAGS	34.7	59.4	0.61	10.13	3.36	0.002	0.344	1.11	6
			HEAD		33.7	0.23	12.99	7.51	0.113	0.340	18.63	
127	146	19	MAGS	22.4	58.4	0.69	6.64	3.07	0.003	0.544	1.84	7
			HEAD		28.2	0.18	9.86	7.73	0.238	0.352	26.26	
163	175	12	MAGS	19.5	61.4	0.71	6.75	2.62	0.005	0.430	1.75	8
			HEAD		25.2	0.16	9.08	10.10	0.228	0.350	29.43	

TRC0039 Total Depth: 183m Prospect: SOUTH ZONE				Collar Location: 571724mE 8259878mN 349mRL Collar Dip/Azimuth: -60/312								Section Reference
FROM	TO	INTERVAL	COMP	REC %	Fe %	V2O5 %	TiO2 %	Al2O3 %	P %	S %	SiO2 %	
27	141	114	MAGS	23.9	58.0	0.65	8.89	3.03	0.002	0.393	1.15	9
			HEAD		26.8	0.21	9.99	9.18	0.147	0.354	27.35	
including												
60	100	40	MAGS	32.4	60.0	0.69	9.34	3.42	0.001	0.555	1.15	
			HEAD		33.3	0.26	12.09	7.10	0.040	0.459	20.64	
164	166	2	MAGS	14.2	65.1	0.72	2.97	1.97	0.002	0.391	1.93	10
			HEAD		21.7	0.14	8.04	7.05	0.156	0.404	34.10	
180	183	3	MAGS	11.6	64.0	0.76	5.43	2.70	0.006	0.184	1.18	11
			HEAD		19.8	0.12	7.34	11.55	0.385	0.329	34.10	

TRC0055 Total Depth: 207m Prospect: SOUTH ZONE				Collar Location: 571765mE 8259843mN 351mRL Collar Dip/Azimuth: -60/312								Section Reference
FROM	TO	INTERVAL	COMP	REC %	Fe %	V2O5 %	TiO2 %	Al2O3 %	P %	S %	SiO2 %	
49	63	14	MAGS	33.2	60.8	0.66	8.75	3.20	0.001	0.373	1.14	12
			HEAD		34.5	0.25	13.54	6.86	0.060	0.385	18.82	
100	123	23	MAGS	24.7	61.5	0.74	5.82	3.29	0.002	0.826	1.45	13
			HEAD		29.1	0.21	9.30	8.05	0.074	0.427	25.91	
129	153	24	MAGS	29.5	58.7	0.61	11.23	3.07	0.001	0.263	1.65	14
			HEAD		29.7	0.21	11.56	8.70	0.049	0.311	23.84	
157	161	4	MAGS	14.0	62.5	0.72	6.56	2.35	0.003	0.256	1.80	15
			HEAD		22.5	0.14	8.33	8.82	0.162	0.400	32.20	
167	169	2	MAGS	26.0	61.2	0.65	7.70	3.41	0.001	0.355	1.15	16
			HEAD		27.1	0.19	10.50	10.25	0.026	0.236	27.10	

TRC0057 Total Depth: 207m Prospect: SOUTH ZONE				Collar Location: 571800mE 8259807mN 352mRL Collar Dip/Azimuth: -60/312								Section Reference
FROM	TO	INTERVAL	COMP	REC %	Fe %	V2O5 %	TiO2 %	Al2O3 %	P %	S %	SiO2 %	
143	146	3	MAGS	10.4	61.9	0.77	7.28	2.41	0.001	0.515	1.62	17
			HEAD		18.4	0.12	5.49	11.65	0.040	0.246	37.30	
150	157	7	MAGS	23.3	60.6	0.65	8.21	3.20	0.001	0.368	1.62	18
			HEAD		26.7	0.18	9.42	8.98	0.092	0.329	27.51	
191	195	4	MAGS	39.2	62.0	0.65	8.19	2.84	0.001	0.059	1.34	19
			HEAD		38.1	0.29	15.25	7.07	0.025	0.142	14.45	

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 interval 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 632km<sup>2</sup>, 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, DRILL HOLE LOCATION PLAN AND CROSS SECTION IS AVAILABLE FOR DOWNLOAD FROM THE COMPANY'S WEBSITE [www.baobabresources.com](http://www.baobabresources.com)**

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