BAOBAB RESOURCES Plc
27/28 Eastcastle Street London W1W 8DH United Kingdom

BAOBAB MINING SERVICES Pty Ltd
Unit 25 South Terrace Piazza Fremantle Western Australia 6160 Australia
Post: PO Box 1229 Fremantle Western Australia 6959 Australia
Tel: (+61) 8 9430 7151 | Fax: (+61) 8 9430 7664 | Web: www.baobabresources.com
AIM : BAO

NEW SOUTH ZONE RESULTS

17th JANUARY 2011

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:

- **Drilling at all areas in South Zone prospect has delineated substantially more mineralisation than originally anticipated. Consequently, additional drill holes are being designed to further test the down dip and along strike extensions.**
- **Due to the early onset of the wet season, the Company was obliged to suspend drilling operations by mid-December 2010 prior to completing the intended RC (reverse circulation) drilling programme. Technical teams and drill rigs are on standby in Tete, ready to mobilise as soon as the weather allows.**
- **Analytical results have been returned from a four hole RC drilling cross section in the northern portion of the South Zone prospect. A broad package of heavily mineralised magnetite was delineated. Mineralised intercepts reported best concentrate grades of:**

  TRC0029 – five significant intercepts, totaling 91m, including:
  28m @ 59.1% Fe, 0.59% V_2O_5 and 29.1% mass recovery from 59m *and*
  20m @ 61.8% Fe, 0.64% V_2O_5 and 28.4% mass recovery from 127m

  TRC0052 – three significant intercepts, totaling 81m, including:
  72m @ 59.3% Fe, 0.58% V_2O_5 and 35.9% mass recovery from 69m

  TRC0056 – two significant intercepts, totaling 94m, including:
  90m @ 58.6% Fe, 0.59% V_2O_5 and 23.8% mass recovery from surface *including*
  21m @ 57.4% Fe, 0.52% V_2O_5 and 39.4% mass recovery from 53m

  TRC0059 – seven significant intercepts, totaling 125m, including:
  89m @ 59.3% Fe, 0.65% V_2O_5 and 23.9% mass recovery from 57m *including*
  24m @ 64.0% Fe, 0.72% V_2O_5 and 37.3% mass recovery from 97m

- **The Company is currently interpreting the next section of drill results which it intends to announce shortly.**
- **The geophysical survey of the newly acquired ground to the east of the Massamba Group trend is on schedule to commence during January 2011.**

Commenting today, Ben James, Baobab's Managing Director, said: *"The results from the northern limits of South Zone published here represent an overall improvement in width, head grade and mass recovery. Additional drilling is required to probe the down dip continuations of mineralisation in the east, where there are also opportunities for the discovery of parallel lodes.*

"Baobab's exploration team is prepared and eager to get back into the field to complete the RC programme and get the South Zone resource estimate underway."

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 three holes have been completed for an aggregate total of approximately 4,500m. All areas drilled to date have delineated substantially wider zones of mineralisation than anticipated. Consequently, Baobab's exploration management team is in the process of designing additional drill holes to test the down dip and along strike continuations of the ore zones.

Due to the early onset of the wet season in Mozambique, the Company was obliged to suspend drilling operations in mid-December 2010. Technical teams and drill rigs are on standby in Tete, ready to mobilise to site as soon as the weather allows. The Company plans to have the two RC rigs working double shifts (two 12 hour shifts per 24 hours) to complete the programme as expediently as possible.

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. Mineralisation remains open both down dip and along strike with potential parallel lodes to the east.

Results from the oblique cross section, centred on scout diamond drill hole TDH0019, were announced on 30 November 2010. Analytical results from the four hole cross section at 8,259,900mN have been returned and are tabulated below.

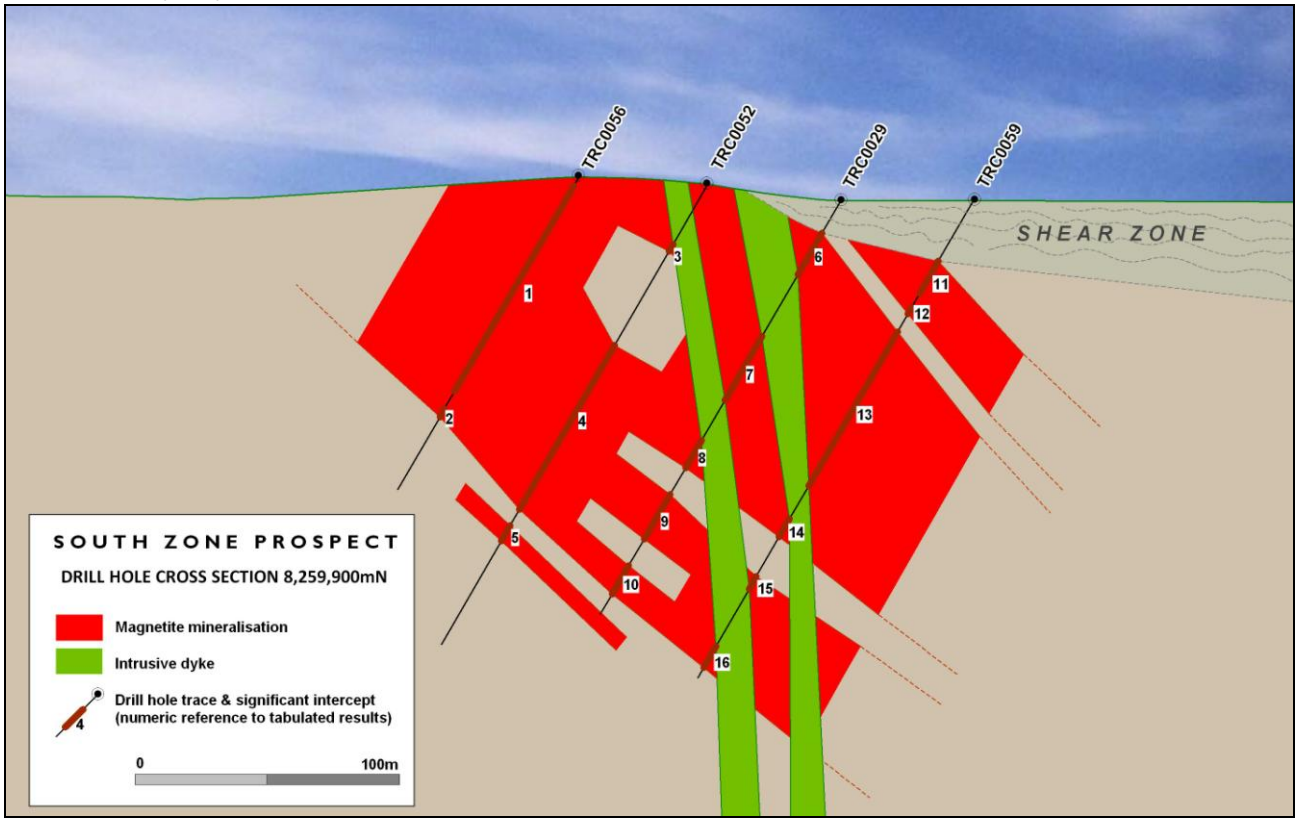
A cross section interpretation is available in the Company's website version of this announcement available for download from:

www.baobabresources.com/Pages/invest_centre/Aim_Releases.html.

Concurrent drilling in the southern limit of the South Zone prospect continues to delineate board 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 once the drilling programme is completed.

South Zone 8,259,900mN Cross Section



South Zone 8,259,900mN Section Drilling Results: *Significant Intercepts*

HOLEID	Depth From (m)	Depth To (m)	Length (m)	Fe Head (%)	Mass Recovery (%)	Davis Tube Recovery (DTR) Product							Section Reference
						Fe Conc (%)	V2O5 Conc (%)	TiO2 Conc (%)	Al2O3 Conc (%)	P Conc (%)	S Conc (%)	SiO2 Conc (%)	
TRC0029	14	32	18	*34.8*	23.8	60.7	0.70	6.10	2.16	0.002	0.040	0.65	6
including:	*20*	*32*	*12*	*37.7*	*28.8*	*63.2*	*0.73*	*6.94*	*2.54*	*0.001*	*0.049*	*0.65*	
TRC0029	59	87	28	*29.8*	29.1	59.1	0.59	10.19	3.14	0.000	0.218	0.67	7
TRC0029	104	116	12	*29.5*	24.0	62.6	0.68	7.79	2.47	0.002	0.211	1.09	8
TRC0029	127	147	20	*33.6*	28.4	61.8	0.64	8.19	2.48	0.003	0.327	1.09	9
TRC0029	158	171	13	*23.6*	14.9	62.9	0.76	4.28	2.82	0.008	0.716	1.81	10
TRC0052	26	29	3	40.3	32.5	64.0	0.60	7.35	1.52	0.007	0.010	0.41	3
TRC0052	69	141	72	34.8	35.9	59.3	0.58	10.32	3.28	0.002	0.440	1.23	4
TRC0052	148	154	6	19.7	12.7	64.5	0.76	4.48	2.81	0.004	0.147	1.28	5
TRC0056	0	90	90	29.4	23.8	58.6	0.59	9.17	2.89	0.005	0.199	1.07	1
including:	*53*	*74*	*21*	*36.1*	*39.4*	*57.4*	*0.52*	*11.56*	*3.02*	*0.003*	*0.288*	*1.17*	
TRC0056	97	101	4	35.3	34.8	60.4	0.61	9.61	3.71	0.002	0.272	1.04	2
TRC0059	20	21	1	28.0	12.0	66.6	0.71	4.34	0.93	0.005	0.008	0.53	
TRC0059	26	41	15	25.8	13.9	61.3	0.84	5.62	3.22	<0.001	0.054	1.49	11
TRC0059	46	49	3	27.2	21.3	62.1	0.70	3.90	2.98	0.005	0.563	3.00	12
TRC0059	57	146	89	28.7	23.9	59.3	0.65	5.65	2.42	0.002	0.371	1.03	13
including:	*57*	*72*	*15*	*39.2*	*36.7*	*62.7*	*0.64*	*7.66*	*2.15*	*<0.001*	*0.160*	*1.12*	
and:	*97*	*121*	*24*	*40.1*	*37.3*	*64.0*	*0.72*	*4.30*	*2.62*	*0.003*	*0.520*	*1.04*	
and:	*138*	*146*	*8*	*33.4*	*32.3*	*61.3*	*0.65*	*8.71*	*2.78*	*<0.001*	*0.362*	*0.97*	
TRC0059	156	158	2	22.4	13.8	66.3	0.81	2.19	2.80	0.002	0.243	1.06	14
TRC0059	163	168	5	24.4	15.5	*62.6*	0.71	6.03	2.89	<0.001	0.601	1.04	15
TRC0059	193	203	10	35.2	31.3	62.7	0.69	6.91	2.29	0.002	0.317	1.31	16

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 = 6m. 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.

South Zone 8,259,900mN Section Drill Hole Location Details

HOLEID	TOTAL DEPTH (m)	EAST (m)	NORTH (m)	RL (m)	AZIMUTH (Deg)	DIP (Deg)
TRC0029	180	571710	8259900	348.85	270	-60
TRC0052	201	571660	8259900	355.06	270	-60
TRC0056	133	571610	8259900	355.06	270	-60
TRC0059	207	571760	8259900	348.85	270	-60

Coordinate system WGS84 UTM zone 36S.

Tete Geophysical Survey Update

On 17 November 2010, Baobab announced a change in its 1035L Exploration Licence boundary whereby the Company acquired new ground to the east of the Massamba Group trend covering the Tenge and Ruoni magnetite prospects as well as a Lower Karoo sub-basin considered prospective for coal. New Resolution Geophysics (NRG) has been contracted to complete a high resolution aeromagnetic and radiometric survey of the new area. Paperwork is currently being finalised with the various government departments and it is planned that the survey will commence this month.

Tete Project – Overview

The Tete Project, covering an area of 632km^2, 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 CROSS SECTION IS AVAILABLE FOR DOWNLOAD FROM THE COMPANY'S WEBSITE www.baobabresources.com

For Further Information please contact:

Baobab Resources plc **Ben James: Managing Director**	Tel: +61 (0)8 9430 7151
Baobab Resources plc **Jeremy Dowler: Chairman**	Tel: +44 (0)1372 450529
Strand Hanson **James Harris / Angela Peace**	Tel: +44 (0)20 7409 3494
Northland Capital Partners **Charles Vaughan / Gavin Burnell**	Tel: +44 (0)20 7492 4763