



**BAOBAB**  
RESOURCES

**SOUTH ZONE DRILL RESULTS:**  
**SECOND BLOCK 1 CROSS SECTION RESULTS**  
**1<sup>st</sup> MARCH 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:**

- **Analytical results have been returned from a second three hole RC (reverse circulation) drilling cross section in Block 1, the southernmost portion of the South Zone prospect.**
- **The cross section is located 100m north of the section announced on 22 February 2011. A broad, 140m wide, body of heavily mineralised magnetite is being delineated. (Refer to Tables 1 & 2 below for details).**
- **Mineralised intercepts reported best concentrate grades of:**
  - TRC0034 – two significant intercepts, totaling 28m, including:*  
15m @ 62.2% Fe, 0.64% V<sub>2</sub>O<sub>5</sub> and 38.2% mass recovery from 28m
  - TRC0035 – one significant intercept of:*  
90m @ 59.4% Fe, 0.60% V<sub>2</sub>O<sub>5</sub> and 37.8% mass recovery from 44m
  - TRC0036 – two significant intercepts, totaling 42m, including:*  
20m @ 60.0% Fe, 0.69% V<sub>2</sub>O<sub>5</sub> and 23.1% mass recovery from 121m and  
22m @ 56.7% Fe, 0.49% V<sub>2</sub>O<sub>5</sub> and 67.3% mass recovery from 145m
- **Current drilling in Block 1 continues to delineate substantial mineralisation to the north.**

**Mr Ben James, Baobab's Managing Director, said:** *"Once again South Zone is delivering beyond our expectations. Drilling has delineated broad, coherent packages of mineralisation that respond well under our routine Davis Tube Recovery (DTR) analysis to generate a c.60% Fe concentrate at good rates of mass recovery.*

*"The 2011 drilling programme is gaining momentum and we expect to start seeing the next round of analytical results coming through shortly. The airborne geophysical contractors have commenced a high resolution survey of the Tenge/Ruoni area that should be wrapped up early next week. The Monte Muande Exploration Target is also on track for an announcement in the coming two to three weeks."*

**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 (Blocks 1 to 7) 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 metreage of 7,000m. Drilling commenced in August 2010 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. Baobab's exploration management team has designed an expansion drilling programme, representing an additional 4,000m, to test the down dip and along strike continuations of the ore zones.

The first nine RC holes were drilled in Block 3 and 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). These four 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 Block 7, 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. Please refer to announcements dated 30 November 2010, 17 and 26 January 2011.

Drilling over two cross sections in the southern limit of the South Zone prospect (Block 1) has a delineated broad, c.140m wide, zone of vertically dipping magnetite mineralisation. The lode is oriented north-south and is cross cut by northeast striking dolerite dykes. Results from the southernmost section (8,257,950mN) were announced on 22 February 2011. Significant intercepts from section 8,258,050mN are presented below. Current drilling in Block 1 continues to delineate substantial magnetite-ilmenite mineralisation to the north.

**TABLE 1:South Zone 8,258,050mN Section Drilling Results: Significant Intercepts**

TABLE 1: South Zone 8,250,050mN 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 (%)		
TRC0034	0	13	13	38.2	27.0	60.8	0.63	10.37	2.46	<0.001	0.004	0.71		
TRC0034	28	43	15	41.1	38.2	62.2	0.64	9.21	2.30	0.001	0.043	0.56		
TRC0035	44	134	90	34.9	37.8	59.4	0.60	11.20	3.39	<0.001	0.177	0.83		
TRC0036	121	141	20	27.0	23.1	60.0	0.69	8.82	3.95	<0.001	0.410	1.38		
TRC0036	145	167	22	44.7	67.3	56.7	0.49	16.13	3.36	<0.001	0.133	0.48		

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.

**TABLE 2:South Zone 8,258,050mN Section Drill Hole Location Details**

HOLEID	TOTAL DEPTH (m)	EAST (m)	NORTH (m)	RL (m)	AZIMUTH (Deg)	DIP (Deg)
TRC0034	90	571470	8258052	374	270	-60
TRC0035	162	571517	8258052	371	270	-60
TRC0036	167	571570	8258051	367	270	-60

Coordinate system WGS84 UTM zone 36S.

## 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 AND CROSS SECTION IS AVAILABLE FOR DOWNLOAD FROM THE COMPANY'S WEBSITE [www.baobabresources.com](http://www.baobabresources.com)**

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