RESOURCE STATEMENT No. 2:

BAOBAB EXPANDS MASSAMBA GROUP GLOBAL INVENTORY TO OVER 265Mt

31st OCTOBER 2011

Baobab Resources Plc ("Baobab" or the "Company") is an iron ore, base and precious metals explorer with a portfolio of exploration projects in Mozambique. The Company is pleased to present a resource update at the Massamba Group of its Tete iron / vanadium / titanium project.

HIGHLIGHTS

- Massamba Group global resource base expanded to **267Mt** (JORC) with the completion of the Ruoni North resource estimate and Chitongue Grande resource update.

- Ruoni North 93Mt Inferred Resource reports a head grade of 35% Fe with an indicative average concentrate grade of 58% Fe, 0.8% V_2O_5 and 13% TiO_2 at a mass recovery of 47%.

- Chitongue Grande Inferred Resource increased from 48Mt to 61Mt reporting a head grade of 25% Fe with an indicative average concentrate grade of 64% Fe, 0.7% V_2O_5 and 5% TiO_2 at a mass recovery of 20%.

- Ruoni South drilling has defined broad packages of mineralisation delivering some of the best quality concentrate grades in the Massamba Group, including a consistently high grade of 1% V_2O_5. International consultancy, Coffey Mining, is on schedule to deliver a resource estimate by the end of November.

- The high mass recoveries recorded at the Ruoni North deposit means that it will yield more than double the concentrate per tonne of ore processed than its South Zone or Chitongue Grande counterparts.

- Scoping Study compilation at an advanced stage with preliminary results expected to become available during the latter half of November.

- Drilling is progressing steadily at Tenge, outlining substantial zones of strong mineralisation. First analytical results are expected during December.

Commenting from Mozambique today, Ben James, Baobab's Managing Director, said: *"we started 2011 with a 48Mt resource and a 300Mt target. Ten months into the year and the global inventory is now sitting at more than a quarter of a billion tonnes with the high grade Ruoni South resource still to come in and Tenge beginning to flex its muscle. This would not have been accomplished without the unswerving dedication of our technical team in Mozambique.*

"The Scoping Study is progressing at pace and is assessing development routes that will capitalise on the project's unique proximity to abundant coal and water resources and some of the lowest tariff hydro-power in Africa. Importantly these are the critical complementary resources for establishing a fully integrated iron and steel industry."

Resource Estimates

Internationally respected consultant, Coffey Mining Limited, has completed resource estimates based on the completed drilling programmes at Ruoni South and Chitongue Grande. Their estimates of Inferred Mineral Resources, including the South Zone estimate announced on 30 August 2011, are summarised below. All estimates have been compiled in accordance with the Joint Ore Reserves Committee (JORC) Code guidelines. Notes on estimation parameters are presented as Annexure 1.

In many areas the resource blocks remain open along strike and at depth, requiring extensional drilling programmes in 2012. Some areas of intersected mineralisation remain unclassified due to insufficient drilling density and will also require further drill definition.

The mineralised horizons contain internal partings of non-mineralised waste material which have not been sampled. Some of this material may not be preferentially mineable and would therefore act as a dilutant. Without sampling the intermediate waste partings, it has not been possible to predict what the expected weight recovery and recovered grades might be. However, based on the Davis Tube Recovery (DTR) results of the completed estimation, the expected average concentrate characteristics for the mineralised material are:

- Ruoni North: 58% Fe, 0.8% V_2O_5, 12.9% TiO_2, 0.8% SiO_2, 3.5% Al_2O_3, 0.001% P and 0.1% S at a Mass Recovery of 47%.

- Chitongue Grande: 64% Fe, 0.7% V_2O_5, 4.8% TiO_2, 1.5% SiO_2, 2.8% Al_2O_3, 0.001% P and 0.4% S at a Mass Recovery of 20%.

The weighted average concentrate characteristics for the global 267.3Mt Inferred Resource are 61% Fe, 0.7% V_2O_5, 9% TiO_2, 1.2% SiO_2, 3.2% Al_2O_3, 0.005% P and 0.3% S at a Mass Recovery of 31%.

Tete Iron Ore Project
Summarised Grade Tonnage Report
Whole Rock Grade Estimates Derived by Ordinary Kriging
No Lower Grade Cutoff Applied
Resource Classification Based on JORC Code (2004) Guidelines

AREA	Resource Classification	Tonnage (Mt)	Fe (%)	V_2O_5 (%)	TiO_2 (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)	CaO (%)	K_2O (%)	MgO (%)	Mn (%)	Na_2O (%)	S (%)
Ruoni North	Inferred	93.4	34.6	0.4	12.7	12.8	10.2	0.003	-1.6	2.6	0.2	5.0	0.2	1.2	0.2
Chitongue Grande	Inferred	60.9	24.9	0.2	9.6	29.4	12.0	0.003	-0.2	4.8	0.7	4.6	0.2	2.1	0.3
South Zone	Inferred	113.0	27.5	0.2	10.1	25.9	8.0	0.290	-0.7	5.2	0.3	6.9	0.3	1.2	0.3
TOTAL	Inferred	267.3	29.4	0.3	10.9	22.1	9.7	0.124	-0.9	4.2	0.4	5.7	0.2	1.4	0.3

The mineralisation is based on geologically defined zones and therefore reported accordingly; it is currently assumed that mining selectivity is limited within the mineralised zones. Three-dimensional block models were generated for the Chitongue Grande and Ruoni North deposits to enable grade estimation. Coffey Mining has based its grade interpolation on Ordinary Kriging. Grade was interpolated based on 4m composite samples using domain control for both composite and block selections applying hard boundaries between the zones. For the concentrate grades, a service variable approach to the estimation of block concentrate grades is required to account for the variation in the percent weight.

On-going Resource Drilling: *Tenge/Ruoni Prospect*

Tenge/Ruoni is the easternmost prospect area of the Massamba Group. Drilling at Tenge/Ruoni is progressing rapidly and has intersected a heavily mineralised package varying in thickness from 60m to 150m. Mineralisation has been synformally folded with the fold hinge plunging gently to the west-northwest. Exploration campaigns in the prospect area have been divided into three resource blocks:

- Ruoni North: representing 1km of strike along the northern limb of the fold. Thirty seven reverse circulation (RC) and diamond holes have been completed to date across seven traverses for an aggregate total of c.5,750m. Drilling has intersected a substantial package of mineralisation from surface dipping at 25° to 50° to the southwest.

- Ruoni South: representing 1.2km of strike along the southern limb of the fold. Twenty seven RC and diamond holes have been completed for an aggregate total of 5,200m. Mineralisation in the Ruoni South area is generally steeper dipping (c.65° to the north).

  The average head grade of all Ruoni South significant intercepts reported to date is 30% Fe with the DTR concentrate grades reporting a weighted average of 63% Fe, 1% V_2O_5 and 6.4% TiO_2 at a mass recovery of 27% (see announcements dated 28 September and 27 October 2011 for details). Of particular interest is the consistent 1% V_2O_5 concentrate grade which is

> 25% higher than results reported from Ruoni North and some 40% higher than indicated concentrate grades from South Zone and Chitongue Grande resource areas.

- Tenge: representing the hinge zone of the fold and covering a strike length of approximately 1.3km. A Drilling programme of 3,000m to 4,000m is well underway with an aggregate total of 2,250m already completed.

Consultant, Coffey Mining Pty Ltd, is currently developing a geological model for the Ruoni South block and is waiting on assay results to complete a resource estimate (scheduled for the end of November). The Company anticipates receiving the first analytical results from Tenge during December.

Scoping Study

Baobab is working alongside Coffey Mining to compile a revised Scoping Study. The study is drawing on the results of the resource calculations, metallurgical test work and a recently completed infrastructure review together with mine scheduling and pit optimisation studies currently underway to build a financial model assessing the economic viability of various process routes. Preliminary study results are expected during the latter half of November.

Tete Project Overview: *located in Africa's emerging mining & industrial hub*

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 Rio Tinto'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 titano-magnetite / ilmenite mineralisation; the Singore area to the south and the Massamba Group trend in the north. The Massamba Group is composed of a series of five prospects (Chitongue Grande, Pequeno, Caangua, Chimbala and South Zone) forming an 8km long trend and the 3.5km long Tenge / Ruoni prospect to the east.

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.

Tete Exploration Summary: *resource base fast approaching targeted 300Mt*

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.

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 completed in 2009 indicate positive project economics in the production of high quality titano-magnetite/vanadium and ilmenite (titanium) concentrate commodities from a resource base of 300Mt.

Exploration during 2010 included a 7,500m scout drilling programme designed to assess the Chimbala and South Zone prospects of the Massamba Group trend.

The Company accelerated exploration activities in 2011 with over 35,000m of diamond and RC drilling completed to date. The campaign season commenced in February with resource drilling at the South Zone prospect. This work culminated the estimation of an 113Mt JORC Inferred Mineral Resource (announced on 30 August 2011). The resource remains open at depth and along strike.

An expansion resource drilling campaign at Chitongue Grande has also been completed with the associated resource statement update discussed above.

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.

The information in the report which relates to the Mineral Resource is based on information compiled by Iain Macfarlane who is a Member of The Australasian Institute of Mining and Metallurgy and is employed by Coffey Mining Ltd. Mr. Macfarlane has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves". Mr. Macfarlane 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 IS AVAILABLE FOR DOWNLOAD FROM THE COMPANY'S NEW WEBSITE www.baobabresources.com

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Annexure 1

Resource Statement Notes: Ruoni North

- There is drilling coverage for the whole rock grades (in total 13 grade items) on a variable grid (approximating to 100m along section and 135m between sections over the target area), drilling being aligned along sections orientated northeast-southwest. Mineralisation is cumulate-style, in massive or breccia form, emplaced predominantly as a single pod of mineralisation with occasional partings of gabbro or anorthosite. Numerous subvertical dolerite dykes obliquely dissect the zone of mineralisation. The host rocks were intersected by 5 diamond and 32 reverse circulation (RC) drillholes. Not all assays were available for resource estimation.

- Some non-mineralised horizons within the mineralised zones have a thickness, on average, of 2m, and may not be separable during the mining stage; as such they are a dilutant which should be accounted for in both metallurgical and mine planning.

- Statistical analyses on samples and 4m composites were completed. Variography was also conducted as input into grade estimation.

- Grade estimates were calculated for 40m (east-west) by 40m (north-south) by 20m (vertical) blocks. The method used to generate grade estimates was Ordinary Kriging (OK).

- In situ dry bulk densities were assigned on the basis of average values from testwork (3.9t/m3).

- Baobab has in a place an industry standard QAQC programme; results from this programme were not available at the time of resource estimation.

- Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and quality. The lack of a complete data set (assays, geological logs and QAQC) have resulted in the resource being classified as an Inferred Mineral Resource.

- Davis Tube testwork has been undertaken to determine the per cent weight recovery (DTR) of magnetic material (concentrate). The concentrate has then been assayed to establish its grade characteristics.

- Samples obtained from the existing drilling were composited to a nominal 3m interval and were submitted for Davis Tube testwork.

- As the concentrate grades are representative of the recovered portion only, the estimation requires the use of service variables to ensure the blocks are appropriately weighted. Service variables are calculated as DTR multiplied Fe grade, DTR multiplied SiO2, DTR multiplied Al2O3 and so on for the remaining grade items (13 in all).

- Statistical analyses were also completed on Davis Tube testwork samples, subsequent 4m composites and service variables. Variography was undertaken on DTR, concentrate grades and service variables as input into grade estimation.

- Ordinary Kriging was used to obtain estimates of DTR and service variables. The concentrate grades (Fe, V2O5, TiO2, SiO2, Al2O3, P, LOI, CaO, K2O, MgO, Mn, Na2O and S) were then back calculated from these estimates. Without sampling the intermediate waste partings, it is not possible to predict what the true recovered grades might be. However, based on the completed estimation, the expected average recovery (DTR) for the mineralised material will be in the order of 47.3% with the average concentrate grade in the order of 58.0% Fe, 0.8% V2O5, 12.9% TiO2, 0.8% SiO2, 3.5% Al2O3, 0.001% P, -3.5% LOI, 0.07% CaO, 0.01% K2O, 1.6% MgO, 0.2% Mn, 0.01% Na2O, 0.12% S.

Resource Statement Notes: Chitongue Grande

- There is drilling coverage for the whole rock grades (in total 13 grade items) on a 100m by 100m grid over the target area, drilling being aligned along sections orientated northwest southeast. Mineralisation is cumulate-style, in massive or breccia form, emplaced as stacks of mineralised layers separated by gabbro or anorthosite partings. Internal gabbro or anorthosite partings are also present within the mineralised layers. The host rocks were intersected by 15 diamond and 43 reverse circulation (RC) drillholes. Not all assays for these drillholes were available for resource estimation.

- Some non-mineralised horizons within the mineralised zones were not sampled - since these partings have a thickness, on average, of 2m, they may not be separable during the mining stage; as such they are a dilutant which should be accounted for in both metallurgical and mine planning; based on statistical calculation, this factor would be in the order of 20%.

- Statistical analyses on samples and 4m composites were completed. Variography was also conducted as input into grade estimation.

- Grade estimates were calculated for 50m (east-west) by 50m (north-south) by 4m (vertical) blocks. The method used to generate grade estimates was Ordinary Kriging (OK).

- In situ dry bulk densities were assigned on the basis of average values from testwork (3.5t/m3). No measurements have been carried out to ascertain in situ dry bulk density for mineralised transition or oxidised material. Values of 3.0t/m3 and 2.8t/m3 respectively have been assigned to these materials.

- Baobab has in a place an industry standard QAQC programme; results from this programme were not available at the time of resource estimation.

- Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and quality. The requirements for infill drilling due to uncertainties in geological interpretation and mineralisation envelopes in the more structurally complex zones, twin diamond drilling to check the RC work, and lack of QAQC data have resulted in the resource being classified as an Inferred Mineral Resource.

- Davis Tube testwork has been undertaken to determine the per cent weight recovery (DTR) of magnetic material (concentrate). The concentrate has then been assayed to establish its grade characteristics.

- Samples obtained from the existing drilling were composited to a nominal 3m interval and were submitted for Davis Tube testwork.

- As the concentrate grades are representative of the recovered portion only, the estimation requires the use of service variables to ensure the blocks are appropriately weighted. Service variables are calculated as DTR multiplied Fe grade, DTR multiplied SiO2, DTR multiplied Al2O3 and so on for the remaining grade items (13 in all).

- Statistical analyses were also completed on Davis Tube testwork samples, subsequent 4m composites and service variables.

- Ordinary Kriging was used to obtain estimates of DTR and service variables. The concentrate grades (Fe, V2O5, TiO2, SiO2, Al2O3, P, LOI, CaO, K2O, MgO, Mn, Na2O and S) were then back calculated from these estimates. Due to incomplete sampling, it is not possible to predict what the true recovered grades might be. However, based on the completed estimation, the expected average recovery (DTR) for the mineralised material will be in the order of 19.6% with the average concentrate grade in the order of 63.6% Fe, 0.7% V2O5, 4.8% TiO2, 1.5% SiO2, 2.8% Al2O3, 0.001% P, -2.9% LOI, 0.2% CaO, 0.02% K2O, 0.8% MgO, 0.1% Mn, 0.02% Na2O, 0.4% S.