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

**RESOURCE STATEMENT No. 3:**

**BAOBAB EXCEEDS 300Mt GLOBAL RESOURCE TARGET WITH RUONI SOUTH**

**7th DECEMBER 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 **324Mt** (JORC) with the completion of the Ruoni South resource estimate.
- Ruoni South 56Mt Inferred Resource reports a head grade of 34% Fe with an average concentrate grade of 62% Fe, 0.9% $V_2O_5$ and 8% $TiO_2$ at a mass recovery of 34%.
- The Ruoni South resource complements the 93Mt estimate at Ruoni North and delivers a higher quality concentrate at a competitive mass recovery.
- Drilling programmes at the contiguous Tenge deposit are all but concluded, with 24 drill holes completed for an aggregate total of c.4,500m. Drilling is defining a substantial package of mineralisation, approximately 120m thick, that comprises a significant portion of the 100m high Monte Tenge and dips shallowly towards the west. Initial analytical results are expected during December with a resource statement scheduled for February 2012.

**Commenting today, Ben James, Baobab's Managing Director, said:** *"Baobab is very pleased to present the Ruoni South resource estimate which expands the global inventory beyond the 300Mt milestone and in doing so demonstrates the Company's commitment to not just deliver on stated targets, but to exceed them. The indicative quality of the Ruoni South concentrate is encouraging, particularly the higher vanadium grade, and opens a range of production possibilities to be considered during the pre-feasibility study.*

*"The Tenge drilling is defining a significant package of mineralization that will add substantially to the resource inventory early in 2012. The Project is maturing rapidly, due largely to the accelerated drilling campaigns this year, and the Management recognises the extraordinary effort and commitment made by the technical teams in the field. 2012 will see the status of the Project transition from one of exploration to one of development in what is shaping up to be the most exciting mining address in southern Africa."*

**Resource Estimate**

Internationally respected consultant, Coffey Mining Limited, has completed a resource estimate based on the completed drilling programme at Ruoni South. Their estimates of Inferred Mineral Resources, including the South Zone estimate (announced on 30 August 2011), Chitongue Grande and Ruoni North (both announced on 31 October 2011), are summarised below. All estimates have been compiled in accordance with the Joint Ore Reserves Committee (JORC) Code guidelines. Notes on the Ruoni South 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.

Due to consistent sampling and analytical protocols, including routine Davie Tube Recovery (DTR) determinations, across mineralised and non-mineralise waste material at Ruoni South, Coffey Mining

has been able to predict the expected average concentrate characteristics for the mineralised material to an inferred level of confidence:

- Ruoni South: 61.7% Fe, 0.93% $V_2O_5$, 7.96% $TiO_2$, 1.04% $SiO_2$, 3.10% $Al_2O_3$, 0.001% P and 0.22% S at a Mass Recovery of 34.5%.

The expected weighted average concentrate characteristics for the global 323.5Mt Inferred Resource are 60.2% Fe, 0.8% $V_2O_5$, 9.7% $TiO_2$, 1.1% $SiO_2$, 3.3% $Al_2O_3$, 0.001% P and 0.2% S at a Mass Recovery of 31.4%.

**Tete Iron Ore Project**
**Summarised Grade Tonnage Report**
**Whole Rock Grade Estimates Derived by Ordinary Kriging**
***15% Lower Cutoff Grade Applied  **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 South*** | Inferred | 56.2 | 33.7 | 0.4 | 12.5 | 18.7 | 10.6 | 0.004 | -1.1 | 3.1 | 0.3 | 4.8 | 0.2 | 1.2 | 0.2 |
| **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 | 323.5 | 30.1 | 0.3 | 11.2 | 21.5 | 9.8 | 0.103 | -0.9 | 4.0 | 0.4 | 5.5 | 0.2 | 1.4 | 0.3 |

Where no lower cut-off grade has been applied, the resource blocks have been constrained by geologically defined mineralised 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 Ruoni South deposit 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. Ordinary Kriging was also used to obtain estimates of DTR and service variables for Ruoni South. The concentrate grades (Fe, V2O5, TiO2, SiO2, Al2O3, P, LOI, CaO, K2O, MgO, Mn, Na2O and S) were then back calculated from these estimates. For the concentrate grades of all other resource blocks, 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 nearing completion 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.

  The 93Mt Ruoni North resource estimate was announced to the market on 31 October 2011 and formed the resource base for a scoping study (also completed by Coffey Mining). The scoping study returned outstanding results, including a before tax US$1.4B net present value (NPV at 10% discount) and 34% internal rate of return (IRR) in the beneficiation and smelting of a pig iron product, that were announced on 31 November 2011.

- 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 56Mt resource estimate is discussed in detail above.

- Tenge: representing the hinge zone of the fold, covering a strike length of approximately 1.3km, and defined by the Monte Tenge ridge which elevations of up to 100m above the local plateau. The drilling programme is nearing completion with 24 diamond and RC holes completed to date for an aggregate total of 4,518m. Drilling has outlined a c.120m thick package of strongly mineralised material that comprises a significant portion of Monte Tenge ridge and dips gently towards the west.

Consultant, Coffey Mining Pty Ltd, will commence modelling of the Tenge resource block shortly with a resource statement scheduled for February 2012. The Company anticipates receiving the first analytical results from Tenge during December.

*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 WEBSITE www.baobabresources.com**

**For further information, please contact:**


**Baobab Resources PLC**
Ben James: Managing Director Tel: +61 8 9430 7151
Jeremy Dowler: Chairman Tel: +44 1372 450529

**Grant Thornton Corporate Finance**
Gerry Beaney / David Hignell Tel: +44 20 7383 5100

**Fortbridge Consulting**
Matt Beale Tel: +44 7966 389 196


## Annexure 1

***Resource Statement Notes: Ruoni South***

- The Ruoni South Prospect is part of Baobab Mining's Tete Iron Ore Project in Mozambique. The project is located north of the Provincial capital of Tete in the central portion of the Tete Suite (a mafic complex), covering an area of approximately 632km2.
- 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. Faulting both offsets and depletes the mineralisation. Some non-mineralised horizons within the mineralised zones may not be separable during the mining stage; this should be accounted for in both metallurgical and mine planning.
- The diamond (DD) and reverse circulation (RC) drilling was carried out in 2011 as part of a larger exploration programme including drilling on the Ruoni South Prospect.
- There is drilling coverage for the whole rock grades (in total 13 grade items) on a variable grid over the target area, drilling being aligned along sections orientated north-south. The host rocks were intersected by 6 diamond and 21 reverse circulation (RC) drillholes. At time of estimation, not all assays were available for resource estimation.
- For head (whole rock) analysis, grade characteristics were based on assaying for Fe, SiO2, Al2O3, P, LOI, CaO, K2O, MgO, Mn, Na, S and TiO2 (a total of 13) using XRF analysis or thermogravimetric measurement (for LOI). A suitable quality (QAQC) monitoring programme was implemented by Baobab.
- Statistical analyses on samples and 4m composites were completed. Variography was also conducted as input into grade estimation.

- Davis Tube testwork has been undertaken to determine the percent weight recovery (DTR) of magnetic material (concentrate). Concentrate from the samples submitted for Davis Tube testwork were then assayed to establish their grade characteristics.
- 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 $SiO_2$, DTR multiplied $Al_2O_3$ 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.
- Grade estimates were calculated for 30m (east-west) by 30m (north-south) by 10m (vertical) blocks. The method used to obtain grade estimates was Ordinary Kriging (OK).
- Ordinary Kriging was also used to obtain estimates of DTR and service variables. The concentrate grades (Fe, $V_2O_5$, $TiO_2$, $SiO_2$, $Al_2O_3$, P, LOI, CaO, $K_2O$, MgO, Mn, $Na_2O$ and S) were then back calculated from these estimates.
- In situ dry bulk densities were assigned on the basis of average values from testwork (4.0t/m3).
- 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 and twin diamond drillholes to verify the veracity of the RC drilling have resulted in the resource being classified as an Inferred Mineral Resource.