5 March 2014

Baobab Resources plc

Interim Results for the 6 Months Ended 31 December 2013

Baobab Resources plc ("Baobab" or the "Company"), the iron ore, base and precious metals explorer with a portfolio of exploration projects in Mozambique, is pleased to announce its Interim Results for the six months ended 31 December 2013.

Jeremy Dowler, Chairman of Baobab commented:

“I am pleased to present the Company's unaudited results for the six months ended 31 December 2013. Baobab is fortunate in having two very supportive shareholders in AMED and the IFC both of whom have remitted funds after the Balance Sheet date. AMED remitted funds as a result of the completion and approval of the conditional placement of 8,500,000 shares at a placement price of 15p per share and the IFC contributed approximately £425,000 representing the balance of their share of joint venture expenses on the Tete pig iron/vanadium project as at 31 December 2013.”

The 31 December 2013 Interim Financial Report is available on the Company’s website www.baobabresources.com. Extracts from these financial statements are set out below.

For further information please contact:

Baobab Resources plc
Ben James, Managing Director — Tel: +258 21 415 200
Frank Eagar, CFO — Tel: +258 21 415 200

Baobab Resources plc
Jeremy Dowler, Chairman — Tel: +44 1372 450 529

Grant Thornton UK LLP (Nomad)
Philip Secrett/ David Hignell/Jamie Barklem — Tel: +44 20 7383 5100

Shore Capital (Broker)
Jerry Keen / Toby Gibbs — Tel: +44 20 7408 4090

BAOBAB RESOURCES PLC
INTERIM RESULTS FOR THE 6 MONTHS ENDED
31 DECEMBER 2013

DIRECTORS' REPORT

PROJECT OVERVIEW

Baobab Resources plc ('Baobab' or the 'Company') is wholly focused in Mozambique where it discovered and defined a 727Mt iron ore resource in the Tete province, one of Africa's fastest growing mining and industrial centres. Baobab is developing the Tete Project in partnership with the International Finance Corporation ('IFC'), which holds a 15% participatory interest.

Due to the Project's strategic access to core iron and steel making commodities of iron ore, coal, power, water and other raw materials, Baobab is pursuing an unique opportunity to add value in country through the development of a vertically integrated 'mine-mouth' pig iron and ferro-vanadium smelting operation. Pig iron is used along side scrap iron in electric arc furnaces ('EAFs') to produce steel products. EAFs account for roughly 30% of global steel production; and up to 100% of steel production in regions such as the Middle East.

Baobab's resource base is sufficient to underpin production scenarios that would rank the Tete asset amongst the largest long life operations world wide, and at first quartile production costs.

The Company has completed a Pre-Feasibility Study ('PFS') that demonstrated the commercial case for development of a 1 Mtpa pig iron operation and has now embarked on a Definitive Feasibility Study ('DFS'). Baobab is also assessing the possibility of unlocking additional value by taking the project the last step downstream and producing steel products to sustain southern Africa's rapid growth.

PRE-FEASIBILITY STUDY HIGHLIGHTS

The results of the PFS were released in March 2013 and confirmed the Tete Project as a strategic asset of global significance based on:

- **Long-term mine life:** 1Mtpa pig iron production for 37 years exploits just 15% of the current global resource. The large resource therefore provides the possibility of a 100 + years operation and the associated economic and ancillary development of a heavy steel industry.
- **Production of high-demand, low-impurity commodities at lowest quartile operating costs,** arising from the Project's unique proximity to low-cost raw materials.
- **Modular ability to ramp up production beyond 1Mtpa** mitigates financial exposure and allows project scaling.

The base case scenario of 1Mtpa pig iron production estimated a capital expenditure of US$1.14bn and delivered strong project economics, with a **pre-tax NPV_{10} of US$1.3bn, pre-tax IRR of 22%** and a payback period of 4-5 years. A 2Mtpa was also modelled in the PFS, which further improved the underlying fundamentals (pre-tax NPV_{10} of US$2.4bn, pre-tax IRR of 26% and capital expenditure of US$1.98bn) and demonstrated the scalability of the project.

A free on board ('FOB') operating cost of US$225/t was demonstrated in the PFS, which is in the lowest quartile for pig iron production globally. This compares favourably to an estimated FOB cost of production of c.US$385/t in Brazil, one of the world's largest suppliers of merchant pig iron. At Baobab's cost of production, the Company will be able to deliver a tonne of pig iron to a north China port for approximately US$250/t where domestic operating costs are estimated to be closer to US$400/t. This margin will enable Tete pig iron to compete across the global sea-borne pig iron market and will also open up new markets where merchant pig iron has simply not been competitive in the past, particularly in neighbouring regions such as the Middle East.

The main reasons for the Tete Project's low (1st quartile) operating costs include: access to captive iron ore, with mining strip ratios averaging just 0.4 over the first 22 years of operation; access to very low cost thermal coal being produced in the immediate vicinity as a wash by-product currently being reburied as waste at considerable cost to mitigate negative environmental impacts.

The Government of Mozambique offers various investment incentives for major industrial projects, with more favourable taxation terms for projects that add a significant amount of value in-country, create local employment and are export orientated. The completion of the PFS now enables the Company to enter into negotiations as to the structure of the tax treatment for the Tete Project with reference to established investment promotion legislation and precedent agreements.

DEFINITIVE FEASIBILITY STUDY UNDERWAY

Baobab has embarked on a Definitive Feasibility Study, which is on schedule for completion towards the end of 2014. Areas of key perceived risk have been prioritised for completion, including:

- measured resource drilling;
- resource/reserve estimate covering the first 10-15 years of operation;
- bench scale pyro-metallurgical (smelting) test work and pilot scale reduction test work;
- environmental and community studies;
- submission of mining and industrial licence applications;
- opening a dialogue with various government ministries on the project's fiscal regime; and
- formalising the project's port, rail and power requirements.

All analytical results from the 2013 drilling campaign, which focused on converting the upper portions of the Tenge resource block to a JORC compliant measured category, have been returned. The average head grade of all significant drill hole intercepts, representing an aggregate mineralised length of 3,833m (averaging 89m per drill hole), is **40% Fe**, considerably higher than the current combined 553Mt Tenge/Ruoni resource of 36% Fe. International geology and mining specialist, SRK Consulting (South Africa), commissioned to complete the measured resource estimate, remains on target for an end Q1 2014 delivery.

Un-fluxed bench scale smelting test work carried out by CSIRO in 2013 confirmed that a low impurity pig iron product could be produced using Baobab's iron ore and local Mozambique thermal coal. A second batch of smelting tests commissioned at CSIRO during November 2013, this time including flux material, is now complete. Although the final documented results are still pending, initial results indicate that a **99.5% Fe** product can be produced (at 0.05% C). The test work will also provide the first empirical data on the composition of the vanadium and titanium slag by-products. These results can now form the basis of an updated marketing and off-take study.

The Company is also actively seeking strategic development partners and has commissioned Standard Chartered Bank as a corporate advisor.

The Company enjoys firm support from its cornerstone investor, the African Mineral Exploration & Development fund ('AMED') which joined the register in July 2012 and, through investments totalling c.£9m, now holds 29.9% of Baobab Resources' issued capital. In December 2013 Shareholders approved an options package to AMED which will take their holding to 34.89% on a fully diluted basis, and if exercised would largely fund the Tete project Definitive Feasibility Study.

Management believe that the Tete project represents an unique **In-Country-Beneficiation and Economic-Development** opportunity and that significant value will be created at the mine mouth through its strategic access to iron and steel making raw materials in an area that is rapidly taking centre stage with regards to global mining projects and heavy industry. Baobab is poised to play a central role in the rapid development of this part of Africa, supplying the region's growing demand for iron and steel.

Ben James
Managing Director

Maputo, Mozambique

5 March 2014

Competent Persons Statement

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 31 DECEMBER 2013

	Consolidated 6 Months Ended 31 Dec 13 (Unaudited) GBP	Consolidated 6 Months Ended 31 Dec 12 (Unaudited) GBP	Consolidated Year Ended 30 June 13 (Audited) GBP
Continuing operations			
Exploration expenses	(1,691,454)	(3,175,226)	(5,308,407)
Administrative expenses	(1,612,887)	(1,020,023)	(2,821,078)
Loss from operations before tax	(3,304,341)	(4,195,249)	(8,129,485)
Interest received	6,025	49,207	129,802
Other income	31,546	-	24,677
Loss before tax	(3,266,770)	(4,146,042)	(7,975,006)
Income tax expense	-	-	-
Loss for the period attributable to equity holders	(3,266,770)	(4,146,042)	(7,975,006)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	(26,438)	(101,105)	(216,305)
Total comprehensive loss for the period attributable to equity holders	(3,293,208)	(4,247,147)	(8,191,311)
Loss per share (basic and diluted)	(1.26)	(1.89)	(3.08)
Total number of shares on issue	315,338,426	264,637,900	301,113,426
Weighted average number of shares	261,933,458	219,163,585	259,297,939

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2013

	Consolidated 31 Dec 13 (Unaudited) GBP	Consolidated 31 Dec 12 (Unaudited) GBP	Consolidated 30 June 13 (Audited) GBP
Non-current assets			
Property, plant & equipment	190,625	226,495	242,201
Loans	154,675	154,675	154,675
Total non-current assets	345,300	381,170	396,876
Current assets			
Trade and other receivables	1,393,283	29,316	506,658
Cash and cash equivalents	410,376	1,099,902	1,425,582
Total current assets	1,803,659	1,129,218	1,932,240
Total assets	2,148,969	1,510,388	2,329,116
Equity attributable to the equity holders of the parent			
Share capital	3,153,384	2,646,378	3,011,134
Share premium	24,648,360	19,307,742	23,229,741
Reserves – options and warrants	2,289,023	2,535,874	1,257,938
Reserves – foreign currency translation	(53,722)	87,916	(27,284)
Accumulated losses	(28,865,390)	(24,065,665)	(25,610,594)
Total equity	1,171,655	512,245	1,860,935
Current liabilities			
Trade and other payables	977,304	998,143	468,181
Total liabilities	977,304	998,143	468,181
Total equity and liabilities	2,148,959	1,510,388	2,329,116

CONSOLIDATED CASH FLOW STATEMENT
FOR THE 6 MONTHS ENDED 31 DECEMBER 2013

	Consolidated 6 Months Ended 31 Dec 13 (Unaudited) GBP	Consolidated 6 Months Ended 31 Dec 12 (Unaudited) GBP	Consolidated Year Ended 30 June 13 (Audited) GBP
Cash flows from operating activities			
Net loss for the period	(3,266,770)	(4,146,042)	(7,975,006)
Movement in trade and other receivables	(905,915)	(3,565)	(503,083)
Depreciation	46,017	43,229	97,894
Movement in trade and other payables	541,848	(44,308)	(555,804)
Exchange difference	(89,321)	12,637	(32,231)
Share based payments	521,017	329,700	1,219,622
Net cash used in operating activities	(3,153,124)	(3,808,349)	(7,748,608)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(11,414)	(124,805)	(190,310)
Net cash flows used in investing activities	(11,414)	(124,805)	(190,310)
Cash flows from financing activities			
Proceeds from issue of shares	2,126,500	4,050,000	8,579,268
Share issue costs	(43,590)	(80,000)	(206,336)
Net cash flows from financing activities	2,082,910	3,970,000	8,372,932
Net (decrease)/increase in cash and cash equivalents	(1,081,628)	36,846	434,014
Cash and cash equivalents at beginning of the period	1,425,582	1,178,959	1,178,959
Exchange differences	66,422	(115,903)	(187,391)
Cash and cash equivalents at end of the period	410,376	1,099,902	1,425,582

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
NOTES TO THE INTERIM FINANCIAL REPORT

	Share Capital GBP	Share Premium GBP	Warrants & Option Reserve GBP	Foreign Currency Translation Reserve GBP	Retained Earnings GBP	Total Equity GBP
Balance at 1 July 2012	2,141,378	15,842,742	2,203,023	189,021	(19,916,472)	459,692
Loss for the year					(7,975,006)	(7,975,006)
Foreign exchange translation differences	-	-	-	(216,305)	-	(216,305)
Total other comprehensive loss	-	-	-	(216,305)	-	(216,305)
Total comprehensive loss for the year	-	-	-	(216,305)	(7,975,006)	(8,191,311)
Shares issued	869,756	7,593,335	116,177	-	-	8,579,268
Share issue expenses	-	(206,336)	-	-	-	(206,336)
Share based payments	-	-	1,219,622	-	-	1,219,622
Share options and warrants exercised/forfeited	-	-	(2,280,884)	-	2,280,884	-
Balance at 30 June 2013	3,011,134	23,229,741	1,257,938	(27,284)	(25,610,594)	1,860,935

	Share Capital GBP	Share Premium GBP	Warrants & Option Reserve GBP	Foreign Currency Translation Reserve GBP	Retained Earnings GBP	Total Equity GBP
Balance at 1 July 2013	3,011,134	23,229,741	1,257,938	(27,284)	(25,610,594)	1,860,935
Loss for the year	-	-	-	-	(3,266,770)	(3,266,770)
Foreign exchange translation differences	-	-	-	(26,438)	-	(26,438)
Total other comprehensive loss	-	-	-	(26,438)	-	(26,438)
Total comprehensive loss for the year	-	-	-	(26,438)	(3,266,770)	(3,293,208)
Shares issued	142,250	1,462,208	522,042	-	-	2,126,500
Share issue expenses	-	(43,590)	-	-	-	(43,590)
Share based payments	-	-	521,017	-	-	521,017
Share options and warrants exercised/forfeited	-	-	(11,974)	-	11,974	-
Balance at 31 December 2013	3,068,384	24,648,359	2,289,023	(53,722)	(28,865,390)	1,171,654

Note 1 ACCOUNTING POLICIES

The interim statements of the Company for the period ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the acquisition and development of mineral resource assets.

The financial information contained in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. No statutory accounts for the period have been delivered to the Registrar of Companies. The financial information contained in this interim report has not been reviewed or audited by the auditor.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Company's audited consolidated financial statements and notes thereto for the year ended 30 June 2013. The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union.

These interim consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended 30 June 2013.

Note 2 SUBSEQUENT EVENTS

There were no subsequent events.

Note 3 DIVIDENDS

No interim dividend is being paid or proposed.

Note 4 LOSS PER SHARE

Loss per share has been calculated on the weighted average number of Ordinary Shares in issue.