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SOUTH ZONE DRILLING UPDATE

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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:

- Step-out reverse circulation (RC) drilling is progressing steadily at the South Zone prospect with 869m completed at time of writing. Substantial widths of magnetite-ilmenite mineralisation have been intersected in seven of eight holes drilled to date.
- Analytical results have been returned for three of the six 2010 South Zone scout diamond drill holes. Selected significant mineralised intercepts reported concentrate grades of:

TDH0019 – five significant intercepts, totalling 98.5m, including: 65.5m @ 59.48% Fe, 0.61% V_2O_5 and 34.7% mass recovery from 46m

TDH0045 – seven significant intercepts, totalling 192m, including: 51.0m @ 60.5% Fe, 0.63% V_2O_5 and 33.0% mass recovery from 77.5m

TDH0047 – three significant intercepts, totalling 87.5m, including: 43.5m @ 58.9% Fe, 0.59% V_2O_5 and 31.3% mass recovery from 95m

- The South Zone results characterise a distinct, higher mass recovery, ore domain to that encountered in the Chitongue Grande resource area and a detailed metallurgical study has been commissioned to determine how to optimise the mineral processing of the various domains.
- Samples from the remaining three 2010 South zone scout drill holes and the first five RC drill holes are being prepared for despatch to the laboratory in Australia with analytical results expected to be available in early October.

Commenting today, Ben James, Baobab's Managing Director, said: "The South Zone RC programme is intersecting encouraging widths of mineralisation that is able to be correlated between drill traverses. The diamond drill results published today characterise a distinct ore domain to that modelled in the Chitongue Grande resource and we look forward to working with Coffey Mining to construct mineral processing flow sheets that will not only optimise the potential of these domains, but also take into consideration the project's unique and strategic access to infrastructure and complementary resources."

Step-out RC Drilling Programme – South Zone Prospect (Massamba Group)

Due to the significant widths and interpreted lateral continuity of mineralisation at South Zone, the prospect has been prioritised for step-out reverse circulation (RC) drilling. The programme is systematically assessing a sequence of six mineralised zones over a strike length of some 2km, drilling on traverses spaced 100m apart.

A total of 35 RC drill holes have been planned for a combined meterage of 7,000m. To date eight holes have been completed for an aggregate total of 869m. Substantial widths of magnetite-ilmenite mineralisation have been intersected in all but one hole. Samples from

the first five drill holes have been despatched to the laboratory in Tete for sample preparation.

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.

Commencement of Metallurgical Studies

Internationally respected industry consultants, Coffey Mining Pty Ltd, have been commissioned to complete a detailed metallurgical review of the magnetite-ilmenite mineralisation. The primary objective of the study is to determine optimum flow sheets to process the various ore domains present in the project area. The study will focus on the styles of mineralisation underlying the Chitongue Grande resource area and the South Zone prospect.

An initial phase of statistical analysis is currently underway with the objective of identifying and targeting ore domains for metallurgical drilling. The drilling is intended to commence in October 2010 with drill core being despatched to Perth, Western Australia, for test work.

Scout Drilling Programme – Chimbala & South Zone Prospects (Massamba Group)

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.

South Zone Scout Drilling

The South Zone prospect was first recognised by the Company during its 2008 high resolution aeromagnetic survey, as a 2.5km long north-south zone of high magnetic response immediately south of the known Massamba Group prospects. The primary iron, vanadium and titanium mineralisation occurs as cumulate sequences within the gabbro / anorthosite suite. A secondary phase of mineralisation, in the form of a vertical massive magnetite-ilmenite intrusive dyke, outcrops as a chain of small ridges along the western margin of the magnetic anomaly. The dyke has an apparent thickness in excess of 20m and appears to crosscut the primary mineralisation. Post-mineralisation tectonics has segregated the prospect into at least 5 discrete fault blocks.

Three diamond drill holes were completed at the South Zone prospect in 2009 prior to the onset of the wet season (as announced on 1 February and 19 February 2010). A further six diamond holes have been completed this year bringing the total metres drilled at the prospect to 2,127m. Drill holes targeted magnetite-ilmenite outcrops and linear trends of strong magnetic response. All holes have intersected substantial widths of mineralisation of between 20 and 100m (true width).

Analytical results from the first three of the six 2010 holes have been returned with significant intercepts tabled below. 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), Davis Tube Recovery (DTR) and X-ray Fluorescence Spectrometry XRF analysis.

Samples from the remaining three holes are currently at the preparation facility in Tete prior to despatch to Perth, with results expected to be available in early October.

Chimbala Scout Drilling

The Chimbala prospect comprises the central portion of the Massamba Group trend and is underlain by a 3km long zone of strong aeromagnetic response. Limited historical

exploration has taken place in the prospect area. Baobab commenced drilling operations at the Chimbala prospect on 10 March 2010 and has completed 25 diamond drill holes for an aggregate total of 5,378m. The drilling programme was designed to test zones of strong magnetic response over an area of 3km². The drilling has intersected packages of both cumulate and intrusive style magnetite-ilmenite mineralisation intercalated with gabbroic and anorthositic country rock.

Analytical results from the first twenty three Chimbala diamond drill holes (TDH0020 to 42) were announced on 17 May, 11 June, 15 July and 12 August 2010. Holes TDH0025 and 37 returned no significant intercepts and have not been reported. TDH0043 and 44 remain to be analysed.

TDH0019 Total Depth: 200.7m					Collar Location: 571695mE 8259915mN 363mRL Collar Dip/Azimuth: -60/270								
Prospect: SOUTH ZONE					Fe	V2O5	TiO2	AI2O3	Р	S	SiO2		
FROM	то	INTERVAL	COMP	%	%	%	%	%	%	%	%		
46	46 1115	65.5	MAGS	34.7	59.4	0.61	10.13	3.36	0.002	0.344	1.11		
40 111.	111.5		HEAD		33.7	0.23	12.99	7.51	0.113	0.340	18.63		
127 146	1/6	19	MAGS	22.4	58.4	0.69	6.64	3.07	0.003	0.544	1.84		
	140		HEAD		28.2	0.18	9.86	7.73	0.238	0.352	26.26		
140 150	150	1	MAGS	30.4	63.8	0.67	4.68	3.41	0.002	0.112	1.43		
149	150		HEAD		33.5	0.24	11.35	8.80	0.097	0.283	21.40		
150	150	1	MAGS	10.4	60.5	0.73	6.71	3.27	0.002	0.286	2.01		
100	139		HEAD		18.3	0.11	6.65	11.60	0.144	0.237	37.20		
162	175	12	MAGS	19.5	61.4	0.71	6.75	2.62	0.005	0.430	1.75		
105	175		HEAD		25.2	0.16	9.08	10.10	0.228	0.350	29.43		

South Zone Prospect Scout Drilling Results: Significant Intercepts

TDH0045 Total Depth: 350.7m					Collar Location: 571550mE 8257950mN 340mRL Collar Dip/Azimuth: -60/312								
Prospect: SOUTH ZONE					Fe	V2O5	TiO2	AI2O3	Р	S	SiO2		
FROM	то	INTERVAL	COMP	%	%	%	%	%	%	%	%		
24	67	43	MAGS	28.5	61.1	0.65	8.00	3.53	0.001	0.168	1.29		
24 07	07		HEAD		31.6	0.22	11.90	8.90	0.049	0.295	22.81		
77 5	129.5	51	MAGS	33.0	60.5	0.63	9.70	3.40	<0.001	0.214	1.04		
6.11	120.0		HEAD		33.6	0.23	13.31	8.39	0.066	0.378	20.03		
162	166	4	MAGS	42.4	60.6	0.61	9.40	3.70	0.003	0.144	0.89		
			HEAD		38.0	0.27	14.90	7.23	0.110	0.297	15.25		
179 5 10	106.5	18	MAGS	26.9	59.8	0.64	9.08	3.65	0.003	0.318	1.35		
170.5	190.5		HEAD		28.1	0.19	10.78	9.96	0.107	0.289	26.76		
207.5 26	266	58.5	MAGS	29.5	58.8	0.62	10.41	4.02	<0.001	0.298	1.58		
	200		HEAD		30.3	0.20	11.52	8.57	0.032	0.418	24.41		
271	274.5	3.5	MAGS	15.1	61.0	0.74	4.28	3.90	0.006	0.871	2.86		
			HEAD		21.0	0.14	8.06	10.80	0.048	0.325	35.50		
296	310	14	MAGS	30.8	59.2	0.63	9.87	3.64	0.003	0.428	1.47		
			HEAD		34.0	0.21	12.81	6.71	0.050	0.469	20.30		

TDH0047 Total Depth: 260.7m					Collar Location: 571635mE 8259567mN 357mRL Collar Dip/Azimuth: -60/315								
Prospect: SOUTH ZONE				REC	Fe	V2O5	TiO2	AI2O3	Ρ	S	SiO2		
FROM	то	INTERVAL	COMP	%	%	%	%	%	%	%	%		
5	29	24	MAGS	15.0	62.9	0.75	5.93	2.85	0.012	0.006	1.12		
			HEAD		29.1	0.20	11.96	8.42	0.227	0.013	24.65		
95 138.5	129.5	43.5	MAGS	31.3	58.9	0.59	10.59	3.61	0.003	0.402	0.89		
	130.5		HEAD		30.2	0.21	12.56	9.76	0.063	0.345	23.08		
208	228	20	MAGS	13.0	57.5	0.56	2.35	2.07	0.019	1.553	1.78		
			HEAD		21.1	0.13	8.77	10.16	0.953	0.469	29.52		

Coordinate system WGS84 UTM zone 36S. All samples were submitted to Davis Tube Recovery (DTR) analysis conducted at the ALS Laboratory Group in Perth, Western Australia, 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 = 4m. 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.

Tete Project – Overview

The Tete Project, covering an area of 632km², 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).

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 IS AVAILABLE FOR DOWNLOAD FROM THE COMPANY'S WEBSITE www.baobabresources.com

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