



## MONTE MUANDE DATA REVIEW RETURNS POSITIVE RESULTS

31<sup>st</sup> JANUARY 2011

Baobab Resources plc ('Baobab' or the 'Company') is an iron ore, base and precious metals explorer with a portfolio of mineral projects in Mozambique. The Company announced on 15 November 2010 the signing of a Joint Venture with North River Resources plc ('North River') in relation to North River's Monte Muande magnetite/phosphorus, base and precious metal project (the 'Project') in the Tete province of Mozambique. Baobab has the right to earn up to 90% equity in the project. The Company is pleased to present an update on work completed.

### Highlights

- Compilation of trench and drill hole data from the Geological Institute of Belgrade (GIB) 1983-1985 exploration campaign at the Monte Muande magnetite/phosphorus deposit is nearing completion. Significant Head Grade intercepts include:

#### *Diamond Drill Holes:*

D-12: 40.1m @ 23.2% Fe and 4.98% P<sub>2</sub>O<sub>5</sub> from surface  
D-21: 44.1m @ 33.3% Fe and 3.21% P<sub>2</sub>O<sub>5</sub> from 44.4m  
G-16: 62.3m @ 25.1% Fe and 4.74% P<sub>2</sub>O<sub>5</sub> from 13.5m  
H-16: 39.5m @ 22.2% Fe and 5.91% P<sub>2</sub>O<sub>5</sub> from surface  
LM-11.5: 39.6m @ 28.1% Fe and 4.71% P<sub>2</sub>O<sub>5</sub> from surface

#### *Trenches:*

T-3: 41.5m @ 49.5% Fe and 1.04% P<sub>2</sub>O<sub>5</sub>  
T-11: 71.0m @ 34.7% Fe and 1.56% P<sub>2</sub>O<sub>5</sub>  
T-12: 85.0m @ 40.1% Fe and 2.07% P<sub>2</sub>O<sub>5</sub>  
T-13: 57.0m @ 43.2% Fe and 2.41% P<sub>2</sub>O<sub>5</sub>  
T-14: 52.0m @ 39.4% Fe and 3.32% P<sub>2</sub>O<sub>5</sub>

- Soil geochemistry completed by Omegacorp during 2006-2007 delineates an anomalous corridor of iron (>15% Fe) and phosphorus (>1% P) extending from the GIB work area 4km to the southwest, overlying a robust magnetic trend.
- Geochemistry also outlines a discrete 2,500m x 400m copper in soil anomaly immediately west of the southwestern limit of the Fe/P corridor, overlying a parallel magnetic trend.
- Baobab has commissioned Coffey Mining consultants to review the GIB and Omegacorp data and generate a magnetite/phosphorus Exploration Target for the Monte Muande area as well as make preliminary investigations into potential mineral processing flow sheets.
- The south-western corner of exploration licence 1119L is underlain by 12km<sup>2</sup> of lithologies of the Lower Karoo, which hosts the coal resources at Vale's Moatize and Riversdale's Benga and Zambeze projects. Mapping completed By Mavuzi Resources Ltd in 2008 identified evidence of coal exposed in river banks. Baobab has commissioned consultants to make a more detailed assessment of the coal potential as soon as field conditions allow.
- Baobab has scheduled 2,000m of diamond drilling at the Monte Muande deposit to commence during April 2011.

**Commenting today, Ben James, Baobab's Managing Director, said:** *"the data compilation of historical work has paid off handsomely. The North River JV area is shaping up to be a robust, multi-commodity project in what is becoming a major mining and infrastructure hub of southern Africa. The drill hole and trench results highlight the potential grades of the deposit while the soil geochemistry indicates that the magnetite/phosphorus mineralisation extends for a considerable distance to the southwest where it has yet to be drill tested.*

*"The Company looks forward to reviewing the results from the commissioned studies over the coming months and, in particular, to collaring the first drill hole into the Muande deposit in 25 years.*

*“All of the above indicates that in the coming months the Company should be able to add substantially to the current 400 to 700 million tonne target announced for the Massamba Group alone”*

### **Monte Muande Project Background**

The Monte Muande project comprises two exploration licences covering an area of 338km<sup>2</sup> located approximately 25km northwest of the provincial capital of Tete. The licences are valid until Q3 2014.

The licences are underlain by the Proterozoic aged Chacocoma Granite and flanking Tete Mafic Complex. A carbonatite of Cretaceous age has intermittently intruded the eastern and northern margins of the Chacocoma Granite. The south-western corner of licence 1119L is underlain by 12 square kilometres of Lower Karoo lithologies (*Figure 1\**).

Previous exploration has targeted mineralisation within the carbonatite. During the 1980's, the Geological Institute of Belgrade (GIB) conducted exploratory works at the Monte Muande magnetite/phosphorus deposit. GIB completed two phases of vertical diamond drilling between 1983 and 1985 totalling 5,570m, 2,960m of which falls within the Joint Venture area. The institute also completed more than 10km of trenching (*Figure 2\**).

Regrettably sampling of the first phase of drilling and trenching was not systematic. The available analytical results do, however, demonstrate the potential of the deposit. A complete listing of significant intercepts from both drilling and trenching is tabulated below (please note that this is historical data and the Company cannot yet confirm its veracity). Iron grades are generally higher, and phosphorus lower, in trench samples than in the drill core. This may be a function of the near surface chemical weathering of the marble host rock or reflect different sampling techniques.

More recently, Omega Corp (and latterly Mavuzi Resources) completed detailed exploration programmes investigating the uranium, gold, copper and coal potential of the area.

During 2006-2007, Omegacorp completed a detailed soil geochemical survey over an area of 19 square kilometres extending from the Monte Muande deposit in the northeast to the southern limit of the 1054L licence boundary, 9km to the southwest. The sampling grid overlies a robust, linear magnetic trend marking the margin of the Chacocoma Granite.

Contouring of the iron (Fe) and phosphorus (P) soil analyses has delineated a corridor of >15% Fe and >1% P anomalism extending from the GIB work area 4km to the southwest. The geochemistry also outlines a discrete 2,500m x 400m copper (Cu) in soil anomaly immediately west of the southwestern limit of the Fe/P corridor, overlying a parallel magnetic trend (*Figures 3, 4 and 5\**). Both sets of anomalies remain undrilled.

The soil geochemistry also identified the Boa Viseu gold anomaly, located centrally within the survey area. Boa Viseu was subsequently diamond drilled in late 2007, returning a best intercept of 6.40m @ 2.01g/t Au from 46.10m (0.5g/t Au cut-off).

Mavuzi Resources completed a preliminary review of the coal potential of the 12 square kilometres of Lower Karoo lithologies underlying the southwestern corner of 1119L. Field work identified carbonaceous rich units exposed in river banks along the Mufa River. No further work was completed.

**\* Figures are available in the Company's website version of this announcement available for download from: [www.baobabresources.com/Pages/invest\\_centre/Aim\\_Releases.html](http://www.baobabresources.com/Pages/invest_centre/Aim_Releases.html)**

### **Forward Programme 2011**

The Company expects to complete the compilation of historical work this week at which time it will hand over the data pack to internationally respected consultants Coffey Mining Pty Ltd ('Coffey'). Coffey has been commissioned to review the data and associated reports to estimate a magnetite/phosphorus Exploration Target for the Monte Muande area. Coffey's metallurgical team will also make preliminary investigations into potential mineral processing flow sheets to generate discrete magnetite and phosphate concentrate products.

Baobab has scheduled an initial phase 2,000m of diamond drilling at the Monte Muande deposit to commence in Q2 2011.

Baobab has also commissioned Mozambique consultants Gondwana Consultorias Lda to complete a detailed field assessment of the coal potential underlying 1119L.

**Geological Institute of Belgrade Vertical Diamond Drill Hole Results: Significant Intercepts**

HOLE ID	EAST	NORTH	RL	TOTAL DEPTH	FROM (m)	TO (m)	LENGTH (m)	Fe (%)	P2O5 (%)
B-10	553,220	8,236,505	442	47	1.9	13.7	11.8	19.0	1.50
					31.7	35.9	4.2	29.2	3.80
C-9	553,113	8,236,382	461	50	0.0	5.7	5.7	31.8	3.16
D-7	552,946	8,236,254	484	49	0.0	3.8	3.8	30.0	0.94
					23.3	37.3	14.0	20.7	2.01
D-10	553,231	8,236,301	471	50	18.0	19.6	1.6	48.2	1.27
D-12	553,442	8,236,316	435	50	0.0	40.1	40.1	23.2	4.98
D-21	554,339	8,236,431	452	100	44.4	88.5	44.1	33.3	6.21
D-23	554,538	8,236,457	478	100	0.0	15.0	15.0	20.9	4.12
G-16	553,855	8,236,263	494	77	13.5	75.8	62.3	25.1	4.74
H-12	553,471	8,236,108	469	100	31.0	97.2	66.2	20.6	5.25
					33.4	47.8	14.4	42.3	5.86
H-13	554,055	8,236,283	486	100	0.0	14.8	14.8	36.6	6.05
H-15	553,772	8,236,146	473	48	1.2	33.6	32.4	20.5	4.92
H-16	553,869	8,236,162	485	60	0.0	39.5	39.5	22.2	5.91
I-7	552,989	8,235,950	500	100	96.3	109.0	12.7	20.2	0.89
I-18	554,083	8,236,086	484	54	0.0	9.4	9.4	17.8	3.98
					26.5	48.5	22.0	24.9	8.02
K-6	552,900	8,235,835	487	52	0.0	4.0	4.0	60.0	0.75
K-11	553,399	8,235,898	500	53	3.7	13.1	9.4	21.4	3.94
					51.1	54.4	3.3	18.7	5.11
L-9	553,219	8,235,768	529	65	26.8	34.0	7.2	19.2	5.00
					43.5	52.3	8.8	24.8	3.04
L-10	553,313	8,235,784	522	100	3.5	10.5	7.0	29.1	3.97
					53.5	59.0	5.5	21.1	5.27
					68.8	85.0	16.2	20.5	6.87
L-11	553,414	8,235,792	501	50	26.6	30.2	3.6	19.8	7.18
LM-11.5	553,453	8,235,735	502	40	0.0	39.6	39.6	28.1	4.71
M-10	553,333	8,235,671	507	50	17.0	27.4	10.4	20.2	4.52
M-10.5	553,380	8,235,673	498	18	0.0	18.0	18.0	22.5	3.04
MN-10	553,338	8,235,614	493	25	12.0	18.0	6.0	24.2	2.88
MN-10.5	553,388	8,235,621	489	40	0.0	20.3	20.3	27.9	3.37
MN-9.5	553,283	8,235,660	495	40	21.0	40.0	19.0	19.2	3.71
NP-9.5	553,303	8,235,506	470	39	0.0	11.5	11.5	27.4	2.07
					25.0	39.0	14.0	25.3	4.89
NP-11	553,452	8,235,527	474	25	0.0	25.0	25.0	22.6	5.08
P-10.5	553,410	8,235,465	460	25	9.0	14.0	5.0	23.1	5.61

Sample preparation and analytical methodology unknown. Collar coordinates have been transformed from local grid to WGS84 UTM36S.

**Geological Institute of Belgrade Trench Results: Significant Intercepts**

HOLE ID	EAST	NORTH	TOTAL LENGTH	COLLAR AZIMUTH	FROM (m)	TO (m)	LENGTH (m)	Fe (%)	P2O5 (%)	Total Samp	Internal Dilution	
											Total (m)	Max (m)
T-3	552,702	8,235,944	323.0	93	123.0	164.5	41.5	49.5	1.04	3	9.0	9.0
T-4	552,797	8,236,133	435.0	119	49.0	92.0	43.0	38.9	1.98	5	4.5	4.5
T-7	552,893	8,236,256	339.0	126	200.0	206.0	6.0	61.4	0.20	1	0.0	0.0
					234.0	237.0	3.0	51.6	2.00	1	0.0	0.0
					262.0	265.0	3.0	63.2	3.09	1	0.0	0.0
T-8	552,916	8,236,279	504.0	100	67.0	73.0	6.0	63.7	0.50	1	0.0	0.0
					447.0	494.0	47.0	35.3	1.93	3	9.5	9.5
T-8A	552,966	8,234,929	137.0	109	19.5	39.5	20.0	22.9	1.84	3	9.0	9.0
T-9	553,270	8,235,707	103.0	108	12.5	30.0	17.5	23.9	1.55	5	10.0	7.5

					97.0	101.5	4.5	60.5	2.06	1	0.0	0.0
T-9A	552,769	8,235,738	27.0	98	8.0	25.0	17.0	16.5	3.01	3	13.0	13.0
T-9B	552,710	8,235,819	243.0		77.0	97.0	20.0	43.3	1.60	4	3.5	2.5
					142.0	156.5	14.5	31.6	3.70	3	7.0	7.0
					211.0	216.5	5.5	50.8	1.20	1	0.0	0.0
T-10	553,131	8,235,807	800.0	101	128.5	143.0	14.5	28.2	4.89	3	0.5	0.5
					177.0	199.5	22.5	35.4	2.87	3	7.0	7.0
					329.5	339.0	9.5	23.6	5.95	1	0.0	0.0
T-11	553,161	8,235,843	234.0	79	3.0	10.0	7.0	63.0	1.14	1	0.0	0.0
					101.0	107.0	6.0	53.5	5.04	1	0.0	0.0
					144.0	215.0	71.0	34.7	1.56	9	30.5	14.0
T-11/III	553,996	8,236,017	284.0	87	19.5	22.5	3.0	66.2	0.68	1	0.0	0.0
					129.0	147.0	18.0	29.3	2.59	4	3.0	3.0
T-12	553,702	8,236,105	140.0	95	43.0	128.0	85.0	40.1	2.07	12	22.0	12.0
T-12/I	554,040	8,236,114	100.0	87	5.0	27.0	22.0	43.7	1.14	5	6.0	5.0
					90.0	93.0	3.0	65.0	0.46	1	0.0	0.0
T-12/II	554,310	8,236,160	25.0	87	19.0	22.0	3.0	64.8	0.23	1	0.0	0.0
T-13	553,304	8,236,155	1400.0	78	57.0	82.5	25.5	21.7	1.92	4	11.0	11.0
					102.5	105.0	2.5	67.1	1.03	1	0.0	0.0
					135.0	186.0	51.0	32.2	3.49	3	0.0	0.0
					220.0	228.0	8.0	36.4	6.75	1	0.0	0.0
					265.0	273.0	8.0	27.2	6.01	1	0.0	0.0
					489.0	495.0	6.0	62.4	1.83	1	0.0	0.0
					568.0	570.0	2.0	63.3	2.29	1	0.0	0.0
					687.0	698.0	11.0	35.1	5.50	1	0.0	0.0
					955.0	989.0	34.0	25.0	4.26	3	1.0	1.0
					1209.0	1266.0	57.0	43.2	2.41	6	4.0	4.0
T-14	553,724	8,236,278	374.0	98	1283.0	1292.0	9.0	27.1	0.96	1	0.0	0.0
					64.0	68.0	4.0	62.1	2.54	1	0.0	0.0
					85.0	87.0	2.0	64.7	0.92	1	0.0	0.0
					125.0	177.0	52.0	39.4	3.32	9	15.5	8.0
T-14A	553,351	8,236,284	267.0	97	310.0	317.5	7.5	67.6	1.83	1	0.0	0.0
					6.0	28.0	22.0	33.1	3.17	5	8.0	7.0
					82.0	103.0	21.0	19.3	2.87	3	11.0	11.0
					114.0	131.0	17.0	18.6	3.00	4	12.0	6.0
					181.0	188.0	7.0	26.1	6.99	1	0.0	0.0
T-15	553,403	8,236,371	1259.0	91	213.0	216.0	3.0	51.0	4.27	1	0.0	0.0
					7.0	34.5	27.5	21.7	6.71	2	0.0	0.0
					96.0	117.0	21.0	65.8	0.68	1	0.0	0.0
					164.0	168.0	4.0	58.6	2.38	1	0.0	0.0
					303.0	306.0	3.0	52.8	3.09	1	0.0	0.0
					342.0	352.0	10.0	61.8	4.38	1	0.0	0.0
					456.0	463.0	7.0	26.0	5.72	1	0.0	0.0
					581.0	583.0	2.0	59.2	3.37	1	0.0	0.0
					845.0	888.0	43.0	27.9	2.92	4	9.0	9.0
					908.0	912.0	4.0	63.6	1.52	1	0.0	0.0
T-16	553,394	8,236,476	1242.0	83	1052.0	1056.0	4.0	64.0	1.59	1	0.0	0.0
					257.0	261.0	4.0	64.0	0.76	1	0.0	0.0
					625.0	632.0	7.0	33.9	6.09	1	0.0	0.0
					858.0	862.5	4.5	51.5	4.12	1	0.0	0.0
					1114.0	1150.0	36.0	30.0	3.99	2	0.0	0.0
T-20	553,199	8,236,387	45.0	101	38.0	45.0	7.0	43.2	7.10	2	0.0	0.0
T-22A	553,779	8,236,172	106.0	95	53.0	106.0	53.0	24.5	3.30	7	23.0	10.5
T-23	553,904	8,236,233	24.0	112	15.5	18.5	3.0	57.0	1.60	1	0.0	0.0
T-25	552,857	8,236,002	26.0	102	13.5	20.0	6.5	28.9	4.15	1	0.0	0.0
T-26	552,789	8,236,049	74.0	111	49.5	54.0	4.5	67.7	0.59	1	0.0	0.0
T-28	553,102	8,236,532	63.0	89	16.5	24.5	8.0	21.9	3.92	3	2.5	2.5
T-30	553,160	8,236,530	20.0	112	8.0	16.0	8.0	20.4	4.95	1	0.0	0.0
T-31	553,311	8,236,228	24.0	98	1.5	16.0	14.5	36.1	5.86	1	0.0	0.0
T-33	553,736	8,236,060	61.0	92	6.0	56.5	50.5	34.9	10.26	2	0.0	0.0

MW-1	552,870	8,236,147	44.0	127	11.0	37.0	26.0	47.1	0.65	3	7.0	7.0
MW-2	553,036	8,235,974	100.0	99	36.0	38.0	2.0	67.0	0.59	1	0.0	0.0
MW-3	553,305	8,235,746	27.5	112	3.0	23.0	20.0	64.0	2.29	1	0.0	0.0
MW-4	553,265	8,235,878	25.0	34	0.0	4.5	4.5	59.5	3.89	1	0.0	0.0
MW-5	553,338	8,235,906	10.0	166	1.0	9.0	8.0	58.0	5.49	1	0.0	0.0
MW-6	553,399	8,236,109	34.0	88	16.5	24.0	7.5	42.0	2.74	1	0.0	0.0
MW-9	554,065	8,236,182	30.0	17	2.0	13.5	11.5	54.5	4.12	1	0.0	0.0
MW-10	554,046	8,236,104	29.5	118	6.0	17.5	11.5	66.0	1.37	1	0.0	0.0
MW-11	554,035	8,236,049	14.5	82	3.0	8.5	5.5	66.0	1.14	1	0.0	0.0
MW-12	554,413	8,236,048	28.0	17	9.5	27.5	18.0	41.2	0.95	3	6.0	6.0

**Sample preparation and analytical methodology unknown.** Only results of >50% Fe have been recorded for intercepts less than 6m. Total number of samples constituting the intercept, cumulative dilution within the intercept (intervals <10% Fe) and maximum single length of internal dilution within the intercept have been recorded in the right-hand columns. Collar coordinates have been transformed from local grid to WGS84 UTM36S.

### Details of North River Joint Venture

North River Resources plc is an AIM listed multi commodity resource development company, focussed on southern Africa. Its current portfolio includes significant gold, base metal and uranium assets in Namibia and uranium, gold and copper assets in Mozambique. North River has an active development plan with the aim of generating production in the near term. North River is approximately 45% owned by AIM listed Kalahari Minerals plc.

Baobab Resources plc is actively developing iron / vanadium / titanium resources at its Tete Project in Mozambique. With a view to consolidating its strategic position in the Tete area, the Company approached North River with the objective of entering into an unincorporated Joint Venture relationship for the purpose of undertaking exploration activities at the Muande Project and, subject to exploration success, developing mining operations.

A legally binding Heads of Agreement outlines a three stage investment to earn an increasing participatory interest in the Project. North River has the option to participate pro-rata at both Stage 2 and 3 to maintain their 40% interest in the Project.

- Stage 1 – Baobab commits to funding a First Work Programme at a cost of not less than US\$625,000 over a period of not more than 12 months. The work programme will include 2,000m of diamond drilling. Baobab's participatory interest in the Project upon the completion of Stage 1 will be 60%.
- Stage 2 – Subject to having completed the First Work Programme satisfactorily Baobab shall have the exclusive right to undertake a Pre-Feasibility Study over a period of not less than 12 months. Against Baobab having completed the Pre-Feasibility Study, its participatory interest in the Project shall increase to 75% (if North River elects not to participate).
- Stage 3 – Upon completion of the Pre-Feasibility Study, Baobab will have the option to increase their participatory interest by an additional 15% (to 90% if North River elects not to participate) by undertaking and funding a Definitive Feasibility Study over a period of not less than 18 months.

Baobab has been nominated as the operator of the Joint Venture, reporting to a management committee represented by both parties to the Joint Venture. A review of historical exploration and data compilation is currently underway with drilling scheduled for Q2 2011.

**A COPY OF THIS ANNOUNCEMENT AND ACCOMPANYING FIGURES IS AVAILABLE FOR DOWNLOAD FROM THE COMPANY'S WEBSITE [www.baobabresources.com](http://www.baobabresources.com)**

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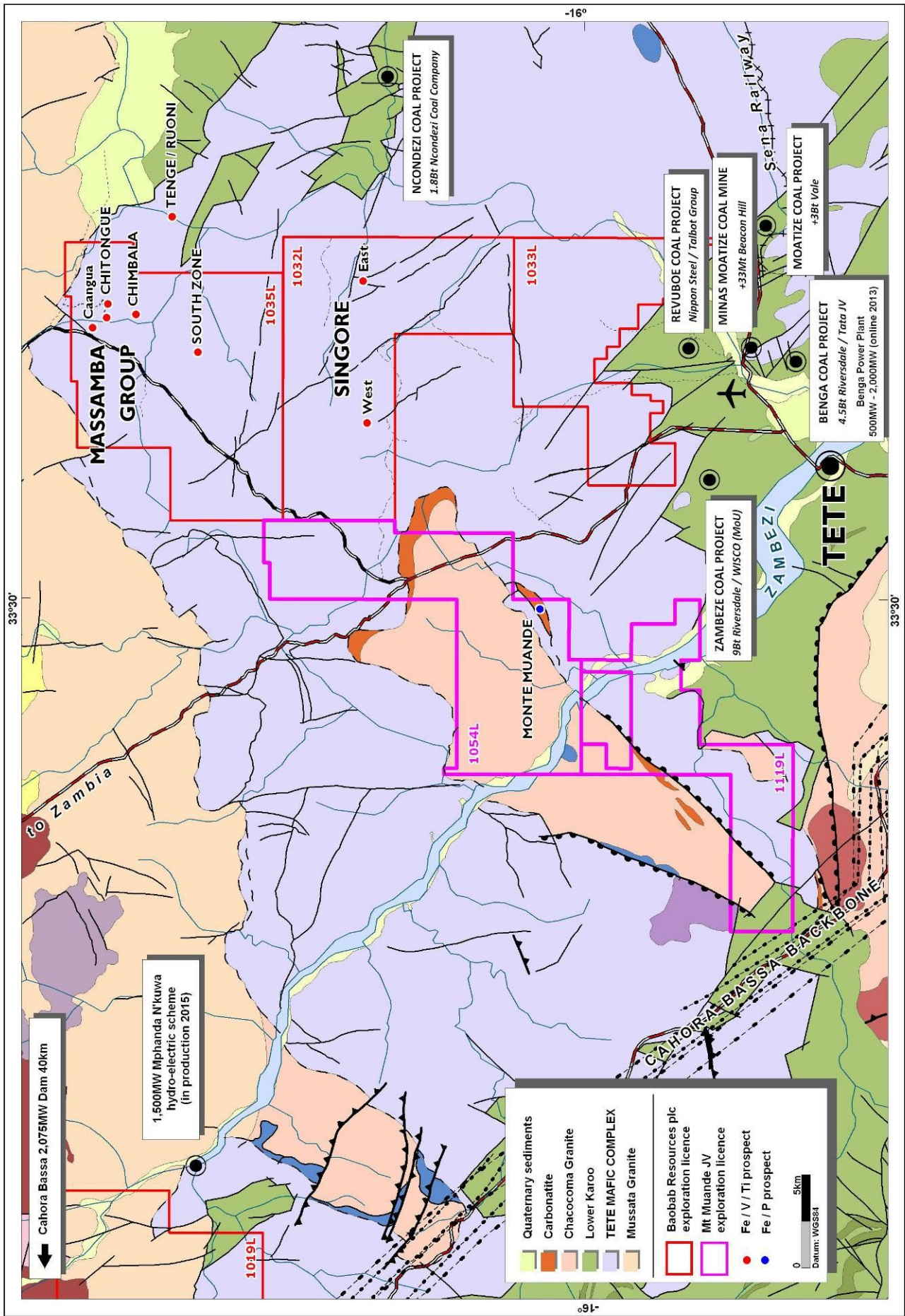
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FIGURE 1: Monte Muande Joint Venture Location Plan





**MONTE MUANDE  
MAGNETITE / APATITE PROSPECT**

GEOLOGICAL INSTITUTE OF BELGRADE INTERPRETED GEOLOGY  
DRILLING & TRENCHING (1983 - 1985)

**Legend:**

- Granitoid Rocks
- Tete Mafic Complex
- Fingoe Series
- Marble
- Marble with magnetite & apatite
- Magnetite ore & marble rich in magnetite
- 1054L Licence boundary
- B-10 Vertical diamond drill hole (1983-1984)
- MN-10 Vertical diamond drill hole (1984 - 1985)
- T-10 Trench

Scale: 0 to 500m  
WGS84UTM36S



FIGURE 3: Omegacorp soil geochemistry – Iron (Fe)

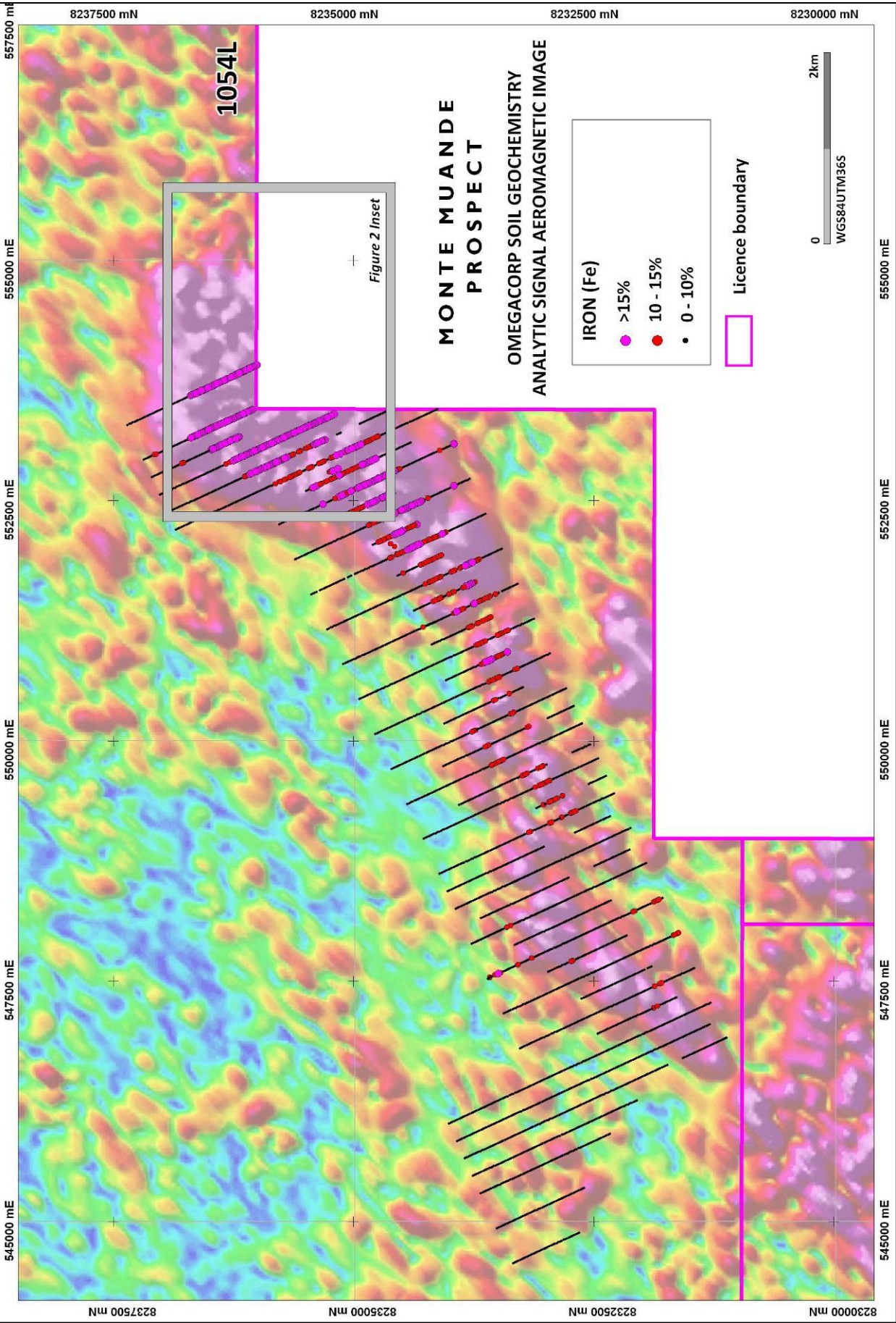




FIGURE 4: Omegacorp soil geochemistry – Phosphorus (P)

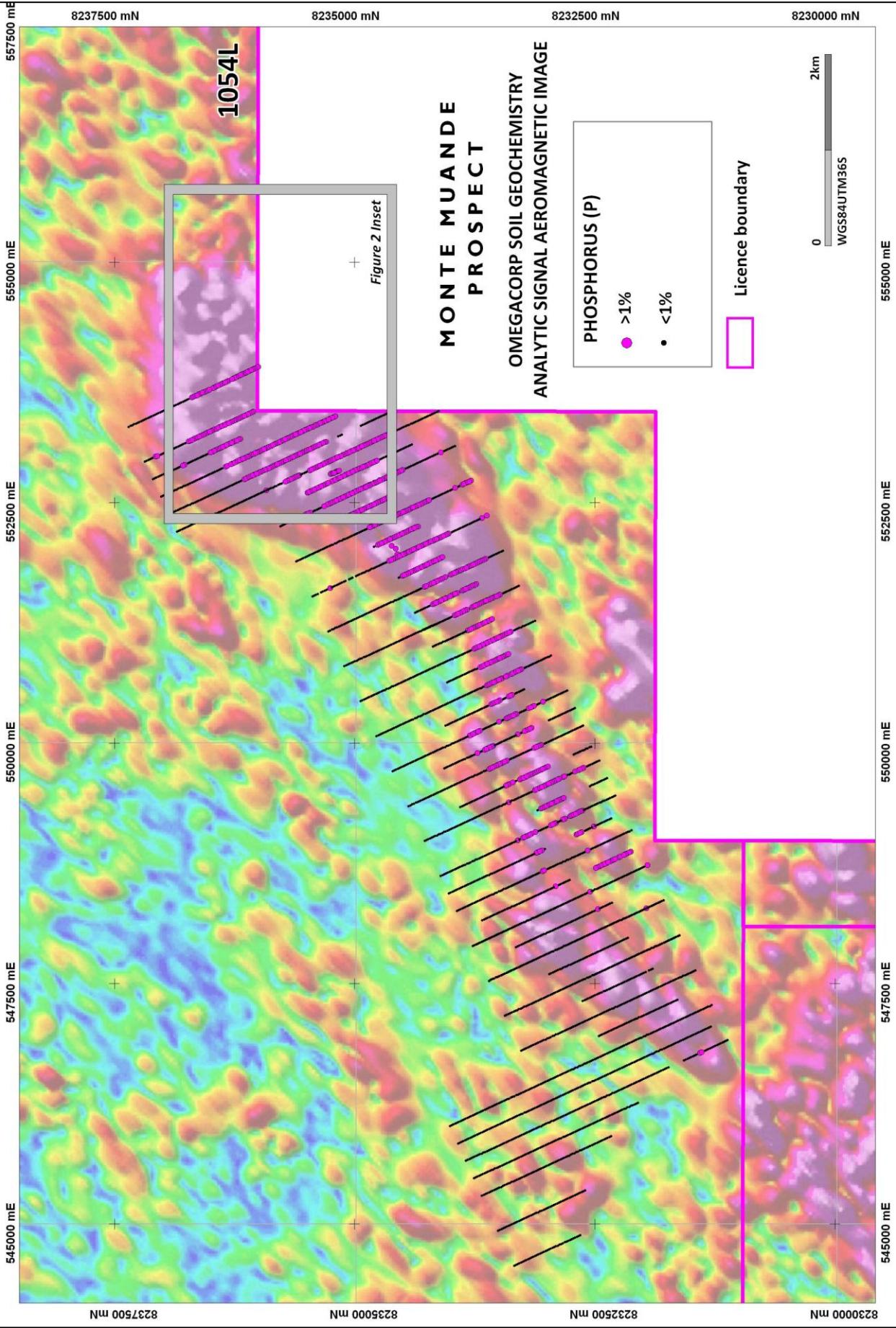




FIGURE 5: Omegacorp soil geochemistry – Copper (Cu)

