



SOUTH ZONE DRILL PROGRAMME UPDATE

18th MAY 2011

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:

- **South Zone resource drilling programme is nearing completion with an aggregate total of c.15,000m already drilled.**
- **Consultants, Coffey Mining Pty Ltd, has commenced resource estimate due diligence and data review.**
- **Recent results received from five cross sections completed in Blocks 2, 6 and 7 include mineralised intercepts reporting best concentrate grades of:**
 - SZRC0037 – Block 2 - three significant intercepts, totaling 84m, including:
36m @ 60.4% Fe, 0.62% V₂O₅ and 33.8% mass recovery from 51m*
 - SZRC0040 – Block 2 - one significant intercept of:
148m @ 59.4% Fe, 0.62% V₂O₅ and 37.6% mass recovery from 52m*
 - SZRC0050 – Block 6 - two significant intercepts, totaling 53m, including:
43m @ 58.2% Fe, 0.60% V₂O₅ and 22.6% mass recovery from 82m including
8m @ 62.4% Fe, 0.67% V₂O₅ and 35.0% mass recovery from 87m*
 - SZRC0028 – Block 7 - two significant intercepts, totaling 87m, including:
77m @ 58.5% Fe, 0.60% V₂O₅ and 28.6% mass recovery from 52m*
- **13 drill holes are currently undergoing analysis in Australia with an additional 14 drill holes either being processed at the Tete sample preparation facility or in transit to Australia.**
- **Resource and scout drilling is scheduled to commence in the Chitongue Grande Extension area and Tenge/Ruoni prospect within the next couple of weeks.**

Mr Ben James, Baobab's Managing Director, said: *"The results released today further demonstrate the robust nature of the South Zone prospect. The Company and its consultants are working to deliver a resource estimate for South zone as expediently as possible.*

Drilling at South Zone has taken longer than anticipated due primarily to the substantial amount of step-out drilling required to close off mineralisation.

"Rigs will be mobilising shortly for the Chitongue Grande Extension area to commence resource drilling. Drilling is also scheduled to commence at Tenge/Ruoni where a substantial aeromagnetic target has been identified."

Resource Drilling Programme – South Zone Prospect (Massamba Group)

Due to the significant widths and interpreted lateral continuity of mineralisation at the South Zone, the prospect was prioritised for step-out reverse circulation (RC) drilling. The programme is systematically assessing a sequence of seven mineralised zones (Blocks 1 to 7) over a strike length of some 2km, drilling on traverses spaced 100m apart. A total of 96 RC drill holes have been completed for a combined metrage of c.15,000m.

Drilling in all Blocks has intersected stacked, 50m to 200m wide sequences of steeply dipping, heavily mineralised packages. The Blocks are generally oriented north-south and are cross cut by northeast striking dolerite dykes.

Please note that drill holes have not been drilled in sequence, consequently there are gaps in the hole numbering. Note also that hole prefixes have been updated from 'TRC' to 'SZRC'.

Internationally respected consultants, Coffey Mining Pty Ltd ('Coffey'), have been commissioned to complete a resource estimate at South Zone. Coffey completed a due diligence site visit during April and is currently reviewing data.

TABLE 1: South Zone Drilling Results: Significant Intercepts (ordered by cross section)

HOLEID	Depth From (m)	Depth To (m)	Length (m)	Fe Head (%)	Mass Recovery (%)	Davis Tube Recovery (DTR) Product							BLOCK ID
						Fe Conc (%)	V2O5 Conc (%)	TiO2 Conc (%)	Al2O3 Conc (%)	P Conc (%)	S Conc (%)	SiO2 Conc (%)	
						(%)	(%)	(%)	(%)	(%)	(%)	(%)	
SZRC0037	1	29	28	38.0	35.4	57.4	0.59	12.97	3.33	0.002	0.007	1.14	2
SZRC0037	51	87	36	32.7	33.8	60.4	0.62	9.21	3.86	<0.001	0.257	1.16	
SZRC0037	107	127	20	46.0	46.7	65.1	0.68	3.80	3.13	<0.001	0.270	0.41	
SZRC0040	52	200	148	34.7	37.6	59.4	0.62	10.59	3.54	<0.001	0.224	0.98	
SZRC0081	33	45	12	28.5	17.4	62.9	0.76	4.35	3.20	0.080	0.230	1.97	
SZRC0081	69	104	35	30.4	21.8	62.1	0.72	5.09	3.46	0.010	0.229	2.43	
SZRC0081	157	169	12	23.4	15.3	61.9	0.70	5.70	3.72	<0.001	0.226	2.45	
SZRC0081	177	200	23	31.0	24.9	60.8	0.67	7.95	3.70	0.001	0.202	1.89	
SZRC0049	19	29	10	30.8	21.2	62.7	0.68	4.45	1.74	0.001	0.003	0.78	6
SZRC0049	85	101	16	43.6	59.1	57.8	0.53	13.84	2.93	<0.001	0.268	0.66	
SZRC0050	30	40	10	37.7	32.2	65.4	0.69	4.59	1.91	0.004	0.003	0.79	
SZRC0050	82	125	43	26.0	22.6	58.2	0.60	7.84	3.13	0.002	0.531	0.91	
<i>including</i>	87	95	8	39.5	35.0	62.4	0.67	5.93	3.29	<0.001	0.689	0.77	
<i>and</i>	105	125	20	31.6	31.1	60.4	0.61	9.49	3.29	0.002	0.503	1.00	
SZRC0047	16	23	7	33.2	18.5	64.3	0.71	5.18	2.16	0.002	0.004	1.02	6
SZRC0048A	0	5	5	40.8	37.3	63.8	0.71	5.83	1.92	0.002	0.003	0.77	
SZRC0048A	39	72	33	31.3	34.0	57.1	0.55	11.12	3.33	<0.001	0.363	1.02	
SZRC0080	41	62	21	24.6	17.3	62.8	0.67	3.95	1.98	<0.001	0.054	1.06	
SZRC0080	76	82	6	27.5	22.9	62.4	0.67	7.06	3.12	<0.001	0.279	1.06	
SZRC0080	144	150	6	33.4	20.9	69.0	0.64	1.84	0.87	0.001	0.015	0.60	
SZRC0027	12	21	9	34.2	26.1	62.0	0.67	7.77	3.19	0.001	0.003	0.76	7
SZRC0030	0	9	9	40.4	39.6	58.2	0.62	12.61	3.36	<0.001	0.001	0.89	
SZRC0030	52	69	17	28.1	21.7	62.5	0.72	4.71	3.04	0.002	0.516	2.14	
SZRC0030	192	202	10	33.3	28.2	62.5	0.73	5.41	2.76	<0.001	0.505	1.84	
SZRC0026	64	92	28	22.0	16.2	61.3	0.77	4.85	3.09	<0.001	0.389	2.03	
SZRC0026	156	163	7	29.5	24.7	62.0	0.74	5.77	3.53	<0.001	0.555	1.45	
SZRC0060	164	170	6	35.2	36.0	62.1	0.64	8.45	2.25	<0.001	0.129	1.27	
SZRC0051	36	73	37	29.2	26.1	59.9	0.61	8.66	2.86	0.001	0.317	1.50	7
SZRC0028	52	129	77	28.6	26.2	58.5	0.60	9.47	2.85	<0.001	0.315	1.34	
<i>including</i>	66	127	61	31.6	30.6	58.5	0.58	9.96	2.90	<0.001	0.323	1.32	
SZRC0028	154	164	10	37.2	36.5	62.5	0.69	9.06	1.64	<0.001	0.092	1.06	
SZRC0025	52	72	20	27.3	24.3	59.8	0.66	8.44	2.65	<0.001	0.126	1.91	
SZRC0025	91	125	34	30.4	29.2	59.0	0.65	9.80	3.16	<0.001	0.427	1.97	

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) and Davis Tube Recovery (DTR) analysis (conducted 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 = 6m. 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.

TABLE 2:South Zone Section Drill Hole Location Details (ordered by cross section)

HOLEID	TOTAL DEPTH (m)	EAST (m)	NORTH (m)	RL (m)	AZIMUTH (Deg)	DIP (Deg)
SZRC0037	153	571475	8258150	377	270	-60
SZRC0040	206	571525	8258150	372	270	-60
SZRC0081	200	571575	8258150	367	270	-60
SZRC0049	126	571590	8259550	364	270	-60
SZRC0050	200	571640	8259550	360	270	-60
SZRC0047	138	571565	8259650	362	270	-60
SZRC0048A	186	571615	8259650	359	270	-60
SZRC0080	182	571665	8259650	355	270	-60
SZRC0027	100	571530	8259750	359	270	-60
SZRC0030	202	571604	8259750	361	270	-60
SZRC0026	200	571662	8259750	356	270	-60
SZRC0060	200	571750	8259750	358	270	-60
SZRC0051	127	571660	8260035	349	270	-60
SZRC0028	182	571760	8260035	346	270	-60
SZRC0025	200	571825	8260035	345	270	-60

Coordinate system WGS84 UTM zone 36S.

Forward Programme

The Company currently has three RC drill rigs on site. Upon completion of the South Zone drilling, all three rigs will be mobilised to the Chitongue Grande Extension area to complete a c.10,000m programme of resource drilling. A fourth RC rig, due on site within the next two weeks, will commence scout drilling at the Tenge/Ruoni prospect where the Company has identified a substantial aeromagnetic target (refer to announcement dated 29 March 2011).

The Company is waiting on the delivery of four diamond drill rigs which will be assigned to the Singore, Tenge/Ruoni, Monte Muande and Mundonguara projects. All rigs are expected to be on site and in production by early June.

Metallurgical test work on representative material from the Massamba Group Trend is on-going, with the first stage of analysis nearing conclusion. The Company is reviewing proposals for a second stage of test work which will include trial smelting and a high level marketing study.

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).

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. For detailed information on the scout drilling programme, please refer to announcements dated 1 February, 19 February, 17 May, 11 June, 15 July, 12 August, 2 September and 20 October 2010.

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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