



## FURTHER QUALITY GRADES FROM RUONI SOUTH

27<sup>th</sup> October 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 an update of activities at the Massamba Group iron / vanadium / titanium project where a 160Mt resource upgrade was announced on 30 August 2011, the first of three resource statement updates expected before the end of 2011. The Company continues to target a resources base of 300Mt of iron ore by the end of 2011.

### HIGHLIGHTS

- Ruoni South drilling has defined broad packages of mineralisation delivering some of the best quality concentrate grades in the Massamba Group, including a consistently high grade of 1% V<sub>2</sub>O<sub>5</sub>.
- Significant drill intercepts include 136m at a head grade of 32% Fe and a DTR concentrate grade of 64% Fe, 1% V<sub>2</sub>O<sub>5</sub> and 5% TiO<sub>2</sub> at a mass recovery of 27% from 96m in RSRC0016.
- JORC resource estimates for Ruoni North and Chitongue Grande Extensions are nearing completion with Ruoni South expected by the end of November.
- Scoping Study compilation at an advanced stage with preliminary results expected to become available during the latter half of November.
- Drilling is progressing steadily at Tenge, outlining substantial zones of strong mineralisation. First analytical results are expected during December.

**Commenting today, Ben James, Baobab's Managing Director, said:** *"the latest round of Ruoni South DTR results underlines the quality and potential scale of the deposit. Baobab will be keeping investors up to date as additional results come to hand."*

### Resource Drilling: Tenge/Ruoni Prospect

Tenge/Ruoni is the easternmost prospect area of the Massamba Group. Drilling at Tenge/Ruoni is progressing rapidly 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 reverse circulation (RC) and diamond holes have been completed to date across seven traverses for an aggregate total of 5,750m. Drilling has intersected a substantial package of mineralisation from surface dipping at 25° to 50° to the southwest.
- 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).
- Tenge: representing the hinge zone of the fold and covering a strike length of approximately 1.3km. A Drilling programme of 3,000m to 4,000m is well underway with an aggregate total of 2,250m already completed.

Consultant, Coffey Mining Pty Ltd, is well advanced with the resource estimate for Ruoni North which the Company expects to announce in the coming weeks. Ruoni South geological modelling is nearing completion and Coffey is now waiting on assay results to complete an estimate (scheduled for the end of November). Both resource statements will be completed in accordance with the Joint Ore Reserves Committee (JORC) guidelines.

Analytical results for RC holes RSRC0012, 14 and 19 were announced on 28 September 2011. Further results from holes RSRC0001, 15, 16 and 20, drilled over four cross sections spanning the 650m central portion of Ruoni South, have been returned. 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 6m), Davis Tube Recovery (DTR) and X-ray Fluorescence Spectrometry (XRF) analysis.

Drill hole collar details and significant intercepts are tabulated below. The Ruoni South continues to deliver some of the best concentrate grades thus far encountered in the Massamba Group. Of particular interest is the consistent 1% V<sub>2</sub>O<sub>5</sub> concentrate grade which is 25% higher than results reported from Ruoni North and some 40% higher than indicated concentrate grades from South Zone and Chitongue Grande resource areas.

The average head grade of all Ruoni South significant intercepts reported to date is 30% Fe with the DTR concentrate grades reporting a weighted average of 63% Fe, 1% V<sub>2</sub>O<sub>5</sub> and 6.4% TiO<sub>2</sub> at a mass recovery of 27%.

HOLEID	Depth From (m)	Depth To (m)	Length (m)	Fe Head (%)	Mass Recovery (%)	Davis Tube Recovery (DTR) Product						
						Fe Conc (%)	V2O5 Conc (%)	TiO2 Conc (%)	Al2O3 Conc (%)	P Conc (%)	S Conc (%)	SiO2 Conc (%)
RSRC0001	143	174	31	32.8	26.6	65.0	1.02	3.2	1.8	<0.001	0.26	0.88
RSRC0001	209	250	41	37.2	36.5	63.4	0.99	6.3	2.7	<0.001	0.26	0.74
RSRC0015	15	96	81	24.9	25.3	60.3	0.96	8.8	3.6	<0.001	0.24	1.27
RSRC0016	96	232	136	31.6	27.2	64.1	1.01	4.9	2.4	<0.001	0.24	0.99
RSRC0020	150	219	69	26.2	25.1	59.9	0.92	9.5	3.5	<0.001	0.22	1.39
RSRC0020	223	235	12	39.1	51.4	57.7	0.80	13.0	3.7	<0.001	0.10	0.99

HOLEID	TOTAL DEPTH (m)	EAST (m)	NORTH (m)	RL (m)	AZIMUTH (Deg)	DIP (Deg)
RSRC0001	250	581101	8261200	315	180	-60
RSRC0015	176	581606	8261155	291	180	-60
RSRC0016	248	581759	8261251	294	180	-60
RSRC0020	235	581375	8261236	299	180	-60

#### **Tete Project Overview: located in Africa's emerging mining & industrial hub**

The Tete Project, covering an area of 632km<sup>2</sup>, is located immediately north of the provincial capital of Tete and shares licence boundaries with Vale and Rio Tinto'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 titanomagnetite / ilmenite mineralisation; the Singore area to the south and the Massamba Group trend in the north. The Massamba Group is composed of a series of five prospects (Chitongue Grande, Pequeno, Caangua, Chimbala and South Zone) forming an 8km long trend and the 3.5km long Tenge / Ruoni prospect to the east.

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.

#### **Tete Exploration Summary: resource base fast approaching targeted 300Mt**

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.

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 completed in 2009 indicate positive project economics in the production of high quality titano-magnetite/vanadium and ilmenite (titanium) concentrate commodities from a resource base of 300Mt.

A scout drilling programme, designed to assess the Chimbala and South zone prospects of the Massamba Group trend, has been completed during 2010 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 was prioritised for resource drilling and the Company announced an 113Mt JORC Inferred Mineral Resource on the 30<sup>th</sup> August 2011. The resource remains open at depth and along strike.

As well as completing the resource drilling at South Zone and Tenge/Ruoni, an expansion resource drilling campaign at Chitongue Grande has been completed with thirty six RC holes drilled for an aggregate total of 6,275m. Down dip and along strike projections of the existing resource have been intersected. Consultant, Coffey Mining Pty Ltd, is finalising a JORC resource update which is expected to be announced in conjunction with the Ruoni North resource statement in November 2011.

### **Scoping Study**

Baobab is working alongside Coffey Mining to compile a revised Scoping Study. The study is drawing on the results of the resource calculations, metallurgical test work and a recently completed infrastructure review together with mine scheduling and pit optimisation studies currently underway to build a financial model assessing the economic viability of various process routes. Preliminary study results are expected during the latter half of November.

*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.*

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