

BAOBAB RESOURCES PLC

RUONI FLATS EXPLORATION TARGET PROVIDES SUBSTANTIAL UPSIDE POTENTIAL

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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 the results of an exploration target estimation underlying the Ruoni Flats area of the Tenge/Ruoni prospect (the 'Exploration target'). Tenge/Ruoni already accounts for over 300Mt of the global 482Mt Tete Project iron / vanadium / titanium resource inventory.

IFC (International Finance Corporation) hold a 15% participatory interest in the Tete Project with Baobab owning the remaining 85%. On 26 March 2012, the Company announced that it had successfully raised GP£2.76m (before expenses) which, combined with the IFC's 15% participatory contribution (announced on 6 February 2012), provides a substantial portion of the working capital required to complete the Pre-Feasibility Study (PFS) currently underway.

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HIGHLIGHTS

- Independent consultants have estimated the Exploration Target underlying the Ruoni Flats area at 120Mt to 260Mt at a head grade of up to 38% Fe.
- This Exploration Target demonstrates the potential to expand the global resource inventory at Tete towards c.750Mt (more than double the original target of 300Mt).
- Pre-Feasibility Study is on schedule with beneficiation testwork well underway and preliminary environmental surveys completed.
- Resource upgrade twin drilling has commenced at Ruoni South.

Commenting today, Ben James, Baobab's Managing Director, said: *"The Exploration Target not only confirms the Tenge/Ruoni prospect as a standalone deposit, but also underlines the potential for a significantly larger production rate over a significantly longer mine life than that modelled in the 2011 Scoping Study.*

"With the PFS already underway and on schedule, the Company is well positioned to deliver a meaningful flow of news over the coming months as various aspects of the project are systematically de-risked."

RUONI FLATS EXPLORATION TARGET

Tenge/Ruoni is the easternmost prospect area of the Massamba Group, Tete Project. The area is underlain by a thick (60m to 150m), laterally continuous package of intense titano-magnetite/ilmenite mineralisation that has been synformally folded with the fold hinge plunging gently to the west-northwest. The northern and southern limbs of the fold comprise the Ruoni North and Ruoni South resource blocks, while the outcropping fold hinge comprises the Tenge resource block to the east.

A total of c.15,750m of diamond and reverse circulation (RC) drilling was completed in the Tenge/Ruoni area during 2011 culminating in the estimation of a combined JORC compliant Inferred Resource of 308Mt: comprising 93Mt at Ruoni North, 56Mt at Ruoni South and 159Mt at Tenge (announced on 31 October 2011, 7 December 2011 and 5 March 2012 respectively).

International consultancy, Coffey Mining Pty Ltd ('Coffey Mining'), was commissioned to complete an Exploration Target assessment of the resource potential of the buried fold hinge underlying the 'Ruoni Flats' area between Ruoni North and Ruoni South, immediately west of Tenge. The strong magnetic signature over this area, similar to that of the known mineralised zones, supports the geological model of the gently folded mineralised package persisting below cover with depths to top of mineralisation ranging up to 175m.

To determine the exploration potential, Coffey Mining extrapolated the mineralisation envelopes from the drilled resource blocks in to the Ruoni Flats area. The areal extent of the target area was defined by the limits of the high magnetic response in the reduced to pole (RTP) geophysical image*.

Indicative tonnages and grades are presented in the table below. Lower and upper target tonnages have been derived assuming average thicknesses of mineralisation of 35m and 75m respectively (bulk density estimated at 3.5t/m³). Average grades from the Tenge resource estimate have been applied to the upper grade ranges for Fe, V₂O₅ and TiO₂.

EXPLORATION TARGET FOR RUONI FLATS PROSPECT							
INDICATIVE TONNAGES & GRADES							
Tonnes Range (Mt)		Head Grade Ranges					
Lower	Upper	Fe (%)		V ₂ O ₅ (%)		TiO ₂ (%)	
		Lower	Upper	Lower	Upper	Lower	Upper
120	260	25	38	0.1	0.25	5	12

The information in this report relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the term(s), Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

- * To view a location plan (including drill hole collars, resource blocks and geophysical image) and schematic cross section, please download a copy of this announcement from the Company's website at www.baobabresources.com/investor/aim-announcements.

FIGURE 1: Tenge/Ruoni location plan with drill hole collars, resource blocks & RTP geophysical image underlay (250m grid)

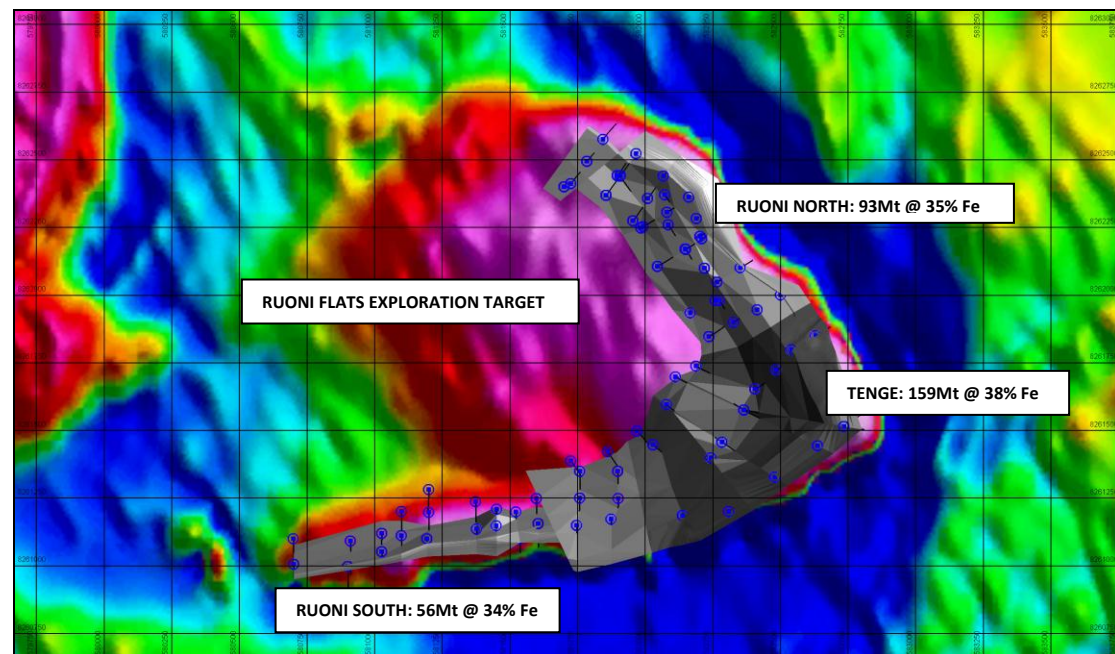
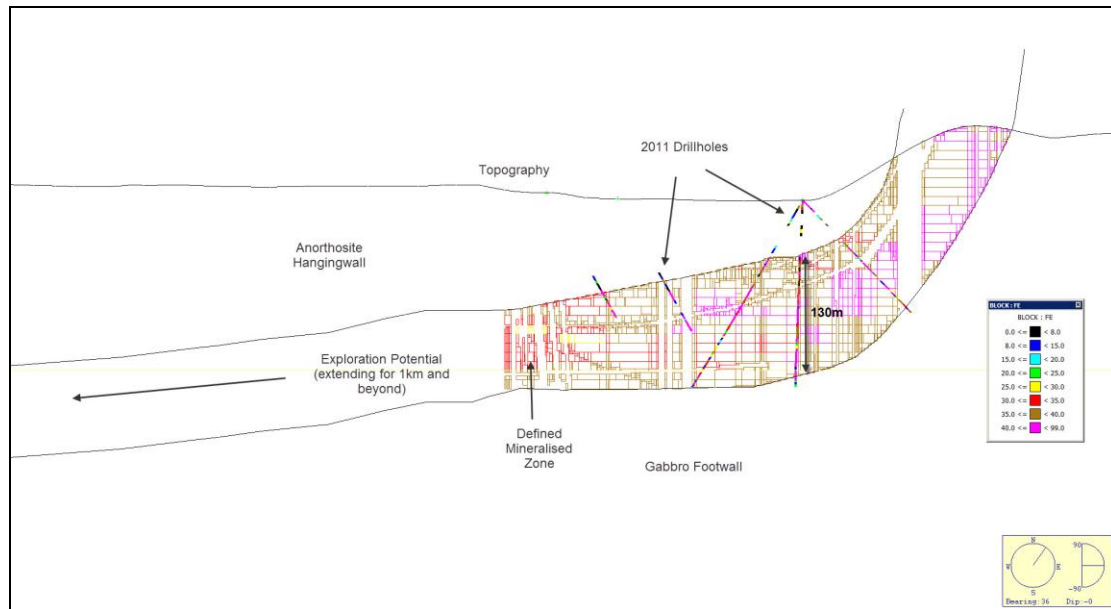


FIGURE 2: NW-SE cross section through Tenge resource area illustrating down plunge target



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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NOTE TO EDITORS

TETE PROJECT OVERVIEW

The project is located in the richly endowed Tete province of Mozambique. The province hosts some of the largest undeveloped coal reserves on the planet and, with estimates pointing towards the area producing up to 20% of the world's coking coal by 2015, is fast-tracking to become a mining and industrial hub of global significance.

Immediately south of Baobab's tenure, and sharing the Company's licence boundaries, are c.15Bt of coking and thermal coal resources being brought into production by two of the world's largest mining houses, Rio Tinto and Vale, along with premier steel producers, Tata Steel, Nippon Steel, Jindal Steel and Posco. Other operators in the area include AIM listed companies Beacon Hill Resources plc, Ncondezi Coal Company plc and Eurasian Natural Resources Corporation plc (ENRC).

Low tariff hydro-electric power is readily available from the 2,075 megawatt Cahora Bassa dam. Studies are underway to expand the dam's capacity by an additional 1,300 megawatts. A new 1,500 megawatt scheme at Mphanda N'kuwa, also on the Zambezi, is in advanced planning stages and due to commence production in 2015. The Company believes that it will be able to negotiate tariff rates at a third, if not a quarter, of typical power generation costs in Australia or west Africa which will have a significant impact on future operating costs.

The railway connecting Tete with the port of Beira is being refurbished, as is the port. The deep water port of Nacala and railway linking the port with the interior is also being refurbished under the auspices of a consortium including the Mozambique government, Vale and the World Bank. An order of magnitude study has been completed on a dedicated heavy haulage railway to a Greenfields port located within 500km of Tete.

The Tete Project straddles the central portion of the Tete Mafic Complex and contains two areas of titanomagnetite / ilmenite mineralisation; the Singore area to the south and the Massamba Group in the north. The Massamba Group is composed of a series of three prospects (Chitongue Grande, Chimbala and South Zone) forming an 8km long trend and the 3.5km long Tenge / Ruoni prospect to the east.

IFC (International Finance Corporation) hold a 15% participatory interest in the project with Baobab owning the remaining 85%. The Company announced on 6 February that IFC has supported the 2012 pre-feasibility study (PFS) through a pro-rata contribution of approximately US\$1.9m.

Building on the successful exploration programmes of 2009 and 2010, Baobab accelerated activities in 2011 to achieve two key milestones; to define a minimum resource base of 300Mt on which a Scoping Study could be finalised. The Company completed an aggressive c.40,000m drilling campaign that resulted in the expansion of the global resource base to of 482Mt.

The Scoping Study, completed by independent consultants and applying conventional beneficiation and smelting technologies, assessed two production scenarios:

- Scenario 'A': base-case production of 3Mtpa titanomagnetite concentrate and 0.5Mtpa ilmenite concentrate products for export. Initial capital expenditure (capex) estimate of US\$448m.
- Scenario 'B': capitalising on the Project's access to low tariff hydro-electric power and strategic proximity to thermal coal reserves to add further value on site through the mine-mouth smelting of 1Mtpa pig iron. Initial capex estimate of US\$690m.

While the base-case model for scenario 'A' demonstrated viable Project fundamentals, the optimisations and financial modelling of Scenario 'B' at a 10% discount rate provided compelling economics with pre-tax net present value (NPV10) and internal rate of return (IRR) figures of US\$1.4b and 34% respectively. The estimated average annual net cash flow after capex over the modelled 25 year mine life is US\$275m.

The Scoping Study results show very clearly the 'value add' from the plans for on-site smelting of pig iron and underlines the strategic advantages of the Project's unique geography with respect to infrastructure and complementary resources. Producing a higher value, high demand product will not only broaden the market base, but also mitigate the requirement to compete for rail and port access.

The vanadium potential remains to be modelled and could add further to the value of this project. Reduced input costs through long-term domestic coal contracts and on-site power co-generation also need to be assessed, while the expanding resource base at Tenge/Ruoni, underpinning a meaningful +30 year mine life, allows scope for ramping up production.

For a detailed summary of the Scoping Study, please refer to RNS dated 29 November 2011.

PRE-FEASIBILITY STUDY

A detailed Pre-Feasibility Study (PFS) work programme is underway. The Company has signed contracts with leading mining, engineering and environmental consultancies to complete the various aspects of the study.

The PFS will be coordinated out of Australia by Baobab's Project Manager, Christian Kunze. Mr. Kunze has a Master's Degree in Mechanical Engineering / Business Administration and 20 years international management experience in iron ore project development, plant engineering and steel manufacture. He has worked for industry specialists including Siemens VAI and ProMet Engineers, and has a well-established network of professional associates in Africa, USA, Europe, Asia and Australia. Mr. Kunze's specific strength lies in a combined technical and commercial understanding of projects.

The mineral processing component of the study will be supervised by consultant, Dr. John Clout. Dr. Clout is a leader in iron ore petrography, metallurgy, beneficiation, downstream processing and marketing. He was the Head of Resource Strategy at FMG in which role he was instrumental in the success of the company. He is an ex-CSIRO manager and has advised on mineral processing to companies including Rio Tinto, BlueScope, OneSteel, Robe River, Hancock and WISCO. John holds the position of Adjunct Professor in Mineral Processing at the School of Mechanical and Chemical Engineering, University of Western Australia.

Coffey Mining has been selected to complete the resource, mining and environmental aspects of the PFS. Coffey has more than 50 years' experience as specialist mining consultants operating in over 60 countries across the globe and has contributed to iron ore feasibility studies for clients including FMG, Atlas Iron, Robe River, BHP Billiton, Gibson Iron, OneSteel, Hancock Prospecting, Grange Resources, Brockman Resources and Midwest Cooperation.

SNC-Lavalin has been selected as the engineering and infrastructure consultant. SNC-Lavalin is one of the largest engineering and construction groups in the world, consistently ranked in the top ten international design firms by Engineering News Record. As a provider of engineering, procurement, construction and project management services SNC-Lavalin has the capacity to take the Tete project from feasibility level through to project execution. Recently executed studies relating to the beneficiation of magnetite and heavy mineral sands projects include FMG's North Star Magnetite Project, Zammin Ferrous' Valentines Magnetite Project and Grand Cote Mineral Sands Project.