

## BAOBAB RESOURCES PLC

### JOINT VENTURE HEADS OF AGREEMENT WITH AUROCH MINERALS

20 AUGUST 2013



Baobab Resources Limited (BAO: AIM) ('Baobab' or the 'Company') through its wholly owned Mozambique subsidiary Capitol Resources Limitada ('Capitol') is pleased to announce that it has signed a Joint Venture Heads of Agreement ('JV' or 'HOA') with Australian exploration company Auroch Minerals NL (ASX: AOU) ('Auroch' or 'AOU') in relation to the northern portion of the Company's Mundongaura Exploration Licence 1022L (the 'Area of Interest' or 'JV Area') in the Manica Province, Mozambique. The HOA is conditional upon Auroch completing due diligence before 30 Sept 2013.

#### HIGHLIGHTS

- The Area of Interest encompasses the northern 18km<sup>2</sup> of Baobab's 145km<sup>2</sup> 1022L Exploration Licence and overlies the along strike structural continuations of Auroch's 3Moz Manica Gold Project (3990C Mining Concession).
- The Area of Interest **excludes** the Mundonguara copper/gold/nickel trend where exploration programmes completed by the Company during the 2007 and 2008 field seasons culminated in the estimation of an open ended 3.1Mt JORC inferred resource @ 1.4% Cu.
- Auroch is earning into the Area of Interest via an unincorporated Joint Venture Agreement. The HOA has a four year, two-stage investment structure:
  - 2-stage investment of up to US\$1,500,000 to earn a maximum 80% interest in the JV Area.
  - After completion of the second stage work programme Auroch has the option to purchase Baobab's 20% interest in the JV Area on terms mutually agreeable to both parties. Alternatively, Baobab may participate in further work programmes on a pro-rata basis.

**Commenting today, Ben James, Baobab's Managing Director, said:** *'The JV with Auroch opens up an exciting opportunity for both companies to realise the greater gold potential of the highly prospective, yet under-explored Manica Greenstone belt. The pedigree of Auroch's management team is impressive, with demonstrated experience and success in developing precious metal assets in southern Africa.'*

*'Baobab retains exclusive control of the Mundonguara copper/gold/nickel trend where it has focused its exploration efforts to date. The Company is considering a number of funding alternatives to add further value in this exciting corner of Mozambique.'*

Please visit <http://www.asx.com.au/asx/research/companyInfo.do?by=asxCode&asxCode=aou> to read a complete transcript of Auroch's announcement.

#### AUROCH MINERALS NL & TERMS OF THE JOINT VENTURE HEADS OF AGREEMENT

In January 2013 Auroch Minerals NL acquired the 3,000,000oz Manica Gold Project from Pan African Resources PLC. Mineralisation in the Manica Gold Project follows two distinct east-west structural trends within the Odzi-Mutari Greenstone belt that extend into the northern portions of Baobab's contiguous 1022L Exploration Licence (the 'Area of Interest' or 'JV Area'). The Area of Interest encompasses 18km<sup>2</sup> of the 145km<sup>2</sup> 1022L licence and

BAOBAB RESOURCES PLC  
27/28 Eastcastle Street  
London W1W 8DH  
United Kingdom

BAOBAB MINING SERVICES Pty Ltd  
Unit 25 South Terrace Piazza  
Fremantle  
Western Australia 6160  
Australia  
Post: PO Box 1229 Fremantle  
Western Australia 6959  
Australia

CAPITOL RESOURCES Lda  
Rua De França 19 / 2 Andar  
Bairro Coop  
Maputo  
Moçambique

excludes the Company's Mundonguara copper/gold/nickel trend.

Auroch wishes to explore for gold mineralisation in the JV Area and, if successful, consolidate the area with its existing tenure to develop the largest gold producing camp in Mozambique. For further information on Auroch Minerals and its Manica Gold Project, please visit the company's website ([www.aurochminerals.com](http://www.aurochminerals.com)).

The legally binding Joint Venture Heads of Agreement outlines a two-stage investment to earn an increasing participatory interest in the Area of Interest:

- Stage 1 – Auroch commits to funding a 1st Work Programme at a cost of not less than US\$500,000. Auroch's participatory interest in the Area of Interest upon the completion of Stage 1 will be 51%.
- Stage 2 – Subject to having completed the 1st Work Programme satisfactorily, Auroch shall have the exclusive right to undertake and fund a 2nd Work Programme at a cost of US\$1,000,000. Auroch's participatory interest in the Area of Interest upon the completion of Stage 2 will be 80%.
- Upon the completion of Stage 2 Auroch and Capitol will co-fund further exploration on the area of Interest on a pro-rata basis.
- Auroch has the option to purchase Boabab's 20% interest in the Area of Interest in exchange for shares in Auroch on terms mutually agreeable to both parties.
- Auroch has been nominated as the operator of the Joint Venture, reporting to a management committee represented by both Parties.
- Auroch may withdraw from the JVA at any time:
  - Prior to completion of 1st Work Program retaining no equity interest and must return all technical data and other reports relating to the Project.
  - Post completion of 1st Work Program retaining 51% equity interest.
  - Post completion of 2nd Work Program retaining 80% equity interest.

Activity	Spend (US\$)	Completion date	Cumulative Earn in %
1st Work Programme	500,000	Sep 2014	51%
2nd Work Programme	1,000,000	Dec 2017	80%

## 1022L SUMMARY

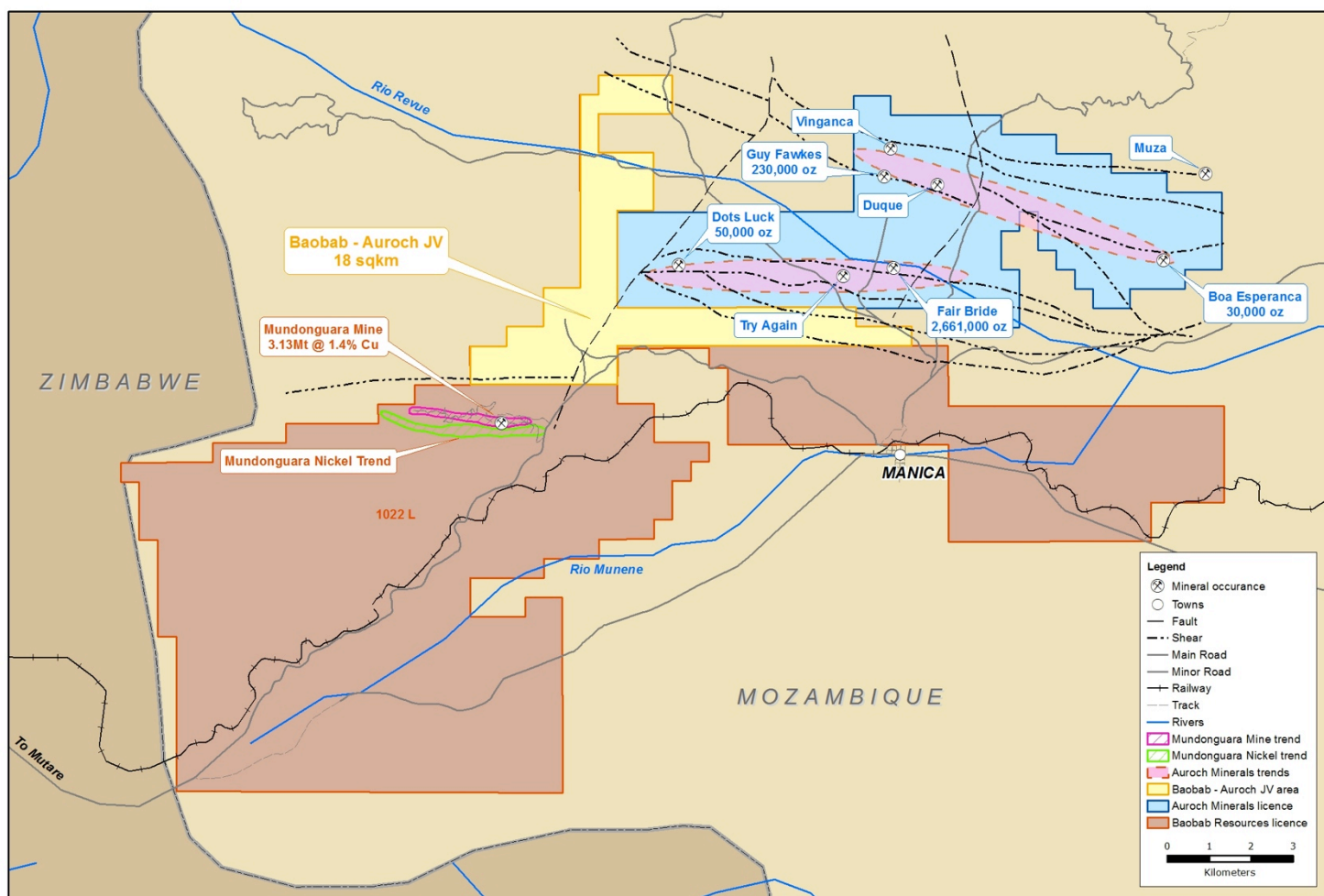
The 1022L Exploration Licence is located in the western limits of the Manica Province of Mozambique, adjacent to the Zimbabwe boarder. The licence is centered on the decommissioned Mundonguara mine which was intermittently exploited for copper, gold and silver from the turn of the 20th century until its closure in 1989. In the mine's final phase, underground development extended to depths of over 200m below surface over a strike length of approximately 1km. The mine is within 2km of the international railway and 5km of the highway, linking the project with the port of Beira. National grid power lines pass within 40km of the mine.

During the 2007 and 2008 field seasons, the Company completed exploration campaigns comprising c.3,600m of underground diamond drilling, c.3,800m of surface RC drilling and c.2,400m of channel sampling and trenching in and around the Mundonguara Mine and its strike extensions. Exploration results culminated in the estimation of a Stage 1 JORC Inferred Mineral Resource on the 1km long Mine portion of the Mundonguara trend of 3.1Mt @ 1.4% copper (0.3% Cu lower cutoff grade) extending to a maximum depth of 200m below existing development. Mineralisation remains open at depth and along strike the where the Company's on-going exploration programmes have outlined a mineralized copper/gold corridor extending some 2.5km to the west.

A large footprint nickel in soil anomaly, supported by Induced Polarity (IP) geophysics, has been defined over a strike length of c.3km immediately south of the Mundonguara mine. Nickel analysis in drill, channel and trench sampling has recorded significant intercepts of up to 0.72% Ni. Baobab completed a 14 hole diamond drilling programme during 2011, targeting the nickel in soil anomalies and associated IP chargeability responses. Drilling failed to intersect significant mineralization and further work is required to better interpret the anomalies.

Gold in soil anomalies lie to the north of the mine sequence, within the Area of Interest, and are interpreted to represent the fault offset continuations of structures hosting Auroch's gold resource blocks.

*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.*



## CONTACT DETAILS

### Baobab Resources PLC

Ben James: Managing Director  
 Jeremy Dowler: Chairman  
 Frank Eagar: CFO

Tel: +258 21 415 200  
 Tel: +44 1372 450529  
 Tel: +258 21 415 200

### Grant Thornton UK LLP

Philip Secrett / David Hignell

Tel: +44 20 7383 5100

### Shore Capital Stockbrokers

Jerry Keen / Toby Gibbs

Tel: +44 20 7468 7964

### Fortbridge Consulting

Matt Beale

Tel: +44 7966 389 196