



### **INITIAL TENGE DRILL RESULTS POINT TOWARD HIGHER HEAD GRADES & LOWER OPERATING COSTS**

Baobab Resources Plc ('Baobab' or the 'Company') is pleased to provide the following update on initial drill results relating to the measured resource estimation of the Tenge resource block at the Company's Tete pig iron and ferro-vanadium operation in Mozambique.

#### **HIGHLIGHTS**

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- The 2013 drilling campaign was focused on converting the upper portions of the Tenge resource block, representing the first 10 to 15 years of the operation, to a JORC compliant **Measured** category.
- International geology and mining specialist, SRK Consulting (South Africa), have been commissioned to complete the resource estimate by end Q1 2014.
- Analytical results have been returned from the first 10 reverse circulation ('RC') Tenge resource drill holes with significant intercepts reporting an average head grade of **42% Fe**. These results are substantially higher than the current 36% Fe of the 553Mt combined Tenge/Ruoni resource and in line with the weighted average of 45% Fe reported from channel sampling of two large trenches straddling the enriched summit of Tenge mountain (see RNS dated 20 December 2013 for details).
- An anticipated c.17% increase in head grade is likely to result in lower annual run-of-mine tonnages and consequently lower overall mining costs per ton of pig iron produced.
- Bulk samples collected from the Tenge trenches have been processed at the Mintek laboratories in South Africa and are being despatched, along with bulk coal and carbonate samples, to pilot plant facilities in the USA and Japan for reduction test work.
- Un-fluxed bench scale smelting test work carried out by CSIRO in 2013 confirmed that a low impurity pig iron product could be produced using Baobab's iron ore and local Mozambique thermal coal (refer to RNS dated 4 March 2013 for details). Further fluxed smelting test work is nearing completion and will provide the first empirical data on the composition of the vanadium and titanium slag by-products. Results are expected to become available in the coming weeks.

**Commenting today, Ben James, Baobab's Managing Director, said:** *'The RC results to date offer particular encouragement as they point towards the potential for higher head grades at Monte Tenge. This will have a significant impact on mining and processing costs over the first decade of production.'*

#### **TENGE/RUONI RESOURCE SUMMARY & LATEST RESULTS**

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Tenge/Ruoni is the easternmost prospect area of the Massamba Group, Tete Project. Mineralisation in the area 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. The buried central portion of the fold comprises the Ruoni Flats resource block.

During the 2011 and 2012 field seasons the Company completed c.35,000m of diamond and reverse circulation (RC) drilling across all four Tenge/Ruoni resource blocks culminating the estimation of a JORC compliant combined resource of 553Mt @ 36% Fe, 0.4% V<sub>2</sub>O<sub>5</sub> and 13.3% TiO<sub>2</sub>, of which 335.8Mt was classified as Inferred and 217.3Mt was classified as Indicated. A further 173.9Mt of inferred resources were also estimated at the

Chitongue and South Zone blocks to the west, resulting in a global resource base of 727Mt (please refer to RNS dated 3 April 2013 for details on all resource estimates).

Drilling programmes during 2013 focused on converting the upper portions of the Tenge resource block, representing a minimum 10 years of operation, to a JORC complaint Measured category. 49 drill holes were completed for an aggregate total of 5,940m (11 diamond holes for 1,401m and 38 RC holes for 4,905m).

Analytical results for the first 10 RC drill holes have been returned, the significant results for which are tabulated below. The average head grade of significant intercepts reported is 42% Fe, 0.5% V2O5 and 15.8% TiO2 with the Davis Tube Recovery (DTR) concentrate grades reporting a weighted average of 58% Fe, 0.8% V2O5 and 13.4% TiO2 at a mass recovery of 47%.

Analysis of all remaining drill hole samples is on target for completion and compilation by the end of February. Internationally recognised geology and mining specialist, SRK Consulting (South Africa), has been commissioned to review and update the Tenge resource estimate. The revised estimate is scheduled to be finalised by end Q1 2014. For more information on SRK Consulting, please visit [www.srk.co.za](http://www.srk.co.za).

HOLEID	From (m)	To (m)	Length (m)	Head Grade (%)							Mass Recovery (%)	Davis Tube Recovery (DTR) Concentrate (%)						
				Fe	V2O5	TiO2	Al2O3	P	S	SiO2		Fe	V2O5	TiO2	Al2O3	P	S	SiO2
TGR0012	0	94	94	39.3	0.43	15.5	9.1	0.007	0.05	12.9	39.3	56.4	0.90	13.4	3.1	0.001	0.02	1.11
TGR0020	0	42	42	41.7	0.47	16.5	8.3	0.003	0.01	9.6	23.3	59.6	0.94	9.8	2.3	<0.001	0.01	0.84
TGR0022	0	74	74	42.4	0.43	15.9	7.9	0.006	0.02	9.6	42.2	55.1	0.79	15.5	2.7	<0.001	0.01	0.85
TGR0022	95	183	88	43.6	0.48	16.0	7.6	0.005	0.24	8.0	56.9	58.3	0.79	12.9	3.0	<0.001	0.13	0.74
TGR0025	56	178	122	43.0	0.48	16.3	7.6	0.009	0.21	8.5	58.7	57.5	0.77	14.4	3.2	<0.001	0.11	0.47
TGR0027	2	194	192	41.8	0.47	15.5	8.3	0.005	0.17	10.3	53.2	57.3	0.79	13.9	3.2	<0.001	0.10	0.54
TGR0028	24	109	85	40.7	0.46	15.7	8.5	0.005	0.14	11.1	48.6	58.4	0.83	12.1	3.3	<0.001	0.10	0.65
TGR0029	0	56	56	43.4	0.36	17.2	6.9	0.003	0.01	8.6	31.4	63.8	1.04	5.6	2.3	<0.001	0.01	0.50
TGR0034	0	82	82	40.0	0.44	15.6	9.2	0.005	0.01	11.9	32.3	55.8	0.86	14.5	2.8	0.001	0.01	0.98
TGR0035	0	15	15	47.5	0.55	19.5	5.1	0.009	0.01	4.1	37.8	55.9	0.84	14.5	2.6	0.004	0.01	0.85
TGR0035	37	82	45	35.3	0.39	13.3	10.8	0.006	0.09	17.5	32.7	59.6	0.99	10.3	2.9	<0.001	0.04	0.91
TGR0041	54	87	33	41.4	0.45	15.0	8.3	0.006	0.21	11.4	50.9	59.2	0.85	12.0	3.5	<0.001	0.09	0.47
TGR0047	83	181	98	42.8	0.48	16.1	8.0	0.004	0.21	8.9	60.3	57.1	0.75	14.6	3.1	<0.001	0.12	0.52

HOLEID	Depth (m)	East (m)	North (m)	RL (m)	Azimuth (Deg)	Dip (Deg)
TGRC0012	102	582638	8261443	370	117	-50
TGRC0020	66	582310	8261200	362	110	-50
TGRC0022	189	582472	8261430	375	120	-50
TGRC0025	187	582610	8261505	382	120	-70
TGRC0027	202	582560	8261470	382	117	-75
TGRC0028	164	582663	8261547	384	115	-75
TGRC0029	102	582753	8261612	376	0	90
TGRC0034	102	582585	8261390	396	120	-50
TGRC0035	103	582424	8261278	382	300	-85
TGRC0041	99	582677	8261760	323	0	-90
TGRC0047	196	582433	8261355	378	120	-75

Coordinate system WGS84 UTM zone 36S. 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) 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. **Interval lengths are measured down-hole and should not be interpreted as true width.**

## ABOUT BAOBAB RESOURCES PLC

Baobab Resources Plc ('Baobab' or the 'Company') is wholly focused in Mozambique where it is currently completing a Bankable Feasibility Study ('BFS') at its pig iron and ferro-vanadium project in the Tete province (the 'Tete Project'), one of Africa's fastest growing mining and industrial centres. The International Finance Corporation ('IFC') holds a 15% participatory interest in the Tete Project.

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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