

BAOBAB RESOURCES plc

PO Box 1229

Fremantle Western Australia 6959

27/28 Eastcastle Street London W1W 8DH United Kingdom

Tel: (+61) 8 9430 7151 | Fax: (+61) 8 9430 7664 | Web: www.baobabresources.com



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17 November 2010

BAOBAB RESOURCES Plc

Final Results for the 12 months ended 30 June 2010

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 its final results for the year ended 30 June 2010. Extracts from the financial statements are set out below.

CHAIRMAN'S STATEMENT

Baobab Resources plc ("Baobab" or the "Company") has made significant progress during the year in Mozambique, for the most part concentrating on its Tete iron/vanadium/titanium project. The 7,500 metre scout drilling campaign has already been completed on the central and southern portions of the Massamba Group Trend and the Group has now commenced step-out resource drilling in the South Zone of the Massamba Group.

In September 2009 independent interpretation completed by Coffey Mining Pty. Ltd. indicated an exploration target of 400 to 700 million tonnes of magnetite-ilmenite mineralisation to a depth of 250 metres below surface in the Massamba Group area.

In addition to the above, reconnaissance work at Singore has been very encouraging and rock chip samples returned DTR concentrate grades up to 64.1% Fe with 47.7% Mass Recovery. The Company expects to target scout drill holes here as soon as practicable.

Tete has demonstrated that it is an emerging mining and industrial hub of southern Africa with majors Vale and Riversdale/Tata Steel developing massive coal projects with mining of both thermal and metallurgical coal due to commence in 2011. Coal fired power plants are in the planning stage and expansion of low tariff hydro-electric power from Cahora Bassa and Mphanda N'kuwa is also planned. Railways connecting Tete to the ports of Beira and Nacala are being refurbished as are the ports themselves.

The Tete project has proved that it has high potential and the Group will continue to advance development during the coming year as rapidly as possible. Performance of drilling rigs, weather patterns and turnaround times at laboratories all impact on the progress that can be achieved but with the Platts 62% Fe Index (delivery North China) steady at \$150 dry metric tonne there is much to be encouraged about moving forward to 2011.

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The Group's other projects notably the Mundonguara Copper/Gold/Nickel Project and the Changara project are covered in some detail in the Directors' Report. It is worth noting that, at the time of writing, the price of gold is above \$1,400 per ounce and copper is above \$3.80 lb. both very significant advances during the past year. Baobab expects to continue early stage exploration on its gold licences in the near future.

The Company has raised funds as and when required and share placements at 6p per share were completed in October 2009 and November 2009 raising £2,981,000 before expenses. In addition to these funds the International Finance Corporation (IFC), a member of the World Bank group, contributed \$700,000 as its joint venture funding for the Tete project in April 2010.

In October 2010 Baobab secured a three year Equity Line Facility ("ELF") of up to £5 million with Dutchess Opportunity Cayman Fund, Ltd. The ELF has been arranged by First Columbus LLP, Dutchess's joint venture partner in the UK. We believe that this is a cost effective solution for some future financings with management being in control of the timing on accessing capital. The threshold price floor mechanism allows management to protect the stock price. At a time when the Group is consolidating its position in Tete the facility will assist in the acceleration of drilling programmes where warranted and better enable the Group to participate in opportunities that may arise.

We thank all of our employees including the dedicated workforce in Mozambique for their continued hard work and commitment. We also thank our shareholders for their continued support and encouragement. We firmly believe that Baobab is poised for further exploration success in 2011 and the recent uplift in the prices of precious metals and base metals gives us the confidence to move our projects forward as rapidly as possible.

Jeremy Dowler
Chairman

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PROJECT OVERVIEW

Baobab Resources plc has made significant progress during the period in Mozambique, focusing its efforts on the Tete iron/vanadium/titanium Project. Work completed by the Group during 2009 culminated in the estimation of a 47.7mt maiden Inferred Mineral Resource and a 400mt to 700mt Exploration Target in the Massamba Group area. Independent scoping metallurgical studies and financial modelling indicates positive project economics in the production of high quality magnetite (iron and vanadium) and ilmenite (titanium) concentrate commodities.

Following the *Proof of Concept* work of 2009, the Group has completed a 7,500m programme of scout diamond drilling testing the central and southern portions of the Massamba Group Trend. A 7,000m campaign of step-out reverse circulation resource drilling has commenced, targeting a sequence of mineralised zones over a strike length of 2km. Systematic metallurgical test work is on schedule for Q4 2010.

During October and November 2009 the Group secured placings totalling £2.98m before expenses. In March 2010, the Group also received US\$704,213 from the International Finance Corporation (IFC), representing their 15% participatory interest in the 2010 Tete Project Joint Venture exploration programme.

All mineral exploration licences are in good standing with those due for prorogation during the reporting period extended for between two and five years.

The Board and management team remain committed to building a long term, sustainable exploration and mining business in Mozambique.

Project Report

Tete Iron Ore Project

The Tete project is located immediately north of the Zambezi River and the Provincial capital of Tete and comprises three contiguous Exploration Licences that straddle the central portion of the Tete Mafic Complex, covering an area of approximately 632km².

Tete is fast becoming a major investment centre and an emerging mining and industrial hub of southern Africa. Baobab's project shares licence boundaries with mining majors Vale and Riversdale/Tata Steel who are developing the mega coal projects of Moatize and Benga (combined resources in excess of 8 billion tonnes). Mining is due to commence in 2011 with both thermal and metallurgical coal extracted for domestic consumption and export respectively.

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.

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Coal fired power plants have been proposed for Moatize and Benga. Riversdale has announced that the Benga power station will commence production in 2013 at an initial capacity of 500 megawatts with an option to expand to 2,000 megawatts.

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 the World Bank.

International Finance Corporation (IFC), a member of the World Bank group, participated in a placement in November 2008 subsequent to which they became the Group's second largest single shareholder. In January 2009 Baobab consolidated this strategic partnership through a joint venture agreement whereby IFC will maintain a 15% equity in the project by contributing to Tete project funding.

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 including Chitongue Grande and Pequeno, Caangua, Chimbala and South Zone that have experienced little or no historical exploration.

Baobab commenced exploration activities at the Tete Project in 2008 completing an aeromagnetic survey, field mapping and sampling and metallurgical test work. The Group has focused its 2009/2010 activities on the Massamba Group area.

Resource Diamond Drilling

Diamond drilling at the Chitongue Grande prospect, one of five deposits that make up the Massamba Group, commenced in April 2009. The programme was composed of 15 holes (3,092m) drilled at an inclination of 60 degrees along 4 northwest-southeast traverses spaced 100m and 200m apart covering a strike length of approximately 500m.

Drilling intersected stacked packages of magnetite-ilmenite mineralisation intercalated with gabbroic and anorthositic country rock. The packages dip at moderate angles of 10 degrees to 30 degrees southeast from surface and are composed of individual horizons, varying in width from 0.5m to 30m. Vertical, fine grained mafic dykes intrude the area. Mineralisation remains open down dip on all sections.

Sample preparation was completed by ACT-UIS laboratories in Tete, Mozambique prior to despatch to ALS Chemex laboratories in Perth, Western Australia for Davis Tube Recovery (DTR) and XRF analysis.

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Resource Estimate

Internationally respected consultants, Coffey Mining Pty Ltd ('Coffey'), were commissioned to complete a resource estimate based on the completed drilling programme at Chitongue Grande. Their estimate of an Inferred Mineral Resource compiled in accordance with the JORC Code is tabulated below.

The mineralised horizons contain internal partings of non-mineralised waste material which have not been sampled. Some of this material may not be preferentially mineable and would therefore act as a dilutant. Without sampling the intermediate waste partings, it has not been possible to predict what the expected weight recovery and recovered grades might be. However, based on the completed estimation, the expected average recovery for the magnetite portion of the mineralised material will be in the order of 20% with the average concentrate grade in the order of 63.7% Fe, 0.68% V₂O₅, 4.86% TiO₂, 1.3% SiO₂, 2.75% Al₂O₃, 0.001% P and 0.37% S.

Tete Iron Ore Project
Chitongue Grande Titano-Magnetite Prospect
Mineral Resources
Grade Tonnage – 15th September 2009
Reported within Material Type Horizons (Fresh, Transitional, Oxidised)
Whole Rock Grade Estimates Derived by Ordinary Kriging
No Lower Grade Cutoff Applied
Resource Classification Based on JORC Code (2004) Guidelines

Resource Classification	Material Type	Tonnage (Mt)	Fe (%)	V ₂ O ₅ (%)	TiO ₂ (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	CaO (%)	K ₂ O (%)	MgO (%)	Mn (%)	Na ₂ O (%)	S (%)
Inferred	Fresh	42.3	25.1	0.18	9.55	27.9	12.27	0.024	-0.31	4.55	0.72	4.38	0.19	2.20	0.30
	Transition	3.7	26.1	0.19	10.65	28.2	12.69	0.018	1.43	3.71	0.55	2.87	0.17	2.11	0.02
	Oxidised	1.7	27.1	0.20	11.03	27.2	12.65	0.019	1.17	3.50	0.51	2.62	0.18	2.01	0.02
Total		47.7	25.3	0.18	9.69	27.9	12.32	0.023	-0.12	4.44	0.70	4.19	0.19	2.18	0.26

Exploration Target Study

Coffey also assessed the exploration target potential of the Massamba Group area for iron / vanadium (in the form of magnetite) and titanium (in the form of ilmenite) mineralisation. While the Chitongue Grande drill hole data and resource modelling were used to assist in the characterisation of mineralisation, the resource area was not included in the area of assessment.

Due to the very high magnetic susceptibility of the targeted mineralisation, Coffey elected to utilize the Group's high resolution aeromagnetic coverage as the primary means of assessing the potential, complemented by geological mapping, rock chip sampling and drill hole data.

Southern Geoscience Consultants completed an inversion modelling exercise of the airborne geophysical data, generating three dimensional isosurfaces for a range of

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magnetic susceptibilities (SI). Coffey compared the isosurfaces with the resource model at Chitongue Grande and concluded that the magnetic susceptibilities of 0.25SI and 0.3SI best encapsulated the interpreted mineralisation.

Coffey has used the 0.25SI and 0.3SI isosurfaces to digitise volumes to 250m below surface and model a range of tonnages using a density of 3.2 and a gangue discount of 40% (as presented below). An exclusion zone, with a radius of 1.2km centered on the Chitongue Grande resource, was not included in the modeling. Coffey elected not to model nor report grades in this study.

MASSAMBA GROUP AREA			
Indicative Tonnages (Excluding Chitongue Grande Resource area)			
Magnetic Susceptibility (SI)	To Depth (m)	Density (g/cm ³)	Tonnage (Mt - rounded)
0.25	-250	3.2	700
0.3	-250	3.2	400

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, in cases other than the Chitongue Grande deposit.

Conceptual Scoping study

Coffey was then commissioned to complete a desk top scoping study based on the drill hole analytical results, 2008 bulk sample test work and limited petrographic analysis of drill core.

The preliminary petrography report and Davis Tube Recovery (DTR) analysis of Chitongue Grande drill core demonstrated amenability to the production of two separate concentrate products through a primary Low Intensity Magnetic Separation (LIMS) circuit, followed by the re-processing of the non-magnetic tails through a gravity separation and High Intensity Magnetic Separation (HIMS) circuit. The concentrate characteristics would be:

- **LIMS:** a high grade magnetite ferro-vanadium concentrate grading 67% - 70% Fe, 0.6% - 1.0% V₂O₅ and 1.3% to 3.5% TiO₂ at a mass recovery of 20 - 25%. All other deleterious elements would be within acceptable limits.
- **HIMS:** an ilmenite concentrate grading 50% TiO₂ and 10% - 15% Fe at a mass recovery of 8% - 14%.

Although the Chitongue Grande results indicated a 20% to 25% mass recovery, the bulk sampling test work from Chitongue Pequeno and Caangua prospects and rock chip DTR

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analysis from other areas within the project (completed during 2008) reported considerably higher mass recoveries in excess of 50% for the ferro-vanadium concentrate. It is considered that significant improvement of the overall mass recovery may be achieved if the Chitongue Grande feed is blended with other, high recovery feed stocks in the proposed processing plant.

The study concluded that there were a number of processing options that could be applied to the Tete deposit and that there was considerable upside that may yet result from further optimisation of various processing route options via laboratory test work. The ilmenite concentrate in particular may then be further processed through roasting, chemical or pyrometallurgical processing methods to produce a higher grade concentrate.

The study concluded that there were a number of processing options that could be applied to the Tete deposit and that there was considerable upside that may yet result from further optimisation of various processing route options via laboratory test work.

Coffey also completed a financial modelling exercise, drawing together the results of the resource estimate and exploration target assessment and mineral process analysis. Additional inputs were based on a suite of industry standard assumptions.

Based on the parameters outlined below, the analysis indicated viable project economics in the mining and processing of magnetite and ilmenite concentrates for export from a resource base of 300Mt and a significantly discounted iron ore price.

Coffey Mining Scenario Parameters	
Resource Base:	300Mt
Mill through-put:	10Mtpa
Mine Life:	30y
Magnetite con production:	3Mtpa
Magnetite con grade:	69% Fe / 0.8% V2O5
Ilmenite con production:	1.2Mtpa
Ilmenite con grade:	50% TiO ₂ / 12% Fe

Estimated Costs (fob)	
Capital Expenditure:	US\$542m
Operational Expenditure:	US\$34/t (concentrate)
Transport (rail/port):	US\$20/t (concentrate)

Commodity Prices	
Iron ore:	\$0.90/dmtu
V2O ₅ (assuming a 15% credit)	US\$32/kg
TiO ₂ :	US\$80/t (concentrate)

Due to the project's unique access to both low tariff hydro-electric power and coking coal, an additional desktop study was commissioned to review opportunities of further on-site processing through scenarios such as mine-mouth pelletising and smelting. The results of the study,

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although based on preliminary data only, indicated robust project fundamentals that need to be clarified and expanded upon during the pre-feasibility and definitive feasibility phases.

* dmtu: *Dry Metric Tonne Unit*

Scout Diamond Drilling Programme

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 Group's Exploration Target and to clarify geological domains for continued metallurgical test-work.

The **Chimbala prospect** comprises the central portion of the Massamba Group trend and is underlain by a 3km² zone of strong aeromagnetic response. Limited historical exploration has taken place in the prospect area. Recent detailed geological mapping carried out by the Group has outlined iron, vanadium and titanium mineralisation occurring as cumulate sequences within steeply dipping gabbro / anorthosite country rock.

A total of 25 diamond drill holes have been completed at Chimbala for an aggregate total of 5,378m. The drilling has intersected packages of both cumulate and intrusive style magnetite-ilmenite mineralisation.

The **South Zone** prospect was first recognised by the Group during its 2008 high resolution aeromagnetic survey, as a 2.5km long north-south zone of high magnetic response immediately south of the known Massamba Group prospects. The primary iron, vanadium and titanium mineralisation occurs as cumulate sequences within the gabbro / anorthosite suite. A secondary phase of mineralisation, in the form of a vertical massive magnetite-ilmenite intrusive dyke, outcrops as a chain of small ridges along the western margin of the magnetic anomaly. The dyke has an apparent thickness in excess of 20m and appears to crosscut the primary mineralisation. Post-mineralisation tectonics has segregated the prospect into at least 5 discrete fault blocks.

Three diamond drill holes were completed at the South Zone prospect in 2009 prior to the onset of the wet season. A further six diamond holes have been completed this year bringing the total metres drilled at the prospect to 2,127m. Drill holes targeted magnetite-ilmenite outcrops and linear trends of strong magnetic response. All holes have intersected substantial widths of mineralisation of between 20 and 100m (true width).

Sample preparation was completed by ACT-UIS laboratories in Tete, Mozambique prior to despatch to ALS Chemex laboratories in Perth, Western Australia for Davis Tube Recovery (DTR) and XRF analysis. For a complete listing of significant intercepts, please refer to RNS announcements available on the Group's website.

Reverse Circulation (RC) Step-Out Resource Drilling

Due to the significant widths and interpreted lateral continuity of mineralisation at South Zone, the prospect has been prioritised for step-out reverse circulation (RC) drilling. The programme

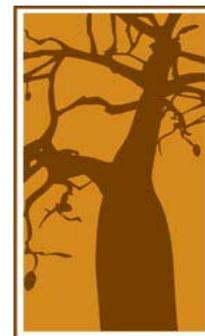
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will be systematically assessing a sequence of seven mineralised zones over a strike length of some 2km, drilling on traverses spaced 100m apart.

A total of 50 RC drill holes have been planned for a combined meterage of 7,000m (maximum hole depth 200m). Drilling commenced in August 2010 and at the time of writing, approximately 2,500m has been completed. Additional drill rigs are being sought to accelerate the programme.

It is the Group's intention to combine the results of the scout diamond drilling and RC programmes to estimate a global resource for the South Zone prospect.

Commencement of Metallurgical Studies

Coffey has been commissioned to complete a detailed metallurgical review of the magnetite-ilmenite mineralisation. The primary objective of the study is to determine optimum flow sheets to process the various ore domains present in the project area. The study will focus on the styles of mineralisation underlying the Chitongue Grande resource area and the South Zone prospect.

An initial phase of statistical analysis is currently underway with the objective of identifying and targeting ore domains for metallurgical drilling. The drilling is intended to commence in November 2010 with drill core being despatched to Perth, Western Australia, for test work.

Reconnaissance Exploration – Singore Prospect

The Singore area lies approximately 12km to the south and southeast of the Massamba Group. The area has been divided into two contiguous prospects; Singore West and Singore East. While massive magnetite-ilmenite outcrops underlying Singore West have experienced limited historical exploration (trenching and mapping in the 1960's and 1980's), the Singore East area, where geophysical imaging outlines significant magnetic lineations traceable over distances of up to 6km, remains entirely unexplored.

In November/December 2009, Baobab commenced reconnaissance field investigations of the Singore East area, focusing on three linear, northeast oriented, zones of strong magnetic response. Substantial widths of magnetite-ilmenite mineralisation, up to 50m wide and 850m long, were mapped in the field. A total of 26 rock chip samples were collected for analysis. DTR concentrate grades included:

- **62.5% Fe, 5.41% TiO₂, 0.98% V₂O₅, 42.9% Mass Recovery (sample 011277)**
- **64.1% Fe, 4.61% TiO₂, 0.97% V₂O₅, 47.7% Mass Recovery (sample 011292)**
- **62.6% Fe, 6.04% TiO₂, 1.01% V₂O₅, 51.9% Mass Recovery (sample 011293)**

The outcome of the reconnaissance work at Singore East is particularly encouraging as it has opened up highly prospective, virgin exploration ground close to the Group's area of core activity. While the Massamba Group remains the focus of the 2010 drilling campaign, Baobab's

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technical team will be rapidly developing the knowledge base at Singore with the view to targeting scout drill holes as soon as practicable.

Forward Programme

While the Group has rapidly advanced the Tete project over the past 18 months, there remains a significant amount of work ahead to complete a comprehensive assessment.

It is the Group's objective to rapidly advance the Tete project towards the completion of pre-feasibility studies over the coming 12 to 18 months. Beyond the current step-out resource drilling campaign and metallurgical test work, the next cycle of exploration activities will include:

- South Zone resource estimation based on the results of the current scout and step-out drilling.
- Commencement of resource drilling in the Chimbala prospect area to further expand the resource inventory.
- Continued metallurgical test work, market studies and viability analysis to determine optimal process flow sheets.
- Opening preliminary negotiations with government departments, suppliers, end users and key stake holders.
- Preliminary assessment of high priority aeromagnetic targets in the Singore area.

Considering all factors, the Tete Project has confirmed itself this year to be of high potential and Baobab will continue to rapidly advance its development during the coming year.

Mundonguara Copper/Gold/Nickel Project

During 2008 the Group announced a Stage 1 JORC Inferred Mineral Resource Estimate on the 1km long Mine portion of the Mundonguara Project of 3.1Mt @ 1.4% copper, 0.11g/t gold, 2.1g/t silver.

This resource estimate, in conjunction with a soil geochemical survey, geophysical interpretation, trenching and RC drilling results indicate that the Mundonguara System is significantly larger than previously recognized, with mineralization remaining open at depth and along strike.

Potential for significant tonnages of ore exists in three areas:

- Down plunge extensions of exploited ore zones within the mine where drilling has confirmed their continuity.
- Western strike extension of the System for an additional +2km.

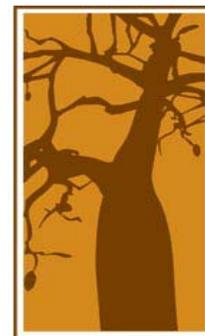
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- Structurally off-set continuations of the mine sequence approximately 2.5km to the northeast where MMI soil geochemical sampling has identified copper anomalies of a similar tenor as those overlying the mine. These continuations represent a further 1.5km of strike potential.

During the past 18 months exploration work at Mundonguara has been largely suspended due to limited funding opportunities in the wake of the global financial downturn. Baobab firmly believes that the project has substantial potential and is actively seeking investment mechanisms to support further exploration and development.

Changara Broken Hill Type Base Metals & Manganese Project

The Changara project comprises four exploration licences covering an area of 525km² located approximately 100km southwest of the Provincial capital of Tete and flanking Zimbabwe's north-eastern border. The national power grid passes within 15km of the project's eastern boundary.

The licences are underlain by lower Proterozoic rocks of the Rushinga Group which flank the north-eastern margin of the Zimbabwe Craton. Although the area has experienced limited historical exploration, it is considered highly prospective for SedEx / Broken Hill Type polymetallic base and precious metal and manganese mineralisation and hosts numerous occurrences of zinc, lead, manganese, iron ore, fluorite, copper and silver.

During 2008, Baobab completed an extensive soil geochemistry survey covering an area of 380km² within three of the Changara exploration licences (representing approximately 70% of the total project area). Interpretation of the results identified a series of multi-element (lead, zinc, manganese, ±copper) targets coincident with prospective geological settings.

In July 2010 the Group announced that it had entered into an unincorporated joint venture with Southern Iron, an Australian based, private company building a portfolio of manganese and iron assets in southern Africa.

A legally binding Heads of Agreement outlines a four stage investment to earn an increasing participatory interest in the Project:

- Stage 1 – Southern Iron commits to funding a First Work Programme at a cost of not less than US\$300,000 over a period of not more than 12 months. Southern Iron's participatory interest in the Project upon the completion of Stage 1 will be 0%.
- Stage 2 – Subject to having completed the First Work Programme satisfactorily, Southern Iron shall have the exclusive right to undertake and fund a Second Work Programme at a cost of US\$1.2m over a period of not more than 18 months. Southern Iron's participatory interest in the Project upon the completion of Stage 2 will be 50%.
- Stage 3 – Subject to having completed the Second Work Programme satisfactorily, and subject to exploration success, Southern Iron shall have the exclusive right to undertake and fund a Pre-Feasibility Study over a period of not less than 12 months.

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- Against Southern Iron having completed the Pre-Feasibility Study, its participatory interest in the Project shall increase to 65%.
- Stage 4 – Upon completion of the Pre-Feasibility Study, Southern Iron will have the option (under the mutual agreement of both Parties) to increase their participatory interest to 80% by undertaking and funding a Definitive Feasibility Study over a period of not less than 18 months.

Southern Iron has been nominated as the operator of the Joint Venture, reporting to a management committee represented by both Parties. Due to Baobab's extensive exploration experience and logistical support in-country, the initial phase of exploration will be largely undertaken and supervised by the Group. Activities are scheduled to commence in November 2010.

Greenfield Projects

A comprehensive stream sediment programme was completed over the **Sussundenga/Bandire Project** area (load gold targets) during the reporting period, identifying numerous drainage catchments for follow-up field work.

Geological mapping program is scheduled for the **Senga Senga** licenses (Telfer Type gold/copper model).

It is the Group's objective to secure joint venture agreements in order to accelerate exploration of the greenfields assets.

Outlook

Over the past 12 months the Group has developed the Tete project from a concept to a Group flagship. While there is still a significant amount of work ahead, the salient fundamentals of the project continue to fall into place:

- The maiden 47.7Mt Inferred Resource and 400 – 700Mt Exploration Target exceeds perceived requirements with respect to resource scale.
- Metallurgical test work points towards the viable production of discrete, high quality magnetite/vanadium and titanium concentrate products with potentially significant downstream upside.
- The project is strategically located to access existing and expanding infrastructure and complementary resources.
- Ideal partnership with the IFC for a project of this scale.
- Scout and step-out drilling outlining areas of additional resource potential.

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2010/2011 will be an exciting period for Baobab as the Group continues to drive the Tete project towards feasibility. Investments secured during the reporting period, in conjunction with the on-going commitment by IFC, means the Group is fully funded to complete 2010 scout and step-out resource drilling and metallurgical campaigns. Current market sentiment and longer term iron ore and related metals forecasts are positive, making the bulk commodity space an exciting arena in which to be working.

Baobab also holds a suite of enviable base and precious metal assets in its portfolio. The Group is confident that it will be able to move them forward by way of further institutional support and joint venture initiatives.

All mineral exploration licences are in good standing with those due for prorogation during the reporting period extended for an additional two to five years.

Ben James
Managing Director

12 November 2010

Competent Persons Statement

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.

BAOBAB RESOURCES plc

PO Box 1229

Fremantle Western Australia 6959

27/28 Eastcastle Street London W1W 8DH United Kingdom

Tel: (+61) 8 9430 7151 | Fax: (+61) 8 9430 7664 | Web: www.baobabresources.com

**BAOBAB**
RESOURCES**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Continuing Operations		
Other operating income	-	276,320
Exploration expenses	(1,367,043)	(1,265,810)
Administrative expenses	(673,273)	(580,645)
Loss from operations before tax	(2,040,316)	(1,570,135)
Interest received	79,140	18,765
Loss before tax	(1,961,146)	(1,551,370)
Income tax expense	-	-
Loss for the year attributable to equity holders	(1,961,146)	(1,551,370)
Other comprehensive income		
Foreign currency translation differences	156,529	(12,200)
Total comprehensive loss for the period attributable to equity holders	(1,804,617)	(1,563,570)
Loss per share (basic and diluted)	(1.38)	(1.86)

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**BAOBAB**
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010
Company Number 5590467

	30 June 2010 £	30 June 2009 £
Non-Current Assets		
Property, Plant and equipment	27,765	58,271
Total Non-Current Assets	<u>27,765</u>	<u>58,271</u>
Current Assets		
Trade and other receivables	2,695	1,559
Cash and cash equivalents	2,314,967	528,760
Total Current Assets	<u>2,317,662</u>	<u>530,319</u>
Total Assets	<u>2,345,427</u>	<u>588,590</u>
holders of the parent		
Share capital	1,589,318	960,785
Share premium	6,693,242	4,247,623
Reserves – warrants and options	773,782	521,518
	58,024	(98,505)
Accumulated loss	<u>(7,381,303)</u>	<u>(5,420,157)</u>
Total Equity	<u>1,733,063</u>	<u>211,264</u>
Current liabilities		
Trade and other payables	<u>612,364</u>	<u>377,326</u>
Total Liabilities	<u>612,364</u>	<u>377,326</u>
Total Equity and Liabilities	<u>2,345,427</u>	<u>588,590</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010 £	30 June 2009 £
Cash flows from operating activities		
Net Loss for the year	(1,961,146)	(1,551,370)
Movement in Trade and Other Receivables	(947)	73,110
Depreciation	39,573	54,663
Movement in Trade and other Payables	194,869	149,691
Exchange difference	90,101	(12,200)
Share based payments	178,877	31,309
Receipts from IFC to acquire interest in joint venture	-	(276,320)
Net cash used in operating activities	<u>(1,458,673)</u>	<u>(1,531,117)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	<u>(6,277)</u>	-
Net cash flows used in investing activities	<u>(6,277)</u>	-
Cash flows from financing activities		
Proceeds from issues of shares	3,285,020	951,000
Share Issue Costs	(137,480)	(30,500)
Receipts from IFC to acquire interest in joint venture	-	276,320
Net cash flows from financing activities	<u>3,147,540</u>	<u>1,196,820</u>
Net increase/(decrease) in cash and cash equivalents	1,682,590	(334,297)
Cash and cash equivalents at beginning of the period	528,760	863,057
Exchange differences	103,617	-
Cash and cash equivalents at end of the period	<u>2,314,967</u>	<u>528,760</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Share Premium £	Warrants and Option Reserve £	Foreign Currency Translation Reserve £	Retained Earnings £	Total Equity £
Balance at 1 July 2008	650,785	3,637,123	490,209	(86,305)	(3,868,787)	823,025
Loss for the year					(1,551,370)	(1,551,370)
Foreign exchange translation differences				(12,200)		
Total other comprehensive loss				(12,200)		
Total comprehensive loss for the year				(12,200)	(1,551,370)	(1,563,570)
Shares issued	310,000	641,000				951,000
Share issue expenses		(30,500)				(30,500)
Share based payments			31,309			31,309
30 June 2009	960,785	4,247,623	521,518	(98,505)	(5,420,157)	211,264
Balance at 1 July 2009	960,785	4,247,623	521,518	(98,505)	(5,420,157)	211,264
Loss for the year					(1,961,146)	(1,961,146)
Foreign exchange translation differences				156,529		
Total other comprehensive income				156,529		
Total comprehensive loss for the year				156,529	(1,961,146)	(1,804,617)
Shares issued	628,533	2,656,487				3,285,020
Share issue expenses		(210,868)				(210,868)

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Share based payments			252,264			252,264
30 June 2010	1,589,318	6,693,242	773,782	58,024	(7,381,303)	1,733,063

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations as issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and implemented in the UK. They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS. The principal accounting policies are set out below.

Going Concern

The financial statements have been prepared in accordance with the going concern basis of accounting.

The Company meets its day-to-day working capital requirements through a positive cash balance and has no borrowing facilities at present. The group has incurred losses in the year. In common with other junior mining companies, Baobab Resources is reliant on raising funds periodically through equity finance or possibly debt facilities.

The Company continues with the exploration and the development of mineral properties in Mozambique. The nature of the group's business is such that there can be considerable unpredictable variation in the timing of cash flows.

As shown in Note 13 during the year the Company raised a total of £3,285,020 by way of placements and issues of shares from exercise of warrants and options.

On the basis of the Directors' projections and current cash resources, the Directors consider that the group has adequate financial resources for going concern purposes over the forthcoming twelve months. Additionally it can draw on funds from its equity funding agreement arranged by First Columbus LLP to enable it to undertake its planned programme of exploration

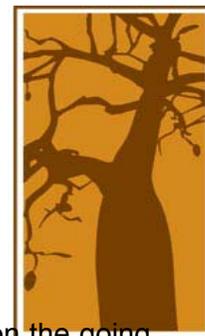
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activities. The Directors consider it appropriate to prepare the financial statements on the going concern basis.

Loss per share

	2010 £	2009 £
From continuing operations		
The calculation of the basic and diluted losses per share are based on the following data:		
Losses for the purpose of basic and dilutive earnings per share being net loss attributable to equity holders of the parent	(1,961,141)	(1,551,370)
Total number of ordinary shares in issue at the year end	158,931,836	96,078,502
Weighted average number of ordinary shares		
Basic	142,082,703	83,423,709
Diluted	142,082,703	83,423,709
Loss per share basic	<u>(1.38 p)</u>	<u>(1.86 p)</u>
Loss per share diluted	<u>(1.38 p)</u>	<u>(1.86 p)</u>

The options are anti-dilutive so are not included in the diluted loss per share calculation.

Events after the balance sheet date

Subsequent to year end the Company entered into the following agreements.

Joint Venture Heads of Agreement

The Company's wholly owned subsidiary Capitol Resources Limitada has signed a Joint Venture Heads of Agreement with Southern Iron Limited in respect to the Company's Changara project.

The Joint Venture has a five year, 4-stage investment structure:

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- 2-stage investment of US\$1.5m to earn a 50% interest in the project.
- Further investment to bring discoveries to Pre-Feasibility status to increase project interest to 65%.
- Option to fund Definitive Feasibility Studies to earn 80% total interest in the project.

The Joint Venture will ensure the acceleration of exploration at the highly prospective Changara project where previous work carried out by Baobab has identified numerous Broken Hill Type base metal and manganese targets.

Baobab will share technical management and operational responsibilities with Southern Iron. Field activities are due to commence in November 2010.

Equity Line Facility

The Company has secured a three year Equity Line Facility (“ELF”) of up to £5 million with Dutchess Opportunity Cayman Fund Ltd (“Dutchess”). The ELF has been arranged by First Columbus LLP (“First Columbus”), Dutchess’s joint venture partner in the UK.

The ELF offers Baobab ongoing access to capital as it enables the Company to obtain funding from Dutchess at any time during the next three years by way of subscription for new ordinary shares in the Company. Subscriptions will be priced at a 6 per cent discount to the market price and will take place at timings and intervals and in sizes determined by the Company.

The ELF may be drawn down in tranches linked to Baobab’s average daily trading volume in the three days prior to the notice of draw down or in other specified amounts. The Company is able to specify a minimum acceptable price for each tranche to prevent shares being sold in the market at an unacceptable discount.

In consideration for the ELF, Baobab has agreed to pay First Columbus LLP a Commitment Fee through the issue of 666,667 shares in the Company (“Fee Shares”) and to issue Dutchess and First Columbus LLP 444,444 warrants in aggregate with an exercise price of 16.88 pence, being a 50 per cent premium to the Company’s middle market closing price on 20 October 2010.

4. Publication of non statutory accounts

The summary accounts set out above do not constitute statutory accounts as defined by Section 435 of the UK Companies Act 2006. The consolidated balance sheet at 30 June 2010 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended have been extracted from the Group’s 2010 statutory financial statements upon which the auditors’ opinion is unqualified. The results for the year ended 30 June 2009 have been extracted from the statutory accounts for that period, which contain an unqualified auditors’ report.

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5. Annual Report

The Annual Report for the year ended 30 June 2010 will be posted to shareholders today. The Annual General Meeting of the Company will be held at the Royal Over-Seas League, Over-Seas House, Park Place, St James's Street, London SW1A 1LR on Thursday, 9 December 2010 at 11.00 am.

Copies of the report will be available from the Company's website www.baobabresources.com.