25 March 2015

Baobab Resources plc

Interim Results for the Six Months Ended 31 December 2014

Baobab Resources plc (AIM: BAO) ("Baobab" or the "Company" and together with its subsidiaries the "Group") is pleased to announce its unaudited consolidated interim results for the six months ended 31 December 2014.

The 31 December 2014 Interim Financial Report is available for download from the Company's website (www.baobabresources.com). Extracts from these financial statements are set out below.

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Baobab Resources plc

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ABOUT BAOBAB RESOURCES PLC

Baobab Resources is an exploration and development company focused on the Tete pig iron and ferro-vanadium project in Mozambique, in which the International Finance Corporation holds a 12.89% participatory interest. The Company has been listed on the AIM market of the London Stock Exchange (ticker BAO) since 2007.

BAOBAB RESOURCES PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED
31 DECEMBER 2014

DIRECTORS' REPORT

PROJECT OVERVIEW

Baobab is wholly focused in Mozambique where it discovered and defined a 759 million tonne ("Mt") iron ore resource in the Tete province, one of Africa's fastest growing mining and industrial centres. Baobab is developing the Tete pig iron and ferro-vanadium project (the "Tete Project" or the "Project") in partnership with the International Finance Corporation ("IFC"), which holds a 12.89% participatory interest.

Due to the Project's strategic access to core iron and steel making commodities of iron ore, coal, power, water and other raw materials, Baobab is pursuing a unique opportunity to add value in country.

As previously highlighted in the Company's annual results announced on 22 December 2014, Baobab has been investigating reduced production scenarios with smaller capital requirements and has engaged with leading Chinese Engineering Procurement and Construction ("EPC") contractors to further reduce capital costs and fast-track the Project's execution.

As part of these investigations the Company, alongside potential EPC contractors, has been assessing the viability of full vertical integration beyond pig iron and into production of high demand steel products for growing domestic and regional markets. This would involve the addition of a basic oxygen furnace, ladle furnace, continuous casting machine and rolling mill to the current pig iron flow sheet.

DEFINTIVE FEASIBILITY STUDY

During the period under review the Company has progressed key elements of the Definitive Feasibility Study ("DFS") on its Tete Project:

- A 25 year mining concession was granted by the Minister of Mines during December 2014.
- Following the appointment of a new Minister of Mines in January 2015, progress on completing the Mining Contract has been slightly delayed. The Company however expects the new Minister to present the contract to the Council of Ministers in due course.
- Confirmation of the pre-feasibility rotary kiln and smelting flow sheet through metallurgical pilot scale and bench scale test work at FLSmidt and Mintek laboratories respectively.
- Further bench scale pelletising, reduction and smelting test work with Beijing Shenwu Environment and Energy Technology Company Limited ("Shenwu") is ongoing with the Company awaiting the final results.
- 450 tonne bulk sample has arrived in China and has been routed to China Metallurgical Group Corporation's ("MCC") test work facility whilst the Company is awaiting the outcome of the Offer (defined below).
- The appointment of an EPC contractor has been put on hold awaiting the outcome of the Offer (defined below).
- Discussions with Electricidade de Moçambique ("EDM") and other Government Departments are ongoing to negotiate the term sheet received from EDM during December 2014, with all parties committed towards working to achieve a bankable Power Purchase Agreement.
- Although the Company is investigating a vertically integrated steel complex which will result in a much reduced requirement for rail and port allocation, the working relationship with Cornelder de Moçambique, S.A. ("CdM"), is ongoing to ensure any potential TiO_2 slag exports will be handled economically.

DE-LISTING PROPOSAL AND REDBIRD TAKOVER OFFER

It was announced on 27 February 2015, that the Independent Directors had reached agreement with Baobab's major shareholder, Redbird Investments Limited ("Redbird"), a wholly owned investment vehicle of African Minerals Exploration & Development Fund SICAR, S.C.A. ("Fund I"), on the terms of a proposal for seeking the cancellation of the admission of the Company's ordinary shares of 1 pence each ("Shares") to trading on AIM (the "De-Listing") and the making of a cash offer for all of the Company's Shares not already owned by Redbird for a cash consideration of 6.0 pence per Share (the "Offer").

The Independent Directors are unanimously of the view that the proposed De-Listing is in the best interests of all shareholders, and will, even if the Offer does not complete, propose a General Meeting and unanimously recommend that shareholders vote in favour of the proposed De-Listing. The Independent Directors, who have been so advised by Canaccord Genuity Limited, as the independent financial adviser for the purposes of Rule 3 of the Code, when taking into account the current financial status of the Company, believe the terms of the Offer to be fair and reasonable and recommend that Shareholders accept the Offer. In providing its advice to the Independent Directors, Canaccord Genuity Limited has taken into account the commercial assessments of the Independent Directors. The recommendation is further set out in the announcement dated 27 February 2015, (the "Announcement") and the Offer Document which is expected to be posted to Baobab shareholders on or before 27 March 2015.

The Announcement is available for download from the Company's website at:
http://www.baobabresources.com/investor/delisting-proposal.

FINANCING UPDATE

As at the date of the Announcement, the Company had a working capital deficit, excluding its existing loans, and therefore required immediate additional funding. To address this near-term financing requirement, an affiliate of Redbird agreed to extend additional bridge financing to Baobab of US$1 million. The extended bridging loan provided, which now totals US$2 million, is repayable upon the earlier of (i) the completion of a capital raising by Baobab if, in the sole discretion of Redbird, the financial position of Baobab is such that the bridging loan can be repaid in full; (ii) a change of control of the Company (other than to Redbird or an Affiliated entity); or (iii) 31 December 2015.

In order to finance the completion of the Bankable Feasibility Study ("BFS") for the Tete Project, to repay its existing, and future, indebtedness to Redbird and affiliated entities and to finance its near term working capital requirements, the Company requires additional equity in the amount of at least US$12 million. It is likely that any such equity funding would require the support of Redbird, which has indicated to the Company that it is no longer willing to provide further funding to the Company while its Shares remain publicly quoted but is willing to provide continuing support to the Company, and thereby safeguard shareholder value, as an unquoted company. Following the completion of the proposed De-Listing, the Company intends that an equity financing of at least US$12 million will proceed as soon as practicable and it is anticipated to be conducted at a discount to the recent trading price, and as far as practicable on a pre-emptive basis without triggering a requirement to file a prospectus or making the offer available in jurisdictions where regulatory or filing requirements would be unduly onerous. Redbird intends to fully support such equity financing.

Should the Offer and subsequent De-Listing not complete by 31 May 2015, a material uncertainty will persist over the Group's ability to continue as a going concern and the Company is likely to require further funding to meet its financial obligations.

Ben James
Managing Director

Maputo, Mozambique

25 March 2015

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Consolidated Six Months Ended 31-Dec-14 (Unaudited) GBP	Consolidated Six Months Ended 31-Dec-13 (Unaudited) GBP
Continuing operations		
Exploration expenses	(1,040,742)	(1,691,454)
Administrative expenses	(494,741)	(1,612,887)
Loss from operations before tax	(1,535,483)	(3,304,341)
Interest received	1,375	6,025
Other income	5,355	31,546
Loss before tax	(1,528,753)	(3,266,770)
Income tax expense	-	-
Loss for the period attributable to equity holders	(1,528,753)	(3,266,770)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	(80,834)	(26,438)
Total comprehensive loss for the period attributable to equity holders	(1,609,587)	(3,293,208)
Loss per share (basic and diluted)	(0.58)	(1.26)
Total number of shares on issue	342,338,426	315,338,426
Weighted average number of shares	275,418,829	261,933,458

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2014

	Consolidated 31-Dec-14 (Unaudited) GBP	Consolidated 30-Jun-14 (Audited) GBP
Non-current assets		
Property, plant and equipment	140,425	147,897
Loans	33,378	148,550
Total non-current assets	173,802	296,448
Current assets		
Trade and other receivables	985,752	617,638
Cash and cash equivalents	959,993	2,153,087
Total current assets	1,945,745	2,770,725
Total assets	2,119,548	3,067,173
Equity attributable to the equity holders of the parent		
Share capital	3,423,384	3,423,384
Share premium	27,304,703	27,304,703
Reserves – options and warrants	2,289,022	2,289,023
Reserves – foreign currency translation	(90,536)	(52,406)
Accumulated losses	(32,582,517)	(30,971,848)
Total equity	344,056	1,992,856
Current liabilities		
Trade and other payables	642,162	1,074,317
Loans payable	1,133,330	-
Total liabilities	1,775,492	1,074,317
Total equity and liabilities	2,119,548	3,067,173

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Consolidated Six Months Ended 31-Dec-14 (Unaudited) GBP	Consolidated Six Months Ended 30-Dec-13 (Unaudited) GBP
Cash flows from operating activities		
Net loss for the period	(1,528,753)	(3,266,770)
Movement in trade and other receivables	(393,302)	(905,915)
Depreciation	20,458	46,017
Movement in trade and other payables	84,201	541,848
Exchange difference	(80,834)	(89,321)
Share-based payments	-	521,017
Net cash used in operating activities	(1,898,230)	(3,153,124)
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(11,414)
Net cash flows used in investing activities	-	(11,414)
Cash flows from financing activities		
Proceeds from loans	1,133,300	-
Loan repayment	(115,172)	-
Proceeds from issue of shares	-	2,126,500
Share issue costs	-	(43,590)
Net cash flows from financing activities	1,018,128	2,082,910
Net (decrease)/increase in cash and cash equivalents	(880,102)	(1,081,628)
Cash and cash equivalents at beginning of the period	2,153,087	1,425,582
Exchange differences	(312,992)	66,422
Cash and cash equivalents at end of the period	959,993	410,376

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Warrants & Option Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	GBP	GBP	GBP	GBP	GBP	GBP
Balance at 1 July 2013 (audited)	3,011,134	23,229,741	1,257,938	(27,284)	(25,610,594)	1,860,935
Loss for the year	-	-	-	-	(5,373,228)	(5,373,228)
Foreign exchange translation differences	-	-	-	(25,122)	-	(25,122)
Total other comprehensive loss	-	-	-	(25,122)	-	(25,122)
Total comprehensive loss for the year	-	-	-	(25,122)	(5,373,228)	(5,398,350)
Shares issued	412,250	4,317,269	522,042	-	-	5,251,561
Share issue expenses	-	(242,307)	-	-	-	(242,307)
Share based payments	-	-	521,017	-	-	521,017
Share options and warrants exercised/forfeited	-	-	(11,974)	-	11,974	
Balance at 30 June 2014 (audited)	3,423,384	27,304,703	2,289,023	(52,406)	(30,971,848)	1,992,856

	Share Capital	Share Premium	Warrants & Option Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	GBP	GBP	GBP	GBP	GBP	GBP
Balance at 1 July 2014 (audited)	3,423,384	27,304,703	2,289,023	(52,406)	(30,971,848)	1,992,856
Loss for the year	-	-	-	-	(1,528,753)	(1,528,753)
Foreign exchange translation differences	-	-	-	(38,130)	(81,917)	(120,047)
Total other comprehensive loss	-	-	-	(38,130)	(81,917)	(120,047)
Total comprehensive loss for the year	-	-	-	(38,130)	(1,610,670)	(1,648,800)
Shares issued	-	-	-	-		-
Share issue expenses	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-
Share options and warrants exercised/forfeited	-	-	-	-	-	-
Balance at 31 December 2014 (unaudited)	3,423,384	27,304,703	2,289,023	(90,536)	(32,582,518)	344,056

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 ACCOUNTING POLICIES

The interim statements of the Company for the period ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the acquisition and development of mineral resource assets.

The financial information contained in this interim report does not constitute statutory accounts as defined in section 434(3) of the Companies Act 2006. No statutory accounts for the period have been delivered to the Registrar of Companies. The financial information contained in this interim report has not been reviewed or audited by the auditor.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Company's audited consolidated financial statements and notes thereto for the year ended 30 June 2014.

These interim consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended 30 June 2014. The annual financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs').

The Group's results are not materially affected by seasonal variations.

Going concern

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

The Group meets its day-to-day working capital requirements through a positive cash balance. The Group entered into a US$1m bridge loan facility on 31 October 2014 with AMED in order to further support cash resources. This bridge loan facility was extended an increased to US$2m on 27 February 2015. The Group has incurred losses in the six months to 31 December 2014.

In order to finance the completion of the Bankable Feasibility Study ("BFS") for the Tete Project, to repay its existing (and future) indebtedness to Redbird and affiliated entities and to finance its near term working capital requirements, the Company requires additional equity in the amount of at least US$12 million. It is likely that any such equity funding would require the support of Redbird, which has indicated to the Company that it is no longer willing to provide further funding to the Company while its Shares remain publicly quoted but is willing to provide continuing support to the Company, and thereby safeguard shareholder value, as an unquoted company. Following the completion of the proposed De-Listing, the Company intends that an equity financing of at least US$12 million will proceed as soon as practicable and it is anticipated to be conducted at a discount to the recent trading price, and as far as practicable on a pre-emptive basis without triggering a requirement to file a prospectus or making the offer available in jurisdictions where regulatory or filing requirements would be unduly onerous. Redbird intends to fully support such equity financing.

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Note 2 SUBSEQUENT EVENTS

Change in Tete Unincorporated Joint Venture participation

Subsequent to the Balance Sheet date the IFC decided not to contribute its 15 per cent of project expenses towards the Unincorporated Joint Venture ("UJV") for the 2014 calendar year.

In terms of the provisions of the Unincorporated Joint Venture Agreement between Baobab and the IFC, the IFC will suffer a dilution in their percentage UJV rights from 15 per cent to 12.89 per cent.

As at 31 December 2014, an amount of GBP985,752 was receivable from the IFC. This represented the IFC's contribution towards Joint Venture project expenses for the 2014 calendar year. This receivable will not be recovered, but rather utilised to increase the Company's economic interest in the UJV to 87.11 per cent.

De-Listing Proposal and Redbird Takeover Offer

It was announced on 27 February 2015 that the Independent Directors had reached agreement with Baobab's major shareholder, Redbird Investments Limited ("Redbird"), a wholly owned investment vehicle of African Minerals Exploration & Development Fund SICAR, S.C.A. ("Fund I"), on the terms of a proposal for seeking the cancellation of the admission of the Company's ordinary shares of 1 pence each ("Shares") to trading on AIM (the "De-Listing") and the making of a cash offer for all of the Company's Shares not already owned by Redbird for a cash consideration of 6.0 pence per Share (the "Offer").

The Independent Directors are unanimously of the view that the proposed De-Listing is in the best interests of all shareholders, and will, even if the Offer does not complete, propose a General Meeting and unanimously recommend that shareholders vote in favour of the proposed De-Listing. The Independent Directors, who have been so advised by Canaccord Genuity Limited, as the independent financial adviser for the purposes of Rule 3 of the Code, when taking into account the current financial status of the Company, believe the terms of the Offer to be fair and reasonable and recommend that Shareholders accept the Offer. In providing its advice to the Independent Directors, Canaccord Genuity Limited has taken into account the commercial assessments of the Independent Directors. The recommendation is further set out in the announcement dated 27 February 2015 (the "Announcement") and the Offer Document which is expected to be posted to Baobab shareholders on or before 27 March 2015.

Note 3 DIVIDENDS

No interim dividend is being paid or proposed.

Note 4 LOSS PER SHARE

Loss per share has been calculated on the weighted average number of Ordinary Shares in issue.