



MUNDONGUARA PROJECT – STAGE 1 RESOURCE ESTIMATE
4 August 2008

Baobab Resources plc (AIM:BAO) ('Baobab' or 'the Company') is pleased to announce the completion of a Stage 1 Mineral Resource for the Company's flagship Mundonguara Project in Mozambique. The Mundonguara Project lies within License 1022L which is wholly owned by Baobab through its Mozambique company Capitol Resources Lda.

Highlights

- **A Stage 1 JORC Inferred Mineral Resource on the 1km long Mine portion of the Mundonguara Project of 3.1Mt @ 1.4% copper, 0.11g/t gold and 2.1g/t silver using a 0.3% Cu lower cutoff grade extending to a maximum depth of 200m below existing development.**
- **Mineralisation remains open at depth and along strike.**
- **Significant potential outside resource area along strike in the Seymour Project area where on-going exploration is developing a +3km long corridor of copper/gold mineralisation.**
- **Less than US\$90 per copper tonne discovery cost.**
- **IP survey covering 6km of strike commenced.**
- **Aggressive drilling campaigns to prove additional resources at depth and along strike have been designed and tender process commenced.**
- **Metallurgical scoping study commissioned.**

Commenting today, Brett Townsend, the Company's acting Managing Director, stated: "Baobab is very pleased with the outcome of the first of our resource estimates for Mundonguara which confirms our belief that the System can host significant mineralisation. The resource envelope covers a fraction of the prospective geology and our exploration campaigns over next 12 months will be targeting the depth extensions to the mine itself and the along strike potential which, despite being highly prospective, has experienced almost no historical exploration.

"The resource estimate heralds an exciting year for Baobab and its shareholders as the project progresses from this solid base."

Resource Estimate

Table 1: Summary of Mundonguara Mineral Resource

Deposit	Category	Tonnage (Mt)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)	Contained Cu Tonnes
Mundonguara Mine	Inferred	3.13	1.4	0.11	2.1	42,500

Note: Estimate calculated using Inverse Distance Squared technique with a Lower Cutoff grade of 0.3% Cu, with no high grade cuts applied to Cu, Au and Ag data. Appropriate rounding has been applied.

Internationally respected consultancy, **Coffey Mining Ltd**, was commissioned to complete the initial resource estimate based on results from surface and underground drilling and channel

sampling completed by the Company. The resource estimation parameters are detailed below.

Forward Programme

IP survey

Australian based geophysical contractor, Search Exploration Services, is currently on site conducting a detailed dipole-dipole induced polarity (IP) survey over the mine and its along strike continuations to the west and northeast. The results from the survey, coupled with the completed soil geochemistry, will assist in the precise targeting of the next phase of drilling.

Metallurgical Scoping Study

Baobab has commissioned a scoping study from its metallurgical consultants, Mineral Engineering Technical Services (METS) that will include preliminary test work examining the metallurgy of the ore and the best extraction methodologies for its constituents.

Drilling Tenders Sought

Diamond drilling testing the Mine at depth below the current resource envelope and reverse circulation (RC) drilling of the western strike continuations of the resource has been designed and tenders are currently being sought from drilling contractors.

Background: Mundonguara Mine

The Mundonguara mine has been intermittently exploited for copper, gold and silver from the turn of the 20th century until its closure in 1989 due to complications arising from a protracted civil war. In the mine's final phase, underground development extended to depths of +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. The power lines from the Cahora Bassa hydroelectric power scheme pass within 40km of the mine.

The Company has completed 3596m of underground diamond drilling, 1748m of surface RC drilling and 1838m of underground channel sampling at the Mundonguara mine. For a detailed breakdown of this exploration, please refer to AIM release of 20 June 2008.

Background: Along Strike Extensions

The strike potential to the west and east of the mine is robust and has received little attention in the past. The Seymour Prospect lies approximately 1km along strike to the west of the mine and is intruded by a deeply weathered and altered felsic body hosting both disseminated and stockwork style copper and gold mineralisation. The dimensions of the intrusive body have not been constrained. The historic Seymour workings themselves appear to have been sunk on a massive sulphide vein immediately south of the intrusive. Additional mineralised intrusives have been identified 500m further to west again of the Seymour Prospect.

The Company's on-going exploration programme has included surface trenching and RC drilling at the Seymour prospect. Over the intrusive, trenching returned intersections of up to 20m grading 3.7% copper and 0.82 g/t gold from MTR001. These grades were confirmed by the RC drilling which returned best intercepts of 17m grading 2.1% copper from 13m in MRC032 and 3m grading 9.59 g/t gold from 103m in MRC031. For further details on the Company's exploration successes in the Seymour area, please refer to previous AIM releases (22 October 2007, 10 December 2007 and 18 March 2008).

The western continuation of the mine sequence has been fault off-set approximately 2.5km to the northeast. Recent MMI soil geochemical sampling in this area has identified copper anomalies of a similar tenor as those overlying the mine, indicating that mineralisation may well persist in this area.

Resource Estimation Parameters

Table 2: Mundonguara Mineral Resource Reported for a Range of Cu Cutoff Grades

Lower Cutoff Grade (% Cu)	Tonnes (x 1,000,000)	Cu Grade (% Cu)	Cu Metal (tonnes x 1,000)	Au grade (g/t)	Au Metal (Ozs x 1,000)	Ag grade (g/t)	Ag Metal (Ozs x 1,000)
Category: Inferred				Technique: Inverse Distance Squared			
0.3	3.13	1.4	42.5	0.11	11.1	2.1	208.1
0.5	2.70	1.5	40.7	0.12	10.4	2.2	193.4
0.7	2.38	1.6	39.0	0.13	9.9	2.4	185.7
1	1.34	2.3	30.6	0.18	7.8	3.3	142.9

The Stage 1 Mineral Resource at the Mundonguara Project was completed by Coffey Mining Pty Ltd and used the following parameters and considerations:

- 29 individual mineralisation domains used.
- 1 metre composites were generated.
- After statistical analysis, no topcuts were applied to the Cu, Au and Ag composite data.
- Inverse distance estimation method using power of 2.
- Up to 12 composites used in block estimates.
- Isotropic searches were used to accommodate variable orientations of the narrow zones containing limited data.
- Bulk densities used in the model were based on 846 Archimedean determinations from underground diamond core material. Based on the results, average bulk densities were applied to the model as follows:
 - For all waste material and unmineralised wallrock, a bulk density of 2.9 t/m³ was applied.
 - For all vein-hosted mineralised material, a bulk density of 3.1 t/m³ was applied.
 - For all diorite hosted (low grade) mineralised material, a bulk density of 3.0 t/m³ was applied.
- The model was depleted for historic underground development and stoping.
- The resource has been allocated entirely to Inferred category.
- The reported grades, tonnages and contained tonnages have been appropriately rounded in accordance with recommendations of the JORC code.
- All resource estimate work has been undertaken by suitably qualified and competent persons as required by the JORC code.
- The resource encompasses an envelope extending from surface to a maximum depth of 200m below existing development over a strike length of approximately 1km.
- All drill holes and channel samples used in the resource estimate were completed by Baobab (please refer to AIM announcement dated 20 June 2008 for sampling protocol and QAQC measures).
- All drillhole and channel collars were surveyed by registered survey consultants CABOT Survey Partnership.
- Most drillholes were downhole surveyed by Digital Surveying (South Africa) using a Gyrosmart instrument.
- No assumptions have been made about mining or processing methods.
- Rounding errors may occur.

The information in this statement that relates to the Mineral Resource is based on information compiled by Brian Wolfe, who is a Member of The Australasian Institute of Mining and Metallurgy. Brian Wolfe is an employee of Coffey Mining Ltd. Brian Wolfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and for the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code". Brian Wolfe consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this release that relates to Exploration Results is based on information compiled by Technical 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.

Download of this announcement is available from the Baobab website at: www.baobabresources.com

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