

BAOBAB RESOURCES

DEVELOPING AN IRON & STEEL INDUSTRY IN MOZAMBIQUE



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February 2012

- Located in the emerging mining & industrial hub of Tete, where tier one coal deposits are being developed by global industry leaders.
- Unique access to all critical infrastructure & complementary resource requirements.
- The Global JORC resource base is fast approaching 500Mt (*current inventory: 324Mt*).
- Scoping Study underlines the potential to add substantial value at the mine-mouth through smelting of pig iron with compelling economics:

US\$690m	initial capex.
US\$1.4b	NPV10 (before tax).
34%	Internal Rate of Return (IRR before tax).
- Pre-Feasibility Study underway.

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- Baobab Resources Plc listed on AIM in 2007.
 - Portfolio of 5 green to brown fields projects boasting a range of commodities, including:
 - Tete: iron / vanadium / titanium
 - Muande JV: iron / phosphate – earning in to North River Resources plc tenure
 - Mundonguara: copper / gold / nickel
 - Changara: Broken Hill type base metals & manganese – JV with Ferrex plc
 - Sanangoe & Senga Senga: base & precious metals
- Baobab owns 85% of the Tete project since bringing in International Finance Corporation (IFC), a member of the World Bank group, in 2008/2009. IFC now has a 15% contributing interest in the project & is the Company's largest shareholder.



Shares on issue: 187.6m
Warrants: 0.4m
Options: 24.2m

Fully Diluted: 212.2m

Market Cap: £30m

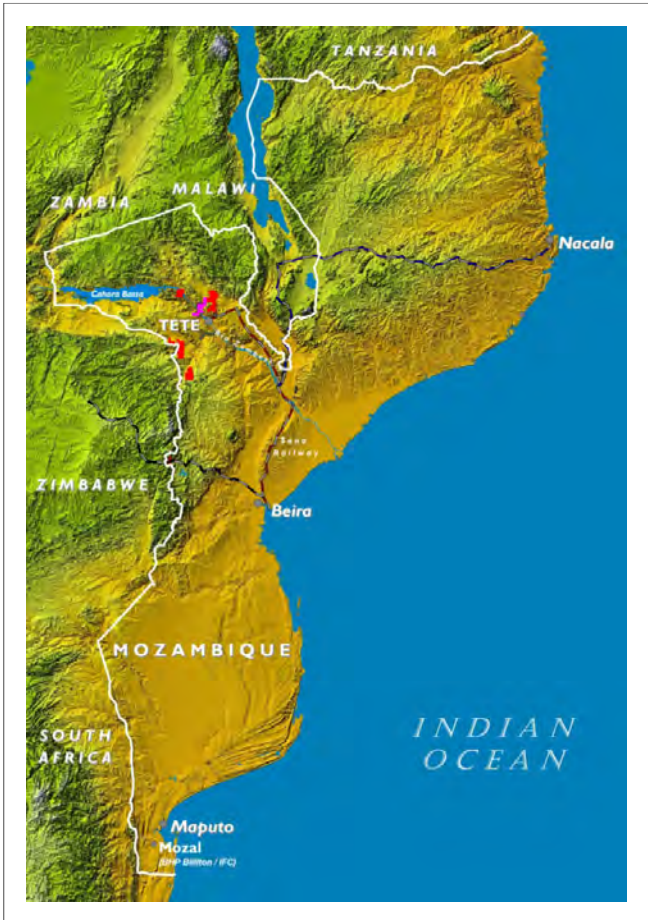


MOZAMBIQUE

SOUTHERN AFRICA'S RISING STAR



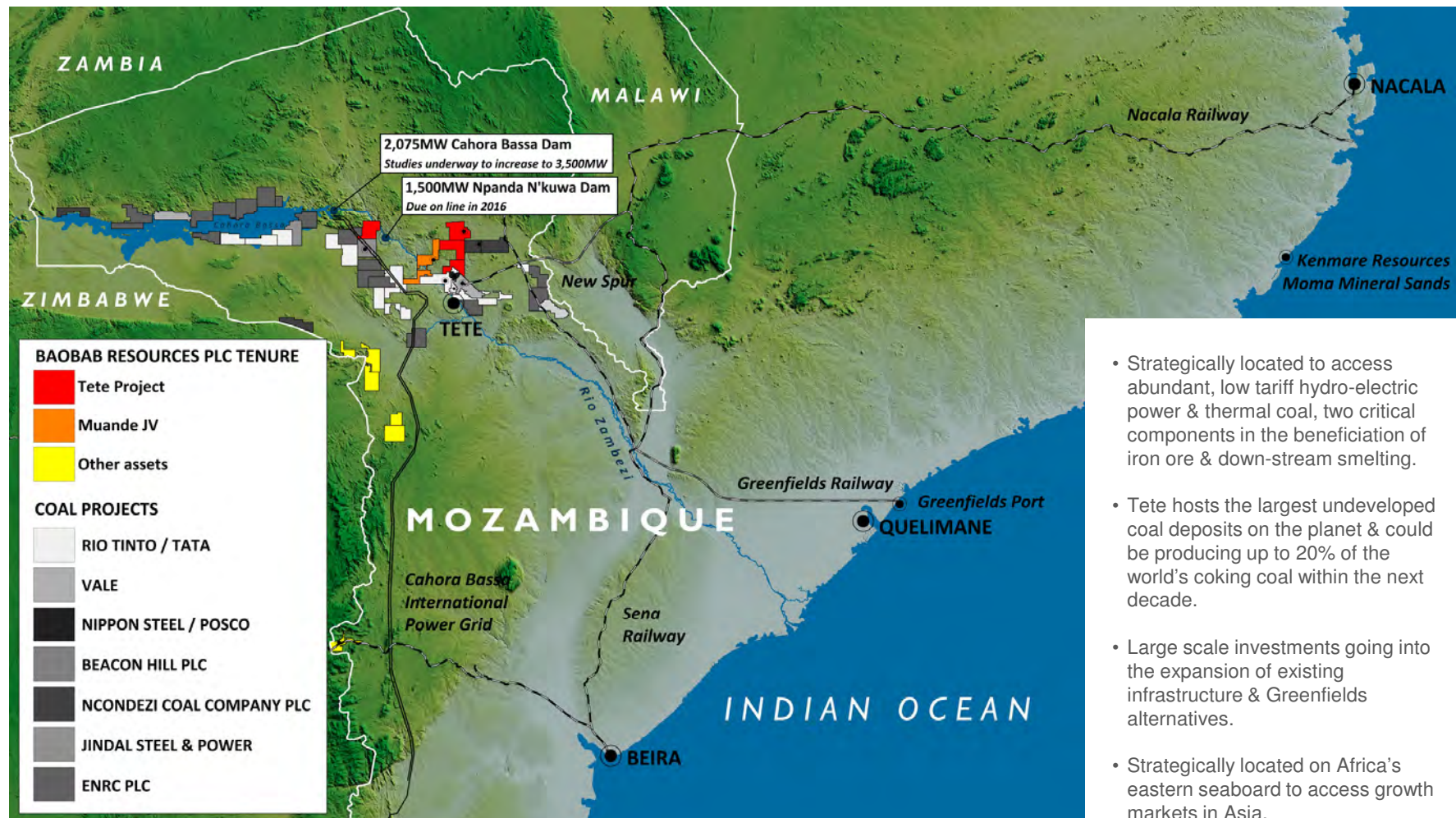
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- Robust geological provinces with little or no historic exploration.
- Stable, democratic government.
- Modern Mining Act & Cadastral licensing system guaranteeing security of tenure.
- Good infrastructure with major investments into transport, communications, power, agriculture, industry & mining.
- The Mozambican Government is firmly committed to encouraging foreign investment in developing Mozambique's mining industry.
- Flourishing mining industry with major players.

TETE IRON / VANADIUM / TITANIUM PROJECT

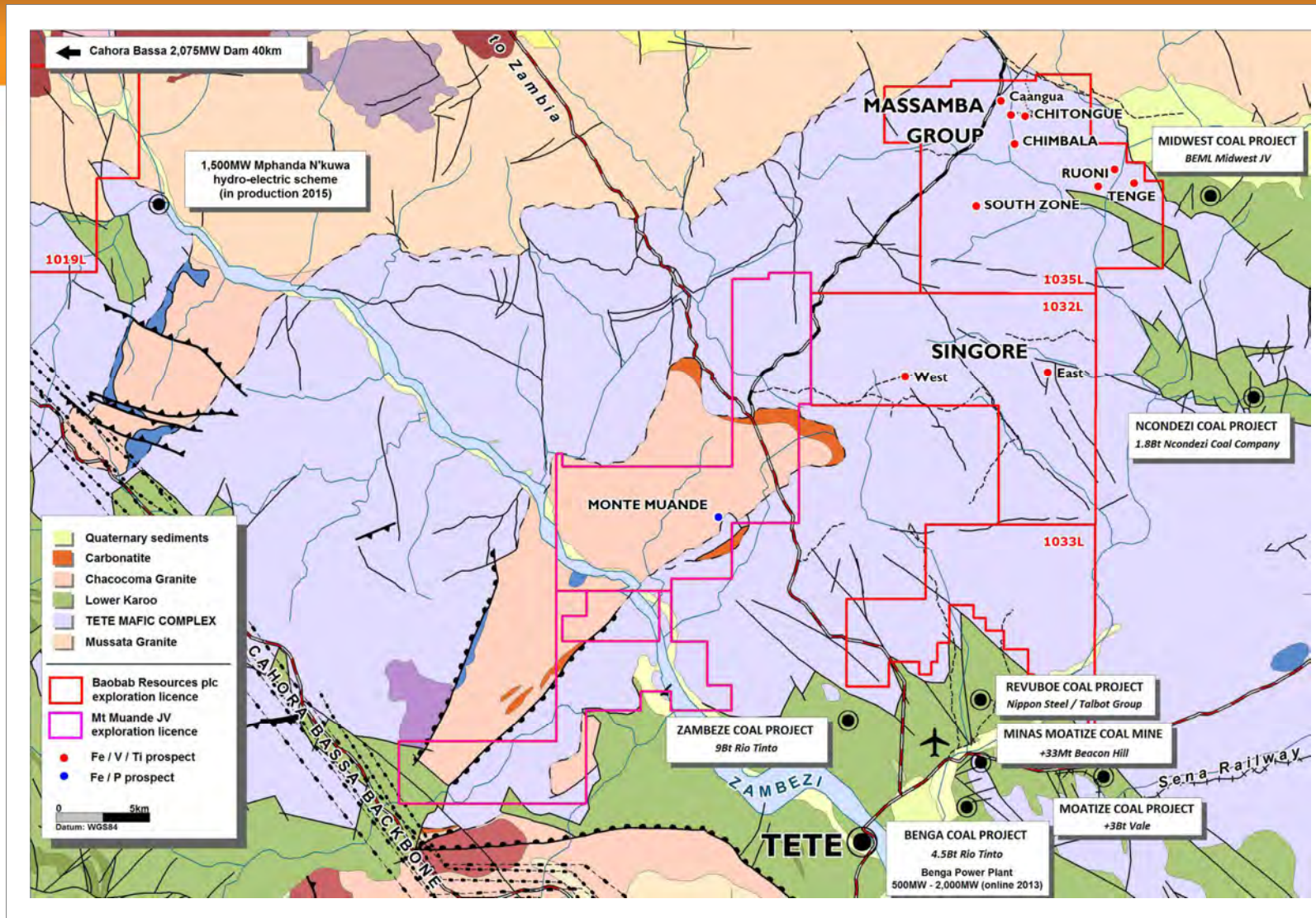
A MAJOR ASSET IN AN EMERGING MINING & INDUSTRIAL HUB OF SOUTHERN AFRICA



- Strategically located to access abundant, low tariff hydro-electric power & thermal coal, two critical components in the beneficiation of iron ore & down-stream smelting.
- Tete hosts the largest undeveloped coal deposits on the planet & could be producing up to 20% of the world's coking coal within the next decade.
- Large scale investments going into the expansion of existing infrastructure & Greenfields alternatives.
- Strategically located on Africa's eastern seaboard to access growth markets in Asia.

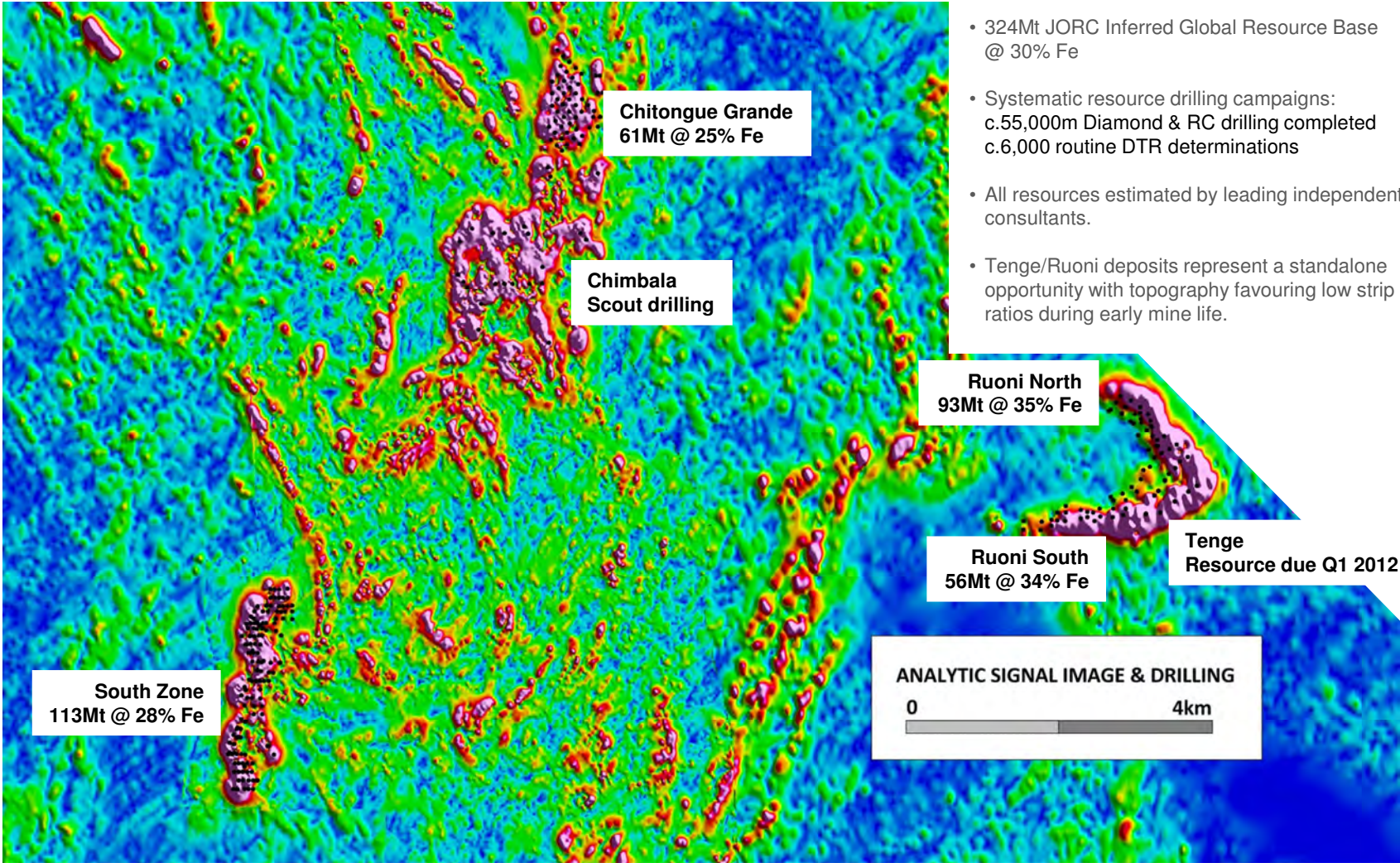
PROJECT INFRASTRUCTURE & GEOLOGY

STRATEGIC LAND POSITION STRADDLING 620km² OF TETE MAFIC COMPLEX



MASSAMBA GROUP: +300Mt & GROWING

SMALL FOOTPRINT / LARGE POTENTIAL



- 324Mt JORC Inferred Global Resource Base @ 30% Fe
- Systematic resource drilling campaigns: c.55,000m Diamond & RC drilling completed c.6,000 routine DTR determinations
- All resources estimated by leading independent consultants.
- Tenge/Ruoni deposits represent a standalone opportunity with topography favouring low strip ratios during early mine life.

SCOPING STUDY RETURNS POSITIVE RESULTS

TWO SCENARIOS ASSESSED / BOTH HIGHLIGHTING ROBUST PROJECT ECONOMICS



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- Scoping Study completed by independent consultants Coffey Mining Pty Ltd.
- Two scenarios assessed:
Scenario A: 3Mtpa concentrate production
Scenario B: 1Mtpa pig iron production.
- Only 93Mt of the current 324Mt global resource base was used in the economic analysis.
- No value has been ascribed to the vanadium content in either scenario.
- Results underline value-add potential of pig iron production, due largely to Project's strategic access to low tariff power & coal.
- Production of pig iron will broaden market options & mitigate the requirement to compete for port & rail access.

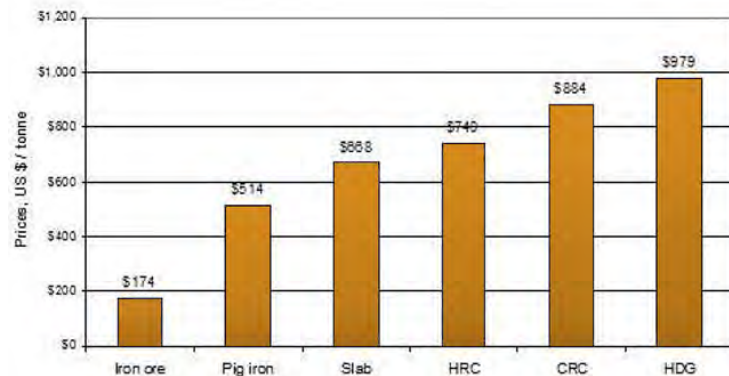


Table 1 – NPV & IRR estimations for Scenarios A & B

Item	Unit	Scenario A Iron Concentrate	Scenario B Pig Iron
Resource base	Mt	93	93
Product produced	Mtpa	3	1
Gross Revenue	US\$M	5,133	12,101
Royalty	US\$M	154	363
Net Revenue	US\$M	4,979	11,738
Operating Expenditure	US\$M	2,735	4,571
Capital Expenditure			
- Initial	US\$M	448	690
- Sustaining	US\$M	101	297
Cashflow	US\$M	1,695	6,180
Annual average net cash flow after CAPEX	US\$M	143	275
NPV @ 10%			
- Before tax	US\$M	467	1,361
Internal Rate of Return (IRR)			
- Before tax	%	28	34
Payback (Based on discounted cashflow)	Yr	4.1	3.2
Mine life	Yr	15	25

SCOPING STUDY: PROCESS FLOW SHEETS

UTILISING LOW CAPEX, WELL ESTABLISHED TECHNOLOGY



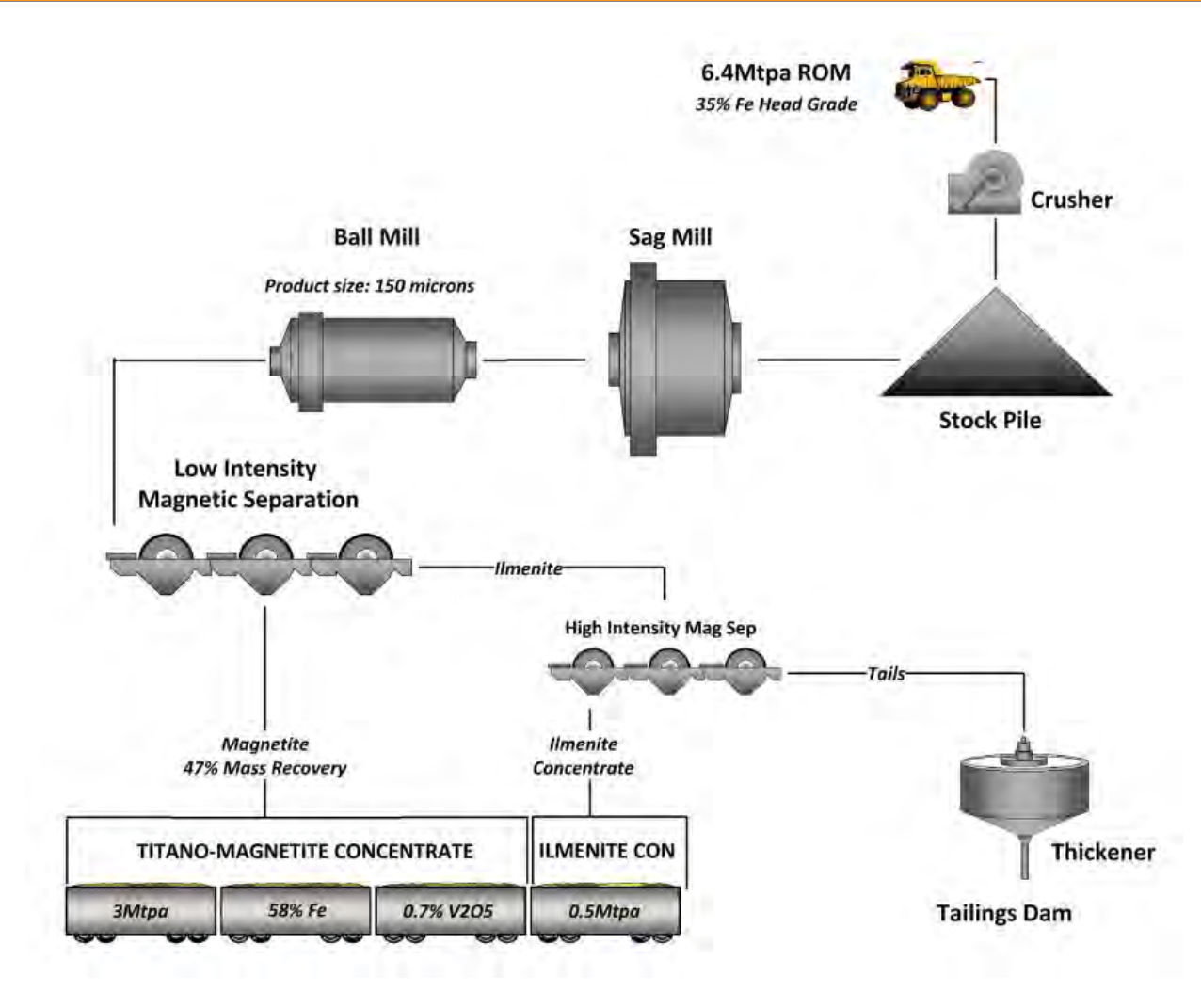
Scenario A

Milling 6.4Mtpa to produce:

- 3Mtpa Titano-magnetite Concentrate
- 0.5Mtpa Ilmenite Concentrate

Financial Model Fundamentals:

- US\$448m Capex
- US\$467m NPV₁₀
- 28% IRR



SCOPING STUDY: PROCESS FLOW SHEETS

UTILISING LOW CAPEX, WELL ESTABLISHED TECHNOLOGY



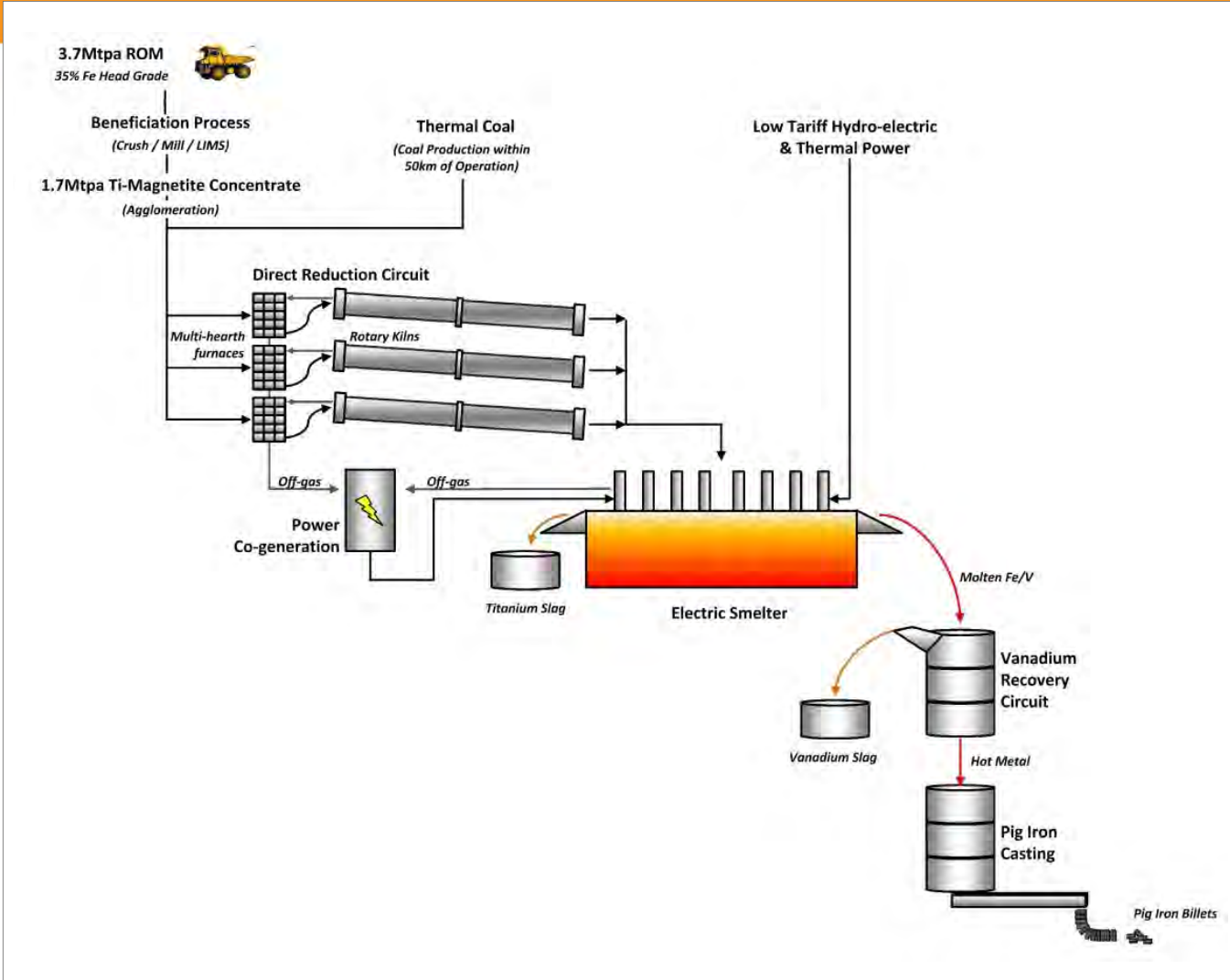
Scenario B

Milling 3.7Mtpa to produce:

- 1Mtpa Pig Iron
- 0.3Mtpa Ilmenite Concentrate

Financial Model Fundamentals:

- US\$690m Capex
- US\$1.4b NPV₁₀
- 34% IRR



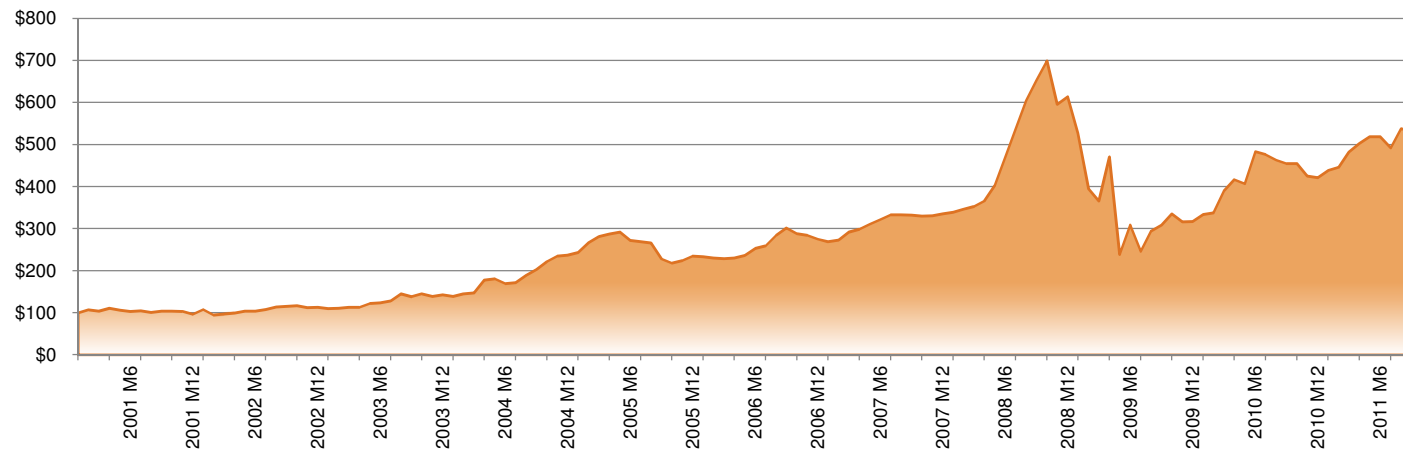
PIG IRON MARKET

RAPID GROWTH SECTOR



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- Pig iron is used in the production of Crude Steel products.
- The pig iron market size is experiencing rapid growth & is currently estimated at c.70Mtpa (inclusive of domestic Chinese market).
- Demand is largely driven by the increasing number of electric arc furnace (EAF) steel plants being commissioned.
- EAF's, which primarily process scrap metal, value pig iron for its consistent high density, low impurity, qualities & its predictable behaviour in the smelting process.
- Growing regional demand for Crude & Finished Steel products as urbanisation increases & large scale infrastructure projects come on line (hydro-power & rail).



Brazilian Pig Iron FOB Export Prices (Source: Steelonthenet.com)

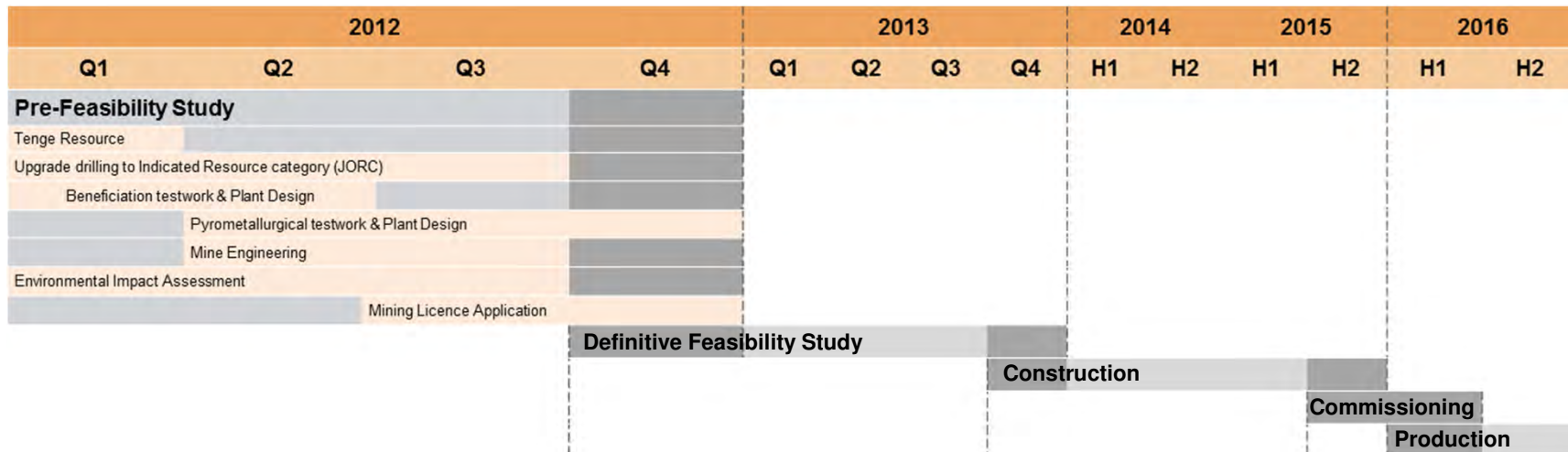
2012 TETE PRE-FEASIBILITY STUDY

UNLOCKING THE IRON & STEEL POTENTIAL OF MASSAMBA



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- The project's strategic proximity to abundant low tariff hydro-electric power, coal resources & water presents a unique opportunity to add additional value on site through low CAPEX / low OPEX mine-mouth smelting.
- Pre-Feasibility Study will consist of:
 - Stage 1: beneficiation of a concentrate for export.
 - Stage 2: smelting of concentrate to produce pig iron.
 - Stage 3: further upgrade to generate steel products.
- Developing higher value products on site reduces exposure to market fluctuations & mitigates the requirement to compete for rail infrastructure.
- Discussions with government & key stakeholders underway.



PRE-FEASIBILITY MANAGEMENT TEAM

INFORMED, INNOVATIVE COLLABORATION OF INDUSTRY SPECIALISTS



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Christian Kunze, Project Manager

- Masters Degree in Mechanical Engineering & Business Administration.
- 15 years international management experience in iron ore project development, plant engineering & steel manufacture.
- Well established network of industry associates in the Africa, USA, Europe, Asia & Australia.
- Combined technical expertise & commercial understanding.



Dr John Clout, Process Consultant

- Former Head of Resource Strategy at FMG.
- Former CSIRO manager & adviser to Rio Tinto, BlueScope, OneSteel, Robe River, Hancock & WISCO.
- Adjunct Professor at the School of Mechanical & Chemical Engineering, University of Western Australia.
- Leader in iron ore petrography, metallurgy, beneficiation, downstream processing & marketing.



Coffey Mining, Resource, Mining & Environmental Consultants

- +50 years experience as specialist mining consultants operating in over 60 countries across the globe.
- Provides a full range of services to the mining sector from engineering to environmental management.
- Contributed to iron ore feasibility studies for clients including FMG, Atlas Iron, Robe River, BHP Billiton, Gibson Iron, OneSteel, Hancock Prospecting, Grange Resources, Brockman Resources & Midwest Cooperation.



SNC-Lavalin, Processing & Infrastructure Consultants

- One of the largest engineering & construction groups in the world, consistently ranked in the top ten international design firms by Engineering News Record.
- Provider of engineering, procurement, construction & project management services, from feasibility level through to project execution.
- Recently executed studies relating to the beneficiation of magnetite & heavy mineral sands projects, including FMG's North Star Magnetite Project, Zammin Ferrous' Valentines Magnetite Project & Grand Cote Mineral Sands Project.



SNC • LAVALIN

TETE PROJECT SUMMARY

FROM CONCEPT TO FLAGSHIP



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SCALE

- Current resource base supports c.30 year mine life.

COMMODITY

- Scoping study points towards the viable production of high quality iron, titanium, vanadium products.

LOCATION & INFRASTRUCTURE

- Proximity to all critical infrastructure & resource requirements.
- Tete will be a globally significant mining & industrial hub within the next decade, producing up to 20% of the world's coking coal.
- Strategic access to Africa's eastern seaboard.

SUBSTANTIAL UPSIDE

- Strategic access to complementary resources (abundant low tariff hydro-power, coal & water).
- Developing domestic & SADC demand for refined iron & steel products.
- Potential to add further value on site through Mine Mouth smelting demonstrated.

MANAGEMENT

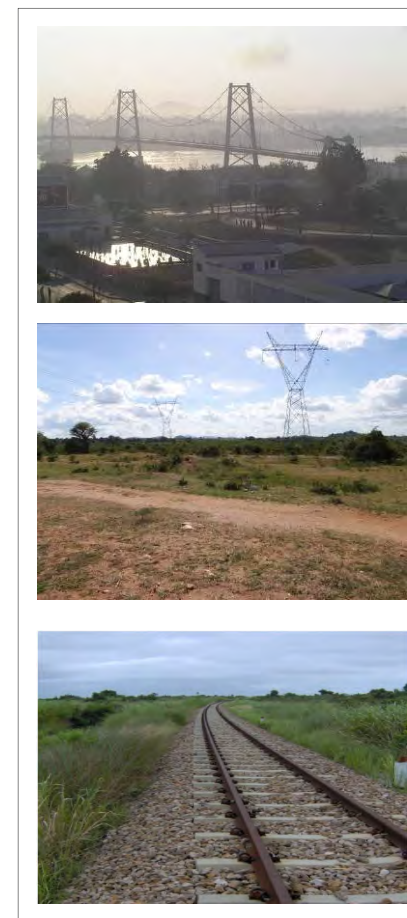
- Demonstrated ability to rapidly assess & develop projects.

PARTNERSHIPS

- Strategic partnership with IFC.

FORWARD PROGRAMME

- Clearly defined development programmes in place to complete PFS by Q4 2012.



BOARD PROFILE

DEMONSTRABLE EXPERIENCE, FOCUS & SUCCESS



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Jeremy Dowler, Chairman

- Board member of various resource companies over the past 20 years.
- Qualified as a Chartered Accountant.
- Non-executive director of Welsh coal miner Unity Power Plc.
- Founding shareholder & former finance Director of Platmin Limited, an TSX & AIM listed platinum exploration & mining company.



Ben James B.Sc., Managing Director

- Geologist with over 15 years global experience in the mineral exploration industry (MAusIMM).
- Working experience in a wide variety of geological terrains & commodities.
- Formerly Exploration Manager & Technical Director of Baobab Resources since 2006.



Jonathan Beardsworth, Non-executive Director

- Former CEO of Metals Exploration Plc. Previously was head of the London office of Standard Bank Plc's Mining & Metals team.
- Over 12 years experience of M&A & strategic advisory assignments in the mining industry worldwide.



Jon Crowe, Non-executive Director

- Active in exploration for over 30 years, since 1994 in southern Africa.
- Founding director of Baobab Resources & Zambezi Resources.

ANNEXURE 1:

MASSAMBA GROUP: GLOBAL RESOURCE INVENTORY



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Tete Iron Ore Project – Summarised Grade Tonnage Report

Whole Rock Grade Estimates Derived by Ordinary Kriging – *15% Lower Cutoff Grade Applied **No Lower Grade Cutoff Applied
Resource Classification Based on JORC Code (2004) Guidelines

AREA	Resource Classification	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 (%)
Ruoni South*	Inferred	56.2	33.7	0.4	12.5	18.7	10.6	0.004	-1.1	3.1	0.3	4.8	0.2	1.2	0.2
Ruoni North**	Inferred	93.4	34.6	0.4	12.7	12.8	10.2	0.003	-1.6	2.6	0.2	5.0	0.2	1.2	0.2
Chitongue Grande**	Inferred	60.9	24.9	0.2	9.6	29.4	12.0	0.003	-0.2	4.8	0.7	4.6	0.2	2.1	0.3
South Zone**	Inferred	113.0	27.5	0.2	10.1	25.9	8.0	0.290	-0.7	5.2	0.3	6.9	0.3	1.2	0.3
TOTAL	Inferred	323.5	30.1	0.3	11.2	21.5	9.8	0.103	-0.9	4.0	0.4	5.5	0.2	1.4	0.3

Where no lower cut-off grade has been applied, the resource blocks have been constrained by geologically defined mineralised zones & therefore reported accordingly; it is currently assumed that mining selectivity is limited within the mineralised zones. Three-dimensional block models were generated for the Ruoni South deposit to enable grade estimation. Coffey Mining has based its grade interpolation on Ordinary Kriging. Grade was interpolated based on 4m composite samples using domain control for both composite & block selections applying hard boundaries between the zones. Ordinary Kriging was also used to obtain estimates of DTR & service variables for Ruoni South. The concentrate grades (Fe, V₂O₅, TiO₂, SiO₂, Al₂O₃, P, LOI, CaO, K₂O, MgO, Mn, Na₂O & S) were then back calculated from these estimates. For the concentrate grades of all other resource blocks, a service variable approach to the estimation of block concentrate grades is required to account for the variation in the percent weight.

CONCENTRATE CHARACTERISTICS

- **GLOBAL RESOURCE: 60.2% Fe, 0.8% V₂O₅, 9.7% TiO₂, 1.1% SiO₂, 3.3% Al₂O₃, 0.001% P & 0.2% S at a Mass Recovery of 31.4%.**
- RUONI SOUTH: 61.7% Fe, 0.9% V₂O₅, 7.96% TiO₂, 1.0% SiO₂, 3.10% Al₂O₃, 0.001% P & 0.2% S at a Mass Recovery of 34.5%.
- RUONI NORTH: 58% Fe, 0.8% V₂O₅, 12.9% TiO₂, 0.8% SiO₂, 3.5% Al₂O₃, 0.001% P & 0.1% S at a Mass Recovery of 47%.
- CHITONGUE GRANDE: 64% Fe, 0.7% V₂O₅, 4.8% TiO₂, 1.5% SiO₂, 2.8% Al₂O₃, 0.001% P & 0.4% S at a Mass Recovery of 20%.
- SOUTH ZONE: 61% Fe, 0.7% V₂O₅, 7.7% TiO₂, 1.5% SiO₂, 3.2% Al₂O₃, 0.001% P & 0.3% S at a Mass Recovery of 23%.