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TETE STEEL PROJECT VISION
TO BUILD MOZAMBIQUE WITH MOZAMBIQUE STEEL

UNIQUE OPPORTUNITY TO BECOME SOLE SUPPLIER TO MOZAMBIQUE’S RAPID GROWTH, IMPORT DEPENDENT DOMESTIC STEEL MARKET; THEREBY DE-COUPLING PROJECT FROM FLATTENING GLOBAL MARKET TRENDS.

Domestic steel production is an essential prerequisite for a developing nation to be able to rapidly ‘tool-up’.

The Tete Steel Project has the potential to form the cornerstone of Mozambique’s steel industry for the next 100 years, delivering robust investor returns and unprecedented local and national socio-economic benefits.

Underlying world class iron ore resource and modular steel making technology will facilitate production expansion to match national and regional growth profiles.

GAME CHANGING PROJECT FOR MOZAMBIQUE, ATTRACTING UNPRECEDENTED GOVERNMENT SUPPORT AND STRATEGICALLY ALIGNED WITH THE 2015 PRESIDENTIAL MANIFEST AND 5 YEAR PLAN.
OVERVIEW
FIRST MOVER ADVANTAGE IN MOZAMBIQUE

<table>
<thead>
<tr>
<th><strong>YEARS IN MOZAMBIQUE:</strong></th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMPANY STATUS:</strong></td>
<td>Private (delisted in May 2015 after 8 years on AIM)</td>
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<td><strong>SHAREHOLDING:</strong></td>
<td>91% Africa Mineral Exploration &amp; Development fund (AMED)</td>
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<td><strong>INVESTMENT QUANTUM:</strong></td>
<td>c.US$50m in Mozambique to date</td>
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<tr>
<td><strong>LOCAL REPRESENTATION:</strong></td>
<td>Capitol Resources Lda</td>
</tr>
<tr>
<td><strong>OFFICES:</strong></td>
<td>Maputo - <em>corporate</em></td>
</tr>
<tr>
<td><strong>FLAGSHIP ASSET:</strong></td>
<td>Tete Iron &amp; Steel Project</td>
</tr>
<tr>
<td><strong>ASSET OWNERSHIP:</strong></td>
<td>Baobab 87%</td>
</tr>
<tr>
<td><strong>RESOURCE INVENTORY:</strong></td>
<td>759Mt @ 34% Fe (JORC: 156Mt Measured</td>
</tr>
<tr>
<td><strong>SECURITY OF TENURE:</strong></td>
<td>25 year Mining Concession awarded</td>
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</table>

WITH STRATEGIC ACCESS TO CAPTIVE IRON ORE, LOW COST COAL AND ABUNDANT WATER RESOURCES, BAOBAB IS COMPLETING A BANKABLE FEASIBILITY STUDY TO DEMONSTRATE THE COMMERCIAL VIABILITY OF A 500ktpa INTEGRATED MINING AND STEEL MAKING OPERATION.
• Mozambique is experiencing rapid growth across all sectors, particularly:
  • OIL & GAS
  • MINERAL RESOURCES
  • INFRASTRUCTURE
  • POWER GENERATION
  • URBANISATION

• Baobab’s project is located in the emerging mining, logistics and industrial hub of Tete and is strategically positioned to support national and regional development.

7% REAL GROWTH RATE
TOP 10 FASTEST DEVELOPING COUNTRIES IN AFRICA
STABLE MULTI-PARTY DEMOCRACY
SIGNIFICANT INWARD INVESTMENT FROM ASIA
Baobab’s Tete Project is centrally located in a region with rapidly growing GDP and steel demand.

Excellent transport links into Zambia, Zimbabwe and Northern Mozambique, allows Baobab to target key markets which are currently relying on expensive imported steel.

Located in the Mozambique coal belt and with access to its own iron ore mine, the Tete project is able to leverage locally available raw materials to generate a low cost product.
TETE STEEL PROJECT
STRONG GROWTH DRIVERS IN MOZAMBIQUE & NEIGHBOURING COUNTRIES

COPPERBELT
Zambia | DRC
• Development of NW Rail to Lobito in Angola
• Kolwezi-Angola route offers another option for copper exports out of the DRC
• Power projects (Maamba, ITPC, CEC)

GAS BELT
Northern Mozambique | Tanzania
• Significant LNG development from Lindi to Pemba – already seeing local companies looking at integrated operations
• World class graphite deposits straddle the border – also manganese and uranium potential
• Iron ore and power potential in both countries
• Possible links to Malawi

COAL BELT
Mozambique | Zimbabwe | Botswana
• Northern RSA and Botswana through Zimbabwe and Tete – possibly Malawi and Southern Tanzania;
• Nacala Corridor is developing into Harare-Tete-Malawi-Nacala integrated zone already
• Iron ore and steel potential in both Tete and Southern Tanzania
• Opening up Harare-Tete corridor as well as Tete-Zim-Zambia
  – Potential to secure copper exports from the Copperbelt
• Power projects including Morupule and Mmabula in Botswana and Mphanda N’Kuwa, Ncondezi, Vale and Jindal in Mozambique.

WALVIS BAY: SADC GATEWAY
• Positioning itself as gateway for Zimbabwe, Botswana and the Copperbelt;
• Already seeing consumer goods from Brazil and EU routed from Walvis to Katanga, rather than supplied via SA;
• “Namgola” already supplied via this route

Strategic Position
There are four major growth regions in Southern Africa which will drive demand for steel through urbanisation, natural resource and infrastructure development. Baobab’s target market will cover three out of these four regions.

Source: SA International Steel Fabricators (ISF); Build Environment Professions Export Council (BEPEC)
## REGIONAL STEEL DEMAND FORECAST (000 TONNES)

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<tr>
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<tr>
<td>Kenya</td>
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<td>832</td>
<td>808</td>
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<td>960</td>
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<td>71</td>
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<td>106</td>
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<td>166</td>
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<td>183</td>
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<tr>
<td>Mozambique</td>
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<td>170</td>
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<td>194</td>
<td>204</td>
<td>214</td>
<td>225</td>
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<tr>
<td>Total: All steel products</td>
<td>8,702</td>
<td>7,205</td>
<td>7,544</td>
<td>8,624</td>
<td>8,559</td>
<td>9,744</td>
<td>10,709</td>
<td>11,244</td>
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<td>12,980</td>
<td>13,746</td>
<td>14,489</td>
<td>15,227</td>
<td>16,004</td>
<td>16,820</td>
<td>17,678</td>
<td>18,580</td>
<td>19,527</td>
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<tr>
<td>Total: Long steel products</td>
<td>5,654</td>
<td>5,090</td>
<td>5,037</td>
<td>5,595</td>
<td>5,517</td>
<td>6,353</td>
<td>6,961</td>
<td>7,309</td>
<td>7,937</td>
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<td>9,418</td>
<td>9,898</td>
<td>10,403</td>
<td>10,933</td>
<td>11,491</td>
<td>12,077</td>
<td>12,693</td>
</tr>
</tbody>
</table>

Source: World Steel Organisation

**MOZAMBIQUE IS EXPECTED TO SEE A CAGR FOR STEEL OF MORE THAN 6% PER ANNUM IN THE PERIOD UNTIL BAOBAB’ S PROJECT REACHES STEADY STATE PRODUCTION IN 2021 AND THE SADC REGION AS A WHOLE A CAGR OF 5.5% FOR THE SAME PERIOD.**
TETE STEEL PROJECT
SOLE PRODUCER IN AN AREA OF EXPONENTIAL STEEL DEMAND GROWTH

• Demand for steel in Mozambique and the region is experiencing strong growth on the back of rapid industrialisation, commissioning of large scale infrastructure projects and ongoing urbanisation.

• Nearly all steel is currently imported into Mozambique and surrounding target markets (Zimbabwe, Zambia, DRC, Malawi, Tanzania), with price and availability a major barrier to consumption.

• Conservative estimates expect Mozambique steel demand alone to reach 700,000 tonnes per annum by 2025.

• Significant growth potential, as demonstrated by national per capita steel consumption statistics.

• Tete project strategically located to service interior, landlocked markets (Zambia, Malawi, DRC, etc) where supply is unable to meet demand.

• All production is expected to be absorbed by national and regional demand.
Baobab’s steel plant will be built adjacent to its low cost open pit iron ore mine.

Around 50km from the plant, connected by a new haul road, Vale and ICVL are currently stock-piling all of their thermal coal production, providing the Tete Project with a key input for its DRI process as well as the potential to develop cheap captive power capacity.

A dolomite resource has also been discovered within Baobab’s mining concession and the Revuboe River provides all the water that the project needs.
PROJECT UPDATE: BANKABLE FEASIBILITY STUDY
MOZAMBIQUE’S FIRST TRULY INTEGRATED MINING & INDUSTRIAL PROJECT

KEY FOCUS AREAS
1. Mineral resources
2. Beneficiation, iron and steel making technology
3. Power solutions
4. Marketing and off-take
5. Strategic / industrial partner search
6. Industrial Free Zone application
7. Environmental licencing and community development

KEY TECHNICAL PARTNERS

Iron & Steel Making Partner: Metallurgical Corporation of China (MCC)
Metallurgy & Process Consultant: Hatch Goba
Resources & Mining Consultant: SRK
Power Services Partner: ABB

BAOBAB RESOURCES LTD IS FOCUSED ON DEVELOPING AN INTEGRATED MINING AND STEEL MAKING OPERATION IN MOZAMBIQUE, DELIVERING ROBUST INVESTOR RETURNS WITH UNPRECEDENTED SOCIO-ECONOMIC BENEFITS.
1. MINERAL RESOURCES
WORLD CLASS DEPOSIT UNDERPINNING PROJECT LIFE >100 YEARS

RESOURCE BLOCK: Tenge-Ruoni
RESOURCE SIZE: 585Mt (JORC: 156 Measured | 167Mt Indicated | 262Mt Inferred) 759Mt Global Resource Inventory
RESOURCE GRADE: 36% Fe | 0.4% V₂O₅ | 13.3% TiO₂
RESERVE STATUS: 72.5Mt Probable Ore Reserve supporting c.35 years of operation (JORC2012), to be upgraded once BFS is complete
DEPOSIT GEOLOGY: magmatic vanadiferous titano-magnetite horizon, averaging 100m in thickness
FOOTPRINT: 2.5km²

STRIP RATIO OF 0.2 THROUGH THE FIRST c.35 YEARS OF OPERATION WILL CONTRIBUTE TO LOWEST QUARTILE PRODUCTION COSTS.

- Independent consultant SRK is completing pit optimisation, mine scheduling and reclassification of Resources to Reserves.
2. BENEFICIATION, IRON & STEEL MAKING TECHNOLOGY
TRIED & TESTED TECHNOLOGY WITH LONG COMMERCIAL APPLICATION IN AFRICA

ROM
36% Fe Head Grade
Beneficiation Process
Crushing (<3mm)
Low Intensity Magnetic Separation (LIMS)
Ti-Magnetite Concentrate
52% Fe Concentrate Grade

Carbonate Flux
(large dolomite deposit discovered c.5km of the operation within Company tenure)
Thermal Coal
(coal production within 50km of operation)

Direct Reduction Circuit
Rotary Kilns
Dry Bins
Off-gas
Power
Co-generation

Direct Reduced Iron (DRI) – Targeting >60% metallisation
Titanium Slag
Electric Smelter

Aggregates and Cement extender
Ferro-Vanadium Alloy
Vanadium Refinery
Vanadium Converter
Vanadium Slag
Basic Oxygen Furnace

Molten Fe/V

Rebars and Wire Rods
Rolling Mill
Billets
Continuous Casting Machine

STEEL MAKING PROCESS

DRI, IRON & FeV MAKING PROCESS
450t of Tenge iron ore and 50t of local Tete thermal coal delivered to CNMC Laboratories in Shenyang for laboratory and pilot scale comminution, beneficiation, reduction and smelting test work.

Comminution and beneficiation test work demonstrates that high yields can be achieved at a relatively coarse crusher size fraction.

PILOT SCALE COMMINUTION & BENEFICIATION RESULTS

**Comminution:** -3mm via primary crusher and HPGR

**Magnetic separation:** Wet Low Intensity Mag Sep (LIMS) at 1,800G followed by scavenging circuit

**Concentrate grade:** 52% Fe

**Mass recovery:** 57%

**Iron recovery:** 74%

**Concentrate produced:** c.140t bulk sample

ON-GOING TEST WORK HAS CONFIRMED THE ABILITY TO PRODUCE LOW IMPURITY IRON USING BAOBAB’S IRON ORE AND LOCAL MOZAMBIQUE THERMAL COAL, WHICH WILL IN TURN PRODUCE HIGH QUALITY STEEL PRODUCTS.
More than 20 laboratory pre-reduction tests have been completed using Vale coal and it has been shown that a degree of metallisation well above the targeted 60% can be readily achieved over a range of conditions.

LABORATORY SCALE PRE-REDUCTION RESULTS

<table>
<thead>
<tr>
<th>Run Number</th>
<th>Temp (°C)</th>
<th>Coal addition (x stoichiometric)</th>
<th>Time at temp. (hr.)</th>
<th>Residual C (%)</th>
<th>Metallisation (%)</th>
<th>Comment</th>
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<tr>
<td>2</td>
<td>1100</td>
<td>2</td>
<td>4</td>
<td>2.19</td>
<td>5</td>
<td>failed - kiln poorly sealed</td>
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<tr>
<td>3</td>
<td>1100</td>
<td>2</td>
<td>4</td>
<td>11.91</td>
<td>28</td>
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<tr>
<td>4</td>
<td>1150</td>
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<td>4</td>
<td>17.54</td>
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<td>4</td>
<td>8.33</td>
<td>65</td>
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<td>15</td>
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PILOT SCALE TRIALS: ISSUES, DELAYS & REMEDIATION MEASURES

• 12m CNMC pilot kiln scheduled to commence trials in December, delayed due to protracted refurbishment
• Kiln refurbishment completed and hot-commissioned on 16 January
• Off-gas exhaust system immediately overheated, causing unstable kiln conditions and an unsafe workspace. Kiln trials suspended on 18 January.
• Action plan prepared by MCC to address failure agreed by all parties. Repairs/revamp underway with an expected recommencement of pilot trials on 20 March.
• Kiln failure will result in a 4 month delay in delivery of pilot test work results
• Basic engineering, using available test work results as basis of design, will commence immediately and be revised once final pilot results are available. This will mitigate overall delay in the delivery of the first draft of the BFS (end of May 2016).
The Tete Iron & Steel project will require c.120MW of power. Although Mozambique is a net exporter of power, access to electricity is not without its challenges.

**TWO POWER OPTIONS ARE BEING ASSESSED**

**OPTION 1: Combination of Co-generation Plant, Coal-Fired Unit (CFBC) & National Grid**

- 30MW to be supplied by a co-generation plant being fuelled by cleaned off-gasses from the rotary kilns and heat-recovery from rotary kilns and Electric Arc Furnaces.
- 50MW supplied through an onsite Circular Fluidised Bed Combustion technology constructed by Thyssenkrupp with an estimate capex of US$100m.
- The balance to be supplied from the national grid.

**OPTION 2: Total Power Independence Through Co-generation & Coal-Fired Plant (BTG)**

- The Cogeneration potential of 30MW will also be studied and designed and could further be utilized to augment the coal fired power supply, increasing the potential MW’s to be sold back into the grid.
- CISDI, the steel and power division of MCC to provide on a turnkey basis 3 x 50MW boiler turbine generators to be a Baobab owned power generation plant. Detailed capex, opex and turnkey EPC proposal pending.

**ELECTRICIDADE DE MOÇAMBIQUE (EDM) IS MOZAMBIQUE’S NATIONAL POWER UTILITY. BAOBAB HAS SIGNED AN MOU WITH EDM AND IS IN THE PROCESS OF NEGOTIATING A POWER PURCHASE TERM SHEET FOR 55MW TO 100MW.**
4.1 MARKETING & OFF-TAKE
REGIONAL STEEL TRADERS SEE IMMEDIATE MARKET DEMAND FOR TETE STEEL

LETTERS OF INTEREST RECEIVED FROM REGIONAL STEEL TRADERS WITH OFF-TAKE AGREEMENTS UNDER NEGOTIATION.

TRADERS BELIEVE THERE IS A CURRENT SADC MARKET DEMAND OF BETWEEN 530KTPA AND 775KTPA OUTSIDE OF SOUTH AFRICA.

<table>
<thead>
<tr>
<th>Country</th>
<th>Deformed bar</th>
<th>Wire rod coils (5.5 -14 mm)</th>
<th>Light Channels</th>
<th>Light Mill (angles and flats)</th>
<th>Billet ( 90 – 130 mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mozambique</td>
<td>96,000 – 120,000</td>
<td>30,000 - 36,000</td>
<td>12,000</td>
<td>12,000 - 18,000</td>
<td></td>
</tr>
<tr>
<td><strong>Blue Water (Kenya, Tanzania, Ethiopia,)</strong></td>
<td>48,000 – 72,000</td>
<td>48,000 – 72,000</td>
<td>24,000 – 30,000</td>
<td>48,000 – 60,000</td>
<td>48,000 – 72,000</td>
</tr>
<tr>
<td><strong>Regional Market:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zimbabwe, Zambia, Malawi, DRC and Botswana</td>
<td>36,000 – 72,000</td>
<td>18,000 – 24,000</td>
<td>24,000 – 36,000</td>
<td>24,000 – 42,000</td>
<td></td>
</tr>
<tr>
<td><strong>Indian Ocean Market:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mauritius, Madagascar, Reunion</td>
<td>6,000 – 12,000</td>
<td>18,000 – 24,000</td>
<td>2,400 - 6,000</td>
<td>12,000 – 24,000</td>
<td>24,000 – 42,000</td>
</tr>
<tr>
<td>South Africa *</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Difficult to enter, 10% duty and dist. cost of USD 3050 /30 tonne ex Tete. Market size sufficient
4.2 MARKETING & OFF-TAKE
ACCESS TO RAW MATERIALS & BY-PRODUCTS DRIVE LOWEST QUARTILE OPEX

- World Steel Dynamics (WSD) is a ‘Strategic Information Service’ providing critical and new perspectives on possible and probable steel industry developments. WSD regularly analyzes and publishes reports on steel prices, steelmakers' costs, steel supply/demand and steel finances.

- World Steel Dynamics have completed a detailed marketing study for Baobab, focusing specifically on local and regional market demand.

- Taking into account the local access to raw materials, Baobab Resources is positioned in the lowest quartile of the global cost curve.

- In order to achieve this low cost position, a capex in the region of US $820m is estimated to be required, which in addition to the mine, processing plant and iron and steel making facilities, includes a captive coal fired power plant and a vanadium refinery.
4.3 MARKETING & OFF-TAKE
TRANSPORT COST & LOCAL PRESENCE DRIVES PREMIUM PRICE

There is currently no rebar production capacity in Mozambique, which is reliant on imports of semi-finished and finished steel, as are Tanzania and Zimbabwe.

Local markets are land-locked yet exhibit attractive growth rates for steel consumption, driving a local price premium based on the prohibitive cost and logistics constraints of importing steel.

Baobab would furthermore benefit from a local producer premium, being able to offer more tailored delivery and a higher service content than available with imported product.

Zambia has limited, low-quality, erratic supply and offers Baobab a gateway to the DRC.

LOCAL STEEL PRICE AT TETE

<table>
<thead>
<tr>
<th></th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOB China price</td>
<td>315</td>
</tr>
<tr>
<td>+ add Ocean freight</td>
<td>35</td>
</tr>
<tr>
<td>+ add Port handling &amp; land transport</td>
<td>100</td>
</tr>
<tr>
<td>+ local mill premium</td>
<td>100</td>
</tr>
<tr>
<td>Local Steel Price</td>
<td>550</td>
</tr>
<tr>
<td>Baobab cash cost</td>
<td>253</td>
</tr>
<tr>
<td>Baobab gross margin (%)</td>
<td>54%</td>
</tr>
</tbody>
</table>

Local Premium
In a land-locked region with limited domestic steel supply, import price parity (“IPP”) currently sets a floor for local steel pricing, but in reality rebar trades at a significant premium to IPP. Baobab should be able to sustain and increase this premium once it has developed a local source of supply and service offering.
5. STRATEGIC / INDUSTRIAL PARTNER SEARCH
WORKING WITH STANDARD BANK TO ENSURE PROJECT SUCCESS

Baobab Resources has commissioned Standard Bank to provide corporate advisory services.

Standard Bank

- One of South Africa’s oldest banking establishments with extensive mining and metals expertise and an unparalleled network across Africa and Asia.
- Actively involved in Mozambique with investments of c.US$1bn to date.
- Works closely with its majority shareholder, China’s largest bank, the ICBC, in identifying and facilitating African investment opportunities.
6.1 INDUSTRIAL FREE ZONE APPLICATION
ANCHOR PROJECT FOR LARGE SCALE INDUSTRIAL FREE ZONE

STEEL MAKING FACILITIES ARE OFTEN THE NUCLEI OF LARGE SCALE INDUSTRIAL
ZONES, SUPPORTING SECONDARY AND TERTIARY ENTERPRISES INCLUDING:

• Re-rolling mills producing specialty steel products
• Wire rod mill
• Rail production
• Tooling workshops producing fencing steel, wire mesh, pre-stressed concrete, bale ties, wire
  rope, bridge wire, nails, rail spikes, etc
• Clinker and cement production
• Hydro-electric and thermal coal power plants
• Pigment/paint production utilising titanium by-product
• Ferro-vanadium refinery
• Vanadium battery production
• Prefabricated reinforced concrete sections
• Myriad of downstream industries associated with steel (automotive, white-goods, etc)

INDUSTRIAL FREE ZONE APPLICATION SUBMITTED TO GAZEDA DURING OCTOBER 2015
6.2 INDUSTRIAL FREE ZONE APPLICATION
IFZ IS A MANIFESTATION OF GOVERNMENT SUPPORT

Discussions with the Mozambican government regarding the establishment of an Industrial Free Zone surrounding the project are in line with the country’s strong desire to drive an urbanisation and industrialisation agenda.

This has the potential to lead to significant tax concessions and downstream development.

Phase I includes heavy, medium and light industry (and ancillary services).

Phases 2, 3, and 4 include commercial and residential.
7. COMMUNITY & ENVIRONMENT

TETE STEEL PROJECT WILL DELIVER UNPRECEDENTED SOCIO-ECONOMIC RETURNS FOR GENERATIONS

• **ESHIA SPECIALIST STUDIES COMPLETED**
  All translations completed

• **EIA AND EMP TO BE SUBMITTED DURING Q2 2016**
  Public disclosure planned for March

• **RAP AND SDP UNDERWAY**
  Delays due to change of both Maotize and Chiuta Administrators

• **DUAT APPLICATIONS SUBMITTED**

• **EARLY STAGE COMMUNITY PROGRAMMES UNDERWAY**
  Water bores | teacher training bursaries | health education programmes

• **WATER CONCESSION APPLICATION BEING PREPARED**
  SRK studies demonstrate that perennial river abstraction is readily achievable

An Opportunity to Thrive

Baobab’s dedicated Community & Environment team works in close partnership with local communities on a range of initiatives.
2014 / 2015 HIGHLIGHTS:

- Expanded and upgraded mineral resource
- Metallurgical test work provides further confirmation of technical viability
- 25 year Mining Concession awarded
- Strategic decision to adopt full vertical integration from mining to steel production
- Southern African steel supply/demand dynamics and market growth study
- Company de-listing and open offer secured funding to complete feasibility studies
- Commissioned MCC to complete Feasibility Studies and provide EPC proposal

2016 ACTION PLAN:

1. Complete pilot scale test work (450t iron ore and 50t coal bulk samples in China).
2. Complete negotiations for coal off-take terms and conditions with local coal suppliers.
3. Draft EPC framework agreement EPC party(s).
4. Complete pit optimisation, mine scheduling and reclassification of Resources to Reserves (SRK).
6. Finalise Mining Contract.
7. Secure land use and industrial licences.
8. Secure Industrial Free Zone status.
9. Secure production off-take (steel and vanadium)
10. Finalise tariff and terms of the power purchase term sheet with EDM.
11. Finalise discussions on port and rail allocation with CFM, Cornelder and CDN.
12. Wrap of BFS and move towards financial close.
 Tier 1 Asset
 Project geologist Jone Dzindua inspects a specimen of oxidised titano-magnetite at the Tenge deposit.

**SUMMARY**

**MAPPING A TECHNICAL & COMMERCIAL PATH TO PRODUCTION**

**UNIQUE OPPORTUNITY TO BECOME SOLE SUPPLIER TO MOZAMBIQUE’S RAPID GROWTH, IMPORT DEPENDENT DOMESTIC STEEL MARKET; THEREBY DE-COUPLING PROJECT FROM FLATTENING GLOBAL MARKET TRENDS.**

- Domestic steel production is an essential prerequisite for a developing nation to be able to rapidly ‘tool-up’.

- The Tete Steel Project has the potential to form the cornerstone of Mozambique’s steel industry for the next 100 years, delivering robust investor returns and unprecedented local and national socio-economic benefits.

- Underlying world class iron ore resource and modular steel making technology will facilitate production expansion to match national and regional growth profiles.

- Engaging with an internationally respected EPC contractor, accessing tried & tested steel making technology, is expected to significantly reduce capital requirements, introduce financing solutions & fast-track project execution.

**GAME CHANGING PROJECT FOR MOZAMBIQUE, ATTRACTING UNPRECEDENTED GOVERNMENT SUPPORT AND STRATEGICALLY ALIGNED WITH THE 2015 PRESIDENTIAL MANIFEST AND 5 YEAR PLAN.**

<table>
<thead>
<tr>
<th>Pre-Feasibility Study</th>
<th>Definitive Feasibility Study</th>
<th>Construction (24 months)</th>
<th>Commissioning &amp; Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2013</td>
<td>H1 2016</td>
<td>H1 2019</td>
<td></td>
</tr>
</tbody>
</table>
The Tete Project resource base will underpin a long life, multi-generational, operation supplying the region’s growing demand for iron & steel products.

Photograph: Baobab’s future Operations Manager enjoys a Tenge sunset with the Project’s future Chief Metallurgical Engineer & Mine Superintendent.
## TABLE 1: Tete Iron & Vanadium Project Global Resource Inventory

Whole Rock Grade Estimates Derived by Ordinary Kriging - *15% Lower Cutoff Grade Applied  **No Lower Grade Cutoff Applied


<table>
<thead>
<tr>
<th>AREA</th>
<th>JORC Code</th>
<th>Resource Classification</th>
<th>Tonnage (Mt)</th>
<th>Fe (%)</th>
<th>V₂O₅ (%)</th>
<th>TiO₂ (%)</th>
<th>SiO₂ (%)</th>
<th>Al₂O₃ (%)</th>
<th>P (%)</th>
<th>LOI (%)</th>
<th>CaO (%)</th>
<th>K₂O (%)</th>
<th>MgO (%)</th>
<th>MnO (%)</th>
<th>S (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenge*</td>
<td>2012</td>
<td>MEASURED</td>
<td>155.9</td>
<td>37.79</td>
<td>0.41</td>
<td>14.13</td>
<td>14.68</td>
<td>9.55</td>
<td>0.008</td>
<td>-1.23</td>
<td>2.17</td>
<td>0.21</td>
<td>3.95</td>
<td>0.27</td>
<td>0.19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Residual</td>
<td>4.2</td>
<td>44.95</td>
<td>0.52</td>
<td>17.85</td>
<td>6.88</td>
<td>6.79</td>
<td>0.01</td>
<td>0.95</td>
<td>0.36</td>
<td>0.04</td>
<td>1.49</td>
<td>0.29</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weathered</td>
<td>26.1</td>
<td>37.01</td>
<td>0.41</td>
<td>14.05</td>
<td>15.71</td>
<td>9.92</td>
<td>0.008</td>
<td>-0.74</td>
<td>1.77</td>
<td>0.18</td>
<td>2.84</td>
<td>0.27</td>
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<tr>
<td></td>
<td></td>
<td>Fresh</td>
<td>125.6</td>
<td>37.72</td>
<td>0.41</td>
<td>14.02</td>
<td>14.72</td>
<td>9.57</td>
<td>0.008</td>
<td>-1.72</td>
<td>2.31</td>
<td>0.22</td>
<td>4.26</td>
<td>0.27</td>
<td>0.23</td>
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<tr>
<td></td>
<td></td>
<td>INDICATED</td>
<td>65.7</td>
<td>34.45</td>
<td>0.37</td>
<td>12.54</td>
<td>18.58</td>
<td>10.93</td>
<td>0.008</td>
<td>-1.44</td>
<td>2.85</td>
<td>0.28</td>
<td>4.14</td>
<td>0.25</td>
<td>0.22</td>
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<tr>
<td></td>
<td></td>
<td>Residual</td>
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<td>43.1</td>
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<td>17.23</td>
<td>9.03</td>
<td>7.3</td>
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<td>0.07</td>
<td>0.89</td>
<td>0.07</td>
<td>2.28</td>
<td>0.29</td>
<td>0.01</td>
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<tr>
<td></td>
<td></td>
<td>Weathered</td>
<td>0.7</td>
<td>32.53</td>
<td>0.36</td>
<td>12.15</td>
<td>20.74</td>
<td>11.59</td>
<td>0.006</td>
<td>-0.1</td>
<td>2.84</td>
<td>0.3</td>
<td>3.32</td>
<td>0.24</td>
<td>0.04</td>
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<tr>
<td></td>
<td></td>
<td>Fresh</td>
<td>64.9</td>
<td>34.45</td>
<td>0.37</td>
<td>12.53</td>
<td>18.58</td>
<td>10.93</td>
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<td>0.28</td>
<td>4.16</td>
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<td>0.22</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>221.5</td>
<td>36.8</td>
<td>0.41</td>
<td>13.66</td>
<td>15.84</td>
<td>9.96</td>
<td>0.008</td>
<td>-1.29</td>
<td>2.37</td>
<td>0.23</td>
<td>4.01</td>
<td>0.26</td>
<td>0.2</td>
</tr>
<tr>
<td>Ruoni North*</td>
<td>2004</td>
<td>Indicated</td>
<td>82.2</td>
<td>37.05</td>
<td>0.42</td>
<td>13.75</td>
<td>15.64</td>
<td>9.48</td>
<td>0.004</td>
<td>-1.76</td>
<td>2.23</td>
<td>0.19</td>
<td>4.91</td>
<td>0.21</td>
<td>0.19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inferred</td>
<td>24.6</td>
<td>37.98</td>
<td>0.42</td>
<td>14.23</td>
<td>14.45</td>
<td>9.29</td>
<td>0.005</td>
<td>-1.85</td>
<td>2.09</td>
<td>0.19</td>
<td>4.62</td>
<td>0.21</td>
<td>0.24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>106.8</td>
<td>37.27</td>
<td>0.42</td>
<td>13.86</td>
<td>15.37</td>
<td>9.43</td>
<td>0.004</td>
<td>-1.78</td>
<td>2.19</td>
<td>0.19</td>
<td>4.84</td>
<td>0.21</td>
<td>0.2</td>
</tr>
<tr>
<td>Ruoni South*</td>
<td>2004</td>
<td>Indicated</td>
<td>19</td>
<td>33.2</td>
<td>0.37</td>
<td>12.2</td>
<td>19.1</td>
<td>10.8</td>
<td>0.008</td>
<td>-1.02</td>
<td>3.23</td>
<td>0.33</td>
<td>4.66</td>
<td>0.21</td>
<td>0.23</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inferred</td>
<td>49.2</td>
<td>33.33</td>
<td>0.37</td>
<td>12.51</td>
<td>19.07</td>
<td>10.54</td>
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<td>-1.08</td>
<td>3.17</td>
<td>0.31</td>
<td>4.81</td>
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<tr>
<td></td>
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<td>Total</td>
<td>68.2</td>
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<td>12.42</td>
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<td>0.31</td>
<td>4.77</td>
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<td>Ruoni Flats*</td>
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<td>Inferred</td>
<td>188.6</td>
<td>35.2</td>
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<td>12.81</td>
<td>17.31</td>
<td>10.26</td>
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<td>-1.34</td>
<td>2.72</td>
<td>0.26</td>
<td>4.66</td>
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<td>0.27</td>
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<td>Chitungue Grande**</td>
<td>2004</td>
<td>Inferred</td>
<td>60.9</td>
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<td>9.6</td>
<td>29.4</td>
<td>12</td>
<td>0.003</td>
<td>-0.2</td>
<td>4.8</td>
<td>0.7</td>
<td>4.6</td>
<td>0.2</td>
<td>0.3</td>
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<tr>
<td>South Zone**</td>
<td>2004</td>
<td>Inferred</td>
<td>113</td>
<td>27.5</td>
<td>0.2</td>
<td>10.1</td>
<td>25.9</td>
<td>8</td>
<td>0.29</td>
<td>-0.7</td>
<td>5.2</td>
<td>0.3</td>
<td>6.9</td>
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<tr>
<td><strong>Total Measured</strong></td>
<td></td>
<td></td>
<td>155.9</td>
<td>37.79</td>
<td>0.42</td>
<td>14.13</td>
<td>14.68</td>
<td>9.55</td>
<td>0.008</td>
<td>-1.23</td>
<td>2.17</td>
<td>0.21</td>
<td>3.95</td>
<td>0.27</td>
<td>0.19</td>
</tr>
<tr>
<td><strong>Total Indicated</strong></td>
<td></td>
<td></td>
<td>166.8</td>
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<td>0.006</td>
<td>-1.55</td>
<td>2.58</td>
<td>0.24</td>
<td>4.58</td>
<td>0.23</td>
<td>0.21</td>
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<tr>
<td><strong>Total Inferred</strong></td>
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<td></td>
<td>436.3</td>
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<td>11.71</td>
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<td>9.9</td>
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<td>-1.01</td>
<td>3.67</td>
<td>0.33</td>
<td>5.25</td>
<td>0.23</td>
<td>0.27</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td></td>
<td>759</td>
<td>33.81</td>
<td>0.35</td>
<td>12.51</td>
<td>19.01</td>
<td>9.89</td>
<td>0.049</td>
<td>-1.18</td>
<td>3.12</td>
<td>0.29</td>
<td>4.83</td>
<td>0.24</td>
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</table>
TETE PROJECT PROBABLE ORE RESERVE
PROBABLE ORE RESERVE OF 72.5 MT CLASSIFIED IN THE TENGE RESERVE PIT

TABLE 2: Tenge Ore Reserve Report

<table>
<thead>
<tr>
<th>Reserve Category</th>
<th>ROM Plant Feed (Mt)</th>
<th>Plant Feed (%)</th>
<th>ROM Fe (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proved</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Probable</td>
<td>72.5</td>
<td>100.0</td>
<td>34.2</td>
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<tr>
<td>TOTAL</td>
<td>72.5</td>
<td>100.0</td>
<td>34.2</td>
</tr>
</tbody>
</table>

TABLE 3: Tenge Resource Statement within the 2016 Ore Reserve pit shell

<table>
<thead>
<tr>
<th>Resource Classification</th>
<th>Tonnage (Mt)</th>
<th>Fe (%)</th>
<th>V₂O₅ (%)</th>
<th>TiO₂ (%)</th>
<th>SiO₂ (%)</th>
<th>Al₂O₃ (%)</th>
<th>P (%)</th>
<th>LOI (%)</th>
<th>CaO (%)</th>
<th>K₂O (%)</th>
<th>MgO (%)</th>
<th>MnO (%)</th>
<th>S (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEASURED</td>
<td>66.43</td>
<td>38.64</td>
<td>0.24</td>
<td>14.64</td>
<td>13.75</td>
<td>9.25</td>
<td>0.01</td>
<td>-0.59</td>
<td>1.84</td>
<td>0.18</td>
<td>3.51</td>
<td>0.28</td>
<td>0.13</td>
</tr>
<tr>
<td>Residual</td>
<td>4.06</td>
<td>45.03</td>
<td>0.29</td>
<td>17.90</td>
<td>6.78</td>
<td>6.77</td>
<td>0.01</td>
<td>0.98</td>
<td>0.34</td>
<td>0.03</td>
<td>1.45</td>
<td>0.29</td>
<td>0.01</td>
</tr>
<tr>
<td>Weathered</td>
<td>25.88</td>
<td>37.03</td>
<td>0.23</td>
<td>14.06</td>
<td>15.69</td>
<td>9.91</td>
<td>0.01</td>
<td>0.74</td>
<td>1.76</td>
<td>0.18</td>
<td>2.83</td>
<td>0.27</td>
<td>0.04</td>
</tr>
<tr>
<td>Fresh</td>
<td>36.50</td>
<td>39.07</td>
<td>0.24</td>
<td>14.69</td>
<td>13.15</td>
<td>9.06</td>
<td>0.01</td>
<td>-1.71</td>
<td>2.07</td>
<td>0.19</td>
<td>4.22</td>
<td>0.28</td>
<td>0.21</td>
</tr>
<tr>
<td>INDICATED</td>
<td>0.13</td>
<td>37.41</td>
<td>0.23</td>
<td>14.50</td>
<td>15.88</td>
<td>9.51</td>
<td>0.01</td>
<td>-0.07</td>
<td>1.96</td>
<td>0.16</td>
<td>3.01</td>
<td>0.27</td>
<td>0.02</td>
</tr>
<tr>
<td>Residual</td>
<td>0.05</td>
<td>43.06</td>
<td>0.28</td>
<td>17.34</td>
<td>9.04</td>
<td>7.29</td>
<td>0.01</td>
<td>0.20</td>
<td>0.85</td>
<td>0.07</td>
<td>2.18</td>
<td>0.29</td>
<td>0.01</td>
</tr>
<tr>
<td>Weathered</td>
<td>0.07</td>
<td>33.67</td>
<td>0.20</td>
<td>12.62</td>
<td>20.45</td>
<td>10.98</td>
<td>0.00</td>
<td>-0.18</td>
<td>2.69</td>
<td>0.22</td>
<td>3.52</td>
<td>0.25</td>
<td>0.02</td>
</tr>
<tr>
<td>Fresh</td>
<td>0.00</td>
<td>36.77</td>
<td>0.23</td>
<td>13.96</td>
<td>16.10</td>
<td>9.81</td>
<td>0.00</td>
<td>-1.31</td>
<td>2.19</td>
<td>0.18</td>
<td>3.97</td>
<td>0.26</td>
<td>0.24</td>
</tr>
<tr>
<td>TOTAL</td>
<td>66.56</td>
<td>38.64</td>
<td>0.24</td>
<td>14.64</td>
<td>13.76</td>
<td>9.25</td>
<td>0.01</td>
<td>-0.59</td>
<td>1.84</td>
<td>0.18</td>
<td>3.51</td>
<td>0.28</td>
<td>0.13</td>
</tr>
</tbody>
</table>

• SRK allowed for 9.3 Mt of dilution in the Reserve from low magnetic partings and dolerite dykes representing 12.8% of mined material.
**BOARD PROFILE**

**DEMONSTRABLE EXPERIENCE, FOCUS & SUCCESS**

**Ben James, Managing Director**
- Geologist with over 20 years global experience in the mineral exploration and development industry (MAusIMM).
- Working expertise in a wide variety of geological terrains and commodities in Africa, Australasia and eastern Europe.
- With Baobab Resources since 2006 as Exploration Manager, Technical Director and Managing Director.
- Relocated to Mozambique during Q2 2012 to oversee aspects of PFS, particularly government and key stake holder liaisons.

**Frank Eagar, Finance Director**
- Frank joins Baobab as CFO after 9 years as finance manager and business development executive at BSG Resources.
- Chartered Accountant with 15 years of accounting, finance and business development experience across a range of minerals projects and jurisdictions.
- Experienced in capital raisings by means of IPO's and project finance for green and brown field resource projects across Sierra Leone, Zambia and South Africa.
- Close working relationship with a number of international investment banks and lenders to the mining industry.
- Heavy involvement in the M&A, evaluation and due diligence of a number of large scale mining and resource transactions across Africa and Eastern Europe.

**Dr David Twist, Non-executive Director (AMED)**
- PhD geologist and business man with more than 30 years experience in mineral research and exploration.
- Has been involved in multi-commodity target generation, implementation and management of exploration programmes, feasibility studies, mining and deal-making.
- Founding a director of Platmin, Taung Gold, Sephaku Holdings and other companies.
- Co-founder of African Minerals Exploration and Development SICAR, a private equity fund focused on brownfields exploration in Africa.

**Carlo Baravalle, Non-executive Director (AMED)**
- Holds an MBA from INSEAD and brings a wealth of experience in corporate finance to the board.
- Held numerous roles in the European and North American telecoms industry, including Director of the Corporate Finance Telecoms team at Warburg.
- Involved in the private equity sector since 2007, managing large funds for mainly Italian institutional investors.
- Co-founder of African Minerals Exploration and Development SICAR, a private equity fund focused on brownfields exploration in Africa.

**Neil Herrick, Non-executive Director/Interim Non-executive Chairman (AMED)**
- Holds an BEng from the University of Newcastle-upon-Tyne.
- Held numerous senior production management roles with leading South African mining companies, including Anglogold, Gold Fields Ltd, Anglo Platinum and Norlisk Nickel Africa Ltd.
- Elected President of the Association of Mine Managers of South Africa during 2006
MANAGEMENT PROFILE
DEMONSTRABLE EXPERIENCE, FOCUS & SUCCESS

Ben James, Managing Director
• Geologist with over 20 years global experience in the mineral exploration and development industry (MAusIMM).
• Working expertise in a wide variety of geological terrains and commodities in Africa, Australasia and eastern Europe.
• With Baobab Resources since 2006 as Exploration Manager, Technical Director and Managing Director.
• Relocated to Mozambique during Q2 2012 to oversee aspects of PFS, particularly government and key stake holder liaisons.

Frank Eagar, Finance Director
• Frank joins Baobab as CFO after 9 years as finance manager and business development executive at BSG Resources.
• Chartered Accountant with 13 years of accounting, finance and business development experience across a diversified range of minerals projects and jurisdictions.
• Experienced in capital raisings by means of IPO’s and project finance for green and brown field resource projects across Sierra Leone, Zambia and South Africa.
• Close working relationship with a number of international investment banks and lenders to the mining industry.
• Heavy involvement in the M&A, evaluation and due diligence of a number of large scale mining and resource transactions across Africa and Eastern Europe.

Iain Plews, Exploration Manager
• Over 30 years exploration and mining experience in Africa, holding senior positions with Anglo American Corporation, Ashanti Goldfields, ITM Corporation, Reunion Mining and Takoradi Gold NL.
• Operated in over a dozen countries in sub-Saharan Africa exploring for a range of commodities including gold, PGEs, diamonds and base metals.
• Residential in Mozambique. Fluent Portuguese language/literacy.

Fatima Sing Sang Neto, Finance and Administration Manager
• Honors degree in Business Management by Universidade Eduardo Mondlane.
• 7 years’ experience in audit and accounting at KPMG Auditors and Consultants Mozambique.
• 6 years’ experience as Administrative and Finance Manager at Grindrod / Maputo Car Terminal Lda and TORA Group.
• Joint to Baobab / Capitol Resources Lda in May 2013.

Elisa Vicente, Community and Environment Manager
• MSc in Marine and Coastal Management from the University of KwaZulu-Natal in South Africa.
• Senior Consultant at Coastal and Environmental Services Mozambique Lda.
• Project Manager on a range of Environmental Impact studies with special relevance in mining, water supply systems, resettlement and aquaculture.
• Worked at the National Institute of Fisheries Research in Maputo where she developed several aquaculture projects from 2007 to 2012.

Karl van Turnhout, Technical Systems Manager
• Geologist and GIS Analyst with over 15 years experience in the exploration, consulting and groundwater industries.
• Degree in geology from the University of Otago and Post Graduate Diploma in GIS and remote sensing from the University of Canterbury.
• Worked in various roles for the API West Pilbara Iron Ore Project and Mt Edon Gold Mines in Western Australia, Argentina Mineral Development South America Ltd in Argentina, Iamgold in Tanzania and CRL Energy Ltd on the West Coast of New Zealand for commodities including iron ore, gold, copper, nickel and coal.
• Completed a number of projects as a contract GIS Geologist for Baobab Resources plc since 2006; joining them on a permanent basis as GIS and Database Manager in 2011 and as Technical Systems Manager in 2013.