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Obtala Resources Limited
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Obtala Resources Limited
("Obtala" or the "Company")
(AIM: OBT)

Completion of agricultural Joint Venture Agreement for 200km^2, Tanzania

Obtala Resources Limited (AIM:OBT), the natural resource investment, development and production company, today announces that its agricultural business, Montara Continental Ltd ("Montara") has concluded a Joint Venture ("JV") with its partner in Tanzania to begin farming both food and energy crops. Montara, in which Obtala has a controlling 75% shareholding, will begin clearing ground immediately following the end of the rainy season in preparation for planting of groundnuts and sunflower seeds. Trial farming of these food and energy crops is expected to commence later this year.

Highlights:

- Obtala controlled subsidiary completes 70% interest in agricultural concession
- Lutukira land covers 19,787 hectares in the Songea District in Southern Tanzania
- Montara will manage, fund and operate the JV company
- Title deeds issued as leasehold over 99 years. Terms of JV to be re-negotiated after 25 years
- Land clearance for groundnut and sunflower farming to commence immediately after the rainy season
- Trial farming to optimise crops in 2011
- Total cash consideration paid US$330,000 (including $130,000 paid September 2009 and $200,000 paid 19 April 2011).

Obtala, through its 75% owned subsidiary Montara Continental Limited, has a 70% shareholding in Montara Land Company Limited which is the operating company for an agricultural concession totalling 19,787.62 hectares which is located within the Songea District, Ruvuma Region, Tanzania. The remaining 30% interest is held by the local partner Lutukira Mixed Farm. Access to the area is excellent with the main Songea-Dar es Salaam tarmac road forming the eastern limited of the concession, which is located 80km north of the District Headquarters of Songea. The Title Deed for the land was issued on the 8th March 2011 and is a leasehold valid for a period of 99 years with effect from 1st January 2011. Montara has paid a total cash consideration of US$330,000 to acquire its interest.

Montara is primarily focussed on developing crops to meet growing world food demand. The Lutakira farm will initially grow versatile crops such as groundsnuts and sunflower, both of which can be converted to use as a fuel. Over the past year these commodity prices have increase by almost 50%.

In addition to processing food for both domestic and international export Montara will look to work with local farmers in improving their productivity and to act as a conduit to new markets, through its facilities. Through this strategy Montara looks to rapidly secure significant bulk, export food contracts to regions such as China and India and ensure neighbouring farms are key stakeholders in such activity.

Montara shall continue to invest in Tanzania and Mozambique with the objective of realising profits from both expanded processing and farming operations. Sustainable productivity remains at the core of the Montara strategy with high yield crops being farmed as part of a sustainable land management programme.

Frank Scolaro, Chairman of Obtala, commented "Agricultural prices for groundnuts, sunflowers and other food crops have soared in recent months, as tight supplies and rising demand from developing countries continues to strengthen.-It is our intention to speed up our sizeable agriculture division strategy so as to benefit from the productivity of these two crops which offer two yields per annum, thereby increasing our annual revenue stream within the group. Obtala now has a wide diversified portfolio of assets which will deliver enhanced shareholder value and sustained cash flow for 2011 and beyond."

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