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Obtala Resources Limited
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Obtala Resources Limited
("Obtala")

Award of Environmental Impact Assessment Certificate and Update on Agriculture JV, Tanzania

Obtala (AIM:OBT), the natural resources investment, development and production company, today announces that its agricultural business, Montara Continental Ltd ("Montara") through its Joint Venture partner in Tanzania has been granted an Environmental Impact Assessment ("EIA") Certificate for its farm land in southern Tanzania and is pleased to provide a further update on field operations in Tanzania.

Highlights:

- EIA Certificate awarded
- Land clearing of 80 hectares for trial farming completed, total land cover is 19,787 hectares
- Field camp and workshop built
- Field equipment purchased and arriving on site
- Detailed topographic survey and soil sampling programme completed
- Seeds and fertilizers sourced and being priced
- First planting expected in November

Land clearing operations started in August and an area of approximately 80 hectares has now been cleared. The soil has been de-rooted and preparations are currently underway for the maiden planting on the project.

Montara intends to plant groundnuts, sunflower, sesame, soya and seed maize on the project with the bulk of the crop produced being sold back to the seed suppliers in the form of an off-take agreement. The balance of the crop will be used next year as additional land is cleared and planted. A detailed topographic survey and soil sampling exercise has been completed over the trial farm, with the soil analysis providing key data to determine the optimum levels of fertilizer inputs to be used.

The area is being used as a "proof of concept" and will become a training centre for the surrounding farmers as part of a planned out-grower scheme, as the project grows. The field camp has been established and is operational, and farming equipment has been purchased and is being delivered to site.

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 land management programme.

Francesco Scolaro, Chairman of Obtala, commented "I am pleased to announce the successful granting of the Environmental Impact Assessment Certificate for the project in Tanzania. We continue to make steady gains on the ground in both Tanzania and Mozambique where logging has recently commenced. Montara remains on course with our development plans for the project and hope to have the first harvest in March 2012. With food prices expected to increase over time we believe Montara can develop a food industry in East Africa which operates efficiently while ensuring the long term cultivation of the land. Montara remains part of Obtala's strategy of realising near-term value from a range of resources underpinning rapid development and population growth globally."

Photographs are available on the Obtala website.

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Background Information

Obtala, through its 75% owned subsidiary Montara Continental Limited, acquired 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. Access to the area is excellent with the main Songea-Dar es Salaam tarmac road forming the eastern border 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 is primarily focused 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 markets 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.

This information is provided by RNS
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