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Obtala Resources Limited
26 March 2012

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

Company Update

Obtala Resources Limited (AIM:OBT), the natural resource investment, development and production company, today announces an update on corporate activities and planned strategy going forward in 2012.

Highlights:

Montara Continental

- First crops being planted, first harvest to commence late April 2012
- Negotiations underway for capital equipment purchase to rapidly grow cultivated agricultural land area
- Small-scale oilseed processing plant purchased, delivery to site May 2012
- Management appointed

Investments

- Bushveld Minerals Limited successfully admitted to AIM
- Obtala investment in Bushveld valued at £26 million
- Diamondiferous targets identified with Paragon Diamonds Limited
- Obtala investment in Paragon valued at £28 million

With the successful admission to the AIM Market of the London Stock Exchange today, 26th March 2012 of Bushveld Minerals Limited, the Company will focus on the development and growth of its East Africa focused agriculture and forestry subsidiary, Montara Continental Ltd ("Montara").

Montara Continental
The business fundamentals of Montara are highly attractive in an exciting investment sector with the combination of timber and agriculture giving the business income flexibility. The Company is currently in the process of securing a significant land mass in Mozambique and Tanzania. Montara commenced operations on both agriculture and forestry projects in late 2011 with a recent presentation illustrating on-site activities posted on the Obtala website.
(www.obtalaresources.co.uk/uploads/montara_march_2012forwebsite.pdf)

Forestry represents tangible assets that retain capital value and have a low correlation to financial markets with capital growth supported by fundamental trends. The standing stock is growing in size and value and the realisation of capital can be controlled through the choice to harvest or store on-the-stump. Cutting will mirror demand once commercially advantageous agreements are in place. The agriculture business, currently at proof of concept stage with oil-seed crops, provides scalability through short growing seasons combined with the ability to change crops and the option of irrigation to increase yields leading to increased commercial advantages and short cycle cash flow.

On the agriculture, the Company has cleared an area of 80 hectares as part of a trial farm with first harvesting expected in late April - early May. In future this ground will become a training centre or "Centre of Excellence" for the surrounding farmers as part of a planned out-grower scheme. The bulk of the crop produced within this specified area will be sold back to seed suppliers in the form of an off-take agreement. A portion of the crop will be used to determine the oilseed production potential for the project with a small scale oil processor expected to arrive on site in early May with the intention of evaluating the oilseed potential.

The company is in negotiations with equipment manufacturers to purchase machinery that will allow the Company to have an area of 1,500 hectares under cultivation by the end of the year.

On the forestry, Montara has entered into a supply contract to produce an initial amount of 700 wooden railway sleepers per month with the potential for this business to grow significantly as the Mozambican railway authorities and their joint venture partners upgrade and improve the rail infrastructure within the country.

The sleeper manufacturing allows the Company to develop a new satellite business which will operate in parallel to the main business of sustainable management of the forest concessions and the export of exotic hardwood timber which is currently under development. The timber used for the manufacture of the sleepers does not affect the standing stock of the exotic hardwood species, with negotiations currently in progress with a number of internationally based end-users for these hardwoods.

Montara Management

Montara has now recruited management for the three critical areas of the operations:

Grahame Vetch - Manager Agriculture
Grahame is an agricultural economist with over 30 years of large-scale farm management experience. He was previously the Country Director for Dominion Farms Ltd; a 17,000-acre start-up irrigated rice and fish farm in Kenya. Grahame graduated from the Royal Agricultural College, UK in Farm Management and is a fluent Swahili speaker.

Patrick Greene - Manager Forestry
Patrick has extensive experience in the field of Forestry, having been involved in several ventures in Africa and the Baltic states, ranging from the initial infrastructure set-up to the conclusion of the project. Patrick also brings considerable experience in the marketing field, being able to find an appropriate client base for a particularly product, gained from working for several years for one of the worlds' biggest producers of wooden garden furniture.

Dominic Fava - Manager Sales
Dominic has over 10 years Sales and Marketing experience in the natural resources sector, which has involved identification and management of strategic customers, development of markets for new products and supply chain management. Previous experience has also included evaluation of agribusiness investment opportunities, market analyses and set-up of new agribusiness operations in East Africa.

Investments

Paragon Diamonds Limited (AIM:PRG) ("Paragon")
www.paragondiamonds.co
Obtala's current shareholding stands at 45.07% valued at £28 million with Paragon having a market capitalisation of £63 million. The share price of Paragon has increased 63% since listing in November 2010 and represents a solid investment return for the Compnay.

Paragon's two core assets are located in Lesotho, Southern Africa, in a world recognised diamond producing region, and has a further six additional pipeline projects at the exploration/development stage.

The Lemphane Kimberlite Pipe is located close to the world-famous Letšeng Diamond Mine and work to date has been yielding positive results. Five large diamonds ranging from 2.00 to 6.30 carats were recovered from first bulk sample (Feb 2012); and are high quality white diamonds in the main, a preliminary grade of 1.96 carats per hundred tonnes ("cpht"), high average diamond size of 0.46 carats per stone is reported. Results show close correlation with other prominent Lesotho kimberlites at the same exploration-development stage. A second phase of processing the 35,000 tonne bulk sample is underway.

Motete Kimberlite Dyke licence, located 10km east of Lemphane, was awarded to Paragon in December 2011 and preliminary surface sampling has identified micro diamonds confirming the dyke to be diamondiferous. Predictive micro diamond analysis indicates likely grade of more than 100 cpht for the Motete dyke with an initial in-house (non JORC compliant) estimate of 1 million tonnes of kimberlite being present. Site access has been initiated and a comprehensive grade modelling exercise has commenced, with planning underway to advance to scoping study of low cost mining operation.

Bushveld Mineral Limited (AIM:BMN) ("Bushveld")
www.bushveldminerals.com
Bushveld announced on today, Monday 26th March 2012, its successful admission to the AIM Market with the issue of 283,969,110 new ordinary shares of par value £0.01 ("Ordinary Shares") at 20p each. Based on the Placing Price of 20p with raised gross proceeds of £5.46 million, the market capitalisation of Bushveld immediately following completion of the Placing and Admission was £56.7 million. Obtala's shareholding of 46% is valued at approximately £26 million

The Bushveld Iron Ore Project is the Bushveld's primary project and comprises two licences covering 7,409

hectares where a JORC compliant Vanadium-Titanio-Magnetite ("VTM") resource in excess of 600 million tonnes (comprising 260 million tonnes Indicated and a further 373 million tonnes Inferred) has been established from a 4.5 km strike length. Further drilling along strike is expected to significantly add to the resource on the basis of identified strike extensions several kilometres long to the north and south of the project area.

The Mokopane Tin Project consists of one licence covering 13,422 ha of open-castable disseminated tin resource. The Company has explored one target and plans to drill at a further four targets. The Company has a JORC resource in excess of 5,000 tonnes of tin and is looking to expand the resource base by undertaking a drilling programme on the other three targets in the licence area and one target in a licence area currently under application.

Francesco Scolaro, Chairman of Obtala, commented "Our Company and all our investments have a sufficiently strong cash position to further progress and develop the underlying value of its assets. We remain totally debt free, and intend to speed up our revenue producing strategy so as to identify further land acquisitions in Africa to take our land bank to in excess of 1 million acres of quality owned terrain. We remain fully committed and supportive of both Paragon diamonds and Bushveld Minerals, and are excited to follow their development."

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