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

Maiden Crop Harvesting Underway on Montara Agriculture JV, Tanzania

Obtala Resources Limited (AIM:OBT), the natural resource investment, development and production company, is pleased to announce an update on its agricultural business, Montara Continental Ltd ("Montara"), which has commenced harvesting of its maiden crop on its farm land in southern Tanzania.

Highlights:

- First crops being harvested, canola completed, soya in progress
- Planning underway for 2012 expansion
- Finalising acquisition agreements with farm equipment suppliers
- Crops for this year: groundnuts, sunflowers and sesame
- International peanut price at historical high of $2,000/tonne
- Small-scale trial oilseed processing plant expected late May

Harvesting is now in progress with the canola crop collected and soya collection underway. Further seed crops to be harvested are groundnut, sunflower and sesame. It is anticipated that the crop from the canola and soya harvest will be sold to the market with the seed from the remaining crops bulked up to plant the newly cultivated area later this year. A portion of the crop will be used to determine the oilseed production potential for the project with a small-scale trial oil processer expected in site in June.

This trial area is being used as a "proof of concept" and in future will become a training centre or "Centre of Excellence" for the surrounding farmers as part of a planned out-grower scheme. The small-scale trial oil processer will be used as part of the training programme, alongside agronomy, soil science and small business training, for the local communities, potentially allowing them to add value to their crops by producing their own oil.

Planning is advanced for expanding the cultivated area to in excess of 2,500 hectares by the end of 2012. The company will focus on groundnut, sunflower and sesame, with crops expected to produce between 2 and 2.5 tonnes per hectare. Current international groundnut prices, as by example, are $2,000/tonne (www.indexmundi.com). To achieve this goal the company is finalising the acquisition of farm equipment, valued at $2 million, and expect to have additional equipment on site in early Q3 2012. A second field camp will also be established.

The Company has now agreed the terms of an MoU that will spell out the projects and commitment by Montara in assisting its local stakeholders achieve basic services and start the process of transforming them from poverty to self sufficiency and finally to surplus. Montara has commenced, prior to the signing of the MoU, the design work and completed the bills of quantity, required to add a new ward to the existing dispensary; construction will start during the month of June. Once the MoU has been signed in the coming weeks, further agreed basic necessities will be progressively implemented alongside the Company's development of its farming program.

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.

Francesco Scolaro, Chairman of Obtala, commented "I am delighted to announce that harvesting activities are underway, with this representing a major milestone in the development of this project. We have made plans for the remainder of the year and hope to conclude the purchase of agricultural equipment shortly. Our intention over the short-term will be to focus on groundnuts, sunflower and sesame which will bring higher

returns than canola and soya under existing conditions. With the arrival of the small-scale oil processing plant we will be able to evaluate expected oil yields and the potential of developing added-value products on site. We remain on course with our development plans and will work in partnership with local communities with our next step to assess the viability of adding significant value to local farming by instilling best practice methods and the opportunity of producing oilseed in-situ. During the ten months of Montara being operational the Company has employed over 80 casual or permanent workers from its local stakeholders, significantly increasing the downstream economy of the local villages."

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