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Obtala Resources Limited
27 September 2012

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

Unaudited interim results

The Board of Obtala Resources Limited, the natural resources investment and development company, announces its annual results for the six month period ended 30 June 2012.

A copy of the interim report is being posted to shareholders shortly and will be available on the Company's website - www.obtalaresources.com.

Highlights

- Cash balance of £5.4 million as at 30 June 2012 (31 December 2011: £7.6 million)
- Profit for the period of £17.5 million (2011: £0.2 million first half loss)
- £20.2 million gain recognised in income statement attributable to the provision of pre-IPO services to Bushveld
- Net assets increased by 32% to £89.2 million over the six month period

A copy of the Chairman's statement and financial statements are included below.

Obtala Resources +44 (0) 20 7099 1940
Francesco Scolaro - Chairman
Simon Rollason - Managing Director
www.obtalaresources.com

Macquarie Capital (Europe) Limited
(Nomad and Broker)

Steve Baldwin +44 (0) 20 3037 2000

Nicholas Harland

Chairman's Statement

I am pleased to present the interim report of Obtala Resources Limited ("Obtala" or "Company" and its subsidiaries (the "Group")) for the six months to 30 June 2012.

During the half year, Obtala continued to make good progress in developing its principal interests which comprise a self-sustainable forestry and agriculture business through our Montara Continental Limited ("Montara") 75.0% owned subsidiary, and diamond exploration and production through our AIM-listed Paragon Diamonds Limited ("Paragon Diamonds") 45.5% owned subsidiary, as well as exploration and development of mineral resource assets, including iron ore and tin through our significant 46.0% shareholding in Bushveld Minerals Limited ("Bushveld"). In March, Obtala successfully facilitated the listing of Bushveld on to the AIM Market and income of £20.2 million has been recognised in the Group income statement for pre-IPO services provided to Bushveld.

Financial results

Group profit before tax for the six months to June 2012 was £17.5 million (2011: £0.2 million first half loss) which included £20.2 million of income arising from pre-IPO services provided to Bushveld, partially offset by administration and operating costs of Montara and Paragon Diamonds.

Group net assets increased by £22.6 million during the half year (2011 restated: £23.5 million). The increase mainly comprises the profit reported for the period and also includes £3.9 million of shares issued by the Company in part settlement of its investment in Bushveld as well as £1.5 million attributable to share subscriptions by the Group's Paragon Diamonds subsidiary during the period.

The Group held cash balance of £5.4 million as at the 30 June 2012 period end (31 December 2011: £7.6 million).

Montara Agriculture
Since the beginning of the year, Montara has made good progress in developing its sustainable agricultural and forestry operations in Tanzania and Mozambique respectively.

During the period, Montara successfully planted and harvested a subsection of the land in southern Tanzania as a trial farm. Around 200 acres were prepared and planted with sunflower, groundnut, soybean, canola seed and sesame. This trial area has been 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.

Harvesting on the initial trial area took place in the second quarter of year, with trials demonstrating suitability for a wide range of crops on the land, with particularly encouraging results from groundnuts offering excellent profit potential. It is intended that groundnuts be the focus of production in the 2012-2013 season. Marketing of the crops started during the period and "Letters of Intent" have been received from multinational commercial buyers demonstrating pricing potential and interest in procuring the entirety of Montara's future products.

Targeted soil sampling and topographic survey analysis have been carried out during the period to determine priority areas for expansion of the planted area and areas suitable for future irrigation; this major planning activity provides an excellent basis for the expansion of planting areas. Agricultural capital equipment including tractors and infrastructure preparation machinery has been procured. This equipment is now being employed to prepare additional land ready for next planting season at the end of 2012. Additionally small scale oil extraction equipment has been procured and is now being commissioned on-site, which will be used to supply vegetable oil to local food markets and assess possibilities for the expansion of local processing activities.

In addition significant progress has been made on securing an additional 35,000 acres of high quality land in Tanzania, to further expand our agricultural operations. The Company continues to evaluate expansion opportunities elsewhere in Southern and East Africa.

Montara Forestry
Since the beginning of the year the forestry operation has expanded rapidly with total number of saw mills operational on the project currently standing at 8 and with over 300 workers employed.

At the beginning of the harvesting season Montara concluded an Agreement with a private Mozambique registered company to supply over 33,000 wooden railway sleepers during the course of the harvesting season. Deliveries continue regularly, with payments made by the customer and profit being generated on a monthly basis. The sleeper production business is a useful addition to the exotic hardwood business as it makes use of previously underutilised species of trees and does not affect the standing stock of export quality hardwood species. Discussions are on-going which may lead to an expansion of the wooden sleeper production operation.

During the period, export orders for supplies of substantive quantities of high value exotic hardwoods for flooring and decking have been received and are being processed. Since the end of the period, orders for local furniture products have been received. These will be processed in our Angoche manufacturing plant, a site with significant secondary processing equipment. There has also been a significant increase in demand and prices in the local market for exotic hardwood sawn timber, fuelled by development activities within the country. We have processed some timber for the local market and continue to evaluate new opportunities.

Since the end of the period Montara has additionally been investigating and evaluating the production of finished flooring and decking products for sale in Europe, Asia and North America. Focus of production will be widely on "Engineered Flooring", which has a thin top layer of exotic hardwood backed by plywood - once laid, engineered flooring is almost indistinguishable and considered more stable than solid wood flooring, whilst benefiting from the utilisation of a much smaller volume of high value exotic hardwood for the same flooring area. It is likely that production will initially be outsourced with these products allowing Montara to capture a far greater percentage of the value of the exotic hardwoods.

Our Forestry business is committed to working with high levels of sustainability; in terms of forestry this means obeying all local laws such as ensuring all timber is legally harvested and relevant taxes are paid. This also means the development and implementation of replanting and reforestation programmes and these programmes continue, where we have focussed on employing local women in this important role. Additionally construction has started on a four-room Community School building close to our Concessions in Mozambique which will provide facilities to children from three surrounding villages. Additionally significant progress has been on Montara Continental's application for the Forest Stewardship Council's ("FSC") Forestry Management certification and Chain of Custody certification. Additional key FSC requirements are already being met, such as the development of replanting programmes and the development of fire breaks with the initial FSC site visit scheduled for October this year.

Paragon Diamonds
During the first six months of 2012 Paragon Diamonds was focussed entirely on drilling and bulk sampling at both of its operations in Lesotho.

Lemphane - Lesotho

Bulk sampling on the Lemphane Kimberlite has advanced steadily over the period with only a temporary hiatus whilst the DMS recovery plant was reconfigured to process the sample from the nearby Motete Dyke. The sampling programme at Lemphane has re-commenced again since conclusion of the Motete activities and is expected to continue over the coming weeks and months. A total of over 4,700 tonnes of kimberlite has been processed to date with a recovered grade of 2.20 carats per hundred tonnes ("cpht"). Seven individual diamonds ranging from 2.0-6.3 carats and twenty two diamonds greater than one carat in weight have been recovered. A provisional diamond size distribution indicates that 56% of carats are present in stones of 1 carat or greater, 34% of carats are present in stones of 2 carats or greater and 14% of carats are in stones of 5 carats or greater. The results at Lemphane are significant as they correlate closely with the results observed at other prominent Lesotho kimberlites at the same exploration-development stage. Relatively low grades but exceptionally large diamond sizes are encountered at both Letšeng-la-Terae and Mothae diamond mines, where the overall value is highly influenced by the presence of large, high value stones.

Motete - Lesotho

Since the Motete Dyke licence was awarded in December 2011, the Group has embarked on a fast track exploration programme to evaluate the property. The Group has undertaken a microdiamond sampling programme; predicting a modelled grade of 90 cpht at the smallest screen size. In subsequent bulk sampling a recovered grade of 55 cpht was observed using the existing Lemphane plant which was not configured to recover the numerous smaller stones. The tailings are being dispatched to an independent laboratory to confirm the presence of smaller stones which will ultimately be taken into consideration when optimising the proposed configuration of the final recovery plant. Surface diamond drilling has been undertaken which confirms the width of the dyke to be consistently in the order of 1.4m wide at depth which will greatly facilitate underground mining. It also confirmed the presence of approximately 1.1 Mt of kimberlite with the potential for this to increase should further drilling be undertaken. A scoping study is underway which is expected to be completed over the coming weeks along with a maiden resource statement for the Dyke. The Company has submitted four new applications for exploration licences covering 100km2 over what it deems to be highly prospective ground surrounding the existing Motete licence. A Memorandum of Understanding ("MoU") has been agreed for the 15% shareholder of the Lesotho subsidiaries to provide up to $10 million to project finance the Dyke, which is expected to be sufficient to bring it into production. The mine plan for the Dyke involves underground mining with the majority of the kimberlite to be mined by overhead tunnelling.

Bushveld Resources

Since listing on AIM in March 2012, Bushveld has made good progress in meeting its objectives of upgrading and expanding the known resource on both iron and tin projects. Bushveld remains on track to deliver a revised resource statement in the final quarter of 2012 following the completion of the current drilling campaign that is in progress. In addition, Bushveld expects to deliver a scoping study on the Mokopane Iron Ore Project by the end of the first quarter of 2013 following the recent appointment of independent consultants.

At the Mokopane Iron Project two extension boreholes have been completed to extend the known shallow (less than 200 meters depth) resource along strike to both the north and south. Both boreholes intersected the mineralised P-Q magnetite zone as expected. The P-Q zone occurs at approximately 50 meters intersection and the drilling has confirmed a 25% increase in the strike of the mineralisation.

Three deeper boreholes, drilled as infill boreholes to better constrain the deeper (greater than 400 meters) resource, all intersected the P-Q zone as expected. Samples have been submitted to Setpoint Laboratories with first assay results expected shortly.

A geochemical rock chip sampling programme has been undertaken on the Zaaiplaats tin target, located some 3km northwest of the previously drilled Groenfontein target. In addition, a detailed survey of the abandoned open pit and underground workings has been completed which identified outcropping tin mineralisation occurring along the southeastern slopes of the Zaaiplaats hill, where two abandoned open pits are found. These pits are connected by underground workings. The survey has shown that, potentially, a number of pillars of un-mined mineralised material remain.

A number of vertical rock chip profiles were sampled in the abandoned open pit and underground workings. The samples were pulverized and assayed using a Niton handheld XRF analyser with duplicate samples were also sent to Setpoint for check assays. The results indicate tin grades consistently above 0.1% SnO_2, and often above 0.3% SnO_2. These are encouraging results, and drilling is planned to begin on the Zaaiplaats target in late 2012, once drilling access roads have been completed.

Outlook

The outlook for the Group remains very positive with both Paragon and Bushveld looking to release JORC compliant resource statement by the final quarter of 2012 once all assay results have been received. The recently signed MoU between Paragon and a shareholder is highly significant in that it allows for development on the Motete kimberlite dyke to continue with production expected to commence in the second quarter of 2013. Montara has now harvested its first crop on the Tanzanian farm and we look forward to reporting on the growth of this subsidiary as development continues. The forestry activities in Mozambique are now revenue producing and will see significant growth as we develop our

markets for value added products such as the engineered flooring. In all our businesses' we remain committed to working to high levels of sustainability, in terms of obeying all local laws. The growth and development that we have witnessed over the reporting period bodes well for the future of the company and finally, I would like to thank our shareholders for their continued support and also all of our employees across the Group for their hard work and commitment in the period.

Francesco Scolaro
Executive Chairman
26 September 2012

Condensed consolidated statement of comprehensive Income

	Notes	Six months to 30 June 2012 (Unaudited) £'000	Six months to 30 June 2011 (Unaudited) Restated £'000	Year to 31 December 2011 (Audited) £'000
Revenue		175	687	731
Gain/(loss) on investments	3	130	(150)	(172)
Income from pre-IPO services to associate	9	20,221	-	-
Operating costs		(850)	(1,526)	(1,992)
Administrative expenses		(1,605)	(1,555)	(3,313)
Impairment of mine property		-	(1,203)	(1,249)
Impairment of intangible assets		-	(408)	(1,065)
Depreciation		(292)	(460)	(878)
Share based payment		(249)	(80)	(400)
Operating profit/(loss)		**17,530**	**(4,695)**	**(8,338)**
Gain on Acquisition of subsidiary		-	4,349	4,349
Finance income		-	18	19
Finance costs		(4)	-	-
Profit/(loss) before tax		**17,526**	**(328)**	**(3,970)**
Taxation	5	-	155	-
Profit/(loss) for the period		**17,526**	**(173)**	**(3,970)**
Attributable to:				
Owners of the parent		18,269	768	(3,706)
Non-controlling interests		(743)	(941)	(264)
		17,526	**(173)**	**(3,970)**
Other comprehensive income:				
Exchange differences of re-translation of foreign operations		(611)	(1,223)	1,016
Total comprehensive income for the period:		**16,915**	**(1,396)**	**(2,954)**
Attributable to:				
Owners of the parent		17,707	(455)	(3,321)
Non-controlling interests		(792)	(941)	367
		16,915	**(1,396)**	**(2,954)**
Earnings/(loss) per share				
Basic (pence)	6	7.28	(0.14)	(1.71)
Diluted (pence)	6	7.28	(0.14)	(1.71)

The loss for the period arises from the Group's continuing operations.

Figures for the six months to 30 June 2011 are as restated. See note 1

Condensed consolidated statement of change in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Share based payment reserve £'000	Revenue reserve/ (deficit) £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2011	**2,241**	**131**	**28,543**	**5,968**	**277**	**1,123**	**38,283**	**5,838**	**44,121**
Loss for the period	-	-	-	-	-	768	768	(941)	(173)
Exchange differences on retranslation of foreign	-	-	-	(1,223)	-	-	(1,223)	-	(1,223)

operations									
Total comprehensive income for the period	-	-	-	(1,223)	-	(768)	(455)	(941)	(1,396)
Issue of shares	120	5,880	-	-	-	-	6,000	-	6,000
Share based payment	-	-	-	-	80	-	80	-	80
Non-controlling interest acquired with subsidiary	-	-	-	-	-	-	-	3,334	3,334
Dilution of interest in subsidiary	-	-	-	-	-	4,689	4,689	10,780	15,649
At 30 June 2011 (Restated)	**2,361**	**6,011**	**28,543**	**4,745**	**357**	**6,580**	**48,597**	**19,011**	**67,608**
Loss for the period	-	-	-	-	-	(4,334)	(4,334)	786	(3,548)
Exchange differences on retranslation of foreign operations	-	-	-	1,608	-	-	1,608	631	2,239
Total comprehensive income for the period	-	-	-	1,608	-	(4,334)	(2,726)	1,417	(1,309)
Issue of shares	21	666	-	-	-	-	687	-	687
Share based payment	-	-	-	-	320	-	320	-	320
At 31 December 2011	**2,382**	**6,677**	**28,543**	**6,353**	**677**	**1,565**	**46,197**	**20,428**	**66,625**
Profit/(loss) for the period	-	-	-	-	-	18,269	18,269	(743)	17,526
Exchange differences on retranslation of foreign operations	-	-	-	(562)	-	-	(562)	(49)	(611)
Total comprehensive income for the period	-	-	-	(562)	-	18,269	17,707	(792)	16,915
Issue of shares	119	3,764	-	-	-	-	3,883	-	3,883
Share based payment	-	-	-	-	249	-	249	-	249
Transfer of share based payment on cancelled options	-	-	-	-	(16)	16	-	-	-
Dilution of interest in subsidiary						528	528	997	1,525
At 30 June 2012	**2,501**	**10,441**	**28,543**	**5,791**	**910**	**20,378**	**68,564**	**20,633**	**89,197**

Figures for the six months to 30 June 2011 are as restated. See note 1

Condensed consolidated statement of financial position

	Notes	30 June 2012 (Unaudited) £'000	30 June 2011 (Unaudited) Restated £'000	31 December 2011 (Audited) £'000
ASSETS				
Non-current assets				
Available for sale investments		251	-	-
Investment in associate	9	26,105	-	-
Intangible exploration and evaluation assets	7	61,137	57,915	61,406
Plant and equipment		6,455	5,324	6,370
Total non-current assets		**93,948**	**63,239**	**67,776**
Current assets				
Trade and other receivables		38	1,489	2,269
Inventory		66	9	67
Financial investment assets		230	42	18
Cash and cash equivalents		5,433	13,299	7,625
Total current assets		**5,767**	**14,839**	**9,979**
TOTAL ASSETS		**99,715**	**78,078**	**77,755**
LIABILITIES				
Current liabilities				
Trade and other payables		(239)	(603)	(238)
Loans		(359)	-	(369)
Financial investment liabilities		(9)	-	-
Current tax liabilities		-	(349)	(504)
Total current liabilities		**(607)**	**(952)**	**(1,111)**

Non-current liabilities				
Deferred tax	5	(9,450)	(9,112)	(9,550)
Site restoration provision		(461)	(406)	(469)
Total non-current liabilities		**(9,911)**	**(9,518)**	**(10,019)**
TOTAL LIABILITIES		**(10,518)**	**(10,470)**	**(11,130)**
NET ASSETS		**89,197**	**67,608**	**66,625**
EQUITY				
Share capital	10	2,501	2,361	2,382
Share premium	11	10,441	6,011	6,677
Merger reserve		28,543	28,543	28,543
Foreign exchange reserve		5,791	4,745	6,353
Share based payment reserve		910	357	677
Revenue reserve/(deficit)	12	20,378	6,580	1,565
Equity attributable to the owners of the parent		**68,564**	**48,597**	**46,197**
Non-controlling interests	14	20,633	19,011	20,428
TOTAL EQUITY		**89,197**	**67,608**	**66,625**

Condensed consolidated statement of cash flows

	Notes	Six months to 30 June 2012 (Unaudited) £'000	Six months to 30 June 2011 (Unaudited) Restated £'000	Year to 31 December 2011 (Audited) £'000
OPERATING ACTIVITIES				
Operating profit/(loss)		17,526	(346)	(3,970)
Adjustment for non-cash items:				
Income from pre-IPO services to associate	9	(20,221)	-	-
(Gains)/loss on investments		(130)	150	172
Foreign exchange (gains)/losses		(136)	22	(60)
Depreciation of plant and equipment		292	460	878
Share based payments		249	80	400
Impairment of assets		-	1,611	2,314
Decrease/(increase) in trade and other receivables		182	283	185
(Decrease)/increase in trade and other payables		-	(182)	(219)
Decrease/(Increase) in inventory		1	188	130
Gain on acquisition of subsidiary		-	(4,349)	(4,349)
Finance expense/(income)		4	(18)	(19)
Profit on disposal of assets		-	-	(15)
Cash outflow from operations		**(2,233)**	**(2,101)**	**(4,553)**
Income taxes paid		(504)	-	-
Net cash outflow from operations		**(2,737)**	**(2,101)**	**(4,553)**
INVESTING ACTIVITIES				
Purchases of property, plant and equipment		(583)	(200)	(1,511)
Disposal of property, plant and equipment		-	-	95
Expenditure on exploration licences	7	(535)	(715)	(2,030)
Purchase of investments	8	(275)	(145)	(553)
Disposal of investments	8	223	135	538
Purchase of available for sale investments		-	(124)	(123)
Loans advanced to Bushveld		-	(1,274)	(1,958)
Net cash inflow/(outflow) from investing activities		**(1,170)**	**(2,323)**	**(5,542)**
FINANCING ACTIVITIES				
Proceeds from issue of share capital	10	-	6,000	6,007
Expenses of issue of share capital	11	-	-	-
Funds raised by subsidiary		1,725	2,890	2,890
Expenses of issue of subsidiary shares		-	(25)	(25)
Finance income		-	18	19
Finance expense		(4)	-	-
Net cash inflow from financing activities		**1,721**	**8,883**	**8,891**
(Decrease)/Increase in cash and cash equivalents		**(2,186)**	**4,459**	**(1,204)**

Cash and cash equivalents at start of period	7,625		8,825	8,825
Effect of foreign exchange rate variation	(6)		15	4
Net cash and cash equivalents at end of period	**5,433**	**13,299**	**7,625**	

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