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Obtala Resources Limited
22 October 2012

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Obtala Resources Limited

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

Preliminary metallurgical testwork at the Bushveld Iron Ore Project

The Board of Obtala Resources Limited, the natural resources investment and development company, announces the following RNS made by Bushveld Minerals Limited this morning:

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; Nicholas Harland +44 (0) 20 3037 2000

Bushveld Minerals Ltd

("Bushveld" or the "Company", AIM:BMN)

Operational Update

Preliminary metallurgical testwork at the Bushveld Iron Ore Project

Bushveld Minerals Limited, a mineral development company focused on iron and tin projects in southern Africa, is pleased to provide an update on progress in its metallurgical testwork on the Bushveld Iron Ore Project.

Highlights:

Positive preliminary magnetite recoveries and high grade concentrates achievable on both fine and coarse materials from the Massive Magnetite Ore ("Massive Ore"):

Fine fractions: The preliminary Davis Tube Test ("DTT") metallurgical testwork undertaken on <75µm fraction shows 79% - 84% recovery for Fe_2O_3, V_2O_5 and TiO_2, and a magnetic separator concentrate grade in excess of 78% Fe_2O_3, 19% TiO_2 and 0.36% V_2O_5.

Coarse fractions: Preliminary Dense Medium Separation ("DMS") tests on coarse (-12mm and -6mm) fractions shows 73% - 80% recovery for Fe_2O_3, V_2O_5 and TiO_2, and a concentrate grade in excess of 70% Fe_2O_3, 18.5% TiO_2 and 0.32% V_2O_5.

Fortune Mojapelo, CEO, Bushveld Minerals explained that: *"The results of the first metallurgical testwork are in line with our expectations and mark an important milestone for Bushveld while reaffirming our confidence in the project. The positive preliminary recoveries and concentrate grades for Fe_2O_3, TiO_2 and V_2O_5 that are achievable at coarse sizes of as much as 12mm are very encouraging and should eliminate or minimise the need to mill the product down to fines, thus significantly reducing energy and water requirements. The relative ease of transporting coarse material (compared to finely ground concentrate) will further enhance the project's economics."*

Metallurgy

The scope of the testwork has been defined to investigate extractability and pyrometallurgical characteristics of the Company's Iron Ore Project. The Metallurgical and mineralogical characterization and densimetric testwork was conducted by SGS (www.sgs.com) with advisory input from PESCO, ore dressing specialists.

The metallurgical testing comprises two parallel programmes that are focused on the Massive Ore and the Disseminated Magnetite Ore ("Disseminated Ore") that was identified in the Bushveld Minerals geological model in the P-Q Magnetite Zone.

Both ore types are being subjected to extractability and limited pyrometallurgical testwork incorporating

pre-reduction tests. The pre-reduction tests will test the potential for a value-added, pre-reduced iron ore product product rather than a plain concentrate.
The focus of Bushveld's metallurgical testwork since June 2012 has been on the Massive Ore. Testwork on the Disseminated Ore has recently also commenced and results from this will be announced in due course.

TESTWORK ON THE MASSIVE ORE
Extractability/concentration and limited pyrometallurgy (pre-reduction) testwork currently underway on the Massive Ore is as follows:

Extractability / Concentration Tests:

Various fraction sizes have been investigated, applying DTT to the 75µm fine fractions while DMS techniques were applied to analyse the 6mm to 12mm size fractions.
The objective is to determine the mineralogy of the ore, the potential to concentrate the ore by both magnetic separation and DMS, and to identify the optimal grind size for concentration and the grade of the resulting concentrate.
While observed recoveries on the grind fractions described above are very positive, additional testwork at other fraction sizes, ranging from 38µm to 3mm, is also underway, results of which will be announced before 31 December 2012. The intention is to determine the grind fraction at which optimal recoveries can be expected.

Initial Davis Tube Tests (<75µm):

The DTT recoveries and concentrate grade for a 80% < 75 micron grind feed processed at 1 320 Gauss for the massive magnetite are as follows:

Mass Recovery to Mags (%)	Grade (%)			Recovery (%)			Grade in concentrate (%)			
	Fe	TiO_2	V_2O_5	Fe	TiO_2	V_2O_5	Al_2O_3	SiO_2	MgO	CaO
63.4	55.0	19.2	0.36	83.6	79.5	78.7	1.96	1.16	0.94	0.1

Coarse Grind DMS Tests (-6mm & 12mm):

The following tables show recoveries and concentrate grades at a 6mm and 12mm top size for the magnetite recovered at the Massive Zone at a specific gravity (SG) of 3.6:

Top size	Mass Recovery to Sinks (%)	Grade (%)			Recovery (%)			Grade in concentrate (%)			
		Fe	TiO_2	V_2O_5	Fe	TiO_2	V_2O_5	Al_2O_3	SiO_2	MgO	CaO
6mm	61.9	50.1	19.0	0.33	73.4	74.9	78.5	2.88	4.66	1.65	0.75
12mm	67.3	48.9	18.5	0.32	79.2	79.8	89.7	3.29	5.87	1.73	0.96

Liberation studies of -6mm and -12mm sample sizes confirmed a close association of magnetite and ilmenite. These were upgraded together, suggesting that the 12mm fraction may be sufficient to obtain economic recoveries with equally attractive product grades. The differences in recoveries between the two size fractions were minimal, indicating that concentration is possible for fairly coarse top sizes.

These positive results indicate that good recoveries can be achieved at fairly coarse top sizes creating scope for a concentrate product, which requires significantly less power than a fine top size concentrate. This is expected to contribute positively to the economics of the project.

Pyro Metallurgical Tests: Pre-reduction

Pre-reduction testwork will be undertaken on both the fine and the coarse grind concentrate (from 6mm to 12mm). The process comprises of heating the ore together with a solid reductant to temperatures that are typically around 1000°C (below the melting point of the ore). Under these conditions, the Fe_3O_4 in the ore is reduced to metallic iron, resulting in significantly less electrical energy being required in the subsequent melting processes than if reduction had to be affected as well.

The objective of the pre-reduction testwork is to evaluate the scope to further upgrade this material to a higher value product that could compete in the scrap metal market. Initial test work will be undertaken on the Massive component of the P-Q Magnetite Layer during this quarter with results expected before end of 31 March 2013.

Furthermore, bench-scale smelting tests will be undertaken on the fine (<75µm) concentrates. Tests with both fluxed and non-fluxed ore will be carried out in order to determine characteristics of vanadium and titanium partitioning between metal and slag.

Metallurgical testwork on the Disseminated Ore is underway and comprises, as with the Massive Ore, extractability/concentrating and pre-reduction testwork. The results of this testwork are expected before the end of 31 March 2013.

Enquiries: info@bushveldminerals.com

Bushveld Minerals +27 (0) 11 268 6555
Fortune Mojapelo

Fox Davies +44 (0) 20 3463 5000
Jonathan Evans

Tavistock Communications +44 (0) 20 7920 3150
Jos Simson/ Jessica Fontaine

Tielle Communications +27 (0) 83 307 7587
Stéphanie Leclercq

This information is provided by RNS
The company news service from the London Stock Exchange

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Notes to the editor

Bushveld Minerals Limited is a mineral development company focused on the Bushveld Iron Ore Project and the Mokopane Tin Project, both located on the northern limb of the Bushveld Complex, South Africa.

The Bushveld Iron Ore Project comprises two licenses covering 7,409 ha where a JORC compliant open-castable resource of 633 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 with a target resource planned in excess of 1 billion tonnes. A scoping study on the project is underway for completion in Q1 2013.

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. In the longer term, the Company intends to expand the resource base by acquiring further projects.

The Company was admitted to the Alternative Investment Market of the LSE in March 2012.

The scientific and technical information contained within this announcement has been reviewed and approved by Jan Rabe, Senior Process Engineer at PESCO, the metallurgical advisor to the Company. Rabe has an honours degree in metallurgy and over 11 years' experience as a practising metallurgical engineer.

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