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

Montara Continental: Operational Update

Obtala Resources Limited (AIM:OBT), the natural resource investment and development company, is pleased to provide an update on its agriculture and timber subsidiary Montara Continental ("Montara").

Highlights:

- Groundnut planting in progress in Tanzania with off-take being negotiated
- Sun-dried tomato project in Tanzania:
  - Drip irrigation equipment sourced
  - Preparations underway for first planting
- Montara to develop horticultural enterprise
  - Land lease agreed for 483 acres close to Dar es Salaam, Tanzania with option to increase to 805 acres
  - Located adjacent to transport network, close to power-line with existing water borehole on the land
- Timber business produced US$1.8 million of revenue in the first season this year over a 6 month period
- Orders being processed for export quality sawn timber, with timber product marketing underway in Europe
- Initial FSC site inspection visit completed in January 2013

Agriculture
Tanzania
Groundnuts
Planting is in progress, with the Company targeting 200 hectares of groundnuts for the current season in addition to having another 700 hectare block of readily accessible land on the project for preparation and cultivation at the end of the rainy season. This block is flat, lies adjacent to the Lutukira River and can be irrigated, thus providing additional crop harvests and improved per unit area yields. Based on the results of last season's trial crop harvest, yields in excess of 2 tonne per hectare are expected. Negotiations are on-going with a specialist trader to purchase the crop for supply into the Asian markets, with price indications of US$1,200 per tonne.

Tomatoes
During 2013, the Company intends to establish a sun-dried tomato enterprise as we work to optimise our margins per hectare, and are currently developing a partnership with a European based consultancy to develop this business model. An initial area of 10 hectares has been prepared with drip irrigation equipment being sourced. Predictive yields are expected to be in the order of 10 tonnes of final product per hectare. Our expectation from June 2013 is that a total of 10 hectares will be harvested monthly on a rotation basis. We are currently preparing seeds for the first 30 hectares. Current wholesales prices in Europe and America are in the order of US$7-8,000 per tonne. As with the edible oilseeds, such as peanuts and sunflower, the sun-dried tomatoes, once sealed into vacuum packaging, have a long shelf life.

Horticultural Business
Montara has signed a Heads of Agreement to form an operating company which will develop a parcel of land held by a private, non-related Tanzanian entity. Montara will hold an 80% interest in the operating company with the partner maintaining a 20% free-carried interest. The land lies adjacent to the main tarmac highway which leads to the port of Dar es Salaam, approximately 235km to the east. The land has been previously cleared, thereby requiring limited preparation. A water borehole has been sunk on the property by the previous owner and a power line runs 750m off the northern boundary of the land.

Montara's objective for the project will be to develop a horticultural enterprise providing high yielding, high value crops grown consistently throughout the year to supply both local and international markets. Montara has initiated discussions with a potential partner who will provide the conduit to multinational markets for this business.

Forestry
Mozambique
Hardwood Sales
The Company made its first sales of hardwood timber in December 2012 and is currently preparing three additional container orders for delivery to customers in South Africa in February 2013. Samples of our timber have been delivered to engineered flooring manufacturers in Europe and Asia and the sales team are currently in the process of building an order book with positive initial indications.

Sleepers
The company successfully completed its contract in 2012 and achieved revenues of US$1.8 million with an attractive return. Negotiations continue with a view to securing an additional supply contract for 2013.

Forest Stewardship Council ("FSC")
Representatives from the FSC made their initial site visit in January. A fact finding report based on this inspection is pending.

Simon Rollason, Managing Director of Obtala, commented: "I am pleased to announce this update, and particularly the opportunity to develop a new and exciting horticultural business close to the existing major markets in Tanzania. Our intention is to focus on high yielding crops, which can be grown on smaller areas utilising best farming practises and irrigation to facilitate margin optimisation and year round revenues. Good progress has been made in Mozambique on the forest concessions and we look forward to working closely with the FSC to gain certification. The revenue produced last year sent out a clear signal that attractive high margin returns can be made from the business model we are developing and the current interest being expressed in the European market place for our flooring products is highly encouraging. We continue to be extremely optimistic with the development plans to re-position the Company as a self-sustainable, profitable, African focused agribusiness and timber trading company with our current land holdings providing the platform for the development of a vertically integrated company. Our group of companies remain debt free and continue moving to cash generating, highly attractive margin producing businesses."

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For further information on Montara Continental see our website
www.montaracontinental.com

This information is provided by RNS
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