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Obtala Resources Limited
22 April 2013

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

Montara Continental: Offtake Agreement

Obtala Resources Limited (AIM:OBT), the natural resource investment and development company, is pleased to announce that its agriculture subsidiary Montara Continental ("Montara") has entered into an exclusive Buy and Sell Agreement ("Offtake Agreement") with a European based trading company (the "Purchaser").

Highlights:

- Offtake Agreement concluded for new horticultural business in Tanzania
- Allows for partnership with European based trading company with pan-European customer base comprising food manufacturing companies across the continent
- Initial requirement for 1,600 tonnes per annum of mixed sun-dried tomato product expanding to 5,000 tonnes per annum by 2014
- Additional product requirements of the purchaser allows for targeted planning and planting with the intent to maximise revenue through value added products
- Purchaser has exclusive rights for the European market
- The term of the Offtake Agreement is 5 years and is renewable

The Company has concluded an Offtake Agreement with a European vegetable and fruit trading company. The purchaser has the exclusive rights to sell our products in the European market, excluding the United Kingdom, and will increase its purchased quantity from an initial 1,600 tonnes of mixed sundried tomato products per annum to 5,000 tonnes of mixed products per year by the end 2014. The agreement is for a renewable 5-year term with prices up to US$5,000 per tonne for certain crop types. The Purchaser has additional crop requirements which we will work to fulfil, and we will evaluate the merits of establishing in-country processing to provide for increased revenues through product value adding.

Groundwork continues on the recently acquired Magole Farm near Morogoro in Tanzania where a hydrogeology survey has been completed with water well drilling expected to commence after the current rains finish. Drip irrigation equipment is expected to be shipped to Tanzania within two weeks with installation and commissioning expected to take three months. The initial area to be developed covers 30 hectares. A tomato washing and inspection line is being manufactured in South Africa and expected on-site towards the end of May.

Francesco Scolaro, Chairman of Obtala, commented:"I am delighted to announce this agreement, which is a highly significant milestone in our project development plans, to our shareholders. As previously stated our intention is to focus on high yielding crops, which can be cultivated utilising best farming practises and irrigation to facilitate margin optimisation and regular, year round revenues. To this end we entered into a lease agreement earlier this year on a property close to Morogoro and located 235km from the port facility of Dar es Salaam. Work on the ground has been progressing well and infrastructure development will start once the current rainy season ends, which is expected towards the end of the month.

The Off-take Agreement provides a guaranteed market and importantly a significant revenue stream guaranteed over the next 5 years for our produce. The partnership with the Purchaser will allow us to expand our activities and strategically plan our cropping cycles to feed into their expanding demand. We will target those crops that allow us to optimise our margins per hectare and will also seek to achieve value added production by establishing an in-country processing facility to tie in with the requirements of our purchasing partner.

We continue to be extremely optimistic with our 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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