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

Agricultural Update & Funding

Obtala Resources Limited (AIM:OBT), the natural resource investment and development company, announces today that it has issued 4,377,104 new Ordinary Shares of 1p each pursuant to the subscription agreement announced on the 20th February 2013 and provides an operational update on its agricultural activities in Tanzania.

Agriculture Update
Significant progress has been made on the Morogoro sundried tomato project in Tanzania, with our first harvest anticipated in late September 2013, enabling us to commence supplying sun dried tomatoes under the terms of our off-take agreement, as announced on 22nd April 2013.

A total of 130 hectares have now been cleared, with a detailed topographic survey for drainage control underway. Land preparation and substantial water supply work is expected to be completed by the end of June, with the construction of a 5,400m^3 water reservoir, and installation of a nursery and drip irrigation equipment expected to be completed by the end of July, with plantlets being sown simultaneously.

A contract for the construction of the main processing building, stores, offices, changing rooms, laboratory and packing facilities has been awarded, and will house the front-end washing units which were ordered in February 2013.

An internationally accredited consultant has been engaged to manage the EU regulatory requirements and provide support in establishing packaging, quality control, international management systems (IMS), and gaining British retail consortium (BRC) Training and GlobalGap preparation and certification.

It is anticipated that preparation for the first production of Phase 1, supplying c.100 tonnes per month of sundried product, will be completed by September 2013. Our European based partners have supplied sweet pepper and jalapeno seeds for trial farming and yield quality test work, allowing us to move to Phases 2 and 3 post September with production of these higher revenue products increasing harvest capacity going forward by 100 tonnes per month for each crop respectively.

Issue of equity
An application has been made for the issue of 4,377,104 new Ordinary Shares, at a price of 6.15p per Ordinary Share, raising gross proceeds of £269,340. Trading in the 4,377,104 new Ordinary Shares on AIM is expected to commence on or around 22 May 2013.

Following the issue of the Ordinary Shares, the total number of shares in issue and the total number of ordinary shares in the Company with voting rights will be 258,883,560. This figure may be used by shareholders in the Company as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change of interest in, the share capital of the Company under the Financial Service Authority's Disclosure and Transparency Rules.

Issue of warrants
Following the completion of the first instalment of the placing the, Company has issued 4,377,104 warrants exercisable immediately with a strike price of 7.69p and valid for four years.

Chairman's comment

Francesco Scolaro, Chairman of Obtala commented: "Our focus is to move as swiftly as possible to fulfil our orders under our off-take agreement and generate cash flows with high margins, meeting all EU food regulation and requirements. We are comfortable that the Company now has sufficient funds to take Phase 1 through to production and delivery, whereby Phases 2 and 3 will be funded internally through revenues generated by Phase 1.

I am confident that our agriculture model will be successful, notwithstanding external delays, and prove to be profitable. I am encouraged by the continued support of our European off-take partners and our team on the ground in Tanzania."

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