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Obtala Resources Limited
12 May 2014

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

Forestry Update

Obtala Resources Limited (AIM:OBT), the natural resource investment and development company, is pleased to provide an operational update on its forestry operation in Mozambique.

Highlights:

- New order received for timber railway sleepers
- Local sales orders agreed, volume expected to grow
- Asset valuation report commissioned
- Land expansion plans underway

Forestry Update

The company continues to actively work on the timber railway sleeper contract, as announced on 20th February this year, and has recently received a further order by the client, Vale; the Brazilian mining conglomerate for an additional 31 junction sets over and above the original 90 sets ordered. The company remains confident that additional timber supply contracts of this nature will be received as the company continues to align itself with the on-going national development plans in Mozambique as a recognised supplier to Vale.

A contract has been concluded to supply +100m^3 of sawn Kiaat timber on a monthly basis over the next year to a local company. Local Kiaat prices are currently in the order of \$750/m^3 and predicted to rise. The revenues generated on a monthly basis from this contract will off-set the sleeper production costs. Additional orders are being negotiated as local timber prices and demand continue to rise as the country grows and infrastructure is developed and upgraded.

The Company has engaged the services of an independent UK based and regulated forestry investment appraisal and Management Company to undertake an appraisal and valuation of the forest assets held by the company in Mozambique. The initial site visit is expected to be completed by the end of the month.

In addition the Company has held discussions with European based timber producers and traders, who control substantial assets in Sub-Saharan Africa and have extensive global client lists for sales. Discussions are on-going to explore opportunities to realise value through increased production and market opportunity with the potential to form a working collaboration.

Chairman's comment

Francesco Scolaro, Chairman of the Board, commented: "Work on our forestry business continues to progress well with additional orders being signed for expanded revenues. The demand for timber within Mozambique allows us a build a platform from which we can expand regionally and international with the on-going discussions with potential partners supporting this business model and facilitating greater access to global markets. To date we have created a strong asset portfolio based on our own revenues and now we are looking to scale up production to fill market demand."

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