RNS Number : 3352S
Obtala Limited
02 October 2017

2 October 2017

Obtala Limited
("Obtala", the "Group" or the "Company")
(AIM: OBT)

Funding Update

Obtala Limited (AIM: OBT), the African focused agricultural and forestry company, is pleased to announce that it has raised an additional $2 million from a further and final subscription for preference shares in Argento Limited (Obtala's 75% owned forestry subsidiary) in accordance with the terms announced on 1st December 2016.

6,000 additional Argento Preference shares are to be issued at a price of US$350 per share, bringing the total in issue to 75,000 which is the maximum number of Preference Shares permitted for issue. There were 6 investors which were a mix of HNWs as well as further management and significant shareholder investments.

Proceeds from the committed US$2.0m are to be received during the following settlement periods:

On or before:	
29th September 2017	US$250,000
31st October 2017	US$750,000
30th November 2017	US$1,000,000

The Directors and significant shareholder of the Company who have agreed to further invest the following principal amounts on or before 31st October 2017 for Argento Preference shares are:

Miles Pelham	Chairman	$100,000	286 Argento shares
Paul Dolan	CEO	$100,000	286 Argento shares
Frank Scolaro	Founder	$100,000	286 Argento shares

The above parties are considered Related Parties for the purposes of the AIM Rules. The Directors who are not involved in the transaction consider, having consulted with the Company's Nominated Adviser, that the terms of the Placing are fair and reasonable in so far as its Shareholders are concerned. The total Argento Preference Shares now held by the Directors and significant shareholder following this subscription are now:

Miles Pelham	Chairman	7,072 Argento shares
Paul Dolan	CEO	1,001 Argento shares
Frank Scolaro	Founder	715 Argento shares

Considering the successful completion of this round, the Company has decided to cease discussions with Jiangsu Dolphin International Trading Co. Ltd and terminate the subscription agreement signed 2nd May 2017, due to ongoing regulatory issues that the Board could not ascribe a definitive timeline to the resolution of.

As noted in our initial Argento Preference Share subscription announcement on 1 December 2016, monies raised ($20.25m in total) will be used to fund exponential increases in production capability at Argento Ltd, working capital for Obtala, and investment into agricultural production in Tanzania. Now that the Company has a substantial forestry trading division acquired through the acquisition of WoodBois International ApS, our immediate focus is to secure tranches of $25m in trade finance to fund the working capital required for accelerated growth trading revenues and profits, as noted in our Q3 2017 Quarterly Business Update.

Miles Pelham, Chairman of Obtala, commented"Completion of this final Preference Share funding represents an important step for the company as we accelerate the monetization of our latent assets. Asian investor appetite remains healthy and we hope to expand access to this investment by actively pursuing a dual-listing.

The progress of the company over the last twelve months and exponential growth in revenues will leave us well positioned to attract further capital investment from Asia as we seek to deliver on our transformation strategy".

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This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

Further Information

Terms of the Argento Preference share

Issue Date	1st December 2016
Tenor	Perpetual
Denomination	$350
Preferred Dividend	5%
Ordinary Dividend	Yes
Takeover ratchet	Yes, 150% upon change of control
Drag along rights	Yes
Tag along rights	Yes
Convertible period	30th August 2017 and perpetually onwards
Conversion property	Either of the following, at the choice of Preference share holder: a. Into Argento Limited ordinary shares on 1-for-1 basis b. Into Obtala Limited ordinary shares on a 1-for-1435 basis
Obtala Conversion price	20p (using deal FX rate of 1.22)
Dilution protection	Yes

Full conversion of the 6,000 Preference shares now agreed to be issued into new Obtala ordinary shares would result in the issue of a further 9,594,000 new Obtala ordinary shares, representing approximately 3.27 per cent. of Obtala's existing issued ordinary share capital.

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

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