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Forestry Acquisition, Mozambique

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Obtala Resources Limited (AIM:OBT), the natural resource investment and development company, today announces that it has concluded a Share Purchase Agreement ("SPA") to acquire a private Mozambique registered company ("Acquisition"). The vendor holds a forestry concession in north-east Mozambique, with an application pending to significantly increase the land area under licence. Highlights:

- Obtala controlled subsidiary, Montara Continental Inc ("Montara") completes 100% interest in forestry operation
- Acquisition includes saw mill, forestry-related machinery and equipment, extensive stores and parts for equipment, offices and accommodation facilities
- Target company has pending application to extend concession to 63,653 hectares, original area 9,250 hectares
- Operations Manager recruited to initiate logging activities with immediate effect

Montara, through its 100% owned subsidiary Argento Continental Corp. ("Argento"), has agreed to acquire a 100% shareholding in a private Mozambique registered company, which holds a forestry concession in north-east Mozambique. The acquisition is not a substantial transaction under the London Stock Exchange AIM rules.

An inventory study on the concession indicates the presence of numerous species of exotic hardwoods, including African Blackwood, Kiaat and Panga-Panga. The concession lies within 150km of the deep-water port facilities at Nacala, which has a regular container shipping service to Europe and the Far East. The vendor has an application pending with the Government to extend the concession area to 63,653 hectares.

Mozambique is in the process of becoming a new member state of the Forest Stewardship Council ("FSC"), which is an independent, non-governmental, non-profit organization established to promote the responsible management of the world's forests. FSC is a certification system providing internationally recognized standard setting, trademark assurance and accreditation services. Obtala, through its subsidiaries, has been working closely with agencies in Mozambique to ensure that it is compliant and achieves certification once forestry operations begin. By acquiring FSC certification the end markets in Europe open up to Montara.

The objective of the Company is to develop a self-sustainable, profitable forestry and agricultural enterprise in East Africa, which engages and supports the local community. Through this process of development and growth it will advance energy and food crops in East Africa and develop this market whilst operating logging and regeneration projects on the forestry concessions.

The Company will continue to invest in Tanzania and Mozambique with the objective of realising profits from both expanded processing and farming operations. Sustainable productivity remains the core strategy with high yield crops being farmed as part of a sustainable land management programme. In addition Obtala, through its subsidiary Montara Continental Limited has an application for a 54,000 hectare forestry concession within well established Blackwood concessions of the Cabo Delgado Province lodged with the Ministry of Agriculture in Mozambique, and is hopeful that it will be approved later this year.

The company has appointed Patrick Greene as the Operations Manager for East Africa. Patrick has extensive experience in the field of Forestry, having been involved in several ventures in Africa and the Baltic states, ranging from the initial infrastructure set-up to the conclusion of the project. Patrick also brings considerable experience in the marketing field, being able to find an appropriate client base for a particular product, gained from working for several years for one of the world's biggest producers of wooden garden furniture.

Frank Scolaro, Chairman of Obtala, commented "I am delighted to announce the signing of this agreement in Mozambique. Operations on the project will commence immediately, with Obtala being well funded to develop this project with the aim of producing a near-term revenue stream, which will further grow the company in East Africa. We have initiated discussions with the FSC and expect a site visit in September this year to kick-start the certification process. We further have another forestry concession pending government approval in Mozambique, which we hope will be granted shortly, giving Obtala exposure to over 1,000km² of forested land. This land package will enable us to evaluate the potential of bringing in an established partner to create a manufacturing facility in-country bringing tremendous benefits to both Obtala and the Citizens of Mozambique."

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