Obtala Resources Plc
Interim Financial Report
for the period ended 30 June 2008

Directors and Officers

DIRECTORS

Francesco Scolaro	(*Executive Chairman*)
Simon Rollason	(*Managing Director*)
Michael A Bretherton	(*Finance Director*)
Nicholas Clarke	(*Non-Executive Director*)
James Ede-Golightly	(*Non-Executive Director*)
Professor John Monhemius	(*Non-Executive Director*)

COMPANY SECRETARY
Scrip Secretaries Limited

COMPANY NUMBER
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Chairman's Statement

I am pleased to present the interim report of Obtala Resources Plc (Obtala) for the period from 1 August 2007 to 30 June 2008.

Obtala is the holding company of a mineral exploration and development Group that was established on 1 August 2007 and which acquired Mindex Invest Ltd (Mindex) in November 2007, followed by the acquisition of Uragold Ltd (Uragold) in February 2008.

The Group raised £6.0 million net of costs from investors during the period from 1 August 2007 to 30 June 2008 which included a share placing and admission to the AIM market in April 2008. The Group's loss before tax for that period amounted to £95,000 and net equity attributable to shareholders of Obtala at 30 June 2008 amounted to £20.9 million inclusive of consolidated cash balances of £4.2 million.

The acquisition of Mindex and its 12 Tanzanian mineral licences was settled by issue of 100,000,000 new ordinary shares at a fair value of £15,000,000 and the acquisition of Uragold and the 6 Tanzanian mineral licences held in its 75 per cent. Uragold (T) Ltd subsidiary, was for a cash consideration of £952,162 (US$1.86 million). Atlas Africa Ltd, a local partner, holds the remaining 25 per cent. of the issued share capital of Uragold (T) but has granted to Uragold the exclusive option to purchase all or part of that 25 per cent. holding. These acquisitions have been treated as a purchase of mining licences and they provided the Group with an initial focus in gold, nickel, copper, iron ore and uranium opportunities in Tanzania, East Africa.

In July 2008, Obtala significantly increased its gold prospecting licence areas to 2,076 km^2 at no additional cost following the award by the Commissioner for Minerals under the Tanzanian Mining Act of 3 further prospecting licences. Subsequently in September 2008, Obtala acquired a further uranium exploration licence covering an area of 412 km^2 and also a platinum exploration licence covering an area of 712 km^2. The consideration for these was settled by a cash payment of £197,000 (US$350,000). As a result, the Group currently holds a portfolio of base metal mineral exploration licence assets in Tanzania comprised of exclusive or majority interests in a total of 23 licences covering a total area of over 6,593 km^2 as follows:

Type of resource	**Number of licences**
Gold	12
Nickel	2
Copper	3
Uranium	4
Platinum	1
Iron ore	1

In addition, in May 2008, Obtala acquired holdings of between 71 per cent. and 75 per cent. in 6 new gemstone mining licences totaling 6 km^2 in the Manyara area of Tanzania. The licences confer the right to prospect for and mine gemstones and are valid for an initial period of 10 years and can be extended for an additional 10 years. The consideration for these was satisfied by a cash payment of £229,000 (US$450,000) and the Company has option rights to acquire a number of the minority interests in these licences. Obtala was granted a further 100 per cent.

owned gemstone licence in July 2008 covering an area of 2.77 km^2 in the Morogoro District of Tanzania. These new gemstone licences provide Obtala with the foundations for creating a gemstone division and complement the Group's base metal licences portfolio as well as progressing the Group's strategy of working with local partners in the exploration and development of mineral assets, with an initial focus in Tanzania.

Our initial focus on Tanzania is primarily based upon recognition of Tanzania's stable geopolitical environment, established legal system and mining legislation, coupled with a fast growing mining industry with a relatively strong infrastructure to support this. Many of the Group's mineral licence assets have been primarily selected due to their proximity to large existing resources and producing assets which provides us with a favourable regional geology for exploration.

Exploration of the Group's portfolio of mineral exploration licence assets commenced in May 2008 and has been facilitated by the opening of an office and accommodation facility in Mwanza in the Lake Victoria Goldfields District and the appointment of key members of the Obtala management team. The fieldwork to date has been focused on 6 of our gold licence projects in the Lake Victoria area and on the Rulenge nickel licence project. This work will continue throughout the remainder of the year but further resource will also be committed to work on our other licence projects.

The Company's Board has been strengthened since our admission to the AIM market on 24 April 2008 with the appointment of Simon Rollason as Managing Director and the appointment of Professor John Monhemius and Nicholas Clarke as Non-Executive Directors. Simon Rollason has over 18 years experience in mining and geological exploration having worked with both multi-nationals and junior resources companies on nickel, gold, copper, base metals and gemstone projects. Professor Monhemius is Professor of Mineral and Environmental Engineering at Imperial College, London and has over 40 years experience in gold, copper, nickel, zinc and other metals. Nicholas Clarke is a highly experienced Chartered Engineer and company director and is currently a Non-Executive Director to both Caledon Resources Plc and Sunkar Resources Plc.

I am confident that Obtala will make considerable further progress in its development during the remainder of the period. We may use a number of strategies to enhance Shareholder value such as developing mineral licence assets using our own team, development in partnership with other groups or by way of disposal of mineral licence assets where appropriate. Furthermore, the Group will continue to evaluate opportunities to acquire additional assets at the exploration, development and production stages both in Tanzania, and globally.

Francesco Scolaro
Executive Chairman
22 September 2008

Condensed Consolidated Income Statement

For the period from 1 August 2007 to 30 June 2008

	Notes	(Unaudited) 2008 £'000
Continuing Operations		
Administrative expenses		(219)
Depreciation charge		(5)
Operating Loss		(224)
Net interest		129
Loss Before Taxation	2	(95)
Taxation	3	–
Retained Loss For The Period		(95)
Attributable To		
Equity holders of parent		(95)
Minority interest		–
		(95)
Loss Per Share		
Basic and diluted	4	(0.07)p

The loss for the period arises from the Group's continuing operations.

Condensed Consolidated Statement of Changes in Equity

For the period from 1 August 2007 to 30 June 2008

	Attributable to equity holders of the company				
	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Accumulated Losses £'000	Total Equity £'000
At 1 August 2007	–	–	–	–	–
Net loss for the period	–	–	–	(95)	(95)
Issue of shares	1,775	3,325	16,400	–	21,500
Expenses of issue of shares	–	(497)	–	–	(497)
At 30 June 2008	1,775	2,828	16,400	(95)	20,908

Condensed Consolidated Balance Sheet

30 June 2008

	Notes	(Unaudited) 2008 £'000
Assets		
Non-current assets		
Fixed assets		73
Intangible assets	6	16,666
Total non-current assets		16,739
Current assets		
Trade and other receivables		29
Cash and cash equivalents		4,269
Total current assets		4,298
Total Assets		21,037
Liabilities		
Current liabilities		
Trade and other payables		(129)
Tax liabilities		–
Total Liabilities		(129)
Net Assets		20,908
Equity		
Issued capital	7	1,775
Share premium	8	2,828
Merger reserve	9	16,400
Accumulated losses		(95)
Total Equity		20,908

Approved by the board and authorised for issue on 22 September 2008

F Scolaro
Executive Chairman

M A Bretherton
Finance Director

Condensed Consolidated Cash Flow Statement

For the period from 1 August 2007 to 30 June 2008

	Notes	(Unaudited) 2008 £'000
Operating Activities		
Operating loss		(224)
Adjustment for:		
Depreciation of property, plant and equipment		5
Increase in trade and other receivables		(27)
Decrease in trade and other payables		(175)
Interest received		129
Net cash outflow from operations		(292)
Investing Activities		
Purchases of property, plant and equipment		(78)
Purchase of mining licences*	6	(1,278)
Expenditure on intangible fixed assets	6	(86)
Net cash outflow from investing activities		(1,442)
Financing Activities		
Proceeds from issue of share capital	7	6,500
Expenses of issue of share capital		(497)
Net cash inflow from financing activities		6,003
Increase in Cash And Cash Equivalents		4,269
Cash and cash equivalents at 1 August 2007		–
Cash and Cash Equivalents at 30 June 2008		4,269

*Excludes £15.0 million non cash element of acquisition consideration settled in shares together with settlement of £0.3 million of net financial liabilities which have been reflected in working capital movements – see note 6.

Notes to the Interim Financial Statements

1. ACCOUNTING POLICIES

Basis of accounting

The interim financial statements of Obtala Resources Plc are unaudited condensed consolidated financial statements for period 1 August 2007 to 31 July 2008. The condensed consolidated financial statements have been prepared under the historical cost convention.

The condensed consolidated financial statements do not constitute statutory accounts.

Basis of consolidation

The condensed consolidated financial statements incorporate those of Obtala Resources Plc and all of its subsidiary undertakings for the period.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effects of potential voting rights are considered when assessing whether the Group controls the entity. Subsidiaries are fully consolidated from the date control passes.

Obtala Resources Plc was incorporated on 20 December 2007 as a new Plc holding company created specifically for implementing a reorganisation in relation to Obtala Limited. This entailed the purchase by Obtala Resources Plc of the entire share capital of Obtala Limited on 29 February 2008 in a process that did not change the economics, operations or shareholder structure of the Obtala Group and the directors have therefore treated this as a simple reorganisation using the merger method of accounting.

The purchase of the entire share capital of Mindex Invest Ltd and Uragold Ltd by Obtala Limited has been treated as a purchase of assets and as such outside the scope of IFRS3, being the mining licenses held by the respective companies at the time of their acquisition.

Obtala Limited was incorporated on 1 August 2007 and the condensed consolidated financial statements for the Obtala Group are for the period from 1 August 2007 to 30 June 2008.

Intra-group transactions

All intra-group transactions, balances, and unrealised gains on transactions between group companies are eliminated on consolidation. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group. All financial information is made up to 30 June 2008.

Intangible fixed assets and impairment

All costs associated with mineral exploration and evaluation including the costs of acquiring prospecting licences, rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource, are capitalised as intangible exploration and evaluation assets on a licence project-by-project basis, pending determination of the feasibility of the project.

If an exploration project is successful, the related expenditures will be transferred to tangible mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis.

Notes to the Financial Statements

Where a project does not lead to the discovery of commercially viable quantities of mineral resources and is relinquished, abandoned, or is considered to be of no further commercial value to the Company, the related costs are written off. The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the development of ore reserves and future profitable production or proceeds from the disposition thereof.

Finance assets and liabilities

Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade and other payables

Trade and other payables are not interest bearing and are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than 3 months.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the income statement for the period, except for exchange differences on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

2. SEGMENTAL REPORTING

The Group is currently in the process of exploration and development of mineral projects all of which are in Tanzania.

The following table shows the geographic segment analysis of the Group's loss before tax for the period and balance sheet net assets:

	Tanzania £'000	UK £'000	Inter-group elimination £'000	Total £'000
Income statement				
Administrative expenses	(77)	(147)	–	(224)
Net interest	–	129	–	129
Loss before tax	(77)	(18)	–	(95)
Balance sheet				
Assets	16,746	4,767	(476)	21,037
Liabilities	(467)	(138)	476	(129)
Net assets	16,279	4,629	–	20,908

3. TAXATION

No deferred tax asset has been recognised in respect of the Group's loss for the period to 30 June 2008 as recoverability is uncertain.

4. EARNINGS PER SHARE

Basic loss per share is based on the net loss for the period of £95,000 attributable to equity holders of the parent related to the weighted average number of ordinary shares in issue during the period of 127,582,000. Fully diluted loss per share is the same as basic loss per share.

5. SUBSIDIARIES

At 30 June 2008 the Company has investments in subsidiaries where it holds 50 per cent. or more of the issued share capital of the following companies:

Undertaking	Sector	Place or registration	% of issued capital
Obtala Limited	Resources	England & Wales	100.0
Obtala (T) Ltd.	Resources	Tanzania	100.0
Mindex Invest Ltd.	Resources	British Virgin Islands	100.0
Uragold Ltd.	Resources	England & Wales	100.0
Uragold (T) Ltd.	Resources	Tanzania	75.0

Notes to the Financial Statements

The investments in Obtala Limited and Obtala (T) Ltd. are held direct, the investments in Mindex Invest Ltd. and Uragold Ltd. are held by Obtala Limited and the investment in Uragold (T) Ltd. is held by Uragold Ltd.

Obtala Limited operates wholly or mainly in England & Wales and Mindex Invest Ltd., Uragold Ltd. and Uragold (T) Ltd. operate wholly or mainly in Tanzania.

6. INTANGIBLE ASSETS

	Mindex Licences 2008 £'000	Uragold Licences 2008 £'000	Licences 2008 £'000
Cost and book value at 1 August 2007	–	–	–
Purchase of mining licences in period	15,406	1,174	16,580
Expenditure on mining licences in period	74	12	86
Cost and book value at 30 June 2008	15,480	1,186	16,666

At 30 June 2008, the Mindex licences comprised 15 Tanzanian base metal mineral licences and 6 gemstone mining licences held by Mindex Invest Ltd and the Uragold licences comprised 6 Tanzanian licences held by Uragold (T) Ltd.

On 29 November 2007, Obtala Limited acquired 100 per cent. of the issued share capital of Mindex Invest Ltd. (which held 12 Tanzanian mineral licences) by issue of 100,000,000 new ordinary shares at 15 pence per share for a fair value of £15,000,000 together with the settlement in cash of costs of £56,000, which coupled with net liabilities at acquisition of £121,000 resulted in a total cost of £15,177,000 attributed to the purchase of Mindex mining licences.

On 8 February 2008, Obtala Limited acquired 100 per cent. of the issued share capital of Uragold Ltd. (including it's 75 per cent. Uragold (T) Ltd subsidiary which together comprise the Uragold Group) for a cash consideration of £952,162 (US$1,860,000) together with the settlement in cash of costs of £41,000, which coupled with net liabilities at acquisition of £181,000 resulted in a total cost of £1,174,162 attributed to the purchase of Uragold mining licences.

On 15 May 2008, Mindex Invest Ltd acquired holdings of between 71 per cent. and 75 per cent. in 6 new gemstone mining licences totaling 6 km^2 in the Manyara area of Tanzania for a cash consideration of £229,000 (US$450,000).

If an exploration project is successful, the related expenditures will be transferred to tangible mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis.

The above values of intangible exploration assets acquired represent the cash and non-cash consideration paid by the Group at the time of their acquisition together with subsequent expenditure associated with mineral exploration and evaluation which has been capitalised. The allocation of the cost of intangible exploration assets purchased has been provisionally made to 6 principal groupings covering nickel, gold, uranium, iron ore, copper and gemstones and the allocation to individual mineral licence projects will be finalised in the audited financial statements for the period ending 31 December 2008 following further exploration and evaluation of the mineral licence areas.

There were no triggers for carrying out an impairment review in the period, however the directors have carried out an impairment review of intangible exploration licence assets as at 30 June 2008 which included consideration of the following:

a) Geology and lithology on each licence as outlined in the most recent CPR's (independent Competent Person's Reports from the mining and earth resources consultancy company, Wardell Armstrong International Limited)

b) The expected useful lives of the licences and the ability to retain the licence interests when they come up for renewal

c) Comparable information for large mining and exploration companies in the vicinity of each of the licences

d) History of exploration success in the regions being explored by Mindex and Uragold

e) Local infrastructure

f) Climatic and logistical issues

g) Geopolitical environment

The directors consider that there has been no impairment loss to intangible exploration assets in the period and that the carrying amount of intangible exploration assets at 30 June 2008 approximates to their fair value.

7. SHARE CAPITAL

	2008 Number	2008 £'000
Authorised:		
Ordinary shares of £0.01 each	250,000,000	2,500
Allotted, issued and fully paid:		
Ordinary shares of £0.01 each	177,500,000	1,775

The Company was incorporated on 20 December 2007, on which date the authorised share capital was £2,500,000 divided into 250,000,000 shares of £0.01 each of which 1 had been issued at par value.

On 29 February 2008 the Company issued 159,999,999 ordinary shares of £0.01 in connection with the acquisition of Obtala Limited. The issue of shares resulted in an addition to the merger reserve of £16,400,000 (see note 9).

Notes to the Financial Statements

On 24 April 2008 the Company issued 17,500,000 ordinary shares of £0.01 each for cash at a price of 20p to raise gross cash subscription receipts of £3,500,000 and which resulted in a share premium of £3,325,000 (see note 8).

Obtala Limited was incorporated on 1 August 2007 and the condensed consolidated financial statements for the Obtala Group are for the period from 1 August 2007 to 30 June 2008.

On 21 August 2007, Obtala Limited issued 59,999,999 ordinary shares of £0.01 each for cash at a price of 5p, to raise gross cash subscription receipts of £3,000,000.

On 29 November 2007, Obtala Limited allotted and issued 100,000,000 new ordinary shares at a price of 15p in connection with the acquisition of the entire issued share capital of Mindex Invest Ltd for a consideration of £15,000,000.

8. SHARE PREMIUM

	2008 £'000
At 1 August 2007	–
Additions (see note 7)	3,325
Expenses of issue of shares	(497)
At 30 June 2008	2,828

9. MERGER RESERVE

	2008 £'000
At 1 August 2007	–
Additions (see note 7)	16,400
At 30 June 2008	16,400

10. PURCHASE OF SUBSIDIARY UNDERTAKINGS

a) Subsidiaries

The purchase of the entire share capital of Mindex Invest Ltd and Uragold Ltd by Obtala Limited has been treated as a purchase of assets, being the mining licences held by the respective companies at the time of their acquisition. The cost of the acquisitions has been attributed to the purchase of mining licences – see note 6.

The Balance Sheets of the subsidiaries as at the acquisition date are detailed below:

	Mindex 2008 £'000	Uragold 2008 £'000	Total 2008 £'000
Intangible exploration assets	110	175	285
Trade and other receivables	2	–	2
Trade and other payables	(123)	(181)	(304)
Net assets	(11)	(6)	(17)

For the period between the date of acquisition and 30 June 2008, none of the above subsidiaries contributed any revenues but the loss before tax contributions to the Group consolidated results amounted to £(76,000) for Mindex and £(3,000) for the Uragold Group.

b) Trading results of subsidiaries

The dates of incorporation of the acquired subsidiaries are as follows:

Mindex Invest Ltd.	28 September 2006
Uragold Ltd.	16 May 2007
Uragold (T) Ltd.	10 August 2007

The trading results of the acquired subsidiaries from their respective dates of incorporation to 30 June 2008 are as follows:

	Mindex Invest 2008 £'000	Uragold Group 2008 £'000
Administrative expenses	(111)	(9)
Loss before tax	(111)	(9)

Notes to the Financial Statements

11. RELATED PARTY TRANSACTIONS

Trading transactions

During the period the Group companies entered into the following transactions with related parties:

	2008 £'000
Loan amounts owing to F Scolaro created through share purchase agreements	315
Repayments made to F Scolaro in the period	(315)
Property rentals charged by ORA	8
Management fees charged by ORA	5

Frank Scolaro is a director of Obtala Resources Plc and each of its subsidiaries.

ORA Capital Partners Plc (ORA) held 33.4 per cent. of the issued share capital of the Company at 30 June 2008.

Directors' Remuneration

During the period the Company paid remuneration to the Directors' in accordance with their service contracts and letters of appointment.

12. INTERIM FINANCIAL REPORT

A copy of this interim report will be distributed to shareholders and is also available on the Company's website at www.obtala resources.co.uk.