

Interim report for the six months to 30 June 2009

## CHAIRMAN'S STATEMENT

I am pleased to present the interim report of Obtala Resources Plc (Obtala) for the first six months to 30 June 2009.

Obtala is the holding company of a mineral exploration and development Group that currently holds a portfolio of base metal mineral exploration licence assets in Tanzania comprised of exclusive or majority interests in a total of 24 prospecting licences comprising 13 Gold; 2 Nickel; 3 Copper; 4 Uranium; 1 Platinum and 1 Iron ore. In addition, the Group has majority interests in 7 gemstone mining licences and an option agreement over 5 further gold licences in the Lake Victoria Goldfields.

Exploration and development expenditure during the first six months of this year amounted to £0.34 million and was heavily focused on our Gold licences and in particular the Buckreef licence for which strong gold results were reported from the trenching programme. The Buckreef licence is located in a world-class gold producing region, with operations nearby including AngloGold Ashanti. We remain fully funded to continue exploring this prospect and are confident of realising shareholder value in the future.

Obtala completed an agreement with the AIM quoted company, Gemstones of Africa Limited "GOA", in March 2009 under which GOA purchased an initial 12.5 per cent. gross interest in the Group's 6 emerald gemstone mining licences in the Manyara area of Tanzania with an option to increase their interest by a further 12.5 per cent. to 25.0 per cent. in total. The purchase and option consideration was settled in exchange for issuing Obtala with shares equivalent to 5.0 per cent. of GOA's issued share capital equating to a value of £450,000. In order to exercise their option, GOA are required to have incurred exploration expenditures on these licence interests of not less than US\$ 75,000 within 24 months of the agreement completion date. This deal complements the exploration activity currently being carried out by Obtala and allows the Group to benefit from the expertise offered by the GOA team to bring these assets in to production.

Obtala also has as a number of interests in listed equity securities in mining and exploration companies which are held as available for sale investments.

In March 2009, Obtala acquired a 23.0 per cent. interest in the ordinary shares of Kopane Diamond Developments "Kopane", an AIM quoted diamond mining company with its main assets in Lesotho, through a private placing cash subscription of £1.75 million and at which time I was also appointed Non-Executive Chairman of Kopane. The funds provided to Kopane under the share subscription will mainly be used to finance development and feasibility study work in respect of Kopane's main kimberlite pipe project at Lihobong in Lesotho, in which it has a 75 per cent. interest and which has the potential to produce at a rate of over one million carats per annum for 20 years. Obtala subsequently made further market purchases of shares in Kopane as well as market disposals of shares with the result that the Company currently holds ordinary shares representing a direct interest of 14.7 per cent. In addition, Obtala has an indirect non voting interest of 14.6 per cent in Kopane held through a derivative financial instrument. I believe that these investments in Kopane, which are held as available for sale short-term investments, will be value enhancing for Obtala shareholders.

Other available for sale investments currently held by the Group include the 5.0 per cent. holding in Gemstones of Africa Limited referred to above as well as an indirect non voting interest of 3.1 per cent in Shanta Gold Limited which is held through a derivative financial instrument. Obtala also previously built up a 5.4 per cent. holding in Dwyka Resources Limited which was subsequently sold at a profit in the second quarter of this year.

Group profits before tax for the six months to June 2009 amounted to £1.27 million and include £1.53 million of realised gains on disposals of available for sale investments as well a profit of £0.30 million on the disposal of minority interests in gemstone mining licences. Cash balances increased by £0.74million during the half year inclusive of £1.60million raised from a placing of 9,450,000 new ordinary shares at 17p in February this year. Net equity attributable to shareholders of Obtala at 30 June 2009 amounted to £28.13 million inclusive of Group cash balances of £3.93 million.

In view of the prevailing global financial climate we have identified opportunities to promote growth from a corporate perspective, which supplements the organic growth developing through expenditure and increased levels of understanding of our existing mineral portfolio. In early July 2009, Obtala completed a placing of 5,772,223 new ordinary shares at 18p raising a cash amount of £1.03 million. These additional funds, together with existing cash balances, will be utilised to further develop and enhance the value of our portfolio of mineral licences in Tanzania as well as allow us to continue to evaluate opportunities to acquire additional assets at the exploration, development and production stages both in Tanzania, and globally.

I am confident that Obtala will make considerable further progress in its development during the second half of 2009 and will continue to prove up our own assets, in addition to building the company through consolidation with undervalued companies in the current economic climate.

Finally, I would like to thank my colleagues and our employees for all their hard work in the period and our shareholders for their continued support.

Francesco Scolaro

Executive Chairman

27 July 2009

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ZAI Corporate Finance Ltd

OBTALA RESOURCES PLC

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the period from 1 January 2009 to 30 June 2009

		Period from	
		1 August	1 August
		Six months	2007 to
		to 30 June	30 June
		2009	2008
		(Unaudited)	(Unaudited)
		£'000	£'000
Administrative expenses		(481)	(406)
Gain on disposals of available for sale investments	3	1,527	-
Unrealised loss on available for sale investments	3	(90)	-
Profit on disposal of interests in mining licences	8	305	-
Operating profit/(loss)		1,261	(224)
Finance income		10	129
Profit/(loss) before tax		1,271	(95)
Taxation	4	(223)	(16)
Profit/(loss) for the period		1,048	(215)
Attributable to:			
Equity holders of parent		1,048	(215)
Profit/(loss) per share			
Basic and diluted (pence)	5	0.6	(0.15)

The profit/(loss) for the period arises from the Group's continuing operations.

## OBTALA RESOURCES PLC

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2009 to 30 June 2009

	Attributable to equity holders of the company					Retained reserves/ (deficit)	Total equity
	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Share based payment reserve £'000		
At 1 August 2007	-	-	-	-	-	-	-
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
Loss for the period	-	-	-	-	-	(120)	(120)
Exchange gains on retranslation of foreign operations	-	-	-	7,452	-	-	7,452
Total recognised income and expense for the period	-	-	-	7,452	-	(120)	7,332
Share based expense	-	-	-	-	23	-	23
At 31 December 2008	1,775	2,828	16,400	7,452	23	(215)	28,263
Gain for the period	-	-	-	-	-	1,048	1,048
Unrealised gain on available for sale investments	-	-	-	-	-	669	669
Deferred tax on unrealised gain on available for sale investments	-	-	-	-	-	(174)	(174)
Exchange losses on retranslation of foreign operations	-	-	-	(3,272)	-	-	(3,272)
Total recognised income and expense for the period	-	-	-	(3,272)	-	1,543	(1,729)
Issue of shares	95	1,512	-	-	-	-	1,607
Expenses of issue of shares	-	(5)	-	-	-	-	(5)
Share based expense	-	-	-	-	33	-	33
At 30 June 2009	1,870	4,335	16,400	4,180	56	1,328	28,169

OBTALA RESOURCES PLC

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	30 June	30 June	31 December
	Notes		
	2009	2008	2008
		(Unaudited)	(Unaudited)
		(Unaudited)	(Audited)
		£'000	£'000
<b>ASSETS</b>			
Non-current assets			
Intangible exploration and evaluation assets	6	22,137	16,666
Plant and equipment		62	73
Total non-current assets		22,199	16,739
Current assets			
Trade and other receivables		93	29
Available for sale investments	7	3,009	-
Cash and cash equivalents	9	3,928	4,269
Total current assets		7,030	4,298
<b>TOTAL ASSETS</b>		<b>29,229</b>	<b>21,037</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables		(164)	(129)
Available for sale financial liabilities	7	(484)	-
Tax liabilities		(412)	-
<b>TOTAL LIABILITIES</b>		<b>(1,060)</b>	<b>(129)</b>
<b>NET ASSETS</b>		<b>28,169</b>	<b>28,263</b>
<b>EQUITY</b>			
Share capital	10	1,870	1,775
Share premium	11	4,335	2,828
Merger reserve		16,400	16,400
Foreign exchange reserve		4,180	-
Share based payment reserve		56	-
Retained revenue/(deficit)		1,328	(95)
<b>TOTAL EQUITY</b>		<b>28,169</b>	<b>28,263</b>

Approved by the board and authorised for issue on 27 July 2009

F Scolaro                      M Bretherton  
 Executive Chairman      Finance Director

OBTALA RESOURCES PLC

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January 2009 to 30 June 2009

	Period from		
	1 August	1 August	
	Six months	2007 to	2007 to
Notes	to 30 June	30 June	31 December
	2009	2008	2008
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
<b>OPERATING ACTIVITIES</b>			
Operating profit/(loss)	1,261	(224)	(406)
Adjustment for non-cash items:			
Gain on disposal of available for sale investments	(1,361)	-	-
Foreign exchange (losses)/gains	(41)	-	278
Depreciation of plant and equipment	14	5	12
Share based payments	33	-	23
Increase in trade and other receivables	(56)	(27)	(37)
(Decrease)/increase in trade and other payables	(29)	(175)	190
Net cash (outflow)/inflow from operations	(179)	(421)	60
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	(10)	(78)	(78)
Purchase of mining licences*	-	(1,278)	(2,131)
Expenditure on mining licences	6	(344)	(86)
Purchase of available for sale investments**	7	(3,008)	-
Disposal of available for sale investment	7	2,888	-
Unrealised loss on available for sale financial	7	90	-

liabilities				
Gain on disposal of interest in mining licences	8	(305)	-	-
Finance income		10	129	207
Net cash outflow from investing activities		(679)	(1,313)	(2,879)
<b>FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital	9	1,607	6,500	6,500
Expenses of issue of share capital	10	(5)	(497)	(497)
Net cash inflow from financing activities		1,602	6,003	6,003
Increase in cash and cash equivalents		744	4,269	3,184
Cash and cash equivalents at start of period		3,184	-	-
Cash and Cash equivalents at end of period		3,928	4,269	3,184

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

\*\*Excludes £0.45 million non cash element in respect of available for sale investment received in settlement of the disposal of interests in mining licences referred to in note 8.

## OBTALA RESOURCES PLC

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2009 to 30 June 2009

#### 1. BASIS OF PREPARATION

The interim financial statements of Obtala Resources Plc are unaudited condensed consolidated financial statements for the six months to 31 June 2009. These include unaudited comparatives for the period from 1 August 2007 to 30 June 2008 together with audited comparatives for the period from 1 August 2007 to 31 December 2008.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial investments, available for sale investments and financial assets and liabilities which are included at fair value.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the period ended 31 December 2008 with the exception of the following additional policy which is relevant to the current period:

#### Available for sale assets and liabilities

Short-term investments held by the Group are classified as being available for sale and are stated at fair value. The resultant gain or loss is recognised directly in equity, except for impairment losses which are recognised in the income statement as they arise. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of the investments is their quoted bid price at the balance sheet date.

Derivative financial assets and liabilities are classified as being available for sale. Purchases and sales of derivative financial instruments are recognised at the trade date, which is the date that the Group becomes a party to the contractual provisions of the instruments. The Group only trades in derivative financial instruments that are quoted in active markets and the related financial assets and liabilities are stated at fair value based on the contractual actual costs and the quoted bid price of those instruments.

The condensed consolidated financial statements do not constitute statutory accounts. The statutory accounts for the period to 31 December 2008 have been reported on by the Company's auditors and have been filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

### 3. 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 profit after tax for the period and balance sheet net assets:

Six months to 31 June 2009

	Inter-group			Total £'000
	Tanzania £'000	UK £'000	elimination £'000	
Revenue	294	-	(294)	-
Administrative expenses	(302)	(473)	294	(481)
Other gains	305	1,437	-	1,742
Segment profit before interest	297	964	-	1,261
Finance income				10
Profit before tax				1,271
Taxation				(223)
Profit after tax				1,048
Balance sheet				
Assets	25,708	6,521	(3,000)	29,229
Liabilities:				
Current tax liability	-	(398)	-	(412)
Other	(3,026)	(622)	3,000	(648)
Net assets	22,682	5,487	-	28,169
Other segment items:				
Depreciation	(9)	(5)	-	(14)
Foreign exchange	(3,272)	-	-	(3,272)
Capital expenditure				
Plant and equipment	(4)	(6)	-	(10)
Intangible exploration and evaluation assets	344	-	-	344
Profit on disposal of interests in mining licences	305	-	-	305

Period from 1 August 2007 to 30 June 2008

	Tanzania £'000	UK £'000	Inter-group £'000	elimination £'000	Total £'000
Administrative expenses	(77)	(147)	-	-	(224)
Segment loss before interest	(77)	(147)	-	-	(224)
Finance income					129
Loss before tax					(95)
Taxation					-

Loss after tax			(95)
Balance sheet			
Assets	16,746	4,767(476)	21,037
Liabilities:			
Current tax liability	-	-	-
Other	(467)	(138)476	(129)
Net assets	16,279	4,629-	20,908
Other segment items:			
Depreciation	(2)	(3) -	(5)
Capital expenditure			
Plant and equipment	(53)	(25) -	(78)
Intangible exploration and evaluation assets	86	-	86

Period from 1 August 2007 to 31 December 2008

	Tanzania £'000	UK £'000	Inter-group elimination £'000	Total £'000
Revenue	585	-	(585)	-
Administrative expenses	(604)	(387)	585	(406)
Segment loss before interest	(19)	(387)	-	(406)
Finance income				207
Loss before tax				(199)
Taxation				(16)
Loss after tax				(215)
Balance sheet				
Assets	26,014	5,031	(2,576)	28,469
Liabilities:				
Current tax liability	-	(16)	-	(16)
Other	(2,679)	(87)	2,576	(190)
Net assets	23,335	4,928	-	28,263
Other segment items:				
Depreciation	(7)	(5)	-	(12)
Foreign exchange	7,452	-	-	7,452
Capital expenditure:				
Plant and equipment	(53)	(25)	-	(78)
Intangible exploration and evaluation assets	862	-	-	862

#### 4. TAXATION

The accrued tax charge for the six month interim period is based on an estimated effective tax rate of 17.1 per cent. after excluding profit generated in non domiciled Group companies (period to 31 July 2007: effective tax rate nil; period to 31 December 2008: effective tax rate 8.0 per cent.).

## 5. EARNINGS PER SHARE

Basic earnings per share is based on the profit for the six months of £1,048,000 attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period of 184,363,128 (period to 30 June 2008: loss £95,000 divided by the weighted average of 127,582,000 shares; period to 31 December 2008: loss £215,000 divided by the weighted average of 142,997,104 shares). Fully diluted earnings per share are the same as basic earnings per share.

## 6. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Mindex Licences 2008 £'000	Uragold Licences 2008 £'000	Total 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
Purchase of mining licences in period	551	-	551
Expenditure on mining licences in period	766	10	776
Foreign exchange differences	6,700	474	7,174
Cost and book value at 31 December 2008	23,497	1,670	25,167
Expenditure on mining licences in period	344	-	344
Disposal of interests in mining licences (see note 8)	(145)	-	(145)
Foreign exchange differences	(3,001)	(228)	(3,229)
Cost and book value at 30 June 2009	20,695	1,442	22,137

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.

There were no triggers for carrying out an impairment review in the period. The Directors have considered the following factors:

- Geology and lithology on each licence as outlined in the most recent CPRs (independent Competent Person's Reports from the mining and earth resources consultancy company, Wardell Armstrong International Limited)
- The expected useful lives of the licenses and the ability to retain the license interests when they come up for renewal
- Comparable information for large mining and exploration companies in the vicinity of each of the licenses
- History of exploration success in the regions being explored by Mindex and Uragold
- Local infrastructure
- Climatic and logistical issues
- Geopolitical environment

The Directors consider that there has been no impairment loss to intangible exploration and evaluation assets in the period.

## 7. AVAILABLE FOR SALE INVESTMENTS AND DERIVATIVES

	Investments and derivative financial assets £'000	Derivative financial liabilities £'000	Total £'000
Cost and book value at 1 August 2007 and 30 June 2008	-	-	-
Additions	15	-	15
Cost and book value at 31 December 2008	15	-	15
Additions	3,458	-	3,458
Disposals	(1,527)	-	(1,527)
Unrealised gain/(loss) on financial instrument through reserves	1,063	(394)	669
Unrealised gain/(loss) on financial instrument through profit and loss	-	(90)	(90)
Book value at 30 June 2009	3,009	(484)	2,525

The financial instruments above represent short-term investments and derivatives in listed equity securities in mining and exploration companies which present the Group with the opportunity for return through trading gains. The fair values of these instruments are based on quoted market prices.

The Group holds within available for sale investments, interests in 3.0 per cent or more of the share capital of the following companies: : i) Kopane Diamond Development plc ("Kopane") where the Group holds shares representing 14.7 per cent of the voting rights together with an indirect non voting interest of 14.6 per cent held through a derivative financial instrument with Spreadex Limited, ii) Gemstones of Africa Limited where the Group holds shares representing 5.0 per cent. of the voting rights and iii) Shanta Gold Ltd where the Group has an indirect non voting interest of 3.1 per cent held through a derivative financial instrument with Spreadex Limited.

The Group realised a gain of £1,527,000 on the disposals of available for sale investments in the six month period to 30 June 2009.

## 8. DISPOSAL OF INTERESTS IN MINING LICENCES

On 13 March 2009 the Company completed an agreement with the AIM quoted company, Gemstones of Africa Group plc ("GOA"), under which GOA purchased an initial gross 12.5 per cent. interest in the Group's 6 emerald gemstone mining licences in the Manyara area of Tanzania with a £1 option to increase their interest by a further gross 12.5 per cent. to 25.0 per cent. in total. The purchase and option consideration were settled in exchange for issuing the Group with shares equivalent to 5.0 per cent. of GOA's issued share capital equating to a quoted market value of £450,000, which resulted in a profit on disposal of the interest in the licences of £305,000 calculated on the basis that the option over the further 12.5 per cent. interest is exercised (profit on disposal would increase by £72,500 if the option is not exercised). In order to exercise their option, GOA are required to have incurred exploration expenditures on these licence interests of not less than US\$75,000 within 24 months of the agreement completion date.

## 9. CASH AND CASH EQUIVALENTS

	31 December		
	30 June 2009	30 June 2008	2008
	£'000	£'000	£'000
Cash at banks	1,042	4,269	3,184
Cash with institutions in support of derivative trading	2,886	-	-
	3,928	4,269	3,184

On 30 June 2009, the Group had pledged cash and cash equivalents of £2.3 million to institutions as collateral for liabilities or contingent liabilities relating to exposures on derivative trading assets and liabilities (30 June 2008: nil, 31 December 2008: nil).

## 10. SHARE CAPITAL

	Number	£'000
Authorised ordinary shares of £0.01 each:		
At 1 August 2007, 30 June 2008, 31 December 2008 and 30 June 2009	250,000,000	2,500
Allotted, issued and fully paid ordinary shares of £0.01 each:		
At 1 August 2007	-	-
Issued in the period	177,500,000	1,775
At 30 June 2008 and 31 December 2008	177,500,000	1,775
Issued in the period	9,450,000	95
At 30 June 2009	186,950,000	1,870

On 26 February 2009, the Company issued 9,450,000 shares of £0.01 each for cash at a price of £0.17 to raise gross cash subscription receipts of £1,606,500 and which resulted in a share premium of £1,512,000 (see note 11).

## 11. SHARE PREMIUM

	£'000
At 1 August 2007	-
Premium on issue of shares	3,325
Expenses of issue of shares	(497)
At 30 June 2008 and 31 December 2008	2,828
Premium on issue of shares	1,512
Expenses of issue of shares	(5)
At 30 June 2009	4,335

## 12. RELATED PARTY TRANSACTIONS

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

	Six months to 30 June 2009	Period from 30 June 2008 to 1 August 2007	Period from 1 August 2007 to 31 December 2008
	(Unaudited) £'000	(Unaudited) £'000	(Audited) £'000
Transactions in the period:			
Loans to subsidiary undertakings	234	476	1,805
Loans from subsidiary undertakings	1,809	-	175
Loans between subsidiary undertakings	22	32	43
Balance at period end:			
Loans to subsidiary undertakings	2,039	476	1,805
Loans from subsidiary undertakings	1,984	-	175
Loans between subsidiary undertakings	65	32	43

	Six months to 30 June 2009	Period from 30 June 2008 to 1 August 2007	Period from 1 August 2007 to 31 December 2008
	(Unaudited) £'000	(Unaudited) £'000	(Audited) £'000
Transactions with other related parties:			
Transactions in the period:			
Advisory fees	10	5	12
Property recharges	11	8	20
Placing fees	-	37	37
Other recharges	1	-	-
Balance at period end:			
Advisory fees	22	5	12
Property recharges	4	8	20

All of the loan amounts referred to above are unsecured and repayable on demand. The advisory fees and property recharges are from Ora Capital Limited a subsidiary of a shareholder of the Company.

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

### 13. 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.obtalaresources.co.uk](http://www.obtalaresources.co.uk).