



14 May 2013

**Richland Resources Limited
("Richland" or "the Company") (AIM: RLD)**

Q1 Operational and Sales Update

Richland Resources Ltd, the AIM-quoted gemstones producer and developer, today announces its Q1 2013 operational and sales update. All figures are unaudited.

Highlights:

- Total tanzanite production of 788,198 carats (533,400 carats in Q1 2012)
- 97 carats per tonne average grade (51 carats per tonne in Q1 2012)
- Total sales of US\$4m during the quarter, excluding insurance pay out
- Insurance pay-out of US\$1.4m received during quarter following sort house theft in December 2012
- Initial positive results from Tsavorite bulk sampling
- Graphite exclusivity agreement signed with major international trading company
- Continuing illegal underground mining activities from neighbouring mines
- Illegal mining activities to severely negatively impact 2012 results
- Farai Manyemba stepped down as Finance Director

Post Period

- Initial agreement with state mining company STAMICO and TanzaniteOne Mining Limited ("TML") for 50/50 joint licence ownership
- Board believes agreement will secure long-term licence for tanzanite operations and significantly curtail illegal mining, security and theft issues
- Louis Swart appointed as Group Chief Financial Officer

Commenting today, Bernard Olivier, Chief Executive Officer, said: "Whilst the impact of illegal mining at our underground mining operations is continuing to affect the Company, the



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safety of our employees and our profitability, we are confident that the new agreement entered into in May 2013 with the State Mining Corporation (“STAMICO”) will start to address these illegal mining issues. What we have needed is support from the Government to assist with our efforts to curtail illegal mining operations and other safety and security issues at the Tanzanite mine. The agreement we have negotiated with STAMICO ensures that Richland and the Government of Tanzania are committed to working together to achieve the corporate success of the Company going forward. We will now work to derive full value for our shareholders from our Tanzania based assets, with the help of the Government,”

Production and Sales

In the first quarter of 2013, the Company achieved production totalling 788,198 carats from the processing of 8,097 tonnes of material. In order to attempt to counteract the impact of the illegal mining activities on its operations, TML optimised its remaining work areas as much as possible and managed to increase the average grade to 97 carats per tonne. However, despite the optimisation of the mining and increase in production the quality distribution was severely impacted by the illegal mining activities, which predominantly focused on higher-quality areas within our mining operations. This resulted in a significant decrease in the quality and value of the gemstones mined by TML and consequently the Company achieved an estimated US\$4 million in revenue for the first quarter of 2013.

Illegal Mining Activities

Illegal underground mining activities continued unchecked into the Richland area from neighbouring blocks during the period. Primarily the illegal mining activities represent a significant danger to employees in the local area in addition to substantial damage to the mining infrastructure and a significant loss of tanzanite, especially high quality material. The Company continued to call for assistance from the Government to assist in an effort to counteract the illegal underground mining into it operations.

2012 Results

The illegal mining activities, royalty and tax provisions as well as the sort house theft negatively impacted on the Company’s business during the year with a significant impact on



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the Company's losses for the period. The 2012 Audited financial results will be released during June 2013.

Insurance pay out

As reported on 3 December, a break-in occurred on Sunday 2 December at the Company's main sorting facility at its tanzanite mining operation. Approximately 89,066 grams of material with a total value of around US\$1.46m was stolen during the break-in. Approximately 6,955 grams of material was recovered by the Tanzania Police Force. Following a thorough loss adjuster's assessment the Company received a total pay out during the quarter of approximately US\$1.44m.

Mining Licence

As announced on 7 May the Company's wholly owned subsidiary TanzaniteOne Mining Limited signed a Letter of Intent with STAMICO (the mining arm of the Tanzanian Government) which set out the proposed terms upon which a New Mining Licence would be issued. Following discussions with the Government of Tanzania Richland anticipates that the Mining Licence will be granted before the end of May.

Tsavorite Project

Excavation and treatment of further large-scale bulk sampling continued alongside excavation of initial samples from prospective joint venture partners. During the quarter 3 bulk samples from the Ngrigo Creek area to the NW of Lemshuku were excavated and treated. Overall, bulk samples to date total some 460 cubic metres with results indicating that a potentially economic alluvial operation is possible in the Lemshuku Project Area. Tsavorite recovered to date is in the range of between 8mm and 2mm in size with some bright, clear examples. Detailed work quantifying grade in gms/loose cubic is continuing with preliminary estimates in the order of up to 1gm tsavorite product per loose cubic metre in coarser cobble wash bands

Graphite project

On 28 February 2013, Richland entered into an exclusivity agreement with a multi-national trading company regarding Richland's graphite project, located within its existing Block C



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licence area in Tanzania, one kilometre from where the Company has mined tanzanite since 2004. Historically, the licence area hosted the producing Merelani Block C Graphite Mine that produced 6,776 tonnes during 1996 before it ceased to be operational in 1998.

Richland and the trading company have entered into an agreement to determine the feasibility of a potential business relationship in connection with flake graphite mining and processing in Tanzania. Under the terms of the agreement the company (which wishes to remain anonymous under the confidentiality and exclusivity agreement) has a three-month exclusivity period to conduct their studies of the graphite project followed by an additional three month right-of-first-refusal period.

Board and Senior Management Changes

During the quarter Farai Manyemba resigned as Finance Director with effect from 30 April 2013. To ensure a period of smooth transition Faria has agreed to continue his association with the Company in a consultancy capacity for up to 6 months after leaving the board. Post quarter end on 13 April 2013, Mr. Louis Swart joined the Company in a non-board capacity as Group Chief Financial Officer. Louis holds a Bachelor of Commerce degree from the University of Pretoria and an Honours degree in Commerce (Accounting) from the University of South Africa. He is a chartered accountant and a member of the South African Institute of Chartered Accountants and Institute of Chartered Accountants Australia.

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Notes to the Editor:

Further information is available on the Company's website: www.richlandresourcesltd.com.

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