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Richland Resources

("Richland" or "the Company") (AIM: RLD)

Option Extension for Acquisition of Sapphire Project, Australia

Richland Resources Ltd ("Richland" or the "Company") today announces that, following the announcement of the 2 June 2011, it has extended its option to acquire an Australian Sapphire project until the end of April 2012. All aspects of the due diligence process are progressing well and the Company has taken this decision in order to complete a listing on the Dar es Salaam stock exchange (now expected to occur in early 2012) before the conclusion of any potential deal.

Following Richland's success in optimising and improving its coloured gemstone mining operations in Tanzania the Company is looking for low cost opportunities to expand and diversify operations into high new value coloured gemstones and geographic regions. In addition to developing Tszavorite resources in Tanzania, the Directors believe that the Australian Sapphire assets have the capability to host a highly economic gemstone recovery operation. Sapphire enjoys a current quality-for-quality market price per carat significantly higher than that of tanzanite.

Commenting today Bernard Olivier, CEO, of Richland Resources said: "By mutual consent both sides have agreed to extend the option Richland has over the potential acquisition of this Australian Sapphire project. The extension allows us to complete our Dar es Salaam listing and complete full due diligence within a comfortable timeframe. Following our operational success at our tanzanite mine, which has brought the Company back into profit, we are now looking at options to expand our capability into new coloured gemstone resources. Our objective is to secure resources that can

be developed into efficient mines, producing high value stones with limited capex expenditure."

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Details of option

Richland has entered into an option, for an upfront cash fee of AUD\$120,000 to acquire at its sole discretion, following necessary and appropriate due diligence, an unencumbered 100% ownership of the Project (the "Option Agreement"). Under the Option Agreement, Richland now has an exclusivity period until the end of April 2012 to conduct its due diligence.

The Sapphire Project

The Company can disclose the following information in relation to the Project:

- it will comprise two mining leases covering around 490 Ha;

- has previously been partially mined and has produced significant quantities of gemstone quality sapphire; and
- is situated in a known Sapphire field in Australia.

While under the exclusivity period of the Option Agreement, the Company is, due to confidentiality conditions specified, unable to disclose any further details of the Project at this stage.

The leases have been partially mined and delivered significant quantities of sapphire. Further details of the Project will be released on completion of due diligence including, the resource, historical mining data and an evaluation of operational and sales records. Some bulk sampling may be carried out during the due diligence period. In addition, the scale of the commercial operations will be modelled during the due diligence period.

Assets acquired and Conditions Precedent

The assets to be acquired comprise the mining licences, tangible assets, completed exploration, operational and sales data over the mining licence area. Exercise of the option is conditional upon the mining licence(s) being granted.

The total consideration for the Project, if the Company elects to proceed on completion of the due diligence will be cash of AUD\$1,200,000 and 18 million fully paid common shares in Richland, at the market price at the time of completion, representing approximately 13.5% of the enlarged issued capital.

Sapphire

Sapphire is a gemstone variety of the mineral corundum an aluminium oxide ($\alpha\text{-Al}_2\text{O}_3$), when it is a colour other than red or dark pink; in which case the gem would instead be called a ruby, considered to be a different gemstone. Trace amounts of other elements such as iron, titanium, or chromium can give corundum blue, yellow, pink, purple, orange, or greenish colour. Pink-orange sapphires are also called padparadscha. Sapphires are mined from alluvial deposits or from primary underground workings. Sapphire is not only highly transparent to wavelengths of light between 170 nm (UV) and 5.3 μm (IR) (the human eye can discern wavelengths from about 380 nm to 750 nm), but it is also five times stronger than glass and ranks a 9 on the Mohs Scale. Sapphire enjoys a current quality-for-quality market-price per carat significantly higher than that of tanzanite. Because of the remarkable hardness of sapphires (and of aluminium oxide in general), sapphires are used in some non-ornamental applications, including infrared optical components, such as in scientific instruments; high-durability windows (also used in scientific instruments); wristwatch crystals; and very thin electronic wafers, which are used as the insulating substrates of very special-purpose solid state electronics (most of which are integrated circuits).

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