



29 August 2012

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

Q2 Operational and Sales Update

Richland Resources Ltd, the gemstones producer and developer, today announces its Q2 2012 operational, sales and marketing update. All figures are unaudited.

Highlights:

- Total tanzanite production of 671,819 carats
 - Compared to 533,400 carats in Q1 2012 and 641,615 carats in Q2 2011
- 87 carats per tonne average grade
 - 72% up on Q1 2012 (51 carats per tonne) and 66% up on Q2 2011 (53 carats per tonne)
- Total sales of \$6.5m during the quarter
 - Best quarterly sales figures since Q2 2008
- Significant increase in illegal underground mining activities from neighbouring mines
- DSE listing delayed due to CMSA ruling

Production

In the second quarter of 2012, the Company achieved production totalling 671,819 carats from the processing of 7,722 tonnes of material at an average grade of 87 carats per tonne.

Sales

The Company achieved total sales of \$6.5m during Q2. The Q2 sales figure represents the best quarterly sales figures since Q2 2008. However, it should be noted that the sales included the sales of material stockpiled during Q1 and sold at the Arusha International Gem, Jewellery and Minerals Fair 2012, that was held from the 26 to 29 April 2012 in Arusha.



Illegal Mining Activities

The Company experienced a significant increase in illegal underground mining on its licence from neighbouring blocks during the period. The illegal mining activities have resulted in significant danger to our employees and substantial damage to the mining infrastructure in Bravo and CT-Shaft as well as theft and damage of underground equipment and stones. The Company is working with the Zonal Mines Office (part of the Tanzanian Ministry of Energy and Mineral), Police and other Government officials in an effort to counteract the illegal underground mining into its licence and several police cases have been opened. The illegal mining activities are likely to negatively impact on the interim results.

Dar es Salaam Listing

As previously announced, the Company officially submitted its prospectus to the Dar es Salaam Stock Exchange ("DSE") and the Tanzanian Capital Markets & Securities Authority ("CMSA") during the first quarter of 2012 with a view to obtaining a secondary listing on the Main Investment Market Segment ("MIMS") of the DSE. The listing process is currently being delayed due to a ruling by the CMSA to not accept AIM as a primary listing for companies seeking a secondary listing on the DSE. The Company is reconsidering its listing in the DSE and is in ongoing discussions with CMSA.

Commenting today, Bernard Olivier, Chief Executive Officer, said: "During the period the Company has increased the carat per tonne grade of the ore processed in order to partly offset the negative impact of the illegal mining activities. This carat increase represents an increase of 72% on the previous quarter and 66 % on the comparable quarter in 2011.

The Company is firmly focused on working with the Government, various bodies and the police to resolve the illegal mining issues at the mine site and whilst there is likely to be a negative impact on the forthcoming interim results, is hopeful that the issue will be concluded without further affecting the Company's continued delivery of value for shareholders.



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In accordance with the wishes of the Tanzanian government the company is keen to enable Tanzanian citizens to participate in its ownership and it is hoped that agreement of the CMSA to the listing will be forthcoming”

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Notes to the Editor:

Both the DSE and AIM was established in 1995. As of February 2012 1,129 companies were listed on AIM and has raised over GBP 67 billion compared with DSE where to-date only 17 companies are listed and the total market capitalisation is only around Tshs. 11,675 billion (approximately USD 7,423 million).

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

Neither the contents of the Company's website nor the contents of any website accessible from



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hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.