

26 September 2012

Richland Resources Ltd

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

Interim Results for the half year ended 30 June 2012

Richland Resources Ltd, the gemstone producer and developer, today announces its interim results for the half year ended 30 June 2012.

Financial Highlights

- EBITDA of \$0.1 million (\$3.4 million in 1H 2011)
- Revenue of \$8.4 million (\$10.4 million in 1H 2011)
- Gross margin achieved 51% (73% in 1H 2011)
- Operating costs of \$5.4 million (\$5.0 million in 1H 2011)
- Net cash balance at 30 June 2012 of \$1.5 million
- Gemstone inventory at 30 June 2012 of \$5.6 million
- Total assets of \$45.3 million
- Total non-current assets of \$30.2 million
- Total current assets of \$15.0 million including:
 - Trade and other receivables of \$4.1 million; and
 - Income tax receivable of \$1.9 million
- Total interest bearing debt of \$2.3 million
- Increase in illegal underground mining activities from neighbouring mines had a significant negative impact on operations and financial results

Operational Highlights

- Tanzanite production of 1.21 million carats (1.25 million carats in 1H 2011)
- Average recovered tanzanite grade of 66 carats per tonne ("c/t");
 - Grade increased by 6% compared to 62 c/t achieved in 1H 2011
- The Tanzanite Experience sales increased 29% to \$0.99 million in 1H 2012 compared to \$0.77 million 1H 2011

Commenting on the results, Chief Executive Officer, Bernard Olivier said: "Whilst we are disappointed with our 2012 interim financial results, which were negatively influenced by the aforementioned illegal mining activities, I would like to reassure shareholders that the board and entire team are working extremely hard to resolve these issues in Tanzania and to ensure we generate profit despite these challenges. The Company has maintained a strong financial position, despite the difficult period. This strong financial position will form the basis of the Company's continued focus of delivering value to shareholders and maximising the margin enhancement programme over the course of the next 12 months and beyond.

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Key Statistics 1H 2012

Key statistics:	1H 2012	1H 2011	Movement
EBIDTA profit	\$0.1 m	\$3.4 m	(\$3.3 m)
Net (loss)/profit after tax	(\$0.031 m)	\$1.575 m	(\$1.6 m)
Revenue	\$8.4 m	\$10.4 m	(\$2.0 m)
Gross margin	48%	73%	(25)
Depreciation and amortisation	(\$0.9 m)	(\$1.3 m)	(\$0.4 m)
Corporate administration and other operating costs	(\$0.9 m)	(\$1.5 m)	(\$0.6 m)
Mine administration costs	(\$1.7 m)	(\$1.2 m)	\$0.5 m
Tanzanite inventory	\$5.6 m	\$5.3 m	\$0.3 m
Cash and cash equivalents excluding overdraft	\$2.6 m	\$1.8 m	\$0.9 m

Financial Performance

The result for the period was heavily affected by reduced sales volume and quality mix, a direct result of loss of production optimisation due to increased illegal underground mining activities, and increased mining cost. EBITDA for 1H 2012 of \$0.1 million was significantly lower compared to \$3.4 million in the previous corresponding period. Mining costs such as diesel, explosives and electrical component costs increased significantly as the mine had to generate its own power due to insufficient supply by national grid. This performance has resulted in a net loss after tax of \$0.1 million compared to the previous corresponding period net profit after tax of \$1.6 million.

Sales declined by 19% to \$8.4 million compared to \$10.4 million in the previous corresponding period, and a gross margin for the period of 48% was achieved compared to 73% in 1H 2011.

Revenue for the half year was derived from sight sales (\$6.6 million), retail sales via the group's TTE outlets (\$1.0 million) and specimen sales (\$0.8 million). The retail division, the Tanzanite Experience encouragingly recorded an increase of 29% in sales for the half year.

Production for the half year was 1.21 million carats, down 3% compared to the H1 2011. The carats recovered were achieved with a 24% decrease in tonnes processed to 18,170 metric tonnes. Cost of sale at \$4.3 million was higher due to the reasons outlined above.

Corporate administration and other operating costs reflect costs incurred in administering the company's proposed stock exchange listing, corporate compliance, investors relations activities, financial and legal consulting and other general administrative costs. Total operating costs were around \$5.0 million, an 8% decrease compared to 1H 2011.

At the 30 June 2012, Richland Resources had cash and cash equivalents of \$1.5 million. The Company had trade debtors in excess of \$2.4 million receivable within six weeks after the period.

Operational Overview

The Company experienced a significant increase in illegal underground mining on its Block C licence from neighbouring blocks during the latter part of the reporting 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 Minerals), police and other government officials in an effort to counteract the illegal underground mining into its licenced areas and several police cases have been filed.

Despite the operational challenges in the first half of 2012, the Company achieved production totaling 1,205,219 carats from the processing of 18,170 tonnes of material at an average recovery grade of 66c/t. This represents a 3% decrease in the carats produced, a 14.5% decrease in the tonnes processed and a 6% increase in the recovery rate compared with 1H 2011.

Strategic Overview

In light of the current operational challenges in Tanzania and the Company's overriding goal to conserve cash and operate profitably, the Company has decided to further reduce its expenditure on the Tavorite Exploration Project in Tanzania. The current in-house bulk sampling has been deferred pending an improved operating environment, but the option remains of re-starting it at any stage. All exploration licenses remain valid and there are currently no outstanding financial obligations regarding the licenses. The Company's option agreement over the Australian Sapphire project remains valid and the Board will review the option agreement during the second half of 2012.

Glossary

ct	carat
c/t	carats per tonne, measurement unit of grade
dollar or \$	United States Dollar
EBITDA	earnings before interest, tax, depreciation and amortisation
JORC code	Australasian code for reporting of Mineral Resources and Ore Reserves
LTIFR	Lost Time Injury Frequency Rate, being the number of lost-time injuries expressed as a rate per 200,000 man-hours worked
On mine cash costs	On mine cash costs include operating costs, mine administration costs and royalty charges incurred at Merelani mine
tonne	1 Metric tonne (1,000 kilograms)

Richland Resources Limited
Condensed Consolidated Statement of Comprehensive Income
For the Half Year ended 30 June 2012
(Unaudited)

	1H 2012	1H 2011	FY 2011
	\$'000	\$'000	\$'000
Revenue	8,426	10,388	20,538
Cost of sales	(4,345)	(2,801)	(8,258)
Gross profit	4,081	7,587	12,280
<i>Gross margin %</i>	48%	73%	60%
Corporate administration and other operating costs	(885)	(1,485)	(3,029)
Mine administration	(1,662)	(1,332)	(2,819)
Selling and distribution costs	(1,348)	(1,093)	(2,551)
Royalties	(128)	(106)	(355)
Foreign exchange gains/(losses)	182	(53)	(32)
Financing costs paid	(111)	(71)	(187)
<i>Profit before depreciation, amortisation</i>	129	3,447	3,307
Depreciation and amortisation	(848)	(1,279)	(2,513)
(Loss)/ profit before income tax	(719)	2,168	794
Income tax credit/(expense)	664	(585)	1
(Loss)/profit for the period/year	(55)	1,583	795
<i>(Loss)/profit attributable to:</i>			
Non-controlling interests	(25)	8	5
Owners of the parent	(30)	1,575	790
(Loss)/profit for the period/year	(55)	1,583	795

Richland Resources Limited
Consolidated Statement of financial position
As at 30 June 2012
(Unaudited)

	1H 2012	1H2011	FY2011
	\$'000	\$'000	\$'000
Non-current assets			
Property, plant and equipment	28,287	28,552	28,259
Deferred income tax assets	1,847	1,795	1,800
Inventories	89	62	62
Total non-current assets	30,223	30,409	30,121
Current assets			
Inventories	6,412	6,193	6,682
Income tax receivable	1,856	2,238	1,948
Trade and other receivables	4,144	6,299	6,459
Cash and cash equivalents	2,621	1,746	1,885
Total current assets	15,033	16,476	16,974
Total assets	45,256	46,885	47,095
Equity			
Issued share capital	36	35	36
Share premium	46,855	46,399	46,855
Share options outstanding	896	802	896
Foreign currency translation reserve	(1,452)	(1,007)	(1,448)
Accumulated losses	(8,148)	(7,333)	(8,118)
Equity attributable to owners of the parent	38,187	38,896	38,221
Non-controlling interests	(65)	(37)	(40)
Total equity	38,122	38,859	
Non-current liabilities			
Borrowings	572	502	794
Provisions	130	115	130
Deferred income tax liabilities	3,844	5,143	4,540
Total non-current liabilities	4,546	5,760	5,464
Current liabilities			
Bank overdraft	1,109	618	1,069
Borrowings	733	251	797
Trade and other payables	746	1,397	1,584
Total current liabilities	2,588	2,266	3,450
Total liabilities	7,134	8,026	8,914
Total equity and liabilities	45,256	46,885	47,095
<i>Number of shares in issue (million)</i>	118.4	115.6	118.4
<i>Net asset value per share (US cents)</i>	32.27	33.60	32.32

Richland Resources Ltd
Condensed Consolidated Statement of Cash Flows
For the Half Year Ended 30 June 2012
(Unaudited)

	1H 2012	1H 2011	FY 2011
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Cash generated from operations	1,470	160	73
Financing cost paid	(111)	(71)	(172)
Net cash generated from /(used in) operating	1,359	89	(99)
Cash flows from investing activities			
Purchase of property, plant and equipment	(377)	(286)	(1,247)
Cash used in investing activities	(377)	(286)	(1,247)
Cash flows from financing activities			
(Repayment of)/proceeds from borrowings	(286)	(85)	752
Cash used in financing activities	(286)	(85)	752
Net increases /(decrease) in cash and cash equivalents	696	(282)	(594)
Movement in cash and cash equivalents			
At the beginning of the period/year	816	1,410	1,410
Increase/(decrease)	696	(282)	(594)
At the end of the period/year	1,512	1,128	816