

22 August 2011

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

**Interim Results for the half year ended 30 June 2011**

Richland Resources Ltd, the gemstone producer and developer, today announces its interim results for the half year ended 30 June 2011.

**Financial Highlights**

- EBIDTA of \$3.4 million; an 89% increase compared with an EBIDTA of \$1.8 million in 1H 2010
- 129% increase in net profit to \$1.6 million compared to \$0.7 million for the 1H 2010; a 144% increase above the entire FY2010 profit of \$0.6 million
- Revenues increased by 21% to \$10.4 million (1H 2010: \$8.6 million)
- Gross margin achieved 73%, up from 66% for the 1H 2010
- Operating costs well maintained at \$8.2 million in 1H 2011 compared to \$7.8 million during 1H 2010.
- Net current assets at 30 June 2011 of \$14.2 million, including:
  - Cash and cash equivalents of \$1.7 million;
  - Trade and other receivables (mainly proceeds of June 2011 sales) of \$6.3 million; and
  - Income tax receivable of \$2.2 million

**Operation Highlights**

- Tanzanite production levels increased by over 200,000 carats in 1H 2011 to 1.25 million carats, up 19% from the 1.05 million carats produced in 1H 2010
- Average recovered tanzanite grade of 60 carats per tonne;
  - Grade increase of 9% compared with 55 carats per tonne achieved in 1H 2010.
- Commissioning of new cutting and polishing facility located at the TanzaniteOne Mining mine in Merelani, Tanzania
- Tanzanite Experience sales 23% higher to \$0.8 million in 1H 2011 compared to \$0.65 million 1H 2010
- Establishment of Maiden JORC compliant Indicated and Inferred Resource for the tsavorite project

**Strategic Highlights**

- On 01 June 2011, the Company entered into an option agreement to acquire established sapphire project in a known sapphire field in Australia
- Commenced listing process of Richland Resources Ltd on the Dar es Salaam Stock Exchange, Tanzania
- Ongoing focus on innovative ways to market and sell tanzanite.

Commenting on the results, Chief Executive Officer, Bernard Olivier said: ““The Company has once again achieved significant growth in revenue over the period, reflective of the continued recovery of tanzanite prices. The increase in the average grade, total production and sales of tanzanite compared to the parallel period last year is testament to our commitment to the Company’s margin enhancement programme and we look to continue to develop these efficiencies with a focus on innovative channels to market and sell tanzanite. Over the next 6 months we also aim to expand our coloured gemstone portfolio of mineral assets and look forward to successfully completing our due diligence and exercising the option for a new sapphire project in Australia.”

**For more information please contact:**

Bernard Olivier  
Chief Executive Officer  
+61(0) 4089 48182

Willi Boehm  
Company Secretary  
+61(0) 409 969 955

Nominated Advisor & Broker (AIM)  
Ambrian Partners Limited  
Samantha Harrison/Jen Boorer  
+44 (0) 20 7634 4700

Joint Broker XCAP Securities PLC  
John Grant/Jon Belliss/David Newton  
+44 (0) 20 7101 7070

Threadneedle Communications  
Laurence Read/Beth Harris  
+44 (0)20 7653 9855  
+44 (0)7979 955 923

**Richland Resources Limited**  
**Interim Results for the half year ended 30 June 2011**

**Key Statistics 1H 2011**

<b>Key statistics:</b>	<b>1H 2011</b>	<b>1H 2010</b>	<b>Movement</b>
EBIDTA profit	\$3.4 m	\$1.8 m	89%
Net profit	\$1.6 m	\$0.7 m	129%
Revenue	\$10.4 m	\$8.6 m	21%
Gross margin	73%	66%	11%
Depreciation and amortisation	(\$1.3 m)	(\$1.1 m)	18%
Operating costs	(\$5.4 m)	(\$4.9)	10%
Corporate administration and other operating costs	(\$1.5 m)	(\$1.6 m)	(6%)
Mine administration	(\$1.2 m)	(\$1.2 m)	0%
Cash and cash equivalents excluding overdraft	\$1.8 m	\$1.8 m	0%
Tonnes processed	20,813	18,911	10%
Carats recovered	1.25 million	1.05 million	19%
Carats per tonne	60	55	9%
On mine cash costs per carat	\$3.71	\$3.75	(1%)

**Financial Performance**

With earnings before interest, taxes, depreciation and amortisation (EBIDTA) of \$3.4 million, the Company has shown a significant improvement and testimony to the success of restructuring and optimisation programmes, with full potential of exponential growth in sales and profitability in the medium term horizon. This performance has resulted in 129% increase in net profit to \$1.6 million compared to the previous corresponding period profit of \$0.7 million. The profit for the half year period was 144% more than the entire profit for FY2010. Basic earnings per share was up 113% to 1.36 cents per share compared to previous corresponding period, a true reflection of the return of the steady earning power of the Company.

**Richland Resources Limited**  
**Interim Results for the half year ended 30 June 2011**

The result for the year was heavily driven by sales growth, a result of strategic sales and marketing program mix; production optimisation; and, cost and efficiencies management in group-wide operational activities. Sales grew by 21% to \$10.4 million compared to \$8.6 million in the previous corresponding period, and achieved a gross margin for the period of 73% compared to 66% in 1H2010. The Tanzanite Experience retail sales also grew up 18% compared to 1H2010. Carats recovered during the period of 1.25 million carats was 19% up compared to 1.05 million carats achieved in 1H 2010. The carats recovered were achieved through a 10% increase in tonnes processed. All these factors, put together, have ultimately resulted in a positive performance during the period.

Corporate administration and other operating costs reflect costs incurred in administering the company's stock exchange listing, corporate compliance, investors relations activities, financial and legal consulting and non-recurring costs associated with acquisition activity. Total operating cost was around \$5.4 million, a 10% increase compared to 1H2010.

At 30 June 2011, TanzaniteOne had cash and cash equivalents of \$1.7 million. As a result of significant performance in the second quarter, the Company had trade debtors in excess of \$3 million receivable within six weeks after period end.

### **Operational Overview**

In the first half of 2011, the Company achieved production totalling 1,251,352 carats from the processing of 20,813 tonnes of material at an average recovery grade of 60 carats per tonne. This strong performance represents a 19% increase in the carats produced, a 10% increase in the tonnes processed and a 9% increase in the recovery rate compared with H1 2010. During the first half of 2011 the Company also recovered a 12,100 carat tanzanite stone from the newly intersected Main Shaft fold structure.

### **Tsavorite**

During the first half of 2011 the Company achieved its Maiden JORC compliant Inferred and Indicated Resource for its Tsavorite Project. The Company currently has a JORC compliant Inferred Resource of 7.6 to 10.4 million bank cubic metres ("bcm") or approximately 18.2 to 24.9 million tonnes and a JORC compliant Indicated Resource of 0.89 to 2.17 million bcm or approximately 2.1 to 5.2 million tonnes located within the Inferred Resource. The Company is currently constructing a larger tsavorite processing plant at its in-house engineering department located at the tanzanite mine.

### **Strategic Overview**

The Company has entered into an option, to acquire, after a period of due diligence, ownership of an established Sapphire project (the "Project") in Australia. The Project comprise of two mining leases covering just under 500 Ha and has previously been partially mined and has produced significant quantities of sapphire and is located in an internationally known sapphire field.

**Richland Resources Limited**  
**Interim Results for the half year ended 30 June 2011**

**Board of Directors**

The Company has also made some strategic changes and appointments to the board with Ed Nealon assuming the role of Non-executive Chairman having previously been Non-executive Deputy Chairman; and Ami Mpungwe became Non-executive Deputy Chairman. Mr Mpungwe continues to serve as Chairman of TanzaniteOne Mining Limited, the Company's primary operating subsidiary in Tanzania. The Company has also appointed Mr Farai Manyemba to the Board as Finance Director.

Dar es Salaam Stock Exchange listing

Richland has commenced preparations for a listing on the Dar es Salaam Stock Exchange ("DSE") before the end of the year. The listing on the DSE will give Tanzanians and Company employees the ability to invest in the Company's shares.

**Glossary**

<b>dollar or \$</b>	United States Dollar
<b>JORC code</b>	Australasian code for reporting of Mineral Resources and Ore Reserves
<b>On mine cash costs</b>	On mine cash costs include operating costs, mine administration costs and royalty charges incurred at Merelani mine
<b>tonne</b>	1 Metric tonne (1,000kg)

Richland Resources Limited  
Condensed Consolidated Statement of Comprehensive Income  
For the Half Year ended 30 June 2011  
(Unaudited)

	1H 2011	1H 2010	FY 2010
	\$'000	\$'000	\$'000
Revenue	10,388	8,553	15,940
Cost of sales	(2,801)	(2,950)	(5,688)
<b>Gross profit</b>	<b>7,587</b>	<b>5,603</b>	<b>10,252</b>
<i>Gross margin %</i>	73%	66%	64%
Corporate administration and other operating costs	(1,485)	(1,575)	(3,542)
Mine administration	(1,158)	(1,191)	(2,088)
Selling and distribution costs	(1,093)	(663)	(1,604)
Royalties	(106)	(197)	(400)
Interest income received	-	1	1
Foreign exchange (losses)/gains	(227)	(115)	342
Financing costs paid	(71)	(47)	(175)
<i>Profit before depreciation, amortisation</i>	3,447	1,816	2,786
Depreciation and amortisation	(1,279)	(1,077)	(2,578)
<b>Profit before income tax</b>	<b>2,168</b>	<b>739</b>	<b>208</b>
Income tax (expense)/credit	(585)	(34)	441
<b>Profit after income tax</b>	<b>1,583</b>	<b>705</b>	<b>649</b>
<b>Profit attributable to:</b>			
Minority interest	8	(23)	(3)
Owners of the parent	1,575	728	652
Profit after income tax	1,583	705	649
<b>Profit for the year</b>	<b>1,583</b>	<b>705</b>	<b>649</b>
Foreign exchange gain/(loss) on translation of foreign operations	44	175	(367)
<b>Total comprehensive income for the period</b>	<b>1,627</b>	<b>880</b>	<b>282</b>
<b>Attributable to:</b>			
Minority interest	8	(23)	(3)
Owners of the parent	1,619	903	285
Total comprehensive income for the period	1,627	880	282
<i>Basic and diluted earnings per share (cents/share)</i>	1.36	0.64	0.57

Richland Resources Limited  
Consolidated Statement of financial position  
As at 30 June 2011  
(Unaudited)

	1H 2011	1H2010	FY2010
	\$'000	\$'000	\$'000
<b>Non-current assets</b>			
Property, plant and equipment	22,967	24,916	23,918
Intangible assets	5,585	5,311	5,627
Deferred income tax assets	1,795	1,731	1,816
Inventory	62	129	62
<b>Total non-current assets</b>	<b>30,409</b>	<b>32,087</b>	<b>31,423</b>
<b>Current assets</b>			
Inventories	6,193	3,941	5,472
Income tax receivable	2,238	1,923	2,279
Trade and other receivables	6,299	5,055	3,828
Cash and cash equivalents	1,746	1,762	2,368
<b>Total current assets</b>	<b>16,476</b>	<b>12,681</b>	<b>13,947</b>
<b>Total assets</b>	<b>46,885</b>	<b>44,768</b>	<b>45,370</b>
<b>Equity</b>			
Issued share capital	35	32	35
Share premium	46,399	46,020	46,399
Share options reserve	802	706	706
Foreign currency translation reserve	(1,007)	(510)	(1,051)
Accumulated losses	(7,333)	(8,832)	(8,908)
<b>Total equity attributable to parent equity holders</b>	<b>38,896</b>	<b>37,416</b>	<b>37,181</b>
Non-controlling interest	(37)	(64)	(45)
<b>Total equity</b>	<b>38,859</b>	<b>37,352</b>	<b>37,136</b>
<b>Non-current liabilities</b>			
Borrowings	502	701	631
Provision for environmental rehabilitation	115	107	115
Deferred income tax liabilities	5,143	5,055	4,583
<b>Total non-current liabilities</b>	<b>5,760</b>	<b>5,863</b>	<b>5,329</b>
<b>Current liabilities</b>			
Bank overdraft	618	986	958
Borrowings	251	299	208
Trade and other payables	1,397	268	1,739
<b>Total current liabilities</b>	<b>2,266</b>	<b>1,553</b>	<b>2,905</b>
<b>Total liabilities</b>	<b>8,026</b>	<b>7,416</b>	<b>8,234</b>
<b>Total equity and liabilities</b>	<b>46,885</b>	<b>44,768</b>	<b>45,370</b>
<i>Number of shares in issue (million)</i>	115.6	113.6	115.6
<i>Net asset value per share (US cents)</i>	33.60	32.88	35.11

Richland Resources Ltd  
Condensed Consolidated Statement of Cash Flows  
For the Half Year Ended 30 June 2011  
(Unaudited)

	<b>1H 2011</b>	<b>1H 2010</b>	<b>FY 2010</b>
	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Cash generated from/(utilized in) operations	160	(172)	2,174
Interest income received	-	1	1
Financing cost paid	(71)	(47)	(167)
Income tax refund/(paid)	-	56	(381)
Net cash from /(to) operating activities	<b>89</b>	<b>(162)</b>	<b>1,627</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment (i)	(286)	(685)	(1,529)
Cash utilized in investing activities	<b>(286)</b>	<b>(685)</b>	<b>(1,529)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(85)	-	(311)
Cash utilized in financing activities	<b>(85)</b>	<b>-</b>	<b>(311)</b>
Net decrease in cash and cash equivalents	<b>(282)</b>	<b>(847)</b>	<b>(213)</b>
<b>Movement in cash and cash equivalents</b>			
At the beginning of the period/year	1,410	1,623	1,623
Decrease	<b>(282)</b>	<b>(847)</b>	<b>(213)</b>
At the end of the period/year	<b>1,128</b>	<b>776</b>	<b>1,410</b>