

23 July 2014

Richland Resources Ltd.
("Richland" or "the Company") (AIM:RLD)
Quarterly Operational and Sales Update

Richland Resources Ltd, the gemstones producer and developer, today announces an operational, sales and marketing update for Q2 2014. All figures are unaudited.

Operational Highlights

- 1,011,928 carats total tanzanite production for Q2 2014 (754,585 carats for Q2 2013);
- 156 carats per tonne average grade achieved (88 carats for Q2 2013);
- US\$3.4 million total sales achieved:
 - TanzaniteOne Mining Limited ("TML") / Tanzania State Mining Corporation ("STAMICO") joint sales of approximately US\$2.8 million; and
 - US\$0.6 million other sales (including The Tanzanite Experience ("TTE") retail stores and Online).
- Option over Nardoo Sapphire project, Queensland, Australia ("Nardoo Sapphire") exercised for consideration of AUD\$ 1.18 million (approximately US\$ 1.1 million) and issue of 18 million fully paid new common shares after a 3 month escrow period (expiring on 29 August 2014):
 - Measured JORC (2004) resource: 109 million carats (21.8 million grams) with an average grade of 20 carats per tonne (8 grams per loose cubic metre "LCM"); and
 - Mine restart planned in Q1 2015.
- Richland initiated a group wide strategic review which:
 - Is focusing on costs and revenue optimisation
 - approved a 50% salary and fee reduction for the entire Richland board
- Following initiation of strategic review, TML undertook multi-department restructuring.

- During the period, the Government issued default notices to small scale-miners adjacent to TML, instructing these miners to desist from any illegal mining into Block C, the Mining Licence area owned on a 50:50 basis by TML and STAMICO.
- Richland signed a 3-month extension of the Memorandum of Understanding (“MoU”) with Kibaran Resources Limited (“Kibaran”) to 5 August 2014 to consolidate Richland’s Merelani-Arusha Graphite Project with Kibaran’s graphite assets in the region.

Post Period Highlights

- Following its issue of default notices, the Government has initiated a programme for removing illegal miners on the southern part of licence area.
- TML is currently working with the Government in reclaiming the southern part of Licence area which has not been available for mining due to its occupation by illegal miners.
- Security remains a major concern .Richland reports that, an armed robbery occurred on the night of 17 July 2014 when night-shift production was being transported from the mine shaft to the secured sorting facility, no employees were injured, and approximately 15kg of unsorted tanzanite bearing material was stolen with an estimated value of less than US\$75,000..

Commenting today Bernard Olivier, CEO, of Richland Resources said: “The period was an important time for Richland as we diversified our operations by acquiring the Nardoo Sapphire project, which provides us with a quality gemstone project in Australia. We are fully committed to bringing Nardoo Sapphire back into production in Q1 2015. Following our decision to restrict investment into our tanzanite-mining subsidiary TML we are seeing performance improvements and the Tanzanian Government now working to remove the remainder of illegal miners from our licence. Our objective for Richland shareholders is to build revenues from efficiently mining and recovering gemstones. The remainder of 2014 shall be an important time for Richland as we move Nardoo Sapphire towards commissioning.”

Production and Sales

Through Richland's wholly owned subsidiary, Tanzanite One Mining Limited ("TML"), tanzanite production totalling 1,011,928 carats was achieved in the first quarter of 2014. 6494 tonnes of material was processed with recovery at an average grade of 156 carats per tonne. An estimated US\$2.8 million of revenues was realised in Q2 2014 by the TML/STAMICO JV pursuant to the agreement that was signed on 5 December 2013 with effect from 20 June 2013 and covers all rough production from tanzanite mining. The quality of the tanzanite produced remained low due to the continuing lack of high-quality production areas available to be mined by TML as a direct result of illegal mining activities in the Block C licence area. During the quarter the Company and TML continued its appeal to the Tanzanian Government to address the illegal mining within the Block C licence area.

The Company achieved approximately US\$0.6 million of additional revenues for the quarter from retail and beneficiation operations including TTE and [TanzaniteOneOnline](#).

Sapphire Project Acquisition

In 2011 Richland entered into an option and exclusivity agreement to acquire an established sapphire project in Australia. The option remained valid during 2013 while the Company assessed the situation in Tanzania and its diversification programme.

On 4 June 2014, Richland exercised its option for the acquisition of 100 per cent. of the Nardoo Sapphire project. The project was acquired by Richland for consideration of AUD\$ 1.18 million (approximately US\$ 1.10 million) and 18 million fully paid new common shares in Richland (approximately 8.3% of Richland's enlarged share capital) which will be issued after a three month escrow period.

Project highlights include:

- Rapid mine redevelopment of the Nardoo Sapphire project to bring this back into production, facilitated by previous mining on site until 2006;

- The Nardoo sapphire project has a well-defined resource and processing plant on site:
 - Measured JORC (2004) resource: 109 million carats (21.8 million grams) with an average grade of 20 carats per tonne (8 grams per loose cubic metre “LCM”);
 - Existing plant capable of treating 200 LCM/hour and annual production of 4 million grams (20 million carats) of sapphire which Richland will be refurbishing as part of the mine restart; and
 - Priority now shifts to mine planning and engagement with regulators and stakeholders to fast track production.
- Richland is planning to use existing cash resources and working capital facilities to take the project into production by Q1 2015; and
- Sapphire with provenance to be sold through established Richland sales channels.

Graphite Project

On 5 February 2014, Richland announced a MoU with ASX quoted Kibaran to consolidate and mine both companies’ graphite deposits in the Merelani region. On 5 May 2014 Richland signed a 3 month extension to the MoU until 5 August 2014. Kibaran has largely completed its due diligence and the parties are now working together to finalise the terms of the binding agreement. Both parties are keen to finalise an agreement to allow the recommencement of graphite production at Merelani. Further updates will be made in due course.

Strategic Review

As announced on 14 April 2014, the Company is undertaking a group wide strategic review of its operations, which includes a review of all costs, revenue optimization and best use of funds available for investment in gemstone projects.

Post Period Highlights

A Government led and supported operation to expel the illegal miners from the southern part of the Block C Merelani mine has now commenced. Various Government agencies are currently working in conjunction with the TML to re-enter

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the southern parts of the Block C Merelani mine that were previously taken over by hostile illegal miners from neighbouring blocks.

Richland reports that, an armed robbery occurred on the night of 17 July 2014 when night-shift production was being transported from the mine shaft to the secured sorting facility, no employees were injured, and approximately 15kg of unsorted tanzanite bearing material was stolen with an estimated value of less than US\$75,000.

For more information please contact:

Bernard Olivier	Mike Allardice
Chief Executive Officer	Group Company Secretary
+61 4089 48182	+852 91 864 854

Nominated Advisor & Broker

RFC Ambrian Limited
Samantha Harrison
+44 (0) 20 3440 6800

Laurence Read
Corporate Development and Communications Officer
+44 (0) 20 3289 9923