



5 November 2012

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

Q3 Operational and Sales Update

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

Highlights for Period

- Total tanzanite production of 698,902 carats for Q3 2012 (573,771 carats for Q3 2011)
- Average grade of 97 carats per tonne achieved (53 carats for Q3 2011)
- US\$2.6 million in sales during quarter.
 - A proportion of high value stones is carried over for sale in Q4
- Discussions are ongoing with the Tanzanian Government regarding historic royalty claims and ongoing illegal mining

Production and Sales

In the third quarter of 2012, the Company achieved tanzanite production totalling 698,902 carats from the processing of 7,182 tonnes of material at an average grade of 97 carats per tonne for the quarter. The Company achieved US\$2.6 million in sales for the third quarter of 2012. Due to the temporary ban introduced by the Government on 5 October, material that was cut, polished and prepared for sales export in September had to be re-invoiced and will be reflected under fourth quarter sales.

Update on Illegal Mining Activities

As previously reported, in Q2 the Company has experienced a significant increase in the level of illegal mining on the property. The level of this activity is having an increasing negative effect on Richland's operations and also supplies a large amount of tanzanite to the illicit market.

The Company has continued to call for assistance from the Tanzanian Government, especially the Ministry of Minerals and Energy (the "Ministry"), regarding the illegal

mining activities from the neighbouring blocks. Due to the aggressive nature of the illegal miners, assistance from the Ministry, as well as the police, is required to ensure that Company employees are not endangered. While cursory assistance has occasionally been forthcoming in this regard, the Company is calling on the Ministry for further action, including the setting up of a task force to take firm action against the illegal miners who often resort to violent actions.

Post Reporting period events

On 5 October 2012, the Company received a letter from the Ministry in Tanzania with regard to an additional, retrospective, royalties claim relating to the period from 2004 to 2008 amounting to US\$1.73m. The letter also states that the Ministry will not provide any further support to the Company until the alleged unpaid royalties have been settled. The Company requested suspension of trading on AIM while it investigated the claims and reviewed the Company's financial position. The Company resumed trading on 17 October 2012, following receipt of an interim permission to export and a statement of resumption of support from the Ministry. The Tanzanian Minerals Audit Agency ("TMAA") is currently re-auditing the financial records of the Company's subsidiary, TanzaniteOne Mining Limited ("TML"), relating to the period from 2004 to 2010. The audit is to try to establish the amount, if any, of additional royalties payable. The conclusion of this re-audit is not expected for several weeks.

The Company has now also been informed by the Tanzanian Revenue Authority ("TRA") that the TRA has initiated an audit of the Company's historic tax status for prior years dating back to 2004.

Commenting today, Ed Nealon, the Company's Chairman, said: "The board of directors are very concerned about certain issues currently facing the Company in Tanzania. Having contributed over \$20 million to the Tanzanian tax base to date, the implementation of these audits and the receipt of claims for additional charges as well as the ongoing illegal mining activities in our mining area represent significant challenges to the Company going forward. The Company is appealing to the highest levels of Government, to ensure that foreign investments in Tanzania are protected, that the country's laws against theft and violence be enforced and that widespread rumours of impending nationalisation are unfounded."



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Further information is available on the Company's website:
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