

11 June 2014

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

Restructuring and Performance Update for Tanzania Operations

Highlights

- Tanzanian operating company, TanzaniteOne Mining (“**TML**”), undertakes multi-departmental restructuring at Merelani tanzanite mine
 - Major efficiency drive to compensate for on-going occupation of key licence areas by illegal miners
 - 229 of 670 employees identified for possible retrenchment, subject to finalisation of current negotiations
- X-ray body scanner machines re-approved for use by the Government of Tanzania (the “**Government**”) and anticipated to be operational at Merelani tanzanite mine during Q4 2014.
- Default notices issued to small scale-miners adjacent to TML by the Government during May 2014 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 the Tanzania State Mining Corporation (“**STAMICO**”).
- Further potential cost savings and value realisation options under review:
 - Options for the Tanzanite Experience (“**TTE**”) retail chain being explored.
 - Financial contributions to the Tanzanite Foundation have been restricted
 - Richland is evaluating interest from third parties in the Tsavorite project in relation to value realisation or joint venturing
- Discussions with Kibaran Resources Ltd (“**Kibaran**”) are continuing in relation to a binding agreement regarding Merelani Graphite, which would be subject to approval by STAMICO
- Richland continues to monitor security situation across the whole licence area

Tanzanite Operations

Richland today announces an update on the operational restructuring programme being undertaken at the Merelani tanzanite mine, operated by the Company’s subsidiary TML. The Company is pleased to report that a cost reduction and efficiency programme undertaken by TML is already seeing significant increase in the revenue and some improvements in the overheads levels at the Merelani tanzanite mine as compared to the first quarter of 2014.

Following a two-year period that has seen key working areas at Merelani being occupied by armed illegal miners, Richland announced on 14 April 2014 that the Company could no longer support further financial investment into Tanzania. Since this announcement, TML management and STAMICO have worked in consultation with Richland to reduce costs, improve revenue and streamline operations at Merelani to prevent any temporary mine closure occurring while the Government completes its work making the area secure. Following an extensive interdepartmental restructuring, 229 of 670 employees have been identified for possible retrenchment, pending outcome of current negotiations with Government. Additionally, a total of 41 employees have been suspended by TML for serious employment breaches identified during the review of operations.

The Ministry of Minerals and Energy (“MEM”) issued default notices during May 2014 to all small-scale miners with licenses adjacent to Block C and who may have been illegally mining into Block C from these neighbouring blocks.

Following discussions between TML, STAMICO and Government, the Company’s three X-ray Body Scanners (“Xscann”) have also been released for use in monitoring employees. The Xscann had been introduced at the Merelani operations in 2008 however, in 2010, the Government blocked use of the Xscanns and the equipment has since been in storage. TML is currently awaiting servicing and recommissioning quotes for the Xscann system restart. Xscann is scheduled for installation across the Merelani project within mining, sorting, processing and beneficiation operations by the end of 2014. Xscann has a proven track record in gemstone security and the re-installation of the system is anticipated to increase tanzanite recovery.

Other Projects

Richland and TML have also been working on a number of additional cost reduction and revenue generation initiatives relating to Tanzania operations. The Tanzanite Experience (“TTE”) retail chain generates annual revenue of approximately USD\$2.9 million and options being reviewed in relation to the realisation of value from TTE are (a) a potential sale of TTE; and (b) a review of the operations and strategies of TTE.

Richland is also reviewing its Tsavorite project for a potential sale or joint venture with interested parties, as well as reducing its financial contributions to the Tanzanite Foundation.

As previously announced on 7 May 2014, the Company is in discussions with ASX listed Kibaran and has extended the memorandum of understanding between the parties to 5 August 2014. The Company has now agreed to terms offered by Kibaran and the parties are finalising a binding agreement, which will be subject to approval by STAMICO, for the development of Richland’s Arusha graphite deposit at Block C and Kibaran’s Merelani-Arusha Graphite Project.

Commenting on the announcement Bernard Olivier, CEO, of Richland Resources said: “The global retail market for coloured gemstones is thriving and we are taking active steps to deliver value from our mining expertise and marketing relationships. As Richland monitors the Tanzania situation we shall move ahead with our recently announced sapphire re-development in Queensland, Australia.

Our involvement in tanzanite extraction has been fraught with issues for the last few years and the un-checked illegal mining situation has led to the current round of potential job losses and cost savings. We are pleased to see the Government of Tanzania has issued court orders against illegal miners but until Block C is made totally safe it is inevitable that the TML and STAMICO joint venture cannot sustain full employee levels and costs. Merelani has the potential to be very profitable for TML and STAMICO, and the restructuring and efficiency programme are yielding immediate results.”

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

Notes to Editors

In June 2013 the Company reached an agreement with the Government of Tanzania (the “**Government**”) for the granting of a new mining licence at the Merelani tanzanite mine, in conjunction with the Tanzania State Mining Corporation (“**STAMICO**”) being brought into the operation as a joint venture partner. As part of the agreement the Government agreed to remove illegal miners from the Merelani tanzanite mine operated by the Company’s subsidiary, Tanzanite One Mining Limited (“**TML**”) In July 2013 one area was cleared by the Government, which tragically led to the shooting dead by illegal miners of a TML employee, who was assisting police. Since that time no further action has been taken by the Government to clear 2 other near surface areas of illegal miners and the Company will not sanction any attempt to restart mining across the licence area until worker safety can be assured.

The Merelani mine is the largest producer of tanzanite in the world and has been one of the major contributors of tax, from the mining sector, to the Tanzania exchequer. In 2013 Richland anticipated that following a licence level JV with STAMICO illegal occupiers of mine shafts at the Mining Licence Area owned on a 50:50 basis by TML and STAMICO would be removed and reinvestment in tanzanite mining undertaken: this has not occurred in 9 months despite repeated requests for assistance made to Government. It is anticipated that the operational results of the joint operations of TML and STAMICO will remain significantly impaired until the Government of Tanzania creates an environment capable of hosting legal and economic tanzanite production in the area.