



24 November 2014

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

**Quarterly Operational Update
and
General Trading Statement**

Richland Resources Ltd, the gemstones producer and developer, today announces an operational, sales and marketing update for Q3 2014 and general trading statement. All figures are unaudited.

Operational Highlights

- 622,551 carats total tanzanite production for Q3 2014 (810,347 carats for Q3 2013);
- 110 carats per tonne average grade achieved (108 carats for Q2 2013);
- US\$3.1 million total sales achieved:
 - TanzaniteOne Mining Limited ("TML") / Tanzania State Mining Corporation ("STAMICO") joint sales of approximately US\$2.19 million; and
 - US\$0.86 million other sales (including The Tanzanite Experience ("TTE") retail stores and TanzaniteOneOnline).
- Merelani Graphite transaction with Kibaran Resources Limited exclusivity extended to 5 February 2015
- Tanzanite Foundation re-focussed and re-aligned
 - To support a coordinated strategy integrated across all regions
 - Closure of New York representative office
- Queensland Sapphire project rebranded as "Capricorn Sapphire"
 - Plant and plant site refurbishment commenced
 - Plan of Operations for the refurbishment of the plant and plant site approved by Queensland Government
 - Financial Assurance bond has been lodged with the Queensland Government

Post Period Highlights

- All major engineering work completed on the Capricorn Sapphire plant and plant has been re-assembled

Production and Sales

Through Richland's wholly owned subsidiary, Tanzanite One Mining Limited ("**TML**"), tanzanite production totalling 622,551 carats was achieved in the third quarter of 2014. 5,675 tonnes of material was processed with recovery at an average grade of 110 carats per tonne. An estimated US\$2.19 million of revenues was realised in Q3 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 available high-quality production areas accessible for mining by TML as a direct result of continued illegal mining activities, or the damaged caused by the illegal mining 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.

As previously announced, a Government led and supported operation to expel the illegal miners from the southern part of the Block C Merelani mine commenced on 8 September 2014, which has continued throughout the 3rd quarter and to the present date. Various Government agencies have worked, and continue to work, in conjunction with TML to re-enter the parts of the Block C Merelani mine that were previously taken over by hostile illegal miners from neighbouring blocks. Significant progress has been made to date. Infrastructure repair and selective mining has commenced in some sections of CT shaft, which, have now been re-entered. As previously advised, in the Company's interim results, 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.

The Company achieved approximately US\$0.86 million of revenues for the quarter from retail operations including TTE and [TanzaniteOneOnline](#).

Graphite Project

On 8 August 2014 Richland announced that a 6 month extension to the exclusivity period has been granted to Kibaran Resources Limited (ASX:KNL, "Kibaran") with regarding the consolidation and development, through a joint venture of the Kibaran and the TML-STAMICO Joint Venture's respective graphite assets located in Northern Tanzania.

Tanzanite Foundation Re-focussed

As part of Richland's on-going review of operations across all areas of the group, the Tanzanite Foundation were re-aligned to support an coordinated strategy integrated across all regions. This resulted in the closure of the Tanzanite Foundation New York representative office. It is estimated that Richland will benefit from an annual cost saving of approximately US\$300,000 through the operational restructuring of the Tanzanite Foundation.

Sapphire Project Acquisition

On 4 June 2014, Richland exercised its option for the acquisition of 100 per cent. of the Nardoo Sapphire project. On 18 August 2014, Richland announced that that it had commenced work on the refurbishment of the plant and plant site at its newly acquired Sapphire project in Queensland Australia. Richland prepared and submitted its plan of operations for the refurbishment of the plant and plant site to the Department of Environment and Heritage Protection in June 2014 as required under section 287 of the Environmental Protection Act 1994. The plan of operations was approved in July and Richland has subsequently lodged the required Financial Assurance bond with the Department of Natural Resources and Mines in Queensland.

Work on the quarter has been centred on re-commissioning the purpose-built alluvial processing plant, which at the time of its original commissioning was reported as the largest of its kind in the southern hemisphere. The processing plant is specified as being capable of treating up to 200 loose cubic metres ("LCM") per hour and

consequently could potentially result in an annual sapphire production of approximately 4.16 million grams (20.8 million carats).

The Sapphire project consists of two new mining leases comprising approximately 490 hectares and associated assets and is 100% indirectly owned by Richland. The mining leases contain a JORC (2004) Measured Sapphire Resource of approximately 21.6 million grams (109 million carats) of sapphire, based on extensive exploration and a brief period of mining by the previous owners.

Richland has changed the name of its Australian operating subsidiary to Capricorn Sapphire Pty Ltd and rebranded the project to “Capricorn Sapphire” to reflect the close proximity of the Tropic of Capricorn to the project.

Post Period Highlights

Following the announcement on 5 November 2014, all major engineering work has been completed on its Capricorn Sapphire processing plant. The plant has been re-assembled and electrical re-installation has commenced.

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