

12 April 2016

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

**Final Results for the year ended 31 December 2015**  
**and**  
**Availability of Annual Report**

**Richland Resources Ltd**, the gemstone producer and developer, today announces its audited results for the year ended 31 December 2015.

**Financial Summary (Continuing Operations)**

- US\$0.7 million revenues (2014: US\$1 million)
- US\$2.3 million net loss (2014: US\$1.4 million)
- US\$1.6 million unrestricted consolidated cash and cash equivalents (2014: US\$0.9 million)
- US\$4.8 million net assets (2014: US\$2.8 million)
  - Total Assets of US\$5.7 million (2014: US\$4.0 million)
  - Total Liabilities at year end of US\$1 million (2014: US\$1.2 million)

**Operational Summary (Continuing Operations)**

- Capricorn Sapphire project brought into production within 12 months
- 900,000 carats of sapphire produced from the processing of 74,000 tonnes of alluvial gravels
- Average grade of 12 carats per tonnes achieved
- 204,110 carats of sapphire sold for a total revenue of US\$245,000 consisting of
  - 202,900 carats of lower grade material sold at US\$1.10 per carat
  - 1,200 carats of higher grade material sold at US\$15.10 per carat
- 1,000,000 tonnes of topsoil and overburden removed and stockpiled for rehabilitation
- Launch of new online sales division, [www.richlandgemstones.com](http://www.richlandgemstones.com)
  - Online sales division achieved sales of US\$0.46 million (2014: US\$1.0 million)
- First phase of mine planning and drilling completed
  - 633m of infill drilling over 57 holes completed
  - Completed first phase of modelling of overburden and gravel depths and thickness as well as bedrock profile
- Grant of two exploration licences covering approximately 230 km<sup>2</sup> located adjacent to known sapphire producing areas
  - Areas selected to include sapphire bearing palaeo-alluvial terraces

**Corporate Highlights**

- Shore Capital Stockbrokers Limited ("Shore Capital") appointed as sole broker

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## Outlook

- Infrastructure improvements and modifications currently ongoing to enable ramp-up to 800,000 carats per quarter in H2 2016.
- Continue to optimise operations, including sales, marketing and the restructuring of online sales, while revenue producing

Copies of the Annual Report for the year to 31 December 2015 are available to download from the Company's website at [www.richlandresourcesltd.com](http://www.richlandresourcesltd.com) and will be posted to shareholders shortly.

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## Notes to the Editor:

Further information is available on the Company's website: [www.richlandresourcesltd.com](http://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.

## 1. Overview

Our primary focus for 2015 was the planning and implementation of a highly detailed redevelopment and production ramp up plan at the new Capricorn Sapphire operation in Queensland, Australia that prioritised early-stage production and revenue generation. The entire pre-production development process, including the refurbishing and commissioning of the processing plant, phase one exploration work, mine development and more than the required rehabilitation of historically disturbed areas was achieved in around 12 months within a very strict budget. This stringent cost control resulted in a total expenditure, for 2015, of US\$ 2.3 million including, amongst others all development, production and corporate costs. This is a unique achievement in an industry characterised by long development delays and budget blowouts and enables us to now optimise the operations, including our sales, marketing and the restructuring of our online sales, while continuing to produce significant revenue.

## 2. Financial Performance

Richland successfully disposed of all of its remaining Tanzanian mining operations and related companies on 2 March 2015 and has closed its Tanzanite Experience retail operations (the “**Disposed Group**”). Its audited financial results, in accordance with IFRS 5, distinguish between the financials of the Disposed Group (“**Discontinued Operations**”) and Richland’s ongoing operations (“**Continuing Operations**”).

### 2.1 Discontinued Operations

The Company successfully disposed of the remaining Tanzanian operations and related companies to Sky Associates Group Ltd (“**Sky**”) for a total consideration of US\$ 4.6 million (US\$ 510,000 of which was received in 2014) on 2 March 2015. The conclusion of the sale excluded a further potential deferred consideration of US\$ 510,000, which was subject to any adjustments and deductions in accordance with the Sales Agreement. On 12 June 2015 the Company announced that in light of such adjustments and deductions due under the Sale Agreement and the existing and potential creditors’ claims and other liabilities of the companies sold by Richland to Sky, the parties had reached a settlement agreement whereby Sky and Richland have agreed to amend the terms of the further deferred consideration such that Sky will pay Richland 15% of any deferred consideration received by TanzaniteOne Mining Ltd (“**TML**”) under the State Mining Corporation, Tanzania (“**STAMICO**”) joint venture agreement for the period to 31 December 2019. Such further potential deferred consideration otherwise remains payable to Richland in accordance with terms of the Sale Agreement.

As Sky did not wish to acquire the Tanzanite Experience retail operations (“**TTE**”) as part of its acquisition of the Group’s mining operation in Tanzania, it was decided to wind down the affairs of the retail outlets as it could not be sold as a going concern. Consequently the fixed assets and Tanzanian TTE brand have been sold for US\$ 110,000 (inclusive of VAT) and the operating leases for a certain number of stores were transferred to the new owner.

**Net loss from Discontinued Operations** of US\$ 3.3 million has been recognised during the year. The loss primarily represents the cumulative exchange differences in equity relating to foreign operations and non-controlling interest, required to be recognised in Profit and Loss in accordance with IAS 21 and IFRS 5, following the closing of the sale to Sky.

## 2.2 Continuing Operations

**Revenue** for the year of US\$ 0.7 million was 30% lower than prior year (2014: US\$ 1.0 million). Lower sales were achieved by the online sales division partly due to the rebranding of the website to RichlandGemstones.com and its disassociation from TanzaniteOne.com site sold to Sky which was a condition of the sale to Sky. The Group recorded its first sales from its Australian operations of US\$ 0.25 million during the last quarter of the year.

**Net loss for the year** increased by 57% to US\$ 2.2 million against the prior year loss of US\$ 1.4 million. The net loss for the year from Continuing Operations represents operating expenses incurred as we brought the Capricorn Sapphire Project through development into production as well as Richland's corporate expenses.

The **total assets** of the Continuing Operation were US\$ 5.8 million at year end (2014: US\$ 4.0 million) and primarily reflects the acquisition of the Capricorn Sapphire Project and its associated capital expenditure.

The Continuing Operations had a net **cash** position of US\$ 1.9 million (including US\$ 0.4 million pledged as collateral for the financial assurance lodged with the Department of Natural Resources and Mines (Australia)), up 58% from the 2014 net cash position of US\$ 1.2 million.

The Continuing Operations had **total liabilities** of US\$ 1.0 million as at year end (2014: US\$ 1.2 million).

## 3. Dividend

The directors have not declared a dividend (2014: nil).

## 4. Corporate Activities

On 3 August 2015 Richland announced the appointment of Shore Capital Stockbrokers Limited ("**Shore Capital**") as sole broker.

## 5. Continuing Operational Review

### 5.1 Capricorn Sapphire Project ("Capricorn" or "the project")

The project is located within the Anakie deposit known as the Queensland Sapphire Gemfields, near the township of Sapphire in Central Queensland. In total the project tenements cover approximately 494 hectares of potential sapphire bearing alluvial placers within this known deposit.

#### Mine development and plant commissioning

During the year, over 1,000,000 tonnes of topsoil and overburden were removed and stockpiled for rehabilitation from the Open Pit 1 area. Once the topsoil and overburden were removed a geological mapping and sampling exercise was conducted to test the various gravel types located within Open Pit 1 to expand the geological model and for future mining planning. Several plant reliability issues were experienced under production conditions resulting in start-up delays. Additional modifications were also made to the processing plant to improve efficiency, reliability and recovery rates.

## **Mine planning and drilling**

During the year a total of 633 m of infill drilling was conducted over 57 holes as part of the first phase in a campaign that will confirm and expand the data from the pre-existing JORC resource (2004) and enable the maximisation of mining efficiencies and scheduling. The reverse circulation (“RC”) drilling has enabled modelling of the overburden and Gravel depths and thicknesses as well as the bedrock profile. The drilling delineated the bedrock contour and also identified various types of generation of gravels within the delineated resource. The location of the first mining pit (“**Open Pit 1**”) was selected based on the drilling information available and to enable testing of the three main types of gravels from the initial area to be mined to improve the geological information available for the development of the project mine plan.

## **Production**

During 2015, we produced approximately 900,000 carats of sapphire, of all sizes, quality and value, as part of our start-up and ramp-up process. A total of 74,000 tonnes of sapphire-bearing alluvial gravels were extracted and processed at an average grade of approximately 12 carats per tonne. The majority of production falls into the 5 mm and 6 mm size distribution categories and approximately 0.5% of production was 10mm or larger in size.

We managed to achieve production of over 720,000 carats of sapphire, during the fourth quarter of 2015. The fourth quarter production was almost 3 times higher than the targeted 250,000 carats as announced on 19 October 2015. This significant increase in production was implemented, in order to further test the mining, processing and sorting capacities. It enabled us to identify various areas for modification and improvement which will allow us to achieve our initial sustainable production target, of 800,000 carats of sapphire per quarter, by H2 2016. Production and tonnes processed in the first half of 2016 has therefore been scaled down, to allow improvement and further infrastructure work to be conducted.

## **Exploration**

Two exploration licences, were granted during the year, covering a total area of approximately 230 km<sup>2</sup> and are located adjacent to known sapphire producing areas and RA1 Areas (restricted areas earmarked for sapphire mining and fossicking with the grant of exploration licences within the area prohibited). The exploration areas were also selected to include sapphire bearing palaeo-alluvial terraces with adjoining reworked colluvial and alluvial deposits.

## **Sales & Marketing**

During 2015, a total of 204,110 carats of sapphire were sold for an approximate total revenue of US\$ 245,000, resulting in an average price per carat of US\$ 1.20 for the combined sales. The sales consisted of various parcels of lower quality sapphire totaling 202,900 carats sold at an average price per carat of US\$ 1.10 and 1,200 carat of higher grade material sold at an average price per carat of US\$ 15.10. During the period the higher-grade material represented approximately 1% of total production.

## **5.2 Online Sales**

During the year, Richland launched a group wide rebranding campaign to highlight its new direction and emphasis on mining excellence and the ethical supply of natural gemstones with full provenance. Richland’s corporate website ([www.richlandresourcesltd.com](http://www.richlandresourcesltd.com)) was overhauled and the online sales platform [www.richlandgemstones.com](http://www.richlandgemstones.com) was developed and successfully launched during H1 2015. Richland continued to utilise its extensive knowledge of tanzanite and the

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tanzanite industry to source world-class tanzanite from the Merelani Deposit in Tanzania and retail it through its online sales platform. An introductory range of sapphires from the Company's operations in Central Queensland, Australia are also now available on the sales platform. The online sales division achieved US\$ 0.46 million for the year compared to US\$ 1.0 million in 2014 and is in part down due to the rebranding that took place during the year.

## 6. Glossary of Terms

|                                |   |
|--------------------------------|---|
| <b>ct</b>                      | carat   |
| <b>US\$, dollar or \$</b>      | United States Dollar  |
| <b>AU\$</b>                    | Australian Dollar   |
| <b>g/t</b>                     | grammes per tonne, measurement unit of grade (1g/t = 1 part per m)      |
| <b>JORC code</b>               | Australasian code for reporting of Mineral Resources and Ore Reserves   |
| <b>LTIFR</b>                   | Lost Time Injury Frequency Rate, being the number of lost-time injuries |
| <b>expressed as a rate per</b> | 200,000 man-hours worked  |
| <b>tonne</b>                   | 1 Metric tonne (1,000kg)  |
| <b>LCM</b>                     | loose cubic metre   |

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## Financial Statements

**Richland Resources Ltd**  
 Consolidated statement of profit or loss  
 for the Year Ended 31 December 2015  
 (Audited)

|   | <u>2015</u><br>US\$ '000 | <u>2014</u><br>US\$ '000 |
|---|--------------------------|--------------------------|
| <b>CONTINUED OPERATIONS</b>   |                          |                          |
| Revenue   | 704                      | 995                      |
| Cost of sales   | <u>(997)</u>             | <u>(699)</u>             |
| Gross (loss)/profit   | (293)                    | 296                      |
| Other income  | 67                       | 3                        |
| Operating expenses  | <u>(1,961)</u>           | <u>(1,712)</u>           |
| <b>Operating loss</b>   | <b>(2,187)</b>           | <b>(1,413)</b>           |
| Finance income  | <u>(14)</u>              | <u>3</u>                 |
| <b>Loss before taxation</b>   | <b>(2,201)</b>           | <b>(1,410)</b>           |
| Income tax charge   | <u>-</u>                 | <u>-</u>                 |
| <b>Loss for the year from continuing operations</b>                             | <b>(2,201)</b>           | <b>(1,410)</b>           |
| <b>DISCONTINUED OPERATIONS</b>  |                          |                          |
| Loss for the year from discontinued operations                                  | <u>(3,312)</u>           | <u>(13,895)</u>          |
| Loss for the year   | <u><b>(5,513)</b></u>    | <u><b>(15,305)</b></u>   |
| <b>Attributable to:</b>   |                          |                          |
| Equity owners of the parent   |                          |                          |
| - Continuing operations   | <b>(2,201)</b>           | (1,410)                  |
| - Discontinued operations   | <b>(3,312)</b>           | (12,429)                 |
| Non-controlling interest – Discontinued operations                              | -                        | (1,466)                  |
| <b>Loss per share attributable to the owners of the parent during the year</b>  |                          |                          |
| Basic and diluted loss per share from continuing operations (US cents/share)    | <b>(1.01)</b>            | (0.70)                   |
| Basic and diluted loss per share from discontinuing operations (US cents/share) | <b>(1.52)</b>            | (6.20)                   |
| Basic and diluted loss per common share from all operations (US cents/share)    | <b>(2.53)</b>            | (6.90)                   |

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**Richland Resources Ltd**  
 Consolidated statement of financial position  
 as at 31 December 2015  
 (Audited)

|  | <u>2015</u><br>US\$ '000 | <u>2014</u><br>US\$ '000 |
|--|--------------------------|--------------------------|
| <b>Assets</b>  |                          |                          |
| <b>Non-current assets<sup>1</sup></b>  |                          |                          |
| Property, plant and equipment  | 3,306                    | 2,676                    |
| Intangible assets  | 79                       | -                        |
| <b>Total non-current assets</b>  | 3,385                    | 2,676                    |
| <b>Current assets<sup>1</sup></b>  |                          |                          |
| Inventories  | 243                      | 5                        |
| Trade and other receivables  | 202                      | 73                       |
| Restricted cash and cash equivalents   | 389                      | 251                      |
| Cash and cash equivalents  | 1,564                    | 962                      |
|  | 2,398                    | 1,291                    |
| <b>Non-current assets and disposal groups classified as held for sale</b>      | 50                       | 15,327                   |
| <b>Total current assets</b>  | 2,448                    | 16,618                   |
| <b>Total assets</b>  | 5,833                    | 19,294                   |
| <b>Equity</b>  |                          |                          |
| Share capital  | 65                       | 65                       |
| Share premium  | 51,711                   | 51,711                   |
| Foreign currency translation reserve   | (144)                    | (1,531)                  |
| Accumulated loss   | (46,842)                 | (41,329)                 |
| <b>Total equity attributable to equity owners of the parent</b>                | 4,790                    | 8,916                    |
| Non-controlling interest   | -                        | (1,539)                  |
| <b>Total equity</b>  | 4,790                    | 7,377                    |
| <b>Liabilities</b>   |                          |                          |
| <b>Non-current liabilities<sup>2</sup></b>                                     |                          |                          |
| Provision for environmental rehabilitation                                     | 337                      | 205                      |
| Trade and other payables   | 58                       | 98                       |
| <b>Total non-current liabilities</b>   | 395                      | 303                      |
| <b>Current liabilities<sup>2</sup></b>   |                          |                          |
| Trade and other payables   | 563                      | 877                      |
| <b>Liabilities associated with disposal groups classified as held for sale</b> | 85                       | 10,737                   |
| <b>Total current liabilities</b>   | 586                      | 11,614                   |
| <b>Total liabilities</b>   | 1,043                    | 11,917                   |
| <b>Total equity and liabilities</b>  | 5,833                    | 19,294                   |

<sup>1</sup> Non-current and current assets reflect continuing operations unless stated otherwise.

<sup>2</sup> Non-current and current liabilities reflect continuing operations unless stated otherwise.

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**Richland Resources Ltd**  
Consolidated statement of cash flows  
for the Year Ended 31 December 2015  
(Audited)

|   | <u>2015</u><br>US\$ '000 | <u>2014</u><br>US\$ '000 |
|---|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>   |                          |                          |
| Cash generated from operations  | (2,632)                  | (244)                    |
| Interest cost received/(paid)   | 3                        | (56)                     |
| Income tax refunded   | -                        | 8                        |
|   | <hr/>                    | <hr/>                    |
| Net cash utilised in operating activities   | (2,629)                  | (292)                    |
| <b>Cash flows from investing activities</b>   |                          |                          |
| Purchase of property, plant and equipment   | (670)                    | (1,198)                  |
| Purchase of intangible assets (exploration expenditure)   | (79)                     | -                        |
| Proceeds from disposal of group, net of cash and overdraft disposed   | 4,401                    | -                        |
| Minority shareholders' share of proceeds from Sky   | (46)                     | -                        |
| Purchase of interest in subsidiary  | (2)                      | (1,124)                  |
| Transfer to restricted cash   | (181)                    | (251)                    |
|   | <hr/>                    | <hr/>                    |
| Net cash from/(utilised in) investing activities  | 3,423                    | (2,573)                  |
| <b>Cash flows from financing activities</b>   |                          |                          |
| Repayment of borrowings   | -                        | (174)                    |
| Proceeds from issue of shares   | -                        | 3,444                    |
|   | <hr/>                    | <hr/>                    |
| Net cash generated from financing activities  | -                        | 3,270                    |
|   | <hr/>                    | <hr/>                    |
| Net increase in cash and cash equivalents   | 794                      | 405                      |
| <b>Movement in cash and cash equivalents</b>  |                          |                          |
| Exchange losses   | (75)                     | (22)                     |
| At the beginning of the year  | 878                      | 495                      |
| Increase  | 794                      | 405                      |
|   | <hr/>                    | <hr/>                    |
| <b>At the end of the year</b>   | 1,597                    | 878                      |
|   | <hr/>                    | <hr/>                    |
| Cash and cash equivalents - continuing operations   | 1,564                    | 962                      |
| Cash and cash equivalents net of borrowings included in asset from disposal group classified as held for sale | 33                       | (84)                     |