RICHLAND
RESOURCES LTD

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A BREACH OF THE RELEVANT SECURITIES LAWS OF SUCH JURISDICTION.

This announcement does not constitute a prospectus or offering memorandum or an offer in respect of any securities and is not intended to provide the basis for any investment decision in respect of Richland Resources Ltd or other evaluation of any securities of Richland Resources Ltd or any other entity and should not be considered as a recommendation that any investor should subscribe for or purchase any such securities.

13 December 2016

Richland Resources Ltd

("Richland" or the "Company")

**Equity fundraising of £1.0 million gross,
Operational Update, Repayment of Unsecured Loan Facility in Equity
and cancellation of 2009 Restricted Shares by way of acquisition
by the Company into Treasury**

Richland (AIM: RLD), the gemstones producer and developer, is pleased to announce that it has conditionally raised, in aggregate, £1.0 million (before expenses) through a placing, via Shore Capital Stockbrokers Limited ("**Shore Capital**") as agent of the Company, of 133,333,334 new common shares of US$0.0003 each in the capital of the Company ("**Common Shares**") (the "**Placing Shares**") (the "**Placing**") to certain new and existing shareholders including Nicholas Sibley, a Non-Executive Director of the Company, at an issue price of 0.75 pence per Placing Share (the "**Placing Price**").

In addition, the Company announces:

(i) an unaudited operational update for the two-month period ended 30 November 2016;

(ii) that it has agreed to issue a further 54,933,334 new Common Shares in respect of the settlement of the unsecured loan facility of US$500,000, entered into on 27 June 2016, together with a proportion of the accrued interest thereon as further detailed below (the "**Loan Settlement Shares**"); and

(iii) that, further to the Company's announcements of 18 April 2016 and 23 May 2016 and as previously approved by shareholders, the Company has now acquired and transfered into treasury all of the 7,275,000 Restricted Shares issued in 2009 (the "**Treasury Shares**").

Edward Nealon, Chairman of Richland, today commented:

"The funds raised via this Placing will allow Richland to achieve its final stage of production ramp-up following a very successful optimisation and ramp-up programme during the course of 2016,

that has seen the Capricorn Sapphire mine not only achieve all of its production ramp-up targets but also a significant decrease in its cost per carat.

"The funds will also allow us to implement our long-term sales model through our own beneficiation channels. The pathway to achieving operational break-even and the mine becoming cash flow positive will be underpinned by our recently agreed and announced beneficiation partnerships. The ability of Richland to leverage margins through the consistent supply of fully certificated and beneficiated sapphires to both distributors and retailers is envisaged to become a core part of the Company's revenue model."

The Placing

Pursuant to the Placing, certain new and existing shareholders (including Nicholas Sibley, a Non-Executive Director of Richland, as detailed in the table below), have agreed to subscribe for, in aggregate, 133,333,334 new Common Shares at the Placing Price. The Placing Price represents a discount of approximately 33.33 per cent. to the Company's closing middle market share price of 1.125 pence on 12 December 2016, being the latest practicable date prior to the date of this announcement.

The Placing Shares have been issued conditional upon their admission to trading on AIM, which is expected to take place on or around 5 January 2017. The Placing Shares represent, in aggregate, approximately 33 per cent. of the Enlarged Share Capital (as defined below). The Placing Shares will rank *pari passu* in all respects with the Company's existing Common Shares and will be issued fully paid.

Operational Update

Further to the Company's announcement of 23 November 2016, during the two-month period ended 30 November 2016 the production rate for the group's Capricorn Sapphire mine was approximately 270,000 carats of sapphire and corundum per month. In addition, approximately 17,000 tonnes per month of sapphire-bearing alluvial gravels were extracted and processed at an average grade of approximately 14.5 carats per tonne during this period. The mine's total operational costs, inclusive of heating, cutting and polishing costs, have fallen from approximately US$2.1 per carat for Q1 2016 to c.US$0.85 per carat for Q4 2016 to date. Once the planned final-stage ramp-up of production to 1.2 million carats per quarter is completed by July 2017 the Board currently anticipates the mine becoming cash flow positive through a combination of:

(a) monthly revenue of approximately US$250,000 from the current sales mix with limited beneficiation; and

(b) additional revenue from the further development and roll out of the Company's beneficiation strategy as detailed in the announcement of 30 November 2016.

Use of Placing Proceeds

The net proceeds of the Placing will be utilised for funding the capital costs and additional operational expenditure associated with the abovementioned final phase of production ramp-up to 1.2 million carats per quarter; the operational cash flow shortfall whilst the ramp-up phase is completed and beneficiation strategy progressed; and the group's general working capital requirements.

Repayment of Loan Facility

The providers of the US$500,000 unsecured one-year 10 per cent. loan facility entered into on 27 June 2016 (the "Loan Facility"), have, conditional on completion of the Placing, agreed to settle the outstanding principal amount of US$500,000 (approximately £400,000), by way of the issue of new Common Shares at the Placing Price.

Of the US$500,000 Loan Facility, US$300,000 was provided equally by two Directors, Edward Nealon and Nicholas Sibley, each providing US$150,000, with the balance of US$200,000 provided by long term shareholder, Ashwath Mehra. Full details of the Loan Facility were set out in the Company's announcement of 28 June 2016, including the condition that if the Loan Facility was repaid early the minimum total interest due would be 7.5 per cent. (the "**Minimum Notional Interest**").

In addition, Messrs Nealon and Sibley have agreed to settle the unpaid balance of the Minimum Notional Interest due to them on early repayment of the Loan Facility, being US$7,500 each, by way of the issue of new Common Shares at the Placing Price. Mr Mehra has agreed to the early repayment of his proportion of the Loan Facility on the basis that he will be paid the balance of the Minimum Notional Interest due to him in cash, being US$10,000, plus an additional US$5,000 in cash from the net proceeds of the Placing.

The aggregate principal amount of the Loan Facility plus accrued Minimum Notional Interest to be converted into new Common Shares is therefore US$515,000 (approximately £412,000), which will be settled by the issue of, in aggregate, 54,933,334 new Common Shares at the same time as the issue and admission of the Placing Shares, which is expected to take place on our around 5 January 2017.

Cancellation of 2009 Restricted Shares

As approved by shareholders at the Company's annual general meeting held on 20 May 2016 and as announced on 23 May 2016, the Company has now acquired as treasury shares ("**Treasury Shares**") the 7,275,000 restricted shares issued to certain Directors and employees in 2009 (the "**2009 Restricted Shares**") as repayment of the 2009 share loans made to the Directors and employees concerned in 2009 (the "**2009 Share Loans**"). Bernard Olivier, Chief Executive Officer of the Company, owned 900,000 of the 2009 Restricted Shares acquired, and his 2009 Share Loan of £10,170, based on the Company's closing middle market share price on 9 December 2016 of 1.19 pence per share, has been repaid by the cancellation of his 900,000 2009 Restricted Shares.

As announced on 18 April 2016, Treasury Shares are not eligible to receive dividends or vote, such that following the abovementioned acquisition and transfer into treasury of the 2009 Restricted Shares and prior to the issue of the Placing Shares and Loan Settlement Shares, the current total number of Common Shares in issue outside treasury with voting rights is 215,335,604.

Admission to trading

Application will be made in due course for the Placing Shares and the Loan Settlement Shares to be admitted to trading on AIM, which is expected to take place on or around 5 January 2017 ("**Admission**"). Following Admission of the Placing Shares and the Loan Settlement Shares, the Company's total number of Common Shares in issue outside treasury with voting rights will be 403,602,272 (the "**Enlarged Share Capital**").

Directors' Interests

Directors' interests following the issue of the abovementioned Placing Shares and Loan Settlement Shares will be as set out below:

	Common Shares				
Director/Title	**Current holding**	**Placing Shares**	**Loan Settlement Shares**	**New holding**	**% of Enlarged Share Capital**
Edward Nealon (Non-Executive Chairman)	12,038,428	-	16,800,000	28,838,428	7.15
Ami Mpungwe (Non-Executive Deputy Chairman)	7,811,800	-	-	7,811,800	1.94
Nicholas Sibley (Non-Executive Director)	15,532,165	16,000,000	16,800,000	48,332,165	11.98
Bernard Olivier (Chief Executive Officer)	3,617,751	-	-	3,617,751	0.90

Related Party Transactions

The abovementioned participation by Mr Sibley as to a subscription of £120,000 in the Placing is deemed to be a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. Accordingly, the independent directors, being Ami Mpungwe, Edward Nealon and Bernard Olivier, having consulted with the Company's Nominated Adviser, Strand Hanson Limited, consider that the terms of Mr Sibley's participation in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

The abovementioned settlement of the Loan Facility's principal amount and accrued interest thereon by way of the issue of new Common Shares to two of the Company's directors, being Messrs Nealon and Sibley, are also deemed to be related party transactions pursuant to Rule 13 of the AIM Rules for Companies. Accordingly, the independent directors, being Ami Mpungwe and Bernard Olivier, having consulted with the Company's Nominated Adviser, Strand Hanson Limited, consider that the terms of the issue of the Loan Settlement Shares to such directors are fair and reasonable insofar as the Company's shareholders are concerned.

The abovementioned acquisition of Dr Olivier's holding of 900,000 2009 Restricted Shares by the Company in order to settle his 2009 Share Loan of £10,170 is deemed to be a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. Accordingly, the independent directors, being Ami Mpungwe, Edward Nealon and Nicholas Sibley, having consulted with the Company's Nominated Adviser, Strand Hanson Limited, consider that the terms of the acquisition of Dr Olivier's holding of 2009 Restricted Shares by the Company in settlement of his 2009 Share Loan are fair and reasonable insofar as the Company's shareholders are concerned.

For further information please contact:

Bernard Olivier Chief Executive Officer +61 4089 48182	Edward Nealon Chairman +61 409 969 955	Mike Allardice Group Company Secretary +852 91 864 854
Laurence Read Corporate Development and Communications Officer +44 (0) 20 3289 9923	Nominated Adviser Strand Hanson Limited James Harris Matthew Chandler James Dance +44 (0) 20 7409 3494	Broker Shore Capital Stockbrokers Limited Jerry Keen (corporate broking) Toby Gibbs / Mark Percy (corporate finance) +44 (0) 20 7408 4090

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014.