

11 December 2017

Richland Resources Ltd

("Richland" or the "Company")

Temporary Mining Halt, Next Scheduled Sales Event and Exploration Programme at Capricorn Sapphire Mine

Richland (AIM: RLD), the gemstones producer and developer, announces that due, *inter alia*, to extreme weather conditions and a weak market environment, the Board has decided to temporarily halt mining operations at the Company's Capricorn Sapphire mine located in Queensland, Australia.

As previously announced, the Company has stockpiled gemstones from Q3's production in order to pursue larger-scale, more strategic, sales events at more attractive prices, with the next such event planned for later this month, and, whilst production is suspended, the Company will commence an exploration programme seeking to further develop and identify additional resources on its Capricorn mine's licence area.

Key points

- Total rainfall during Q4 to date at the Capricorn mine site of 271mm which is significantly higher than the equivalent period last year of 35.6mm and which has severely hampered production efficiency
- Decision made to temporarily halt mining operations in light of the adverse weather conditions in order to conserve cash resources and in anticipation of a recovery in the current weak sapphire pricing levels and market demand
- Mining and earth moving machinery is either directly owned by the Company or on a hourly dry hire system such that usage can be cost effectively scaled up or down without incurring any idle time charges
- December sales event will involve both rough and cut stones, with the result dependent on then prevailing market prices and demand and whether minimum reserve prices are met
- Exploration programme to commence on the Capricorn mine's licence area targeting potential resource expansion

Mining operations at the Capricorn Sapphire site have been severely affected during Q4 to date by significantly higher than usual rainfall totalling approximately 271mm compared to 35.6mm in the equivalent period last year. Continued operational interruptions caused by the far higher than normal rainfall, coupled with weak market demand and pricing conditions, have led the Board to decide to temporarily halt mining operations and instead focus on further mine resource identification work.

The Company's mining and earth moving machinery is either directly owned by the Company or on an hourly dry hire system such that usage can be cost effectively scaled up or down without incurring any idle time charges. Furthermore, the Capricorn Sapphire mine is a comparatively small, modular operation with consequently low re-start costs, and unlike most mining operations

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production levels can relatively easily be varied to meet market demand and in response to variations in the price of sapphires. This flexible mining model should ultimately lead to enhanced margins as the Company continues to build a long-term customer base for its gemstones. Accordingly, all of the mine's operational costs will be immediately reduced as a result of the temporary halt in production, and Richland will use the down-time to conduct further exploration on the mine's licence area seeking to expand the existing resource base, ahead of the planned re-commencement of production operations in Q1 2018.

The sapphire market for our range of sapphires has suffered in H2 2017, due, *inter alia*, to a large influx of similar sapphires illegally mined in Madagascar within one of the country's designated wild life parks. As announced previously, Richland has therefore been stockpiling sapphires, especially its cut stones, to await a price recovery whilst securing channels for retailing the ethical provenance of Capricorn Sapphire's products. Accordingly, as set out above, the Company will now seek to conserve its existing cash resources during the production halt and leverage pricing to maximum advantage by targeting more strategic, larger-scale, sales events for its rough and cut stones.

The temporary suspension of mining activities will also allow the Company's Queensland based team to evaluate further potential project opportunities in the region. As previously announced, due to its existing presence, operational activities and relationships in Queensland, the Company has been, and continues to be, shown such opportunities. It is currently assessing two natural resources projects in Queensland which would allow the Company to utilise its well established knowledge base, relationships, infrastructure, equipment and core team and deploy its exploration and mining expertise.

Bernard Olivier, CEO of Richland, today commented:

"Due to the nature and flexibility of our mining model at Capricorn Sapphire and its limited non-production related costs, operations can be cost-effectively contracted or expanded as required.

"In light of the interruptions to production from the adverse weather conditions encountered in Q4 to date and uncertainty surrounding current pricing and demand conditions, our objective must now be to seek to maximise our revenue without being compelled to accept low prices just to meet ongoing operational expenditure. Accordingly, by temporarily halting mining operations, we can conserve our existing cash and pursue more strategic sales events with our stockpiled products pending an improvement in the market environment.

"Illegal mining activities in Madagascar are diametrically opposed to everything we are doing at Capricorn Sapphire where we are focussed on building an ethical gemstone source for jewellery suppliers into the US and the wider global market place, where provenance and environmental best practice are key concerns for consumers.

"We have also embarked on further exploration to target resource expansion and continue to identify and assess potential additional project opportunities, including in other commodities such as gold and lithium in Queensland, with a view to potentially leveraging the Company's well established central infrastructure and exploration expertise. The decisions to undertake exploration and halt mining activities will also allow the Company and its Queensland based team to further explore such other opportunities that have been presented to the Company."

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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.