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29 June 2018

Richland Resources Ltd

(“Richland” or the “Company”)

Final Results for the year ended 31 December 2017
Availability of Annual Report and Notice of AGM

Richland (AIM: RLD), the gemstones producer and developer, announces its audited results for the year ended 31 December 2017. The period covers the third year of sapphire production and sales by the Company from its Capricorn Sapphire mining operations located in Queensland, Australia.

The Company’s 2018 Annual General Meeting (“**AGM**”) will held be at 10.00 a.m. (Bermuda Time) on Wednesday, 25 July 2018 at the Company’s registered office at Clarendon House, 2 Church Street, Hamilton, Bermuda.

Copies of the Company’s full Annual Report and Financial Statements for the financial year to 31 December 2017, together with formal notice of the AGM, will be made available to download from the Company’s website at www.richlandresourcesltd.com and are being posted to shareholders.

Financial Summary (Continuing Operations)

- US$1.94 million revenues (2016: US$1.35 million)
- US$4.00 million net loss (2016: US$3.0 million). The current year net loss includes an impairment charge of US$1.92 million in relation to the carrying value of the Company’s investment in its Capricorn Sapphire mine at which mining operations have been temporarily halted since mid-December 2017
- US$0.39 million unrestricted consolidated cash and cash equivalents (2016: US$0.33 million)
- US$1.00 million net assets (2016: US$2.18 million)
  - Total Assets of US$2.13 million (2016: US$4.00 million)
  - Total Liabilities at year end of US$1.13 million (2016: US$1.82 million)

Operational Summary (Continuing Operations)

- 3,554,663 carats (2016: 2,674,536 carats) of sapphire produced from the processing of 213,683 tonnes (2016: 190,060 tonnes) of alluvial gravels
- Average grade of 16.6 carats per tonne achieved (2016: 14.1 carats)
- Temporary halt in mining operations in mid December 2017 in light of adverse weather conditions and in anticipation of a recovery in the then weak prevailing sapphire pricing levels and market demand
- Maiden independent JORC resource estimate reported for exploration licence (EPM 25973) of 5 million loose cubic meters (“**lcm**”) of sapphire bearing gravel at an estimated average grade of approximately 3.5 grammes per lcm (17.5 carats per lcm). This equates to an in-ground resource of approximately 87.5 million carats

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Corporate Highlights

- US$500,000 unsecured 10 per cent. loan facility, US$300,000 of which was provided equally by two of the Company's directors, Nicholas Sibley and Edward Nealon, and certain interest due thereon was on 5 January 2017 settled via the issue of new common shares
- Equity fundraisings:
  - placing announced on 13 December 2016 and unconditionally completed on 5 January 2017 raised approximately £1 million gross via the issue of 133,333,334 new common shares, of which £120,000 was provided by director Nicholas Sibley; and
  - subscription announced on 5 September 2017 raised approximately £450,000 gross via the issue of 64,285,714 new common shares of which £100,000 was provided by the Company's directors (£80,000 by Nicholas Sibley and £20,000 by Bernard Olivier)
- Conversion of certain outstanding fees and salaries by directors and management:
  - US$117,085 was on 5 January 2017 converted into 5,392,520 new common shares; and
  - A further US$30,250 was converted into 1,371,576 new common shares on 27 April 2017

Outlook

- Company is seeking to procure, in the third quarter of 2018, sufficient additional longer-term financing to enable the recommencement of production later in 2018 and, in the meantime, mining operations will remain suspended.

Subsequent events

- On 5 February 2018, the Company issued 3,581,237 new common shares in satisfaction of certain sales commissions of US$42,717 due for the period from 1 December 2016 to 31 December 2017
- On 25 June 2018, the Company announced the results of its comprehensive strategic review and that it had secured a convertible loan facility of up to £300,000 for short term working capital purposes at an interest rate of 3 month GBP LIBOR plus 7.5 per cent. per annum, with a scheduled maturity date of 31 December 2018, from Astor Management AG, a private company controlled by a long-term significant shareholder
- On 25 June 2018, the Company also announced that, the Company's existing directors and senior management personnel, together with certain former directors and a former consultant, had agreed to waive, in aggregate, £237,230 (at the prevailing USD:GBP exchange rate of 1.3261 on 22 June 2018) of accrued fees due to them for periods ranging from December 2016 to 31 May 2018 and confirmed their intention, once the Company is no longer in a close period, to convert, in aggregate, the balance of £207,537 (at the prevailing USD:GBP exchange rate of 1.3261 on 22 June 2018) of unpaid fees accrued for the same period to 31 May 2018 into new common shares

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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.

Notes to Editors:

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.

Chairman's Statement

As Chairman of Richland Resources Ltd ("**Richland**" or the "**Company**"), I am pleased to present the Group's final results for the financial year ending 31 December 2017 and to report on the Company's ongoing activities to the date of this statement.

Production: During the course of the year we produced a total of 3,554,663 carats ("**cts**") at an average grade of 16.63 cts per tonne of alluvial material processed, as compared to 2,674,536 cts in 2016 at an average grade of 14.07 cts per tonne. As explained below, when we re-commence mining in due course at our Capricorn Sapphire operation we will be focussed on our recovery grades as the mine's variable costs are affected by the number of tonnes we process to produce a given level of production. As previously announced, (i) we did not produce during March 2017 in order to facilitate plant and infrastructure work as part of the final ramp-up phase of operations at Capricorn Sapphire; and (ii) in mid-December 2017, we decided to temporarily halt mining operations in light of, *inter alia*, extreme weather conditions experienced during Q4 2017 and a weak market environment, in order to conserve cash resources and in anticipation of a recovery in sapphire pricing levels and market demand.

Financial Performance: The loss for the year was US$3.95 million including an impairment charge of US$1.92 million against the carrying value of the Group's investment in Capricorn Sapphire, versus a loss in 2016 of US$3.0 million.

Resource: On 7 August 2017, we announced a maiden independent JORC resource estimate for our wholly owned exploration licence (EPM 25973) located in Queensland, Australia of 5 million loose cubic metres ("**lcm**") of sapphire bearing gravel at an estimated average grade of 3.5 grammes per tonne (17.5 carats per lcm). This equates to an in-ground resource of some 87.5 million carats.

Post year end strategic review process: Production at our Capricorn Sapphire mine was temporarily halted in December 2017. Further to the suspension of mining operations and the subsequent appointment of our Chief Executive Officer, Anthony Brooke, in early 2018, we conducted a comprehensive review of Capricorn Sapphire's mining, marketing and sales operations, which was concluded recently. A summary of the review's principal findings is set out below, but I recommend that shareholders take the time to read the Company's announcement of 25 June which provides further details and is available on the Company's website.

Key findings

- Following the suspension of mining operations in December 2017, the Company has carried out regular and ongoing maintenance activities to keep the mine's infrastructure and equipment in good standing and in a state of readiness to be able to recommence production at short notice. Accordingly, subject to the Company securing sufficient additional funding, it is envisaged that mining operations could be recommenced within a one month timeframe from a re-start decision being made.

- The Company's exploration activities during the review period focussed on refining the mine plan and have identified and delineated two initial target areas on the licenced acreage for opening-up when production recommences.
- A further exploration programme has been formulated, for once the mine is back in production, to target potential resource expansion and improvement in grade and recovery comprising, subject to funding, a ground penetrating radar survey and further drilling together with the potential appointment of a site geologist in order to more tightly control mining and exploration geology.
- Decision taken to seek to achieve higher sales prices by lengthening the sales cycle to two months; pre-sales negotiations held with targeted key customers to seek to secure longer-term supply arrangements and relationships which are anticipated to result in improved pricing once production recommences.
- It is intended that mine stockpiles will be created and maintained onsite concurrently with production, alongside the use of additional pumps as required in order to better manage production flow during adverse weather conditions. This will help mitigate the risks to mine production from heavy rainfalls such as those experienced in Q4 2017 and February 2018.
- Global sapphire market conditions have generally improved due to a decrease in the level of illegal sapphire production from Madagascar and Nigeria and the commensurate downward pricing pressure. This decrease in illegal production is due to the depletion of the resources accessible by illegal miners and more effective policing by the relevant authorities.

Post year end financing: Simultaneously with the results of the strategic review process, the Company announced:

- A financing facility of up to £300,000 for short term working capital purposes obtained by way of a secured convertible loan at an interest rate of 3 month GBP LIBOR plus 7.5 per cent. per annum, with a scheduled maturity date of 31 December 2018, from Astor Management AG, a private company controlled by a long-term significant shareholder (the "**Convertible Loan**"); and
- That the Directors, senior management team, certain former directors and a former consultant had agreed to waive, in aggregate, £237,230 (approximately US$314,000) of accrued fees due to them (the "**Fee Waiver**") and, subject to the Company being in an open period following the publication of its 2017 annual report, to convert, in aggregate, a further £207,537 (approximately US$275,215) of unpaid fees into new Common Shares (the "**Proposed Fee Conversion**"). Accordingly, all outstanding fees due to the Company's current and former Directors, and existing senior management and a former consultant up to 31 May 2018 are expected to be waived/settled in full.

Future Plans: Any business that is not consistently generating positive net operational cash-flows will need to raise additional funds to implement its Board's strategic plans and Richland is no different. Accordingly, in the third quarter of 2018, the Company will seek to procure sufficient additional longer-term financing to enable the recommencement of production later this year, and in the meantime, operations will remain suspended. In addition, the Company plans to identify and evaluate opportunities to expand its gemstone business through the potential acquisition of additional gemstone projects and/or entering into marketing arrangements in relation to its own gemstones and/or those of third party producers. The timing of any such potential acquisitions and/or marketing arrangements will be dependent on the quality and attractiveness of opportunities identified and presented to the Company, the availability of appropriate funding and the Board's assessment of such opportunities.

As a significant shareholder I, like you, am most disappointed that we were unable to achieve sustainable profitability at an operational level for our Capricorn Sapphire operation, despite successfully completing the plant and infrastructure work as part of the final ramp-up phase and narrowly missing our quarterly production target of 1.2 million carats for Q3 2017.

Interim funding has been secured via the abovementioned Convertible Loan facility, and our strategy has been reviewed and updated.

Furthermore, the Fee Waiver and the Proposed Fee Conversion by the directors, certain former directors, senior management and a former consultant serve to demonstrate their continued commitment to the Company. Accordingly, the Company is now on a stronger footing as it seeks, during the third quarter of 2018, to raise the additional funds required to progress the Board's plans and recommence production at Capricorn Sapphire, with a clear alignment between the interests of its directors, management and shareholders.

Post period end, there were also a number of changes to our board of directors, with Bernard Olivier, our former Chief Executive Officer, leaving the Company and Anthony Brooke, our current Chief Executive Officer, joining the board in February 2018. In addition, Ami Mpungwe, tendered his resignation as a non-executive director of the Company on 22 June 2018. I would like to thank Bernard and Ami for their dedicated service over a number of years and wish them all the best in their future endeavours.

Last but not least, on behalf of the Board I wish to express our appreciation for the support and patience of the Company's various stakeholders during this period of transition as we seek to make progress over the remainder of 2018.

Edward Nealon
Non-Executive Chairman

29 June 2018

Chief Executive's Operational and Financial Review

1. Overview

During 2017, Richland remained focussed on completing the final ramp-up phase in production and optimisation of all operations at its Capricorn Sapphire project in Queensland, Australia. Total production for the year was 3,554,663 cts at an average grade of 16.63 cts per tonne of alluvial material processed (2016: 2,674,536 cts at an average grade of 14.07 cts per tonne) and total revenue achieved was US$1.9 million (2016: US$1.4 million).

2. Financial Performance

Richland successfully disposed of all of its remaining Tanzanian mining operations and related companies on 2 March 2015 and at the same time closed its Tanzanite Experience retail operations (the "**Disposed Group**"). Its audited financial results, in accordance with IFRS 5, therefore 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 its remaining Tanzanian operations and related companies to Sky Associates Group Ltd ("**Sky**") on 2 March 2015.

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 TTE could not be sold as a going concern.

Net profit from Discontinued Operations of US$35k (2016: US$Nil) has been recognised following the winding up of the remaining group companies, resulting from the derecognition of group assets and liabilities.

2.2 Continuing Operations

Revenue for the year of US$1.9 million was approximately 44% higher than prior year (2016: US$1.4 million). The Group recorded sales from its Australian operations of US$1.8 million during the year and revenue from its online sales division was US$0.1 million.

Net loss for the year increased by approximately 32% to US$3.95 million against the prior year loss of US$3.0 million. An impairment charge of US$1.92 million was recorded for the year related to the Capricorn Sapphire Project in light of the temporary suspension of mining operations.

The **total assets** for Continuing Operations were US$2.1 million at the year end (2016: US$4.0 million) which primarily reflects the investment in the Capricorn Sapphire Project and its associated capital expenditure.

The Continuing Operations had a net **cash** position of US$0.7 million as at the year end (including US$0.3 million of restricted cash pledged as collateral for financial assurance lodged with the Department of Natural Resources and Mines (Australia)).

The Continuing Operations had **total liabilities** of US$1.1 million as at the year end (2016: US$1.8 million).

3. Dividend

The directors have not declared a dividend (2016: Nil).

4. Corporate Activities

Placing of shares

As announced on 13 December 2016, certain new and existing shareholders (including Nicholas Sibley, a Non-Executive Director of Richland), agreed to subscribe for, in aggregate, 133,333,334 new common shares of US$0.0003 each in the capital of the Company ("**Common Shares**") (the "**Placing Shares**") at a price of 0.75 pence per share (the "**Placing Price**"). The Placing Price represented 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.

The Placing Shares were issued conditional upon their admission to trading on AIM, which took place on 5 January 2017. The Placing Shares rank *pari passu* in all respects with the Company's existing Common Shares and were issued fully paid.

Repayment of Loan Facility
The providers of a US$500,000 unsecured one-year 10 per cent. loan facility entered into on 27 June 2016 (the "**Loan Facility**"), agreed, conditional on completion of the abovementioned placing, to settle the outstanding principal amount of US$500,000, 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 of the Company's Directors, Edward Nealon and Nicholas Sibley, each providing US$150,000, with the balance of US$200,000 provided by MRI Advisory AG. 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**").

Messrs Nealon and Sibley 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 further new Common Shares at the Placing Price. MRI Advisory AG agreed to the early repayment of its proportion of the Loan Facility on the basis that it was paid the balance of the Minimum Notional Interest due to it 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 the abovementioned Minimum Notional Interest converted into new Common Shares was therefore US$515,000 which was settled by the issue of, in aggregate, 54,933,334 new Common Shares at the time of the issue and admission of the Placing Shares on 5 January 2017.

Directors' and Managers' Fee Conversions
On 13 December 2016, certain of the Company's directors and management agreed to convert their outstanding fees and salaries due in respect of the period from 1 April 2016 to 30 November 2016 into new Common Shares at a price of 1.74 pence per new Common Share, being the volume weighted average price of the Company's Common Shares over the period the fees and salaries concerned were outstanding (the "**Directors' and Managers' Fee Conversion**"). The conversion price represented a premium of approximately 55 per cent. to the Company's closing mid-market share price of 1.125 pence on 12 December 2016. In total, unpaid fees of US$117,085 were converted into 5,392,520 new Common Shares which were also admitted to trading on AIM on 5 January 2017.

On 19 April 2017, the Company announced that Ami Mpungwe, a then non-executive director of the Company, had agreed, in order to preserve the Company's cash resources, to convert his outstanding director's fees for the period from 1 April 2016 to 1 April 2017 into new Common Shares at a price of 1.74 pence per new Common Share (the "**Conversion**"), being the same price as the Directors and Managers' Fee Conversion referred to above. The conversion price represented a premium of approximately 132 per cent. to the Company's closing mid-market share price of 0.75 pence on 18 April 2017. Accordingly, Mr Mpungwe's unpaid fees of US$30,250 were converted into, in aggregate, 1,371,576 new Common Shares.

Directors' and Managers' Fee Conversions (continued)
On 5 September 2017, the Company announced that it had raised, in aggregate, approximately £450,000 (before expenses) through a subscription of 64,285,714 new Common Shares (the "**Subscription Shares**") (the "**Subscription**") by certain new and existing shareholders (including two of the Company's directors) at an issue price of 0.7 pence per Subscription Share (the "**Subscription Price**") to augment the group's general working capital position. The Subscription Price represented a premium of approximately 3.7 per cent. to the Company's closing middle market share price of 0.675 pence on 4 September 2017.

Pursuant to the Subscription, a warrant to subscribe for a further 1 new Common Share at a price of 1 pence per share accompanied each Subscription Share (the "**Warrants**"). The Warrants are exercisable for a period of one year from the date of admission of the Subscription Shares to trading on AIM, save that should the Company's volume weighted average share price exceed 1.5 pence for a period of five consecutive trading days the Company shall be entitled to give holders of the Warrants 7 days' notice that their Warrants must be exercised within a further 24 days, failing which they will otherwise expire. In connection with the Subscription, Salonica Group also received a warrant over 3,000,000 Common Shares on the same terms as the Warrants.

On 5 February 2018, the Company announced that it had issued 3,581,237 new Common Shares to Anthony Brooke in respect of certain sales commissions of US$42,717 earned during the period from 1 December 2016 to 31 December 2017, based on the Company's volume weighted average share price of 0.84 pence for the year ended 30 November 2017 and a GBP:USD exchange rate of 1.42.

Post year end, on 25 June 2018, the Company announced a Convertible Loan facility of up to £300,000 for short term working capital purposes at an interest rate of 3 month GBP LIBOR plus 7.5 per cent. per annum, with a scheduled maturity date of 31 December 2018, from Astor Management AG, a private company controlled by a long-term significant shareholder.

5. 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.

Production

During 2017, we produced approximately 3.6 million carats of sapphire, of all sizes, quality and value, as part of the mine ramp-up and optimisation process. A total of 213,683 tonnes of sapphire-bearing alluvial gravels were extracted and processed at an average grade of approximately 16.6 carats per tonne. Table 1 below shows the quarterly breakdown of sapphire production statistics for Capricorn's operations.

Table 1: Breakdown of 2017 Production statistics

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter*	**Total 2017**
Tonnes	42,421	71,870	59,423	39,969	**213,683**
Carats	699,957	1,262,774	1,063,803	528,129	**3,554,663**
Carats per tonnes	16.5	17.6	17.9	13.2	**16.6**
Operating Costs (US$)	520,000	740,000	798,000	588,000	**2,646,000**
Cost per Carat (US$)	0.74	0.59	0.75	1.11	**0.74**

** Mining operations were halted on 11 December 2017 due to extreme weather conditions severely hampering production efficiency.*

As announced on 11 December 2017, the Company decided to temporarily halt mining operations in light of, *inter alia*, extreme weather conditions and in anticipation of a recovery in the then prevailing weak sapphire pricing levels and market demand.

Sales, Marketing and Beneficiation

Appointment of first Sightholders

During the year, the Company implemented its Capricorn Sapphire Sightholders System with the appointment of China Stone Co, Ltd (“**China Stone**”) and Royal Touch LLC (“**Royal Touch**”) as Capricorn Sapphire Sightholders.

China Stone is a world-leading provider of precision-cut natural gemstones in a strictly uniformed and digitally calibrated array of colours, proportions and sizes. It delivers a wide range of natural gemstones to fine jewellers, watchmakers and luxury trade professionals throughout the world.

Royal Touch has had a long and successful working relationship with the Company and was previously a Sightholder for Richland's tanzanite mining operations in Tanzania (Tanzanite One Mining Ltd). Royal Touch has an extensive consumer network, especially in the United States of America, and amongst others, has close relationships with certain television sales networks.

Global sapphire market conditions

Globally, there are various sources of sapphires with different quality characteristics and reliability of supply, and this, coupled with fluctuating jewellery demand, exchange rates and other factors, determines the market prices for gemstones. The industry is dominated by small scale privately owned mining operations and, as a consequence of the unique characteristics of gemstones produced from different mines (and even variances within the output from a single mine), prices for rough mined gemstones are not consistent across the industry.

The main sources of sapphires in competition with Australian sapphires, such as those produced from Capricorn Sapphire’s mining operation, are Madagascar, Nigeria, China (especially for the Chinese market) and other smaller producers in Africa. As noted in the Company’s announcements of 1 November 2017, 13 November 2017 and 11 December 2017, the sapphire market for Capricorn’s range of sapphires suffered in H2 2017 with weak pricing levels, due, *inter alia*, to a large influx of similar sapphires illegally mined in Madagascar within one of the country’s environmentally protected designated wild life parks. This resulted in the Company deciding to stockpile sapphires, especially its cut stones, to target more strategic, larger-scale, sales events at more attractive prices and await a sustained price and demand recovery, whilst also seeking to secure longer-term channels for retailing the ethical provenance of Capricorn Sapphire’s products.

As announced on 25 June 2018, the Board is now observing and receiving market feedback that there has been a reduction in the level of the previously reported illegal production from Madagascar (and in Nigeria) and the commensurate downwards pricing pressure, due to their depleted resources and more effective policing by the relevant authorities. Accordingly, the Board believes that the worldwide sapphire market is now strengthening, with traditional end-consumer markets such as North America and Europe showing signs of increased demand for commercial quality stones, particularly with regard to non-traditional colours, such as green blue, grey blue green, yellow and mixed parti/fancy colours.

Sales process - planned lengthening of the sales cycle

Gemstone pricing dynamics differ from mainstream commodities, where fungible products can typically be sold based on an international benchmark reference price, for example, commodities quoted on the London Metals Exchange. Instead, each gemstone is uniquely formed by nature; which is what makes sapphires and other gemstones attractive, but which also means that the sales process is different. Capricorn’s sapphires are predominately blue or parti (bi-coloured), or, to a lesser extent, green, and can be sold as ‘rough’ (straight from the mine), ‘heated rough’ or ‘cut gemstones’. Approximately 95 per cent. of sapphires, and 99 per cent. of Australian sapphires, are heat treated prior to being set in jewellery or sold as loose cut stones.

In 2017, the Company's focus was predominantly on pursuing a short sales cycle, so as to minimise working capital requirements. Further to the Board's recent strategic review process, the Company's objective, when production recommences, is to obtain sufficient working capital to enable an extended two-month sales cycle, thereby enabling management to: i) show production to more potential customers prior to sale; and ii) in response to requests from existing customers, to demonstrate colours and sizes that they have not previously purchased. The Company has held pre-sale negotiations with a number of targeted key customers in anticipation of re-commencing production in due course and securing longer-term supply arrangements and relationships, with positive feedback received in terms of proposed price increases subject to such targeted customer's inspection of actual production to assess quality, colour, grade and size and consistency of supply.

Maiden JORC Resource Estimate for EPM 25973 Exploration Licence

Early in 2017, the Company commissioned a review of the historic third party exploration work conducted on its wholly owned EPM 25973 exploration licence area and on 7 August 2017 announced that it had received a maiden independent JORC Inferred Resource estimate of 5 million loose cubic metres ("**lcm**") of sapphire bearing gravel at an estimated average grade of approximately 3.5 grammes per lcm (17.5 carats per lcm). This Resource estimation equates to approximately 87.5 million carats in the ground.

The Resource volume is based on 1m thick basal gravels with 2-5 metres of overburden; the palaeo-alluvial deposits are elevated and hence dry to dig. Average grade is approximately 3.5 grammes rough sapphire per lcm (17.5 cts per lcm) using 2 grammes per lcm (10 cts per lcm) grade as a lower cut-off grade and is based on the results of 25 historic pilot samples each of 2 loose cubic metres raw volume.

Licence EPM 25973 has an exploration area of 39 sub-blocks (133 square kilometres) located within the Anakie sapphire deposit in Central Queensland which is within 45km of the Company's existing Capricorn Sapphire mining operations.

5.2 RichlandGemstones.com

The online sales division, www.richlandgemstones.com, was re-launched in June 2016 with a selection of unique and exotic sapphires from mine production available for sale through the website. Online sales decreased from US$167,000 in 2016 to US$106,000 in 2017. The online division continues to source and offer both tanzanite and tanzanite jewellery from the Merelani tanzanite deposit.

6. Outlook

In mid December 2017, the Company decided to temporarily halt mining operations in light of, *inter alia*, adverse weather conditions and a weak market environment in order to conserve cash resources and in anticipation of a recovery in sapphire pricing levels and market demand. Further to the Company's announcement on 25 June 2018, in which it provided details of the results of the Board's strategic review process, the Board intends, during the third quarter of 2018, to seek to procure sufficient longer-term financing in order to enable the recommencement of production at the Capricorn Sapphire mine in 2018, and, in the meantime, operations will remain suspended.

Anthony Brooke
Chief Executive Officer

29 June 2018

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Financial Statements

Richland Resources Ltd
Consolidated statement of profit or loss and other comprehensive income
for the Year Ended 31 December 2017
(Audited)

	2017 US$ '000	2016 US$ '000
CONTINUING OPERATIONS		
Revenue	**1,942**	1,347
Cost of sales	**(2,654)**	(3,033)
Gross loss	**(712)**	(1,686)
Other income	**249**	489
Operating expenses	**(1,595)**	(1,754)
Operating loss	**(2,058)**	(2,951)
Finance cost	**(10)**	(46)
Impairment	**(1,920)**	-
Loss before taxation	**(3,988)**	(2,997)
Income tax charge	**-**	-
Loss for the year from continuing operations	**(3,988)**	(2,997)
DISCONTINUED OPERATIONS		
Profit for the year from discontinued operations	**35**	-
Loss for the year	**(3,953)**	(2,997)
Attributable to:		
Equity owners of the parent		
- Continuing operations	**(3,988)**	(2,997)
- Discontinued operations	**35**	-
Non-controlling interest – Discontinued operations	**-**	-
Other comprehensive income		
Loss for the year	**(3,953)**	(2,997)
Items that may be reclassified to profit or loss:		
Foreign exchange gain/(loss) on translation of foreign operation	**106**	171
Total comprehensive loss for the year	**(3,847)**	(2,826)
Attributable to:		
Equity owners of the parent	**(3,847)**	(2,826)
- Continuing operations	**(3,882)**	(2,826)
- Discontinued operations	**35**	-
Non-controlling interest – Discontinued operations	**-**	-
Total comprehensive loss for the year	**(3,847)**	(2,826)
Loss per share attributable to the owners of the parent during the year		
Basic and diluted loss per share from continuing operations (US cents/share)	**(0.93)**	(1.36)
Basic and diluted profit per share from discontinued operations (US cents/share)	**0.01**	-
Basic and diluted loss per common share from all operations (US cents/share)	**(0.92)**	(1.36)

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Richland Resources Ltd
Consolidated statement of financial position
as at 31 December 2017
(Audited)

	2017 US$ '000	2016 US$ '000
Assets		
Non-current assets		
Property, plant and equipment	**964**	2,952
Intangible assets	**52**	31
Total non-current assets	**1,016**	2,983
Current assets		
Inventories	**139**	136
Trade and other receivables	**289**	226
Restricted cash and cash equivalents	**296**	274
Cash and cash equivalents	**386**	326
	1,110	962
Non-current assets and disposal groups classified as held for sale	**-**	50
Total current assets	**1,110**	1,012
Total assets	**2,126**	3,995
Equity		
Share capital	**145**	67
Share premium	**54,389**	51,875
Share option reserve	**123**	47
Foreign currency translation reserve	**133**	27
Accumulated loss	**(53,792)**	(49,839)
Total equity attributable to equity owners of the parent	**998**	2,177
Liabilities		
Non-current liabilities		
Provision for environmental rehabilitation	**273**	237
Trade and other payables	**-**	29
Total non-current liabilities	**273**	266
Current liabilities		
Trade and other payables	**855**	937
Convertible loans	**-**	530
	855	1,467
Liabilities associated with disposal groups classified as held for sale	**-**	85
Total current liabilities	**855**	1,552
Total liabilities	**1,128**	1,818
Total equity and liabilities	**2,126**	3,995

RICHLAND
RESOURCES LTD

Richland Resources Ltd
Consolidated statement of cash flows
for the Year Ended 31 December 2017
(Audited)

	2017 US$ '000	2016 US$ '000
Cash flows from operating activities		
Cash utilised by operations	**(1,335)**	(1,727)
Interest (paid)/received	**(9)**	5
Net cash utilised in operating activities	**(1,344)**	(1,722)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(282)**	(100)
Purchase of intangible assets	**(19)**	(7)
Derecognise disposal group cash	**(33)**	-
Transfer from restricted cash	**-**	116
Net cash (utilised)/generated investing activities	**(334)**	9
Cash flows from financing activities		
Proceeds from issue of shares	**1,731**	-
Proceeds from borrowings	**-**	500
Net cash generated from financing activities	**1,615**	500
Net increase/(decrease) in cash and cash equivalents	**53**	(1,213)
Movement in cash and cash equivalents		
Exchange losses	**(26)**	(25)
At the beginning of the year	**359**	1,597
Increase/(decrease)	**53**	(1,213)
At the end of the year	**386**	359
Cash and cash equivalents - continuing operations	**386**	326
Cash and cash equivalents net of borrowings included in asset from disposal group classified as held for sale	**-**	33

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