

30 November 2016

Richland Resources Ltd

("Richland" or the "Company")

Sales and Marketing Update

Richland (AIM: RLD), the gemstones producer and developer, announces an update in respect of its sales and marketing strategy for its wholly owned Capricorn Sapphire Pty Ltd ("Capricorn Sapphire") mining operations in Australia, following a recent comprehensive sales and marketing review process. All figures are stated below unaudited.

Highlights

- Capricorn Sapphire has initiated a vertical integration strategy through the beneficiation of its product following a comprehensive sales and marketing review process.
- The review highlighted:
 - a reluctance by traditional untreated blue sapphire wholesale dealers to diversify into non-blue sapphire despite retail and consumer interest
 - higher margins are achievable through beneficiation
 - beneficiation will result in a significant widening of the Company's sales base and market exposure
- Bangkok-based Anthony Brooke and Gem Dreams Co., Ltd ("Gem Dreams") were engaged during Q3 2016 and are now developing and implementing Capricorn Sapphire's vertical integration strategy. Through Capricorn Sapphire's newly established association with Anthony Brooke and Gem Dreams, the following beneficiation relationships have been entered into:
 - securing of the preferential use of a specialist sapphire heat treatment facility for Capricorn Sapphire's product, located in Chanthaburi, Thailand on a fixed price per carat contracted basis
 - preferential use of a Bangkok based cutting and polishing facility also on a fixed price per carat commercial terms
- Approximately 3,000 carats of predominantly fancy and multi-coloured sapphires from Capricorn Sapphire's mining operations have already been treated, cut and polished through the treatment and cutting facilities to date
- Total Q4 2016 sales of US\$379,000 to date, comprising both:
 - rough untreated material
 - test sales of both heated as well as cut and polished non-blue sapphires
- Capricorn Sapphire's total operational cost, inclusive of heating, cutting and polishing costs, are below US\$1 per carat for Q4 2016 to date

Edward Nealon, Chairman of Richland, today commented:

"I am excited with the recent progress that has been made with our vertical integration strategy following the completion of a comprehensive sales and marketing review process. Not only have our test sales demonstrated that we are able to achieve significant margins through beneficiation, but we are also able to increase our sales base by supplying a final cut and polished product, especially for our range of fancy sapphires. The securing of the beneficiation relationships was a

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key milestone in implementing our sales strategy. I would also like to highlight the encouraging decrease in Capricorn Sapphire's operating costs versus the increase in sales already achieved for the current quarter to date."

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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.

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.

Vertical integration strategy and beneficiation

Richland has concluded a comprehensive review of the sales and marketing results for its Capricorn Sapphire project in Queensland, Australia. The review process highlighted the reluctance of the traditional, rough, untreated wholesale sapphire industry to engage in the sale and marketing of non-blue sapphires, despite very positive feedback and interest from the retail industry and end-consumers for fancy sapphires, including green and multi-coloured sapphires. The review further highlighted the additional margins that can be achieved through additional beneficiation of not only the fancy coloured sapphires, but also in the case of traditional blue sapphires. Beneficiation also significantly widens the potential market for Capricorn Sapphire's entire product range.

The Company subsequently decided that it will need to further develop its beneficiation pipeline in order to achieve both higher prices for its product range as well as to enable the development of new sales channels, particularly for its fancy coloured sapphires. As announced on 23 November 2016, Capricorn Sapphire has engaged Bangkok based Anthony Brooke and Gem Dreams to develop and implement Capricorn Sapphire's beneficiation processes and its vertical integration strategy.

Through its newly established association with Anthony Brooke and Gem Dreams, Capricorn Sapphire has entered into two significant downstream beneficiation agreements:

- Securing of the preferential use of a specialist sapphire heat treatment facility for Capricorn Sapphire's product, located in Chanthaburi, Thailand on a fixed price per carat contracted basis
- Preferential use of Bangkok-based cutting and polishing facilities also on fixed price per carat commercial terms

Thailand is the world's leader in treating sapphires and through the abovementioned beneficiation agreements, stones from Capricorn Sapphire's will be granted full access to specialist sapphire beneficiation services and treatments in Thailand. As the beneficiation strategy is further developed the Company will be able to provide larger quantities of cut and polished blue and fancy coloured sapphires with full provenance and authenticity, produced to the highest ethical standards in Australia, from one of the world's largest sapphire mines.

Approximately 500 carats of Capricorn Sapphire's stones were treated, cut and polished through the beneficiation facilities as part of the marketing and sales strategy review process. Following the positive outcome and conclusions drawn from the review process and the finalisation of the beneficiation agreements, an additional 2,500 carats of predominantly fancy coloured sapphires have been heated, cut and polished to date. Image 1 shows a sample set of the heated, cut and polished fancy sapphires.

Sales and Costs

Following the completion of the sales and marketing review process and the introduction and implementation of the beneficiation programme, sales of both untreated rough material as well as test sales of treated, cut and polished material, to the value of approximately US\$379,000 have been concluded during Q4 2016 to date. The test sales predominantly consisted of fancy coloured sapphires and included heated only as well as heated, cut and polished material. Despite the initiation of the beneficiation strategy and the previously reported significant increase in production, Capricorn Sapphire has managed to lower its operational cost to below US\$1 per carat, inclusive of all heating, cutting and polishing costs during the period for Q4 2016 to date.

The Company's online retail division, www.richlandgemstones.com, was re-launched in H1 2016 and currently features a growing range of unique, exotic, fancy coloured sapphires directly from the Capricorn Sapphire's mining operation as well as tanzanite sourced through the Company's ongoing connections and industry relationships following its historic sale of its previous tanzanite mining project.



Image 1: Sample set of heated, cut and polished fancy sapphires.