

30 January 2017

Richland Resources Ltd

("Richland" or the "Company")

Quarterly Operational and Sales Update

Richland (AIM:RLD), the gemstones producer and developer, today announces its quarterly operational and sales update for Q4 2016. All figures are unaudited.

Highlights

- 839,898 carats produced during Q4 2016 as part of the production and ramp-up process for the Capricorn Sapphire mine held by Capricorn Sapphire Pty Ltd ("Capricorn" or "Capricorn Sapphire"), the Company's wholly owned subsidiary
 - Q4 2016 production target of 800,000 carats achieved
 - Average grade of approximately 16 carats per tonne across 51,376 tonnes of mined and processed alluvial material
- US\$535,000 total revenue achieved from the sale of approximately 857,000 carats of predominantly rough and untreated sapphire and corundum at an average price of US\$0.62 per carat
 - Sales include a combination of blue and fancy coloured rough sapphires, as well as corundum
- Estimated total operating cost for the Capricorn Sapphire project reduced to approximately US\$660,000 for Q4 2016
 - Approximately 80% of operational costs covered by revenue during the quarter
- Total operating cost per carat of US\$0.79 / carat achieved
- During the quarter, the following beneficiation relationships have been entered into:
 - Securing of the preferential use of a specialist sapphire heat treatment facility for Capricorn's product, located in Chanthaburi, Thailand on a fixed price per carat contract basis
 - Preferential use of a Bangkok based cutting and polishing facility, also on fixed price per carat terms
- Successful equity fundraising of £1.0 million gross at 0.75 pence per new Common Share completed to enable:
 - Final stage of production ramp-up; and
 - Implementation of beneficiation and cutting strategy
- Conversion of unsecured loan facility into equity
- Conversion of certain outstanding Directors' and management's fees and salaries at 1.74 pence per new Common Share

Post Period End

- Whilst maintaining current production levels, work has commenced on the final stage of the production ramp-up which is aimed at increasing production to 1.2 million carats per quarter by the end of Q2 2017

Richland Resources Ltd: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

Registration No: EC33385 **Website:** www.richlandresourcesltd.com

Online Gemstone Sales: www.richlandgemstones.com

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- Commencement of beneficiation programme, with sales of treated, cut and polished material to commence in Q1 2017 in addition to the ongoing sale of rough, untreated material

Commenting on the quarterly update, Bernard Olivier, Chief Executive Officer, said:

"I am pleased to report that operations at the Capricorn Sapphire mine in Australia are going from strength to strength and our new sales strategy, only adopted in Q4 last year, is already realising tangible benefit. The first quarter of 2017 will see the first polished and cut Australian sapphires from our operations being made available to wholesalers. I look forward to updating shareholders in due course as we ramp-up production and develop our beneficiation programme. Our clear focus for 2017 is to develop sales, aggressively manage costs and develop margins to achieve first profit from our coloured gemstone mining operations."

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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 ("MAR").

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.

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

Q4 2016 Operational and Sales Update

Capricorn Sapphire Production and Ramp-up

The fourth quarter of 2016 saw a continuation of the positive results achieved from the Company's previously announced comprehensive optimisation programme implemented across all components of the Capricorn Sapphire mine project. During Q4 2016, the production target of 800,000 carats was once again achieved with a total of 839,898 carats of sapphire and corundum produced. A total of 51,376 tonnes of sapphire-bearing alluvial gravels were extracted and

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processed at an average grade of approximately 16 carats per tonne during the quarter. The estimated total quarterly operating cost for the Capricorn Sapphire project was reduced to approximately US\$660,000 for Q4 2016 (approximately US\$220,000 per month). A total average operating cost of US\$0.79 per carat was achieved for the quarter.

Ongoing rehabilitation of areas disturbed by the mining activity continues as part of our operations. Additional voluntary rehabilitation work has also been carried out on historically disturbed areas as part of the Company's commitment to responsible and ethical mining.

Sales, Marketing and Beneficiation

Revenue of US\$535,000 was achieved from the combined sale of approximately 857,000 carats of predominantly rough and untreated sapphire and corundum at an average price of US\$0.62 per carat. This revenue was achieved from the sale of a combination of blue and fancy coloured rough sapphires and corundum as well as the test sales of treated, cut and polished material. Revenue generated during the quarter covered approximately 80 per cent. of the quarter's operational costs.

As announced on 30 November 2016, during Q4 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 above-mentioned beneficiation agreements, stones from Capricorn Sapphire are now 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.

Corporate

On 13 December 2016, Richland successfully concluded an equity fundraising of £1.0 million gross at 0.75 pence per new Common Share to enable:

- final stage of production ramp-up; and
- implementation of beneficiation and cutting strategy.

The Company also converted the outstanding unsecured loan facility into equity as part of the equity placement, also at 0.75 pence per new Common Share.

On 13 December 2016, the Company also announced the conversion of certain outstanding fees and salaries due to directors and management at 1.74 pence per new Common Share, representing an approximate 55 per cent. premium to the Company's closing mid-market share price on 12 December 2016.

Post Period End

Whilst maintaining current production levels, work has commenced on the final stage of the production ramp-up at the Capricorn Sapphire mine, which is aimed at increasing production to 1.2 million carats per quarter by the end of Q2 2017.

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