

18 April 2017

Richland Resources Ltd

("Richland" or the "Company")

Quarterly Operational and Sales Update

Richland (AIM:RLD), the gemstones producer and developer, announces its quarterly operational and sales update for Q1 2017. All figures are unaudited.

Highlights

- 699,957 carats produced during Q1 2017 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
 - Production during January and February only, with no production in March in order to facilitate plant and infrastructure work as part of the final ramp-up phase
 - Average grade of approximately 17 carats per tonne across 42,421 tonnes of mined and processed alluvial material
- US\$341,000 total revenue achieved from the following sales concluded during the quarter:
 - 664 carats of heated, cut and polished sapphires at an average price of US\$35.20 / carat achieved from the first parcel of fully beneficiated material;
 - 176,470 carats of mid to higher quality sapphires at an average price of US\$1.60 / carat; and
 - 691,330 carats of lower-quality rough, untreated corundum and sapphire sales at an average price of 5 cents / carat
- Estimated project-level costs for Capricorn Sapphire of approximately US\$670,000 for Q1 2017, as follows:
 - Production and operating costs of US\$520,000 (excluding interest, tax, depreciation and amortisation)
 - CAPEX costs in relation to infrastructure work of US\$150,000
- Total production and operating cost of US\$0.74 / carat achieved during Q1 2017
- Full-scale work underway and on target to enable production ramp-up to 1.2 million carats per quarter by the end of Q2 2017
- Initial maiden independent resource estimate expected in Q2 2017 for the Company's exploration licence EMP 25973
- Promotional video released showcasing Capricorn Sapphire's operations

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

“With the final ramp-up stage and optimisation work commencing during the period our Capricorn Sapphire mine is currently ahead of schedule to achieve full-scale production by the end of Q2 2017. Our sales strategy continues to progress well and Richland is on target to achieve operational profitability during the first half of 2017. Our objective remains to be a reliable, ethical producer of rough and beneficiated coloured gemstones located in politically stable regions.”

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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.

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.

Q1 2017 Operational and Sales Update

Capricorn Sapphire's Production and Ramp-up Process

The first quarter of 2017 saw the initiation of the final phase of the planned ramp-up and optimisation work at the Company's Capricorn Sapphire mine project. During Q1 2017, a total of 699,957 carats of sapphires and corundum were produced during January and February only. No production occurred during March in order to facilitate plant and infrastructure work as part of the final ramp-up phase, which remains on target for completion by the end of Q2 2017. A total of 42,421 tonnes of sapphire-bearing alluvial gravels were extracted and processed during January and February at an average grade of approximately 17 carats per tonne.

The estimated total quarterly project level costs for the Capricorn Sapphire project remained broadly consistent with the previous quarter at approximately US\$670,000, with an average totally production operating cost of US\$0.74 per carat for the period. During the quarter, CAPEX costs in relation to infrastructure work of US\$150,000 were expended whilst production and operating costs of US\$520,000 (excluding interest, tax, depreciation and amortisation) were incurred. Ongoing rehabilitation of areas disturbed by the Company's mining activity continues as part of our operations and is included in the operational cost and total production and operating cost per carat calculations.

Sales, Marketing and Beneficiation

Total revenue of US\$341,000 was achieved from the combined sale of approximately 868,500 carats of predominantly rough and untreated sapphires and corundum at an average price of US\$0.39 per carat. This revenue comprised:

- 664 carats of heated, cut and polished sales at an average price of US\$35.20 / carat achieved from the first parcel of fully beneficiated material;
- 176,470 carats of mid to higher quality sapphires at an average price of US\$1.60 / carat; and
- 691,330 carats of lower quality rough and untreated corundum and sapphire sales at an average price of 5 cents / carat.

Revenue generated during the quarter covered approximately 65 per cent. of the quarter's production and operational costs.

Exploration Activities

The Company is anticipating the completion and release of its initial maiden independent resource estimate for exploration licence EMP 25973 in Q2 2017.

Corporate

On 24 March 2017, the Company released a promotional video to showcase its Capricorn Sapphire operations, created for investors and consumers alike. The video can be viewed on the Company's website at: <http://www.richlandresourcesltd.com>.

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