

6 May 2015

**Richland Resources Ltd**  
**("Richland" or "the Company") (AIM: RLD)**

**Final Results for the year ended 31 December 2014**

**Richland Resources Ltd**, the gemstone producer and developer, today announces its audited results for the year ended 31 December 2014.

Richland successfully disposed of all of its remaining Tanzanian mining operations and related companies on 2 March 2015 (the "**Sale**") and has closed its Tanzanite Experience retail operations (the "**Disposed Group**") and its audited financial results therefore distinguish between the financials of the Disposed Group ("**Discontinued Operations**") and Richland's ongoing operations ("**Continuing Operations**") as at 31 December 2014.

During the year, Richland exercised its option for the acquisition of 100 per cent. of the Nardoo Sapphire project in Queensland, Australia which has subsequently been branded "**Capricorn Sapphire**". A programme of rapid mine redevelopment of the Capricorn Sapphire project to bring this back into production with plant and site refurbishment commenced in August 2014 and mining in April 2015.

Commenting on the results, Chief Executive Officer, Bernard Olivier said: "The conclusion of the sale of our Tanzanian operations and the commencement of mining at our sapphire project represents a major achievement for Richland. Our activities throughout the period have allowed us to achieve this new beginning and I look forward to building a gemstone sales platform that can give customer assurance in terms of reliability of supply and source of origin. First sapphire production is anticipated shortly at the Capricorn Sapphire mine and the opportunity for Richland is to become a cornerstone supplier of gemstones to a jewellery sector increasingly focused on being able to authenticate source of stones."

**Financial Summary of Discontinued Operations**

- US\$7.4 million revenues (2013: US\$11.5 million)
- US\$13.9 million net loss (US\$2.7 million loss in 2013) which includes an impairment charge of US\$9.4 million (2013: US\$2.1 million)
- US\$0.5 million consolidated cash and cash equivalents (excluding overdraft of US\$0.6 million)
- US\$4.6 million net assets of the Disposed Group
  - Total Assets of US\$15.3 million; and
  - Total Liabilities of US\$10.7 million.

**Financial Summary of Continuing Operations**

- US\$1 million revenues (2013: US\$0.1 million)
- US\$1.4 million net loss (US\$1.7 million in 2013)
- US\$1.2 million consolidated cash and cash equivalents
- US\$2.8 million net assets of Continuing Operations
  - Total Assets of Continuing Operations of US\$4.0 million
  - Total Liabilities associated with Continuing Operations at year end of US\$1.2 million (includes conditional signing consideration of \$0.5 million received from Sky

Associates Limited (“Sky”) which was released on 2 March 2015 and is no longer a liability)

## Discontinued Tanzanian Operations Summary

- Gross production levels decreased by 372,851 carats in 2014 down 11% from 3.5 million to 3.1 million carats (inclusive of STAMICO share of production)
- Average recovered grade of 128 carats per tonne increased 14% compared with 112 carats per tonne achieved in 2013
- Lost Time Injury Frequency Rating (“LTIFR”) improved to 0.75 from 0.79 in 2013

## Capricorn Sapphire Summary

- Capricorn Sapphire project, Queensland, Australia acquired for consideration of AU\$1.18 million (approximately US\$1.1 million) and issue of 18 million fully paid New Common Shares
- Measured JORC (2004) resource of 109 million carats (21.8 million grammes) with an average grade of 20 carats per tonne (8 grammes per LCM)
- Plant and plant site refurbishment commenced on 18 August 2014
- Sapphire Operations rebranded as Capricorn Sapphire

## Corporate Highlights

- Completion of placing and Open Offer raising approximately US\$4.3 million after expenses via the issue of 81,060,944 New Common Shares in January 2014
- Due to the ongoing loss making of Tanzanian Operations, Richland conducted a strategic review of its operations in H1 2014, including:
  - Restricted ongoing funding of Tanzanian mining and exploration activities
  - Significant cost cutting programme initiated across all areas of the group including a voluntary 50% reduction of Board salaries, which will remain ongoing at the current time
  - Focus on redevelopment of Capricorn Sapphire Project
- On 26 November 2014 Richland announced a proposed US\$5.1 million conditional sale of its Tanzanian operations
  - Sale was subject inter alia to shareholder, ministerial and SARB approval
  - Additional rights to payments of up to US\$1.2 million, representing 30% of TanzaniteOne Mining Limited’s (“TML”) share of profits up to 31 December 2019 of the STAMICO/TML joint venture
  - On 22 December 2014 Shareholders unanimously approved the proposed Sale
  - The sale closed on 2 March 2015 with the receipt of US\$4 million

## Post-Period Highlights

- US\$4 million received on conclusion of sale of Tanzanian operations
- Group wide rebranding, including online presence and creation of new gemstone sales platform
- Commencement of Pre-production mining at Capricorn Sapphire, including:
  - Rehabilitation and stabilisation of certain historic un-rehabilitated areas
  - Removal of topsoil and overburden as part of the first open pit development
  - Final plant testing and circuit configuration underway

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Copies of the Annual Report are available to download from the Company's website at [www.richlandresourcesltd.com](http://www.richlandresourcesltd.com) <<http://www.richlandresourcesltd.com>> .”

**Notes to the Editor:**

Further information is available on the Company's website: [www.richlandresourcesltd.com](http://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.

## 1. Financial Performance

Richland successfully disposed of all of its remaining Tanzanian mining operations on 2 March 2015 and has closed its Tanzanite Experience retail operations which were operated by the Disposed Group. The Group's audited accounts and financial performance as presented therefore distinguish between the financials of the Disposed Group ("**Discontinued Operations**") and Richland's ongoing operations ("**Continuing Operations**") as at 31 December 2014.

### 1.1 Discontinued Operations

**Revenue** for the year of US\$ 7.4 million was 36% lower than prior year (2013: US\$ 11.5 million). The decrease in revenue is primarily due to lower quantities of high grade tanzanite available for sale due to production constraints at the mine operated by TML arising from the continuing effect of illegal mining. In addition to this, following the joint venture agreement between TML and State Mining Corporation, Tanzania ("**STAMICO**") with effect from 20 June 2013, TML mining revenue and costs have been reduced by 50% to account for STAMICO's 50% share of mine revenue and costs.

**Other operating expenses** for the year, of US\$19.0 million, were 26% higher than prior year (2013: US\$15.1 million) predominantly due to an impairment charge of US\$9.4 million (2013: US\$2.1 million).

**Net loss for the year**, as a result of the factors discussed above, was US\$13.9 million against the prior year loss of US\$2.7 million.

The net book value of **property, plant, equipment and intangible assets** decreased from US\$21.6 million at 31 December 2013 to US\$11.9 million at 31 December 2014. This decrease was primarily a result of depreciation and amortisation charges of US\$0.8 million and impairment charges of US\$ 9.4 million.

The Discontinued Operation's year end **inventory** of tanzanite and jewellery decreased from US\$1.4 million to \$2,600 and is stated at its net realisable value.

The Discontinued Operations had a net **cash** position of US\$0.5 million exclusive of a net overdraft of US\$0.6 million compared with a net cash position in 2013 of US\$0.3 million exclusive of net overdraft US\$0.4 million.

The Discontinued Operations had total liabilities of US\$10.7 million at year end.

### 1.1 Key Statistics 2014 for Discontinued Operations

<b>Key statistics: (All amounts in US\$M)</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>Movement</b>
Net loss	13.9	2.7	415%
Revenue	7.4	11.5	(36%)
Tanzanite inventory stock	0.0	1.4	(100%)
Cash and cash equivalents excluding overdraft	0.5	0.3	67%

## 1.2 Continuing Operations

**Revenue** for the year of US\$1.0 million was 900% higher than prior year (2013: US\$0.1 million). The increase in revenue is primarily due increase in online sales at [www.tanzaniteoneonline.com](http://www.tanzaniteoneonline.com).

**Net loss for the year** decreased by 18% to US\$1.4 million against the prior year loss of US\$1.7 million. The net loss for the year made by the Continuing Operations represents operating expenses incurred at the Capricorn Sapphire project as well as Richland's corporate expenses.

The **total assets** of the Continuing Operation were US\$4.0 million at year end and primarily reflects the acquisition of the Capricorn Sapphire project and its capital expenditure.

The Continuing Operations had a net **cash** position of US\$1.2 million (including US\$0.3 million pledged as collateral for the financial assurance lodged with the Department of Natural Resources and Mines (Australia)), up 83% from the 2013 net cash position of US\$0.6 million.

The Continuing Operations had **total liabilities** of US\$1.1 million as at year end. The net cash and total liabilities both include the signing consideration of US\$0.5 million received from Sky as part of the sale of the Tanzanian mining operations.

### 1.2 Key Statistics 2014 for Continuing Operations

Key statistics: (All amount in US\$M)	FY 2014	FY 2013	Movement
Net loss	1.4	1.7	(18%)
Revenue	1.0	0.1	900%
Cash and cash equivalents excluding overdraft	1.1	0.6	83%

## 2. Dividend

The directors have not declared a dividend (2013: nil).

## 3. Corporate Activities Summary

On 16 January 2014 Richland announced the completion of its placement and Open Offer, which, raised approximately US\$4.3 million after expenses via the issue of 81,060,944 New Common Shares.

Due to the ongoing loss making of the Tanzanian Operations, Richland conducted a comprehensive strategic review of all its operations in H1 2014, including:

- Restricted ongoing funding of Tanzanian mining and exploration activities
- Significant cost cutting programme initiated across all areas of the group including a voluntary 50% reduction of Board salaries
- Focus on redevelopment of Capricorn Sapphire Project

On 26 November 2014 Richland announced a proposed US\$5.1 million conditional sale of its Tanzanian operations (the "**Sale**").

- The sale was subject to shareholder, Tanzanian Minister of Energy and Minerals and if required South African Reserve Bank approval
- Additional rights to payments of up to US\$1.2 million, representing 30% of TML's share of the profits of the STAMICO/TML joint venture up to 2019

On 22 December 2014 Shareholders unanimously approved the proposed Sale and the sale closed on 2 March 2015

## 4. Operational Review

### 4.1 Review of Discontinued Operations

#### 4.1.1 TanzaniteOne Mining Limited (“TML”)

TML achieved production of 3,076,036 carats (inclusive of STAMICO share) of tanzanite produced from processing 24,106 tonnes of ore. This represents an 11% decrease in production compared to the 3,448,886 carats produced in 2013. The average carats per tonne recovered was up 14% from 112 carats per tonne in 2013 to 128 carats per tonne in 2014.

#### 4.1 Production Statistics

	2014	2013	Movement
Tonnes processed <sup>(1)</sup>	24,106	30,906	(22%)
Carats per tonne	128	112	14%
Production (carats) recovered <sup>(1)</sup>	3.1 million	3.5 million	(11%)

<sup>(1)</sup> Includes STAMICO’s share of joint operation’s production.

TML achieved a Lost Time Injury Frequency Rating (“**LTIFR**”) of 0.75 for 2014, which was an improvement from the LTIFR of 0.79 in 2013. The decrease in LTIFR was achieved despite the continuing negative impact of the illegal mining activities on operations.

#### 4.1.2 TsavoriteOne Mining Limited

During the period, in the light of the ongoing operational issues in Tanzania and as part of Richland’s strategic review conducted during H1 2014 announced on 14 April 2014, the Company decided to put the Tsavorite project on hold.

#### 4.1.3 Tanzanite Foundation

As part of Richland’s Group wide strategic review conducted during 2014, The Tanzanite Foundation’s operations were re-aligned to support:

- A coordinated strategy integrated across all regions;
- As part of the re-alignment, the dedicated Tanzanite Foundation New York representative office was close.

The Tanzanite Foundation continued to provide a platform for marketing Tanzanite internationally and inform buyers about certificated gemstones.

#### 4.1.4 The Tanzanite Experience (“TTE”)

Sky Associates Group Ltd did not wish to acquire the TTE retail operations as part of its acquisition of the Group’s mining operation in Tanzania. The TTE retail operations have been dependent upon their link to and supplies from the Group’s tanzanite mine in Tanzania and the Group was unable to find a buyer for the TTE business as a going concern.

As the majority of the leases on retail premises of TTE were due to expire early in 2015 or could be terminated on 90 days’ notice, the Group decided not to renew the applicable leases, to give notice to terminate the others, and to close its TTE retail outlets in Tanzania.

## 4.2 Review of Continuing Operations

### 4.2.1 Capricorn Sapphire Project

On 4 June 2014, Richland exercised its option for the acquisition of 100 per cent. of the Nardoo Sapphire project in Queensland, Australia which has subsequently been branded “**Capricorn Sapphire**”. The project was acquired by Richland for consideration of AU\$1.18 million (approximately US\$1.10 million) and 18 million fully paid new common shares in Richland (approximately 8.3% of Richland’s enlarged share capital).

Project highlights include:

- Rapid mine redevelopment of the Capricorn Sapphire project to bring this back into production, facilitated by previous mining on site until 2006;
- The Capricorn Sapphire project has a well-defined resource and processing plant on site:
  - Measured JORC (2004) resource: 109 million carats (21.8 million grammes) with an average grade of 20 carats per tonne (8 grammes per LCM);
  - Existing plant capable of treating 200 LCM/hour and annual production of 4 million grammes (20 million carats) of sapphire which Richland will be refurbishing as part of the mine restart;
- Plant and site refurbishment commenced on 18 August 2014;
- Capricorn Sapphire with provenance to be sold through established Richland sales channels.

### 4.2.2 Online Sales

Richland launched the start of its online retail business and website, TanzaniteOne Online ([www.tanzaniteoneOnline.com](http://www.tanzaniteoneOnline.com)) in August 2013. During 2014 this boutique online sales division focussed on selling tanzanite stones and jewellery directly to consumers. The online boutique is also a member of the World Responsible Jewellery Council. The online division achieved sales of approximately US\$1 million during its first full year of operations. Richland is current in the process of merging the current online sales platform with its newly established platform, [www.richlandgemstones.com](http://www.richlandgemstones.com) which, will be launched during H1 2015.

## 5. Post Period Highlights

On 2 March 2015 Richland concluded the Sale of its remaining Tanzanian operations and was paid US\$4 million (including the release of US\$510,000 previously paid into escrow by Sky). Further deferred consideration of US\$510,000, subject to any adjustments and deductions in accordance with the Sales Agreement will be payable to Richland on 8 June 2015. The 31 December 2014 net asset value of the Disposed Group sold to Sky was US\$4.6 million.

On 31 March 2015, in preparation of first sales from the Capricorn Sapphire mine as well as to highlight the new phase that Richland has entered following the sale of its Tanzanian operations, a group wide rebranding and new website was launched.

On 13 April 2015 Richland announced the commencement of pre-production mining at Capricorn Sapphire. This historical milestone for the Company includes:

- Rehabilitation and stabilisation of certain historic un-rehabilitated areas
- Removal of topsoil and overburden as part of the first open pit development
- Final plant testing and circuit configuration underway

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Richland is also currently conducting a drilling campaign at its Capricorn Sapphire Project to delineate and schedule the development and mining of the first open pit.

Richland have obtained advice from PwC that no Tanzanian Capital Gains Tax is due by Richland on the sale by Richland of TanzaniteOne (SA) (Pty) Ltd to Sky Associates and the consequent change in beneficial control of TanzaniteOne Mining Ltd. On 17 April 2015 the Company received an assessment from the Tanzania Revenue Authority (“**TRA**”) assessing tax on a notional capital gain of US\$20.2 million (the “**Assessment**”) in relation to its transaction with Sky despite the consideration only being US\$5.1 million and only US\$4.59 million having been received as at the date of the Assessment. PwC have advised the Assessment has been issued incorrectly and that as there is an indirect sale of shares tax on a notional capital gain is not applicable or due. The Company will be lodging an objection to the Assessment with the TRA as it believes that the basis upon which the Assessment has been raised is incorrect and not in accordance with the tax laws and regulations of Tanzania and tax on a notional capital gain is not due.

## Glossary of Terms

<b>ct</b>	carat
<b>US\$, dollar or \$</b>	United States Dollar
<b>AU\$</b>	Australian Dollar
<b>g/t</b>	grammes per tonne, measurement unit of grade (1g/t = 1 part per m)
<b>JORC code</b>	Australasian code for reporting of Mineral Resources and Ore Reserves
<b>LTIFR</b>	Lost Time Injury Frequency Rate, being the number of lost-time injuries expressed as a rate per 200,000 man-hours worked
<b>tonne</b>	1 Metric tonne (1,000kg)
<b>LCM</b>	loose cubic metre

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## Financial Statements

### Richland Resources Ltd

Consolidated statement of profit or loss  
for the Year Ended 31 December 2014  
(Audited)

	<u>2014</u> US\$ '000	<u>2013</u> US\$ '000
<b><u>CONTINUED OPERATIONS</u></b>		
Revenue	995	75
Cost of sales	<u>(699)</u>	<u>(167)</u>
Gross profit/(loss)	296	(92)
Other income	3	-
Operating expenses	<u>(1,712)</u>	<u>(1,641)</u>
<b>Operating loss</b>	<b>(1,413)</b>	<b>(1,733)</b>
Finance income	<u>3</u>	<u>-</u>
<b>Loss before taxation</b>	<b>(1,410)</b>	<b>(1,733)</b>
Income tax charge	<u>-</u>	<u>-</u>
<b>Loss for the year from continuing operations</b>	<b>(1,410)</b>	<b>(1,733)</b>
<b><u>DISCONTINUED OPERATIONS</u></b>		
Loss for the year from discontinued operations	<u>(13,895)</u>	<u>(2,737)</u>
Loss for the year	<u><b>(15,305)</b></u>	<u><b>(4,470)</b></u>
<b>Attributable to:</b>		
Equity owners of the parent		
- Continuing operations	(1,410)	(1,733)
- Discontinued operations	(12,429)	(2,748)
Non-controlling interest – Discontinued operations	(1,466)	11
 <b>Loss per share attributable to the owners of the parent during the year</b>		
Basic and diluted loss per share from continuing operations (US cents/share)	(0.70)	(1.47)
Basic and diluted loss per share from discontinuing operations (US cents/share)	(6.20)	(2.33)
Basic and diluted loss per common share from all operations (US cents/share)	(6.90)	(3.79)

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**Richland Resources Ltd**  
 Consolidated statement of financial position  
 as at 31 December 2014  
 (Audited)

	<u>2014</u> US\$ '000	<u>2013</u> US\$ '000
<b>Assets</b>		
<b>Non-current assets<sup>1</sup></b>		
Property, plant and equipment	2,676	17,239
Intangible assets	-	4,571
Deferred income tax assets	-	2,383
Inventories	-	81
<b>Total non-current assets</b>	<b>2,676</b>	<b>24,274</b>
<b>Current assets<sup>1</sup></b>		
Inventories	5	1,645
Income tax recoverable	-	168
Trade and other receivables	73	2,647
Restricted cash and cash equivalents	251	-
Cash and cash equivalents	962	897
<b>Total current assets</b>	<b>1,291</b>	<b>5,357</b>
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>15,327</b>	<b>-</b>
<b>Total assets</b>	<b>19,294</b>	<b>29,631</b>
<b>Equity</b>		
Share capital	65	36
Share premium	51,711	46,855
Convertible loans	-	453
Share option reserve	-	896
Foreign currency translation reserve	(1,531)	(1,509)
Accumulated loss	(41,329)	(28,386)
<b>Total equity attributable to equity owners of the parent</b>	<b>8,916</b>	<b>18,345</b>
Non-controlling interest	(1,539)	(73)
<b>Total equity</b>	<b>7,377</b>	<b>18,272</b>
<b>Liabilities</b>		
<b>Non-current liabilities<sup>2</sup></b>		
Provision for environmental rehabilitation	205	74
Trade and other payables	98	-
<b>Total non-current liabilities</b>	<b>303</b>	<b>74</b>
<b>Current liabilities<sup>2</sup></b>		
Trade and other payables	877	8,388
Current income tax payable	-	2,199
Borrowings	-	576
Provision for environmental rehabilitation	-	122
<b>Total current liabilities</b>	<b>877</b>	<b>11,285</b>
<b>Liabilities associated with disposal groups classified as held for sale</b>	<b>10,737</b>	<b>-</b>
<b>Total liabilities</b>	<b>11,917</b>	<b>11,359</b>
<b>Total equity and liabilities</b>	<b>19,294</b>	<b>29,631</b>

<sup>1</sup> Non-current and current assets of 2014 reflect continuing operations unless stated otherwise.

<sup>2</sup> Non-current and current liabilities of 2014 reflect continuing operations unless stated otherwise.

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**Richland Resources Ltd**  
 Consolidated statement of cash flows  
 for the Year Ended 31 December 2014  
 (Audited)

	<u>2014</u> US\$ '000	<u>2013</u> US\$ '000
<b>Cash flows from operating activities</b>		
Cash generated from operations	(244)	1,224
Interest cost paid	(56)	(75)
Income tax refunded/(paid)	8	(14)
	(292)	1,135
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,198)	(1,252)
Proceeds on disposal of property, plant and equipment	-	650
Purchase of intangible assets (exploration expenditure)	-	(162)
Purchase of interest in subsidiary	(1,124)	-
Transfer to restricted cash	(251)	-
	(2,573)	(764)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings (convertible loans)	-	453
Repayment of borrowings	(174)	(723)
Proceeds from issue of shares	3,444	-
	3,270	(270)
Net cash generated from/(utilised in) financing activities	3,270	(270)
Net increase in cash and cash equivalents	405	101
<b>Movement in cash and cash equivalents</b>		
Exchange (losses)/gains	(22)	8
At the beginning of the year	495	386
Increase	405	101
<b>At the end of the year</b>	<b>878</b>	<b>495</b>
Cash and cash equivalents - continuing operations	962	640
Cash and cash equivalents net of borrowings included in asset from disposal group classified as held for sale	(84)	(145)