

19 May 2015

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

**First Sapphire Production at
Capricorn Sapphire mine, Queensland Australia**

Highlights

- Sapphire production commenced at Capricorn Sapphire project, Queensland Australia
 - Staggered ramp-up to full commercial production underway
 - First concentrate processed at purpose built alluvial processing plant
 - Blue and coloured Sapphire mix anticipated
- First production area defined following completion of phase 1 infill Drilling programme.
 - 57 Reverse Circulation ("RC") holes drilled totalling 633m
 - Drilling delineated bedrock contours and gravel thickness within and surround the first area to be mined during H2 2015.
- First sapphire sales under Capricorn Sapphire brand to be sold at initial sight sale late June
 - Sight to be held in Hong Kong to coincide with the June Hong Kong Jewellery & Gem Fair

Richland Resources Ltd, the AIM listed coloured gemstone miner and retailer, today announces that production mining for sapphire gemstones has commenced at the Capricorn Sapphire mine ("the Project"), located in Queensland Australia.

Mining of Open-pit 1, located within the defined JORC Resource, is now underway with sapphire bearing ore being processed through Capricorn Sapphire's purpose-built alluvial processing plant. Material concentrated by the processing plant are then further processed and sorted at Richland's secure complex located within the nearby town of Emerald, Queensland. Sapphire recovery will be conducted under advanced security systems at the complex as part of the 'no touch' mining process currently being developed.

The Capricorn Sapphire mine is one of the largest of its kind in the southern hemisphere, capable of treating up to 200 loose cubic metres (LCM) per hour. A staggered ramp up to full-scale production will occur over the following months in order to test and optimise all mining circuits under production mining conditions.

The initial mining phase is being conducted in an area of approximately 1 acre located within the area where the recent infill drilling was conducted. The drilling campaign of 633 metres over 57 holes is the first phase in a campaign that will confirm and expand the data from the pre-existing JORC resource, established in 2004. The infill drilling enabled the formulation of the current mine design and scheduling to the maximisation of mining efficiencies.. The drilling allows for accurate modelling of overburden depths and gravel thicknesses as well as bedrock profiling. The drilling campaign is being managed by Mr Andrew Cunningham, an alluvial diamond and gemstone exploration specialist who previously worked with De Beers and has been involved in a series of diamond and gemstone mining operations and expansions.

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With mining and processing now underway, Richland expects its first sapphire sales in late June to coincide with the Hong Kong Jewellery & Gem Fair.

Commenting on the announcement Bernard Olivier, CEO, of Richland Resources said: "I am very pleased to report that commercial production of sapphires has commenced following 10 months of intensive mine construction and development work. We will now conduct a staggered production ramp-up at the mine over the coming months. The success of the mine start at Capricorn Sapphire demonstrates Richland's ability to apply all its expertise and experience to new coloured gemstone operations outside of Tanzania."

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Notes to editors

Capricorn Sapphire Project Summary

The purpose-built alluvial processing plant is one of the largest of its kind in the southern hemisphere, capable of treating up to 200 loose cubic metres (LCM) per hour. The Capricorn Sapphire mine consists of two new mining leases comprising about 490 hectares and associated assets and the project is 100% owned by Richland. The mining leases contain a JORC (2004) Measured Sapphire Resource of approximately 21.6 million grams (109 million carats) of sapphire, based on extensive previous exploration and following a brief period of mining by the previous owners. 'Fancy' coloured sapphire has traditionally been recovered from the project but the Board believes the value from Capricorn Sapphire comes from the consistent production of standard stone types sought in the manufacture of mainstream jewellery manufacture.

In 2015, Richland sold or closed all of its operation in Tanzania relating to gemstone mining. Previously the Company had operated the world's largest and most advanced tanzanite mine. The

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mine was sold as conditions in Tanzania ceased to permit us to operate to standards of safety of employees and security of operations which we deemed essential for an ethical business.

The development of the Capricorn Sapphire project forms part of the Company's strategy to develop profitable gemstone operations, utilising its experience in coloured gemstone extraction, through efficient use of expenditure. The project offers a significant opportunity for Richland to develop a low cost, coloured gemstone operation selling fully certificated gemstones to the global market place. Queensland, Australia is a long established area for major mining operations, hosting one of the world's major sources for coal. With well-established legislation and permitting for mining in place, Queensland offers significant scope for the creation of a major coloured gemstone hub to promote ethically mined, natural Sapphire.