

24 May 2016

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

**Quarterly Operational and Sales Update**

**Richland Resources Ltd**, the gemstones producer and developer, today announces its quarterly operational, sales and market update for Q1 2016. All figures are unaudited.

**Highlights**

- US\$231,739 total revenue achieved from the sale of approximately 332,333 carats of lower quality sapphire and corundum
  - Average price per carat of US\$0.70 per carat achieved for lower the quality sapphire and corundum
- 415,456 carats produced during Q1 2016 as part of production and ramp-up process  
34,603 tonnes of sapphire bearing alluvials mined and processed
  - Production and processing scheduled to fit in between various shut-downs to enable large infrastructure upgrades, plant and other operational improvement and modification works
- Average grade of 12 carats per tonnes achieved
- Significant improvements made to all aspects of the operation including, processing plant, tailings dam and water retreatment infrastructure, mining operations and sorting facility in order to allow ramp-up beyond 800,000 carats per quarter from Q3 2016
- Continue to build and develop long term sales channels for over 120 different categories of the production profile
- Re-launch of online sales division, [www.richlandgemstones.com](http://www.richlandgemstones.com) with direct-from-mine sapphires is on schedule for Q2 2016
  - Selection of unique and exotic sapphires from mine production prepared for sale on website

**Post Period**

- Higher quality sapphire sales of 924 carats at US\$15.91 / carat achieved from test sale of a combination of green, blue-green, blue and multi-coloured stones
- Continued sales of lower quality sapphire and corundum mined prior to Q2 2016
  - US\$158,812 total revenue achieved from sale of 50,065 carats of lower quality sapphire and corundum during Q2 to date
  - Average price per carat of US\$3.17 achieved
- Majority of infrastructure work, modifications and improvements completed to allow for ramp-up to above 800,000 carats per quarter
- Increased sales of material already mined, sorted and graded is scheduled during the remainder of Q2
- Phase 1 JORC Resource work completed and with final independent report expected in Q2 2016

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Commenting on the results, Chairman, Edward Nealon said: *“Q1 was in a sense a breakthrough period as we used all of the knowledge and data gathered to date to implemented major changes and improvements across all aspects of the operations. From the start we decided to develop and optimise all aspects of the operation, from mining, processing, sorting and grading to sales and marketing, while in production and revenue producing. I believe we are making good progress on both the operational front as well as on the development of our sales and marketing channels. We continue to develop the project ahead of target and with very strict cost control.”*

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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.

## Q1 2016 Operational and Sales Update

### Capricorn Sapphire Ramp-up and Schedule

The first quarter of 2016 saw a comprehensive optimisation programme implemented across all components of the Capricorn Sapphire (“**Capricorn**”) project. The programme was created following analyses of data from the 2015 initial production operations.

During Q4 2015 the Capricorn mine achieved almost 3 times its original target of 250,000 carats for the quarter by producing 720,000 carats from the processing of 52,266 tonnes of sapphire bearing alluvial gravels. The significant increase in production was implemented in order to identify areas for modification and improvement to allow production levels to surpass the 800,000 carats per quarter level on a consistent basis.

Key elements to the optimisation programme are as follows:

- Redesign of tailings treatment and water recirculation circuit and its infrastructure
- Infrastructure construction and modifications commenced and were completed post period end
- Processing plant changes were made to improve efficiencies and reduce double handling of material. Modifications were made to the primary jigs, scrubber system and feedbin to improve processing efficiencies and their ability to treat different gravel compositions.
- A new pilot testing plant was constructed and commissioned to allow run of mine testing as part of the ongoing mine planning and mine development process.

## **Production and Sales**

Sapphire production totalling approximately 415,456 carats was achieved in the first quarter of 2016 as part of the mine ramp-up process. A total 34,603 tonnes of sapphire-bearing alluvial gravels were extracted and processed at an average grade of approximately 12 carats per tonne. Mining and processing were scheduled to occur whenever possible between the construction and improvement work. Despite the significant construction, modification and infrastructure work conducted during the period the total carats produced during Q4 2015 and Q1 2016 of 1.14 million carats remain above the planned production ramp up schedule over the period.

US\$231,739 total revenue was achieved from the combined sale of approximately 332,333 carats of lower quality sapphire and corundum at an average price of US\$0.70 per carat.

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

## **Post Period End**

The majority of required construction, modification and infrastructure work has been completed to enable operations to surpass 800,000 carats per quarter production levels. Following the reporting period sales of approximately US\$173,512 of material were concluded. The sales comprised of:

- 50,065 carats of lower quality sapphire and corundum at an average price of US\$3.17 / carat
- 924 carats of higher quality sapphire at an average price of US\$15.91 / carat as part of a test sale of a combination of green, blue-green, blue and multi-coloured stones

## **Outlook**

The Company continues to build various sales channels with the objective of enabling it to achieve the best possible prices for its material and also to develop markets and buyers for its entire range of production that covers over 120 different categories of material with different grade, size and value characteristics. The Company believes it has made good progress with its marketing, sales and brand development and is progressing opportunities to develop larger structured sales including potential sights, auctions or larger specialised parcel sales and run of mine sales

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agreements. Increased sales are currently scheduled for the remainder of Q2 2016 for material already mined, processed, sorted and graded.

The Company has set a ramp-up target of 600,000 carats for Q2 2016 which takes into account the reduced mining and processing that occurred during the quarter to date while the operational upgrades, modifications and infrastructure work were completed.

The online retail division, [www.richlandgemstones.com](http://www.richlandgemstones.com) is currently on track for its re-launch in Q2 2016 with a range of unique exotic coloured sapphires directly from the Capricorn mining operation.