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RESOURCES LTD

6 September 2016

Richland Resources Ltd
("Richland" or the "Company")

Interim Results for the half-year ended 30 June 2016 (unaudited)

Richland (AIM: RLD), the gemstones producer and developer, announces its interim results for the half year ended 30 June 2016.

Highlights:

Financial Summary

- US\$0.64 million in revenue from continuing operations (US\$0.28 million in H1 2015)
- Operating loss of US\$1.5million (H1 2015: US\$1.0 million loss) as result of ramp up of development and production
- As at 30 June 2016
 - US\$0.4 million cash and cash equivalents
 - Total assets of US\$4.8 million of which current assets were US\$1.5 million
 - Total non-current assets of US\$3.3 million

Operational Summary

- 1.03 million cts produced during H1 2016 comprising of:
 - 411,172 cts produced during Q1 2016
 - 617,750 cts produced during Q2 2016
- Q2 2016 production target of 600,000 cts achieved
- 80,491 tonnes of material processed during H1 2016
- Average grade of 12.78 cts per tonne achieved for H1 2016
- 438,696 cts sold during H1 2016 at an average price of US\$1.30 / ct resulting in total revenue for the period of US\$569,000 from sapphire sales
- Significant improvements made to all aspects of the Company's operations including, processing plant, tailings dam and water retreatment infrastructure, mining operations and sorting facility in order to allow production ramp-up beyond 800,000 cts per quarter from Q3 2016
- Re-launch of online sales division
 - Selection of unique and exotic sapphires from mine production available for sale via dedicated website (www.richlandgemstones.com)
- Updated Measured and Inferred Mineral Resource of 115.5 million cts of sapphire and corundum published in June 2016 comprising:
 - original JORC Code (2004) compliant historical Measured Resource of 107.5 million cts following the mining of 1.5 million cts since July 2015
 - additional JORC Code (2012) Inferred Resource of 8 million cts at a grade of 10 cts per tonne

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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- Expansion of the Capricorn Sapphire project's geological and mineralisation model

Corporate Summary

- All outstanding directors' fees as at 31 March 2016 settled via the issue of 5,400,709 common shares
- Strand Hanson Limited appointed as Nominated Adviser
- Entered into unsecured loan facility of US\$500,000 with certain of the Company's directors and a long term significant shareholder

Outlook

- Newly defined resources area will be the focus for mining operations over the next 12 to 18 months
- Production ramp up to over 800,000 cts in Q3 2016 remains on target
- Short-term strategy to ramp up to a rate of 1.2 million cts per quarter during 2017

Commenting on the results, Chief Executive Officer, Bernard Olivier said:

"The reporting period has seen us achieve a number of key operational goals at our Capricorn Sapphire project including the establishment of a new geological model and resource, in order to guide future extraction, and the implementation of important optimisation upgrades at the plant. Our commitment to low shareholder dilution continues as we secured a debt facility to underpin operations and implemented significant cuts to corporate costs. A high production run-rate is now being maintained and I look forward to further ramping up production and continuing to build our sapphire sales and marketing channels to achieve profitability."

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Notes to Editors:

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.

Chairman's Statement

Dear Shareholder,

On behalf of the Board I am pleased to report our unaudited results for the six months to 30 June 2016 and to update you on the Company's developments.

The reporting period has seen Richland consistently meet its key ramp-up targets at its Capricorn Sapphire mine in Queensland, Australia and our team has been able to make a series of adjustments to the mining and processing method in order to enhance recoveries and minimise costs. Whilst we have seen excellent levels of production so far, the ramp-up phase at a mine is critical, with mining methods and equipment needing to be closely analysed in order to achieve a robust production system to efficiently support the eventual high levels of feedstock running through the mining operation.

The re-defined and updated resource has now been concluded and represents an extremely important piece of work that provides us with a geological map to guide efficient production. Understanding the feedstock variability is key for alluvial processing and we are fortunate to retain the services of some highly experienced gemstone geologists on our team leading our geological programme.

The Capricorn Sapphire project is currently on target to ramp up production, to 800,000 cts per quarter, from Q3 2016 onwards, with a short-term goal to ramp up to over 1.2 million cts per quarter during 2017.

During the period, following consultation with our major shareholders, a loan facility was secured from a group of lenders, that included certain board directors, in order to underpin the financial stability of the Company without recourse to the equity markets, thereby avoiding further dilution. All non-development related costs, including Board salaries, have been deferred and we are focusing our available resources on achieving profitability for our Capricorn Sapphire project at the earliest opportunity.

In addition to work on the ground developing our recovery operations, we have received significant interest in our gemstones and are building a customer base through sales of our blue and green sapphire production from our current, lower level, production, ready to begin true parcel sales as production volumes increase.

I am most pleased with the work undertaken during the period and look forward to the further development of our sales channels and delivering on our short-term aim to ramp up production to over 1.2 million cts per quarter during 2017.

Mr Edward Nealon
Non-Executive Chairman

6 September 2016

1. Financial Performance

Revenue for the period was US\$639,000 compared to US\$278,000 in H1 2015, representing an increase of approximately 130%.

Operating loss for the period increased from US\$973,000 in H1 2015 to US\$1,455,000, as a result of the development and production costs associated with the Capricorn Sapphire project. All development expenditure during the period was expensed.

The Company had net cash available of US\$0.4 million at the period end compared to US\$3.4 million as at H1 2015.

Total non-current assets were US\$3.3 million at the period end, which primarily reflects the acquisition costs and capital expenditure associated with the Capricorn Sapphire project.

2. Operational Overview

2.1 Capricorn Sapphire Project

Production and Sales

Sapphire production totalling approximately 1,028,922 cts was achieved in the first half of 2016 as part of the mine ramp-up process. A total of 80,491 tonnes of sapphire-bearing alluvial gravels were extracted and processed at an average grade of approximately 12.8 cts per tonne. 411,172 cts were produced during Q1 2016 whilst 617,750 cts were produced during Q2 2016.

During the period, 438,696 cts were sold at an average price of US\$1.30 per ct resulting in total revenue for the period of US\$569,000 from sapphire and corundum sales.

Infrastructure upgrade

During the period, significant improvements were made to all aspects of the Capricorn Sapphire projects operations, including improvements to the processing plant, tailings dam and water retreatment infrastructure, mining operations and a sorting facility, in order to allow ramp-up in excess of 800,000 cts per quarter from Q3 2016 onwards.

Key elements to the optimisation programme are as follows:

- Redesign of the tailings treatment and water recirculation circuit and its infrastructure
- Infrastructure construction and modifications commenced and were completed
- Processing plant changes were made to improve efficiencies and reduce the double handling of material
- Modifications were made to the primary jigs, scrubber system and feed-bin 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

JORC Resource Estimate Update

On 22 June 2016, the Company announced a JORC resource estimate update for the Capricorn Sapphire mine. One of the Company's core objectives during the period was to update the geological model for the group's Capricorn Sapphire mine and further expand the resource estimate in compliance with the JORC Code (2012). The Capricorn Sapphire project remains on schedule to meet its ramp-up targets in 2016, and our geological delineation programme will allow the Company to improve and refine its mine programme and scheduling.

The updated Measured and Inferred Mineral Resource of 115.5 million cts of sapphire and

corundum comprised:

- original JORC Code (2004) compliant historical Measured Resource of 107.5 million cts following the mining of 1.5 million cts since July 2015
- additional JORC Code (2012) Inferred Resource of 8 million cts at a grade of 10 cts per tonne

The newly defined JORC Code 2012 resources area will be the focus for mining operations over the next 12 to 18 month period.

2.2 Online sales

The online sales division was re-launched in June 2016, with a selection of unique and exotic sapphires from our mine production now available for sale at www.richlandgemstones.com. Due to the disposal of our former mining operations in Tanzania in 2015, sales from the online sales division dropped significantly in H1 2016 compared to H1 2015, from US\$278,000 to US\$70,000 due to the sale of our former mining operations in Tanzania. The online division continues to source and sell through www.richlandgemstones.com both tanzanite and tanzanite jewellery from the Merelani tanzanite deposit, which is available for sale on the website.

3. Corporate Activity

On 18 April 2016, the Company announced that certain directors had opted to convert all accrued directors' fees, which had been unpaid from 1 January 2014 to 31 March 2016, into shares, in order to continue conserving the Company's cash reserves, as it continues its ramp-up of mining at the Capricorn Sapphire project, located in Queensland, Australia. The conversion occurred at the volume weighted average ("VWAP") price of the Company's common shares over the period the fees were outstanding. The VWAP over the period, of 3.4 pence, represented a premium of 60% to the Company's closing share price of 2.125 pence on Friday, 15 April 2016. In total, unpaid fees of US\$260,625 were converted into 5,400,709 Shares.

On 3 June 2016, the Company announced the appointment of Strand Hanson Limited as its Nominated Adviser.

On 27 June 2016, Richland entered into a US\$500,000 unsecured loan facility with certain of the Company's Directors and a long-term significant shareholder, to satisfy its ongoing working capital requirements. The facility, which was fully drawn down by 18 July 2016, provides working capital and financial flexibility whilst the Company's sales channels are developed and expanded and will assist in ensuring that the best prices for the Company's gemstones are achieved.

4. Outlook

Newly defined resources area will be the focus for mining operations over the next 12 to 18 month period.

The Company is on target is to ramp up production to over 800,000 cts from Q3 2016 onwards and aims further to ramp up, to over 1.2 million cts per quarter, during 2017.

Glossary

ct	carat	JORC Code	Australasian code for reporting of Mineral Resources and Ore Reserves
dollar or US\$	United States Dollar	tonne	1 Metric tonne (1,000kg)
g/t	grammes per tonne, measurement unit of grade (1g/t = 1 part per m)	LCM	loose cubic metre

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Financial Statements

Richland Resources Ltd

Condensed Consolidated Statement of Profit and Loss

For the Half Year ended 30 June 2016

(Unaudited)

	H1 2016 \$'000	H1 2015 \$'000	FY 2015 \$'000
<u>CONTINUING OPERATIONS</u>			
Revenue	639	278	704
Cost of sales	(1,341)	(200)	(997)
Gross loss/(profit)	(702)	78	(293)
<i>Gross margin %</i>	<i>(110%)</i>	<i>28%</i>	<i>(42%)</i>
Other income	67	13	67
Operating expenses	(820)	(1,064)	(1,961)
Operating loss	(1,455)	(973)	(2,187)
Financing costs paid	(6)	(10)	(14)
Loss before income tax	(1,461)	(983)	(2,201)
Income tax credit/(charge)	-	-	-
Loss after income tax from continuing operations	(1,461)	(983)	(2,201)
<u>DISCONTINUED OPERATIONS</u>			
Loss from discontinued operations	-	(3,385)	(3,312)
Net loss	(1,461)	(4,368)	(5,513)
Non-controlling interest	-	-	-
Loss attributable to equity holders of parent	(1,461)	(4,368)	(5,513)
Basic and diluted EPS from continuing operations (cents per share)	(0.67)	(0.45)	(1.01)
Basic and diluted EPS from discontinuing operations (cents per share)	-	(1.54)	(1.52)
Basic and diluted EPS per common share from all operations (cents per share)	(0.67)	(1.99)	(2.53)

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Richland Resources Ltd
 Consolidated Statement of Financial Position
 As at 30 June 2016 (Unaudited)

	H1 2016 \$'000	H1 2015 \$'000	FY 2015 \$'000
Non-current assets			
Property, plant and equipment	3,248	3,412	3,306
Intangible assets	84	5	79
Total non-current assets	3,332	3,417	3,385
Current assets			
Inventories	363	7	243
Trade and other receivables	254	126	202
Restricted cash and cash equivalents	396	408	389
Cash and cash equivalents	440	3,390	1,564
	1,453	3,931	2,398
Non-current assets and Disposed Group classified as held for sale	50	155	50
Total current assets	1,503	4,086	2,448
Total assets	4,835	7,503	5,833
Equity			
Share capital	67	65	65
Share premium	51,875	51,711	51,711
Foreign currency translation reserve	(94)	192	(144)
Accumulated loss	(48,303)	(45,655)	(46,842)
Total equity attributable to parent equity holders	3,545	6,313	4,790
Non-controlling interest	-	-	-
Total equity	3,545	6,313	4,790
Non-current liabilities			
Provision for environmental rehabilitation	354	344	337
Trade and other payables	30	62	58
Total non-current liabilities	384	406	395
Current liabilities			
Trade and other payables	471	561	563
Interest-bearing borrowings	350	-	-
	821	561	563
Liabilities associated with Disposed Group classified as held for sale	85	223	85
Total current liabilities	906	784	648
Total liabilities	1,290	1,190	1,043
Total equity and liabilities	4,835	7,503	5,833

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Richland Resources Ltd
Condensed Consolidated Statement of Cash Flows
For the Half Year Ended 30 June 2016
(Unaudited)

	H1 2016 \$'000	H1 2015 \$'000	FY 2015 \$'000
Cash flows from operating activities			
Cash absorbed by operations	(1,371)	(725)	(2,632)
Financing cost received/(paid)	5	(4)	3
Net cash used in operating activities	(1,366)	(729)	(2,629)
Cash flows from investing activities			
Purchase of property, plant and equipment	(122)	(588)	(670)
Purchase of intangible assets	(5)	-	(79)
Proceeds from disposal, net of cash and overdraft disposed	-	4,401	4,401
Minority shareholders' share of proceeds from Sky Associates Group Limited	-	(46)	(46)
Purchase of interest in subsidiary	-	(2)	(2)
Transfer to restricted cash	-	(181)	(181)
Net cash (used in)/provided by investing activities	(127)	3,584	3,423
Cash flows from financing activities			
Directors' loans converted to share capital	-	-	-
Proceeds from interest-bearing borrowings	350	-	-
Net cash generated from financing activities	350	-	-
Net (decrease)/increase in cash and cash equivalents	(1,143)	2,855	794
Movement in cash and cash equivalents			
Exchange losses	19	(205)	(75)
At the beginning of the period	1,597	878	878
Increase	(1,143)	2,855	794
At the end of the period	473	3,528	1,597
Cash and cash equivalents – continuing operations	440	3,390	1,564
Cash and cash equivalents net of borrowings included in asset from Disposed Group classified as held for sale	33	138	33