

23 November 2016

Richland Resources Ltd

("Richland" or the "Company")

Quarterly Operational and Sales Update

Richland (AIM:RLD), the gemstones producer and developer, today announces its quarterly operational and sales update for Q3 2016. All figures are unaudited.

Highlights

- 801,443 carats produced during Q3 2016 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
 - Q3 2016 production target of 800,000 carats achieved
 - Average grade of 14 carats per tonne from 55,985 tonnes of mined and processed alluvial material
- Capricorn received research and development incentive net rebates of US\$236,000 for the 2015 fiscal year from the Australian Federal Government.
- US\$143,000, total revenue achieved from the sale of approximately 241,000 carats of rough untreated sapphire and corundum at an average price of US\$0.59 per carat
- Anthony Brooke appointed as Capricorn Sapphire's Vice-President of Marketing and Sales
 - Thailand based and the Managing Director of Gem Dreams Co., Ltd ("Gem Dreams") in Bangkok
 - Vice President of the Thai Gem and Jewelry Traders Association
 - Anthony and his team to lead Capricorn's revised sales initiatives which will focus on further down-stream beneficiation of Capricorn's product, vertical integration and new market development

Post Period End

- US\$348,000 total revenue achieved from the sale of approximately 250,000 carats of rough sapphire and corundum during Q4 to 18 November 2016 at an average price of US\$1.39 per carat
- Planning commenced on the final stage of production ramp-up which is aimed at increasing production to 1.2 million carats per quarter during 2017
- Sales of treated, cut and polished material to commence in Q1 2017 in addition to the ongoing sale of rough untreated material

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

"I am very pleased with the operational progress made during the period as we once again achieved our production target as part of the ongoing ramp-up and development of our Capricorn project. During the quarter Richland also concluded an extensive review of our sales and marketing systems and strategies, which led to a series of new developments beginning with the appointment of Anthony Brooke, following successful trial sales. We shall announce further news to the market shortly relating to our adoption of an integrated beneficiation model and new sales initiatives and partnerships."

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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 ("MAR").

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.

Q3 2016 Operational and Sales Update

Capricorn Sapphire Production and Ramp-up

The third quarter of 2016 saw positive results achieved from the Company's previously announced comprehensive optimisation programme implemented across all components of the Capricorn Sapphire mine project. During Q3 2016, the ramp-up target for the quarter, announced in May 2016, was achieved with a total of 801,443 carats of sapphire and corundum produced. A total of 55,985 tonnes of sapphire-bearing alluvial gravels were extracted and processed at an average grade of approximately 14 carats per tonne during the quarter. The Company has commenced preparations for the final stage of its production ramp-up which will see production ramping up to full scale production of 1.2 million carats per quarter during 2017.

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

Sales and Marketing

Revenue of US\$143,000 was achieved from the combined sale of approximately 241,000 carats of rough and untreated sapphire and corundum at an average price of US\$0.59 per carat.

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As previously announced and as part of our mine development and ramp-up programme, the Company has been working on the development of long-term sales channels for the more than 120 different categories of product in its production profile. As part of this process, sales levels and prices, sales strategies, and market feedback is being continuously analysed and reviewed by the Company. Accordingly, the Company has decided that it will need to further develop its beneficiation pipeline in order to achieve both higher prices for its product as well as to enable the development of new sales channels, especially for the fancy coloured sapphires.

Following the review process, Bangkok-based Anthony Brooke was appointed in August 2016 as Capricorn Sapphire's Vice President of Marketing and Sales. Anthony, a fluent Thai speaker, is the owner and Managing Director of Gem Dreams, has approximately 35 years' experience in the gemstone industry in Thailand, and has also been involved in gemstone mining. He is also a Vice President of the Thai Gem and Jewelry Traders Association.

Pursuant to Anthony Brooke's appointment, Capricorn Sapphire has also secured the shared use, as and when required, of Gem Dreams' offices and key personnel, and Tony and his team are now leading Capricorn's revised sales and marketing initiatives with a focus on achieving higher sales prices for current rough sapphire sales, selling higher quantities of the overall product range and further down-stream beneficiation of the Company's products.

Research and Development Rebate

During the quarter, Capricorn Sapphire received a research and development Incentive net rebate of US\$236,000 for 2015 fiscal year. This rebate falls under the Australian Federal Government's Tax Incentive Scheme.

Post Period End

Capricorn Sapphire achieved sales totalling US\$348,000 from the sale of approximately 250,000 carats of rough sapphire and corundum during Q4 to 18 November 2016 at an average price per carat of US\$1.39.

Preparations has commenced on the final stage of production rampup at the Capricorn Sapphire mine, which is aimed at increasing production to 1.2 million carats per quarter during 2017.

We look forward to providing further information in due course regarding the Group's revised sales and marketing strategy and initiatives.

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