

1 November 2017

Richland Resources Ltd

("Richland" or the "Company")

Quarterly Operational and Sales Update

Richland (AIM: RLD), the gemstones producer and developer, announces its quarterly operational and sales update for Q3 2017. All figures are unaudited.

Highlights:

- **Sapphire Production**
 - 1,063,803 carats produced during Q3 2017 at the Capricorn Sapphire mine, Queensland, Australia, held by Capricorn Sapphire Pty Ltd ("Capricorn" or "Capricorn Sapphire"), the Company's wholly owned subsidiary
 - Average grade of approximately 17.9 carats per tonne across 59,423 tonnes of mined and processed alluvial material
 - Shortfall of approximately 0.14m carats versus quarterly production target of 1.2m carats predominantly due to significant rehabilitation of mine disturbance conducted during the period
 - Total project-level production and operating costs of US\$0.75 / carat achieved during Q3 2017
- **Gemstone Sales & Marketing**
 - Next sapphire sales scheduled for early November 2017
 - Sapphire prices remained depressed during quarter, partly due to a continued influx of illegally mined sapphires from an environmentally protected region in Madagascar. Accordingly, the decision was made to carry over the majority of stock from Q3 into Q4 sales such that only US\$245,000 of sapphire sales were made during Q3 2017
- **Corporate & Group**
 - £450,000 (before expenses) raised via an equity subscription conducted at a premium to the then prevailing market share price - director participation of £100,000 in the subscription
 - Additional capital has enabled the Company's sales strategy to evolve from being monthly to larger, more strategic, sales events not restricted to quarterly time frames
 - Results of such major sales events to be announced individually going forwards
 - Company's principal operations and office now centralised in Emerald, Queensland
 - US\$109,000 received from various Australian government Tax Rebates and Tax Incentive Schemes
 - Maiden independent inferred JORC resource estimate of 5 million loose cubic metres ("lcm") of sapphire bearing gravel at an estimated average grade of 3.5 grammes per lcm (17.5 carats per lcm) for the Group's wholly owned EPM 25973 exploration licence, located in Queensland, Australia

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Commenting on the quarterly update, Bernard Olivier, CEO of Richland, said:

“Although we are clearly disappointed that we just missed our quarterly production target of 1.2m carats (1.06m actual carats achieved) this was predominantly caused by significant rehabilitation of mine disturbance that was conducted over the quarter in preparation for the upcoming wet season.

“Sapphire prices remain under pressure from the influx of sapphires from Madagascar mined in an environmentally protected area by approximately 50,000 unlicensed, illegal, small-scale miners (estimation by the Gemological Institute of America). Capricorn Sapphire continues to focus on developing sales channels for its ethically and socially responsibly mined product with an equally socially aware customer base. The Capricorn Sapphire mine is a sustainable source of ethically mined sapphire and our modified sales structure, moving away from smaller monthly sales to pursuing larger, more strategic, sales events, will enable us to leverage pricing against the irregular influx of uncertificated stones. Each Capricorn Sapphire gemstone ensures quality, environmental best practice under Queensland and Australian mining law and both safe and ethical operational practices. We strongly believe that Richland is well placed with our gemstone supply chain structures as consumers become increasingly selective regarding the origin and ethical nature of consumer products.”

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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.

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.

Q3 2017 Operational and Sales Update

The key change during the quarter was the transitioning of the sales function towards larger-scale, more strategic, sales events, rather than selling smaller parcels of gemstones on a monthly basis. Results from the first such major sales event are currently expected to be released in early November 2017. This shift in sales strategy is driven by the ongoing pressure on prices from illegal mining operations in Madagascar. Please refer to the following links to certain Cable News Network (“CNN”) and Gemological Institute of America (“GIA”) articles (<http://edition.cnn.com/2017/04/06/africa/gallery/madagascar-sapphires/index.html> and <https://www.gia.edu/doc/Sapphires-Gem-Rush-Bemainty-area-Ambatondrazaka-Madagascar.pdf>)

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which provide further details of illegal gemstone recovery in Madagascar for international sale under the following conditions:

- Threat to primary forest and indigenous wildlife
- Unsafe working practices
- Topsoil erosion
- Child labour
- Operating in unlicensed areas without social or tax contribution

Richland believes it is well positioned to supply sapphires on a consistent, high-volume basis with full ethical provenance. The move by end consumers towards demanding supply chain transparency and ethicacy in consumer goods has been a key trend over the last five years, hence the Company's decision to operate in Queensland. The purchase of a certificated Capricorn Sapphire gemstone or parcel of gemstones comes with full assurances relating to provenance.

The Company's current sapphire and corundum stock has been held over for sale at the abovementioned larger sales events, anticipated to commence in early November 2017, alongside gemstones from ongoing production. Accordingly, the Company did not achieve sustainable operational profitability in Q3 2017 predominantly due to its decision to move away from its previous practice of monthly sales of existing stock and to instead carry over the available stock from Q3 into Q4 in order to better leverage prices from pursuing more strategic, larger scale, sales events.

The total approximate revenue generated in Q3 of US\$354,000 comprised:

- o Sapphire sales of US\$245,000 from the sale of 103,372 carats at an average price of US\$2.38 per carat; and
- o US\$109,000 received from various Australian government Tax Rebates and Tax Incentive Schemes

Capricorn Sapphire's Production

During Q3 2017, a total of 1,063,803 carats of sapphires and corundum were produced from the extraction and processing of 59,423 tonnes of sapphire-bearing alluvial gravels at an average grade of approximately 17.9 carats per tonne. The Capricorn mine achieved approximately 88.7 per cent. of its targeted quarterly production of 1.2m carats during Q3 2017 reflecting a decision to undertake an extended rehabilitation programme as part of our operations, including seeding of the rehabilitated ground, in preparation for the upcoming wet season in Central Queensland.

Corporate

The Company also initiated further Group-wide cost cutting and mine optimisation reviews and introduced the following measures during the quarter:

- o The closure of the Perth office and relocation of appropriate Group administrative functions to the project's site office in Queensland
- o Management and personnel restructuring post ramp-up in order to reduce costs and improve efficiencies, including reducing mine personnel by 20 per cent.
- o Machinery and earth-moving equipment changes and reviews of equipment hire contracts in order to increase efficiencies and further reduce costs

The estimated total quarterly project-level costs for Capricorn Sapphire were approximately US\$798,000 with average total production and operating costs of US\$0.75 per carat for the period.

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In addition to receiving US\$109,000 from various Australian government Tax Rebates and Tax Incentive Schemes, the Company is currently working closely with the Queensland Government on several initiatives to develop the region's mining industry.

The Company's growing reputation in Queensland as a best practice operator, including the presence of our office, mine and associated infrastructure and principal activities in Queensland, combined with our highly skilled team, has led to several approaches being made to potentially become involved in other mineral commodities and opportunities in the region. We are actively assessing such opportunities, with a view to potentially broadening our portfolio base going forwards.

On 5 September 2017, the Company announced that it had raised, in aggregate, approximately £450,000 (before expenses) from certain new and existing shareholders, including certain board directors, through a subscription of 64,285,714 new common shares. The subscription price of 0.7 pence represented a premium of approximately 3.7 per cent. to the Company's closing middle market share price of 0.675 pence on 4 September 2017.

In early August 2017, the Company announced a maiden independent inferred JORC resource estimate of 5 million loose cubic metres ("lcm") of sapphire bearing gravel at an estimated average grade of 3.5 grammes per lcm (17.5 carats per lcm) for the Group's wholly owned exploration licence EPM 25973. This Resource estimation equates to approximately 87.5 million carats in the ground. Exploration licence EPM 25973 has an exploration area of 39 sub-blocks (133 square kilometres) located within the Anakie sapphire deposit in Central Queensland which is within 45km of the Company's existing Capricorn Sapphire mining operations.

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