

22 July 2019

## Richland Resources Ltd

("Richland" or the "Company")

### Amendment to Option Agreement to sell the Capricorn Sapphire Project, Exercise of Option and Increase in Secured Convertible Loan Facility

Richland (AIM: RLD), the Australian sapphire producer and gemstones developer, further to its announcement of 18 July 2019, is pleased to provide a further update in respect of the Option Agreement entered into on 26 June 2019 with Fura Gems Inc. ("**Fura**"), under which Fura was granted an option valid until 31 July 2019 (the "**Option**") to conditionally acquire from the Company: (i) all of the issued shares of its wholly owned subsidiary Richland Corporate Ltd ("**Richland Corporate**") (the "**Shares**"); and (ii) all of the Company's loans to Richland Corporate (the "**Shareholder Loan**") (together, the "**Option Assets**") (the "**Proposed Disposal**"). Further details of the Proposed Disposal are set out in the Company's announcements of 27 June 2019 and 18 July 2019.

#### Amended Option Agreement

On 19 July 2019, Fura and the Company entered into a deed of amendment to restate and amend the Option Agreement (the "**Amended Option Agreement**") in order to facilitate the requisite TSX-V approval process for the transaction, expedite exercise of the Option and thereby shorten the period to Completion. The principal amendments effected by way of the Amended Option Agreement comprise: i) a reduction in the Option Fee of CAD125,000 to CAD25,000 (the "**Reduced Option Fee**"); ii) a corresponding increase in the Cash Consideration payable by Fura on Closing of CAD125,000; iii) provision for the Company to borrow an additional CAD125,000 under its pre-existing Secured Convertible Loan Facility (the "**CAD125,000 Facility**"); iv) provision for the Lender of the CAD125,000 Facility to be repaid at Completion in the same manner as the other outstanding principal amounts due under the facility; and v) provision for Fura to pay the Lender's interest costs on the CAD125,000 Facility in an amount of up to CAD3,000. The CAD125,000 Facility is intended to be utilised to cover the operating costs of Capricorn Sapphire through to Completion.

Upon Completion under the terms of the Amended Option Agreement and repayment of the increased Secured Convertible Loan Facility, the Company will receive the same net proceeds from the Proposed Disposal as it would have received under the original Option Agreement, prior to it being amended and restated.

#### Exercise of Option

On 19 July 2019, Fura issued an exercise notice under the terms of the Amended Option Agreement which has been duly acknowledged and accepted by the Company. The parties have also agreed that the non-refundable Reduced Option Fee of CAD25,000 received previously from Fura is deemed to include payment of the notional exercise price of CAD100.

#### Remaining Conditions Precedent and AGM Notice

As announced previously, the remaining Conditions Precedent include obtaining the approval of Richland's shareholders and the applicable TSX-V approvals. Accordingly, the Company will shortly be issuing a circular, incorporating notice of its annual general meeting ("**AGM**"), which will include, *inter alia*, a unanimous recommendation from the Company's directors that shareholders vote in favour of a resolution to approve the Proposed Disposal.

## **CAD125,000 increase in Secured Convertible Loan Facility**

The Company has agreed and executed a seventh addendum to its pre-existing Secured Convertible Loan Facility from the Lender (full details of which were originally announced on 25 June 2018), to increase the principal amount by the abovementioned CAD125,000 Facility and to re-confirm the extension of the overall facility's maturity date to the Longstop Date as announced on 27 June 2019. Save for the fact that the additional CAD125,000 Facility has no conversion rights, all other terms and conditions of the facility remain unaltered.

A further announcement(s) will be made, as appropriate, in due course.

Capitalised terms used in this announcement, unless otherwise defined herein, have the same meanings as set out in the Company's announcement of 27 June 2019.

### **For further information, please contact:**

Anthony Brooke  
Chief Executive Officer  
+66 81 854 1755

Edward Nealon  
Chairman  
+61 409 969 955

Mike Allardice  
Group Company Secretary  
+852 91 864 854

Nominated Adviser  
Strand Hanson Limited  
James Harris  
Matthew Chandler  
James Dance  
+44 (0) 20 7 409 3494

Broker  
Peterhouse Capital Limited  
Duncan Vasey / Lucy Williams  
(Broking)  
Eran Zucker (Corporate Finance)  
+44 (0) 20 7 469 0930

*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.*

### **Note to Editors:**

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.