

Results for the Year Ended 31 December 2005

**“Net profit of US\$9.8 million
Dividend of 5 US cents per share to be declared”**

HIGHLIGHTS

Financial

- Net profit after tax US\$9.8 million
- EBITDA of US\$14.3 million
- Gross margin of 61% achieved on US\$41.1 million revenue
- Income tax paid US\$3.1 million
- Basic earnings per common share of 13.89 US cents
- US 5 cents per share final dividend declared on 5 April 2006, payable on 26 May 2006 taking the total for the year to US 6 cents
- Cash and cash equivalents of US\$8.3 million

Operational

- 1.4 million carats recovered during the year with significant production increase in second half
- Grade up 12% to 55 carats per tonne
- New optical sorting equipment installed: positively impacting on recoveries and processing efficiencies
- Security at mine site enhanced with the introduction of an X-ray body scanner
- Encouraging drilling results indicate the presence of mineralisation at extensively greater depths

Strategic

- Ian Harebottle, former COO, appointed CEO effective 1 May 2006
- Be Born to Tanzanite™ marketing strategy developed and launched internationally
- SightHolder Preferred Supplier strategy fully functional with six initial SightHolders appointed
- Inclusion in the FTSE AIM 100 index, effective March 2006

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Key indicators:

	12 months to 31 Dec 2005	7 months to 31 Dec 2004
Revenue	US\$41.1m	US\$16.2m
Gross profit margin	61%	55%
Gross profit	US\$24.9m	US\$8.9m
Admin/operating costs	US\$12.0m	US\$4.4m
Net profit after tax and outside equity interests	US\$9.8m	US\$4.4m
Fully diluted EPS	US13.00 cents	US 8.34 cents

Note:

Figures for the period ended 31 December 2004 reflect seven months' operations as the Group only commenced operations in May 2004 following the acquisition of its tanzanite assets. Direct comparisons with the previous period are thus not appropriate.

TanzaniteOne announces consolidated net earnings of US\$9.8 million (US13.89 cents per share) and cash earnings (before depreciation and amortisation) of US\$11.3 million in the 12 months ended 31 December 2005. Revenue increased in line with expectations to US\$41.1 million for the year with rough tanzanite sales (US\$33.6 million) contributing 82%.

The Directors have, on 5 April 2006, declared a final dividend of US 5 cents (2004: US 1 cent) per share payable on 26 May 2006 to shareholders registered as of 5 May 2006. This brings the total dividend payable for the year ended 31 December 2005 to US 6 cents, an increase of 500% over last year.

Revenue from tanzanite sales was strong in the first half of the year (US\$22.4 million) due to a high proportion of larger, high quality tanzanite recovered during this period. Conversely, the lower sales (US\$18.7 million) achieved in the second half of the financial year can be accorded to a decrease in the percentage of high quality tanzanite recovered. As a consequence, the Sight scheduled for August 2005 was deferred to October 2005. A final successful Sight was held in December 2005. Five Sights were thus held during the year under review instead of the planned six.

This variance in the quality of tanzanite produced also impacted on the gross margin achieved during the year which was 66% higher in the first six months, decreasing to 54% in the second half of the year.

For the entire period however, prices achieved for mined rough tanzanite of US\$11 per carat (2004: US\$9 per carat) reflected an overall improvement in the quality and grade of tanzanite produced from mining operations compared to the seven months ended 31 December 2004. This underpinning an improved gross margin of 61% for the group, up from 55% in the period ended 31 December 2004.

Production for the year was 1.4 million carats of tanzanite. On-mine cash costs per carat were well controlled, down 50% to US\$1 per carat (2004: US\$2 per carat). Overall grade achieved increased by 12% to 55 carats per tonne (2004: 49 carats per tonne) reflecting improved mining controls.

Operating expenses of US\$12.0 million include royalties paid to the Government of Tanzania on export of rough tanzanite (US\$1.4 million), sales and other commissions (US\$0.9 million), salaries, wages and consulting fees (US\$4.0 million), depreciation and amortisation (US\$1.5 million) and advertising and promotional expenses (US\$1.1 million). Royalties, advertising and promotional expenses are anticipated to increase going forward. On an annualised basis administration and other operating expenses are up 4% compared to 2004, royalties are up in line with sales increases. Depreciation and amortisation are up in line with increased production. Foreign exchange losses and profits arise on the revaluation of net monetary assets and are dependent on movements in various exchange rates the Group is exposed to. No significant change, other than the potential of further foreign exchange profits or losses, is expected in total operating expenses as cost-cutting initiatives and economies of scale come in to play.

The effective tax rate of the Group for the year under review was 23.8% (2004: 12.8%). The increase is due to the utilisation of all assessed losses in the Group's subsidiary companies; accordingly the Group is now in a full tax paying position.

Total inventory levels increased to US\$14.5 million (2004: US\$12.6 million); with rough tanzanite accounting for 46% (2004: 38%) and polished tanzanite 51% (2004: 57%). As at 31 December 2005, TanzaniteOne had trade and other receivables of US\$10.9 million.

Cash and cash equivalent balances were US\$8.3 million (2004: US\$6.9 million). Interest bearing borrowings reduced from US\$2.6 million to US\$0.8 million at 31 December 2005. The interest-bearing borrowings are in respect of certain plant and machinery acquired in Tanzania.

The Group's total capital expenditure during the year amounted to US\$2.6 million, the major components being mine development expenditure of US\$1.0 million, optical sorting equipment of US\$0.6 million, mining equipment of US\$0.3 million, earthmoving equipment of US\$0.2 million, buildings and infrastructure of US\$0.2 million and body scanning equipment of US\$0.2 million.

Operational review

Mining

Growth and development of skills in key areas continues to pay off as does a focus on increasing efficiency across all levels of operations. This has resulted in an improved grade and an increased rate of underground development, while managing to contain costs within budgeted targets. Revenue, production volume and underground development all increased in line with targets, with opportunities to increase the current scale of operations without any significant additional capital expenditure.

Various technological developments implemented over the past year have supported improved recoveries. These include the MicroSort optical sorting unit, a World first in this sector and X-Scann, an x-ray body scanning unit which can identify down to 0.25 of a carat of tanzanite on or inside the human body.

Exploration programme

The results of the recent exploration and drilling programme indicates that the lower horizon, which hosts the economic mineralisation, has been intersected at depths twice those previously known. This suggests that the mineralised zone and therefore the life of the mine at current production rates may be significantly increased.

Plans are well advanced to expand the necessary infrastructure to facilitate future mining to new depths in excess of 800m below surface on true dip. Additional exploration work on TanzaniteOne's surrounding prospecting areas is on going.

Outside buying

TanzaniteOne Trading, the Group's 75% owned, Arusha based rough tanzanite buying operation has seen increased buying activity as it established itself as a reputable trading business in a very competitive market. This success is primarily due to the strengthening of relationships with miners, gem brokers and dealers.

The demand for good quality tanzanite remained high throughout the year while production from TanzaniteOne's neighbours in Blocks B and D, remained steady.

Rough tanzanite sales

TanzaniteOne Marketing received a positive response to its Preferred Supplier Strategy which was introduced to the market in February 2005 with the appointment of five SightHolders from outside the Group. The Preferred Supplier Strategy seeks to grow the global market for tanzanite through collaborative relationships with selected rough tanzanite customers (SightHolders). These SightHolders exclusively attend viewings of rough tanzanite parcels, which are planned to occur six times per annum.

Tanzanite sales at all major gem shows increased and the industry outlook is positive with strong demand for most qualities. Total rough tanzanite sales amounted to US\$33.6 million. Additional SightHolders may be appointed in due course on account of the high level of interest shown in the Preferred Supplier Strategy and an anticipated increase in production.

Polished tanzanite sales

The Tanzanite Company enjoyed increased sales in South Africa and the U.K. during 2005 with polished and set tanzanite contributing US\$7.5 million in revenue. Demand for tanzanite in the U.K. has grown as product awareness increased as a result of market building efforts.

Outlook

At the end of its first full year of operations the Group is positioned for growth, with a solid foundation in place and a clear strategy forward.

The Board of TanzaniteOne is focused on building on the results achieved to date and on continuing to grow the business. In the year ahead, TanzaniteOne will look to exploit the opportunities available at the mine to increase production. The drilling results announced on 7 February 2006 support a favourable production outlook, which, coupled with the additional exploration work being carried out on the Company's prospecting areas and the continued strengthening of relationships with small scale miners, should see a continued increase in the levels of tanzanite produced. These will be supported through the innovative marketing strategies developed by the Tanzanite Foundation, which aims to position tanzanite as "The Birthstone", thereby encouraging sustainable increases in demand.

Appointment of Ian Harebottle as Chief Executive Officer

Mike Nunn, the founder and Chief Executive Officer ("CEO") of TanzaniteOne, today announced his succession by Ian Harebottle, the former Chief Operating Officer ("COO"). Ian will assume full responsibility as of 1 May 2006. Ian joined TanzaniteOne in 2001 and has been instrumental in progressing the development of the Merelani mine to its current levels of production and efficiency. Ian's appointment receives the full support of the board and the staff. Mike Nunn will remain a consultant to the business.

Commenting on the results and on Ian's appointment, Mike Nunn, outgoing CEO of TanzaniteOne said: "TanzaniteOne is now firmly on track for continued growth and solid performance. Its development path is set, as confirmed by this first set of full year results since our admission to AIM, which is a credit to the management team that has evolved within the business. Ian is skilled and motivated to build the business and take it to a new level. I am confident he will take up the challenge and succeed beyond expectations."

Incoming CEO Ian Harebottle added:

"On behalf of the staff and the board of TanzaniteOne, I would like to express our gratitude to Mike for his unwavering dedication and commitment to TanzaniteOne since its formation. We have a unique product, with possibly more tanzanite than we first thought. Our 'Be Born To Tanzanite' marketing strategy is developing nicely and prices are steadily increasing – a nice platform from which to growth the business."

Basis of preparation

The accounting policies adopted for the purposes of these results comply with International Financial Reporting Standards, as well as with applicable legislation. The accounting policies are consistent with the accounting policies as applied in the previous year, except for the adoption of IAS21 (Revised) that resulted in a restatement of the 2004 results.

The condensed consolidated accounts include the reviewed accounts of TanzaniteOne Limited and each of its subsidiaries and has been prepared using accounting policies consistent with those to be adopted for preparing the audited Annual Financial Statements. They are stated in US Dollars which is the reporting currency of the Group.

The condensed consolidated accounts of TanzaniteOne Limited and its subsidiary companies as set out below have been reviewed by KPMG Inc. Their unmodified review opinion is available at the Company's registered office.

Tanzanite One Limited
Condensed Consolidated Income Statement
Year ended 31 December 2005

	Reviewed For the year ended 31 Dec 05	Audited 7 months ended 31 Dec 04
Revenue	41,090	16,168
Cost of sales	(16,206)	(7,273)
Gross profit	24,884	8,895
Administration and other operating costs	(8,553)	(4,803)
Royalties	(1,435)	(442)
Depreciation and amortisation	(1,456)	(986)
Foreign exchange (loss)/profit	(557)	1,857
Net financing income	39	116
Profit before tax	12,922	4,637
Income tax expense	(3,077)	(220)
Profit after tax	9,845	4,417
Minority interest	(73)	(6)
Net profit	9,772	4,411
EPS (basic – US cents)	13.89	8.59
EPS (diluted – US cents)	13.00	8.34

Tanzanite One Limited
Condensed Consolidated Cash Flow Statement
Year ended 31 December 2005

	Reviewed For the year ended 31 Dec 05	Audited 7 months ended 31 Dec 04
Cash flows from operating activities		
Cash generated by/(utilised in) operations	5,638	(1,553)

Net financing income	39	116
Taxation paid	(2,062)	(146)
Dividends paid	(1,531)	-
Net cash from operating activities	2,084	(1,583)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-	4,634
Acquisitions of property, plant and equipment	(2,578)	(3,119)
Proceeds on disposal of property, plant and equipment	1,841	7
Net cash from investing activities	(737)	1,522
Cash flows from financing activities		
Net proceeds from issue of share capital	1,198	12,296
Share based payments	513	-
Repayment of loans from Afgem Limited	-	(5,368)
Decrease/(repayment) of long-term loans	162	(164)
(Repayment)/increase in interest-bearing borrowings – current	(352)	458
Repayment of interest bearing borrowings – non-current	(1,479)	(252)
Net cash from financing activities	42	6,970
Net increase for the year/period	1,389	6,909
At beginning of the year/period	6,909	-
At end of the year/period	8,298	6,909

Tanzanite One Limited
Condensed Consolidated Balance Sheet
At 31 December 2005

	Reviewed 31 Dec 05	Audited 31 Dec 0
Non-current assets		
Property, plant and equipment	18,912	20,288
Intangible assets	1,824	2,000
Non-current inventory	205	-
Long-term loans	2	164
Deferred tax	577	274
Total non-current assets	21,520	22,726
Current assets		
Inventory	14,260	12,621
Income tax receivable	111	663
Trade and other receivables	10,861	4,384
Cash and cash equivalents	8,298	6,909
Total current assets	33,530	24,577
Total assets	55,050	47,303
Non-current liabilities		
Interest-bearing borrowings	670	2,149
Provisions	82	82
Deferred tax	2,507	2,158
Total non-current liabilities	3,259	4,389
Current liabilities		
Interest-bearing borrowings	107	459
Income tax payable	-	273
Trade and other payables	2,213	1,877
Total current liabilities	2,320	2,609
Total liabilities	5,579	6,998

Net assets	49,471	40,305
Equity		
Shareholders' equity	49,289	40,107
Minority interest	182	198
Total equity	49,471	40,305
Number of shares in issue	71,6 million	70,1 million
Net asset value per share	69.11 cents	57.46 cents

Tanzanite One Limited
Condensed Consolidated Statement of Changes in Equity
Year ended 31 December 2005

	Common share capital	A class share capital	Total share capital	Share premium	Retained earnings	Share options	Foreign currency translation reserve	Total	Minority interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 31 December 2004	21	1	22	35,674	4,411	-	-	40,107	198	40,305
Share based payments - prior year adjustment	-	-	-	-	(139)	139	-	-	-	-
Reclassification of mineral right	-	-	-	-	(5)	-	-	(5)	-	(5)
Restatement due to adoption of IAS 21 (Revised)	-	-	-	-	(1,357)	-	1,357	-	-	-
Issue of common share capital	-	-	-*	911	-	-	-	911	-	911

Issue of A class share capita	-	-	-*	287	-	-	-	287	-	287
Profit for the year	-	-	-	-	9,772	-	-	9,772	73	9,845
Share based payments	-	-	-*	10 -	-	365	-	375	-	375
Foreign currency translation reserve	-	-	-	-	-	-	(716)	(716)	-	(716)
Dividends paid	-	-	-	-	-	-	-	-	(81)	(81)
Balance at 31 December 2005	21	1	22	36,882	11,240	504	641	49,289	182	49,471

* Amount less than US\$ 1,000

Tanzanite One Limited

Incorporated in Bermuda

Exempt company number EC33385

Board of Directors	
Michael Adams	Non-executive Chairman
Ami Mpungwe	Non-executive Deputy Chairman
Michael Nunn	Chief Executive Officer
Ian Harebottle	Chief Operating Officer
Mark Summers	Chief Finance Officer
Edward Nealon	Non-executive director
Georg von Opel	Non-executive director (resigned 7 December 2005)
Nicholas Sibley	Non-executive director
Gustav Stenbolt	Alternate to Georg von Opel (appointed 7 December 2005)

Philipp LiebundGut	Alternate to Gustav Stenbolt (appointed 7 December 2005)
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Audit/Risk Committee

Nicholas Sibley (Chairman)

Michael Adams

Gustav Stenbolt

Remuneration/Succession Planning Committee

Michael Adams (Chairman)

Ami Mpungwe

Edward Nealon

Mining and Geology Committee

Edward Nealon (Chairman)

Ian Harebottle

Nominations Committee

The Nominations Committee comprises the Full Board

Company Secretary

Willi Boehm

Management

Mike Nunn Chief Executive Officer

Ian Harebottle Chief Operating Officer

Mark Summers Chief Financial Officer

Zane Swanepoel TanzaniteOne Mining, General Manager

Adrian Banks TanzaniteOne Trading, Managing Director

Candice Nunn TanzaniteOne Marketing, Managing Director

Jason Krause The Tanzanite Company, Managing Director

Issued Capital

At 31 December 2005, the Company had in issue:

71,588,397 fully paid common shares

4,013,985 unlisted Tanzanite One SA A class share options

Nominated Advisor (AIM)

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