

TANZANITE ONE LIMITED (“TanzaniteOne” or the “Company”)

(Incorporated and registered in Bermuda with registered number EC33385)

Interim results for the six months ended 30 June 2004

HIGHLIGHTS

Corporate

- 100% acquisition of tanzanite business completed on 21 May 2004
- Admission to AIM on 20 August 2004, after raising £4.2 million (US\$7.6 million) net of expenses

Financial

- Net income after tax of US\$645 000 generated by the tanzanite operations for the period 21 May 2004 to 30 June 2004
- Cash balances as at 30 June 2004 of US\$5.5 million

Introduction

TanzaniteOne is a vertically integrated, focussed tanzanite business with operations in Tanzania, South Africa and Mauritius.

TanzaniteOne received its quotation on the Alternative Investment Market of the London Stock Exchange (“AIM”) on 20 August 2004 after a placing to raise £4.2 million, net of expenses. The results for the period ended 30 June 2004 do not reflect the associated fund raising.

TanzaniteOne’s assets were acquired from African Gem Resources Limited (“Afgem”) with effect from 21 May 2004 and the results presented herein for the period ended 30 June 2004 represent the results for the tanzanite operations only for the period between the date of acquisition and 30 June 2004.

As at 30 June 2004 TanzaniteOne had 120 000 000 common shares in issue and upon admission to AIM 69 987 933 common shares in issue. In addition to the figures as at 30 June 2004, pro forma earnings and net asset value per share figures are provided on the current number of common shares in issue. A reconciliation of the issued share capital as at 30 June 2004 and the share capital upon admission to AIM is also presented below (Note 1). These results do not in the opinion of the Directors provide any meaningful new information on the Company and are published solely to comply with the appropriate regulations. No comparatives are disclosed, as TanzaniteOne did not trade before this period.

The financial results for the period ended 31 December 2004 will be released in due course after the period end.

The proceeds raised by the placing will be applied to the further development and expansion of TanzaniteOne's existing mining operations, the expansion of the Company's trading operation and marketing. Exploration work will also be conducted on the Company's various prospecting license areas adjacent to its existing tanzanite mine in Tanzania.

Results

As at 30 June 2004, TanzaniteOne had cash and cash equivalents of US\$5.5 million. This does not reflect the funds raised.

The South African Rand strengthened against the US Dollar during the period and a net foreign exchange gain of US\$105 000 was recorded on the translation of TanzaniteOne's South African subsidiaries from South African Rand to US Dollars.

The consolidated results for the period reflect net income after taxation of US\$645 000 generated by the tanzanite operations for the period 21 May 2004 to 30 June 2004.

Outlook

TanzaniteOne is expected to achieve its targets for the calendar year 2004 and with the funds raised at flotation will develop and expand all aspects of its operations.

Basis of preparation

The accounting policies adopted for the purposes of these interim results comply, in all material respects, with International Financial Reporting Statements, as well as with applicable legislation.

The financial information set out below is based on the consolidated financial statements of TanzaniteOne and its subsidiary companies.

Balance sheet

As at
30 June 2004
US\$'000

Non-current assets	20,711
Property, plant and equipment	19,941
Long-term loans	92
Deferred tax asset	678
Current assets	18,319
Inventory	7,953
Accounts receivable	2,896
Short-term loans	1,573
Taxation refundable	333
Cash and cash equivalents	5,564
Total assets	<u>39,030</u>
Equity and liabilities	
Shareholders' interest	29,609
Outside shareholders' interest	216
Non-current liabilities	3,375
Long-term liabilities	2,131
Long-term loans	100
Deferred tax liabilities	1,144
Current liabilities	5,830
Accounts payable	1,082
Short-term portion of long-term liabilities	312
Short-term loans	4,436
Total equity and liabilities	<u>39,030</u>
Number of common shares in issue at 30 June 2004 (thousands)	120,000
Net asset value per share (US cents)	24.85
Common shares in issue at 20 August 2004 (thousands)	69,988
Pro forma net asset value per share (US cents)	42.61

Income statement for the period ended

	30 June 2004
	US\$'000
Revenue	2,517
Cost of sales	<u>(1,042)</u>
Gross profit	1,475
Net foreign exchange gain	105
Operating expenses	<u>(721)</u>
Operating income	859
Finance cost	<u>(42)</u>
Net income before taxation	817
Taxation	<u>(172)</u>
Net income after taxation	<u><u>645</u></u>

Common shares in issue at 30 June 2004 (thousands)	120,000
Earnings per share (US cents)	0.54

Common shares in issue at 20 August 2004 (thousands)	69,988
Pro forma earnings per share (US cents)	0.92

Statement of changes in equity

	Share capital	Share premium	Retained income	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Ordinary shares issued	12	-	-	12
Net profit for the period	-	-	645	645
Ordinary shares issued	5	28,947	-	28,952
Closing balance 30 June 2004	<u>17</u>	<u>28,947</u>	<u>645</u>	<u><u>29,609</u></u>

Cash flow statement

	30 June 2004
	US\$'000
<i>Cash flows from operating activities</i>	
Cash utilised in operations	(1,820)
Interest paid	(42)
Taxation paid	<u>(36)</u>
Net cash outflow from operating activities	<u><u>(1,898)</u></u>