

Interim Results for the Half Year Ended 30 June 2006

HIGHLIGHTS

- Net loss of US\$153,198, after \$2.8 million provision following the decision to withdraw from the wholesale jewellery business
- Improvement in mining capabilities has increased grade, 75 carats per tonne up from 47 carats per tonne in the comparable period
- Ongoing exploration efforts continue to deliver encouraging results
- Cash profit US\$2.65 million
- US\$16.3 million revenue, down due to lower proportion of gem quality tanzanite recovered
- Interim dividend of US 2 cents per share
- Decision to focus on mining and cease wholesale jewellery manufacture.

Key statistics:	Half year ended 30 June 2006	Half year ended 30 June 2005	Movement
Tonnes processed	7,605 tonnes	12,161 tonnes	(37%)
Carats recovered	570,405 cts	576,933 cts	(1%)
Carats per tonne	75 ct/ton	47 ct/ton	60%
On mine cash cost per carat	US\$2.32	US\$2.00	16%
Average price per carat (rough tanzanite)	\$9.63	\$13.00	(26%)
Revenue	US\$16.3 million	US\$22.4 million	(27%)
Gross margin	31%	66%	(53%)

Commenting on the half year results, Ian Harebottle, Tanzanite One Limited's Chief Executive said, "Whilst I cannot say that I am pleased to report the US\$153,198 net loss for the six months ended 30 June 2006; a reduction caused by the proportion of gem quality tanzanite recovered remaining at historical lows; reduced cut and polished sales, as well as a US\$2.8 million write down on account of our decision to divest the jewellery segment of our business, I am encouraged by the results achieved in our core mining business. Grades of 75 carats per tonne have been achieved over the period and our ongoing exploration projects continue to deliver encouraging results. Our management team has designed a business model focused on delivering increasingly sustainable results from our mining operations".

Tanzanite One announces a net loss for the half year to 30 June 2006 of US\$153,198 (0.25 cents per share). The net loss for the half year is after a non-cash provision of US\$2.8 million for the closure of the Company's wholesale jewellery business. Cash earnings (before depreciation, amortisation and write downs) for the period were \$2.65 million.

The Directors have declared an interim dividend of 2 US cents per share (2005: 1 US cent per share) payable on 10 November 2006 to shareholders registered on 20 October 2006. The dividend payment (US\$1.4 million) will be funded from current cash reserves.

Following a review of its principal business activities, the Board has decided to divest the Group's wholesale jewellery business to focus the Company's resources fully on the mining of and exploration for tanzanite in Tanzania for sale to the jewellery market.

The Company has had a difficult twelve months. The quality of recovered tanzanite has remained unusually low and mining operations have been restricted by un-anticipated national power cuts. These problems are being addressed. First, by development of mining techniques through a better understanding of the geology at the mine, and second, by the installation of an independent power supply. The key drivers behind group profitability are the grade and quality of tanzanite recovered. During the period, the mine recovered 570,405 carats (2005: 576,933 carats) of tanzanite from 7,605 tonnes (2005: 12,161 tonnes) of processed ore, resulting in a grade of 75 carats per tonne (2005: 47 carats per tonne), a 60% increase. The increased grade however did not translate into additional profits because of a significant drop in the proportion of gem quality tanzanite ("A" quality material) recovered during the period. Gem quality tanzanite represented 0.4% of production, down from historical levels of 1.5%, a 73% decrease. The reduced amount of "A" quality tanzanite recovered was the major reason for the lower profits recorded in the period under review.

As a result of the overall lower quality of produced material, revenue for the period under review was US\$16.3 million (2005: US\$22.4 million), down 27%. Although grades continue to remain high and production is trending towards higher quality tanzanite, the proportion of "A" quality tanzanite remains below historical levels.

On mine costs at US\$2.32 per carat were up 16% compared to the previous corresponding period and reflect the impact of local inflation and increases in fuel associated primarily with the need for an increased reliance on self generation of power. Operating expenses are expected to decline with the closure of the wholesale jewellery business in South Africa and an increased emphasis on pure mining activity.

Inventory was US\$5 million lower at US\$9.4 million (2005: US\$14.4 million) reflecting in part the impact of closure of the wholesale jewellery business.

Cash and cash equivalents at 30 June were US\$6.6 million (2005: US\$5.1 million). The Group's operations generated net cash of \$4.2 million during the period.

Interest income for the period was US\$421,736.

Finance charges of \$20,608 were incurred for the period on the draw down of US\$1 million on an existing NBC Bank facility. The bank facility was put in place to fund, among other requirements, the development of the Company's new power generation facility at the mine.

The Company is increasing its presence in Tanzania, the home of tanzanite. The increased focus on Tanzania demonstrates its commitment to the tanzanite industry and to providing opportunities to local Tanzanians.

**Tanzanite One Limited Consolidated Income Statement
for the Half Year ended 30 June 2006**

	Half year ended	Half year ended	Full year ended
	30-Jun-06	30-Jun-05	31-Dec-05
	US\$	US\$	US\$
Revenue	16,309,477	22,369,114	41,090,161
Cost of sales*	11,326,829	7,570,293	16,206,041
Gross profit	4,982,648	14,798,821	24,884,120
Operating expenses	5,791,174	5,818,969	11,999,401
Operating (loss) / profit before net financing (income) / cost	(808,526)	8,979,852	12,884,719
Net financing (income) / cost	(123,933)	1,474	(39,442)
(Loss) / profit before tax	(684,593)	8,978,378	12,924,161
Income tax (income) / expense	(531,395)	1,735,297	3,077,558
(Loss) / profit for the period / year	(153,198)	7,243,081	9,846,603
Attributable to:			
Common shareholders	(187,105)	7,201,085	9,773,102
Minority interest	33,907	41,996	73,501
(Loss) / profit for the period / year	(153,198)	7 243 081	9,846,603
Weighted average number of ordinary shares in issue	71,967,290	70,156,562	70,373,129
Earnings per share (cents)	(0.26)	10.26	13.89
Weighted average number of	76,209,311	75,066,083	74,993,225

diluted shares 0 in issue			
Earnings per share (US cents)	(0.25)	9.59	13.03

* Cost of sales includes a US\$ 2.8 million write down following the decision to withdraw from the wholesale jewellery business

Tanzanite One Limited
Consolidated Cash Flow Statement
Half year ended 30 June 2006

	6 months ended	6 months ended	12 months ended
	30-Jun-06	30-Jun-05	31-Dec-05
	US\$	US\$	US\$
<i>Cash flows from operating activities</i>			
Cash generated by / (utilised in) operations	4,183,558	(1,139,491)	6,171,747
Net financing income / (cost)	123,933	(1,474)	39,442
Taxation (paid) / credit	(1,050,523)	386,764	(1,903,541)
Net cash generated by / (utilised in) operations	3,256,968	(754,201)	4,307,648
<i>Cash flows from investing activities</i>			
Acquisition of property, plant and equipment	(2,260,681)	(871,670)	(2,671,335)
Proceeds on disposal of property, plant and equipment	3,148	1,794,479	1,809,000
Net cash from investing activities	(2,257,533)	922,809	(862,335)
<i>Cash flows from financing activities</i>			
Net proceeds from the issue of	798,099	211,323	1,208,810

share capital			
Share based payments	134,623	331,987	-
A class share capital purchased	(178)	(102)	(167)
(Decrease) / repayment of long-term loans	(28,225)	76,187	161,568
Increase in / (repayment of) interest-bearing borrowings - current	181,199	(442,121)	(351,543)
Repayment of interest-bearing borrowings - non-current	(1,785)	(2,109,960)	(1,479,650)
Dividends paid	(3,736,190)	(80,567)	(1,531,007)
Net cash from financing activities	(2,652,457)	(2,013,253)	(1,991,989)
Net increase / (decrease) for the period / year	(1,653,022)	(1,844,645)	1,453,324
Translation difference in opening cash balances	-	-	(64,103)
Opening cash balance	8,298,229	6,909,008	6,909,008
Closing cash balance	6,645,207	5,064,363	8,298,229

Tanzanite One Limited
Consolidated Balance Sheet
At 30 June 2006

	30-Jun-06	31-Dec-05	30-Jun-05
	US\$	US\$	US\$
Non-current assets	25,062,116	22,964,097	21,478,734
Property, plant and equipment	21,500,449	19,911,851	18,785,250
Intangible assets	1,768,519	1,824,074	2,000,000
Long-term loans	30,649	2,424	87,805

Deferred tax assets	1,762,499	1,225,748	605,679
Current assets	28,148,482	33,906,995	30,985,128
Inventories	9,536,438	14,469,556	14,418,036
Income tax receivable	1,130,282	278,007	-
Trade and other receivables	10,836,555	10,861,203	11,502,729
Cash and cash equivalents	6,645,207	8,298,229	5,064,363
Total assets	53,210,598	56,871,092	52,463,862
Equity and liabilities			
Issued capital	22,611	22,402	22,079
Share premium	37,815,311	36,882,975	35,885,876
Share options	532,763	503,578	331,987
Foreign currency translation reserve	137,494	647,649	259,116
Retained earnings	7,325,073	11,248,368	10,115,986
Total equity attributable to common shareholders	45,833,252	49,304,972	46,615,044
Minority interest	216,000	182,092	159,288
Non-current liabilities	4,772,926	4,895,265	2,896,731
Interest-bearing borrowings	851,038	669,839	39,530
Provisions	81,850	81,850	81,850
Deferred tax liabilities	3,840,038	4,143,576	2,775,351
Current liabilities	2,388,420	2,488,763	2,792,799
Interest-bearing borrowings	105,261	107,046	16,468
Income tax payable	326,547	167,450	1,582,944
Trade and other payables	1,956,612	2,214,267	1,193,387

Total equity and liabilities	53,210,598	56,871,092	52,463,862
Number of shares in issue	72,712,653	71,588,397	70,373,811
Net asset value per share (US cents)	63.33	69.13	66.47

Mining

Due to the pocket nature of tanzanite mineralisation, mine development is currently being measured in developed metres as opposed to tonnes mined. Refined mining methods have allowed for an improved planning process, where tanzanite bearing boudins are exposed more efficiently than in the past and higher yields are being achieved without a significant increase in the workforce. Investigative work is now under way to better understand the geology so that mining efforts may be concentrated more productively. With costs contained, and significant excess capacity in the plant, these efforts may see a reduction in the current grade (derived as a result of the current "high grading" mining methods employed), but should see an overall increase in production and smoothing out of monthly production figures.

Tanzania produces some 60% of its electricity through hydroelectric power generation. The devastating drought that hit the region in the early part of the year motivated the government to initiate a power shedding programme, with power supply cut by as much as 50% in most parts of the country resulting in continuous interruptions. While every effort was made by the mining team to mitigate the effects of the power rationalisation, development targets were impacted by up to 25%. After careful investigation, and extensive talks with senior management in Tanesco (the national power utility) and the Ministry of Energy and Minerals, a decision was taken to install a back up facility. Currently, the mine requires 800 kilowatt to operate. The new plant can provide up to two megawatt, or enough power to cover the mine's total needs.

No. 2 Shaft has been converted into a training centre aimed at ensuring workforce competence and improving mining efficiencies. The programme affords opportunities to employees to develop their career paths, whilst providing for the mine's succession needs. Though limited, mining activity here supports an improved understanding of the geology of the 'upper horizon' which remains outside current resource estimates.

A Safety Management programme introduced during the period has reduced significantly the incidence of accidents. The benefits of the safety and training drive have translated into sustainable improvements in operational efficiencies and a reduction in down time.

Exploration

Exploration has focused mainly on long-hole core drilling and geophysics of the Company's existing licence area (SML 8/92) so as to determine the extent of mineralisation at greater depths and thus any increase in the potential resource of the mine. Favourable results from the first two drill holes, LHD 15 and 16, warranted the drilling of an additional two holes, LHD 17 and 18. The graphitic host rock or JW-zone was intersected in all four drill holes.

These results predict the average extrapolated down-dip extent of the ore-zone may be significantly extended from its previously known depth of c. 400m beyond even the 800m announced in February this year.

The mineralised zones intersected in LHD 16 and 17 are exceptionally thick (10.2 and 10.7 metres, respectively) and contain significant tanzanite-associated mineralisation. Approximately 100 core samples are currently undergoing geochemical analysis with the results expected in Q4, 2006.

Preparation for further exploration activities has also included grid clearing the Company's nearby prospecting licences for geophysics and shallow depth surface drilling.

Outside buying

Trading levels for the Company's trading arm, TanzaniteOne Trading were lower during the period in line with the limited quantities of high grade tanzanite that were coming on to the market. The subsidiary's growing reputation for offering consistent prices to traders supported trading levels during the period.

Rough tanzanite sales

Rough tanzanite sales, conducted through two sales held, amounted to US\$12.1 million. Collaborative marketing relationships established with the five external beneficiation partners ensure sustained interest from the jewellery manufacturing industry and the buying public, as well as a steady growth in valuation and price.

Sustainability report

TanzaniteOne continues to support the Tanzanite Foundation, the industry representative, non-profit organisation charged with the global promotion of the tanzanite market.

The year started off with the launch of the 'BE BORN TO TANZANITE' marketing campaign which promotes tanzanite as the appropriate gift given on the birth of a child. A representative office has been opened in New York's gemstone district to carry out promotional work in mainland America and the Caribbean, extending the reach of its European and African operations.

Marketing activities included educating gemmological laboratories about the merits of signing a licensing agreement to grade and certify tanzanite according to the Tanzanite Foundation's system. Formalisation of the industry builds confidence among manufacturing members, the jewellery trade and consumers in creating a stable, sustainable environment and achieving consistency in pricing.

Outlook

The Board is focused on developing the mine optimally, adding to its prospecting area, and growing new markets. Occasionally, opportunities arise to acquire additional prospecting licences, which management has been pursuing. With demand for prime stones frequently outstripping supply, market development and the appointment of additional beneficiation partners presupposes a reciprocal rise in output. With an expanding market, the objective therefore remains to increase production.

Tanzanite One Limited

Incorporated in Bermuda

Exempt company number EC33385

Board of Directors

Michael Adams	Non-executive Chairman
Ami Mpungwe	Non-executive Deputy Chairman
Mike Nunn	Chief Executive Officer (resigned 1 May 2006)
Ian Harebottle	Chief Executive Officer
Mark Summers	Chief Financial Officer
Edward Nealon	Non-executive director
Nicholas Sibley	Non-executive director
Gustav Stenbolt	Non-executive director
Philipp LiebundGut	Alternate director to Gustav Stenbolt

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

Ian Harebottle	Chief Executive Officer
Mark Summers	Chief Financial Officer
Zane Swanepoel	TanzaniteOne Mining, General Manager
Adrian Banks	TanzaniteOne Trading, Managing Director
Candice Nunn	TanzaniteOne Marketing, Managing Director

Nominated Advisor & Broker (AIM)

Evolution Securities Ltd

100 Wood Street
London EC2V 7AN
Telephone: +44 (0)20 7071 4330
Facsimile: +44 (0)20 7071 4451

Joint Broker (AIM)

Ambrian Partners Limited
Hillgate House
26 Old Bailey
London EC4M 7HW
Telephone: +44 (0)20 7776 6400
Facsimile: +44 (0)20 7776 6420

For more information please contact:

Tanzanite One Limited

Willi Boehm
+61 40 996 9955

Conduit PR

Leesa Peters/ Angus Prentice
+44 (0) 20 7429 6600/ 0781 215 9885

Tanzanite One Limited

Ian Harebottle
+255 744 600 991

Tanzanite One (SA) Limited

Mark Summers CFO
+27 83 253 5539

www.tanzaniteone.com