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## **TanzaniteOne Limited Commences Strategy to Expand into other Premium Coloured Gemstones with the Acquisition of a Tsavorite Project**

TanzaniteOne Limited ("TanzaniteOne" or the "Company") is pleased to announce the commencement of a strategy to leverage its position as a leading premium coloured gemstone producer, following the acquisition of the Lemshuku-Shamberai Tsavorite Project (the "Tsavorite Project", the "Acquisition").

Commenting on the acquisition, Ian Harebottle, CEO of TanzaniteOne said: *"TanzaniteOne is increasingly recognised as the leading producer of tanzanite and a significant participant in the premium coloured gemstone market. As we look to grow and widen the Company's position as a producer of premium coloured gems, it is only natural that we apply our experience, knowledge and relationships to other gems which are complementary to tanzanite."*

*We are excited about tsavorite because it shares similar mineralogy, geology, locality, route-to-market and market positioning as tanzanite. In particular, I am confident that the proximity of the project to our tanzanite operations will allow us to effectively leverage off our existing infrastructure. This should allow for rapid project development and economies on the mining, processing and trading fronts."*

TanzaniteOne has, through its 75% owned Tanzanian subsidiary, TsavoriteOne Mining Limited ("TsavoriteOne") entered into an asset sale and purchase agreement with each of Kirkwood Resources (Tanzania) Limited and Green Hill Mining Company Limited ("Green Hill") to acquire an unencumbered 100% share in certain assets constituting the Lemshuku-Shamberai Tsavorite Project. The remaining 25% interest in TsavoriteOne is owned by Tanzanian nationals.

### **The Tsavorite Project:**

- Comprises 12 prospecting licenses covering 100 square kilometres.
- Could potentially represent the largest known single-source of tsavorite.
- Is located approximately 20 kilometres to the southwest of TanzaniteOne's existing tanzanite operations.
- Tsavorite enjoys a current quality-for-quality market-price per carat of approximately two to four times that of tanzanite.

The total consideration for the Tsavorite Project is £5,952,700 million, comprising 7,450,000 fully paid common shares in TanzaniteOne and \$350,000 cash.

### **Diversification Strategy**

TanzaniteOne is unique, as the largest and most scientifically advanced miner and supplier of rough tanzanite, and by association, a leader in coloured gemstone mining. The board of TanzaniteOne believes that this foundation provides the opportunity to expand its business model into other premium coloured gems and thereby create additional shareholder value and earnings diversification. Tsavorite (a green grossular garnet) offers a complementary fit with tanzanite and is a logical first step to initiating a strategy of growth and diversification. The impact of this strategy will provide TanzaniteOne with new growth avenues beyond its established position as the world's leading single producer of tanzanite.

### The Tsavorite Project

The Tsavorite Project comprises a portfolio of exploration properties located approximately 20 kilometres to the southwest of TanzaniteOne's existing mining operations.

The Tsavorite Project covers over 100 square-kilometres, made up of 12 prospecting licenses and potentially represents the world's largest single-source of tsavorite.

Independent geological assessment of the Tsavorite Project suggests an inferred resource of between 7.6 and 10.4 million bank cubic metres, approximately 18.24 to 24.96 million tonnes, of potentially open pit mineable tsavorite bearing gravels (both alluvial and eluvial). It should, however, be noted that this resource estimation is not yet JORC compliant and is derived from internal work carried out by an independent geologist. Mr Ross McMaster, the independent geologist supervising the project, is a member of the Australasian Institute of Mining and Metallurgy and work is currently continuing on the project in order to upgrade the resource to a JORC compliant Indicated Resource status.

The inferred resource is detailed in the table below (assuming the acquisition of all the Prospecting Licences).

**Table 1: Tsavorite Project, Internal Inferred Resource**

Deposit Type	Resource Type	Bank Cubic Metres (million)	Estimated Tonnes (million)
Eluvial	<i>Inferred</i>	1.6–2.5	3.84–6
Recent Alluvial	<i>Inferred</i>	1.8–2.4	4.32–5.76
Pleo Alluvial	<i>Inferred</i>	4.2–5.5	10.08–13.2
Total	<i>Inferred</i>	7.6–10.4	18.24–24.96

*Note that this inferred resource is an estimate only and has not been compiled in compliance with a recognised standard. The grade for tsavorite in carats per tonne is yet to be determined.*

### Resource Evaluation Program

TsavoriteOne's exploration focus will be on completing a bulk-sampling programme and is due to commence before the end of 2007. The work will focus on upgrading the alluvial resource category from 'inferred' to 'indicated' and will be compliant with the JORC-code standard. Funding will be covered out of available cash from the Company and it is anticipated that the resource evaluation will be completed by the end of the first quarter of 2009, with the results being made available thereafter. Processing of the bulk samples will take place at TanzaniteOne's Merelani processing plant which has spare capacity available.

Results of the bulk sampling will determine the scale and style of commercial production.

### Transaction details

The Project is being acquired from Green Hill and Kirkwood for an aggregate consideration of 7,450,000 fully paid common shares in the capital of TanzaniteOne and \$350,000 cash, to be paid on completion. The value of the shares equates to £5,811,000 at a share price of £0.78 and represents 9.18% of the enlarged share capital of TanzaniteOne. The cash element will be financed from the Company's cash reserves and is payable either on termination of the Acquisition or on the completion date.

If prior to completion, any prospecting licence is allowed to lapse, expire or cannot be transferred to TsaveOne, then TsaveOne can elect to either terminate the Agreements with Green Hill and Kirkwood; or negotiate in good faith with Green Hill a reduction in the number of shares to be transferred to Green Hill as part of the consideration.

The shares are subject to an orderly market agreement for a period of twelve months from date of completion.

For the purposes of the AIM rules, in view of the beneficial interests in Kirkwood held by TanzaniteOne Directors Michael Adams, Edward Nealon and Nicholas Sibley, the transaction is deemed to be a related party transaction pursuant to Rule 13 of the AIM Rules. Accordingly, the decision to acquire the Tsave Project has therefore been made and its terms approved by the independent directors of the Board comprising Ian Harebottle, Ami Mpungwe and Mark Summers (the "Independent Directors"). The Independent Directors consider, having consulted with the Company's Nominated Advisor (NOMAD), Evolution Securities Limited, that the terms of the transaction are fair and reasonable insofar as TanzaniteOne's shareholders are concerned.

#### **Assets acquired and Conditions Precedent**

The assets to be acquired comprise the prospecting licenses, related intellectual property, tangible assets and completed exploration data over the prospecting licence area.

Completion of the agreements is conditional upon the receipt by TsaveOne of consent in writing in terms satisfactory to TsaveOne from the Commissioner for Minerals in Tanzania consenting to the transfer of all the prospecting licenses (whether granted or as applications) and second, the execution of the agreement with Kirkwood.

#### **Tsave**

Tsave is the brilliant green gemstone variety of grossular garnet ( $\text{Ca}_3\text{Al}_2(\text{SiO}_4)_3$ ), first discovered in 1967 in Lemshuku in northeast Tanzania. In 1974 the new gem was named "Tsave," after the famous nearby "Tsavo National Park" in Kenya, by Tiffany & Co, who introduced the gemstone to the world market. Tsave has a vivid-green colour, is bright and lively with a high refractive index, durability and clarity. Tsave has a hardness approaching 7.5 on the Mohs Scale and no cleavage plane, which makes it suitable for almost any jewellery application and durable enough for everyday wear. Tsave enjoys a current quality-for-quality price per carat of between two to four times that of tanzanite.

Analysis of available historic data would indicate that a sustainable increase in reliable supply should impact positively on pricing, providing the confidence needed by the mid to high-end luxury brands to include tsave into their product range in a meaningful way.

#### **Qualified Persons**

*The technical information has been reviewed and verified by Dr. Bernard Olivier, who has sufficient relevant experience to the style of mineralisation and type of deposit under consideration. Dr Olivier is a Member of the Australasian Institute of Mining and Metallurgy and meets the criteria of a qualified person under the AIM guidance note for mining, oil and gas companies.*

For further information please visit [tanzaniteone.com](http://tanzaniteone.com) or contact:

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