

15 September 2008

**UNSOLICITED CONDITIONAL TAKEOVER PROPOSAL
IN RESPECT OF TANZANITEONE**

On 12 September 2008 Gemfields Resources plc (Gemfields) announced that, subject to a variety of conditions, it may make a takeover offer (Proposed Offer) to acquire all of the shares in TanzaniteOne Limited (TanzaniteOne). The Board of TanzaniteOne (the Board) has issued an announcement in response and urged shareholders to take no action until the Board had further analysed the Proposed Offer.

The Board intends to seek further information in respect of the Proposed Offer including in respect of Gemfield's operations and activities. However in the interests of providing shareholders with some further direction and feedback the Board makes the following observations in respect of the Proposed Offer.

Uncertainty of the Proposed Offer

The details, conditions and timing of the Proposed Offer remain uncertain.

Gemfields has announced that the Proposed Offer will be subject to a number of conditions including the placing of new Gemfields shares to provide the financing for the Proposed Offer and possibly the approval of Gemfields shareholders. Accordingly it is not possible to advise when shareholders might receive an offer which is capable of acceptance by a Tanzanite One shareholder (if at all).

In its announcement Gemfields indicates that Gemfields and Pallinghurst Resources (Guernsey) Limited (a related party of Gemfields) together own approximately 32.6% of TanzaniteOne. However, 19% of that 32.6% relates to a conditional irrevocable undertaking that Gemfields has entered into with a TanzaniteOne shareholder. As such this 19% interest in TanzaniteOne is not owned by Gemfields and may never be acquired by Gemfields.

The Board has not been informed of the conditions attaching to this undertaking and intends to seek disclosure of the full details of the terms and conditions of the undertaking.

The Board is also concerned that Gemfields has provided no certainty that any offer will actually ever be made. Gemfields states in their announcement.

"This announcement does not amount to a firm intention to make an offer. The proposal is at an early stage and there can be no certainty that any offer will ultimately be made, even if the above pre-conditions are waived."

Opportunistic timing and value of the Proposed Offer

The Board considers the Proposed Offer to be opportunistically timed and to significantly undervalue TanzaniteOne's relative contribution to any merged entity.

The Proposed Offer of 45 pence per TanzaniteOne common share is at a premium to the prevailing market price before Gemfields began to acquire TanzaniteOne common shares. However, this Proposed Offer is at a 19% discount to the average mid-close share price of TanzaniteOne over the 12 months up to and including 29 August, being the last dealing day before Gemfields' recent acquisition of TanzaniteOne shares. The Board is also concerned that the current thin trading volumes in Gemfields' shares may make it difficult to assess the true value of a Gemfields share. Accordingly, a further concern is whether it is possible to adequately assess the value of the Proposed Offer to the extent it involves Gemfields shares.

Value of Proposed Offer and Synergies

In the absence of further information the Board is concerned that Gemfields is not an appropriate merger partner for TanzaniteOne. TanzaniteOne's position as a profitable company makes it a highly attractive company in the current climate. TanzaniteOne is currently generating revenue and implementing a growth strategy which includes the diversification into other gemstones. The acquisition of the Tsavorite project as announced to the market in October 2007 has progressed significantly and will now see TanzaniteOne accelerate its development in the gemstone industry. TanzaniteOne has a robust financial position and the necessary means to implement its growth strategy, as evidenced by its net cash of \$12 million as at 31.12.07 and 2007 free cashflow generation of \$6 million.

In addition, the company notes that Gemfields and TanzaniteOne appear to have different strategic objectives. TanzaniteOne intends to remain focused on the extraction and mining aspects of the production process without a significant involvement in cutting and distribution. Trading update.

For the six months ended 30 June 2008, TanzaniteOne has made a net profit of \$3.5M. This represents a 17% increase compared to the previous corresponding period. TanzaniteOne also intends to pay to its shareholders an interim dividend the amount of which will be determined very shortly. Full details of TanzaniteOne's interim results for the six months to 30 June 2008 will be released on 22nd September 2008. Key performance indicators for the half year ended 30 June 2008 are provided below and have been reviewed by the company's auditor.

TanzaniteOne Limited
Six months ended 30 June 2008
Key statistics

	1H 2008	1H 2007	Movement
Revenue	\$20.9m	\$21.3m	(1.9%)
Gross margin	49%	49%	0%
Net profit/(loss)	\$3.5 million	\$3.0 million	+17%

Regulatory Matters

As set out in Gemfields' announcement the City Code on Takeovers and Mergers does not apply to the Proposed Offer. As TanzaniteOne is a Bermudian company listed on AIM, there is no legislative framework pursuant to which the Proposed Offer may proceed and no regulator with designated responsibility in relation to the Proposed Offer. In these circumstances, the Board appreciates that there is an additional burden on it to assist shareholders in assessing and responding to the Proposed Offer.

TsavoriteOne Transaction

The Board would also like to advise shareholders that the conditions of the transaction announced in October 2007 with TsavoriteOne have been met and the company intends on issuing to the vendor share consideration of 7.45 million shares in TanzaniteOne.

Recommendation

The Board continues to advise shareholders to TAKE NO ACTION in relation to the Proposed Offer until the Board has had an opportunity to obtain further information from Gemfields and to fully analyse the Proposed Offer at which time it will provide further advice to shareholders.

The Board will keep shareholders informed of developments.

For further enquires, please contact:

TanzaniteOne
Willi Boehm, Company Secretary
+61893675211
Nick Bias, Investor Relations
+44 (0)7887 920 530

Lazard & Co.
Spiro Youakim, Peter Warner & Chris Seherr-Thos
+44 (0)20 7187 2000

Evolution Securities
Simon Edwards/Neil Elliot
+44 (0)20 7071 4300

Ambrian Partners
Richard Chase
+44 (0)20 7776