

25th October 2008

TANZANITEONE ISSUE OF B SHARES TO TANZANITEONE MINING

TanzaniteOne Limited ("TanzaniteOne" or "the Company") (AIM: TNZ) announces that it has issued 83,739,976 nil paid issued and unlisted B shares to TanzaniteOne Mining, a wholly owned subsidiary of TanzaniteOne SA (Limited) which, in turn, is a wholly owned subsidiary of TanzaniteOne. The B shares represent approximately 50.2% of the enlarged issued share capital and are entitled to one vote per share. The B shares will convert into deferred shares within 6 months from the date of issue.

Gemfields Resources plc (AIM: GEM) announced on 21 October 2008 an unsolicited Tender Offer for the purchase of up to 30,754,970 TanzaniteOne shares at 42.75p per share. If the Tender Offer is accepted in full, Gemfields will, together with shares held by Gemfields and its associates, be interested in shares representing approximately 57% of the issued common share capital of the Company and 27% of the enlarged share capital (52% of the common share capital of the Company and 26% of the enlarged issued share capital following the issue of shares in connection with the acquisition of Tsavorite, which was announced on 22 October 2007).

The Tender Offer was launched without consultation with the Company, is on a "first-come, first-served" basis and has not been extended to all shareholders. No commitments or undertakings have been offered in relation to the ongoing governance of the Company. In these circumstances, the Board feels it appropriate to issue the B shares in the placing referred to above.

The Board intends to introduce appropriate takeover protections into its Bye-laws as soon as practicable, subject to shareholder approval in the normal course.

The Board will continue to consider on its merits any proposal from Gemfields or a third party that treats all shareholders equally.

The issue of the B Shares is deemed to be a related party transaction pursuant to Rule 13 of the AIM Rules. Accordingly, the directors of TanzaniteOne Limited, having consulted with the Company's Nominated Advisor, Evolution Securities Limited, have concluded that the terms of the transaction are fair and reasonable insofar as TanzaniteOne's shareholders are concerned.

Details of the issued B shares are attached in the Appendix to this announcement.

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Appendix

TanzaniteOne B Shares

The B Shares will be issued on the following terms:

- (a) Each B Share will have par value of US\$0.0003 and shall be issued nil paid.
- (b) The provisions of Bye-laws 4 (relating to Calls on Shares) and 6 (relating to Forfeiture of Shares) of the Company shall not apply to the B Shares.
- (c) The holders of B Shares shall:
 - (i) be entitled to one vote per share; and
 - (ii) not be entitled to any dividends or coupons or other distributions made by the Company.
- (d) The B shares shall only be transferable on arms length commercial terms and with the prior approval of the board of directors of the Company.
- (e) The B Shares shall be converted into Common Shares (with the same rights enjoyed by the holders of Common Shares at that time) automatically in the event that they are transferred to a third party, whereupon the Company shall apply for such Common Shares to be admitted to AIM (if at such time the Company's Common Shares are quoted on AIM).
- (f) Upon the occurrence of an Event, the B Shares shall forthwith convert automatically into a new class of deferred, worthless shares with no rights whatsoever (including, without limitation, no voting rights, no economic rights or rights on a winding up or liquidation (solvent or insolvent)) and at such time as the Company is both permitted and is lawfully able to do so such shares may at the option of the Company be redeemed, purchased and/or cancelled for no consideration. An "Event" means the earliest of:
 - (i) 6 months following the date of issue of the B Shares; or
 - (ii) a third party acquiring 100% of the common shares of the Company; or
 - (iii) the Bye-laws of the Company having been amended to include terms and conditions offering protection to shareholders in the event of a takeover offer or analogous transaction in such form as the board of directors may determine.
- (g) Save as set out above, in all other respects the B Shares shall rank pari passu with the Common Shares notwithstanding anything to the contrary contained in the Bye-laws.