

21st September 2009

TANZANITE ONE INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2009

Tanzanite One Limited ("TanzaniteOne" or the "Company") (AIM:TNZ) today announces its Interim results for the Half Year ended 30 June 2009.

Highlights

Financial

- Net loss for the period of \$0.58 million
- Cash and cash equivalents of \$5 million
- Gross margin of 40% achieved on \$4.9 million revenue
 - Enhanced margins achieved through prudent cost management
- \$5.3 million raised through private placement
- \$440,000 in revenue from "The Tanzanite Experience" retail outlet
- \$5.2 million in inventory
- 48 carats per tonne average grade

Operational

- Mine operations undergoing significant enhancement and optimization
- 867,381 carats of tanzanite recovered during the period
- 18,087 tonnes mineralised material processed
- Opening of the new Dubai marketing office
 - July 2009 sight hosted at Dubai office

Corporate

- Acquisition of the Tsaveite Project completed in March 2009
 - Diversification into new coloured gemstone
 - Approximately \$1 million allocated to bulk sampling and scoping study
- Resumption of the purchasing activity of the Arusha Trading operation expected to stabilise the market
- Ongoing focus on innovative ways to market and sell tanzanite
- Restructuring of the Tanzanite Foundation and closure of South African office

After the period

- \$2.01 million sales from the second sight of 2009 (July)
 - 18.7% increase in average comparative per carat price since previous sight (22 April 2009)
 - Average price of \$ 38 per carat achieved

Key statistics

	1H 2009	1H 2008	FY2008
Net (loss)/profit	(\$0.5) million	\$3.5 million	(\$9.5) million
Revenue	\$4.9m	\$20.9m	\$26.9m
Gross margin	40%	49%	36%
Tonnes processed	18,087	20,380	42,318
Carats recovered	867,381 cts	1,101,898 cts	2,203,162 cts
Carats per tonne	48	54	52
On mine cash cost per carat	\$3.99 ct	\$3.38 ct	\$4.59 ct

Commenting on the results, Managing Director of Tanzanite One, Zane Swanepoel said: "Our results for the first half of 2009 are very encouraging and reflect an increase in demand for tanzanite stones. After the very difficult conditions at the end of last year we are now seeing a significant upswing in prices for Tanzanite. In addition to selling stones mined during the period we are gradually releasing the stockpile of high value stones which we chose to build up at the worst period for the tanzanite market. Increases in price at our traditional sight sales have also been augmented by a number of new sales strategies with \$ 2.23 million in revenue being achieved through new sales channels such as our own retail outlets in Tanzania and through direct sales to jewellers.

We expect to exceed our targeted production for the year of 1.7 million carats. Considering constantly improving demand and tanzanite prices, evidenced by the \$2.01million sale at the recent July sight post the reporting period end, we expect a significant improvement in our results for the second half of this year. The Company will be holding two further sights during the second half of the year, through the Dubai marketing office, the results of which will be announced to shareholders in due course.”

Financial Performance

TanzaniteOne incurred a consolidated loss for the half year ended 30 June 2009 of \$0.58 million (US 0.58 cents per share), down from the previous corresponding period during which a profit of \$3.5 million (US 4.73 cents per share) was recorded. Revenues from ordinary activities for the period decreased by 77% to \$4.9 million from \$20.9 million in the 1H2008. It should however be noted that the second sight of 2009, normally held within the first half of the year only took place in July, due to the closure of the South African office and the opening of the new Dubai office. These sales will therefore be reported in the H2 results. The results were further impacted by the global economic downturn. However, we are experiencing encouraging improvements in the volume and price of tanzanite sold.

Significant cost cutting measures were introduced during the period including:

- Streamlining of mining operations
- Suspension of non-core capital projects
- Restructuring of the Tanzanite Foundation
- Reduction in both expatriate and Tanzanian staff
- Closure of the South African office

These cost reduction measure resulted in a significant reduction in the Company's operating costs thereby reducing losses for the period despite the significant drop in revenue . The directors have not declared an interim dividend. The Board has a strong history of rewarding shareholders with dividends but feel it prudent to defer further dividends until market conditions strengthen.

The Group achieved a gross margin for the year of 40% compared to 50% in 1H2008. The reduced gross margin was a reflection of lower tanzanite prices.

Cash costs for the period increased 18% to \$3.99/ct from \$3.38/ct in H1 2008, but decreased 45% from \$5.80/ct experienced in H2 2008. The increase reflected local inflationary pressures, lower volumes of carats recovered and an average 4% increase in local wages awarded during the year.

Inventory levels of rough and polished tanzanite gemstones and consumable stores remained fairly constant, reflecting the effects of the current global financial crisis. Capital expenditure for the year of \$0.8 million included the purchase of mining equipment, development and exploration expenditure.

The cash position of the Company, at \$5.0 million, has benefited significantly from the \$5.3 million private placement in June 2009 and the sight sale held during the period.

During the half year the marketing strategy was to develop new markets in the Middle and Far East whilst concentrating on the distribution and realisation of higher prices for smaller, lighter material, which represents approximately 70% of production. This strategy has been aided by the opening of the new marketing office in Dubai.

Production for the period totalled 867,381 carats of tanzanite, from 18,087 tonnes processed at an average recovery of 48 carats per tonne. This is in-line with the current production target of 1.7 million carats for the year.

The acquisition of the Lemshuku-Shamberai Tavorite Project (the “Tavorite Project”, the “Acquisition”) through its 75% owned Tanzanian subsidiary; TavoriteOne Mining Limited (“TavoriteOne”) has been completed. The project:

- comprises 12 prospecting licenses covering 100 square kilometres.
- is located approximately 20 kilometres to the southwest of TanzaniteOne's existing tanzanite operations. The directors believe that the Tavorite Project could potentially represent the largest known single-source of tavorite.

Tavorite currently has a quality-for-quality market-price per carat of approximately two to four times that of tanzanite. The Company has allocated approximately \$1 million over the next 12 months to the bulk sampling and scoping of the project.

The Tanzanite Experience(TTE), a “museum” and retail outlet in Arusha that showcases the history of tanzanite through a series of visual and interactive exhibitions, has achieved a net revenue of \$440,000 from cut tanzanite sales for the period. The TTE continues to grow its market share in the tourism market and is planning to open further outlets to compliment its present presence in Arusha.

Financial Statements

TanzaniteOne Limited
Condensed Consolidated Income Statement
Half Year ended 30 June 2009
(\$'000)

	Notes	1H 2009	1H 2008	FY 2008
Revenue		4,913	20,890	26,895
Cost of sales		(2,962)	(10,661)	(17,321)
Gross profit	(i)	1,951	10,229	9,574
<i>Gross margin %</i>		40%	49%	36%
Corporate Administration and other operating costs	(ii)	(1,185)	(1,769)	(3,363)
Defence costs	(iii)	-	-	(1,703)
Mine Administration	(iv)	(896)	(941)	(3,399)
Selling and distribution costs	(v)	(808)	(1,778)	(4,241)
Royalties		(104)	(840)	(1,226)
Depreciation and amortisation	(vi)	(1,132)	(845)	(2,217)
Finance income		2	144	72
Foreign exchange(losses)/gains	(vii)	906	(235)	(1,826)
Finance cost		(66)	(65)	(75)
(Loss)/Profit before tax		(1,332)	3,900	(8,404)
Income tax credit/ (expense)	(viii)	752	(371)	(1,057)
(Loss)/Profit after tax		(580)	3,529	(9,461)
Minority interest	(ix)	34	5	52
(Loss)/Profit attributable to equity holders of parent		(546)	3,524	(9,409)
<i>EPS (basic – cents)</i>		(0.58)	4.73	(12.63)

Notes Income Statement

- (i). Gross margin at 40% is significantly down from 49% compared to the previous year due to lower prices realised on tanzanite sold during the period.
- (ii). Corporate administration costs are lower reflecting cost saving initiatives. These costs reflect general administration costs incurred, stock exchange listing costs, corporate compliance, investor relations, financial and legal consulting, and travel costs.
- (iii). Nil costs incurred in the current period. In FY2008 this reflected costs incurred in defending TanzaniteOne from the Gemfields approach.
- (iv). Mine administration costs include costs incurred for community works, exploration and development of new projects, local compliance, and general administration at the mine level.
- (v). Selling and distribution costs associated with advertising, sales commissions, fees towards Tanzanite Foundation and other general expenses incurred in selling of tanzanite. Lower costs reflect the results of restructured processes implemented during the period.
- (vi). Depreciation and amortisation for mine plant and equipment and other assets within the Group.
- (vii). Foreign exchange gains reflect effects of revaluation of net monetary assets at half year end.
- (viii). The tax credit reflects the effects of a reduction of deferred tax liabilities on current year tax losses.
- (ix). Minority interest reflects the 25% interest in the Tanzanite Trading Limited loss for the half year ended 30 June 2009

TanzaniteOne Limited
Condensed Consolidated Balance Sheet
As at 30 June 2009
\$'000

	Notes	1H 2009	1H 2008	FY2008
Non-current assets				
Property, plant and equipment	(i)	25,134	22,654	23,412
Inventories	(ii)	508	484	327
Deferred tax assets	(iii)	-	2,951	193
Total non-current assets		25,642	26,089	23,932
Current assets				
Inventories	(iv)	4,681	4,708	4,756
Income tax receivable	(v)	2,151	1,039	1,916
Trade and other receivables	(vi)	1,722	13,700	2,647
Cash and cash equivalents		5,006	3,198	794
Total current assets		13,559	22,645	10,113
Total assets		39,201	48,734	34,045
Equity				
Issued share capital		32	22	22
Share premium		45,721	38,709	38,709
Share options outstanding		706	706	706
Foreign currency translation reserve		(530)	(418)	(20)
Retained earnings		(11,401)	4,483	(10,855)
Total equity attributable to parent equity holders		34,528	43,502	28,562
Minority interest		(30)	101	4
Total equity		34,498	43,603	28,566
Non-current liabilities				
Interest-bearing borrowings	(vii)	850	-	378
Provisions	(viii)	100	94	100
Deferred tax	(ix)	2,453	4,124	3,196
Total non-current liabilities		3,403	4,218	3,674
Current liabilities				
Interest-bearing borrowings		3	11	6
Income tax payable		33	388	28
Trade and other payables	(x)	1,264	514	1,771
Total current liabilities		1,300	913	1,805
Total liabilities		4,704	5,131	5,479
Total equity and liabilities		39,201	48,734	34,045
<i>Number of shares in issue (million)</i>		105.2	74.5	74.5
<i>Net asset value per share (US cents)</i>		32.79	58.55	38.36

Notes to Balance Sheet

- (i) Represents fixed assets within the Group, development costs, preproduction costs, and mineral rights.
- (ii) Non-current inventories comprise rough gemstones specimen inventory and show jewellery in TanzaniteOne (SA) Limited and in Tanzanite Foundation Limited.
- (iii) Deferred tax assets reflect mainly deferred tax on assessed losses, these were derecognised at 31 December 2008.
- (iv) Inventories reflects rough and polished tanzanite gemstones, and consumable stores.
- (v) Income tax receivable includes tax prepaid mainly in TanzaniteOne Mauritius Limited and Tanzanite One Mining Limited.
- (vi) Reflects trade and other debtors. No significant bad debts are anticipated.
- (vii) Reflects non-current portion of bank facility from NBC Bank in Tanzania.
- (viii) Environmental provisions represent the full environmental provision in Tanzania.
- (ix) Deferred tax liabilities comprise mainly TanzaniteOne Mining deferred tax liabilities.
- (x) Trade and other payables mainly include trade creditors and accruals.

TanzaniteOne Limited
Condensed Consolidated Cash Flow Statement
For the Half Year Ended 30 June 2009
\$'000

	Notes	1H 2009	1H 2008	FY 2008
Cash flows from operating activities				
Cash generated from operations	(i)	(686)	(277)	1,828
Finance income		2	144	72
Financing cost	(ii)	(66)	(65)	(75)
Taxation paid	(iii)	(27)	(1,497)	(1,666)
Net cash from operating activities		(777)	(1,695)	159
Cash flows from investing activities				
Acquisitions of property, plant and equipment	(iv)	(822)	(1,945)	(4,175)
Proceeds on disposal of property, plant and equipment	(iv)	-	-	103
Net cash from investing activities		(822)	(1,945)	(4,072)
Cash flows from financing activities				
Proceeds from issue of share capital	(v)	5,341	-	-
Increase/(decrease) in interest-bearing borrowings	(vi)	470	(900)	(526)
Dividends paid		-	(5,197)	(7,733)
Net cash (to)/from financing activities		5,811	(6,097)	(8,259)
Net increase/(decrease) in cash and cash equivalents		4,212	(9,737)	(12,172)
Translation difference in opening balance				31
Cash and cash equivalents at the beginning of the year		794	12,935	12,935
Cash and cash equivalents at the end of the year/period		5,006	3,198	794

Notes to Cash Flow Statement

- (i) Reflects net cash from the sale of tanzanite (\$5.9 million) and payments to suppliers (\$6.5 million) during the period.
- (ii) Reflects Interest paid on the NBC bank finance lease obligation applied on acquisition of plant and equipment.
- (iii) Taxation paid reflects actual income tax paid.
- (iv) Capital expenditure reflects mainly mining equipment and development expenditure.
- (v) Net proceeds raised on private placement.
- (vi) Reflects a movement in the NBC Bank finance lease obligation as mentioned above

TanzaniteOne Limited

Incorporated in Bermuda
Exempt company number EC33385

Quoted on the London Alternative Investment Market: TNZ.L
Company ISIN: BMG8672E1021
Company SEDOL: B01RP04
Number of shares in issue at 30 June 2009: 105,197,160
Number of unlisted options at 30 June 2009: 657,500

Board of Directors

Ami Mpungwe: Executive Chairman
Ed Nealon: Non-executive Deputy Chairman
Zane Swanepoel: Managing Director
Bernard Olivier: Executive Director: Head of Development
Nicholas Sibley: Non-executive Director

Audit/Risk Committee

Nicholas Sibley (Chairman)
Ami Mpungwe
Ed Nealon

Remuneration/Succession Planning Committee

Ami Mpungwe (Chairman)
Ed Nealon

Mining and Geology Committee

Edward Nealon (Chairman)
Zane Swanepoel
Bernard Olivier

Nominations Committee

The Nominations Committee comprises the Full Board

Company Secretary

Willi Boehm

Management

Zane Swanepoel: Managing Director
Farai Manyemba: Chief Finance Officer
Nick Hughes: TanzaniteOne Mining, General Manager

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www.tanzaniteone.com

Glossary

ct	carat
dollar or \$	United States Dollar
g/t	Grammes per tonne, measurement unit of grade (1g/t = 1 part per m)
JORC code	Australasian code for reporting of Mineral Resources and Ore Reserves
On-mine cash costs	On-mine cash costs include mine operating costs, mine administration costs and royalty charges incurred at Merelani mine.
tonne	1 Metric tonne (1,000kg).