18 May 2010

TANZANITEONE
2009 FINANCIAL YEAR RESULTS

TanzaniteOne (AIM:TNZ) today announces its final results for the 12 months ended 31 December 2009.

Highlights

Financial

- EBIDTA, loss of $1.2 million ($0.2 million excluding a one-off provision for missing tanzanite inventory from the Company's now closed South African office),
  - 75% improvement from the 2008 EBIDTA loss of $4.8 million
- Operating costs decreased 45% from $18.0 million in 2008 to $9.9 million in 2009
- Net loss reduced by 71% from $8.7 million for the previous year to $2.5 million
- Net loss of $2.5 million impacted by one-off charges relating to missing tanzanite inventory of $1.0 million
- Revenues decreased by 54% to $12.5 million, reflecting reduced production as a result of the impact of the downturn in the global economy on the luxury goods segment
- Gross margin of 48%, up from 40% in 2008 due to a combination of cost containment and a gradual increase in prices
- Consolidated cash and cash equivalents at 31 December of $1.6 million
- Tanzanite inventory stock at 31 December of $4.1 million

Operations

- Tanzanite production of 1.9 million carats, 19% ahead of the internal target and 14% down on the prior year
- 10% decrease in tonnes processed to 38,154 tonnes when compared to previous year
- Average grade of 50 carats per tonne compared with 52 carats per tonne in previous year
- Gradual increases in tanzanite prices towards year end
- $6.6 million sales realised through the new Dubai marketing office that commenced operations during the second half of the year
- Capital programs and exploration expenditure were strictly contained and some deferred pending the recovery in the tanzanite market
- Drilling and sampling of the Tsavorite project commenced

Strategic

- Successfully raised $5.3 million during the year through private placement
- Appointment of Dr Bernard Olivier as CEO and Zane Swanepoel as COO (subsequent to year end)
- Bye-laws amended to incorporate takeover protections
- Acquisition of Tsavorite project completed

Outlook

- First sight of 2010 achieved a 16.5% price increase compared to November 2009 sight
- Production ramp-up programme re-initiated on the back of increased demand in 2010
- 2010 production target of 2.2 million carats
- Conversion of the Marketing and Sales MoU's to JV agreements

Commenting today Bernard Olivier, Chief Executive Officer said:

"Due to the economic crisis in the latter half of 2008, the beginning of 2009 saw weak demand for luxury goods and very low gemstone prices. As 2009 progressed the Tanzanite price, as mirrored in the diamond industry, made a consistent recovery, a trend reflected in our ongoing sight results. In addition to improving prices, our work optimising and streamlining operations quickly delivered tangible improvements to TanzaniteOne's margins. Operational optimisation resulted in a 19% increase in recovery of tanzanite compared to our 2008 forecast and 45% reduction in our operating costs. We have also achieved a 16.5% price increase from our first sight of 2010 compared to the November 2009 sight and accomplished impressive sales of $6.6 million, realised via our new Dubai marketing office. Our priority is to deliver on our core objective to continue to expand our tanzanite production, with our high-tech gemstone extraction operations, and achieve our production target of 2.2 million carats for 2010."

For more information please contact:

Willi Boehm
Company Secretary
+61 409 969 955

Bernard Olivier
Chief Executive Officer
+61 4089 481812

Nominated Advisor & Broker (AIM)
Ambrian Partners Limited
Richard Greenfield/ Richard Chase
+44 (0) 20 7634 4700

Threadneedle Communications
Laurence Read/Beth Harris
+44 (0)20 7653 9855
+44 (0)7979 955 923

Key Statistics - 2009

Key statistics:	FY 2009	FY 2008	Movement
EBIDTA loss (excluding provision for missing inventory)	($0.2)	($4.8)	(96%)
Net (loss)/profit	($2.5 m)	($8.7 m)	(71%)
Revenue	$12.5	$26.9 m	(54%)
Gross margin	48%	40%	20%
Depreciation and amortisation	($2.9)	($2.5)	16%
Corporate administration and other operating costs	($2.7)	($3.4)	(21%)
Mine administration	($2.4)	($3.1)	(23%)
Tanzanite inventory stock	$4.1	$5.1	(20%)
Cash and cash equivalents excluding overdraft	$2.2	$1.5	47%
Tonnes processed	38,154	42,318	(10%)
Carats recovered	1.9 million	2.2 million	(14%)
Carats per tonne	50	52	(4%)
On mine cash costs per carat	$3.63	$3.60	(1%)

Financial Performance

TanzaniteOne showed a significant improvement on the previous corresponding period with loss after tax reduced by 71% from $8.7 million in 2008 (US11.62 cents per share) to $2.5 million (US 2.54 cents per share) for the year ended 31 December 2009.

The result for the year was heavily influenced by a significant reduction in sales revenue experienced during the period, which saw sales decrease by 54% compared to the prior year. This was largely due to the impact of the global economic downturn on the global luxury goods sector to which the company responded by cutting production to contain costs.

The result was also adversely affected by the recognition of a provision of $1.0 million for missing tanzanite inventory in South Africa for which management are currently pursuing insurance and legal channels to recover. The company's South African office has since been closed.

The Group achieved a gross margin for the year of 48% compared to 40% in 2008. The increase in gross margin was due to a combination of gradually increasing prices, and cost management and control.

Corporate administration and other operating costs of $2.7 million reflected costs incurred in administering the company's stock exchange listing, corporate compliance, investor relations activity, financial and legal consulting and non-recurring costs associated with the mergers and acquisitions activity. Costs are expected to reduce significantly in 2010.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) improved by 75% from a loss of $4.8million in 2008 to a loss of $1.2 million. If the once off provision for missing inventory from the South African office is excluded, EBIDTA improved 96% to a loss of $0.2 million.

Operating costs decreased 45% from $18.0 million in 2008 to $9.9 million in 2009 and were down 22% compared to 2007 while tanzanite production levels were 0.2 million carats lower in 2007.

Inventory of tanzanite decreased 20% to $4.1 million as a result of the company being more successful than in the previous year in selling lower value stones.

Capital expenditure for the year of $2.8 million included the purchase of a new generator, development and exploration expenditure and other mining equipment.

TanzaniteOne's cash position has benefited post year-end with $1.4 million being received from debtors and $2.7 million through the sale of rough and polished tanzanite. The first sight sale for 2010 was held during March and raised $1.6 million.

Contingent liability

The activities of Tanzanite One Mauritius Limited, a wholly owned subsidiary of the Company have been wound down as a result of the effects of the global financial crisis on its operational viability. There is a possibility that the Company risks losing its South African tax residence status and could incur a tax liability of $1.4 million if the company did not develop and implement a strategy on operational viability. Management are aware of this situation and have already implemented certain structures and plan as part of its group sales and marketing restructure program to ensure that the residence status is not lost. Tanzanite One Mauritius forms and integral part of this revised sales initiatives being developed and is expected to lead the group's new entry into new market segments that have been identified by the group

Dividend

The directors have not declared a final dividend. The Board has a strong history of rewarding shareholders with dividends but feels it prudent to defer further dividends until market conditions strengthen.

Outlook

The sights conducted in March reflected an overall price increase of 16.5% and 26% for the upper ranges (category A and B). There is an indication of demand for the product exceeding supply, signalling a strengthening of the tanzanite gemstone market. The Company is confident that it will be able to participate in the recovery in the global coloured gemstone markets and maintain its position as the premier company in this sector.

Production

The tanzanite resource is divided into five blocks. TanzaniteOne in Block C undertakes larger scale mining, medium scale mining is undertaken by Kilimanjaro Mining in Block A and Tanzanite Africa in Block D-extension. The Company's neighbouring Blocks B and D are mined largely by artisanal miners. This poses a challenge for TanzaniteOne, notably in terms of undermining, whereby, the artisanal miners are mining into TanzaniteOne's designated license area.

Production for the year totalled 1,9 million carats of tanzanite, from the processing of 38,154 tonnes at an average recovery of 50 carats per tonne. The processing and crushing plant continues to operate on a single shift basis. There is sufficient capacity to increase production through the introduction of a second shift at the plant as and when demand improves.

The Company's ability to increase production to 3 million carats per annum remains unchanged, with production currently being increased conservatively as markets slowly return to normality. Responding to the uncertainties created by volatility in the world financial markets production was decreased 10% from the 2008 tonnes processed. Production rates were greatly reduced in the first half of 2009 but were increased in the second half of 2009 as markets began to stabilised.

On Mine Cash Costs

On mine cash costs for the period increased by only 1% to $3.63 per carat from $3.60 in 2008 despite significantly reduced production. This was as mainly a result of strict cash and cost management efforts at the mine and the aggressive cost reduction strategy implemented by the Company during 2009. Cost reduction remains a primary focus with increased attention on improved efficiencies by way of selective stoping, restructured mine procurement policies and the recycling of used equipment. On mine cash costs include operating costs, mine administration costs and royalty charges incurred at the Merelani mine. With the production target now increased to 2.2 million carats for 2010, cash costs on a per carat basis are expected to reduce compared to 2009.

Production Statistics

	2009	2008	*Movement*
Tonnes Processed	38,154	42,381	(10%)
Carats per tonne	50	52	(4%)
Production (carats recovered)	1.9 million	2.2 million	(14%)
On mine cash costs per carat *	$3.63*	$3.60*	1%
On mine revenue per carat	$4.90**	$7.07**	(31%)

**On mine cash costs include operating costs, mine administration costs and royalty charges incurred at Merelani mine*

***Reduction in revenue per carat achieved is as a direct result of the lower overall quality of produced material and the drop in prices*

Safety and Training

The Company experienced no fatalities during the year and only three Lost Workday Cases were reported. The Lost Time Injury Frequency Rate ("LTIFR") for 2009 was only 0.44. This is testimony to the Company's focus on safety and the success of the Safety and Training Department's safety awareness and training initiatives.

Training emphasis focused on skills upliftment and exposure to outcomes based training and assessment. This style of training consists of both theory and practical assignments. The aim for the future is to do multi-skilling type training, which ensures depth as well as flexibility at the work face. This will also ensure succession planning in the lower ranks.

The following number of persons have been trained and found competent. Certificates of excellence have been issued.

Scraper winch operator	8
Explosives handlers/chargers	28
Jack hammer operators	28
Supervisory skills	12
Team leader training	18
Blasting certificate refresher	6

Social Responsibility

TanzaniteOne is committed in supporting the local community within its designated mining area. In 2009, the Company has supplied 90 bunk beds to Naisinyai Secondary School and is currently in the process of delivering 180 mattresses for the beds supplied. Several initiatives have been set up by TanzaniteOne to broaden assistance within Simanjiro District. By establishing a Committee involving members from TanzaniteOne, Naisinyai village council and Merelani town council, the Company is working at broadening the scope of community support to these communities by looking at providing support in the construction of dormitories, mortuaries, health centres as well as assisting in the construction of classrooms in some secondary schools.

TanzaniteOne continues to maintain and repair the dirt road from Kilimanjaro International Airport to the mine. The Company plans to conduct a Charitable Eye Care Mission once again in the very near future to provide treatment to people with eye problems.

Lastly, TanzaniteOne also supplies water to Naisinyai village for domestic and livestock use. In the recent past, TanzaniteOne has offered 10 bursaries to students from various secondary schools within Simanjiro District in an effort to promote education in the district.

Marketing

The slowdown in the market in late 2008 and early 2009 allowed for a significant evaluation of the sales and marketing processes and strategies. Sorting and valuation process improvements have resulted in the extraction of greater valuation from previously lower contributing categories.

New marketing initiatives targeting growth of the lighter and included material were launched with a target of opening up in new markets, thus expanding the tanzanite distribution. Cutting and polishing technologies have been implemented to realize the maximum value that these categories are able to deliver. As economies begin to pick up and retail restocking occurs, this is expected to feed through into sales.

TanzaniteOne CuttingEdge was also launched in 2009 and resulted in the establishment of two Memoranda of Understandings ("MoU's") with high technology processing partners that will lead the value-addition process and movement of goods into markets less targeted to date.

TanzaniteOne Trading

During 2009, 56,520 carats of rough tanzanite were purchased for a total of US$2.0 million. Of this, US$1.3 million was spent on purchasing large size A, B quality (>2 gram) material with a total weight of 23,374 carats.

The Tanzanite Experience (TTE)

The Tanzanite Experience retail showcase expanded during 2009 to three locations, including a Mine Visitor Centre. The product mix was improved with retail experience, and good linkages made with the Tanzanian tourism industry provided a regular stream of clients.

Tsavorite

Work on the Tsavorite exploration area commenced during the third quarter of 2009 and resulted in the following exploration activities being conducted in 2009:

1. 13 Drill lines (19 kilometres) were cleared and surveyed
2. 41 Drill holes were drilled to bedrock or a maximum depth of 26 metres
3. 818 metres of RAB drilling completed
4. 9 Pits, spaced at 50 metre intervals, were dug to an average depth of 10 metres
5. On site treatment plant was commissioned
6. 2 bulk samples of ca. 40bcm were treated by the on site bulk treatment plant (results pending)

Corporate Matters

In April 2009, the Company successfully passed amendments to its bye-laws with a 79.71% in favour vote. The amendments now afford shareholder equivalent takeover protection in line with standard UK practice and ensures that all shareholders are treated equally.

In May 2009, TanzaniteOne raised £3.49 million (approximately US$5.3 million) through a private placement of 23,270,469 common shares at 15p per Placing Share. The proceeds of the private placement enabled the company to continue acquiring gem quality tanzanite in the local market at a time of significant price volatility, to fund the tsavorite exploration programme, fund further development work on the tanzanite mine and provide general working capital for the group.

Board and Management (post reporting period)

In March 2010 the Company appointment of Dr Bernard Olivier, aged 34, as Chief Executive Officer, having served the Company since 2008 as a Director. In addition to being an expert on Tanzanite geology, Dr Olivier has worked with a series of mining companies helping to develop value from their core assets. His appointment to the CEO role aims to leverage more extensively this commerciality combined with in-depth knowledge of coloured gemstones.

As part of the Company's strategic restructuring Mr Zane Swanepoel, aged 50, becomes Chief Operating Officer - Tanzania. Mr Swanepoel, based in Tanzania, will devote himself fully to operational mining and development work in Tanzania.

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
LTIFR	Lost Time Injury Frequency Rate, being the number of lost-time injuries expressed as a rate per 200,000 man-hours worked
NOSA	National Occupational Safety Association
On mine cash costs	On mine cash costs include operating costs, mine administration costs and royalty charges incurred at Merelani mine
tonne	1 Metric tonne (1,000kg)

Financial Statements

TanzaniteOne Limited
Condensed Consolidated Statement of Comprehensive Income
Year ended 31 December 2009
(Unaudited)

	FY 2009 $'000	**FY 2008** $'000
Revenue	12,459	26,895
Cost of sales	(6,458)	(16,213)
Gross profit	6,001	10,682
Gross margin %	*48%*	*40%*
Corporate Administration and other operating costs	(2,729)	(3,363)
Defence costs	-	(1,703)
Mine Administration	(2,449)	(3,140)
Selling and distribution costs	(1,700)	(4,241)
Royalties	(337)	(1,226)
Interest income received	17	72
Foreign exchange gains/(losses)	1,126	(1,826)
Financing costs paid	(138)	(81)
Loss before depreciation, amortisation and missing inventory	(209)	(4,826)
Missing inventory	(963)	-
Depreciation and amortisation	(2,853)	(2,500)
Loss before tax	(4,025)	(7,326)
Income tax credit/(expense)	1,570	(1,381)
Loss after tax	(2,455)	(8,707)
Non-controlling interest	46	52
Loss attributable to equity holders of parent	(2,409)	(8,655)
EPS (basic – cents)	*(2.54)*	*(11.62)*
EPS (diluted – cents)	*(2.48)*	*(10.47)*

TanzaniteOne Limited
Condensed Consolidated Statement of Financial Position
As at 31 December 2009
(Unaudited)

	2009 $'000	2008 $'000
Non-current assets		
Property, plant and equipment	31,882	29,892
Inventory	129	327
Deferred tax assets	1,696	193
Total non-current assets	**33,707**	**30,412**
Current assets		
Inventory	3,979	4,756
Income tax receivable	1,980	1,916
Trade and other receivables	3,184	2,647
Cash and cash equivalents	2,193	1,491
Total current assets	**11,336**	**10,810**
Total assets	**45,043**	**41,222**
Equity		
Issued share capital	32	22
Share premium	46,020	38,709
Share options outstanding	706	706
Foreign currency translation reserve	(684)	(20)
Retained earnings	(8,728)	(6,319)
Total equity attributable to parent equity holders	**37,346**	**33,098**
Non-controlling interest	(42)	4
Total equity	**37,304**	**33,102**
Non-current liabilities		
Interest-bearing borrowings	804	378
Provisions	107	100
Deferred tax	5,417	5,140
Total non-current liabilities	**6,328**	**5,618**
Current liabilities		
Bank overdraft	570	697
Interest-bearing borrowings	196	6
Income tax payable	-	28
Trade and other payables	645	1,771
Total current liabilities	**1,411**	**2,502**
Total liabilities	**7,739**	**8,120**
Total equity and liabilities	**45,843**	**41,222**
Number of shares in issue (million)	*106.3*	*74.5*
Net asset value per share (US cents)	*35.08*	*44.45*

TanzaniteOne Limited
Condensed Consolidated Statement of Cash Flows
For the Year Ended 31 December 2009
(Unaudited)

	FY 2009 $'000	**FY 2008** $'000
Cash flows from operating activities		
Cash (utilised in)/generated from operations	(2,191)	3,220
Interest income received	17	72
Financing cost paid	(138)	(75)
Taxation paid	(6)	(1,666)
Net cash (to)/ from operating activities	**(2,318)**	**1,551**
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(2,810)	(5,433)
Net cash to investing activities	**(2,810)**	**(5,433)**
Cash flows from financing activities		
Net proceeds from issue of share capital	5,341	-
Repayment of interest-bearing borrowings	616	(526)
Dividends paid	-	(7,733)
Net cash from/ (to) financing activities	**5,957**	**(8,259)**
Net increase/(decrease) in cash and cash equivalents	829	(12,141)
Cash and cash equivalents at the beginning of the year	794	12,935
Cash and cash equivalents at the end of the year	**1,623**	**794**