16 May 2011

**TanzaniteOne Limited**

**("TanzaniteOne" or "the Company") (AIM: TNZ)**

**Preliminary Results for the year ending 31 December 2010**

TanzaniteOne Limited today announces its preliminary results for the year ended 31 December 2010.

**Financial Highlights**

- EBIDTA of $2.8 million; an increase of $3.1 million compared with an EBIDTA loss of $0.3 million in 2009
- Operating costs maintained at $9.9 million in 2010 and 2009
- Net profit increased by $3.8 million from $3.1 million loss in the previous year to $0.7 million profit for the current year
- Revenues increased by 27% to $15.9 million (2009: $12.5 million)
- Gross margin achieved 64%, up from 48% in 2009
- Consolidated net cash and cash equivalents at 31 December of $2.4 million excluding overdraft of $0.9m.
- Tanzanite inventory stock at 31 December of $4.4 million

**Operation Highlights**

- Production levels increased by 300,000 carats in 2010 to 2.2 million carats, up 16% from the 1.9 million carats produced in 2009
- Average recovered grade of 59 carats per tonne; a grade increase of 18% compared with 50 carats per tonne achieved in 2009
- Maiden Tsavorite JORC resource
- Commissioning of new cutting and polishing facility located at the TanzaniteOne mine in Merelani, Tanzania.
- Tanzanite Experience sales were 26% higher in 2010 compared to 2009, at $1.45 million

**Post-period Highlights**

- Total production in first quarter of 2011 is up 8.3% to 609,737 carats compared to 562,992 carats during Q1 of 2010
- Total sales of $3.96 million for Q1 2011 (Q1 2010: $2.68million)
- Average grade of 71 carats per tonne achieved (Q1 2010: 55 carats per tonne)
- Recovery of 12,100 carat gemstone, third largest ever mined in the Company's history

Commenting on the results, Chief Executive Officer, Bernard Olivier said: “Our return to profit is testimony to our continued margin enhancement programme and significantly enhanced production rates. With the continuing recovery of the gemstone market during 2010, the Company was able to accomplish its production target for 2010 of 2.2 million carats and achieved an average grade of 59 carats per tonne, culminating in total sales of US$ 15.9 million for the year. This resulted from increased production levels of 16% and carat grade of 18%, compared to 2010 figures. We continue to remain focused on creating shareholder value during 2011 through developing new in-house cutting and polishing facilities to maximize margins from extraction operations and developing sales channels to establish a consistent revenue base".

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**Key Statistics 2010**

| **Key statistics:** | **FY 2010** | **FY 2009** | **Movement** |
|---|---|---|---|
| EBIDTA profit / (loss); excluding provision for missing inventory) | $2.8 m | ($0.3 m) | - |
| Net profit/(loss) | $0.7 m | ($3.1 m) | - |
| Revenue | $15.9 m | $12.5 m | 27% |
| Gross margin | 64% | 48% | 33% |
| Depreciation and amortisation | ($2.6 m) | ($2.8 m) | 7% |
| Operating costs | ($9.9) | ($9.9) | 0% |
| Corporate administration and other operating costs | ($3.5 m) | ($2.8 m) | (25%) |
| Mine administration | ($2.1 m) | ($2.4 m) | 13% |
| Tanzanite inventory stock | $4.4 m | $4.1 m | 7% |
| Cash and cash equivalents excluding overdraft | $2.4 m | $2.2 m | 9% |
| Tonnes processed | 37,092 | 38,154 | (3%) |
| Carats recovered | 2.2 million | 1.9 million | 16% |
| Carats per tonne | 59 | 50 | 18% |
| On mine cash costs per carat | $3.69 | $3.63 | (2%) |

**Financial Performance**

With earnings before interest, taxes, depreciation and amortisation (EBIDTA) of $2.8 million, TanzaniteOne showed a significant improvement on the previous corresponding period turning the 2009 loss after tax of $3.1 million (negative US 2.5 cents per share) to a profit after tax of $0.7 million (US 0.6 cents per share) for the year ended 31 December 2010.

The result for the year was heavily driven by cost and efficiencies management in group-wide operational activities, recovery of tanzanite prices and strategic sales and marketing program mix. Sales grew by 27% despite the market being heavily impacted in the second half by reactions to new legal requirements in Tanzania promoting beneficiation through the banning of export of one gram and above. In spite of these adverse effects, the Group achieved a gross margin for the year of 64% compared to 48% in 2009. The Tanzanite Experience sales also grew up 26% compared to 2009.

Corporate administration and other operating costs reflect 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 mergers and acquisitions activity.

Operating costs were maintained at $10.0 million, influenced by management cost and control efforts that minimised the effects of any inflationary pressures on various process inputs, including mining efficiencies in material transport, loading and hoisting activities. Thus, the Group achieved a 16% increase in carats produced to 2.2 million.

Inventory of tanzanite increased by 17% to $4.4 million as a result of the export ban imposed in the market in the second half of the year.

Capital expenditure for the year of $1.5 million included development and exploration expenditure, infrastructure and surface buildings and other mining equipment.

During the year, TanzaniteOne generated cash of $1.6 million from operations against $2.5 million cash utilized in operations during the previous period. Although a significant portion of cash generated was applied to investing activities in the form of capital expenditure, the group maintained a net cash position of $1.4 million at year end.

**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 and profit increases.

**2011 Outlook**

Total production in the first quarter of 2011 has risen 8.3% to 609,737 carats compared to 562,992 carats in the first quarter of 2010. Total sales for the first quarter of 2011 are up 48% to $3.96 million from $2.68 million in the first quarter of 2010. Average grade for the first quarter of 2011 has increased 29% from 55 carats per tonne in the first quarter of 2010 to 71 carats per tonne in the first quarter of 2011. In the first quarter of 2011 the Company also recovered a 12,100 carat gemstone, the third largest ever mined in the Company's history. During this period the Company also established its maiden JORC compliant Inferred Resource of 7.6 to 10.4 million bank cubic metres ("bcm") or approximately 18.2 to 24.9 million tonnes and a Maiden JORC compliant Indicated Resource of 0.89 to 2.17 million bcm or approximately 2.1 to 5.2 million tonnes located within Inferred Resource.

**Operational Overview**

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. The Company's mining operation is considered a modern, low-cost operation and boasts an exemplary safety record. It applies international best practice in the design of its employment, social and environmental policies.

**Mining**

The Company achieved its record equalling annual production target of $2.2 million carats of tanzanite, from the processing of 37,092 tonnes. The average recovered grade of 59 carats per tonne is 18% higher than the average grade of 50 carats per tonne achieved in 2009.

The production levels increased by 300,000 carats in 2010, up 16% from the 1.9 million carats produced in 2009. The increase in production was guided by the increase in demand experienced in the international tanzanite industry.

Significant "off-reef" mine development took place during 2010 to ensure shafts and infrastructures are constantly being developed to intersect new tanzanite bearing fold structures. As a result of the ongoing shaft and off-reef development the Company intersected a projected fold structure located at a vertical depth of 450m in Main Shaft, located in the centre of the Company's licence. The newly intersected fold structure confirms the accuracy of the Company's geological models and projections and initial indications suggest an exceptionally high potential grade and quality yield profile can be expected from the fold structure.

Material transport, loading and hoisting efficiencies were significantly improved during the year by enhancing the mine's underground surge capacities through the construction and installation of secure underground bins. The new bins were installed at CT shaft in levels 25, 35 and 46 as well as at level 80 in Main Shaft.

**On Mine Cash Costs**

On mine cash costs for the period increased by 2% to $3.69 per carat from $3.63 in 2009, due to the significant increase in production. The fact that the increase is not in line with increased production is as a result of ongoing strict cash and cost management efforts at the mine and the aggressive cost reduction strategy implemented by the Company during 2009 and 2010. Cost reduction remains a primary focus with increased attention on improved efficiencies by way of selective stopping, 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.

**Processing**

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 if required.

Significant improvements were also made during the year to the processing plant. A large tonnage storage area was created at the plant and is secured with an outer razor fence and inner electric fence to create additional surge capacity at the plant. New bin liners have been installed, new conveyors were fitted and the primary jaw crusher has been fitted with new jaws.

**Production Statistics**

| | **2010** | **2009** | ***Movement*** |
|---|---|---|---|
| Tonnes Processed | 37,092 | 38,154 | (3%) |
| Carats per tonne | 59 | 50 | 18% |
| Production (carats recovered) | 2.2 million | 1.9 million | 16% |
| On mine cash costs per carat * | $3.69* | $3.63* | (2%) |
| On mine revenue per carat | $6.77** | $4.90** | 38% |

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

***Increase in revenue per carat achieved is a direct result of increasing tanzanite prices and the benefits of the restructuring of new grading system implemented during 2009, which unlocked value that was restricted in the previous eye clean and included system.*

**Safety, Training and Environmental Management**

The Company finished the year with an outstanding safety record and achieved a Lost Time Injury Frequency Rating ("LTIFR") of 0.67 for 2010. This is a testimony of the Company's focus on safety and the success of the Safety and Training Department's safety, awareness and training initiatives. The Company's safety standards are based on the International Occupational Health and Safety Standards. All Company employees have been inducted and have received training to meet the required Safety Standards.

Training emphasis focused on skills enhancement and exposure to outcomes based training and assessment and consists of both theory and practical assignments. Practical evaluation was achieved through planned task observations, interviews, random inspections and verbal assessments. During

2010 a total of 119 employees successfully completed and passed the Company's various in house training courses, including Strata Control, Environmental Waste Management, Supervisory Skills, Explosive Handling and Safety.

Environmental management has improved significantly with a new Environmental Management System having been initiated ensuring compliance and management of all aspects. Environmental monitoring, auditing and inspections continue and have drastically improved the Environmental performance. Environmental training and awareness has been implemented and has empowered employees to identify and reduce associated environmental risks. A final Environment Audit report has been submitted to National Environmental Management Council (NEMC) for the approval of a new Environmental Certificate.

**Security**

A comprehensive security review was undertaken at the mine and at the retail outlets in Arusha at the beginning of the financial year. A significant restructuring of the security department has taken place and additional Nepalese Ghurkha's have been employed as part of the restructuring process.

A clear delineation of roles within the security department has been achieved, allowing for an internal investigation capacity, crime intelligence gathering and offensive search teams, which have significantly enhanced the capacity and efficiency of the security department. A retired senior Tanzanian police officer has been appointed as full time police liaison officer, responsible for liaising with the Tanzanian Police at both local and national level and follow through on criminal prosecutions.

A significant upgrade of the CCTV operation has been completed allowing for quality-recorded material being available for criminal prosecutions and providing for greater redundancy in the event of power failures.

The use of X-Scann, (non-invasive personnel search facility) remains the subject of discussions with government after a ban was imposed on the use of this technology due to concerns on the health of employees. It needs to be noted that the machines were approved for use by the Tanzanian Atomic Energy Commission, the statutory body responsible for the licensing of such equipment, and these machines are also in use at other institutions within the mining industry around the world.

A structure has been put in place for continual review of security policies and procedures by management/peers throughout the operation. A comprehensive audit was carried out by our insurers/underwriters at the mine and at the retail outlets in Arusha and no major concerns impacting on our insurance policies were noted.

Undermining remains a critical issue and TanzaniteOne together with the relevant governmental agencies continues to address this issue at both local and national level. TanzaniteOne has also engaged artisanal miners in neighbouring properties with regards to safe mining operations and other health and safety issues in order to create awareness on the consequences of unsafe mining practices.

**Social Responsibility**
TanzaniteOne is committed in supporting the local community not only within its designated mining area but also within the entire Simanjiro District.

In 2010 the Company initiated several new initiatives and continue to support all its long-term community projects. New and existing projects undertaken to date include:

- Granting of an additional ten bursaries in 2010 to secondary school students from disadvantaged backgrounds within the Simanjiro District;
- Provided HIV/AIDS awareness workshops in 2010 to all its employees and voluntary testing was also conducted. TanzaniteOne is currently expanding this service in conjunction with the District Health Office to provide awareness to the local community;
- Continued to maintain the 14km road that links the Merelani village and Tanzanite mining area to the Arusha and Moshi road network;
- The ongoing provision of water to over 2,000 villagers and 4,500 head of cattle on a daily basis;
- Ongoing donation of our processing plant tailings to the local communities, which also operates as a community uplift project. The tailings contain tanzanite that is uneconomical for TanzaniteOne to extract;
- Construction of the Nasinyai Secondary School in partnership with the Nasinyai community and World Vision. The Secondary School is the largest and most advanced of its kind in the area;
- Construction of a $400m^2$ Community Centre for the residents of the Nasinyai;
- Renovation of the Nasinyai Med-Clinic and installation of electricity;
- Expansion of the Nasinyai Primary School;
- Ongoing geological, mining, survey, safety, logistical, operational and other guidance to small-scale tanzanite miners in the area through our Small Miners Assistance Programme (SMAP). The aim of the programme is to develop and advance the entire tanzanite mining industry;
- Provision of employment opportunities, not only to the local Nasinyai Village, but the entire region;
- Supplying bunk beds and mattresses to sleep 180 pupils at the Nasinyai Secondary School boarding school;
- Ongoing provision of water to the primary school for their daily needs.

In addition to these projects the Company has also set up several other initiatives to broaden assistance within Simanjiro District. Through establishment of a Committee involving TanzaniteOne, Nasinyai village council and Merelani town council, the Company is working to broaden the scope of our community support.

**Sales and Marketing**
2010 marked a recovery year for tanzanite sales and the integration of value-add projects into the TanzaniteOne sales and marketing mix.

Annual sales for the group were $15.9 million, with contributions from rough tanzanite sales, opaque tanzanite sales, and the Tanzanite Experience retail outlets in Tanzania. After 2009 lows, price growth in all categories occurred during the year, with the scene set for further increases in the coming 2011. Sight holder and Industry inventory levels decreased significantly during the first half of the year. The economic fundamentals of the retail jewellery industry steadily improved during the year, adding to the confidence levels, which reflected in demand. Recovery in the price point low to mid price markets was evidenced during the year, with large material starting to see movement late in the year that should reflect in 2011. Chinese and Asian market interest began to emerge in the fourth quarter and is likely to be a key trend in 2011.

The market was impacted in the second half by reactions to new legal requirements in Tanzania promoting beneficiation through the banning of export of one gram and above sizes. This caused some disruption and fluctuation at a key market time of the year.

At the beginning of 2010, restructuring of the grading of rough tanzanite into a clarity system of eye clean, slightly included, and included material, unlocked value that was restricted in the previous eye clean and included system. Price growth in the slightly included and included material was a significant contributor. The new system more closely represented the production profile and smoothed the sales cycle. Sight holders found value in being able to offer, in the style of diamonds, an in-between product range that was more closely suited to retail price points, especially in the US market. This market had existed for a few companies but with wider access the sector was able to grow and realise the rough price potential.

The sales cycle was further modified to eight sales in the year, up from a previous four. This enabled mine production to be brought to market quicker; allowing more regular cash generation. The product mix was heavily in favour of mines production with traded material not being a large contributor during this year. Inventory levels of mid-sized included material were worked down through the increased sales cycle during the year.

The development of new cutting techniques and additional cut designs continued throughout the year. The new styles concentrate on bringing out the sparkle and colour contrast of the mid to light material, and provide jewellery manufacturers with new perspectives on making jewellery with tanzanite that is less bottom heavy than traditional gemstone cuts. Precision cutting development continued with the achievement of hearts and arrow excellent level of angles and proportion. Small size colour definition and contrast brilliance ("sparkle") development work continued with promising results.

The Company continues to focus on innovative ways to market and sell both rough, cut and polished tanzanite.

**TanzaniteOne Trading**
During 2010, 20,826 carats of rough tanzanite were purchased for a total $543,038. Due to the export ban, trading in Arusha were confined to cut material and rough material smaller than 5 carats.

**Cutting and Polishing in Tanzania**
The ban on the export of rough tanzanite of 5 carats (1 gram) and above was announced and implemented in July 2010 by the Tanzanian Government, with limited to no consultation with the various industry stakeholders.

The Company submitted a comprehensive compliance programme and proposal to the Tanzania Government and have urged the Government to consult will all industry stakeholders. The Company and other stakeholders are still in ongoing discussions with the Government of the United Republic of Tanzania to research and initiate development of economically sustainable domestic cutting operations and agreements, pursuant to ban on the export of rough tanzanite larger than 5 carats (1 gram).

As a result of the discussions with the Government by various stakeholders a moratorium was called by the Government of Tanzania allowing the export of rough tanzanite of all sizes until 31 December 2010.

Since the Government announced the implementation of the ban the Company immediately accelerated and initiated the construction and establishment of a precision cutting facility at the mine sorting facility in Merelani, Tanzania, which has been part of the Company's long term strategy. A dedicated facility with full indexing benches was brought online in the fourth quarter. Existing cutters and polishers were able to use the potential of the facility immediately, and the training of further local polishers started. The facility is expected to reach full utilisation in mid 2011. Sight holders were able to use the facility and TanzaniteOne polishing staff to polish their large rough purchases from

December 2010, and are excited to be able to continue to polish their material in Tanzania in 2011. Indexing, as opposed to free-hand polishing, allows for defined tolerances and repeatability, which is essential for the new technology cuts developed in-house. The introduction in early 2011 of advanced polishing trainers will speed up the technical abilities of the local TanzaniteOne polishers and skill them to be able to produce the more advanced designs. The capacity to meet legal requirements for local beneficiation has been established, and further capacity and technical development will enable value-add polished projects to be established.

**The Tanzanite Experience (TTE)**

The Tanzanite Experience retail operations were consolidated in the first half of 2010 with focus on lower inventory levels, greater stock turn, and delivering higher profitability and group contribution. Another outlet was added in the third quarter with positive contribution in the fourth quarter. TTE sales were 26% higher in 2010 compared to 2009, at $1.45 million. Opportunities for further expansion in 2011 exist in the Dar es Salaam and Zanzibar markets, coinciding with further production capacity with the established polishing facility. A franchise model has been developed for entry into markets and sub-markets where it is not feasible to enter as a wholly-owned entity but instead leverage off existing operations. The operation focus will remain on high stock turnover and timely replacement from company polishing operations, generating cash contribution and retail polished margins.

The TanzaniteOne Jewellery Collection was established during the year to highlight the design opportunities for the new technical cuts in mid to light contrast colours. Market testing of the designs and stone appeal occurred in Australia, and market development progressed into Asia in the fourth quarter. The market reaction has been pleasing, and order based commercial channels are under development.

**Tanzanite Foundation**

Since 2003, the Tanzanite Foundation has promoted tanzanite and stimulated the growth and development of the tanzanite market. The main objective has been to build and maintain the desirability of this exceptional gemstone, while entrenching our core values for all participants operating in an ethically and socially conscious industry. The focus is on empowering the market through education and exposure, pioneering social development and skills transfer, encouraging environmental objectives and engaging the communities at source.

Mindful of these objectives, 2010 was a highly successful and productive year. With exposure of tanzanite and demand growing, the Tanzanite Foundation collaborated with numerous international designers and jewellery manufacturers to add value and entrench credibility thereby ensuring Sightholder sell-through.

**Tsavorite**

Tsavorite is a brilliant green gemstone variety of grossular garnet and the Project is located 20 km from the Company's producing Tanzanite mine.

The tsavorite exploration programme focuses on locating and defining alluvial, paleo-alluvial and hardrock sources of green garnet (tsavorite) and other associated minerals of gem quality.

The resource study activities conducted total of 164 drill holes (with a combined depth of 3,180m) and comprised 6 inch rotary air blast ("RAB") and down hole hammer drilling to determine the volume of gravels. The average depth of the holes was 19m. The drill profiles were logged and supported by heavy mineral sampling at 1.5 metre intervals resulting in 2,100 heavy mineral samples. A 32 tonne excavator with a 6-metre reach was used to conduct a bulk sampling exercise. The material was loaded into a 10 tonne tipper with 1 sample of 5 cubic metres per truckload for individual treatment. The treatment plant consists of a primary dry screening module with screened product between -12mm and +2mm being fed to a wet Bushman jig capable of treating two 5 cubic metre batch samples per day. A total of 26 samples were taken and processed resulting in a total sample size of approximately 312 tonnes.

As a result of the 2010 tsavorite work programme a Maiden JORC compliant Inferred Resource of 7.6 to 10.4 million bank cubic metres (“bcm”) or approximately 18.2 to 24.9 million tonnes and a Maiden JORC compliant Indicated Resource of 0.89 to 2.17 million bcm or approximately 2.1 to 5.2 million tonnes located within Inferred Resource, was established and announced on the 10th of January 2011.

Hardrock exploration has included prospective mapping and pitting of most areas of the project tenement package. About 245 location points were visited and documented during the mapping program with best geological signatures identified and a follow-up by pitting conducted.

**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 |
| **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 2010

(Unaudited)

| | FY 2010 | FY 2009 |
|---|---|---|
| | $'000 | $'000 |
| Revenue | 15,940 | 12,459 |
| Cost of sales | (5,688) | (6,471) |
| Gross profit | 10,252 | 5,988 |
| *Gross margin %* | *64%* | *48%* |
| Corporate administration and other operating costs | (3,542) | (2,826) |
| Mine administration | (2,088) | (2,449) |
| Selling and distribution costs | (1,604) | (1,700) |
| Royalties | (400) | (337) |
| Interest income received | 1 | 17 |
| Foreign exchange gains | 342 | 1,126 |
| Financing costs paid | (175) | (138) |
| *Profit/(Loss) before depreciation, amortisation and missing inventory* | 2,786 | (319) |
| Missing inventory | - | (963) |
| Depreciation and amortisation | (2,578) | (2,769) |
| *Profit/(loss) before income tax* | 208 | (4,051) |
| Income tax credit | 441 | 1,629 |
| Profit/(loss) after income tax | 649 | (3,086) |
| Non-controlling interest | 3 | 46 |
| *Profit/(loss) attributable to equity holders of parent* | 652 | (2,040) |
| *EPS (basic – cents)* | *0.57* | *(2.50)* |
| *EPS (diluted – cents)* | *0.57* | *(2.50)* |

TanzaniteOne Limited

Consolidated Statement of financial position

As at 31 December 2010

(Unaudited)

| | 2010 | 2009 |
|---|---|---|
| | **$'000** | $'000 |
| **Non-current assets** | | |
| Property, plant and equipment | 29,545 | 30,619 |
| Deferred tax assets | 1,816 | 1,748 |
| Inventory | 62 | 129 |
| **Total non-current assets** | **31,423** | **32,496** |
| **Current assets** | | |
| Inventory | 5,472 | 3,979 |
| Income tax receivable | 2,279 | 1,980 |
| Trade and other receivables | 3,828 | 3,184 |
| Cash and cash equivalents | 2,368 | 2,193 |
| Total current assets | **13,947** | **11,336** |
| **Total assets** | **45,370** | **43,832** |
| **Equity** | | |
| Issued share capital | 32 | 32 |
| Share premium | 46,402 | 46,020 |
| Share options outstanding | 706 | 706 |
| Foreign currency translation reserve | (1,050) | (684) |
| Retained earnings | (8,908) | (9,560) |
| Total equity attributable to parent equity holders | **37,182** | **36,514** |
| Non-controlling interest | (45) | (42) |
| **Total equity** | **37,137** | **36,472** |
| **Non-current liabilities** | | |
| Interest-bearing borrowings | 631 | 804 |
| Provisions | 115 | 107 |
| Deferred tax | 4,582 | 5,038 |
| Total non-current liabilities | **5,328** | **5,949** |
| **Current liabilities** | | |
| Bank overdraft | 958 | 570 |
| Interest-bearing borrowings | 208 | 196 |
| Trade and other payables | 1,739 | 645 |
| Total current liabilities | **2,905** | **1,411** |
| Total liabilities | **8,233** | **7,360** |
| Total equity and liabilities | **45,370** | **43,832** |
| | | |
| *Number of shares in issue (million)* | *115.6* | *113.6* |
| *Net asset value per share (US cents)* | *35.11* | *32.10* |

TANZANITEONE

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

| | FY 2010<br>$'000 | FY 2009<br>$'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash generated from/(utilized in) operations | 1,589 | (2,513) |
| Interest income received | 1 | 17 |
| Financing cost paid | (167) | (131) |
| Income tax refund | 54 | 251 |
| Net cash (to)/ from operating activities | **1,477** | **(2,376)** |
| **Cash flows from investing activities** | | |
| Acquisitions of property, plant and equipment | (1,529) | (2,752) |
| Net cash utilized in investing activities | **(1,529)** | **(2,752)** |
| **Cash flows from financing activities** | | |
| Net proceeds from issue of share capital | - | 5,341 |
| (Repayment of)/proceeds from interest-bearing borrowings | (161) | 616 |
| Net cash (utilized in)/generated from financing activities | **(161)** | **5,957** |
| Net (decrease)/increase in cash and cash equivalents | (213) | 829 |
| **Movement in cash and cash equivalents** | | |
| At the beginning of the year | 1,623 | 794 |
| (Decrease)/increase | **(213)** | **829** |
| At the end of the year | **1,410** | **1,623** |