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Option to Acquire Sapphire Project, Australia

TanzaniteOne Limited (“TanzaniteOne” or the “Company”) is pleased to announce the continuation of its strategy to leverage its position as a leading premium coloured gemstone producer to diversify its gemstone portfolio, by entering into an option to acquire an established Sapphire project (the “Project”).

TanzaniteOne has entered into an option, for an upfront cash fee of AUD\$120,000 to acquire at its sole discretion, following necessary and appropriate due diligence, an unencumbered 100% ownership of the Project (the “Option Agreement”). Under the Option Agreement, TanzaniteOne has an exclusivity period for a minimum of three months and a maximum of six months to conduct its due diligence.

The Sapphire Project

The Company can disclose the following information in relation to the Project:

- it will comprise two mining leases covering around 490 Ha;
- has previously been partially mined and has produced significant quantities of gemstone quality sapphire; and
- is situated in a known Sapphire field in Australia.

While under the exclusivity period of the Option Agreement, the Company is, due to confidentiality conditions specified, unable to disclose any further details of the Project at this stage.

The leases have been partially mined and delivered significant quantities of sapphire. Further details of the Project will be released on completion of due diligence including, the resource, historical mining data and an evaluation of operational and sales records. Some bulk sampling may be carried out during the due diligence period. In addition, the scale of the commercial operations will be modelled during the due diligence period.

Assets acquired and Conditions Precedent

The assets to be acquired comprise the mining licences, tangible assets, completed exploration, operational and sales data over the mining licence area. Exercise of the option is conditional upon the mining licence(s) being granted.

The total consideration for the Project, if the Company elects to proceed on completion of the due diligence will be cash of AUD\$1,200,000 and 18 million fully paid common shares in TanzaniteOne, at the market price at the time of completion, representing approximately 13.5% of the enlarged issued capital.

Commenting on the acquisition, Bernard Olivier, CEO of TanzaniteOne said: *“As demonstrated by our return to profitability and enhanced margins TanzaniteOne has become a highly effective miner and*

marketer of coloured gemstones. We are delighted to have secured an option over the Project as it fits into our diversification strategy by expanding into a new coloured gemstone through a project where we can rapidly implement advanced mining and recovery techniques. Our growth strategy is to leverage our extensive coloured gemstone mining, distribution and marketing infrastructure to maximise value of the asset.”

Diversification Strategy

TanzaniteOne is the largest and most scientifically advanced miner and supplier of rough tanzanite, a unique position that affords it the opportunity to support and influence the entire channel, from mine to market, ensuring that maximum stakeholder value is achieved at each stage of the process. The strategic move to new premium coloured gemstones commenced with a move into tsavorite, a brilliant green gemstone found in Tanzania with a remarkably similar geology to tanzanite, yet enjoying a current price per carat of approximately three times that of tanzanite. Sapphire enjoys a current quality-for-quality market price per carat significantly higher than that of tanzanite

Sapphire

Sapphire is a gemstone variety of the mineral corundum an aluminium oxide ($\alpha\text{-Al}_2\text{O}_3$), when it is a colour other than red or dark pink; in which case the gem would instead be called a ruby, considered to be a different gemstone. Trace amounts of other elements such as iron, titanium, or chromium can give corundum blue, yellow, pink, purple, orange, or greenish colour. Pink-orange sapphires are also called padparadscha. Sapphires are mined from alluvial deposits or from primary underground workings. Sapphire is not only highly transparent to wavelengths of light between 170 nm (UV) and 5.3 μm (IR) (the human eye can discern wavelengths from about 380 nm to 750 nm), but it is also five times stronger than glass and ranks a 9 on the Mohs Scale. Sapphire enjoys a current quality-for-quality market-price per carat significantly higher than that of tanzanite. Because of the remarkable hardness of sapphires (and of aluminium oxide in general), sapphires are used in some non-ornamental applications, including infrared optical components, such as in scientific instruments; high-durability windows (also used in scientific instruments); wristwatch crystals; and very thin electronic wafers, which are used as the insulating substrates of very special-purpose solid state electronics (most of which are integrated circuits).

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