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### **Tanzanite One H1 output rose 29% y-on-y**

Aim-listed Tanzanite One has recorded a production increase of 29%, for the six months ended June, 2007, with 9 818 t processed compared with 7 605 t processed during the same period last year.

The company said that this was owing to the concurrent development of more production areas than in the previous year.

The company attributed the overall production improvements to simultaneous tanzanite production from three shafts - the Askari, the Main and the Bravo shafts - as well as a carryover of some stock material to be processed from late 2006.

Carats a ton increased by 4%, to 78 ct/t, and recoveries were up by 34%, to 762 073 ct, from 570 405 ct in 2006.

However, Tanzanite One said that delays in the delivery of key equipment and challenges resulting from ongoing illegal undermining, resulted in project start dates not being met.

"The mechanisation trial at the CT shaft, and the commissioning of the investor shaft winder is now scheduled to be initiated before the end of the year. Stopping tonnage contribution was disappointing as stopping resources were allocated to production areas," the company said on Friday.

Cash costs for the period increased to \$2,63 a carat from \$2,32 a carat for the same period for 2006. Some of this increase can be attributed to the delayed implementation of stopping and mechanisation, which resulted in fewer tons being treated and thus an associated increase in unit costs.

Tanzanite One anticipated that these costs would decrease once the move towards increased mechanisation, and stopping projects had been carried out.

CEO Ian Harebottle said, "I am pleased to be able to report some small successes in our ongoing ability to improve our production and the price of rough tanzanite, and indeed a significant turnaround in group profitability. Yet, there remains considerable room for progress, and we will continue to work hard to further improve efficiencies at our mining operations."

"We are also cognisant of the limited opportunities in Tanzanite alone. Recognising our position as a leading and respected producer of premium quality coloured gemstones, we have embarked on a programme of identifying potential acquisition targets to provide additional growth avenues," he continued.

The company's consolidated results for the period reflected a net income after tax of \$3-million, or US4,15c a share.

Revenue for the period under review was \$21,3-million, compared with 2006's \$16,3-million. Tanzanite One noted that two sights were held during the period under review, with rough sales generating \$18,5-million and polished goods, \$2,8-million.

Mined rough tanzanite accounted for \$13,7-million of total revenue and traded rough tanzanite \$4,8-million.

Cash earnings (before depreciation, amortisation and provisions) were \$3,9-million, up from 2006's \$2,65-million.

The company said that total operating expenses were lower owing to the closure of its wholesale jewellery business in South Africa, but that they continued to be somewhat higher than it had hoped for as the South African offices as yet had not been fully closed.

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