

TARGET RESOURCES PLC

INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 APRIL 2006

TARGET RESOURCES PLC

CONTENTS	Page
Chairman's Statement	1
Consolidated Income Statement	2
Consolidated Statement of Changes in Equity	3
Consolidated Balance Sheet	4
Consolidated Cash Flow Statement	5
Notes to the Financial Information	6 - 11
Group information	12
Independent Review Report by the Auditors	13

TARGET RESOURCES PLC

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 APRIL 2006

I am pleased to announce the first set of interim results of Target Resources Plc ("Target" or "Company") as a quoted company. The financial information includes that of Target, its direct subsidiary Milestone Trading Limited ("Milestone") and the subsidiaries of Milestone.

Target floated on AIM on 12 July 2006 with a placing which raised proceeds of £4.01 million (before expenses). The flotation was designed to raise the profile of the Company and to provide funds to allow it to expand existing operations and develop new ones. The financial results for the six months ended 30 April 2006, which are set out below, relate entirely to the pre-flotation period, and the relevant operational information is contained in the Admission Document.

The operational highlights in the 6 months to 30 April 2006 were as follows:

- We recovered 818 carats, of which the biggest stone was 17 carats. This quantity was sold at an average price of \$404 per carat, bringing the average price of diamonds sold to \$473 per carat. This reaffirms the quality of the diamonds which exist in our leased area.
- On 1 April 2006, our contractors, Three Captains, took over mining operations. They have shipped an entire new DMS Pan plant, to complement the existing plant (which was sold to them when they took over mining operations), and a full gold plant in preparation for the gold processing intended to commence when production increases.
- During the period, our negotiations for further mining leases bore fruit and in May 2006, we were granted mining leases for a further 16.63 km², bringing our total leased area to 17.25 km², in the rich diamond and gold area of Kono, specifically in the chiefdoms of Sandoh, Nimikoro & Nimiyama.
- In the coming months we will concentrate on prospecting new areas, to include the river confluence in Bagbema, Bendu (where our second camp will be located) and the river bank in Nimikoro.

In summary, I would like to add that we are pleased with the progress achieved during the period under review and will now focus our attention on prospecting and mining the areas now acquired.

Freddy Hager
31 July 2006

TARGET RESOURCES PLC

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 APRIL 2006

	Note	(Unaudited) Six months ended 30 April 2006 £	(Audited) Fifteen months ended 31 October 2005 £
Group turnover		177,888	1,081,804
Cost of goods sold*		<u>(621,009)</u>	<u>(1,001,610)</u>
Gross (loss)/profit		(443,121)	80,194
Administrative expenses*		(852,393)	(5,363,468)
Finance income		12,458	-
Group operating loss		<u>(1,283,056)</u>	<u>(5,283,274)</u>
Finance costs		(96,914)	(580,442)
Loss on ordinary activities before taxation		<u>(1,379,970)</u>	<u>(5,863,716)</u>
Income tax expense		(14,163)	(42,000)
Loss for the period		<u>(1,394,133)</u>	<u>(5,905,716)</u>
Attributable to:			
Equity holders of the company		(1,383,498)	(5,793,130)
Minority interests		<u>(10,635)</u>	<u>(112,586)</u>
		<u>(1,394,133)</u>	<u>(5,905,716)</u>
Loss per share			
Basic and diluted - pence	2	<u>(2.01p)</u>	<u>(9.66p)</u>

* 2005 costs include the costs in establishing the operation in Sierra Leone.

TARGET RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 APRIL 2006

Note	Attributable to equity holders					Total equity
	Share capital	Share premium	Other reserves	Retained earnings/(loss)	Minority interest	
	£	£	£	£	£	£
At 1 November 2005 – prior to business combination (combined)						
Target	2	-	116,418	(188,155)	-	(71,735)
Milestone and its subsidiary undertakings	100	-	74,471	(5,559,333)	(112,278)	(5,597,040)
	102	-	190,889	(5,747,488)	(112,278)	(5,668,775)
Further issue of shares for business combination	7	599,998	-	14,400,002	-	15,000,000
Adjustments for business combinations:						
Consolidation adjustments	(100)	-	(15,000,000)	-	-	(15,000,100)
At 1 November 2005 – after adjusting for business combination (consolidated)						
	600,000	-	(409,109)	(5,747,488)	(112,278)	(5,668,875)
Issue of share capital	108,640	2,607,360	-	-	-	2,716,000
Issue costs	-	(266,170)	-	-	-	(266,170)
Translation differences on re-translation to sterling of the group's net investment in foreign operations	-	-	78,548	-	-	78,548
Minority's interest in the share capital of a subsidiary undertaking	-	-	-	-	308	308
Employee share option	-	-	165,575	-	-	165,575
Loss for the six months ended 30 April 2006	-	-	-	(1,383,498)	(10,635)	(1,394,133)
Balance at 30 April 2006	708,640	2,341,190	(164,986)	(7,130,986)	(122,605)	(4,368,747)

TARGET RESOURCES PLC

CONSOLIDATED BALANCE SHEET

AS AT 30 APRIL 2006

	Note	(Unaudited) 30 April 2006 £	(Audited) 31 October 2005 £
Assets			
Non-current assets			
Intangible assets	4	423,155	233,684
		423,155	233,684
Current assets			
Trade and other receivables		1,273,822	54,149
Cash and cash equivalents		198,057	48,126
		1,471,879	102,275
Non-current assets classified as held for resale	5	-	838,545
Total assets		1,895,034	1,174,504
Liabilities			
Non-current liabilities			
Shareholders' and former shareholders' loans	6	3,936,931	3,936,931
Provision for rehabilitation costs		139,130	108,349
Provision for liabilities and charges		109,100	71,737
		4,185,161	4,117,017
Current liabilities			
Trade and other payables		103,828	589,447
Short term borrowings and loans	6	1,974,792	2,136,915
		2,078,620	2,726,362
Total liabilities		6,263,781	6,843,379
Net liabilities		(4,368,747)	(5,668,875)
Equity			
Capital and reserves attributable to equity holders			
Share capital*	7	708,640	600,000
Share premium account*		2,341,190	-
Other reserves*		(164,986)	(409,109)
Retained loss*		(7,130,986)	(5,747,488)
		(4,246,142)	(5,556,597)
Minority interests*		(122,605)	(112,278)
Total equity and reserves		(4,368,747)	(5,668,875)

* Movements are set out in the consolidated statement of changes in equity.

TARGET RESOURCES PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 APRIL 2006

	Six months Ended 30 April 2006 £	Fifteen months Ended 31 October 2005 £
Cash flows from operating activities		
Loss for the period	(1,394,133)	(5,905,716)
Adjustments for:		
Depreciation, amortisation and impairment	9,255	1,377,475
Employee share options	165,575	116,418
National insurance charge on share options	37,363	71,737
Investment income	(12,458)	-
Rehabilitation cost provision	30,781	108,349
Finance costs	96,914	580,442
Income tax charge	14,163	42,000
	<u>(1,052,540)</u>	<u>(3,609,295)</u>
(Decrease)/increase in working capital	(565,222)	520,969
Cash deficit from operating activities	<u>(1,617,762)</u>	<u>(3,088,326)</u>
Interest paid	(96,914)	(580,442)
Net cash outflow from operating activities	<u>(1,714,676)</u>	<u>(3,668,768)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(315,380)	(545,250)
Sale of property, plant and equipment (cash received after the period end)	-	-
Purchase of intangible assets	(198,726)	(262,565)
Interest received	12,458	-
Net cash outflow from investing activities	<u>(501,648)</u>	<u>(807,815)</u>
Net cash outflow before financing activities	<u>(2,216,324)</u>	<u>(4,476,583)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	2,449,830	-
Increase in shareholders loans	-	2,295,042
(Decrease)/Increase in short term borrowings	(130,528)	2,105,320
Net cash inflow from financing activities	<u>2,319,302</u>	<u>4,400,362</u>
Net increase/(decrease) in cash and cash equivalents in the period	102,978	(76,221)
Cash and cash equivalents at beginning of the period	16,531	18,279
Exchange rate effects	78,548	74,473
Cash and cash equivalents at the end of the period	<u>198,057</u>	<u>16,531</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	198,057	48,126
Overdrafts	-	(31,595)
	<u>198,057</u>	<u>16,531</u>

TARGET RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 APRIL 2006

1.1 Basis of preparation

The financial information, which incorporates the financial information of the Company and its subsidiary undertakings (“the Group”), has been prepared using the historical cost convention and in accordance with the International Financial Reporting Standards (“IFRS”) including IFRS 6, Exploration for and Evaluation of Mineral Resources, as adopted by the European Union (“EU”).

Although during the six months ended 30 April 2006, the Group made a loss of £1,383,498 attributable to the equity holders of the Company and it had net liabilities of £4,368,747, the financial information has been prepared on the going concern basis due to the following events.

Subsequent to the period ended 30 April 2006, the Group has secured further mining leases with extensive further sites in a district which is recognised as the most prospective area for diamond mining in Sierra Leone. Furthermore, in order to grow the business securely and quickly, the Group has subcontracted the mining operations to an established mining operator with an immediate access to large quantities of heavy equipment. On 6 July 2006, shareholders’ loans amounting to £3,936,931 were capitalised by issue of ordinary shares and warrants. On 12 July 2006, following admission of the Company to AIM, it raised £3,160,700 net of expenses through placing.

The directors believe that, due to the above events, the Group will be able to grow its business and will become profitable in the near future. Accordingly, they are satisfied that the going concern basis remains appropriate for the preparation of financial information for the period ended 30 April 2006.

The results for the six months ended 30 April 2006 are unaudited and do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. They have been prepared using accounting bases and policies consistent with those used in the preparation of the financial statements of the Company and the Milestone Group for the period ended 31 October 2005.

1.2 Basis of consolidation involving entities under common control

When the Company acquires another company, by means of share for share exchange, resulting in business combinations involving entities under common control and where no acquirer is identified, the difference between the purchase consideration and the carrying value of the net assets acquired is adjusted to equity and the comparative figures are stated on a combined basis as if the Group had been in existence at the beginning of the corresponding period.

2. Loss per ordinary share

The basic loss per ordinary share has been calculated using the loss for the financial period of £1,383,498 (2005: £5,793,130) and the average number of ordinary shares in issue of 68,847,022 (2005: 60,000,000).

No diluted loss per ordinary share has been disclosed because the share options existing at the period end would decrease the net loss per share and therefore the diluted loss per ordinary share has been restricted to basic loss per ordinary share.

TARGET RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 APRIL 2006

3. Segment Information

3.1 Primary reporting format - business segments

During the period, the Group's main business segment was exploration and mining of alluvial diamonds and selling them in the related world markets.

3.2 Secondary reporting format – geographical segments

During the period ended 30 April 2006, the Group sold its products in one geographical area, being Europe (excluding UK).

The information on sales, total assets and capital expenditure for the period is set out below:

	2006
	£
Sales	
Europe excluding UK	177,888
	<hr/>
	177,888
	<hr/> <hr/>

Sales are allocated based on the country in which the customer is located

	2006
	£
Total assets	
UK	200,855
Sierra Leone	1,694,179
	<hr/>
	1,895,034
	<hr/> <hr/>

Total assets consist of intangible assets, receivables and operating cash. They exclude deferred taxation. Total assets are allocated based on where the assets are located.

	2006
	£
Capital expenditure	
UK	-
Sierra Leone	514,106
	<hr/>
	514,106
	<hr/> <hr/>

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from business combinations. Capital expenditure is allocated based on where the assets are located.

TARGET RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 APRIL 2006

4. **Intangible assets**

The movements during the period were as follows:

	Deferred exploration costs	Mining licence	Rehabilitation costs	Total
	£	£	£	£
Cost				
As at 1 November 2005	123,721	30,495	108,349	262,565
Additions	-	167,945	30,781	198,726
	-----	-----	-----	-----
At 30 April 2006	123,721	198,440	139,130	461,291
	-----	-----	-----	-----
Amortisation				
As at 1 November 2005	13,609	3,354	11,918	28,881
Charge for the period	2,475	610	6,170	9,255
	-----	-----	-----	-----
At 30 April 2006	16,084	3,964	18,088	38,136
	-----	-----	-----	-----
Net book value				
At 30 April 2006	107,637	194,476	121,042	423,155
	=====	=====	=====	=====
At 31 October 2005	110,112	27,141	96,431	233,684
	=====	=====	=====	=====

Amortisation of £9,255 is included in the 'cost of goods sold' in the income statement.

TARGET RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 APRIL 2006

5. Non – Current assets classified as held for sale

	Mining equipment, plant and machinery £	Cabin and associated set up costs £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
Cost brought forward at 1 November 2005	1,928,093	118,862	61,594	78,590	2,187,139
Additions	295,229	283	18,294	1,574	315,380
Disposals	(2,223,322)	(119,145)	(79,888)	(80,164)	(2,502,519)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carried forward at 30 April 2006	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation and impairment					
At 1 November 2005	1,210,406	63,738	32,575	41,875	1,348,594
Disposals	(1,210,406)	(63,738)	(32,575)	(41,875)	(1,348,594)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carried forward at 30 April 2006	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value at 30 April 2006	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 October 2005	<u>717,687</u>	<u>55,124</u>	<u>29,019</u>	<u>36,715</u>	<u>838,545</u>

These assets are held in Sierra Leone.

The Group subcontracted its mining operations to an established mining operator in Sierra Leone with effect from 1 April 2006 based on an agreement signed on 4 April 2006. As a part of that subcontracting agreement all of the above assets have been sold to the subcontractor at fair value.

TARGET RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 APRIL 2006

6. Borrowings

	30 April 2006 £
Non-current	
Shareholders' and former shareholders' loans	3,936,931
	<u><u> </u></u>
Current	
Other loans	1,974,792
	<u><u> </u></u>
<i>Shareholders' and former shareholders' loans</i>	
	30 April 2006 £
Balance at the period end:	
Capital	3,527,429
Accumulated interest	409,502
	<u> </u>
	<u>3,936,931</u>

All of the shareholders' and former shareholders' loans are in US Dollars and unsecured. No interest is payable on these loans from 1 November 2005. On 6 July 2006, Target issued 7,873,862 ordinary shares of 1p each at 50p per share and 7,873,862 warrants (exercise price – 62.5 pence) to capitalise these shareholders' loans which have been accepted by the shareholders in satisfaction of the amounts due to them. Accordingly, no exchange difference has been recognised in this financial information.

Of the other loans, except for a loan of £335,099 (capital being £330,000) which is in Sterling, all other loans are in US Dollars. The Sterling loan was subject to a fixed interest rate of 18% and the rest of the other loans were subject to a fixed interest rate of 10%. These loans are repayable on demand and are unsecured.

TARGET RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 APRIL 2006

7. Share capital

	30 April 2006
	£
Authorised	
1,000,000,000 ordinary shares of 1p each	10,000,000
	=====
Allotted, called up and fully paid	
As at 1 November 2005	2
Shares issued (see below)	708,638

As at 30 April 2006	708,640
	=====

The movements in the share capital is summarised below:

Issue of shares

On 7 November 2005, Milestone was acquired by Target. Target issued 60,000,000 (being all of its issued shares) of its own shares in exchange for the whole of the issued share capital of Milestone. At the date of exchange, Milestone had 100 ordinary issued shares. Target, for the purposes of the acquisition, therefore exchanged 600,000 of its own shares for each fully paid, ordinary share in Milestone thus affecting a business combination involving entities under common control.

On 30 November 2005, 8,464,000 ordinary shares of 1p each were issued fully paid for cash at a price of 25p per share.

On 20 December 2005, 2,400,000 ordinary shares of 1p each were issued fully paid for cash at a price of 25p per share.

The Company took advantage of s131 of the Companies Act 1985 and credited the premium arising on the acquisition of Milestone to a merger reserve included in other reserves.

	Number of shares of 1p each	Share capital at nominal value
Relating to shares issued on incorporation	200	2
Acquisition of Milestone	59,999,800	599,998
Issue of shares for cash – 30 November 2005	8,464,000	84,640
Issue of shares for cash – 20 December 2005	2,400,000	24,000
	-----	-----
As at 30 April 2006	70,864,000	708,640
	=====	=====

TARGET RESOURCES PLC

GROUP INFORMATION

FOR THE SIX MONTHS ENDED 30 APRIL 2006

Directors F Hager (Appointed 17 January 2006)
P O'Kane
Dr N Levy
J C Smith
Y Ziv

Company Secretary D. Bressloff

Company Number 5566717

Registered Office 16th Floor
Marble Arch Tower
55 Bryanston Street
London
W1H 7AA

Auditors UHY Hacker Young
St Alphage House
2 Fore Street
London EC2Y 5DH

Business Address: 16th Floor
Marble Arch Tower
55 Bryanston Street
London W1H 7AA

Solicitors Faegre & Benson
7 Pilgrim Street
London EC2V 6LB

Principal Bankers Bank Leumi
20 Stratford Place
London W1C 1BG

EFG Private Bank
12 Hay Hill
London W1J 6DW

TARGET RESOURCES PLC

INDEPENDENT REVIEW REPORT BY THE AUDITORS

TO TARGET RESOURCES PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 April 2006 set out on pages 2 to 11, which comprises the consolidated income statement, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and associated notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the AIM rules which require that the half-yearly report must be presented and prepared in a form consistent with that which will be adopted in the AIM company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 April 2006.

UHY Hacker Young
London

Date 31 July 2006

Notes

1. The maintenance and integrity of the Target Resources plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or audit report since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.