



## Regulatory Announcement

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<b>Company</b>	<a href="#">Target Resources</a>
<b>TIDM</b>	TGT
<b>Headline</b>	Interim Results
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Target Resources Plc  
09 July 2008



TARGET RESOURCES PLC

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 APRIL 2008

I am pleased to announce the interim results of Target Resources Plc ("Target" or "Company") for the 6 months ended 30 April 2008. The financial information comprises the consolidated results of Target, its direct subsidiaries Pride Diamonds LLC and Milestone Trading Limited and Milestone's Sierra Leone subsidiaries.

As the results show, the start of our planned larger scale processing has been somewhat set back. This results from unforeseen delays outside the Company's control. Equipment needed to allow the Density Media Separation (DMS) plant to operate is now anticipated to arrive on site in August 2008. The cutter head dredge, which will feed a large new jig plant, is not now scheduled to arrive until September 2008.

In the meantime, accumulation of gravels continues and there is limited processing as an interim measure, through the recently constructed scrubber and jig plant.

Due to these unforeseen delays in getting equipment to site and the resultant delay to larger scale processing, the Company has thought it prudent to raise further finance, and today announces that Laurelton Diamonds Inc ("Laurelton") has increased the short term debt facility it made available to Target in April 2008, by \$1.5 million. In order to demonstrate his commitment to the business and operations of Target, the Company announces that on 8 July, Dr Nissim Levy, CEO of Target has made available a short term loan of \$1.25 million to the Company.

The loan made available by Dr Levy can be drawn down in whole or in part, carries an interest of LIBOR plus 4 per cent, and is repayable 6 months following drawdown, but in any event not before the Company has repaid Laurelton the \$3.5 million (together with accrued interest) it has made available to the Company under its short term debt facility.

The Directors believe that the funds available to it should give the Company sufficient resources to support the Company until it is able to reach increased scale diamond production, anticipated to be around September 2008.

Dr Levy's loan to the Company is classed as a related party transaction under the

AIM Rules. The Directors consider, having consulted with the Company's nominated adviser, that the terms of this loan are fair and reasonable insofar as the Company's shareholders are concerned.

Whilst it is always tempting fate in this industry to cite the prospect of better times around the corner, I do feel that now, with most of the equipment purchased, with the last placement being fully on site shortly and with the accumulated 95,000 tons of gravels already showing a promising diamondiferous content, your company is at last well set up to maximize the potential of its key diamond leases, as well as to actively exploit the various new licences acquired over the last ten months.

An initial inspection of our new gold exploration licence carried out by SRK Exploration Services suggests good prospectivity, and it is our intention to begin exploration work in the near future.

Freddy Hager  
Chairman

8 July 2008

TARGET RESOURCES PLC  
UNAUDITED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 APRIL 2008

	Notes	Six months ended 30 April 2008 (Unaudited) £	Six months ended 30 April 2007 (Unaudited) £
Group turnover		123,391	178,764
Cost of goods sold		(2,238,338)	(1,266,169)
Gross loss		(2,114,947)	(1,087,405)
Administrative expenses before charge for share based payments		(1,594,616)	(996,134)
Share based payments	9	(288,327)	(327,238)
Total administrative expenses		(1,882,943)	(1,323,372)
Group operating loss		(3,997,890)	(2,410,777)
Finance costs		(255,706)	(53,576)
Loss before taxation		(4,253,596)	(2,464,353)
Taxation		-	(21,850)
Loss for the period		(4,253,596)	(2,486,203)
Attributable to:			
Equity holders of the Company		(4,253,596)	(2,486,203)
Minority interests		-	-
Loss per share (pence)	3	(4,253,596)	(2,486,203)
Basic		(3.59p)	(2.84p)

TARGET RESOURCES PLC  
 UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE SIX MONTHS ENDED 30 APRIL 2008

	Attributable to equity holders					Minority interest £	Total equity £
	Share capital £	Share premium £	Other reserves £	Retained losses £			
At 1 November 2006	867,593	9,254,171	1,053,464	(10,183,181)	(132,719)	859,328	
Issue of share capital	23,496	794,155	-	-	-	817,651	
Translation differences on re-translation to sterling of the Group's net investment in foreign operations	-	-	18,996	-	-	18,996	
Share based payments (note 9)	-	-	366,096	-	-	366,096	
Loss for the six months ended 30 April 2007	-	-	-	(2,486,203)	-	(2,486,203)	
Transfer of minority interest (note below)	-	-	-	(132,719)	132,719	-	
At 30 April 2007	891,089	10,048,326	1,438,556	(12,802,103)	-	(424,132)	
At 1 November 2007	1,183,755	14,213,115	2,205,113	(15,127,046)	(135,791)	2,339,146	
Issue of share capital, net of costs	33,501	335,244	-	-	-	368,745	
Translation differences on re-translation to sterling of the Group's net investment in foreign operations	-	-	86,812	-	-	86,812	
Share based payments (note 9)	-	-	288,327	-	-	288,327	
Loss for the six months ended 30 April 2008	-	-	-	(4,253,596)	-	(4,253,596)	
Transfer of minority interest (note below)	-	-	-	(135,791)	135,791	-	
At 30 April 2008	1,217,256	14,548,359	2,580,252	(19,516,433)	-	(1,170,566)	

Under the requirements of International Accounting Standard 27, all of the losses of the subsidiaries with net liabilities where there are minority shareholdings are to be taken to the results attributable to the shareholders of the Company until the net liabilities in those subsidiaries become nil. Accordingly the losses allocated to minority interests in earlier periods have been transferred to the retained losses of the Group.

TARGET RESOURCES PLC  
UNAUDITED CONSOLIDATED BALANCE SHEET  
AS AT 30 APRIL 2008

	Notes	30 April 2008 (Unaudited)	31 October 2007 (Audited)
		£	£
<b>ASSETS</b>			
Non-current assets			
Goodwill		1,003,442	1,003,442
Other intangible assets	4	786,627	642,857
Plant and equipment	5	3,618,476	877,096
		5,408,545	2,523,395
Current assets			
Trade and other receivables		702,518	157,938
Cash and cash equivalents		467,255	6,066,239
		1,169,773	6,224,177
Total assets		6,578,318	8,747,572
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings	7	2,522,705	2,422,950
Provision for liabilities	6	1,083,473	1,087,006
Licence fees payable		160,338	160,338
		3,766,516	3,670,294
Current liabilities			
Trade and other payables		1,618,069	1,429,739
Borrowings	7	2,364,299	1,308,393
		3,982,368	2,738,132
Total liabilities		7,748,884	6,408,426
Net (liabilities)/assets		(1,170,566)	2,339,146
<b>EQUITY</b>			
Capital and reserves attributable to equity holders			
Share capital	8	1,217,256	1,183,755
Share premium	8	14,548,359	14,213,115
Other reserves		2,580,252	2,205,113
Retained losses		(19,516,433)	(15,127,046)
Equity attributable to shareholders of the Company		(1,170,566)	2,474,937
Minority interests		-	(135,791)
Total equity		(1,170,566)	2,339,146

TARGET RESOURCES PLC  
 UNAUDITED CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE SIX MONTHS ENDED 30 APRIL 2008

	Note	Six months ended 30 April 2008 (Unaudited) £	Six months ended 30 April 2007 (Unaudited) £
Cash used in operations	10	(3,112,485)	(1,798,853)
Investing activities			
Purchase of plant and equipment		(3,353,086)	(11,361)
Costs of acquiring subsidiary		-	(32,469)
Cash acquired with subsidiary		-	511,032
Mining licences acquired		(70,440)	-
Net cash (used in)/from investing activities		(3,423,526)	467,202
Financing activities			
Cost of share issues		(133,768)	-
Loans obtained		908,174	482,875
Net cash from financing activities		774,406	482,875
Decrease in cash and cash equivalents		(5,761,605)	(848,776)
Cash and cash equivalents at beginning of the period		6,066,239	1,052,563
Exchange rate effects		162,621	18,996
Cash and cash equivalents at the end of the period		467,255	222,783

TARGET RESOURCES PLC  
 NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT  
 FOR THE SIX MONTHS ENDED 30 APRIL 2008

1. Basis of preparation and going concern

This half-yearly financial report, which includes a condensed set of financial statements 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 IAS 34 'Interim Financial Reporting' and IFRS 6 'Exploration for and Evaluation of Mineral Resources', as adopted by the European Union ("EU").

This condensed set of financial statements for the six months ended 30 April 2008 is unaudited and does 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 Group for the year ended 31 October 2007 and those to be used in year ending 31 October 2008. The financial statements for the year ended 31 October 2007 have been delivered to the Registrar of Companies and the auditors' report on those financial statements was unqualified and did not contain a statement made under

The half-yearly financial report was approved by the Board of Directors on 8 July 2008.

#### Going concern

Although during the six months ended 30 April 2008, the Group made a loss of £4,253,596, had net operating cash outflows of £3,112,485 and at 30 April 2008 had net liabilities of £1,170,566 and net current liabilities of £2,812,595, the half-yearly financial report has been prepared on the going concern basis for the following reasons.

The Directors are of the opinion that the Group has sufficient cash to fund its activities based on projected cash flow information in excess of twelve months from the date of approval of this half-yearly financial report. Management continues to monitor all working capital commitments and balances on a weekly basis and believes that they have identified appropriate levels of financing for the Group to continue to meet its liabilities as they fall due for at least the next twelve months.

In common with many similar companies, the Group raises finance for its activities in discrete tranches. The Directors are confident that, as the Company has repeatedly been able to do to date, short-term debt funding can be obtained should diamond production be insufficient to cover ongoing costs. The Directors and senior management have their own financial resources and have recently committed US\$1.25m in debt. Laurelton Diamonds, Inc, (a subsidiary of Tiffany & Co (NYSE: TIF), part of the group which is a shareholder in the Company, has remained supportive and has after date confirmed a US\$3.5m line of credit. The Directors believe there are other sources if needed. The Directors also believe that the prospects for diamond production are now strong, particularly in light of the arrival of most of the equipment funded by the October 2007 equity placement and large stockpiles of diamondiferous gravel awaiting processing.

With the prospect of a significant increase in the extraction of gravel and the high quality of diamonds expected in the licensed areas, the Directors believe that the Group will be able to grow its business and will become profitable in the future. Accordingly, they are satisfied that the going concern basis remains appropriate for the preparation of the half-yearly financial report for the six month period ended 30 April 2008.

## 2. Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

#### Primary reporting format – business segments

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

#### Secondary reporting format – geographical segments

During the period ended 30 April 2008, 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:

	6 months ended 30 April 2008 £	6 months ended 30 April 2007 £
Sales		
Europe excluding UK	123,391	178,764
	123,391	178,774

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

	At 30 April 2008 £	At 31 October 2007 £
Total assets		
UK	1,985,707	6,007,860
Sierra Leone	4,592,611	2,739,712
	6,578,318	8,747,572

Total assets consist of intangible assets, stocks, receivables and operating cash. Total assets are allocated based on where the assets are located.

	6 months ended 30 April 2008 £	Year ended 31 October 2007 £
Capital expenditure		
UK	–	–
Sierra Leone	3,611,497	400,634
	3,611,497	400,634

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

### 3. Loss per ordinary share

The basic loss per ordinary share has been calculated using the loss attributable to the Company's equity shareholders for the financial period of £4,253,596 (2007: £2,486,203) and the weighted average number of ordinary shares in issue of 118,412,514 (2007: 87,628,992).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 121,358,019 (2007: 93,177,716). The diluted loss per share has been kept the same as the basic loss per share as the conversion of share warrants and options decreases the basic loss per share, thus being anti-dilutive.

### 4. Other intangible assets

The movements of other intangible assets during the period were as follows:

	Deferred exploration costs £	Mining licences £	Rehabilitation costs £	Total £
Cost				
At 1 November 2007	193,861	469,888	189,660	853,409
Additions	–	117,303	–	117,303
Exchange differences	7,981	19,346	7,808	35,135
30 April 2008	201,842	606,537	197,468	1,005,847
Amortisation				
At 1 November 2007	16,813	4,079	189,660	210,552
Charge for the period	–	–	–	–
Exchange differences	692	168	7,808	8,668
At 30 April 2008	17,505	4,247	197,468	219,220
Net book value				

At 30 April 2008	184,337	602,290	-	786,627
At 31 October 2007	177,048	465,809	-	642,857

The costs for mining licences above includes a sum of £390,829 (US\$750,000) for the acquisition of mining licences during 2006, payable over a period of five years. Of this amount £198,084 has been paid to date by 30 April 2008, £32,407 is included in other payables, payable in the next financial year and £160,338 is payable after more than one year. The costs of mining licences also includes a sum of £93,726 for the acquisition of mining licences in 2008, of which £46,863 remains unpaid at 30 April 2008.

There have been no amortisation charges on deferred exploration and mining licences this year as the accumulated amortisation brought forward exceeded the total amortisation as at 30 April 2008 in respect of these assets based on the Group's accounting policy.

## 5. Plant and equipment

	Mining equipment, plant and machinery	Cabins and associated set up costs	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 November 2007	1,331,948	59,498	77,886	89,020	1,558,352
Additions	3,458,611	-	35,583	-	3,494,194
Exchange differences	54,621	2,408	3,167	3,965	64,161
At 30 April 2008	4,845,180	61,906	116,636	92,985	5,116,707
<b>Depreciation and impairment</b>					
At 1 November 2007	620,911	17,587	19,694	23,064	681,256
Depreciation charge	783,602	6,783	12,273	10,513	813,171
Exchange differences	2,890	133	202	579	3,804
At 30 April 2008	1,407,403	24,503	32,169	34,156	1,498,231
<b>Net book value</b>					
At 30 April 2008	3,437,777	37,403	84,467	58,829	3,618,476
At 31 October 2007	711,037	41,911	58,192	65,956	877,096

## 6. Provisions for liabilities and charges

	30 April 2008	31 October 2007
	£	£
Provision for employer's national insurance		

on share based payments	122,551	122,551
Provision for deferred consideration	960,922	964,455
	1,083,473	1,087,006

The provision for deferred consideration arose on the acquisition of Pride Diamonds LLC in 2007, less payments made to date.

## 7. Borrowings

	30 April 2008 £	31 October 2007 £
Non-Current Loan (note a)	2,522,705	2,422,950
Current Loans (note b)	2,364,299	1,308,393
	4,887,004	3,731,343

a) This is a US\$5,000,000 loan received from Tiffany & Co in 2007. The loan is repayable in a single instalment five years after drawdown, and contains representations, warranties and events of default which are usual for a facility of this type. The loan is unsecured and incurs interest at 1% above LIBOR. Tiffany has agreed a ten year exclusive marketing agreement for the Company's diamonds output.

b) Other loans are denominated in US Dollars and are subject to fixed interest rates of 10% to 12.5%. These loans are repayable on demand and are unsecured.

## 8. Share capital, warrants and options

	30 April 2008 £	31 October 2007 £
Authorised 1,000,000,000 ordinary shares of 1p each	10,000,000	10,000,000
Allotted, called up and fully paid 121,725,580 (31 October 2007: 118,375,496) ordinary shares of 1p each	1,217,256	1,183,755

The movements of the issued share capital and the share premium account for the six months ended 30 April 2008 are shown below:

	Number of shares of 1p each	Share capital at nominal value £	Share premium £
At 1 November 2007	118,375,496	1,183,755	14,213,115
Issue of shares, net of costs	3,350,084	33,501	335,244
At 30 April 2008	121,725,580	1,217,256	14,548,359

The Company issued the above 3,350,084 ordinary shares of 1p each for 15p per share in April 2008. The cash proceeds of £502,513 were received in May 2008.

The share warrants and share options outstanding at 30 April 2008 are as follows:

	Number of warrants	Number of options
At 1 November 2007 and 30 April 2008	15,895,262	11,904,163

## 9. Share based payments

	Six months ended 30 April 2008	Six months ended 30 April 2007
The Group recognised the following charges in the income statement in respect of its share based payment plans:		
	£	£
Employer's national insurance	–	366,096
IFRS 2 charge	288,327	(38,858)
	288,327	327,238

The above charge is based on the requirements of IFRS 2 on share based payments and relates entirely to share options granted in prior financial periods which are still in their vesting periods. For this purpose, the weighted average estimated fair value for the share options granted was calculated, using a Black–Scholes option pricing model in respect of options. The volatility measured at the standard deviation of expected share price return is based on statistical analysis of the share price since the Company's admission to the Alternative Investment Market ("AIM") and this has been calculated at 90%. The risk free rate has been taken at 5.50%.

## 10. Reconciliation of cash generated from operations

	Six months ended 30 April 2008	Six months ended 30 April 2007
	£	£
Group operating loss	(3,997,890)	(2,410,777)
Adjustments for non–cash items:		
Depreciation and amortisation	813,171	368,274
Share based payments charge	288,327	327,238
	(2,896,392)	(1,715,265)
Changes in working capital	(147,410)	(30,012)
Cash used in operations	(3,043,802)	(1,745,277)
Net finance costs paid	(68,683)	(53,576)
	(3,112,485)	(1,798,853)

## 11. Events after the balance sheet date

In June 2008 the Company borrowed US\$2 million from Laurelton Diamonds, Inc. (a subsidiary of Tiffany & Co (NYSE: TIF)) to be used for working capital requirements.

In July 2008 the Company agreed to borrow US\$1.25 from Dr Nissim Levy, a director and CEO of the Company, and an additional US\$1.5 million from Laurelton Diamonds, Inc. Further details are set out in the Chairman's Statement.

## 12. Exploration commitments

In order to maintain an interest in the new licences acquired in early 2008, the Group is committed to provide US\$1.25 million to service operational aspects of the work programme over the first two years of the licences.

### INDEPENDENT REVIEW REPORT BY THE AUDITORS TO TARGET RESOURCES PLC

#### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2008, which comprises the consolidated income statement, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

#### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs, as adopted by the European Union. The condensed set of financial statements, included in this half-yearly financial report, has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

#### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

#### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union and the AIM Rules for Companies.

#### Emphasis of matter

In forming our conclusion on the condensed set of financial statements which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the half-yearly financial report concerning the Group's ability to continue as a going concern. The Group incurred a net loss of £4,253,596 and had net operating cash outflows of £3,112,485 for the six months ended 30 April 2008 and, as of that date, the Group had net liabilities of £1,170,566 and net current liabilities of £2,812,595. These conditions, along with other matters discussed in Note 1, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a

going concern. The half-yearly financial report does not include the adjustments that would result if the Group were unable to continue as a going concern.

UHY Hacker Young LLP

Chartered Accountants  
Registered Auditors

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8 July 2008

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