

TARGET RESOURCES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2009

I hereby announce the interim results of Target Resources Plc (“Target” or “Company”) for the 6 months ended 30 April 2009. 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.

The Company is still in a difficult position. While reaching full production capacity early in the year and producing a record 1,200 carats in a month (January 2009), world diamond prices continued to collapse, resulting in the Company’s not being able to cover its operating expenses. Therefore the Company has had to mothball its production until prices recover.

However, with additional funding from Tiffany & Co, the company started exploration for gold in its various licensed areas, an operation which is still ongoing. While small quantities of gold have been found, these still do not justify commercially viable mining.

In June 2009 the Company reached agreement to defer a number of major periodical payments, including interest payments falling due at the end of June 2009 to its principal lenders, which were deferred for at least six months. Furthermore, in order to ensure the Company has sufficient cash resources to cover costs and liabilities to the end of October 2009, Nissim Levy and Yair Ziv, Managing Director and Finance Director of the Company respectively, have granted the Company a loan facility of up to \$300,000. This, together with anticipated income from sale of some of its heavy equipment and dredging machinery which the Company is trying to achieve, are expected to provide sufficient funds to maintain operations on a minimal cost basis until diamond prices recover, which the directors believe is likely to happen during 2010.

Freddy Hager
Chairman
22 July 2009

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 April 2009

	Six months ended 30 April 2009 (Unaudited) US\$	Six months ended 30 April 2008 (Unaudited) US\$
Group turnover	1,636,429	244,561
Cost of goods sold	<u>(4,585,466)</u>	<u>(4,436,386)</u>
Gross loss	(2,949,037)	(4,191,825)
Administrative expenses before charge for share based payments	(915,113)	(3,160,529)
Share based payments	-	(571,464)
Total administrative expenses	(915,113)	(3,731,993)
Group operating loss	(3,864,150)	(7,923,818)
Finance costs	<u>(510,392)</u>	<u>(506,809)</u>
Loss before taxation	(4,374,542)	(8,430,627)
Taxation	<u>-</u>	<u>-</u>
Loss for the period	<u>(4,374,542)</u>	<u>(8,430,627)</u>
Attributable to:		
Equity holders of the Company	(4,374,542)	(8,430,627)
Minority interests	<u>-</u>	<u>-</u>
	(4,374,542)	(8,430,627)
Loss per share (cents)		
Basic	(3.63c)	(7.12c)
Diluted	<u>(3.63c)</u>	<u>(7.12c)</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 April 2009

	Notes	Six months ended 30 April 2009 (Unaudited) US\$	Six months ended 30 April 2008 (Unaudited) US\$
ASSETS			
Non-current assets			
Goodwill		-	2,070,703
Other intangible assets		-	1,514,460
Plant and equipment		4,495,047	5,822,214
		<u>4,495,047</u>	<u>9,407,377</u>
Current assets			
Trade and other receivables		86,510	1,392,391
Cash and cash equivalents		309,870	926,099
		<u>396,396</u>	<u>2,318,490</u>
Total assets		<u>4,891,443</u>	<u>11,725,867</u>
LIABILITIES			
Non-current liabilities			
Borrowings	3	8,500,000	5,000,000
Provision for liabilities		1,966,961	2,147,433
Licence fees payable		189,456	317,790
		<u>10,656,417</u>	<u>7,465,233</u>
Current liabilities			
Trade and other payables		2,328,795	3,207,013
Borrowings	3	9,722,500	4,686,041
		<u>12,051,296</u>	<u>7,893,054</u>
Total liabilities		<u>22,707,713</u>	<u>15,358,277</u>
Net (liabilities)/assets		<u>(17,816,270)</u>	<u>(3,632,410)</u>
EQUITY			
Capital and reserves attributable to equity holders			
Share capital		2,305,251	2,210,394
Share premium		27,160,289	26,539,768
Other reserves		4,973,307	4,550,236
Retained losses		(51,961,102)	(36,673,741)
Equity attributable to shareholders of the Company		(17,522,255)	(3,373,343)
Minority interests		(294,015)	(259,067)
Total equity		<u>(17,816,270)</u>	<u>(3,632,410)</u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 April 2009

	Six months ended 30 April 2009 (Unaudited) US\$	Six months ended 30 April 2008 (Unaudited) US\$
Cash used in operations	(2,562,463)	(6,168,945)
Investing activities		
Purchase of plant and equipment	(378,850)	
Mining licences acquired		(139,612)
Net cash (used in)/from investing activities	(378,850)	(6,785,429)
Financing activities		
Cost of share issues	58,596	265,129
Shareholder Loan		
Loans obtained	2,737,552	1,800,000
Net cash from financing activities	2,796,149	1,534,873
Decrease in cash and cash equivalents	(145,164)	(11,419,501)
Cash and cash equivalents at beginning of the period (31/10/2008)	452,783	12,023,286
Exchange rate effects	2,252	322,315
Cash and cash equivalents at the end of the period	309,871	926,099

**NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 APRIL 2009**

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 2009 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 2008 and those to be used in year ending 31 October 2008. The financial statements for the year ended 31 October 2008 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 Section 237(2) or Section 237(3) of the Companies Act 1985.

The half-yearly financial report was approved by the Board of Directors on 22 July 2009.

Going concern

Although during the six months ended 30 April 2009, the Group made a loss of US\$4,374,542, and at 30 April 2009 had net liabilities of US\$17,816,270 and net current liabilities of US\$12,051,296 the half-yearly financial report has been prepared on the going concern basis for the following reasons.

The Directors are of the opinion that while production was mothballed in February 2009 in view of deteriorating world diamond prices, the Company has managed to operate with existing cash, further borrowings from Tiffany & Co and more recently from the directors, together with postponing periodical interest and other payments and reducing operating expenses to a bare minimum. As a result the Company will have sufficient cash to fund its activities at least until the next dry season (October 2009). Additionally, the company has put some of its equipment for sale and the directors believe that there is good chance to raise enough capital which will enable it to operate for the next twelve months. Management continues to monitor all working capital commitments and balances on a weekly basis and believes that the Group will continue to meet its liabilities as they fall due for at least the next twelve months.

2. 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 US\$4,374,542, (2008: US\$8,430,627) and the weighted average number of ordinary shares in issue of 123,470,536 (2008: 118,412,514).

3. Borrowings

	30 April 2009 US\$	31 April 2008 US\$
Non-Current		
Loan (note a)	8,500,000	5,000,000
Current		
Loans (note b)	9,722,500	4,686,041
	<u>18,222,500</u>	<u>9,686,041</u>

a) This comprises of 2 loans:

- 1) US\$5,000,000 loan received from Laurelton Diamonds Inc (“Laurelton”) in October 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. Laurelton has agreed a ten year exclusive marketing agreement for the Company’s diamonds output.
- 2) US\$2,500,000 prepayment for diamonds output received during October-December 2008. The loan is repayable in a single instalment by 31 December 2010, is unsecured and incurs interest at 4% above LIBOR.
- 3) US\$1,000,000 loan for 3 years received in February 2009 carrying interest at 10% per annum.

b) This comprises of 4 loans:

- 1) US\$2,700,000 (plus accrued interest from 1 Nov 2007) is subject to a fixed interest rate of 12.5%, repayable on demand and is unsecured.
- 2) US\$1,800,000 (plus accrued interest from 1 Nov 2007) is subject to a fixed interest rate of 10%, repayable on demand and is unsecured.
- 3) US\$3,000,000 is a temporary facility given in during April-December 2008 for one year period. The loan is unsecured and incurs interest at 4% above LIBOR.
- 4) US\$1,250,000 is a loan received in July 2008 from the Managing Director Dr N Levy and is identical in terms to the loan for \$3,000,000 from Laurelton with the added condition that it will not be repaid before the Laurelton’s loan is fully repaid.

4. Events after the balance sheet date

In June 2009 the Company has reached agreement to defer a number of major periodical payments, specifically the interest payment falling due at the end of June 2009 (the “Interest Payment”) to its principal lender which has been agreed to be deferred for at least six months. In order to ensure the Company has sufficient cash resources to cover the Directors’ anticipated costs and liabilities of the business to the end of October 2009, Nissim Levy and Yair Ziv, Managing Director and Finance Director of the Company respectively, have together and separately granted the Company a loan facility of up to \$300,000 (“the Loan”).

The Loan, which may be drawn down in whole or in part, is unsecured, carries no interest and is repayable at the decision of the Directors of the Company. The Loan is classified as a transaction with a related party for the purposes of the AIM Rules. In accordance, therefore, with the AIM Rules, the Independent Directors, having consulted with the Company’s nominated adviser, Arbuthnot Securities Limited, consider that the terms of the Loan are fair and reasonable insofar as the Company’s Shareholders are concerned