Date: 30 April 2009
On behalf of: Target Resources plc ("Target" or the "Company")

Target Resources plc
Preliminary Results for the year ended 31 October 2008

Target Resources plc (AIM: TGT), the alluvial diamond and gold mining company operating in Sierra Leone, is pleased to announce its preliminary final results for the full year ended 31 October 2008. Target operates through its subsidiary Milestone Trading Ltd ("Milestone") and its Sierra Leone subsidiaries (together the "Group"). The Group's mining leases are all located within the Kono district, which is recognised as the most prospective area for diamond mining in Sierra Leone. Milestone also has exclusive prospecting licences in other areas.

Sierra Leone is a major producer of gem quality diamonds. It has been responsible for mining of some of world's most impressive diamonds. The Group is among the first large scale mining ventures to be established in Sierra Leone since the end of the civil war.

Target's main objective is the recovery of alluvial diamonds and gold in Sierra Leone, and their sale on world markets.

Group Highlights

- Admitted to AIM in July 2006 raising funds to expand operations.
- Milestone has successfully entered into joint venture agreements with the Chiefdoms in Sierra Leone specifically in the Chiefdoms of Sandoh, Nimikoro & Nimiyama.
- The Group has 4,263 acres (17.25 km^2) under mining leases in the rich diamond and gold area of Kono, recognised as the most prospective area for diamond mining in Sierra Leone.
- The Group's first corporate acquisition completed with the acquisition of Pride Diamonds, LLC ("Pride Diamonds") in March 2007.
- In October 2007, Target raised US$15.4 million net of costs in equity and long term debt, contracted new mining management and signed a 10 year, first refusal, marketing agreement with a subsidiary of Tiffany & Co for the sale of its diamond production.
- In January 2008, Target acquired two new exclusive prospecting licences. One is for gold and other minerals in the Tonkolili district covering 520 Sq km and the other for diamonds and gold in Kenema district (known for its "fancy" diamonds), covering 253 Sq km.
- In April and July 2008, Target raised a further US$6 million in equity and short term debt to be used in its new prospecting licences and for working capital.
- In October to December 2008, as it started to produce substantial quantities of Diamonds, Target received a US$2.5 million prepayment from Laurelton Diamonds, for Diamond output, to be used for working capital.
- Between October 2008 and February 2009, Target produced some 3,700 carats of high value diamonds. Unfortunately, as world prices for diamonds deteriorated, the company could not cover expenses and therefore mothballed diamond mining as of March 2009.
- The company is currently exploring for alluvial gold in its licensed areas, for which it received, in February 2009, a US$ 1million, 3 years loan from Tiffany & Co.

Commenting on the Company's results, Freddy Hager, Chairman, said:

"The year under review was a difficult one for the Group. Much of it was spent bringing to site and setting up the new earthmoving and processing equipment and we became fully operational in November 2008. Despite substantial production level, we were hampered by falling world diamond prices and as a result we had to halt mining operations. We are hopeful that the market will recover during 2010 and, subject to the Company being able to cover its minimal expenses and/or securing further funding, to start mining activities again"

- **ENDS** -

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FINANCIAL RESULTS FOR THE YEAR ENDED 31 OCTOBER 2008
CHAIRMAN'S STATEMENT

I am pleased to announce the final audited results of Target Resources Plc ("Target" or "Company") for the year ended 31 October 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.

The year under review was a difficult one for the Group. Much of it was spent bringing to site and setting up the new earthmoving and processing equipment, the final items (the dredge and scrubber) becoming fully operational in November 2008.

For the year ended 31 October 2008, the Group generated turnover of US$582,574 (2007 – US$819,265) which resulted in a loss before tax of US$19,978,000 (2007 – US$10,786,000). The loss per share is 16.5 cents (2007 – 12.00 cents). The Group had cash balances at the year end of US$452,000 (2007 – US$12,518,000).

From November 2008, we were able to ramp up production and substantially achieved our targets for earthmoving. In the 5 months following the financial year end date we recovered about 3,700 carats of high quality stones. Average stone size was nearly one carat, with several over 10 carats and one of 33 carats.

However, the overall grade was lower than we had hoped for, and this was exacerbated by a severe fall in rough diamond prices during this period. While in mid-2008 stones of the quality we have been recovering would have brought average prices near US$800 per carat, the last parcel we exported achieved under US$400 per carat.

As a result, in common with many other diamond mining companies worldwide, we were unable to operate profitably and had no alternative but to suspend our diamond mining operations in Kono in March 2009.

At the date of this report we are prospecting a number of sites for alluvial gold, with the intention of starting a mechanical gold recovery operation in the event that sampling demonstrates real prospectivity. All the equipment necessary for such an operation is already in our possession.

We have reduced our operational budget to an absolute minimum and are exploring possible sources of income in Sierra Leone outside mining, to help the Group through the present difficult period. We believe that the Company's current cash resources are sufficient to cover its anticipated costs and liabilities until the end of June 2009, at which time certain periodic payments fall due, the most significant being an interest payment to its principal lender. In the absence of any significant increase in income, the Company will therefore need to secure further funding within this timeframe.

We are more than grateful for the financial support which we have received from the Tiffany & Co. Group during the year under review, and since.

In the medium term, we believe that diamond fundamentals are sound, and that the recent curtailment of supply is likely to cause rough diamond prices to rise by 2010.

DIAMOND MINING IN SIERRA LEONE

Sierra Leone is a major producer of gem quality diamonds. It has been responsible for mining of some of the world's most impressive diamonds, including the Star of Sierra Leone, a magnificent 969 carat diamond.

Target's licences are mainly located within the Kono district, which is recognised as the most prospective area for diamond mining in Sierra Leone.

Sierra Leone

Sierra Leone was a founder member in the Kimberley Process Certification Scheme (KPCS) which was established to discourage the marketing of blood diamonds. The scheme, which is being scrutinised and improved by the Government, ploughs back some of the revenues derived from diamond exports to the individuals and communities involved in the mining areas.

The KPCS scheme has continued to impact positively on the diamond mining sector in Sierra Leone.

Chiefdoms

In Sierra Leone each district contains a number of Chiefdoms. The Chiefs are the traditional rulers of Sierra Leone. Whilst mining licences are issued by the Ministry of Mineral Resources, mineral rights may not be exercised without the express permission of the landowner, typically the Chiefdoms. Target has forged strong alliances with the Chiefdoms upon which its Mining Leases lie, specifically the Sandoh, Nimikoro and Nimiyama Chiefdoms. The Chiefdoms are partners in Target's operating subsidiaries.

The country has been peaceful for over 7 years and the democratically elected government under President Ernest Bai Koroma is anxious to encourage foreign investment to re-start the economy. The British Government has a long term commitment to the stability of the country. To this end the British Armed Forces continue to maintain a strong presence in the country training and working closely with the Sierra Leone Army.

Alluvial diamond mining

Current theory suggests that diamonds are formed under high pressure and high temperature conditions deep within the earth's crust. The diamonds are brought to the surface with other rock material in volcanic pipes which solidify to form kimberlite or lamproite pipes. Alluvial diamond deposits are formed from the erosion, over millions of years, of the relatively soft primary diamond bearing kimberlite and lamproite source rocks.

The eroded material is transported by river systems, with the diamonds being deposited in the gravel beds of the rivers or, ultimately, in the ocean. Due to their hardness, diamonds are relatively unaffected by the erosion process, and tend to accumulate and be naturally concentrated in favourable areas for their deposition, while the typically softer and lighter surrounding rock material is washed out to sea.

Sierra Leone's predominantly alluvial sourced diamond production contrasts with other major diamond producing countries (e.g. South Africa, Botswana, Russia and Australia) whose production is predominantly from kimberlite and lamproite pipes. Other countries that have significant alluvial diamond production include Namibia, Brazil, South Africa and Congo.

The directors believe that alluvial diamond projects have a number of important benefits, including:

- alluvial diamond exploration can be conducted rapidly and at relatively low cost compared with kimberlite and lamproite exploration;
- alluvial diamond deposits typically have a higher proportion of gem quality diamonds than kimberlites (as the erosion and transportation process tends to destroy lower quality diamonds);
- development of reserves requires relatively low level of capital investment; and
- positive cash flow can often be achieved quickly from the commencement of production.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2008

	Notes	**2008 US$**	2007 US$
Continuing operations			
Group turnover		**582,574**	819,265
Cost of sales:			–
Depreciation & amortisation		**(3,936,530)**	(1,336,060)
Operating expenses		**(5,443,558)**	(3,856,067)
Total cost of sales		**(9,380,088)**	(5,192,127)
Gross loss		**(8,797,514)**	(4,372,862)
Administrative expenses		**(5,417,476)**	(4,253,285)
Impairments of intangible assets		**(3,635,545)**	–
Share based payments	11	**(770,104)**	(1,666,324)
Total other expenses		**(9,823,125)**	(5,919,609)
Group operating loss		**(18,620,639)**	(10,292,471)
Finance costs - net	4	**(1,357,733)**	(493,659)
Loss before tax		**(19,978,372)**	(10,786,130)
Taxation		**49**	–
Loss for the year		**(19,978,323)**	(10,786,130)
Attributable to:			
Equity holders of the Company		**(19,943,375)**	(10,779,790)
Minority interests		**(34,948)**	(6,340)
		(19,978,323)	(10,786,130)
Loss per share (cents)	3		
Basic		**(16.56)**	(12.00)
Diluted		**(16.56)**	(12.00)

CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2008

	Notes	**2008 US$**	2007 US$
ASSETS			
Non-current assets			
Goodwill	5	**–**	2,070,703
Other intangible assets	6	**–**	1,321,073
Plant and equipment	7	**5,839,438**	1,809,960
		5,839,438	5,201,736
Current assets			
Trade and other receivables		**204,790**	311,683
Inventories		**278,865**	–
Cash and cash equivalents		**452,783**	12,518,296
		936,438	12,829,979
Total Assets		**6,775,876**	18,031,715
LIABILITIES			
Non-current liabilities			
Borrowings	9	**5,660,000**	5,000,000
Provision for liabilities and charges		**1,966,960**	2,243,145
Licence fees payable		**189,458**	339,943
		7,816,418	7,583,088
Current liabilities			
Trade and other payables		**2,634,834**	2,950,410
Borrowings	9	**9,824,948**	2,700,000
		12,459,782	5,650,410
Total Liabilities		**20,276,200**	13,233,498
Net (liabilities)/assets		**(13,500,324)**	4,798,217
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	10	**2,305,251**	2,210,394
Share premium	10	**27,101,693**	26,539,768
Other reserves		**4,973,307**	4,550,236
Retained losses		**(47,586,560)**	(28,243,114)
Minority interest		**(294,015)**	(259,067)
Total Equity		**(13,500,324)**	4,798,217

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2008

	Share capital	Share premium	Other reserves	Retained losses	Minority interest	Total equity
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Year ended 31 October 2007						
At 1 November 2006	1,568,942	16,540,128	1,873,378	(18,091,608)	(252,728)	1,638,113
Issue of share capital	641,452	10,798,670	1,638,818	–	–	13,078,940
Share issue costs	–	(799,030)	–	–	–	(799,030)
Share based payments	–	–	1,666,324	–	–	1,666,324
Transfer on exercise of share options	–	–	(628,284)	628,284	–	–
Loss for 2007	–	–		(10,779,790)	(6,339)	(10,786,130)
Balance at 31 October 2007	2,210,394	26,539,768	4,550,236	(28,243,114)	(259,067)	4,798,217
Year ended 31 October 2008						
At 1 November 2007	**2,210,394**	**26,539,768**	**4,550,236**	**(28,243,114)**	**(259,067)**	**4,798,217**
Issue of share capital	**94,857**	**931,786**	**–**	**–**	**–**	**1,026,643**
Share issue costs	**–**	**(369,861)**	**–**	**–**	**–**	**(369,861)**
Share based payments	**–**	**–**	**1,023,000**	**–**	**–**	**1,023,000**
Transfer on exercise of share options	**–**	**–**	**(599,929)**	**599,929**	**–**	**–**
Loss for 2008	**–**	**–**	**–**	**(19,943,375)**	**(34,948)**	**(19,978,323)**
Balance at 31 October 2008	**2,305,251**	**27,101,693**	**4,973,307**	**(47,586,560)**	**(294,015)**	**(13,500,324)**

The Group's other reserves comprise the following:

	2	2
Merger reserve	**400,84**	400,84
Share-based payments reserve	**4,779,691**	4,356,396
Currency translation reserve	**(207,227**	(207,003
	4,973,307	4,550,236

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2008

	Notes	**2008 US$**	2007 US$
Cash used in operations	22	**(11,192,573)**	(6,704,945)
Interest paid		**(248,726)**	(392,560)
Net cash used in operating activities		**(11,441,299)**	(7,097,505)
Investing activities			
Purchase of plant and equipment		**(7,966,008)**	(28,783)
Purchase of intangible assets		**(243,767)**	(131,943)
Costs of acquisition of subsidiary	11	**–**	(63,536)
Cash acquired with subsidiary	11	**–**	1,054,566
Interest received		**111,692**	–
Net cash used in investing activities		**(8,098,083)**	830,304
Financing activities			
Proceeds from issue of shares		**1,026,643**	11,478,940
Share issue costs		**(369,861)**	(799,030)
Loans obtained		**7,210,000**	5,700,000
Net cash from financing activities		**7,866,782**	16,379,910
(Decrease)/increase in cash and cash equivalents		**(11,672,600)**	10,112,709
Cash and cash equivalents at beginning of the year		**12,518,296**	1,998,946
Exchange rate effects		**(392,913)**	406,641
Cash and cash equivalents at the end of the year		**452,783**	12,518,296

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008

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1. Introduction

Target Resources plc is a public limited company listed on the Alternative Investment Market ("AIM") of the London Stock Exchange and incorporated in England.

The Group's financial statements for the year ended 31 October 2008, from which this financial information has been extracted, and for the comparative year ended 31 October 2007 are prepared in accordance with International Financial Reporting Standards ("IFRS"), including IFRS 6 'Exploration for and Evaluation of Mineral Resources' and in accordance with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial information contained in these preliminary results does not constitute full statutory accounts within the meaning of Section 240 of the Companies Act 1985. The figures are extracted from the Group financial statements for the year ended 31 October 2008 which have been agreed with the Company's auditors and will be filed with the Registrar of Companies, sent to shareholders and will be available on the Company's website at www.target-resources.co.uk following formal completion of the audit. The auditors' report on the full financial statements for the year ended 31 October 2008 is yet to be signed.

The auditors have indicated that their report will be modified by the inclusion of an emphasis of matter paragraph drawing attention to the going concern disclosures to be made in the final accounts. The going concern disclosures planned to be included in the final accounts are set out in note 2 below.

The comparative figures for the year ended 31 October 2007 are not the statutory accounts for that financial period. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Going Concern

During the year ended 31 October 2008, the Group made a loss of US$19,978,323 and its liabilities exceeded its assets by US$13,500,324 at that date. As explained in the Chairman's statement, the Group, in common with many other diamond companies worldwide, temporarily suspended its diamond mining operations due to the severe fall in rough diamond prices during the year and it is now considering starting a mechanical gold recovery operation. The Chairman's statement also states that the Group's current cash resources are only sufficient to cover its anticipated costs and liabilities until the end of June 2009, when certain periodic payments will fall due. These periodic payments are primarily interest on loans as set out in note 19 to these financial statements, London office rent and regulatory fees. The Company has not yet been able to make any refinancing arrangements with its lenders in order to meet these and other liabilities when they will fall due.

This situation indicates the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern and accordingly the directors have written off fully the Group's intangible assets including goodwill and also the Company's investments in its subsidiaries and the amounts receivable from the subsidiaries. No provision for impairment has however been made against the book values of plant and equipment as the directors believe that the market values of the plant and equipment are significantly higher than the book values. No adjustments have been made for any redundancy and closure costs, if the Group and Company were unable to continue as a going concern, however the amounts in respect of these costs are not considered to be material.

At the date of approving these financial statements, the Group's and Company's cash position is positive and it is trading as a going concern. The financial statements have, therefore, been prepared on a going concern basis.

3. Loss Per Share

The basic loss per ordinary share has been calculated using the loss for the financial year attributable to the Company's equity shareholders of US$19,943,375 (2007: US$10,779,790) and the weighted average number of ordinary shares in issue of 120,404,299 (2007: 89,864,590).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 121,889,944 (2007: 92,610,619). The diluted loss per share has been kept the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

4. Finance Costs

	2008	2007
	US$	US$
Interest expense:		
- other loans	**1,153,332**	381,072
- bank overdraft	**49,970**	30,194
- foreign exchange	**266,123**	82,393
Less: Interest receivable and exchange gains	**(111,692)**	–
	1,357,733	493,659

5. Goodwill

The Group's goodwill of US$2,070,703 arose from the acquisition of 100% of the issued share capital of Pride Diamonds LLC ("Pride") in March 2007. Pride is incorporated in Delaware, USA, operates in Sierra Leone and owns specialised river dredging equipment. The acquisition of Pride was accounted for using the purchase method ("acquisition method").

The initial consideration for the acquisition of Pride was US$1,600,000, satisfied by the issue of 2,349,570 new ordinary shares of 1p each in Target at 34.8p per share. A deferred consideration is payable in cash to the vendors of Pride based on 3 per cent of the Group's future diamond sales, capped at US$1,900,000.

As discussed above, the Group's mining operations have been halted for the time being. The Directors have therefore carried out an impairment of the goodwill amount with the resulting charge of US$2,070,703 being written off to the consolidated income statement

6. Other Intangible Assets

Group	Deferred exploration	Mining licences	Rehabilitation costs	Total
	US$	**US$**	**US$**	**US$**
Cost				
At 1 November 2006	266,442	965,620	389,750	1,621,812
Additions in 2007	131,943	–	–	131,943
At 1 November 2007	398,385	965,620	389,750	1,753,755
Additions in 2008	–	243,767	–	243,767
At 31 October 2008	**398,385**	**1,209,387**	**389,750**	**1,997,522**
Amortisation and impairment				
At 1 November 2006	34,550	8,382	57,580	100,512
Charge for 2007	–	–	332,170	332,170
At 1 November 2007	34,550	8,382	389,750	432,682
Amortisation charge for 2008	–	–	–	–
Impairment in 2008	363,835	1,201,005	–	1,564,840
At 31 October 2008	**398,385**	**1,209,387**	**389,750**	**1,997,522**

Net book values				
At 31 October 2008	**–**	**–**	**–**	**–**
At 31 October 2007	363,835	957,238	–	1,321,073

The costs for mining licences includes a sum of US$750,000 for the acquisition of mining licences during 2006, payable over a period of five years. Of this amount US$450,000 has been paid to date by 31 October 2008, US$111,000 is included in other payables, payable in the next financial year and US$189,000 is payable after more than one year.

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 31 October 2008 in respect of these assets based on the Group's accounting policy.

As discussed in note 2.1 above, the Group's mining operations have been halted. The Directors have therefore carried out an impairment of the intangible assets with the resulting charge of US$1,564,840 being written off to the consolidated income statement.

7. Plant and Equipment

Group	Mining equipment plant and machinery	Cabin and associated setup costs	Motor vehicles	Fixtures and fittings	Total
	US$	**US$**	**US$**	**US$**	**US$**
Cost					
At 1 November 2006	2,265,080	121,564	113,469	87,015	2,587,128
Additions in 2007	483,080	6,177	42,137	97,282	628,674
At 1 November 2007	2,748,160	127,741	155,606	184,297	3,215,802
Additions in 2008	7,660,351	151,010	154,646	–	7,966,008
At 31 October 2008	**10,408,511**	**278,751**	**310,252**	**184,297**	**11,181,810**
Depreciation and impairment					
At November 2006	367,309	20,435	10,178	4,028	401,950
Charge for 2007	908,357	24,540	30,792	40,202	1,003,890
At 1 November 2007	1,275,665	44,975	40,970	44,230	1,405,840
Charge for 2008	3,747,446	53,280	67,482	68,322	3,936,530
At 31 October 2008	**5,023,111**	**98,255**	**108,452**	**112,552**	**5,342,370**
Net Book Values					
At 31 October 2008	**5,385,400**	**180,496**	**201,800**	**71,745**	**5,839,438**
At 31 October 2007	1,472,491	82,766	114,636	140,067	1,809,960

The above assets are held in Sierra Leone.

8. Investments in Subsidiaries

Company	Investment in subsidiary undertakings
Cost	US$
At 1 November 2007	32,178,904
Additions	–
At 31 October 2008	**32,178,904**
Impairment	
At 1 November 2007	–

Provision for impairment	32,178,904
At 31 October 2008	**32,178,904**
Net Book Value	
At 31 October 2008	**–**
At 31 October 2007	32,178,904

At 31 October 2008 the Company held 20% or more of the nominal value of the share capital of the following companies:

Subsidiary undertakings	Nature of business	Country of incorporation	Share capital held	Share of votes
Direct Subsidiaries				
Milestone Trading Limited	Holding company	England	100%	100%
Pride Diamonds LLC	Hire of plant	USA	100%	100%
Indirect Subsidiaries				
Haliburton Overseas Limited	Hire of plant	Sierra Leone	100%	100%
Sandoh Development Corporation Ltd *	Mining	Sierra Leone	70%	70%
Nimikoro Mining Company Ltd.	Mining	Sierra Leone	70%	70%
Nimiyama Development Company Ltd	Mining	Sierra Leone	70%	70%
Milestone Group (SL) Ltd	Dormant	Sierra Leone	100%	100%
Pride Diamonds (SL) Ltd	Dormant	Sierra Leone	75%	75%

* On 18 February 2006, the agreement with the Sandoh Chiefdom was amended in respect of its interest in Sandoh. By way of this amendment it was agreed that from 18 February 2006 the Chiefdom would receive 11% of the official export value of all Sandoh diamonds after deduction of export tax. Also it was agreed that the Chiefdom of Sandoh would not have a 30% share in dividends payable by Sandoh and that it would not share in the loss of Sandoh from its date of incorporation to 17 February 2006 or the net liabilities of Sandoh as at that date. Accordingly, in substance Sandoh has been treated as a wholly owned subsidiary of the Company from inception for accounting purposes.

9. Borrowings

	Group 2008	**Company 2008**	Group 2007	Company 2007
	US$	**US$**	US$	US$
Non-current				
Loans (note a)	**5,660,000**	**5,000,000**	5,000,000	5,000,000
Current				
Other loans (note b)	**9,824,948**	**3,500,000**	2,700,000	–
Total borrowings	**15,484,948**	**8,500,000**	7,700,000	5,000,000

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$660,000 prepayment for diamonds output received in October 2008, as part of a US$2,500,000 total prepayment amount (the balance of which was drawn during November & December 2008). The loan is repayable in a single instalment by 31 December 2010, is unsecured and incurs interest at 4% above LIBOR.

b) This comprises of 4 loans:
1) US$2,700,000 is subject to a fixed interest rate of 12.5%, repayable on demand and is unsecured.
2) US$1,800,000 is subject to a fixed interest rate of 10%, repayable on demand and is unsecured.
3) US$3,500,000 is a temporary facility given in April 2008 (US$2,000,000) and July 2008 (US$1,500,000) for a 6 months period. The loan is unsecured and incurs interest at 4% above LIBOR. The facility given in April 2008 (US$2,000,000) was repaid in November-December 2008.
4) US$1,250,000 is a loan received in July 2008 from the Managing Direct Dr N Levy and is identical in terms to the loan for $3,500,000 from Laurelton with the added condition that it will not be repaid before the Laurelton's US$3,500,000 loan is fully repaid.

10. Share Capital, Warrants and Options

	2008	2007
Authorised		
1,000,000,000 ordinary shares of 1p each	**£10,000,000**	£10,000,000
Allotted, called up and fully paid		
123,234,220 (2007: 118,375,496) ordinary shares of 1p each	**£1,232,342**	£1,183,755
	US$2,305,251	US$2,210,394

During the year, 1,508,640 share options were exercised at the price of 1p. The average weighted share price in June 2007 was 25.82p. In April 2008, 3,350,084 ordinary shares of 1p each were issued fully paid for cash at a price of 15p per share raising US$1 million.

The movements of the issued share capital of the Company for the year ended 31 October 2008 and the share premium account are as follows:

	Number of shares of 1p each	Share capital at nominal value US$	Share premium US$
At 1 November 2007	118,375,496	2,210,394	26,539,768
Issue of shares on the exercise of options	1,508,640	28,301	–
Issue of shares for cash	3,350,084	66,556	931,786
Share issue costs	–	–	(369,861)
At 31 October 2008	**123,234,220**	**2,305,251**	**27,101,693**

The details of share warrants and share options outstanding at 31 October 2008 are as follows:

	Number of warrants	Number of options
At 1 November 2007	15,895,262	11,904,163
Issued during the year	–	1,000,000
Lapsed during the year	(15,895,262)	–
Exercised during the year	–	(1,508,640)
Balance at 31 October 2008	**–**	**11,395,523**

In conjunction with the Company's admission to trading on AIM in July 2006, 15,895,262 warrants to subscribe for equal number of ordinary shares were issued. The warrants entitled holders to subscribe in cash for ordinary shares at an exercise price of 62.5p each on the terms and conditions of the warrant instruments. The warrants were exercisable at any time from admission of the warrants up to and including the second anniversary of admission of the warrants to AIM, or earlier in certain circumstances. The warrants lapsed on 12 July 2008

Further details of the share options as at 31 October 2008 are set out below:

Date of Grant	Exercisable from	Exercisable to	No of options	Exercise price
23-Nov-04	23-Nov-04	22-Nov-09	2,778	1p
20-Oct-05	12-Jul-06	11-Dec-07	350,000	50p
30-Nov-05	30-Nov-05	30-Nov-08	236,213	1p
12-Jul-06	12-Jul-06	11-Jul-09	513,273	50p
12-Jul-06	12-Jul-06	11-Jul-09	650,694	50p
12-Jul-06	12-Jul-06	11-Jul-09	1,368,728	1p
06-Jul-06 (note a)	06-Jul-09	06-Jul-16	4,106,181	50p
06 Jul 06 (note b)	06-Jul-09	06-Jul-16	1,026,545	50p
06-Jul-06	06-Jul-09	06-Jul-16	30,000	50p
21-Sep-06	21-Sep-06	21-Sep-16	500,000	50p
02-Aug-07	24-Oct-07	24-Oct-10	1,111,111	22.5p
21-Aug-07	21-Aug-08	21-Aug-11	500,000	22.5p
29-July-08	29-July-08	29-July-11	1,000,000	21p
			11,395,523	

a. These are subject to the performance condition of the Group achieving production of 150,000 carats over three years following the grant of options.

b. These are subject to the performance condition of the Group achieving a diamond sale price of a minimum US$365/carat over three years following the grant of options.

The Company's share price ranged between 23p and 2.50p during the year. The closing share price as at 31 October 2008 was 2.50p per share.

During November 2008 and the date of this report 236,213 options were exercised at 1p each, 3,000,000 options were granted at an exercise price of 25p per share and 3,000,000 options were granted at 10p per share.

11. Share Based Payments

	2008	2007
	US$	US$
The Group recognised the following charge in the income statement in respect of its share based payment plans:		
IFRS 2	**1,023,000**	1,666,324
Employer's national insurance	**(252,896)**	–
	770,104	1,666,324

The above charges are based on the requirements of IFRS 2 on share based payments. 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 Alternative Investment Market ("AIM") and this has been calculated at 125%. The risk free rate has been taken at 5%. The estimated fair values and other details which have been processed into the model are as follows:

Number of options	Grant date	Option price	Fair value	Expected exercise date
5,162,726*	6 July 2006	50p	31p	6 July 2016
500,000*	21 September 2006	50p	31p	21 September 2016
1,000,000	29 July 2008	21p	4.4p	29 July 2011

* Except for these options which have a vesting period of three years, no other options have any vesting period. The credit charge for national insurance on share based payments has been calculated by reference to the difference between the market value of the underlying shares at the balance sheet date and the exercise price of options. The accumulated reserves under IFRS 2 as at 31 October 2008 was US$4,779,467.

12. Related Party Transactions

During the year ended 31 October 2008 the following transactions were entered into with related parties:

Rent and expenses of London office paid to First Leader (UK) Ltd
(a company connected with a director) – US$342,113 (2007 - US$304,108)

In addition, as set out in note 19(b), a director lent the Group US$1,250,000.

13. Events After The Balance Sheet Date

On 15 December 2008, Laurelton Diamonds Inc, ("Laurelton") provided an additional debt facility of US$1.5 million, for the use of repaying capital and interest on part of the US$3,500,000 then existing short term facilities with Laurelton announced in April and July 2008, and for ongoing working capital purposes. The additional debt facility is repayable after one year. On the same date, the remaining US$1,500,000 plus interest owed to Laurelton from the existing short term facilities was extended and is now repayable in equal instalments in August, September and October 2009. The company then granted 3 million share options to Laurelton at an exercise price of 25p per share.

On 26 February 2009, the Company raised US$1 million from Tiffany & Company, in the form of a 3 year loan bearing interest at 10% per annum, to be used for gold exploration and working capital. The Company then granted 3 million share options to Tiffany & Company at an exercise price of 10p per share.

14. Dividends

No dividends are proposed in respect of the current financial year.

15. Annual General Meeting

The Annual General Meeting of Shareholders will take place at 11:00 am on 9 June 2009 at the offices of Arbuthnot Securities Limited, Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR. All shareholders are welcome to attend. A copy of the Annual Report and Financial Statements will be sent to shareholders and will also be available on the Company's website: www.target-resources.co.uk