



Madison Dialogue October 25-26, 2007

# Sierra Leone



- Country has been peaceful and democratic since 2002
- The mining industry, principally diamond mining, is the major source of foreign exchange for the country
- Founder member of the Kimberley Process
- Increasing proportion of diamonds going through official export channels
  - *\$1.2m in 1999 to \$142m in 2005*
- Annual diamond production estimated to be between \$250-300 million



## Company Policies in Sierra Leone

- Endorse and support workers joining Sierra Leone mining union
- Pays high daily wage for entry level positions
- Promotes gender equality
- Promotes environmental responsibility (fills hole and plants productive crops)
- Establishes community development needs and then funds and coordinates building out specified project
- Reinvestment of profits to provide greater scale of community projects
- Always looking for investments that create jobs and sustain profits

# Mining Communities



# The Company



- London based company operating in Sierra Leone
- Returned to Sierra Leone shortly after war ended
- Secured over 4,200 acres of land for alluvial diamond mining
  - Third party geological review indicates potential for substantial diamond reserves
- Company places high priority on social responsibility, ethical practices and sustainability
  - *Doing well for stakeholders by doing good for the local communities*
  - *Employs over 500 Sierra Leone citizens*



# New Developments

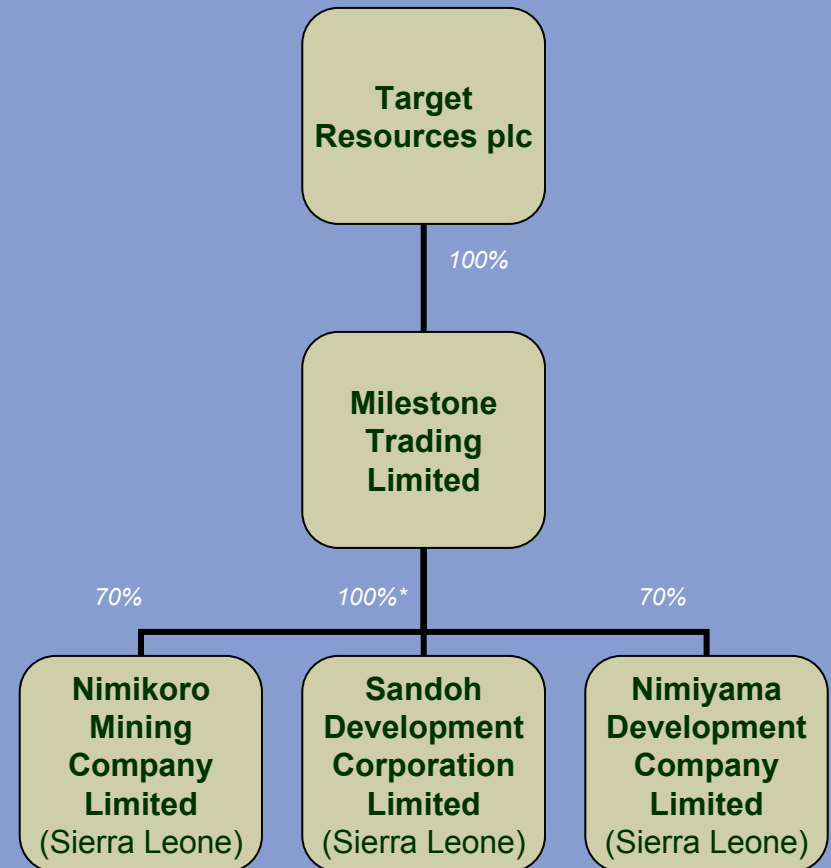


- Target Resources plc was admitted to AIM in July 2006 with the placing of 8,021,400 shares at 50p per share and the same number of warrants exercisable at 62.5p for 2 years after admission. A further 7,873,862 shares (with the same number of warrants) were issued by way of capitalization of shareholder loans.
- Institutional investors include : Merrill Lynch, Fidelity, JP Morgan and others.
- In Feb 07, Target took over Pride Diamond LLC, owner of dredging equipment and cash, in return for 2,349,570 shares at a share price of 35p.
- October, 2007 completed \$16 million raise including adding Tiffany & Co. As exclusive marketing partner
- Mining currently concentrated in Bagbema and the 'Sacred Bush' area in Kono.
- We expect shortly to receive a new mining licence of over 1,000 acres for diamonds and gold, in southward continuation of our existing licence in Nimiyama along the Sewa River.
- As our connections in the diamond sector in Sierra Leone have grown, we have started a diamond trading operation, which has enhanced profitability.

# Target in Sierra Leone



- Mineral rights cannot be exercised without the landowner's consent
- Target holds its interests in Sierra Leone through Joint Venture companies with local chiefdoms
- Chiefdoms remunerated either via 30% share of the profits of the Joint Venture company or revenue share
- Target has local management to maintain relationships with local chiefdoms and central government
- Target is an ethical operator providing employment, supporting development and rehabilitation of mined areas to productive agriculture



*\* The Sandoh chiefdom contract was amended so that they will not receive a 30 per cent share of dividends; they will receive instead an 11 per cent share of the official export value of Sandoh Development diamonds after deduction of export tax*

# Key Geological Features



- Assets located in Kono district of Sierra Leone, specifically in Sandoh, Nimikoro and Nimiyama chiefdoms
- Kono is recognised as the most lucrative diamond area in Sierra Leone
- Licence areas cover over 17 km<sup>2</sup>
- Estimated average gravel thickness 1.5 metres
- Estimated 40% of licence area prospective for diamondiferous gravels
- Estimated average grade of 15 cpht
- Achieved carat value of approximately US\$484 on diamonds sold to date, US\$760 average on last parcel sold.
- Large occurrence of alluvial gold in license area



Operations located in area indicated 



# Diamond Market



- 2005 rough diamond market approximately US\$12.8 billion
- Estimated to reach US\$16 billion by 2012
- Last significant diamond discovery (Ekati in Canada) over 10 years ago
- Discovery the size of Ekati needed every 2 years to meet rising demand
- Supply gap has led to rising prices: 2004, 14% and 2005, 9%



# Social Responsibility



## Community Projects to date:

- Built and opened primary school in Kono
- Broke ground on second school and committed to three in next year
- Built bridge
- Built roads
- Opened village market
- Leading the effort to establish a oil palm plantation (first of its kind in Sierra Leone)
- Purchased soccer uniforms
- Committed to building hospital
- Committed to rural lighting
- Looking at potentially building first MRI center in Sierra Leone (to be located in Freetown)

# Target's Gold Scheme



- Staffed by women
- Spread quickly throughout community



# Consumer Awareness

