

4 November 2009



CONROY  
DIAMONDS AND GOLD P.l.c.

## Conroy Diamonds and Gold Plc ("Conroy" or "the Company")

### FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2009

#### A PERIOD OF CONSIDERABLE PROGRESS

Conroy (AIM: CDG), the gold exploration and development company focused on Ireland and Finland, announces its results for the year ended 31 May 2009.

#### Highlights:

- One million ounce JORC compliant gold resource confirmed at Clontibret with potential to become a much larger deposit
- Preliminary in-house technical studies suggest Clontibret has potential to be economically viable
- Clay Lake gold-in-soil anomaly largest yet found on Company's Irish licences
- Retained loss for the year €298,119 (2008: €374,874): in line with managements expectations

#### Post Period

- Discovery of an extensive zinc-in-soil anomaly south of Clay Lake
- €560,000 fundraising completed

#### Richard Conroy, Chairman, commented:

*"The gold resource currently delineated at the Clontibret target now stands at over one million ounces and our initial studies show that this is economically viable and has the potential to be expanded. We have also discovered a potentially larger gold deposit at Clay Lake and an extensive zinc anomaly south of this which are both very exciting.*

*"Post period we have raised €560,000 and this will allow us to develop these potentially very exciting opportunities. The potential is clear, the possibilities exciting. I look forward to the future with confidence."*

#### Further enquiries:

**Conroy Diamonds and Gold Plc**  
Professor Richard Conroy

Tel: 00 353 1 661 8958

**Merchant John East Securities**  
Simon Clements / Virginia Bull

Tel: 020 7628 2200

**City Capital Corporation Limited**  
Charles Dampney

Tel: 020 3178 3399

## **Chairman's Statement**

I have pleasure in presenting your Company's Annual Report and Financial Statements for the 12 months ended 31 May 2009, a year of considerable progress for your Company. Highlights included the definition of a gold resource of over one million ounces on an area representing 20 per cent of your Company's Clontibret target area in Co. Monaghan and the discovery at Clay Lake in Co. Armagh of a gold-in-soil anomaly larger than Clontibret. Since the financial year-end, we have also discovered an extensive zinc-in-soil anomaly south of Clay Lake and completed a €564,000 fundraising.

## **Clontibret**

The gold resource currently delineated at the Clontibret target now stands at over one million ounces. Your Directors believe this is the first time that a gold resource of this magnitude has been documented in Ireland or the UK. The resource estimates have been prepared in accordance with the standards of the JORC Code.

The resource of over one million ounces, at a cut off grade of 0.75 gramme/tonne, has been established on less than 20 per cent. of the overall Clontibret target area. Initial testing of the remaining 80 per cent. suggests potential for a much larger deposit.

Gold mineralisation at Clontibret occurs in two styles, one being a high-grade lode-style mineralisation and the disseminated gold associated with sulphites in a stockwork zone. Four more lode zones have been discovered in the past year bringing the total to 38 high-grade lode zones as well as the extensive stockwork zone.

Preliminary in-house technical and economic studies suggest that the Clontibret resource has the potential to be an economically viable mining project. These in-house studies are, however, at a very early stage and must be treated with caution as they are based on a resource as estimated to date over half of which is in the inferred category at this stage.

Before proceeding to mine development scoping, pre-feasibility and feasibility studies must be completed, together with obtaining planning and mining applications and permissions.

## **Clay Lake**

The new gold find at Clay Lake in Co. Armagh is located approximately 7km north-east of the Company's Clontibret discovery. The anomaly is named after the Clay Lake nugget containing 28g of gold, which was found in a local stream bed in the 1980s. We have long held the view that the Clay Lake nugget is evidence of the area's gold potential and we have been actively seeking the source of this nugget for a number of years. These latest results, with the highest gold-in-soil values encountered anywhere in our licence area (up to 1.53grammes per tonne), may well indicate that the source of the nugget lies within the new anomaly. The Clay Lake gold discovery could become the Jewel in the Crown for the Company.

## **30 Mile Gold Trend**

The new discovery lies within the 30 mile (50km) long gold bearing trend delineated by the Company on its 1,200km<sup>2</sup> licence area, which straddles the border between Northern Ireland and the Republic of Ireland. The licences extend from Co. Armagh, through Co. Monaghan

and into Co. Cavan, following the surface expression of the Orlock Bridge Fault, a major geological structure believed to have influenced mineralisation in the area. Though obviously conceptual in nature at this stage, the overall gold potential in the area is estimated to be in the 15-20 million ounce range. Whilst there has been insufficient exploration to date to define such a mineral resource, and there is no certainty that further exploration will result in a resource of this magnitude being realised, the Directors believe that the potential is clear and the possibilities exciting.

### **Zinc Discovery**

An extensive zinc anomaly extending over several square kilometres has been discovered south of the large gold anomaly at Clay Lake. The Longford-Down Massif, in which the Company's gold trend is located, also has a history of base metals mining. Antimony was mined at Clontibret where the first gold discovery in the Massif was made, and shallow lead and zinc mines near Keady, South Armagh, were worked in the nineteenth century. Historic mines in the immediate area included the Annaglogh (lead, zinc, copper) mine, just west of the newly discovered zinc anomalies, and the College and Clay mines which are 4.5 km and 2.5 km to the north west of those anomalies, respectively.

The new zinc discovery lies to the south of the Orlock Bridge Fault, and the anomalies overlie fine to coarse-grained massive greywacke sandstones and micro-conglomerates. This sequence is comparable to parts of the Caledonian geology in Scandinavia, which hosts major stratabound base-metal sulphide deposits.

These base metal occurrences provide further support for the presence of a significant metalliferous system in the Clay Lake and Clontibret areas of the Longford-Down Massif, part of a zoned system ranging from gold occurrences to base metals. The size of this system enhances the significance of the Clay Lake gold target. Your Company, therefore, plans a follow-up base metals exploration programme, in addition to its ongoing gold programme which continues to be the Company's priority.

### **Finance**

The loss after taxation for the year ended 31 May 2009 was €298,119 (2008: €374,874) and the net assets as at 31 May 2009 were €6,159,903 (2008: €6,308,996). Cash at bank as at 31 May 2009 was €61,744 (2008: €109,432)

As in previous years, I have supported the working capital requirements of the Company and in the period under review have advanced loans to the value of €588,029 and the balance of the loans due to me at the period end was €1,928,473. The loans have been made on normal commercial terms.

The other Directors consider, having consulted with the Company's Nominated Adviser, that the terms of the loan are fair and reasonable in so far as the Company's shareholders are concerned.

Following the year-end, a fundraising of €564,000 was completed and I converted €325,000 of the loans outstanding to me into shares

As we move from the exploration phase towards delineation and development, the Directors are considering how best to fund your Company's activities. Options being studied include joint venture and farm-out, as well as other such arrangements which may be appropriate for advancing the interests of your Company.

### **Auditors**

I would like to take the opportunity of thanking the partners and staff of Deloitte & Touche for their services to your Company during the course of the year.

**Directors, Consultants and Staff**

I would also like to express my deep appreciation of the support and dedication of the Directors, Consultants and Staff, which has made possible the continued progress and success which your Company has achieved.

**Future Outlook**

The potential is clear, the possibilities exciting. I look forward to the future with confidence.

**Professor Richard Conroy**

*Chairman*

4 November 2009

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 MAY 2009**

	<b>2009</b>	<b>2008</b>
	€	€
<b>OPERATING EXPENSES</b>	(298,155)	(374,890)
Other Income	36	16
<b>LOSS BEFORE TAX</b>	(298,119)	(374,874)
Taxation	-	-
<b>LOSS RETAINED FOR THE YEAR</b>	(298,119)	(374,874)
Loss per ordinary share – basic and fully diluted	(€0.0025)	(€0.0032)

**BALANCE SHEET  
AS AT 31 MAY 2009**

	<b>2009</b>	<b>2008</b>
	€	€
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Intangible assets	8,736,915	7,830,219
Financial assets	2	2
Property, plant and equipment	24,791	29,934
	<u>8,761,708</u>	<u>7,860,155</u>
<b>Current Assets</b>		
Trade and other receivables	24,982	36,229
Cash and cash equivalents	61,744	109,432
	<u>86,726</u>	<u>145,661</u>
<b>Total Assets</b>	<u>8,848,434</u>	<u>8,005,816</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Called up share capital	3,170,649	3,170,649
Share premium	5,491,037	5,491,037
Capital conversion reserve fund	30,617	30,617
Share based payments reserve	433,630	284,604
Retained losses	(2,966,030)	(2,667,911)
<b>Total Equity</b>	<u>6,159,903</u>	<u>6,308,996</u>
<b>Non-current Liabilities</b>		
<b>Trade and other payables:</b> Amounts falling due after more than one year	<u>1,928,473</u>	<u>1,340,444</u>
<b>Total non-current liabilities</b>	<u>1,928,473</u>	<u>1,340,444</u>
<b>Current Liabilities</b>		
<b>Trade and other payables:</b> Amounts falling due within one year	<u>760,058</u>	<u>356,376</u>
<b>Total Current Liabilities</b>	<u>760,058</u>	<u>356,376</u>
<b>Total Liabilities</b>	<u>2,688,531</u>	<u>1,696,820</u>
<b>Total Equity and Liabilities</b>	<u>8,848,434</u>	<u>8,005,816</u>

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2009**

	<b>2009</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
<b>Cash generated by/(used in) operations</b>	155,856	(159,261)
Tax paid	-	-
<b>Net cash generated by/(used in) operating activities</b>	<u>155,856</u>	<u>(159,261)</u>
<b>Cash flows from investing activities</b>		
Investment in exploration and evaluation	(786,164)	(561,640)
Payments to acquire property, plant and equipment	(5,409)	(10,401)
<b>Net cash used in investing activities</b>	<u>(791,573)</u>	<u>(572,041)</u>
<b>Cash flows from financing activities</b>		
Shareholder loans	588,029	734,780
<b>Net cash generated from financing activities</b>	<u>588,029</u>	<u>734,780</u>

## **Notes to the Financial Statements**

### **1. Publication of non-statutory accounts**

The financial information set out in this preliminary announcement is abbreviated accounts as defined in Section 19 of the Companies (Amendment) Act 1986.

The financial information for the period ended 31 May 2009 have been extracted from the Company's financial statements to that date which have received an unqualified auditors' report but have not yet been delivered to the Registrar of Companies.

### **2. Earnings per share**

The calculation of the loss per ordinary share of €0.0028 (2008 - €0.0035) is based on the loss for the financial year of €298,119 (2008 – €374,874) and the weighted average number of ordinary shares in issue during the year of 105,688,297 (2008 – 105,688,297). In August 2009, 10,833,333 ordinary shares were issued in return for capitalisation of shareholder's loans amounting to €325,000. The loss per share is adjusted retrospectively for this. The revised loss per share is €0.0025 (2008 (Adjusted): €0.0032).

Since the Company incurred a loss the effect of share options and warrants would be anti-dilutive.

### **3. Dividends**

No dividends were paid or are proposed in respect of the period ended 31 May 2009.

### **4. Copy of Accounts**

A copy of the Annual Report and Financial Statements will be available on the Company's website [www.conroydiamondsandgold.com](http://www.conroydiamondsandgold.com) and will be available from the Company's registered office, 10 Upper Pembroke Street, Dublin 2. It will also be forwarded to shareholders who requested a hard copy.