



CONROY DIAMONDS AND GOLD P.L.C.

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CONROY PLANS TO DEMERGE DIAMOND INTERESTS

- **Shareholders To Receive Shares on 1-For-6 Basis In New Diamond Company**
- **Karelian Diamond Resources Starts With 25 Claims And 26 Claim Reservations**
- **EGM To Approve Proposals Called For July**

AIM-listed Conroy Diamonds and Gold plc (CDG) plans to de-merge its diamond interests in Finland into a separate entity, Karelian Diamond Resources plc ("Karelian"), by way of a Scheme of Arrangement under the terms of which, CDG shareholders will receive one ordinary fully-paid Karelian share for every six ordinary CDG shares held on the record date.

It is also proposed that on the day following the transfer of these interests to Karelian Diamond Resources plc, that Karelian will acquire the diamond interests of Conroy plc, which shares common directors with Conroy Diamonds and Gold. The diamond interests of both companies are located in Finland.

Karelian Diamond Resources plc, which will have 25 diamond claims and 26 claim reservations, will apply for admission to AIM in due course.

The rationale behind the proposal is that Conroy Diamonds and Gold's search for gold in Ireland has now moved from pure exploration to assessment and evaluation. The company believes that, at this stage, the segregation of its diamond interests from its other interests would enable the company to focus on gold and give shareholders a better understanding of the company's two separate spheres of activity.

CDG's independent valuers, CSA Group, have estimated that the fair market value of the exploration interests of CDG and Conroy plc to be transferred to Karelian is 2.66m Euro. On this basis, CDG shareholders will receive approximately 29.5p.c. of the issued capital of Karelian and Conroy plc will receive 70.5p.c.

To effect this transaction, it is proposed that Karelian will allocate approximately 10,257,000 fully-paid ordinary shares to members of CDG and a further 24,515,030 shares to Conroy plc.

The EGM for CDG shareholders to vote on these proposals will be held on July 8, after which High Court approval to the Scheme of Arrangement will be sought.

CDG directors unanimously recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own holdings which amount in aggregate to just over 6m shares, or 9.75p.c. of the issued share capital.

Further Information:

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