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Conroy Diamonds and Gold Plc

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AIM BACKING FOR CONROY'S QUEST TO FIND IRELAND'S FIRST MODERN-DAY GOLD MINE

- **Placing Raises Approximately £1.2m For Company As It Graduates From Ofex**
- **Objectives Include Proving Up Mining Reserves At Tullybuck-Lisglassan**
- **Funds Also Earmarked For Other Targets Within Armagh-Monaghan Gold Belt**

Trading begins tomorrow on the London Alternative Investment Market (AIM) in the shares of Conroy Diamonds and Gold Plc, the Dublin-based junior explorer founded by Professor Richard Conroy, previously responsible for the discovery of the Galmoy zinc-lead mine in County Kilkenny. Conroy's shares have traded on the London Ofex market since April, 1997.

Conroy believes it has discovered a significant new gold belt straddling the border with Northern Ireland in Counties Cavan, Monaghan and Armagh. This includes the Tullybuck/Lisglassan deposit near Clontibret where drilling has intersected high gold grades over mineable widths.

Broker Ellis & Partners has placed up to four million Conroy ordinary shares at Stg25p each, raising approximately IRE1.1m (net) which will be used for further exploration and evaluation of the company's gold prospects. This will include additional drilling and underground sampling at the Tullybuck-Lisglassan gold deposit with the objective of proving up a mining reserve large enough to justify development of a mine.

Conroy has reached its present position following an initial work programme at Clontibret which focused on a detailed re-assessment of results from the 32 holes completed on the property by previous operators. Many of the old holes were found to carry some gold mineralisation but poor core recovery also characterised the results. The company therefore decided to drill six new holes, using modern techniques. This successfully achieved the objective of improved core recoveries which in turn confirmed the company's belief that gold mineralisation was present over greater widths than suggested by the earlier drilling. The new drilling returned a best intersection of 12.9g/t gold over 3.3m.

The company also realised, however, that the pattern of earlier drilling was orientated to a base metal-antimony vein, previously mined at the old Tullybuck-Lisglassan antimony mine. Although gold mineralisation had been identified in the old mine workings when last dewatered in 1957, Conroy determined that this mineralisation was only in part coincident with the base metal event.

Through a comprehensive re-assessment of all the drilling results and other available data, Conroy subsequently determined that the veins/lodes carrying gold have a different alignment to the base metal structures. Furthermore, the gold mineralisation is more extensive than previously realised. The outcome was the interpretation of multiple zones of gold mineralisation over an area of 400m by 400m and to a depth of 200m at the Tullybuck/Lisglassan property. The mineralisation remains open in all directions.

Whilst this itself was a breakthrough, the accompanying exploration and conceptual geological work by the company's technical advisors and focusing on the regional setting of the Tullybuck-Lisglassan deposit, has yielded perhaps even more intriguing results. In particular, it has enabled the company's technical advisors to develop a geological model explaining the history and origin of mineralisation in the region, identifying the Orlock Bridge Fault as the predominant structural control. This major NW-SE geological feature extends from Scotland, through the Longford-Down Massif, and onwards into the Atlantic Ocean.

The model suggests that mineralisation occurs where the Orlock Bridge Fault intersects other, less prominent N-S fractures, which break up the overall structure into a series of faulted blocks. The other required element appears to be the presence of a certain suite of rocks (greywackes of andesitic composition). On this basis, the Tullybuck-Lisglassan deposit is interpreted to lie within a single faulted block.

Significantly, the regional geochemical work has also identified a number of look-alike faulted units with coincident gold-in-soil anomalies equal to or better than those at Tullybuck-Lisglassan. To date, these anomalous zones have been outlined over an area of 18km by 3km extending

from County Armagh into County Monaghan - the Armagh-Monaghan gold field. This zone is on trend with Tullybuck-Lisglassan and also lies along the Orlock Bridge Fault.

More recently, further geochemical soil sampling and a number of magnetometer traverses have outlined a significant gold anomaly on Conroy's two prospecting licences in County Cavan, thereby extending the prospectivity of the Longford-Down Massif by some 30km to the south-west of the Clontibret gold deposit and the surrounding Armagh-Monaghan gold belt.

The Cavan licences cover ground where the Orlock Bridge Fault has developed as a 100m wide shear zone exhibiting a marked local change in direction. This strike swing has created a "dilation zone" within the fault structure thus forming a natural conduit for mineralising fluids. As such, it is an obvious exploration target.

The company therefore proposes to use the new funds on further exploration and evaluation at Tullybuck-Lisglassan as well as metallurgical, mineralogical and other studies to provide the technical basis for ore reserve estimation. Funds will also be applied to further evaluate the prospectivity of the Longford-Down Massif, particularly the Armagh-Monaghan old belt. This will include data compilation, soil/stream sediment sampling, geophysics, trenching and drilling.