



CONROY
DIAMONDS AND GOLD P.L.C.

Conroy Diamonds and Gold P.L.C.
Interim Report 2005

DEAR SHAREHOLDER

I have great pleasure in presenting your Company's Interim Report for the six months ended November 2005.

During the half-year, your Company continued to make excellent progress with its gold exploration programme in the Longford-Down Massif, in the north of Ireland. Further positive results have been recorded from your Company's ongoing programme of closely-spaced deep overburden sampling on the ten additional gold targets announced last April in a 20km² section of the Armagh-Monaghan Gold Belt which also includes your Company's Tullybuck-Lisglassan and Glenish gold discoveries. Six of the ten targets, originally defined by shallow soil geochemistry, have now been sampled in this way, and five have returned positive results.

These include the discovery of an extensive new gold-bearing structure to the east of Tullybuck-Lisglassan in Co Monaghan. This extends 250 metres along strike, is open in both directions and is located immediately north of the Orlock Bridge Fault. The northwest-northeast orientation of the mineralisation is similar to that seen in the Tullybuck-Lisglassan deposit itself and at other locations within the Armagh-Monaghan Gold Belt.

In addition, two new structures have been identified on Targets 3 and 4, respectively 2km southwest and 1.5kms southeast of Tullybuck-Lisglassan, whilst deep overburden testing on Targets 5 and 6 indicates that the two targets constitute a single anomaly which measures approximately 1 kilometre by 500 metres.

The programme of overburden sampling, mostly to bedrock, has encountered anomalous gold values over wide areas, with Target 3 returning particularly high values of up to 10,105 parts per billion (ppb) gold (10.1gt) and Targets 4, 5 and 6 returning peak values of 395ppb, 172ppb and 334ppb respectively. These are very high when viewed against a background of less than 4ppb and where 10 ppb gold is considered anomalous. A peak value of 10,105ppb (10.1g/t) is exceptional in the context of overburden sampling and gives an indication of the wider potential of the area around Tullybuck-Lisglassan.

All of the targets sampled to date have a spatial relationship with the Orlock Bridge Fault, which is believed to be a controlling factor on gold mineralisation within the Company's licences.

The targets also lie within one of three areas identified by SRK in its review of your Company's gold properties as being "highly prospective" because they relate to the intersection of major deep-seated lineaments and the Orlock Bridge Fault. Such lineaments are particularly important because economic gold deposits elsewhere in the world frequently occur on or close to such structures. To-date the Armagh-Monaghan Gold Belt has been outlined over an area of about 60km². This represents less than 5% of your Company's licence area in the Longford-Down Massif.

Since the end of the reporting period, Gartmore Investment Management Plc has increased its holding in your Company to 14.26% of the issued share capital. I welcome their continued support.

Finance

The directors considered the build-up of current liabilities on the balance sheet. These liabilities arose mainly from the accrual of unpaid directors' fees and remuneration over a number of years. By foregoing payment of their fees and remuneration, the directors effectively allowed the Company's exploration work on the ground to continue, even during times when capital raisings via the Stock Exchange were extremely difficult.

The directors have waived their entitlement to all amounts accrued up to 31 August 2005. The amount of such accruals at 31 August 2005 was €1,422,782. The write-off of this liability resulted in an extraordinary credit to the profit and loss account of €607,197 and the balance of €815,585, which related to the management and supervision of the exploration programme, was credited to mineral interests in the balance sheet.

The credit to the profit and loss account of €607,197 together with the loss on ordinary activities for the period of €122,374 resulted in a net increase in shareholders funds of €484,823.

After careful consideration, and discussions with the Company's advisors, the Board decided to issue a total of 49,064,190 warrants to the individual directors for nil consideration exercisable over 10 years at a subscription price of €0.037 (Stg2.5p) per share. This was ratified by shareholders at the Annual General Meeting.

Your directors are considering the various options for financing its further exploration and development programmes. These may include bringing in a joint venture partner or the raising of further capital.

Directors and Staff

I regret to report with deep sadness the death of Dr Pamela Conroy. Dr Pamela Conroy was a founding director of the Company. Her dedication, experience, advice and support, contributed to a major degree to the on-going success of your Company.

I would like to thank my fellow directors, staff and contractors for their support and dedication, which has enabled the continued success of the Company. I look forward to the future with confidence.

Yours faithfully

A handwritten signature in black ink that reads "Richard Conroy". The signature is written in a cursive style with a large, stylized initial 'R' and 'C'.

Professor Richard Conroy

Chairman

28 February 2006

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For further information visit the Company's website at:

www.conroydiamondsandgold.com

BALANCE SHEET

At 30 November 2005

| | November 2005 (Unaudited) € | November 2004 (Unaudited) € | May 2005 (Audited) € |
|---|--------------------------------------|--------------------------------------|-------------------------------|
| Fixed Assets | | | |
| Mineral interests | 5,507,278 | 5,628,260 | 6,043,726 |
| Tangible assets | 54,271 | 64,559 | 53,015 |
| | 5,561,549 | 5,692,819 | 6,096,741 |
| Current Assets | | | |
| Debtors | 43,521 | 161,361 | 39,020 |
| Cash in hand | 5,100 | 43,039 | 62,689 |
| | 48,621 | 204,400 | 101,709 |
| Creditors: | | | |
| Amounts falling due within one year | (512,934) | (1,292,241) | (1,586,037) |
| Net Current (Liabilities)/Assets | (464,313) | (1,087,841) | (1,484,328) |
| Net Assets | 5,097,236 | 4,604,978 | 4,612,413 |
| Capital and Reserves | | | |
| Called up share capital | 2,146,320 | 1,846,320 | 2,146,320 |
| Capital conversion Reserve Fund | 30,617 | 30,617 | 30,617 |
| Share premium account | 4,707,607 | 4,648,065 | 4,707,607 |
| Profit and loss account | (1,787,308) | (1,920,024) | (2,272,131) |
| Shareholders' Funds | 5,097,236 | 4,604,978 | 4,612,413 |

PROFIT AND LOSS ACCOUNT

For Half Year Ended 30 November 2005

| | November 2005 (Unaudited) € | November 2004 (Unaudited) € | May 2005 (Audited) € |
|---|--------------------------------------|--------------------------------------|-------------------------------|
| Operating Expenses | (122,485) | (162,203) | (515,205) |
| Other income | 111 | 1,063 | 1,958 |
| Loss for period | (122,374) | (161,140) | (513,247) |
| Extraordinary item | 607,197 | - | - |
| Profit/Loss after extraordinary item | 484,823 | (161,140) | (513,247) |
| Profit and Loss account at 1 June | (2,272,131) | (1,758,884) | (1,758,884) |
| Profit and Loss account at 30 November | (1,787,308) | (1,920,024) | (2,272,131) |
| Loss per share | (€0.002) | (€0.003) | (€0.008) |

CASH FLOW STATEMENT

For Half Year Ended 30 November 2005

| | November 2005 (Unaudited) € | November 2004 (Unaudited) € | May 2005 (Audited) € |
|---|--------------------------------------|--------------------------------------|-------------------------------|
| Net Cash Outflow from Operating Activities | 224,703 | (1,446) | (73,638) |
| Capital Expenditure and Financial Investments | (282,292) | (452,381) | (888,353) |
| Net Cash Outflow before Financing | (57,589) | (453,827) | (814,715) |
| Financing | 0 | 0 | 359,542 |
| (Decrease)/Increase in Cash | (57,589) | (453,827) | (455,173) |