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The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. Further, the London Stock Exchange itself has not examined the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and no other such applications have been made.

A copy of this document which has been drawn up in accordance with the requirements of the Companies Act, 1963 and the European Communities (Transferable Securities and Stock Exchange) Regulations 1992 (and having appended thereto the material contracts referred to in paragraph 8 of Part V and the consents referred to in Paragraph 11 of Part V of this document) has been delivered to the Registrar of Companies in Ireland in accordance with the Companies Act, 1963 and the European Communities (Transferable Securities and Stock Exchange) Regulations 1992. A copy of this document (which has been drawn up in accordance with the requirements of the UK Public Offers of Securities Regulations 1995 (the “POS Regulations”)) has also been delivered to the Registrar of Companies in England and Wales in accordance with Regulation 4(2) of the POS Regulations.

The Directors, whose names appear on page 8 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

CONROY DIAMONDS AND GOLD P.L.C.

(Registered in Dublin, Ireland with Registered No 232059)

Placing of up to 4,000,000 Ordinary Shares at 25p per share Admission to the Alternative Investment Market

**Nominated Adviser
SEYMOUR PIERCE LIMITED**

**Nominated Broker
ELLIS & PARTNERS LIMITED**

SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING

Authorised			Issued and Fully Paid	
Number	Amount		Number	Amount
400,000,000	IR£10,000,000	Ordinary Shares of IR2.5p each	14,185,070	IR£354,627

Ellis & Partners Limited, which is regulated by The Securities and Futures Authority Limited, is acting, as Nominated Broker, exclusively for the Company in connection with the admission of the Company’s Ordinary Shares to trading on AIM and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Ellis & Partners Limited, or for advising any other person in connection with the Placing.

Seymour Pierce Limited, which is regulated by The Securities and Futures Authority Limited, is the Company’s Nominated Adviser for the purposes of the AIM Rules. The responsibility of Seymour Pierce Limited, as Nominated Adviser, are owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by Seymour Pierce Limited as to any of the contents of this document.

The whole of the text of this document should be read. Investment in Conroy Diamonds and Gold P.L.c. is speculative and involves a degree of risk. Your attention is drawn to the section entitled “Risk Factors” set out on page 16 in Part I of this document

Copies of this document will be available to the public, free of charge, from the date of this document until at least 14 days after Admission.

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DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Act”	the Companies Act 1985 (as amended)
“Admission”	Admission of the Ordinary Shares to trading on AIM and such admission becoming effective
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules set out in Chapter 16 of the Rules of the London Stock Exchange
“Board” or “Directors”	the directors of the Company
“the Company” or “Conroy”	Conroy Diamonds and Gold P.l.c.
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo Limited
“Ellis & Partners”	Ellis & Partners Limited, the nominated broker to the Company
“London Stock Exchange”	London Stock Exchange Limited
“New Ordinary Shares”	the 4,000,000 New Ordinary Shares proposed to be issued in connection with the Placing
“Ordinary Shares”	Ordinary shares of IR 2.5p each in the Company
“Placing”	the conditional placing by Ellis & Partners of the New Ordinary Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 22 May 2000 between the Company (1), the Directors (2), Ellis & Partners (3) and Seymour Pierce (4) relating to the Placing as described in paragraph 8.1 of Part V of this document
“Placing Price”	25p per New Ordinary Share
“Share Option Scheme”	the Conroy Diamonds and Gold P.l.c. Share Option Scheme
“Seymour Pierce”	Seymour Pierce Limited, the nominated adviser to the Company
“Warrants”	the warrants to subscribe for Ordinary Shares at the Placing Price granted to Seymour Pierce as described in paragraph 8.5 of Part V of this document.

GLOSSARY OF TERMS

Alteration:	Any physical or chemical change in a rock or mineral subsequent to its formation. Commonly applied to rocks which have been changed during mineralizing activity.
Andesitic:	Pertaining to andesite, a dark coloured, fine grained igneous rock composed primarily of sodic plagioclase and one or more mafic minerals.
Antimony:	A white metallic element, Sb. It is brittle and commonly occurs in silvery or tin white granular, lamellar, or shapeless masses.
Arenaceous:	A sediment or sedimentary rock consisting wholly or in part of sand size fragments, or having the appearance or texture of sand.
Argillaceous:	Pertaining to, or containing clay-sized particles or clay minerals.
Arsenopyrite:	An arsenic-rich sulphide mineral, commonly associated with gold mineralisation.
Assay:	A chemical measure of the elemental composition of a rock. Examples of measurement units are gramme/tonne; ounce/ton; parts per million (ppm) or billion (ppb).
Base Metals:	Any of certain common metals such as copper, lead, zinc, tin as distinct from the precious metals, gold, silver and platinum.
Bedrock:	The solid, un-weathered rock that lies beneath the loose surface deposits of soil, boulder clay and alluvium.
Belt:	An elongated geographic zone or band underlain by a particular group of rocks and/or mineralisation exposed to the surface.
Blueschist:	Metamorphic rocks produced under very low temperature conditions.
Borehole:	A hole driven into the ground to obtain geological information or to release water, oil or gas etc.
Breccia:	A rock in which angular fragments are surrounded by a mass of fine-grained minerals.
Carboniferous:	The fifth earliest period of the Paleozoic era, covering the time span of 290 to 360 million years, and the corresponding system of rocks.
Clastic:	Pertaining to a rock or sediment composed principally of broken fragments that are derived from pre-existing rocks or minerals and that have been transported some distance from their places of origin.
Conformable:	Refers to younger rocks or veins emplaced parallel to the layering in the host strata.
Core:	Cylindrical pieces of rock, brought to surface by diamond drilling.
Crosscut:	A horizontal opening or underground tunnel driven from a shaft to an ore structure.
Diamond Drill:	A rotary type of rock drill in which tungsten carbide or bort (industrial diamonds) form the cutting tool and which cuts a core of rock that is recovered in cylindrical sections.
Dip:	The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.
Drift:	A horizontal underground tunnel which follows the vein, as opposed to a crosscut which intersects it.
Drill Results:	The formal record of depths, rock types and geochemical analyses prepared for an exploration or development borehole.
Drill Hole:	See borehole.
Face:	In a drift, crosscut or stope, the end of the tunnel where work is progressing.

Fault:	A fracture in rock along which there has been an observable amount of displacement.
Fault Splay:	Splitting and direction change in a fault line.
Felsic:	An igneous rock having abundant light-coloured minerals in its mode; also, applied to those minerals (quartz, feldspar, feldspathoide, muscovite) as a group. It is the complement of <i>mafic</i> .
Footwall:	The rock on the underside of a vein or ore structure.
Geochemical:	Relating to the chemistry of the earth's crust.
Geological:	Relating to the scientific study of the origin, history, structure and composition of the earth.
Geological Model:	A representation, design or configuration which is used to represent a more complex real-life geological situation.
Geophysical:	Relating to the study of the earth's physical properties and of the physical properties acting upon, above and within the earth.
Gouge:	A thin layer of soft, earthy, fault derived rock material along the wall of a vein.
Grade:	The average amount of valuable or useful metal in a tonne of ore. Gold content is expressed as grams of gold per tonne of rock.
G/t:	Ore grade expressed as grammes of metal per tonne of rock.
Greenschist:	Metamorphic rocks produced under low temperature conditions.
Greywacke:	A generally dark coloured sedimentary rock composed of poor sorted, coarser grains i.e. quartz and feldspar in a clay matrix.
Hangingwall:	The rock on the upper side of a vein or ore deposit.
High Grade:	Said of an ore with a relatively high ore-mineral content.
HQ Core:	A drilling industry notation for core diameter of $2\frac{1}{2}$ " or 63.5 mm.
Hydrothermal Alteration:	Alteration of rocks or minerals by the reaction of hydrothermal water with pre-existing soil phases. Open-system chemical reactions resulting from partial or complete chemical equilibrium between the host rock and hydrothermal fluids of a mineral deposit.
Igneous Rocks:	Rocks formed by the solidification of molten or partly solidified material.
Intrusive:	A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface.
Intersection:	The interval of a mineral vein or bed of rock defined by the cutting of a borehole, trench or observation line.
Lamprophyre:	An igneous rock, composed of dark minerals, that occurs in dykes.
Lineaments:	A large-scale linear feature which expresses itself in terms of topography which is itself an expression of the underlying structural feature.
Lithology:	The description of rock, especially in hand specimen and in outcrop, on the basis of such characteristics as colour, mineralogical composition, and grain size.
Lode Zone:	A mineral deposit consisting of a zone of veins, veinlets or disseminations etc., in consolidated rocks.
Mafic:	A term used to describe the dark coloured igneous rocks; also, applied to their dark coloured compositional minerals (biotite, hornblende, pyroxene) as a group.

Magmatic:	Pertaining to naturally occurring molten or partially molten rock material, generated within the earth and capable of intrusion and extrusion, from which igneous rocks are derived through solidification and related processes.
Magnetite:	A black, cubic, strongly magnetic, opaque mineral of the spinel group.
Major Fold:	A large-scale or dominant fold in an area, with which minor folds are usually associated.
Massif:	A part of the earth's crust that is bounded by faults and may be shifted by tectonic movements.
Metamorphism:	A mineralogical, chemical, and structural adjustment of solid rocks to physical and chemical conditions which have generally been imposed at depth below the surface zones of weathering and cementation, and which differ from the conditions under which the rocks in question originated.
Metallurgy:	The science and technology of metals. Process metallurgy is concerned with the extraction of metals from their ores and with the refining of metals.
Microgranite:	A medium grained acidic rock having very similar mineralogical and chemical properties to granite.
Mill:	A processing plant that produces a concentrate of the minerals or metals contained in the ore. Mineral particles may be crushed, ground, dissolved, heated, treated with chemicals and precipitated in pure form.
Mineral:	Naturally occurring substance with definite physical properties and chemical composition, having crystal form in some cases.
Mineralogy:	The mineral composition of a rock.
Mine:	A system of excavations made for the extraction of minerals.
Mineable:	Amenable to extraction by creating a mine.
Mineralisation:	Impregnated with a mineral substance
Ordovician:	The second earliest period of the Paleozoic era, covering the time span of 440 to 500 million years ago, and the corresponding system of rocks.
Ore:	A mixture of minerals from which at least one of the metals can be extracted at a profit.
Paleozoic:	The lower division of the Phanerozoic, covering the time span of 230-570 million years ago, and the corresponding system of rocks.
Plutonic:	Refers to rocks of igneous origin that have come from great depth.
Prospect:	A known or likely deposit of ore (noun). To explore for gold or other valuable minerals (verb).
Pyrite:	The most widespread sulphide mineral, FeS, normally of little value.
Quartz:	Common rock-forming mineral consisting of silicon and oxygen.
Quartz – Carbonate:	Mineral composition of veinlets made up of quartz and carbonate minerals such as calcite (calcium carbonate) and dolomite (calcium magnesium carbonate).
Schist:	A foliated metamorphic rock the grains of which have a roughly parallel arrangement; generally developed by shearing (rock movement).
Sediment:	Fragmental material that originates from weathered rocks and is transported by air, water or ice to form layers at surface in a loose, unconsolidated form.
Sedimentary Rocks:	A rock resulting from the consolidation of loose sediment that has accumulated in layers.

Shaft:	A vertical or inclined excavation made for finding or mining ore, hoisting and lowering men and materials or ventilating underground workings.
Shearing:	The deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity.
Shear Zones:	A zone in which shearing has occurred on a large scale.
Silification:	Hydrothermal alteration in which the quartz, opal, chalcedony, jasper, or other form of amorphous silica content of the rock increase.
Silurian:	The third earliest period of the Paleozoic era, covering the time span of 400 to 440 million years ago, and the corresponding system of rocks.
Sphalerite:	A zinc sulphide mineral; the most common ore mineral of zinc.
Stibnite:	A lead-gray mineral. It has a brilliant metallic luster, differs from galena by ease of fusion, and often contains gold and silver. It is the sulphide of antimony.
Stope:	Any working place in a mine where ore is or has been extracted.
Stoping Methods:	Techniques for excavating ores; common ones are cut-and-fill, conventional blast hole, room-and-pillar, shrinkage, sublevel caving, long hole and vertical retreat mining.
Stratigraphy:	The science of rock strata. It is concerned not only with the original succession and age relations of rock strata but also with their form, distribution, lithological composition, fossil content, geophysical and geochemical properties.
Strike:	The direction of bearing of an orebody vein, rock formation or fault measured in the horizontal plane.
Sulphide:	A mineral compound characterised by the linkage of sulphur with a metal or semi-metal, such as galena, PbS or pyrite FeS.
Synclines:	A down-arching fold in bedded rocks.
Tonnes:	Metric tonnes (1,000 kilograms or 2,205 pounds)
Trend:	The direction, in the horizontal plane, of a linear geological feature (for example, an ore zone), measured from true north.
Triple Barreled Coring:	A rock coring method used in drilling where several concentric barrels or tube's are used to reduce friction on the recovered core.
Vein:	A fissure or crack in a rock filled by material that has travelled upwards from deep in the earth.
Volcanic Rocks:	Igneous rocks formed from magma that has flowed out or has been violently ejected from a volcano.
Wall Rock:	The rock adjacent to or enclosing a vein or ore structure.
Zone:	An area of distinct mineralisation.

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Professor Richard Thomas Walter Lawrence Conroy, <i>Executive Chairman</i> Maureen Theresa Anne Jones, <i>Managing Director</i> James Patrick Jones FCA, <i>Finance Director</i> Louis Joseph Maguire, <i>Non-Executive Director</i> Henry Boardman Knott, <i>Non-Executive Director</i> Dr Pamela Conroy, <i>Non-Executive Director</i> Henry Hamilton Rennison, <i>Non-Executive Director</i>		
	all of whose business address is: 10 Upper Pembroke Street Dublin 2 Ireland		
Company Secretary and Registered Office:	James Patrick Jones FCA 10 Upper Pembroke Street Dublin 2 Ireland		
Nominated Adviser:	Seymour Pierce Limited 29/30 Cornhill London EC3V 3NF	Nominated Broker:	Ellis & Partners Limited Talisman House Jubilee Walk Three Bridges West Sussex RH10 1LQ
Solicitors to the Company (Ireland):	William Fry Solicitors Fitzwilton House Wilton Place Dublin 2 Ireland	Solicitors to the Company (England):	Olswang 90 Long Acre London WC2E 9TT
Solicitors to the Placing:	Memery Crystal 31 Southampton Row London WC1B 5HT	Reporting Accountants and Auditors:	Arthur Andersen Andersen House International Financial Services Centre Dublin 1 Ireland
Consulting Geologists and Engineers:	Watts, Griffis & McOuat Limited Suite 400 8 King St. East Toronto Ontario M5C 1B5 Canada	Financial Advisers:	Merrion Corporate Finance Ltd Block C The Sweepstakes Centre Ballsbridge Dublin 4 Ireland
Registrars:	Bastow Charlton Registrars Limited Marine House Clanwilliam Court Dublin 2 Ireland		

KEY INFORMATION

The following information has been derived from, and should be read in conjunction with, the full text of this document. Investors should read the whole document and not just rely on the key information set out below. In particular your attention is drawn to the section entitled “Risk Factors”.

- The Company has acquired prospecting licences over an area of almost 1,000 km² and the current focus of the Company’s activities is on the Longford – Down Massif in Ireland.
- At Clontibret, County Monaghan, the Company has intersected high grades and mineable widths of gold mineralisation in the Tullybuck/Lisglassan deposit.
- The Clontibret Tullybuck/Lisglassan deposit has the potential ultimately to be developed as a mine.
- The Directors and senior technical consultants have previously successfully operated exploration companies.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of Prospectus	22 May 2000
Admission to AIM and dealings commence in the Ordinary Shares	30 May 2000
CREST accounts credited	30 May 2000
Definitive share certificates despatched by	13 June 2000

PLACING STATISTICS

Placing Price	25p
Number of New Ordinary Shares being placed on behalf of the Company	4,000,000
Number of New Ordinary Shares being placed on behalf of the Company as a percentage of the enlarged issued share capital of the Company*	28.2%
Number of Ordinary Shares in issue immediately following the Placing*	14,185,070
Market capitalisation following the Placing at the Placing Price*	£3.55 million
Estimated net proceeds of the Placing receivable by the Company*	£860,000

*Assuming full subscription of the New Ordinary Shares

PART I

INFORMATION ON THE COMPANY

INTRODUCTION

Conroy Diamonds and Gold P.l.c. was incorporated in April 1995 with the objective of building a significant mining and exploration business, employing the experience and successful track record of its senior management in the field of natural resources which includes the discovery of the Galmoy ore deposits which are now in production as a major zinc mine.

The current focus of the Company's activities is on a major geological structure in Ireland known as the Longford – Down Massif. The Company has acquired prospecting licences over an area of almost 1,000km². On one small portion of this licence area, at Clontibret in County Monaghan, the Company has intersected high grades and mineable widths of gold mineralisation in the Tullybuck/Lisglassan deposit which, the Directors believe, has the potential to become the first major gold mine in Britain or Ireland in recent times.

Although the Tullybuck/Lisglassan deposit is the Company's most advanced prospect in the Longford - Down Massif, the Directors believe it represents only a fraction of the Company's prospects in this potentially mineral rich region.

Exploration within the Company's licence area has already demonstrated, in addition to the Tullybuck/Lisglassan gold deposit, an extensive gold belt which extends over a distance of up to 18 km from Co. Armagh into Co. Monaghan. Geochemical surveys within this gold belt point to the existence of look-alike units to Tullybuck/Lisglassan, with the potential to host further similar mineral deposits.

STRATEGY & PROSPECTS

The Company's strategy is to identify and develop significant geological and prospecting opportunities which have major economic potential. Following an extensive review of opportunities in Ireland and overseas, this strategy has already achieved success through the identification of the potential of the Longford-Down Massif. This success will be followed up both within the Longford – Down Massif itself and also by searching out other strategic prospects in Ireland and overseas.

The Company's prospecting licences are on the Longford – Down Massif and the following prospects have to date been identified:

A. The Clontibret Tullybuck/Lisglassan gold deposit

The presence of gold mineralisation near Clontibret has been known for many years. High values were reported in 1957 from channel sampling of the former shallow underground producing antimony mine at Tullybuck/Lisglassan and previous operators who have drilled in the area intersected gold values in almost every hole. Their drill results were, however, characterised by poor core recovery, particularly from the lode zones. The Directors believe this may well have led to the underestimation of grades and widths of the gold mineralisation intersected, resulting in the significance of the area being overlooked.

The Directors realised that a successful evaluation of the deposit would require much improved drill core recovery and sought to achieve this through using a combination of triple core barrel drilling equipment and a hole stabilisation additive. These measures have been successful, and the Company has achieved core recovery in excess of 90%, yielding high grades and mineable widths of gold mineralisation.

The Company has completed six boreholes totalling 585m of drilling at Tullybuck/Lisglassan. Significant gold bearing intersections from this programme include 12.89g/t gold over 3.34m, 10.52g/t over 2.98m, 7.29g/t over 1.91m and 16.22g/t over 1.02m. The mineralised area is open at depth, width and along strike. The Company has also undertaken a comprehensive analysis of numerous holes drilled by previous operators, including 32 in the immediate vicinity of the deposit. Almost all the holes intersected gold mineralisation, indicating the presence of a significant gold bearing system which remains open in all directions. In addition the Company has also reviewed the high gold values returned from underground channel sampling of the old Clontibret antimony mine in 1957. In aggregate, this information leads the Directors to believe that Tullybuck/Lisglassan has the potential to become the first major gold mine in Britain or Ireland in modern times.

B. The Armagh – Monaghan Gold Belt

The Company has also carried out a regional geochemical evaluation, which has led to the discovery of an extensive zone of anomalous gold values running from Co. Armagh into Co. Monaghan. The zone is on trend with the Clontibret Tullybuck/Lisglassan deposit along a geological structure within the Longford – Down Massif

called the Orlock Bridge Fault. This gold belt has to date been shown to extend over an area up to 18 km long and 3 km wide. Future work by the Company will focus on proving up the potential of this newly discovered gold belt.

A number of targets have also been outlined at other localities in the Longford – Down Massif, including several gold bearing anomalies. Reconnaissance geochemical surveys have also identified targets which are anomalous in base metals, particularly zinc.

Strategic opportunities in gold and base metals and in diamonds and other mineral resources, both in Ireland and abroad, will also continue to be sought by the Company. These will be pursued further should they be considered to have the potential to enhance the Company's prospects and shareholder value.

GEOLOGY AND PROSPECTIVITY

Regional Geology of the Longford - Down Massif

The Longford – Down Massif is part of a major geological feature stretching from Longford, in the Republic of Ireland, through Northern Ireland and into Southern Uplands of Scotland. The Ordovician/Silurian rocks in this structure are known to host many gold and base metal occurrences, including some deposits of major significance such as Wanlockhead and Leadhills in Scotland which were historically important gold and base metal mines respectively. A number of gold and base metal finds have been reported on the Company's licence area in the Longford-Down Massif.

Geological Analysis

A general geological model for mineralisation in the Longford – Down Massif has been developed by the Company's staff and advisors and has been subsequently modified as a result of the Company's work programme. Certain factors appear critical for the development of economic gold mineralisation in the Massif. In particular, as has been found at Clontibret Tullybuck/Lisglassan, the presence of Ordovician/Silurian greywacke rocks of andesitic composition is necessary. Regionally, mineralisation in these rocks is associated with disruptions or swings in the regional strike and the controlling Orlock Bridge Fault.

A gold deposit of significant proportions has been identified at Clontibret Tullybuck/Lisglassan. Data analysis, drilling and geochemical studies by the Company would indicate that this deposit is part of a larger Armagh – Monaghan gold belt lying along the Orlock Bridge Fault which is referred to above. This forms part of a much larger arsenical anomaly extending from Castleblayney to Armagh. The Tullybuck – Lisglassan deposit is one faulted unit within this zone and geochemical surveys elsewhere in the zone point to the existence of look-alike units.

Almost all the drill holes completed to date in the Tullybuck/Lisglassan deposit at Clontibret, by both the Company and previous operators, intersected gold mineralisation. This has been mapped for over 1,100 metres along strike, with an overall width in excess of 520 metres and depth of 200m indicated by drilling to date. These results indicate the presence of a significant gold-bearing system which remains open along strike, in width and at depth.

Other anomalous areas have been identified and drilled, such as Ballygreany, Bryanlitter and Braddocks, but none have been fully investigated. Geochemical surveys by the Company in Armagh have identified substantial areas of significant gold anomalies that the Company will follow up by trenching and drilling.

Geological Prospectivity

The key geological factors indicating the potential for additional discoveries on the Company's licence areas in the Longford – Down Massif include:

- The presence of a proven gold-bearing system in the Clontibret Tullybuck/Lisglassan deposit open along strike, in width and at depth;
- The coverage by the Company's licences of what appears geologically to be the most prospective areas of the Longford - Down Massif, including approximately 70 km strike length of the Orlock Bridge Fault;
- The presence of greywackes of andesitic composition, critical for mineral deposition in this area;
- The presence of areas of structural offsets and swings along the Orlock Bridge Fault; also important in mineral deposition;
- The known existence of an extensive geochemical anomaly for arsenic and gold covering a large area in counties Armagh and Monaghan.

Additional Prospects

Additional prospects which have been identified to date within the Company's licensed areas in the Longford - Down Massif include:

Clontibret area

Several targets have been identified both adjacent to the Clontibret Tullybuck/Lisglassan deposit and elsewhere within the Clontibret licence. These include St Mary's Creamery, Ballygreany, Carrickaderry and the Stockwork Zone, where gold has been intersected during drilling.

Contiguous Licences

The Company holds further licences in County Monaghan which surround the Clontibret licence, together with licences in Northern Ireland covering an area immediately to the east of Clontibret. These licences, which together form a strategic zone around the Clontibret Tullybuck/Lisglassan deposit, are prospective in their own right. They straddle the Orlock Bridge Fault and its splays and a number of targets have been identified within them including a group of three prospects where anomalous levels of gold in stream sediment and soil samples have been found during exploration by the Company. These are now regarded as part of the Armagh - Monaghan gold belt.

On the licences to the south of Clontibret are several small 19th Century base-metal mines. Geochemical surveys by the Company show anomalous areas of base metal in the soil which are wider than the zones of influence of the old mines. Their investigation is part of the Company's ongoing programme.

Other Licences along the Longford Down Massif

The Company holds two licences, which lie approximately 30 km southwest of Clontibret. These two licences are crossed by the Orlock Bridge Fault which forms a shear zone 100 metres wide and shows a sharp strike swing and dilation immediately to the west of Slieve Glah. Anomalous gold and arsenic values have been identified in the area and the whole prospect is currently under investigation by the Company.

Furthermore, as a result of the Company's exploration results to date, the Board has applied for an additional eleven prospecting licences in the Longford – Down Massif along the Orlock Bridge Fault.

Summary of Geology

The results achieved by the Company to date, including drilling results (see below), taken in conjunction with the extensive mineralisation demonstrated in earlier drilling, indicate that the Longford - Down Massif, including the Clontibret Tullybuck/Lisglassan gold deposit, has the potential to become a significant mineral province.

The Clontibret Tullybuck/Lisglassan gold deposit is a significant gold resource in itself but it is now evident that it is but one piece of a much larger picture, especially in the Armagh - Monaghan gold belt which extends for approximately 18 km along the Orlock Bridge Fault.

DRILLING RESULTS

Six boreholes have been completed by the Company on the Clontibret Tullybuck/Lisglassan deposit for a combined total of 585 metres.

The Company has recognised that successful evaluation of the deposit is dependent on achieving good core recovery. To achieve this end HQ triple core barrel equipment in conjunction with a hole stabilising additive was used. These measures have been successful and core recovery of upwards of 90% has been realised in all drill holes.

Examples of significant gold bearing intersections drilled by Conroy are shown in Table 1 in Part IV of this document.

The high grade gold levels and mineable widths intersected by the Company's drilling, taken in conjunction with the extent of the gold-bearing system, indicate that the Clontibret Tullybuck/Lisglassan deposit has the potential to contain a major gold resource and ultimately be developed as a mine.

PROSPECTING LICENCES

The Company has secured an extensive land position within the Longford – Down Massif. It holds a total of 18 prospecting licences in the region totalling 992 km², 16 licences are located in the Republic of Ireland and 2 in Northern Ireland. The licences are detailed in Attachment 1 to the Consulting Geologists' Report in Part IV of this document.

Licence Regulations

Republic of Ireland

Prospecting licences in the Republic of Ireland are issued for a period of six years and can be renewed. An application fee of IR£150 per licence is payable together with variable consideration fees for each two year period of the licence.

Authority to mine is vested in the Minister for the Marine and Natural Resources who is empowered to grant State Mining Facilities. Planning Permission from the Local Authority and an Integrated Pollution Control Licence from the Environmental Protection Agency (EPA) must be obtained and other regulatory requirements complied with before a State Mining Facility is granted.

Northern Ireland

The Department of Economic Development (“DED”) is the Government agency responsible for the regulation of prospecting licences in Northern Ireland with the exception of prospecting licences for precious metals which are issued by the Crown Estate Commissioners (“CEC”).

Prospecting licences in Northern Ireland are granted for an initial period of two years, and may provide for extensions for two further two-year periods. Licences are required to carry out an agreed scheme of prospecting, including an estimated minimum exploration expenditure per licence. Licences can cover up to 250 km². An application fee of Stg£450 per licence is payable to the DED. An annual fee of Stg£1,500 per licence is payable to the CEC.

TECHNICAL REVIEW

The mineral assets of the Company have been reviewed by the Consultant Geologists and Engineers, Watts, Griffis & McQuat Limited, a copy of whose report is contained in Part IV of this document.

DIRECTORS

The Directors of the Company are:

Professor Richard Conroy, age 66, Executive Chairman

Professor Richard Conroy has been involved in natural resources for many years. He established Trans-International Oil in 1974, which was primarily involved in Irish offshore oil exploration, and initiated the Deminex Consortium which included Deminex, Mobil, Amoco & DSM. Trans-International Oil was merged with Aran Energy p.l.c. in 1979.

Professor Conroy founded Conroy Petroleum and Natural Resources P.l.c. which in 1986 made the very significant discovery of the Galmoy zinc deposit in Co. Kilkenny which is now in production as a major base metals mine. Conroy Petroleum was also a founding member of the Stoneboy consortium an exploration group which discovered the POGO gold field in Alaska.

Conroy Petroleum acquired Atlantic Resources plc in 1992 and was renamed ARCON International Resources P.l.c. (“ARCON”) Professor Conroy was Chairman and Chief Executive of ARCON from 1980 to 1994.

Professor Conroy is Emeritus Professor of Physiology in the Royal College of Surgeons in Ireland. His research has included pioneering work on the effects of Circadian Rhythms including Jet Lag, Shift Working and Decision Taking in Business after Intercontinental Flights.

Professor Conroy served for two terms in the Irish Parliament as a member of the Senate. As Senator he was at various times front bench spokesman for the Government party in the Upper House on Energy, Industry and Commerce, Foreign Affairs and Northern Ireland.

Maureen Jones, age 56, Managing Director

Maureen Jones qualified as a Radiographer and subsequently specialised in Nuclear Medicine. In 1977 she became an executive with the International Medical Corporation. On the formation of Conroy Petroleum and Natural Resources P.l.c. in 1980 she joined that company. Miss Jones was a member of the Board of ARCON from 1986 until 1994.

Miss Jones is one of the founders of the Company and was appointed Managing Director in 1998.

James P. Jones, age 52, Finance Director

James Jones was Secretary of Conroy Petroleum and Natural Resources P.l.c at its foundation and subsequently Finance Director from 1980 to 1994. Mr Jones joined the Company on its foundation as its Secretary/Financial Director. He is a Chartered Accountant by profession and a lecturer in Accountancy in Limerick Institute of Technology.

Henry Rennison, age 83, Non-executive Director

Mr Rennison, a geologist, worked with Burmah Oil for 30 years and later with the International Petroleum Consultancy firm – De Golyer and McNaughton. He was also a Director of Conroy Petroleum and Natural Resources P.l.c. for a number of years. He is a founder director of the Company.

Louis Maguire, age 68, Non-executive Director

Mr Maguire is an auctioneer by profession and land valuation expert with particular expertise in the purchase of mineral rights and in land acquisition for mining. He has been a member of the Board of Conroy Diamonds and Gold P.l.c. since its foundation.

Henry B. Knott, age 82, Non-executive Director

Henry Knott worked for Allied Irish Banks (“AIB”) between 1950 and 1978 and was the Chief Foreign Manager of AIB before joining The Central Bank of Ireland as a Director from 1978 to 1983. He was a member of the Board of ARCON from 1980 - 1992. He is a founder director of the Company.

Dr Pamela Conroy, age 66, Non-executive Director

Dr Pamela Conroy is a medical practitioner and wife of Professor Conroy. She was instrumental in setting up one of the first medical deputising services in the UK. She became a member of the Board of the Company on its inception.

SENIOR MANAGEMENT AND EMPLOYEES

The Company intends to build up a team of suitably qualified and experienced technical staff. In the meantime, the Company intends to retain consultants as and when required.

In addition to the executive Directors who devote the greater part of their time and attention to the business of the Company, the Company has engaged two senior technical consultants to advise on geological and mining matters and with whom the Board has a long working relationship.

Eur. Ing. Dr Michael Smith, FIMM, C. Eng. Senior Consultant Geologist

Dr Smith was engaged by the Company at its inception in 1995. He is a widely experienced consulting geologist who has a worldwide experience of economic geology, particularly in gold mining and gemstones. He has 30 years post-doctoral experience in applied and economic geology and has worked in most parts of the world including gold exploration and mining in Zimbabwe, Ghana, Guinea, Mali, Finland, Kazakstan, U.S.A., Bolivia, Brazil, Guyana, Phillipines, Ireland and the United Kingdom; as well as gemstones in Angola, Lesotho, Ghana, Zimbabwe, Madagascar, Zambia, U.S.A., Pakistan, Afghanistan and Norway. Dr. Smith brings to the Company a wealth of experience in mineral exploration and mining with a special focus on mineral economics from the exploration stage to mine and corporate development.

Terence Beal, MIMinE, C. Eng. Consultant Mining Engineer

Mr Beal was also engaged by the Company at its inception in 1995. He is a highly experienced mining engineer with over 30 years worldwide experience in the mining industry. He has a wealth of experience in the planning, design and operation of underground base metal and gold mines as well as dealing with government, industry partners, shareholders and joint venture partners. Key areas of experience include eight years as Chief Mining Engineer for Tsumeb Corporation in Namibia, seven years as Senior Inspector of Mines in Fiji, Consultant Mining Engineer EM Eurogold in Turkey and Consultant Mining Engineer/Chief Mining Engineer for ARCON International Resources P.l.c.

As at 30 April 2000, the Company had 2 employees, excluding the Directors.

SHARE OPTIONS

The Company has granted options over a total of 1,965,000 Ordinary Shares to the Directors and employees, representing approximately 19.3 per cent. of the current issued share capital of the Company. All the options are currently exercisable. Further details of the Share Option Scheme and the options granted to Directors are set out in paragraphs 6 and 4 respectively of Part V of this document.

TERMS OF THE PLACING

4,000,000 New Ordinary Shares are being placed at 25p per share conditional, *inter alia*, on Admission to raise approximately £860,000, net of expenses, for the Company.

The New Ordinary Shares which are the subject of the Placing represent approximately 28.2 per cent. of the enlarged share capital of the Company. Pursuant to the Placing Agreement Ellis & Partners has agreed, conditional, *inter alia*, on Admission, to use its reasonable endeavours to place the New Ordinary Shares. Ellis & Partners has underwritten the Placing to the extent of 3,200,000 New Ordinary Shares.

Further details regarding the Placing Agreement are set out in paragraph 8.1 of Part V of this document.

The Directors have undertaken not to dispose of any Ordinary Shares in which they are interested for the period of one year after Admission, save in certain specific circumstances and not to dispose of more than half of the Ordinary Shares in which they are interested in the period of six months commencing on the first anniversary of Admission, save in certain specific circumstances.

REASONS FOR THE PLACING AND ADMISSION

The Company is applying for its Ordinary Shares to be admitted to trading on AIM as the Directors believe that such a listing will make it easier for the Company to raise further capital for exploration and development purposes. Whilst the Company has no current plans for raising fresh capital after Admission it is likely that the Company will need to raise additional capital in the future.

USE OF PROCEEDS

The net proceeds of the Placing will be applied as working capital with the objective of proving up a mining reserve based on the Clontibret Tullybuck/Lisglassan deposit which is sufficient to justify the development of a gold mine. The Company plans to undertake a work programme that will include:

- Drilling
- Underground exploration
- Metallurgical, mineralogical and other studies forming the technical basis for reserve estimation
- Environmental Studies
- Feasibility Studies
- Planning and other statutory applications

The Company will also use the proceeds of the Placing to evaluate the additional prospectivity of the Longford – Down Massif, including contiguous licences in Counties Armagh and Monaghan, in particular the Armagh – Monaghan Gold belt, together with other licences within the Longford – Down Massif. This will include:

- Data Compilation
- Soil and stream sediment sampling
- Geophysics
- Trenching
- Drilling

DIVIDEND POLICY

The Company is seeking primarily to achieve capital growth for its shareholders. It is not the present intention of the Directors to pay a dividend on the Ordinary Share capital of the Company as, during the current phase of development of the Company's business, it is the Board's intention to retain any profits for use within the business.

The level of dividend to be paid in the future will be set having regard to the potential for growth of the business and the opportunities open to the Company.

RISK FACTORS

The Directors consider the following risk factors to be most relevant in considering an investment in the Company:

- The Company's activities are directed towards the search, evaluation and development of mineral deposits. Exploration for and development of mineral deposits is speculative. Whilst the rewards can be substantial, there is no guarantee that exploration on the Company's properties will lead to the discovery of commercially extractable mineral deposits.
- The Company has no mineral reserves and its existing and future net asset value is therefore, *inter alia*, dependent on the success or otherwise of the Company's future exploration programmes.
- Whether a mineral deposit will be commercially viable in a mining operation depends on a number of factors, such as the grade of the deposit, prices of the commodities being exploited, currency fluctuations, proximity to infrastructure, financing costs and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, import and export regulations and environmental protection. The effect of these factors cannot be accurately predicted, but any combination of these factors could make a deposit uneconomic.
- Environmental legislation may change in a manner that may require stricter standards and a heightened degree of responsibility for companies and their directors and employees. There may also be unforeseen environmental liabilities resulting from exploration and mineral activities and these problems/liabilities may be costly to remedy.
- The Company, as a participant in exploration activities, may become subject to liability for hazards that cannot be insured against or which it may elect not to be insured because of high premium costs or other reasons. The Company may incur liabilities to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.
- Whilst the Directors have no current plans for raising additional capital after Admission, and are satisfied that the working capital available to the Company will, from Admission, be sufficient for its present requirements, that is for at least the next twelve months, it is likely that the Company will need to raise extra capital in the future to exploit fully its interests in its projects.
- There can be no assurance that changes to the legal or regulatory framework within which the Company operates may not have an adverse effect on the Company's business.

The risks listed above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors in any doubt are advised to consult an investment adviser authorised under the Financial Services Act 1986 if you are taking advice in the UK or under the Investment Intermediaries Act 1995 if you are taking advice in Ireland.

Investment in mineral exploration companies is speculative.

CORPORATE GOVERNANCE

The Board intends, where practicable for a company of its size, to comply with the main provisions of the principles of good governance and code of best practice prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel and published in June 1998 ('the Combined Code').

The Board has also considered the guidance published by the Institute of Chartered Accountants in England and Wales concerning the internal control requirements of the Combined Code and intends to establish an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

An audit committee has been established which consists of Henry Knott, Chairman, Dr Pamela Conroy and Henry Rennison. It meets at least twice each year and will be responsible for ensuring that the financial performance of the Group is properly reported on and monitored, for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. The audit committee will have unrestricted access to the Company's external auditor.

A remuneration committee has been established which consists of Louis Maguire, Chairman, James Jones, Henry Knott and Henry Rennison. It meets at least twice each year and will review the performance of executive Directors and set the scale and structure of their remuneration having due regard to the interests of shareholders. The remuneration committee also administers the Share Option Scheme.

TAXATION

Information concerning UK and Irish taxation with regard to the Placing is set out in paragraph 10 of Part V of this document.

CREST

The Company has applied for the Ordinary Shares to be admitted to CREST and admission is expected on 24 May 2000. Accordingly, settlement of transactions in the Ordinary Shares may take place within the CREST system if the relevant shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

PART II

ACCOUNTANTS' REPORT

The following is the text of a report from Arthur Andersen, Reporting Accountants



“The Directors
Conroy Diamonds and Gold P.l.c.
10 Upper Pembroke Street
Dublin 2

The Directors
Seymour Pierce Limited
29/30 Cornhill
London
EC3V 3NF

22 May 2000

Conroy Diamonds and Gold P.l.c. (“Conroy Diamonds and Gold” or “the Company”)

Ladies and Gentlemen,

We report on the financial information set out below. The financial information has been prepared for inclusion in the Prospectus relating to the application by the Company for admission to the Alternative Investment Market of the London Stock Exchange and the Placing dated 22 May 2000 (“the Prospectus”).

Basis of preparation

The financial information set out below is based on the audited financial statements of the Company for the year ended 31 December 1996, the seventeen month period ended 31 May 1998 and the year ended 31 May 1999 (“the financial statements”), to which no adjustments were considered necessary.

Responsibility

The financial statements are the responsibility of the Directors of Conroy Diamonds and Gold who approved their issue.

The Directors of Conroy Diamonds and Gold are responsible for the contents of the Prospectus in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of Conroy Diamonds and Gold as at the dates stated and of its losses and cashflows for the periods then ended.

Consent

We consent to the inclusion of this report in the Prospectus and accept responsibility for this report for the purposes of paragraph 45(2)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Statement of Accounting Policies

The financial statements have been prepared under the historical cost convention. The Company's principal accounting policies are set out below. All of these policies have been applied consistently throughout the year.

A. Mineral Interests

(i) Exploration, appraisal and development expenditure

The Company accounts for mineral expenditure under the 'full cost' method of accounting.

Exploration, appraisal and development expenditure is incurred on acquiring, exploring or testing exploration prospects. All lease, licence and property acquisition costs, geological and geophysical costs and other direct costs of exploration, appraisal and development are capitalised. The amount capitalised includes other operating expenses indirectly related to these activities.

(ii) Cost Pools

Costs are capitalised within geographic cost pools which initially comprise Ireland and the rest of the World.

Costs relating to the exploration and appraisal of mineral interests which the Directors consider to be unevaluated are initially held outside the cost pool. Costs held outside the cost pool are reassessed at each year end. When a decision to develop these interests has been taken, or there is evidence of impairment, the related costs are transferred to the cost pool.

Proceeds from the disposal of part or all of an interest which is outside the cost pool is credited to that interest with any excess being credited to the cost pool.

(iii) Ceiling Test

A ceiling test is carried out at each balance sheet date to assess whether the net book value of capitalised costs in the pool, together with the future costs of development of undeveloped reserves, is covered by the undiscounted future net revenues from the reserves within the pool, calculated at prices prevailing at the year end. Any deficiency arising is provided for to the extent that, in the opinion of the Directors, it is considered to represent a permanent diminution in the value of the related asset, and where arising, is dealt with in the profit and loss account as additional depreciation.

(iv) Depreciation

Expenditure within the cost pool is depreciated using the unit of production method based on commercial reserves. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the anticipated future costs of development of the undeveloped reserves at current year end unescalated prices. Changes in cost and reserve estimates are dealt with prospectively.

B. Issue Expenses and Share Premium Account

Issue expenses arising on the issue of equity securities are written off, in the first instance, against the share premium account, with any issue expenses in excess of the balance on the share premium account being written off to the profit and loss account.

C. Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis to write off the cost less estimated residual value of the assets over their estimated useful lives as follows:

Motor vehicles	–	5 years
Office equipment	–	8 years

PROFIT AND LOSS ACCOUNTS

		<i>Year ended</i> <i>31 May</i> <i>1999</i> <i>IR₯</i>	<i>17 month</i> <i>period ended</i> <i>31 May</i> <i>1998</i> <i>IR₯</i>	<i>Year ended</i> <i>31 December</i> <i>1996</i> <i>IR₯</i>
Operating Expenses	2	(86,526)	(107,863)	(51,338)
Other Income		4,232	–	–
Loss on Ordinary Activities before Taxation	3	(82,294)	(107,863)	(51,338)
Tax on loss on ordinary activities	4	–	–	–
Loss for the Year		(82,294)	(107,863)	(51,338)
Profit and Loss Account, at 31 May, 1998		(159,201)	(51,338)	–
Profit and Loss Account, at 31 May, 1999		(241,495)	(159,201)	(51,338)

There are no recognised gains or losses other than the loss for the year.

The accompanying notes form an integral part of these profit and loss accounts.

BALANCE SHEETS

	<i>Notes</i>	<i>31 May</i> <i>1999</i> <i>IR₯</i>	<i>31 May</i> <i>1998</i> <i>IR₯</i>	<i>31 December</i> <i>1996</i> <i>IR₯</i>
Fixed Assets				
Mineral interests	5	1,083,197	674,045	231,065
Tangible assets	10	10,878	4,937	–
		1,094,075	678,982	231,065
Current Assets				
Debtors	6	51,001	15,126	32,038
Cash at bank and in hand		730	505,108	–
Creditors: Amounts falling due within one year	7	51,731 (353,486)	520,234 (320,677)	32,038 (57,806)
Net Current Assets/(Liabilities)		(301,755)	199,557	(25,768)
Total Assets less Current Liabilities		792,320	878,539	205,297
Creditors: Amounts falling due after more than one year	8	(6,000)	(9,925)	(10,948)
		786,320	868,614	194,349
Capital and Reserves				
Called up share capital	9	242,127	242,127	208,377
Share premium account	9	785,688	785,688	37,310
Profit and loss account		(241,495)	(159,201)	(51,338)
Shareholders' Funds – all equity	11	786,320	868,614	194,349

The accompanying notes form an integral part of these balance sheets.

CASH FLOW STATEMENTS

		<i>17 month</i>		
	<i>Year ended</i>	<i>period ended</i>	<i>Year ended</i>	
	<i>31 May</i>	<i>31 May</i>	<i>31 December</i>	
<i>Notes</i>	<i>1999</i>	<i>1998</i>	<i>1996</i>	
	<i>IR₯</i>	<i>IR₯</i>	<i>IR₯</i>	
Net Cash Inflow/(Outflow) from Operating Activities	12A	(123,383)	173,436	(25,861)
Returns on Investments and Servicing of Finance		–	–	–
Taxation		–	–	–
Capital Expenditure and Financial Investments	12B	(417,048)	(449,140)	(231,065)
Net Cash Outflow before Financing		(540,431)	(275,704)	(256,926)
Financing	12B	(3,925)	781,105	256,633
Increase/(Decrease) in Cash	12C	(544,356)	505,401	(293)

The accompanying notes form an integral part of this cash flow statement.

Notes

1. Operations and Financing

The Company is an investment holding company and is currently involved in the development of mineral exploration opportunities.

The Directors intend to provide for working capital requirements out of the proceeds of the placing. The Directors have reviewed budgets and projected cash flow information concerning the period to 31 August 2001. On the basis of this review, the Directors are confident that adequate financial resources will be available to meet the current and foreseeable working capital requirements.

2. Operating Expenses

	<i>1999</i>	<i>1998</i>	<i>1996</i>
	<i>IR₯</i>	<i>IR₯</i>	<i>IR₯</i>
Exploration and development expenses	–	49,490	35,237
Management services and operating expenses (a)	351,575	381,961	170,113
	351,575	431,451	205,350
Transfer to Mineral Interests (Note 5)	(264,849)	(323,588)	(154,012)
	86,526	107,863	51,338

(a) The Company had one employee during the year (1998 – none) and availed of management services from a related company (Note 14). The salaries for the year amounted to IR₯16,039 and social welfare costs of IR₯1,363.

3. Loss on Ordinary Activities before Taxation

The loss on ordinary activities before taxation is arrived at after charging the following items, which are stated at amounts prior to the re-allocation to mineral interests:

	<i>1999</i>	<i>1998</i>	<i>1996</i>
	<i>IR₯</i>	<i>IR₯</i>	<i>IR₯</i>
Auditors' remuneration	12,500	12,000	8,000
Directors' emoluments			
– fees	62,500	83,333	10,417
– other	–	–	95,000

All losses arose from continuing operations.

4. Tax on loss on Ordinary Activities

No taxation charge arises in the financial year due to losses incurred. There was no unprovided deferred taxation at 31 May 1999 (31 May 1998 – IR£Nil).

5. Mineral Interests

Costs held outside cost pool:

	<i>Ireland</i> IR£	<i>Namibia</i> IR£	<i>Total</i> IR£
Cost			
At 1 June, 1998	673,985	60	674,045
Expenditure during the year			
– licences and appraisal	144,303	–	144,303
– other operating costs (Note 2)	264,849	–	264,849
	<u>1,083,137</u>	<u>60</u>	<u>1,083,197</u>
At 31 May, 1999	<u>1,083,137</u>	<u>60</u>	<u>1,083,197</u>

The Directors have considered the proposed work programmes for these mineral interests, presently held outside the cost pools. They are satisfied that there are no indications of impairment, but recognise that future realisation of the mineral interests, held outside the cost pools, is dependent on further successful exploration and appraisal activities and the subsequent economic production of the mineral reserves.

6. Debtors

	<i>1999</i> IR£	<i>1998</i> IR£	<i>1996</i> IR£
Amounts falling due within one year			
Due from related undertaking	–	–	30,647
VAT receivable	5,070	11,410	1,391
Other	45,931	3,716	–
	<u>51,001</u>	<u>15,126</u>	<u>32,038</u>

7. Creditors: Amounts falling due within one year

	<i>1999</i> IR£	<i>1998</i> IR£	<i>1996</i> IR£
Accruals	254,898	279,027	57,513
Due to related undertaking (Note 14)	58,610	41,650	–
Bank overdraft	39,978	–	293
	<u>353,486</u>	<u>320,677</u>	<u>57,806</u>

The amounts due to the related undertaking are denominated in Irish pounds, are unsecured and interest free (Note 14).

8. Creditors: Amounts falling due after more than one year

The Company received advances from its principal shareholder, who is also a Director, (Note 14). The movement on this shareholder's loan during the year was as follows:

	<i>1999</i> IR£	<i>1998</i> IR£	<i>1996</i> IR£
At beginning of the period	9,925	10,948	–
Advances during the period	20,000	52,925	236,000
Repayments during the period	(23,925)	(53,948)	(225,052)
	<u>6,000</u>	<u>9,925</u>	<u>10,948</u>

These amounts are unsecured and interest free.

9. Called up Share Capital and Share Premium

	<i>1999</i> <i>IR£</i>	<i>1998</i> <i>IR£</i>	<i>1996</i> <i>IR£</i>
Authorised:			
400,000,000 ordinary shares of 2.5p each	10,000,000	10,000,000	10,000,000
	<u> </u>	<u> </u>	<u> </u>
	<i>Share Capital</i> <i>Number</i>	<i>IR£</i>	<i>Share Premium</i> <i>IR£</i>
Issued and Fully Paid:			
At 31 December 1996	8,335,070	208,377	37,310
Share issue (a)	500,000	12,500	237,500
Share issue (b)	850,000	21,250	561,354
Issue expenses	–	–	(50,476)
	<u> </u>	<u> </u>	<u> </u>
At 31 May 1998 and 31 May 1999	9,685,070	242,127	785,688
	<u> </u>	<u> </u>	<u> </u>

- (a) On 15 April 1997, 500,000 ordinary shares of IR£0.025 each were issued for a consideration of IR£0.50 per share which resulted in a premium of IR£0.475 per share.
- (b) On 26 May 1998, 850,000 ordinary shares of IR£0.025 each were issued for a consideration of Sterling £0.60 per share. This realised IR£0.685 per share, thereby resulting in a premium of IR£0.66 per share.

10. Tangible Fixed Assets

	<i>Office</i> <i>Equipment</i> <i>IR£</i>	<i>Motor</i> <i>Vehicles</i> <i>IR£</i>	<i>Total</i> <i>IR£</i>
Cost			
1 June, 1998	3,515	2,645	6,160
Additions	7,896	–	7,896
	<u> </u>	<u> </u>	<u> </u>
31 May, 1999	11,411	2,645	14,056
	<u> </u>	<u> </u>	<u> </u>
Accumulated Depreciation			
1 June, 1998	694	529	1,223
Depreciation charge	1,426	529	1,955
	<u> </u>	<u> </u>	<u> </u>
31 May, 1999	2,120	1,058	3,178
	<u> </u>	<u> </u>	<u> </u>
Net Book Value			
1 June, 1998	2,821	2,116	4,937
	<u> </u>	<u> </u>	<u> </u>
31 May, 1999	9,291	1,587	10,878
	<u> </u>	<u> </u>	<u> </u>

11. Reconciliation of Movement in Shareholders' Funds

	<i>1999</i> <i>IR£</i>	<i>1998</i> <i>IR£</i>	<i>1996</i> <i>IR£</i>
At beginning of the period	868,614	194,349	2
Loss for the financial period	(82,294)	(107,863)	(51,338)
Shares issued, net	–	782,128	245,685
	<u> </u>	<u> </u>	<u> </u>
At end of the period	786,320	868,614	194,349
	<u> </u>	<u> </u>	<u> </u>

12. Notes to the Cash Flow Statement

A. Reconciliation of Loss to Net Cash Outflow from Operating Activities:

	1999 IR£	1998 IR£	1996 IR£
Operating Loss	(82,294)	(107,863)	(51,338)
Depreciation	1,955	1,223	–
Increase/(Decrease) in Creditors	(7,169)	263,164	57,513
Decrease/(Increase) in Debtors	(35,875)	16,912	(32,036)
Net Cash Inflow/(Outflow) from Operating Activities	<u>(123,383)</u>	<u>173,436</u>	<u>(25,861)</u>

B. Analysis of Cash Flows:

Capital Expenditure and Financial Investment

	1999 IR£	1998 IR£	1996 IR£
Investment in mineral interests	(409,152)	(442,980)	(231,065)
Purchase of tangible fixed assets	(7,896)	(6,160)	–
	<u>(417,048)</u>	<u>(449,140)</u>	<u>(231,065)</u>

Financing

Issue of share capital, net	–	782,128	245,685
Shareholders' loan (repayments)/advances, net	(3,925)	(1,023)	10,948
	<u>(3,925)</u>	<u>781,105</u>	<u>256,633</u>

C. Analysis and Reconciliation of Net Funds

	31 May 1998	Cash Flow	31 May 1999
Cash at bank and in hand	505,108	(504,378)	730
Bank overdrafts	–	(39,978)	(39,978)
	<u>505,108</u>	<u>(544,356)</u>	<u>(39,248)</u>

13. Commitments and Contingencies

Obligations under Mineral Interests

The Company has received prospecting licences under the Republic of Ireland Mineral Development Acts 1940 to 1995 for areas in Monaghan and Cavan. It has also received licences in Northern Ireland for areas in Armagh and Down in accordance with the Mineral Development Act (Northern Ireland) 1969.

The Company has certain obligations in respect of these licences at year end. The commitments in relation to these licences are as follows:

	1999 IR£	1998 IR£	1996 IR£
Expiration period:			
– Within one year	35,796	13,494	10,113
– Between two and five years	178,935	102,989	70,227
	<u>214,731</u>	<u>116,483</u>	<u>80,340</u>

14. Related Party Transactions

The Company received cash advances amounting to IR£20,000 (1998 – £52,925) from its shareholders and the balance outstanding at 31 May, 1999 was IR£6,000 (1998 – IR£9,925) (Notes 1 and 8).

The Company shares accommodation and management services with Conroy P.l.c. which has certain common shareholders and Directors. The Company has agreed with Conroy P.l.c. to pay an amount of IR£8,000 per month in management charges to that company.

Certain mineral costs and other operating expenses totalling IR£80,000 (1998 – IR£44,414) were paid on the Company's behalf by Conroy P.l.c. A net payable to Conroy P.l.c. of IR£58,610 (1998 – IR£41,650) is outstanding as a result of the transactions during the year (Notes 6 and 7).”

Yours faithfully,

Arthur Andersen”

PART III
INTERIM FINANCIAL STATEMENTS
BALANCE SHEET AT 30 NOVEMBER 1999

	<i>November 1999 IR₹</i>	<i>May 1999 IR₹</i>
Fixed Assets		
Mineral Interests	1,224,772	1,083,197
Tangible Assets	10,432	10,878
	<hr/>	<hr/>
	1,235,204	1,094,075
Current Assets		
Debtors	51,391	51,001
Cash at hand	729	730
	<hr/>	<hr/>
	52,120	51,731
Creditors:		
Amounts falling due within one year	(536,353)	(353,486)
	<hr/>	<hr/>
Net Current Liabilities	(484,233)	(301,755)
	<hr/>	<hr/>
Total Assets less Current Liabilities	750,971	792,320
Creditors:		
Amounts falling due after more than one year	—	(6,000)
	<hr/>	<hr/>
	<u>IR₹750,971</u>	<u>IR₹786,320</u>
Capital and Reserves		
Called up share capital	242,127	242,127
Share premium account	785,688	785,688
Profit and loss account	(276,844)	(241,495)
	<hr/>	<hr/>
Shareholders' Funds	<u>IR₹750,971</u>	<u>IR₹786,320</u>

PROFIT AND LOSS ACCOUNT FOR 6 MONTHS ENDED 30 NOVEMBER 1999

	<i>½ Year to 30 November 1999 IR₹</i>	<i>Year to 31 May 1999 IR₹</i>
Operating Expenses	(35,349)	(86,526)
Other Income	—	4,232
	<hr/>	<hr/>
Loss on Ordinary Activities before Taxation	(35,349)	(82,294)
Tax on loss on ordinary activities	—	—
	<hr/>	<hr/>
Loss for period	(35,349)	(82,294)
Profit and loss account at beginning of the period	(241,495)	(159,201)
	<hr/>	<hr/>
Profit and Loss account at end of the period	<u>(IR₹276,844)</u>	<u>(IR₹241,495)</u>



ARTHUR ANDERSEN

Review Report of the Auditors to the Directors of Conroy Diamonds and Gold P.l.c.

We have reviewed the interim financial information for the six months ended 30 November 1999 set out on page 26 which is the responsibility of, and has been approved by, the Company's Directors. Our responsibility is to report on the results of our review.

We conducted our review with regard to the Bulletin "Review of Interim Financial Information" issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial information.

On the basis of our review, in our opinion the interim financial information has been prepared using accounting policies consistent with those adopted by Conroy Diamonds and Gold P.l.c. in its financial statements for the year ended 31 May 1999 and we are not aware of any material modifications that should be made to the interim financial information as presented.

Arthur Andersen

22 May, 2000

PART IV

CONSULTING GEOLOGISTS' REPORT

Watts, Griffis and McOuat

Consulting Geologists and Engineers

May 1, 2000

The Directors
Conroy Diamonds and Gold P.L.C.
10 Upper Pembroke Street
Dublin 2, Ireland

Ladies and Gentlemen:

A REVIEW OF EXPLORATION PROJECTS IN THE REPUBLIC OF IRELAND AND NORTHERN IRELAND HELD BY CONROY DIAMONDS AND GOLD P.L.C.

1. INTRODUCTION

Conroy Diamonds and Gold P.L.C. ("Conroy") is a company incorporated in the Republic of Ireland. **Watts, Griffis and McOuat Limited** ("WGM") has been retained by the Directors of Conroy to review its exploration interests in the Republic of Ireland and Northern Ireland and to provide a report on these interests. These exploration interests are located in Counties Monaghan and Cavan in the Republic of Ireland and Counties Armagh and Down in Northern Ireland and are summarized in Attachment 1.

This report is to be included in an admission document to be issued in conjunction with an application ("The Application") for admission of the ordinary shares of Conroy to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange.

2. IRELAND

2.1 MINING LEGISLATION

2.1.1 Republic of Ireland

The Minerals Development Acts, 1940 to 1995, under the aegis of the Minister for the Marine and Natural Resources, govern exploration for and development of all minerals other than ordinary clay, stone, sand and gravel. Petroleum and gas are covered by separate legislation. The agency responsible for the administration of regulatory aspects is the **Exploration and Mining Division** ("EMD").

Exploration

The Prospecting Licence ("PL") gives the holder the right to explore for certain specific minerals. Only holders of current licences are considered for Mining Facilities to develop such minerals within the licence area, whether the minerals are State-owned or privately owned. A Prospecting Licence typically covers some 35 km² and is normally issued for 6 years, with the option of renewal if the holder has met the agreed requirements.

Development

The development permitting process is straightforward and designed to achieve environmentally responsible mining with long term economic viability. It is undertaken through a State Mining Facility which is granted when permits have been obtained from two other agencies. These permits are a Planning Permission, from the Local Authority, and an **Integrated Pollution Control Licence** ("IPCL") from the **Environmental Protection Agency** ("EPA"). Close contact is maintained between the three agencies. The time taken from application to issue for large deposits should be within 18 months, with a shorter period for smaller deposits.

The Minerals Development Acts provide for individual agreement of the terms for each State Mining Facility, the general conditions are usually relatively similar. These include:

- A fixed term related to the predicted length of the operation;
- Financial payments, normally consisting of a fixed annual fee, plus a royalty payment related to tonnage produced or revenue; royalties are individually agreed;
- Efficient and continuous working to ensure optimum development;
- Provisions to protect the rights and safety of third parties;
- Sureties to ensure that the site can be fully rehabilitated on closure; and,
- In cases involving private minerals, indemnification of the Minister against successful compensation claims.

2.1.2 Northern Ireland

Exploration

Prospecting Licences are normally granted for an initial period of two years, and may provide for not more than two extensions each of two years' duration. A licence gives the licensee the right to explore over the whole licensed area, which can cover up to 250 km².

Prospecting licences for precious metals are issued by the **Crown Estate Commissioners** ("CEC") and companies wishing to explore for precious metals should apply simultaneously to CEC and **Department of Enterprise, Trade and Investment** ("DETI") for licences. Once DETI issues its licence, CEC will normally issue a concurrent licence for a coterminous area.

Development

There are separate and distinct provisions in the 1969 Act, which deal with mining licences and leases. Companies which find minerals in commercial quantities and seek to develop these are required to make a quite separate and distinct application to DETI for mining licences or leases under the provisions of the Mineral Development Act and to the **Department of the Environment for Northern Ireland** ("DoE") for planning permission.

Under the 1969 Act compensation becomes payable to 'former mineral rights owners' when minerals are extracted. DETI collects royalties from mining companies based on the quantity mined. DETI then pays compensation to the former owners of the mineral rights by apportioning the royalties less a deduction for administrative costs. In respect of any precious metals extracted royalties are negotiated with and collected by the Crown Estate Commissioners.

2.2 MINING IN IRELAND

Ireland has a long history of small-scale mining of base metals and gold and a more recent history of larger commercial mining operations. Much of the focus of exploration in the latter half of the 20th century has been for base metals and several mines have been discovered and operated successfully. The largest of these is the underground lead-zinc mine near Navan, which produced 46 million tonnes grading 8.52% Zn and 2.02% Pb since 1977 and is a world-class deposit. In recent years more emphasis has been placed on the search for gold.

Prehistoric gold ornaments, mostly belonging to the Bronze Age (approximately 2,000 to 400 BC) have been found throughout the island of Ireland. Many of these ornaments can be seen in the National Museum in Dublin. For many years, most believed that this gold was imported and had not been mined in Ireland. However, recent exploration has demonstrated that there are numerous gold showings in Ireland, Northern Ireland and Scotland and that some of these have been worked in the past.

On Conroy's licences there are several small old workings, which produced base metals, including antimony. The most significant of these are the Clontibret Tullybuck and Lisglassan workings from which antimony was extracted in the early 1800s and which were re-opened briefly in 1917 and briefly re-considered during the Second World War.

2.3 CURRENT ACTIVITY IN IRELAND

There is currently a significant amount of mining and exploration in Ireland. The Navan and Galmoy zinc-lead deposits are in full production and the Lisheen deposit has just started operations. Major companies active in exploration in the country include Boliden, Noranda, Falconbridge and Rio Algom.

3. CONROY DIAMONDS AND GOLD P.l.c.

3.1 THE COMPANY

Conroy Diamonds And Gold P.l.c. was incorporated in Ireland in April 1995 as a company focussed on exploration for diamonds and gold, in Ireland and internationally. The principals of the company have significant experience in oil and gas and mineral exploration and previously owned and managed the company that discovered the Galmoy zinc-lead deposit and brought it through the feasibility study stage to a successful application for planning permission.

3.2 HISTORY OF CONROY OPERATIONS IN THE REPUBLIC OF IRELAND AND NORTHERN IRELAND

Conroy was awarded the Clontibret Prospecting Licence (P.L. 2194), in Co. Monaghan in 1996. Conroy believed that the Clontibret Tullybuck-Lisglassan Deposit merited careful re-evaluation and that this geological model should be targeted throughout the Longford-Down Inlier. Additional licences were applied for and awarded both in the Republic of Ireland and Northern Ireland. Conroy also took over a core facility in the Clontibret area which was previously managed by the **Geological Survey of Ireland** ("GSI") and contains core and other data from previous programs.

Since acquiring the original licence, Conroy has carried out a re-interpretation of the data relating to the Clontibret Tullybuck-Lisglassan Deposit, initial compilation of data on other gold and base metal occurrences and targets, geochemical soil and stream surveys and 585 m of drilling in six holes.

4. EXPLORATION PROPERTIES, PROGRAMS AND RESULTS

4.1 LOCATION AND ACCESS

The Conroy licences straddle the border between the Republic of Ireland and Northern Ireland in Counties Cavan, Monaghan and Armagh. A total of 16 of the licences form a contiguous block and two other licences are located 30 km to the southwest. The Clontibret Tullybuck-Lisglassan Deposit is located in Co. Monaghan near the village of Clontibret approximately 120 km northwest of Dublin and approximately 80 km southeast of Belfast at latitude $54^{\circ}13'N$ and longitude $6^{\circ}50'W$ (Figure 1).

The property can be accessed from Dublin by the N2, a two-lane paved highway. The distance from Dublin to Clontibret is approximately 120 km. The property can also be reached from Belfast by the A3. A dense network of secondary paved roads provides access to every part of the property.

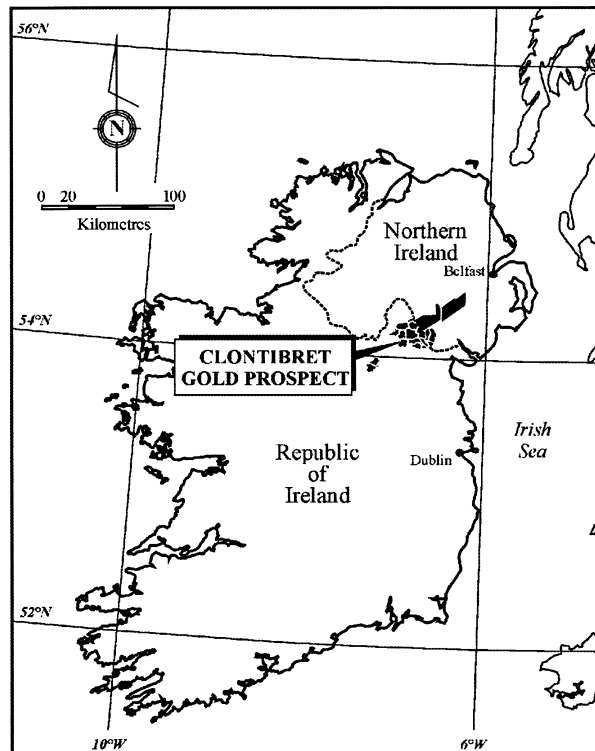


Figure 1. Location of Conroy Licences

4.2 REGIONAL GEOLOGY – LONGFORD-DOWN MASSIF

All of Conroy's licences are underlain by Ordovician/Silurian rocks of the Longford-Down Massif (Figure 2), a distinctive structural and geological feature that extends into the Southern Uplands of Scotland. Geologically and mineralogically, there are broad similarities between the Longford-Down Massif and the Southern Uplands of Scotland.

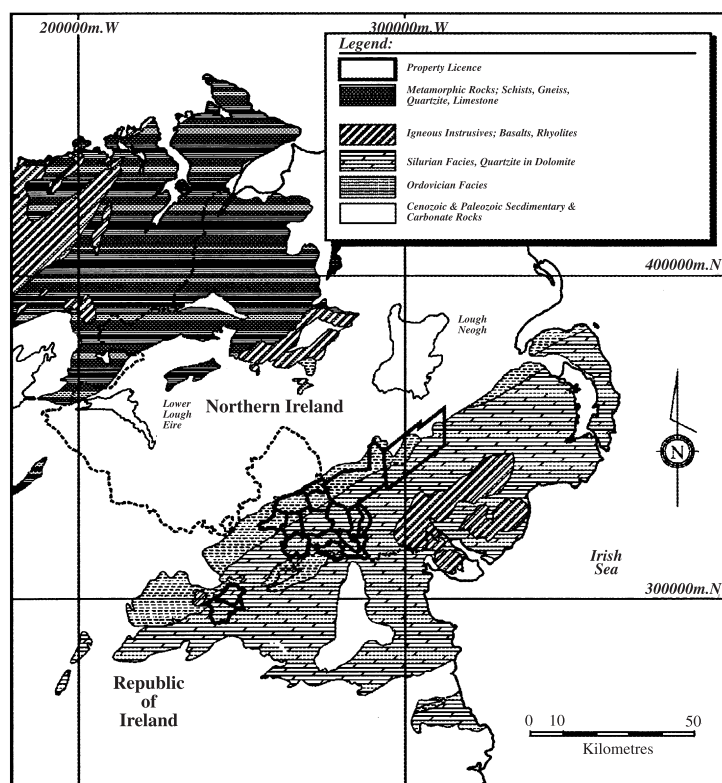


Figure 2. Regional geology northeast Ireland

These rocks are known to host many minor gold and base metal deposits as well as some of major significance, e.g. Leadhills/Wanlockhead in Scotland. Gold-antimony-arsenic mineralization is hosted in Southern Uplands rocks equivalent in age and composition to those encountered on Conroy's licences.

The Lower Paleozoic Ordovician-Silurian rocks of the Longford-Down Massif are predominately greywackes and argillaceous sediments of turbiditic origin. A large number of strike faults have been identified, of which the fault defining the boundary between the Ordovician and Silurian, known locally as the Clontibret Shear Zone but regionally as the Orlock Bridge Fault, is extremely important. The lateral equivalent of this structure has been mapped throughout the Southern Uplands of Scotland.

To the north of this shear zone are mid-Ordovician to early Silurian greywackes of andesitic composition, and to the south of the shear zone, argillaceous sediments of Ordovician age are present. There is some evidence to suggest that the intersection of north-south structures with the Orlock Bridge Fault is a key element in generating mineralization. Of particular interest in this regard is the hypothesis by M.J. Russell originally published in 1968 that lineaments or "geofractures" running north-south through Ireland were important controls in the formation of mineral deposits. Conroy's licences are located on one of these "geofractures", referred to by Russell as "geofracture 3", running north from the Harberton lead-zinc deposit through the Navan mine, through the Kingscourt Inlier to the licence area. The hypothesis has always been controversial but "geofracture 3" is accepted even by Russell's critics as a major geological lineament.

4.3 PL 2194 – CLONTIBRET LICENCE

4.3.1 Clontibret Tullybuck-Lisglassan Deposit

Geology

The vein which was worked for antimony in the Tullybuck section of the mine, is highly variable in width but is generally from >5 cm to 30 cm across. A thin band of clay gouge and a vein of stibnite (antimony sulphide – Sb_2S_3), up to 15 cm wide, usually forms the centre of the vein along with quartz-carbonate gangue.

Gold is associated with arsenopyrite and pyrite mineralization disseminated in the wallrocks of this vein. The mineralized zone is generally less regular in argillaceous greywackes and more regular in the arenaceous greywackes. The strike of the zone appears to refract by as much as 30° when passing from the harder, massive arenaceous material into the softer more argillaceous parts of the succession.

This zone is one in an area of multiple mineralized zones in the wallrocks of branching veins or vein systems, which has been outlined over an area of 400 m by 400 m.

Relevant Previous Work

A considerable amount of prospecting has been undertaken on the Clontibret Prospecting Licence by a number of other exploration companies. Gold was discovered in the underground workings of the Clontibret Tullybuck-Lisglassan Deposit by The Mining Corporation of Ireland, and, subsequently, drilling was carried out. In the 16 surface holes, which were drilled along the strike of the old antimony mine, gold bearing veins were regularly intersected. Poor core recovery from the mineralized zone was, however, reported.

Munster Base Metals drilled a further 16 holes on the Clontibret Tullybuck-Lisglassan Deposit between 1975 and 1992 along with geophysical and geochemical surveys.

A total of 3,605 m of drilling in 32 holes was carried out on the Clontibret Tullybuck-Lisglassan Deposit by previous operators. A summary of some of the more significant drill intersections obtained in previous drilling is provided in Attachment 2. Intersections grading >5 g Au/t over intervals of >1.5 m were obtained in several drillholes.

Results of Conroy's Exploration Programs

When P.L. 2194 was granted in 1996, Conroy's initial approach was to carry out a careful re-appraisal and interpretation of the open file data. From this work Conroy concluded that:

- poor core recovery from previous drilling programs had underestimated the widths and grades of the mineralized zones;
- drilling patterns in previous programs were erratic and had not systematically delineated the mineralized zones; and,
- even with the erratic pattern, additional gold-bearing zones could be seen over an area of 400 m by 400 m and the mineralization was open at depth and along strike.

During 1997 and 1998, Conroy carried out a drilling program totalling 585 m in six holes. During this program special efforts were made to improve core recoveries by using a triple core barrel and core stabilizing additives. The results demonstrated that higher grade better width intersections could be obtained with this approach. The results are summarized in Table 1.

TABLE 1
SIGNIFICANT INTERSECTIONS OBTAINED IN CONROY DRILLING
1997 TO 1998

<i>Drillhole No.</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Interval (m)</i>	<i>Grade (g Au/t)</i>
TL-97-1	137.75	137.91	0.16	13.85
TL-97-2	24.00	25.32	1.32	10.20
	77.40	78.70	1.30	5.35
TL-97-3	37.16	40.50	3.34	12.89
	56.22	59.20	2.98	10.52
TL-98-4	28.40	29.40	1.00	5.82
TL-98-5	56.50	58.41	1.91	7.29
TL-98-6	52.63	53.65	1.02	16.22
	74.10	75.19	1.09	7.70

TL-97-3, in particular shows significant improvement in widths and grades. Two intersections grading >10 g Au/t over intervals ≥ 3 m were encountered. Individual assays in TL-97-3 run as high as 31.9 g Au/t over an interval of 0.45 m.

Recent studies by Conroy and its geological consultant, Eur. Ing. Dr. Michael Smith, suggest that the "Main Vein", which was worked for antimony in the early 1800s may have been a separate antimony dominated mineralizing event. The associated zone of gold mineralization is one of several such episodes postulated from earliest to latest as follows:

- a pervasive complex sulphide mineralizing event that generated primarily arsenopyrite and pyrite;
- an intermediate event which also generated arsenopyrite and pyrite but associated with gold mineralization, which may be more extensive than originally thought – minor amounts of copper and zinc sulphides appear to be associated with this event; and,
- a more recent predominantly base metal event, confined to the Main Vein and resulting in the antimony mineralization associated with zinc, copper and lead sulphides.

The significance of this hypothesis is that it suggests that the gold mineralization in the area may occur over a significantly wider area than that suggested by the work to date. This is further supported by the suggestion that there may be a buried intrusive in the area that could have provided the heat and fluids necessary to generate the mineralizing events.

Discussion

It is important to note that gold intersections were encountered in almost every one of the holes drilled on the Clontibret Tullybuck-Lisglassan Deposit in the past 40 years. These intersections are not always of mineable width or mineable grade, but in WGM's opinion they are indicative of a significant gold-bearing system, which has so far been defined over an area 400 m by 400 m.

Within this system are individual zones which are wider and higher grade (>10 g Au/t over widths of >2.5 m). The mineralized area is open at depth and along strike. In some respects, the original drilling pattern was erratic and there are significant gaps in the information.

WGM believes that a substantial amount of additional drilling and underground exploration is warranted to assess the resources of the Clontibret Tullybuck-Lisglassan Deposit. We also believe that the recent re-interpretation by Conroy's geological consultant is reasonable and that future programs should be planned with this in mind.

4.3.2 Other Targets on the Clontibret Licence

In addition to the mineralization at the Clontibret Tullybuck-Lisglassan Deposit, gold mineralization in bedrock has also been discovered at the Clontibret St. Mary's Creamery Prospect to the north, and at the Clontibret Ballygreaney Prospect to the east. The location of these and other prospects on Conroy licences is shown on Figure 3. Gold-bearing arsenopyrite mineralization associated with gently dipping quartz carbonate breccia zones occurs at the Clontibret St. Mary's Creamery Prospect. At the Clontibret Ballygreaney Prospect, gold is associated with steeply dipping quartz-rich zones and with pyrite rather than with arsenopyrite.



Figure 3. Location of deposit and prospects Conroy licences

At the Clontibret Ballygreaney Prospect, an arsenic anomaly of 4,090 ppm was defined. Background for arsenic in this area is in the range of 10 to 20 ppm. Mapping and sampling and a limited amount of diamond drilling have been carried out in the area, but have so far failed to trace the source of the anomaly.

At St. Mary's Creamery, there is a 300 m long geochemical anomaly. Trenching and approximately 400 m of diamond drilling have been carried out to initially test this prospect. The source of the anomaly has been interpreted by Conroy to be a fault zone dipping 12° to 15° to the east. Additional drilling to investigate dip extensions and parallel structures is warranted.

4.4 OTHER REPUBLIC OF IRELAND LICENCES

4.4.1 Other Co. Monaghan Licences

A total of 13 other licences surround PL 2194. These licences were acquired by Conroy, not only because of their strategic location relative to the Clontibret Tullybuck-Lisglassan Deposit but also because they cover extensions of favourable geology to the northwest, west, south and south east. A broad geochemical anomaly, which extends from Castleblayney to Armagh, traverses these licences and requires follow-up exploration.

Some preliminary geochemical sampling was completed in an area known as Rackwallace in 1998. This area is located to the west of the Clontibret Prospecting Licence at the boundary between PL 3028 and PL 2683. A total of 20 soil samples were taken of which 17 were above 3 ppb Au and 4 had values greater than 10 ppb Au. This area was selected because:

- high arsenic values had been obtained in shallow soil sampling;
- an outcrop in the vicinity had gold values; and,
- proximity to the Glenish Fault, which offsets the Orlock Bridge Fault in that area.

Conroy is in the process of evaluating the structural context of the Rackwallace prospect and follow-up geochemistry and other investigations are planned for this year.

4.4.2 Co. Cavan Licences PL 3130 And PL 3400

These prospecting licences are situated approximately 30 km southwest of Conroy's County Monaghan licences. The two licences are crossed by the Slieve Glah Shear Zone, the local equivalent of the Orlock Bridge Fault which, in this area has developed as a 100 m wide shear zone subject to a marked strike swing. Also, exotic minor intrusive rocks such as lamprophyres and micro-granites are present and previous explorers have found anomalous levels of arsenic.

Conroy has carried out an initial program of soil sampling over four lines approximately 2,500 m to 2,850 m long. These lines cross or run close to the dilation of the Slieve Glah Shear Zone. The total number of samples was 164 and each was analyzed for copper, lead, zinc, nickel, silver and gold. The results of this sampling have been most encouraging and anomalous values for gold and base metals have been detected. Gold values of greater than 10 ppb were obtained in approximately 12% of the samples and ranged up to 468 ppb.

These results are very important because they confirm the exploration potential of the Orlock Bridge/Sleive Glah structural feature over a significant distance.

Conroy plans to carry out a systematic survey of geology and soil geochemistry over this feature in order to define possible drilling targets.

4.5 NORTHERN IRELAND LICENCES

The two licences in Northern Ireland, Keady (CI/96) and Tandragee (C2/96), have not been explored systematically.

A broad arsenic anomaly extends from Castleblayney to Armagh, covering the southwestern portion of the Conroy licences.

Evaluation and compilation of this data has resulted in the identification of four prospects in the Keady area. These are known as:

- | | | |
|------------|---|----------------------|
| Prospect A | – | Straghan's Loch Area |
| Prospect B | – | Straghan's Loch Area |
| Prospect C | – | Derrynose Area |
| Prospect D | – | Cargalisgoran Area |

Geochemical soil and stream sediment sampling was carried out over these prospects during the 1997-1999 field programs. Sampling of stream sediments was initially completed and the samples were concentrated by panning and the panned concentrates were analyzed for gold and arsenic. Subsequently, soil sampling programs were completed using long handled shovels to get samples as close to bedrock as possible. These were analyzed for base metals and gold and arsenic.

The results showed elevated values for base metals in Prospects A and B and elevated base metal and highly anomalous arsenic and gold values in Prospects C and D over an area that is approximately 3.5 x 0.75 km in extent. Within this broad anomalous area gold values range below detection to as high as 825 ppb. Clusters of samples with values above 10 ppb are present in three main areas. Arsenic anomalies in soil cover most of the same area.

WGM believes that these results are extremely significant and warrant follow-up exploration programs to trace the source of these anomalies.

In addition, Conroy has identified two other target areas, which warrant further work, these are:

- the Rich Hill prospect, an area where the boundary between the Ordovician and Silurian rocks is disturbed by north-northwest trending structures. In this area, the rocks are unconformably overlain by Carboniferous strata which present an additional target; and,
- the Tandragee Prospect, where there is a disturbed zone between the Portadown/Camlough Fault alignment and the Bann/Newry Fault alignment.

5. DISCUSSION OF EXPLORATION POTENTIAL

Conroy carried out an examination of core recoveries from previous drilling and concluded that since gold tends to be associated with the most friable material in the fault/vein structures, it is very likely that considerable gold was lost during previous diamond drilling because of poor recoveries through such zones. In most cases the results of pre-Conroy drilling failed to confirm the results obtained from underground sampling. Better recoveries and higher grade intersections have been obtained in the recent drilling confirming Conroy's hypothesis that earlier drilling programs may have significantly underestimated the actual gold content and/or widths of the veins.

Conroy has interpreted multiple mineralized zones on the Clontibret Tullybuck-Lisglassan Deposit.

It is important to note that gold intersections are encountered in almost every one of the holes drilled in the area in the past 40 years. These intersections are not always of mineable width or mineable grade, but in WGM's opinion, they are indicative of a significant gold-bearing system, which has so far been defined over an area 400 m by 400 m. Within this system are individual veins, which are wider, and higher grade. The mineralized area is open at depth and along strike. In some respects, the original drilling pattern was erratic and there are significant gaps in the information.

Conroy has also gained a better understanding of the controls that impact mineralization in both the Tullybuck-Lisglassan deposit and the entire area covered by the licences in both the Republic of Ireland and Northern Ireland. This has led to a refocussing of future exploration plans to follow-up other exploration targets in the shorter rather than the longer term. WGM supports this approach.

WGM concurs with Conroy that a substantial amount of additional drilling is warranted to assess the resources of the Clontibret Tullybuck-Lisglassan Deposit. Because of the nature of the mineralization, it is clear that a significant amount of valuable information could be obtained from underground exploration in the vicinity of the Clontibret Tullybuck-Lisglassan workings. This information would assist Conroy to determine appropriate parameters for resource estimation, such as drillhole spacing.

There are also several targets nearby which warrant additional exploration, e.g.: St Mary's Creamery and Ballygreaney. Although the Clontibret Tullybuck-Lisglassan Deposit is well-known and is the most advanced prospect on the licences, Conroy believes and WGM concurs that it is only one piece of a much larger story.

Of particular interest are the geochemical survey results from the Keady area in Armagh, which suggest that the potential for discovery of gold mineralization in this area is excellent.

The key elements that suggest that there is good potential for additional discoveries on Conroy's properties are:

- the areal extent of Conroy's properties covering a large area of the Longford-Down Massif;
- the presence of greywackes of andesitic origin and extensive greenschist and blueschist metamorphism;
- the Orlock Bridge Fault/Slieve Glah Shear Zone, which has a strike length of 70 km on Conroy's properties;
- the potential presence of structural offsets to the Orlock Bridge Fault; and,
- anomalous geochemistry, particularly in the Keady and Slieve Glah areas and also elsewhere on the licences.

In particular, we suggest that all of the regional prospects identified so far warrant additional exploration and follow-up.

6. CONCLUSIONS

From its review of Conroy's licences, WGM has concluded that:

1. Gold mineralization has been encountered in almost every one of the 38 holes drilled on the Clontibret Tullybuck-Lisglassan Deposit in the past 40 years.
2. The intersections are not always of mineable width or grade, but they are indicative of a significant gold-bearing system over an area of 400 by 400 m. Individual zones within this system contain grades >10 g Au/t over widths >2.5 m.
3. Improved core recovery from mineralized zones in Conroy's recent drilling program has resulted in intersections with significantly higher gold content over greater widths, confirming that previous drilling programs significantly underestimated the grades and widths of the mineralized zones.
4. The mineralized area is open at depth and along strike.
5. Nearby gold occurrences at St. Mary's Creamery and Ballygreaney and geochemical anomalies on the Northern Ireland licences also warrant additional investigation.
6. The Longford-Down Massif is a significant target which warrants an extensive regional exploration program based on a geological model that includes greywackes containing andesitic material, fault splays from the Orlock Bridge Fault, the presence of buried intrusives at depth and anomalous arsenic geochemistry over a broad area.
7. Results of geochemical surveys in the Keady area of Co. Armagh and the Slieve Glah area of Co. Cavan support the exploration strategy and concepts of Conroy personnel and suggest that the potential for discovery of gold mineralization in these areas is excellent.
8. Conroy's proposed exploration program and budget, (described in the following section of this report) are well conceived and appropriate for both the Clontibret Tullybuck-Lisglassan Deposit and regional targets on the licences.

7. PROPOSED EXPLORATION PROGRAM AND BUDGET

Conroy has prepared an exploration program for the Clontibret Tullybuck-Lisglassan Deposit and the other targets on Conroy's Licences. The principal objectives of this program are to:

- fully assess the resources of the Clontibret Tullybuck-Lisglassan deposit;
- explore immediately adjacent areas, such as the St Mary's Creamery and Ballygreaney Prospects; and,
- identify and assess other prospective areas along the regional trend.

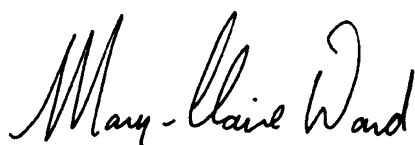
Key elements of the program will include:

- drilling (approximately 1,000 m in ten holes);
- reopening and sampling the Tullybuck and Lisglassan underground workings;
- follow-up geochemical sampling;
- trenching;
- acquisition of geophysical data; and,
- regional exploration on other parts of the licences.

WGM has reviewed Conroy's proposed program and budget and believes that these are well conceived and appropriate for both the Clontibret Tullybuck-Lisglassan Deposit and the regional targets on the licences.

Respectfully submitted,

WATTS, GRIFFIS AND MCOUAT LIMITED



per:

Eur.Geol., Mary-Claire Ward, *B.Sc.*

P.Geo. (Irl), *P.Geo. (Sask)*

Vice-President

CERTIFICATE

**To Accompany the Report
“A Review of Exploration Projects in Ireland and Northern Ireland
held by Conroy Diamonds and Gold P.l.c.”
dated May 1, 2000**

I, Mary-Claire Ward do hereby certify that:

1. I reside at Suite 411, 39 Jarvis Street, Toronto, Ontario, M5E 1Z5, Canada.
2. I am a graduate of the National University of Ireland, University College, Dublin with a B.Sc. degree in Geology (1966) and I have practised my profession for more than 30 years.
3. I am a Professional Geologist (P.Geol.) and Founder Member of the Institute of Geologists of Ireland. I hold the title European Geologist (Eur.Geol.) from the European Federation of Geologists. I am a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of Saskatchewan (P.Geol.). I am a Fellow of the Geological Association of Canada, and I served as that association's President during the period 1995 – 1996.
4. I am Vice-President and Director of Watts, Griffis and McQuat Limited, a firm of consulting geologists and engineers which has been authorized to practise Professional Engineering by Professional Engineers Ontario.
5. I visited Conroy's offices in Dublin and the Clontibret Tullybuck-Lisglassan site in September 12 to 14, 1996 and July 21 to 22, 1998 and I made subsequent visits to Conroy's office in Dublin August 31 to September 4, 1998 and January 28, 2000. During this visit I obtained copies of published and unpublished reports, plans and sections. I also held discussions with Conroy senior management and technical personnel and with Eur. Ing. Dr. Michael Smith, geological consultant to Conroy.
6. I do not own, directly or indirectly, nor do I expect to receive any direct or indirect interest in the properties described in this report, nor do I beneficially own, directly or indirectly, any securities of Conroy Diamonds and Gold P.l.c. or any associated affiliated company.



*Eur.Geol., Mary-Claire Ward, B.Sc.
P.Geol. (Irl), P.Geol. (Sask)*

Vice-President

ATTACHMENT 1

**CONROY'S EXPLORATION INTERESTS IN THE REPUBLIC OF IRELAND
AND NORTHERN IRELAND**

<i>Licence</i>	<i>Area (km²)</i>	<i>Date of Issue</i>
Republic of Ireland		
2194	30	15/07/96
2683	52	15/07/96
3028	53	15/07/96
1356	33	23/01/98
1357	23	23/01/98
1870	40	10/05/97
2193	34	23/01/98
2254	16	23/01/98
3027	44	20/08/98
3065	32	20/08/98
3066	31	20/08/98
3869	43	20/08/98
3870	15	20/08/98
3871	23	20/08/98
3130	30	27/11/96
3400	44	27/11/97
Northern Ireland		
C1/96	230	14/10/96
C2/96	215	14/10/96

ATTACHMENT 2

**SELECTED INTERSECTIONS – 1957 TO 1992 DRILLING
CLONTIBRET PROSPECT**

<i>Drillhole No.</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Interval (m)</i>	<i>Grade (g Au/t)</i>
89-2	66.10	67.97	1.87	4.98
	94.49	97.28	2.79	1.80
84-8	38.20	40.10	1.77	1.68
	51.72	52.68	0.96	5.51
A-7	63.96	66.00	2.04	2.50
	48.72	50.85	2.13	7.65
A-6	50.88	51.48	0.60	3.06
	79-1	38.76	40.20	1.52
A-5	45.84	47.28	1.37	1.43
A-2	56.76	58.32	1.56	3.06
	58.32	59.28	0.96	8.57
A-13	103.56	106.8	3.24	1.22
	124.80	127.2	2.40	2.14
87-1	47.50	48.45	0.95	4.78
	196.14	197.10	0.96	2.06
83-1	42.70	45.50	2.80	5.44
	*192.20	220.80	28.60	0.53
A-14	56.40	57.96	1.56	1.22
A-10	49.44	51.36	1.92	3.06

* stockwork mineralization

PART V

ADDITIONAL INFORMATION

1. Incorporation and share capital

- 1.1 The Company was incorporated in Ireland under the Irish Companies Acts, 1963 to 1990 as a public limited company on 19 April, 1995 with registered number 232059.
- 1.2 The Company's registered and principal office is at 10 Upper Pembroke Street, Dublin 2.

2. Share capital

- 2.1 Details of the Share Capital of the Company as at the date of this document are as set out below:

Authorised:
400,000,000 ordinary shares of 2.5p each IR£10,000,000

Issued and fully paid:
10,185,070 ordinary shares of 2.5p each IR£254,627

- 2.2 The following alterations in, and matter affecting the share capital of the Company have occurred in the three years preceding the date of this document:

2.2.1 31 October 1996

Ordinary shares of 25p each were subdivided into shares of 2.5p each, the directors were authorised to issue shares up to a nominal value IR£10,000,000 and Section 23 of the Companies (Amendment) Act 1983 was disapplied.

2.2.2 Issue of shares for cash

<i>Date</i>	<i>Number of Ordinary Shares</i>	<i>IR£ (net proceeds)</i>
19 April 1995	7 ordinary shares of 25p each	2
4 April 1996	120,000 ordinary shares of 25p each	36,000
31 October 1996	7,135,000 ordinary shares of 2.5p each	206,685
15 April 1997	500,000 ordinary shares of 2.5p each	250,000
26 May 1998	850,000 ordinary shares of 2.5p each	532,128
20 January 2000	300,000 ordinary shares of 2.5p each	189,172
26 April 2000	200,000 ordinary shares of 2.5p each	129,243

3. Memorandum and Articles of Association

The Memorandum of Association of the Company (the "Memorandum") provides under Clause 3(a) that the Company's principal objects are to carry on the business of an investment, estate and trust company and to explore, prospect, develop and deal in minerals, ores and other natural resources. The objects of the Company are set out in full in Clause 3 of the Memorandum.

The Articles of Association of the Company (the "Articles") contain *inter alia* provisions to the following effect:-

3.1 Voting

Subject to any rights or restrictions as to voting attached to any class of shares, on a show of hands every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and upon a poll every member shall have one vote for every share held by him which carries voting rights.

3.2 Return of Capital

On any winding up the whole or any part of the assets of the Company may with the authority of a Special Resolution be distributed in specie or in kind among the members.

3.3 Dividends

The Company may by ordinary resolution declare dividends in accordance with the respective rights of members but no dividend shall exceed the amount recommended by the Directors. All dividends shall be apportioned and paid proportionally to the amounts paid or credited as paid on shares during any portion or portions of the period in respect of which the dividend is paid. If any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. There is no fixed date for dividend entitlement.

3.4 Transfer of Shares

Any shareholder may be instrument in writing in the usual form transfer all or any of the shares registered in his/her name.

The Directors may, in their absolute discretion and without giving any reason, refuse to register:-

- (i) any transfer of a share, or any renunciation of any allotment made in respect of a share, which is not fully paid;
- (ii) any transfer by a minor or person of unsound mind or any renunciation of a share to any such person.

The Directors may also refuse to register any share (whether or not it is in respect of a fully paid share) unless it is:-

- (i) lodged at the registered office of the Company and is accompanied by the certificate for the shares to which it relates;
- (ii) in respect of only one class of shares; and
- (iii) in favour of not more than four transferees.

3.5 Variation of Rights

Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of three quarters of the nominal value of the issued shares of that class or the sanction of a special resolution passed at a general meeting of the holders of that class.

3.6 Alteration of Share Capital

The company may from time to time by ordinary resolution:-

- 3.6.1 increase its share capital;
- 3.6.2 consolidate and divide all or any share capital into shares of a larger amount;
- 3.6.3 sub-divide its shares into shares of smaller amount;
- 3.6.4 cancel shares which have not been taken or agreed to be taken

3.7 Directors' Interests

Save as otherwise provided by the Articles a Director shall not vote at a meeting of the Directors on any proposal in which he has any material interest (otherwise than by virtue of his interest in the Company). A Director shall not count in the quorum at a meeting in relation to a resolution on which is not entitled to vote.

A Director shall (in the absence of some other material interest than is indicated below), be entitled to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters:-

- 3.7.1 the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries.
- 3.7.2 the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- 3.7.3 any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchaser in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- 3.7.4 any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in 1% or more of any class of the equity share capital of such company or of the voting rights available to members of such company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances); or
- 3.7.5 any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit;

3.8 Borrowing Powers

Subject to the provisions of the Articles the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking property assets and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as collateral security from any debt, liability or obligation of the Company or of any third party which amount shall not, except with the sanction of the Company at the general meeting, exceed an amount equal to six times the aggregate of (1) the amount paid up or credited as paid on the share capital of the Company; (2) the amount standing to the credit of the consolidated

capital revenue reserve (including share premium account and plus or minus any balance of the consolidated profit and loss account) all as shown in the latest published audited consolidated balance sheet of the Company but subject to certain adjustments as stated in the Articles.

3.9 Directors' Remuneration

The Directors are entitled by way of ordinary resolution to such sum (if any) as shall from time to time be voted to them by the Company by ordinary resolution and any such sum (unless otherwise determined by the resolution) shall be divided among the Directors as they shall agree (or failing agreement equally). The Directors are entitled to be paid all travelling, hotel and other expenses properly incurred by them respectively in and about the performance of their duties as directors. Any Director who services on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director may be paid such extra remuneration by way of salary, commission, participation in profits or otherwise as the Directors may determine.

3.10 Age

A Director is not required to retire at any time on account of age.

3.11 Share Qualification

There is no share qualification for Directors.

3.12 Retirement of Directors

At each Annual General Meeting of the Company, one third of the Directors who are subject to retirement by rotation or, if their number is not three nor a multiple of three, then the number nearest to one third shall retire from office, but, if there is only one Director who is subject to retirement by rotation, then he shall retire.

3.13 Notice to Shareholders resident abroad

Shareholders with registered addresses outside of the Republic of Ireland, Great Britain or Northern Ireland are not entitled to receive notices from the Company unless they have given the Company an address within the Republic of Ireland, Great Britain or Northern Ireland at which notices may be served.

3.14 Redemption

Subject to the provisions of the Irish Companies Acts, any shares may be issued on the terms that they are, or, at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner as the Company may determine.

4. Directors' and other interests

4.1 At the date of this document and immediately following the Placing, the interest of each Director and the Secretary and those of any person connected with that Director or the Secretary, within the meaning of Section 26 of the Companies Act, 1990 ("Connected Persons") in the Share Capital of the Company which (i) are required to be notified to the Company pursuant to Section 53 and 64 of the Companies Act, 1990 or (ii) are required pursuant to Section 59 of the Companies Act, 1990 to be entered in the register referred to therein or (iii) are interests of a Connected person which would, if the Connected Person were a Director, be required to be disclosed under (i) or (ii) above and the existence of which is known or could be with reasonable diligence to ascertained by that Director, all of which are or will be beneficial, are as follows:

<i>Name</i>	<i>At the date of this document</i>		<i>Immediately following the Placing</i>		<i>Options</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Share Capital</i>	<i>Number</i>	<i>Exercise Price</i>
Richard Conroy	3,750,010	36.82	3,750,010	26.44	500,000	68.5
Maureen Jones	750,010	7.34	750,010	5.29	200,000	68.5
Pamela Conroy	500,010	4.91	500,010	3.52	125,000	68.5
James Jones	360,010	3.53	360,010	2.54	150,000	68.5
Henry Knott	150,010	1.48	150,010	1.06	25,000	68.5
Louis Maguire	310,010	3.04	310,010	2.19	50,000	68.5
Henry Rennison	330,010	3.24	330,010	2.33	50,000	68.5

The Directors' options referred to above are governed by individual Option Agreements each dated 9 July 1998 and were not granted pursuant to the Employee Share Option Scheme detailed at paragraph 6 below. Under such Agreements the options may be exercised by a director at any time within ten years of 26 May 1998. Each Director paid a consideration of IR£10 for their options. Additional options over 750,000 shares have been

granted to certain Directors at an exercise price of IR66p per share. These options have been granted pursuant to individual Option Agreements and have only been granted subject to shareholder approval at the next general meeting of the shareholders.

- 4.2 Save as disclosed in paragraph 4.1 above, no interest in the share capital of the Company is held by any of the Directors or the Secretary and no such interest, the existence of which is known or could with reasonable diligence be ascertained by the relevant Director, is held by any connected person.
- 4.3 Other than the interests of the Directors disclosed in paragraph 4.1 above and the interests of the shareholders set out in this paragraph 4.3, the Directors are not aware of any other person, who immediately following the Placing will be interested, directly or indirectly, in 3 per cent or more of the Company's enlarged issued share capital:

<i>Name</i>	<i>At the date of this Document</i>		<i>Immediately following the Placing</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Share Capital</i>
IIU Nominees Limited	500,000	4.91	500,000	3.52
Deirdre Conroy Vella	500,000	4.91	500,000	3.52

- 4.4 None of the Directors has or has had any interest in any assets which have been acquired or disposed of by or leased to the Company or are proposed to be acquired by, disposed of or leased to the Company during the two preceding years or during an earlier financial year and which remains in any respect outstanding or unperformed.
- 4.5 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company and which were effected by the Company during the current or immediately preceding financial period or were effected during an earlier financial year and remain in any respect outstanding or unperformed,
- 4.6 There are no outstanding loans granted by the Company to any of the Directors, nor any guarantees provided by the Company for the benefit of any of the Directors.
- 4.7 In addition to being directors of the Company the Directors hold, or have held within the period of five years prior to the date of this document, the following directorships in addition to their directorships of the Company:

<i>Name</i>	<i>Current Directorships</i>	<i>Former Directorships</i>
Richard Conroy	Conroy P.l.c. Trans International Oil Ltd Trans International Mineral Exploration Ltd National Energy and Petroleum Company of Ireland Ltd Conroy Gold Limited	None
Maureen Jones	Conroy P.l.c. Trans International Oil Ltd Trans International Mineral Exploration Ltd National Energy and Petroleum Company of Ireland Ltd	None
Pamela Conroy	Conroy P.l.c.	None
James Jones	Conroy P.l.c. Trans International Oil Ltd Trans International Mineral Exploration Ltd National Energy and Petroleum Company of Ireland Ltd Conroy Gold Limited	None

<i>Name</i>	<i>Current Directorships</i>	<i>Former Directorships</i>
Henry Knott	Conroy P.l.c.	None
Louis Maguire	Conroy P.l.c. Ballynerran Estates Limited Thunderhill Limited Wicklow Springs Purely Irish Limited Hatch Limited Independent Developments Ltd	None
Henry Rennison	Conroy P.l.c.	None

4.8 Save as disclosed above, none of the Directors:

4.8.1 is currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership within the five years immediately preceding the date of this document;

4.8.2 has any unspent convictions for any indictable offences or has been declared bankrupt or has made any voluntary arrangement with his creditors;

4.8.3 has been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration or voluntary arrangement of that company or any composition or arrangement with its creditors generally or any class of its creditors;

4.8.4 has been a partner in a partnership at the time of or within the twelve months preceding any compulsory liquidation, administration or voluntary arrangement of that partnership;

4.8.5 has had any asset which has been subject to a receivership or has been a partner in a partnership at the time of or within the twelve months preceding an asset of the partnership being subject to a receivership; or

4.8.6 has been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or has been disqualified by a Court from acting as a director of, or in the management or conduct of the affairs of any company.

4.9 The aggregate emoluments (including pension contributions and other benefits paid or granted by the Company) of the Directors for the period ended 31 May 1999 was IR£62,500. The aggregate emoluments (including pension contributions and other benefits paid or granted by the Company) of the Directors for the period ended 31 May 2000 is estimated to be approximately IR£62,500

5. Directors' Service Agreements

Set out below are the main terms of employment as set out in the Directors' Service Agreements:

Summary of Service Agreements

Except as set out below, no Director has a Service Agreement with the Company.

5.1 Agreement dated 12 May 2000 between the Company and Professor Richard Conroy ("Professor Conroy") whereby Professor Conroy was appointed Executive Director and Chairman of the Company. The Agreement was for an initial term of three years and may be terminated by either party giving not less than one year's notice of termination expiring at any time thereafter, subject to certain provisions for earlier termination by the Company. The Agreement provides for the payment to Professor Conroy of a salary of IR£110,000 per annum.

5.2 Agreement dated 12 May 2000 between the Company and Maureen Jones ("Ms Jones") whereby Ms Jones was appointed Managing Director of the Company. The Agreement was for an initial term of three years and may be terminated by either party giving not less than one year's notice of termination expiring at any time thereafter, subject to certain provisions for earlier termination by the Company. The Agreement provides for the payment to Ms Jones of a salary of IR£75,000 per annum.

5.3 Agreement dated 12 May 2000 between the Company and Mr James Jones ("Mr Jones") whereby Mr Jones was appointed as Financial Director of the Company. The Agreement was for an initial term of three years and may be terminated by either party giving not less than one year's notice of termination expiring at any time thereafter, subject to certain provisions for earlier termination by the Company. The Agreement provides for the payment to Mr Jones of a salary of IR£40,000 per annum.

Save as disclosed, there are no service agreements with any of the Directors that cannot be terminated by the Company without compensation (other than statutory compensation) within one year.

6. Options

6.1 In October 1997 the Company approved and adopted the Share Option Scheme. The Share Option Scheme is administered by the remuneration committee of the Directors (the “Remuneration Committee”). A summary of the terms of the Share Option Scheme is set out below.

6.1.1 Eligibility

Participation in the Share Option Scheme is limited to employees and Directors who have at least 6 months service.

6.1.2 Limitation on Issue

The Share Option Scheme is subject to the following limits:

- Not more than 5% of the issued share capital of the Company may be issued under the Share Option Scheme.
- In any three year period, not more than 5% of the issued share capital of the Company may be placed under option under the Share Option Scheme or any other profit sharing schemes operated by the Company.

6.1.3 Grant of Options

Options may normally only be granted within the 42 day period following the announcement of results for any period provided that no option may be granted after the period of ten years from 10 October 1997, being the date of adoption of the Share Option Scheme.

6.1.4 Exercise of Options

Options may be exercised at the market price of the Shares. Options must be exercised before the tenth anniversary of their grant. Options are not transferable and may only be exercised by the person to whom they were granted or by their personal representative. If a participant dies prior to exercising an option, his/her personal representatives may exercise the option within twelve months from the date of cessation of the employee’s employment with the Company.

6.1.5 Option Price

The option price in relation to an option shall be the closing price of a fully paid share on the day preceding the day upon which the relevant option shall be granted (or if no such price shall be available in respect of such date, the last such date in respect of which such price shall be available). However if it subsequently transpires that the price at which the relevant shares could be/have been acquired is less than the market price of the shares of the same class at the time, the market price shall be increased to that market value.

6.1.6 Variation

In the event of any variation of the share capital of the Company, the number of shares in respect of which any option may be exercised, the option price payable for shares, and where any option has been exercised but no shares been allocated pursuant thereto, the number of shares which may be allotted and/or the option price payable for each such share, may be adjusted by the Board of the Company.

6.1.7 Alterations

The Board of the Company may amend the Share Option Scheme however options which have already been granted may not be amended to the detriment of the existing options holders. Shareholder approval by ordinary resolution is required for amendments to the advantage of participants to specified provisions in relation to eligibility, grant of options, limits on the number of shares which may be issued pursuant to the exercise of options, period of exercise of options, variation of capital and alterations to the rules of the Share Option Scheme unless such amendments are necessary or desirable to comply with or take account of the provisions of any proposed or existing legislation to obtain or maintain favourable taxation treatment of the participants in the Share Option Scheme or of the Company provided that such alteration shall not affect the basic principles of the Share Option Scheme.

6.2 Grant of Options under the Share Option Scheme

To date the Company has granted an option under the Share Option Scheme to one employee in respect of a total of 15,000 Ordinary Shares exercisable at IR68.5p per share.

6.3 Other Share Option Arrangements

In addition to the Director’s Share Option Agreements referred to a paragraph 4 above, the Company has entered into Share Option Agreements with two consultants to the Company, namely Mr Terence Beal and Mr Michael Smith. Under such Agreements, which are dated 21 August 1998, each of the consultants is granted an option to subscribe for 100,000 Ordinary Shares of IR2.5p each in the capital of the Company at a price of IR78p per share and the options granted under such Agreements may be exercised at any time within ten years from 20 August 1998.

6.4 Save as disclosed in paragraph 4 and this paragraph 6, no capital of the Company is under option or is agreed to be put under option.

7. Working Capital

The Company, having made due and careful enquiry and taking into account the anticipated net proceeds of the Placing, is of the opinion that the Company will, from the time of Admission, have sufficient working capital for its present requirements, that is for at least twelve months from the date of Admission.

8. Material Contracts

The following contracts have been entered into by the Company, otherwise than in the ordinary course of business, in the last three years and are or may be material:

8.1 Placing Agreement

An agreement dated 22 May 2000 between the Company (1), the Directors (2), Ellis & Partners (3) and Seymour Pierce (4) (“the Placing Agreement”) pursuant to which conditional upon, *inter alia*, Admission taking place on or before 8.00am on 30 May 2000) Ellis & Partners has agreed to use reasonable endeavours to procure subscribers for 3,200,000 New Ordinary Shares proposed to be issued by the Company at the Placing Price failing which it will itself subscribe for such Ordinary Shares. Ellis & Partners has also agreed to use reasonable endeavours to procure subscribers for the remaining 800,000 New Ordinary Shares.

The Placing Agreement contains indemnities and warranties from the Company and the Directors in favour of Seymour Pierce and Ellis & Partners together with provisions which enable Ellis & Partners to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are not found to be true or accurate in any material respect. The liability of the Directors for breach of warranty is limited. Under the Placing Agreement the Company has agreed to pay Seymour Pierce a corporate finance fee of £50,000 and Ellis & Partners a commission of 3 per cent. on the aggregate value of the Placing Shares at the Placing Price in respect of those Placing Shares for which subscribers are found by Ellis & Partners and a commission of 1.5 per cent. on the aggregate value of the said shares which Ellis & Partners are not underwriting, together with VAT thereon where appropriate.

8.2 Standstill Agreement

The Directors have, pursuant to a Standstill Agreement dated 18 May 2000, undertaken to the Company and Seymour Pierce that they will not dispose of Ordinary Shares in accordance with the AIM Rules until one year from the date of Admission and then for a further 6 months will dispose of no more than 50% of any Ordinary Shares, through Seymour Pierce, save in certain circumstances.

8.3 Nominated Adviser Agreement

A Nominated Adviser Agreement dated 18 May 2000 between the Company (1), and Seymour Pierce (2) pursuant to which the Company has appointed Seymour Pierce to act as Nominated Adviser to the Company for the purposes of AIM. The Company has agreed to pay Seymour Pierce a fee of £15,000 per annum for its services as Nominated Advisor under this agreement. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of three months notice.

8.4 Nominated Broker Agreement

A Nominated Broker Agreement dated 18 May 2000 between the Company (1), and Ellis & Partners (2) pursuant to which the Company has appointed Ellis & Partners to act as Nominated Broker to the Company for the purposes of AIM. The Company has agreed to pay Ellis & Partners a fee of £10,000 per annum for its services as Nominated Broker under this agreement. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of three months notice.

8.5 Warrant Instrument

A warrant instrument of the Company dated 18 May 2000 pursuant to which the Company has granted Warrants to Seymour Pierce to subscribe for 425,552 Ordinary Shares equal to 3 per cent. of the issued share capital of the Company at Admission at the Placing Price exercisable at any time in whole or in part up to the 3rd anniversary of Admission.

9. Litigation

No legal or arbitration proceedings are active, pending or threatened against, or being brought by, the Company which are having or may have a significant effect on the Company's financial position.

10. Taxation

The following summary outlines certain aspects of Irish and United Kingdom tax law and practice regarding ownership and disposition of ordinary shares. The summary deals only with ordinary shares held as capital assets and does not address special classes of shareholders such as dealers in securities.

The summary relates only to the position of shareholders who are resident or ordinary resident in Ireland or the United Kingdom for tax purposes. Shareholders should understand that future legislative, administrative and case law developments could modify the tax consequences described below.

This summary is not exhaustive and shareholders are advised to consult their own tax advisers as to the tax consequences in Ireland, the United Kingdom or in other jurisdictions of the purchase, ownership and disposition of their ordinary shares. The summary is based on current Irish and UK taxation legislation and on the current double taxation convention between the Republic of Ireland and the United Kingdom.

Income Tax on Dividends

(i) Irish Taxation – Dividends on Ordinary Shares

Dividends paid by an Irish resident company will be subject to Irish withholding tax at the standard rate of income tax (currently 22 per cent.), except where the shareholder is:

- an Irish resident company, pension fund or charity;
- a person, other than a company tax resident in another Member State of the European Union or in a country with which Ireland has a double taxation agreement;
- a company that is ultimately controlled by shareholders resident in another EU Member State or in a country with which Ireland has a double taxation agreement;
- a company resident in another EU Member State or country with which Ireland has a double taxation agreement and which is not ultimately controlled by Irish residents;
- a non-resident company which is wholly owned by one or more companies the principal class of shares of which is substantially and regularly traded on one or more recognised stock exchanges in another EU Member State or country with which Ireland has a double taxation agreement.

To qualify for the exemption, the resident must make a declaration on a prescribed form to the company.

Individual shareholders resident or ordinary resident in the Republic of Ireland will be liable to Irish income tax and certain levies on the aggregate of the dividend received and the withholding tax deducted. The withholding tax deducted may be offset against the individual's income tax liability. A shareholder may claim a refund of the withholding tax to the extent it exceeds his income tax liability.

Irish resident corporate shareholders will not be subject to Irish corporation tax on dividends received from the Company and as noted earlier tax will not be withheld by the company. However, closely held Irish resident companies may be subject to a corporation tax surcharge of 20 per cent. on such dividend income to the extent that it is not distributed.

Non Irish residents who are exempt from dividend withholding tax (see above conditions) will be exempt from Irish income tax on the dividend received.

Non Irish residents who do not qualify for exemption from withholding tax will be liable to Irish income tax on the dividend, but that liability will be satisfied by the withholding tax on the dividend.

(ii) United Kingdom Taxation – Dividends on Ordinary Shares

Dividends paid to United Kingdom resident shareholders should not be subject to Irish withholding tax, provided certain disclosure requirements are satisfied.

United Kingdom resident shareholders who are individuals or which are companies controlling (either alone or together with one or more associated companies) directly or indirectly less than 10 per cent., of the voting power of the Company will be subject to income tax and corporation tax respectively in the United Kingdom on the dividend received.

A United Kingdom resident shareholder which is a company controlling (either alone or together with one or more associated companies) directly or indirectly 10 per cent., or more of the voting power of the company will be liable to United Kingdom corporation tax on the aggregate of the dividend and the underlying Irish corporation tax. The underlying Irish corporation tax will be available for set off against the United Kingdom corporation tax liability on that aggregate.

A United Kingdom resident shareholder which is not subject to tax in the United Kingdom by reason of United Kingdom law affording relief to charities and certain superannuation schemes or to insurance companies in respect of their pension business will not be subject to United Kingdom tax on a dividend from the Company.

Capital Gains Tax

(i) Irish Taxation – Sale of Ordinary Shares

A disposal of Ordinary Shares will constitute a disposal by Irish resident or Irish ordinarily resident shareholders for the purposes of Irish Capital Gains Tax and accordingly may give rise to a liability depending on the circumstances of the shareholder and the usual reliefs and allowances (including indexation relief) which may be available. Capital gains are currently taxed at a rate of 20 per cent..

A shareholder resident in the United Kingdom or in any country other than Ireland, will not be liable to Irish Capital Gains Tax on gains realised on the disposal of Ordinary Shares, on the basis that they are quoted on a stock exchange.

(ii) United Kingdom Taxation – Sale of Ordinary Shares

A disposal of Ordinary Shares by a United Kingdom resident or ordinary United Kingdom resident shareholder will constitute a disposal by United Kingdom resident shareholders for the purposes of United Kingdom capital gains tax and, accordingly, may give rise to a tax liability depending on the circumstances of the shareholder subject to the usual reliefs and allowances (including indexation relief and taper relief) which may be available.

Stamp Duty

Irish stamp duty will be charged at a rate of 1 per cent. of the amount or value of the consideration on any conveyance or transfer on sale of Ordinary Shares. Conveyances or transfers through a UK broker (or executed in the United Kingdom or in consideration for the issue or transfer of shares in a UK company) may also be subject to UK stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration. An arrangement exists between the Irish Stamp Duty office and the UK Stamp Duty office whereby the Irish Stamp Duty office will give credit against Irish stamp duty for any UK stamp duty suffered on any conveyance or transfer. Arrangements also exist for the relevant Irish stamp duty to be collected if the trade is carried out in the UK.

Irish Capital Acquisitions Tax

Irish Capital Acquisitions Tax (“CAT”) applies to gifts and inheritances

- (i) where either the person making or receiving the gift or inheritance is resident or ordinary resident in Ireland at the date of the gift or inheritance; or
- (ii) to the extent that the property of which the gift or inheritance consists is situated in Ireland at the date of the gift or inheritance.

CAT is primarily payable by the person who receives the gift or inheritance. Persons who are secondarily liable include the donor, his personal representative and any agent, trustee or other persons in whose care the property constituting the gift or inheritance or the income therefrom is placed. All taxable gifts in the same class relationship (see below) are aggregated and only the excess over a certain tax free threshold is taxed. The tax free threshold is dependent on the relationship between the donor and donee and the cumulative previous gifts and inheritances from the donors of the same class. The tax free threshold amounts currently in force are:

- (i) IR£15,000 in the case of persons who are not related to one another.
- (ii) IR£30,000 in the case of gifts and inheritances received from a brother, sister or from a brother or sister of a parent or from a grandparent; and
- (iii) IR£300,000 in the case of gifts and inheritances received from a parent and in the case of certain inheritances received by a parent from a child.

CAT is charged at a rate of 20 per cent. in the case of gifts and inheritances. Gifts and inheritances passing between spouses are exempt from CAT.

Ordinary Shares will be regarded as located in Ireland if the Company is required to maintain its ordinary share register in Ireland which we understand will be the case. Accordingly, a liability to CAT may arise on the gift or inheritance of an ordinary share notwithstanding the fact that the holder may be domiciled and/or resident outside of Ireland.

Irish Probate Tax

In addition to gift and inheritance taxes, a probate tax of 2 per cent. applies to the value of all assets passing under the will or intestacy of an Irish domiciled person. Where the deceased is not domiciled in Ireland, only his assets situated in Ireland are liable subject to an exempt threshold of IR£40,000. Probate tax does not apply to an inheritance from a spouse.

11. General

- 11.1 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts that are of fundamental importance to the Company's business.
- 11.2 The expenses of the Admission are estimated to be £140,000, excluding VAT, and are payable by the Company.
- 11.3 Save as disclosed in this document, there has been no material change in the financial or trading position of the Company since 31 May 1999, the date to which the last audited accounts of the Company have been drawn up.
- 11.4 Seymour Pierce and Ellis & Partners have each given and have not withdrawn their respective written consent to the issue of this document with the inclusion of references to their respective names in the form and context in which they are included.
- 11.5 Arthur Andersen has given and not withdrawn its written consent to the inclusion in this document of its reports in Parts II and III of this document and the references to such reports and to itself in the form and context in which they appear.
- 11.6 Watts, Griffis and McOuat Limited has given and not withdrawn its written consent to the inclusion in this document of its report and the references to such report and to itself in the form and context in which they appear.
- 11.7 There are no investments in progress which are significant.
- 11.8 The Ordinary Shares are in registered form.
- 11.9 Other than professional advisers otherwise disclosed in this document and trade suppliers no person has:
 - 11.9.1 received directly or indirectly from the Company within the 12 months preceding the application for Admission; or
 - 11.9.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - fees totalling £10,000 or more;
 - securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - any other benefit with a value of £10,000 or more at the date of Admission.
- 11.10 There is no minimum amount which, in the opinion of the Directors must be raised by the Company under the Placing to provide the sums required in respect of the matters specified in paragraph 21 of Schedule 1 to the POS Regulations.
- 11.11 The Company's accounting reference date is 31 May in each year.
- 11.12 The principal activities of the Company are as described in Part I of this document. Save as disclosed, there are no exceptional factors which have influenced the Company's activities.
- 11.13 All references to the issued share capital of the Company on Admission assume full subscription of the New Ordinary Shares.

12. Availability of document

Copies of this document will be available to the public, free of charge, from the registered office of the Company and the offices of Seymour Pierce, 29/30 Cornhill, London EC3V 3NF from the date of this document until at least 14 days after Admission.