



CONROY
DIAMONDS AND GOLD P.L.C.

Conroy Diamonds
and Gold P.L.C.

Annual Report and
Financial Statements

2000





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Chairman's Statement

Dear Shareholder

I have great pleasure in presenting your Company's Annual Report and Financial Statements for 2000, a period during which the Company's status has been much enhanced as a result of its admission to the Alternative Investment Market (AIM) of the London Stock Exchange.

Ongoing fieldwork and conceptual studies have significantly improved your Company's understanding of the structure and geological setting of its Tullybuck/Lisglassan gold deposit in County Monaghan, and recent drilling there has yielded further excellent results.

The deposit is now believed to be one of a number of similar mineralised fault-blocks which together make up the much larger Armagh-Monaghan gold belt, shown to extend for a distance of some 18 kilometres. Significant base-metal mineralisation has also been discovered in these fault-blocks.

Exploration Success

Success achieved in our ongoing delineation drilling on the Company's gold deposit at Tullybuck/Lisglassan provides additional support for your Company's belief that the discovery has the potential to become a gold mine. Nearly 800 metres of diamond drilling has been completed by your Company on the deposit.

Vertical continuity of mineralisation within a single gold bearing lode has been further tested by two recent drill holes. The first intersected the gold bearing lode at a depth of 25 metres where it graded 10.04 grammes of gold per tonne over a width of 1.59 metres. The second, our best drilling result so far, intersected the same gold bearing lode at a depth of 46 metres where it graded 14.40 grammes of gold over a width of 2.84 metres. This intersection contains a continuous interval grading 22.03 grammes of gold per tonne over a width of 1.77 metres.

These excellent intersections represent substantial gold mineralisation which continues and increases at depth.

Exploration within the Armagh-Monaghan gold belt to the northeast and southwest of Tullybuck/Lisglassan has also yielded excellent results. The gold belt is made up of a series of fault blocks, one of which contains the Tullybuck/Lisglassan gold deposit. Geochemical surveys undertaken over other blocks have identified significant gold and base-metal anomalies. One such anomalous area, in Co. Armagh, has been further tested by trenching and channel sampling. This revealed highly elevated bedrock gold and base-metal values of potential economic significance.

Any one or several of these fault blocks could host gold and/or base-metal deposits.

Elsewhere in your Company's licence areas along the Orlock Bridge Fault, geological and geochemical exploration has resulted in the discovery of further gold and base-metal anomalies.

In view of these excellent results on your Company's licences in the Longford-Down Massif, application has been made for a further eleven licences straddling the Orlock Bridge Fault.

AIM

Your Company's shares have now been admitted to trade on the Alternative Investment Market of the London Stock Exchange ("AIM"). Admission to AIM is an important milestone in your Company's corporate development both in relation to the marketability of your Company's shares and its ability to raise capital.

Ellis and Partners Limited acted as your Company's Nominated Broker in connection with the admission of your Company's shares to trading on AIM. Seymour Pierce Limited is the Company's Nominated Adviser for the purposes of the AIM rules.

These excellent intersections represent substantial gold mineralisation which continues and increases at depth.



Our work programme in the Armagh-Monaghan gold belt – stretching over some 18 kilometres – continues to raise our expectations.



Finance

The Company raised IR£1,368,223 net of expenses through the issue of 4,500,000 new ordinary shares, the details of which are set out in Note 9 to the accounts. These funds have enabled the Company to finance its ongoing operations.

Directors, Consultants and Staff

I would like to express my appreciation of the support and dedication of the directors, consultants, in particular our Senior Geological and Mining Consultants, Dr. Michael Smith and Mr. Terry Beal, and staff which has made possible the progress and success that your Company has achieved.

Future Outlook

The planned activity programme makes the coming year the most exciting one yet for your Company. Within the area under your Company's control we believe that we have several deposits that could very well be economic.

Preliminary studies have been commissioned towards development of a mine at Tullybuck/Lisglassan which include identification of the characteristics of the ore and trial extraction metallurgy, as well as engineering studies for mine design.

Drilling and trenching programmes have pinpointed sites for the next round of diamond drilling. In addition, subject to workload priorities, we will make progress on our plan to open and inspect the old underground mining shafts at Tullybuck/Lisglassan.

Our work programme in the Armagh-Monaghan gold belt – stretching over some 18 kilometres – continues to raise our expectations. Recent identification of gold and base-metal mineralisation in bedrock is indicative of significant gold and base-metal mineralisation over a large area.

To the west of the Armagh-Monaghan gold belt, geological and geochemical exploration near Slieve Glah indicates the presence of another large anomalous gold and base-metals area. This is the subject of an ongoing evaluation programme.

Your Company's strategy is to identify and develop significant geological and prospecting opportunities which have major economic potential. This strategy has already achieved success through the identification of the mineral potential of the Longford-Down Massif.

The success of the strategy being pursued by your Company is also one that has brought us to the attention of the international mining world.

Your Company looks to the future with confidence. We have a strong land position, good geological knowledge based on our exploration, and a team with the expertise and track record to bring your Company forward in a positive direction.

Looking ahead, we will continue to seek other opportunities with major potential in gold, base-metals, diamonds and other mineral resources, both in Ireland and abroad.



Professor Richard Conroy
Chairman



Review of Operations

1 Introduction

The Company's operations during the year achieved excellent results. Further gold intersections, including our best so far, were returned from drilling our Tullybuck/Lisglassan gold deposit. From our work elsewhere within the Longford-Down Massif it is evident that this deposit is part of a much larger gold-bearing feature – the Armagh-Monaghan gold belt – within which further gold deposits are likely to be found. This understanding will yield immense long-term benefits to the Company.

2 The Tullybuck/Lisglassan gold deposit

The thickness and vertical development of mineralisation was tested by two boreholes drilled on the same section line. In the first hole a gold lode intersection grading 10.04g/t of gold over a width of 1.59m occurs at a downhole depth of approximately 25m. In the second hole an intersection of the same gold lode grading 14.40g/t of gold at a width of 2.84m occurs at a downhole depth of approximately 46m. Within this second intersection there is a continuous interval that measures 1.77m and grades 22.03g/t of gold. These results, excellent in themselves, also show that the gold mineralisation continues and increases at depth.

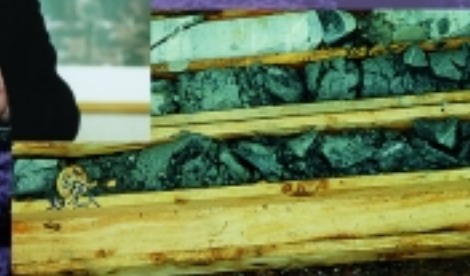
Ongoing data consolidation and review of the structure of the Tullybuck/Lisglassan deposit in relation to its regional setting continues. Significant events in the nature of the development of the gold mineralisation at Tullybuck/Lisglassan would appear to encompass not only the presence of the

Orlock Bridge Fault and Ordovician greywackes of andesitic composition but also hydraulic fracturing and igneous activity at depth. It also appears that at least two phases of gold mineralisation are present; an early high temperature, low-grade pervasive event and a subsequent concentration of gold mineralisation associated with and by a later low temperature base-metal event. Your Company now has a fundamental and unique understanding of gold deposition in the Longford-Down Massif.

Preliminary studies have commenced towards development of a mine at Tullybuck/Lisglassan. These include mineralogical and metallurgical studies as well as engineering studies for mine design. The study of the mineralogical characteristics of the ore will include investigations using reflected light microscopy and electron microprobing. Trial tests will be made to determine gold extraction options from ore leading to the design of the optimum method of ore concentration.

Results derived from the British Geological Survey/CRAFT project in which your Company participates have also been most helpful in understanding the development of gold mineralisation at Tullybuck/Lisglassan. Geochemical investigations suggest that quartz-feldspar and quartz-carbonate veins associated with the gold concentration event can be identified by means of their geochemical signature. This understanding of the gold mineralisation may be helpful in the final definition of the size of the gold deposit at Tullybuck/Lisglassan as well as detection of further deposits in the Armagh-Monaghan gold belt through refinement of our geochemical techniques.

...we now believe that the Clontibret Prospect has the potential to host the first major gold mine in the British Isles in recent times.



3 Armagh-Monaghan gold-belt

Geological and geochemical prospecting on our licences in Co. Armagh has continued with highly encouraging results. Our latest soil geochemistry programmes have revealed very extensive gold anomalies. Geology mapping and structural interpretation is underway and over 400m of trenching has been completed on one anomaly. Channel samples from these trenches have shown elevated gold and base-metal values in the bedrock over intervals in excess of 10m.

Exploration within the Armagh-Monaghan gold-belt to the northeast and southwest of Tullybuck/Lisglassan has also continued to yield excellent results. On the licences west of and adjacent to Tullybuck/Lisglassan in Co. Monaghan strong gold geochemical anomalies have been mapped and drill sites planned. To the south of Tullybuck/Lisglassan, prospecting has identified further significant gold and base-metal anomalies.

The Armagh-Monaghan gold belt is known to extend for approximately 18 km along the Orlock Bridge Fault. The gold belt is divided into a series of fault blocks within one of which lies the Tullybuck/Lisglassan gold deposit. Geochemical surveys and bedrock sampling by the Company have identified significant gold anomalies in other blocks. These findings have major implications for the scale and extent of mineralisation in the Armagh-Monaghan gold belt, and future prospects for the Company.

4 Further exploration elsewhere in the Longford-Down Massif

The Company holds two licences in Co. Cavan some distance to the west of the Armagh-Monaghan gold belt, though still within the Longford-Down Massif. This area represents a different prospecting target. The Orlock Bridge Fault, here known as the Slieve Glah shear zone, is offset by a significant strike swing and appears to have formed a dilation zone of a type often associated with large-scale mineralisation.

Reconnaissance surveys identified several clusters of soil samples with highly anomalous gold values. These clusters are associated with the inferred dilation zone. Follow up infill geochemical programmes have confirmed that these clusters are part of a very large anomalous gold area. This is now being evaluated in detail.

5 Additional licences

The successful results of the Company's exploration activity has led to a re-assessment of the mineral prospectivity of the Longford-Down Massif taking into account the mineable gold grades and thicknesses which have been demonstrated in the Tullybuck/Lisglassan deposit, the identification of the Armagh-Monaghan gold belt and the positive results from exploration of the Slieve Glah dilation zone. The Company has therefore applied for 11 more licences straddling the Orlock Bridge Fault within the Longford-Down Massif.



Left to right:

Henry H. Rennison

Dr. Pamela Conroy

Louis J. Maguire

Professor Richard Conroy

Henry B. Knott

Maureen T.A. Jones

James P. Jones F.C.A.

Company Information

Directors, Secretary and Advisers

Professor Richard Conroy
*Executive Chairman**

Maureen T.A. Jones
*Managing Director**

James P. Jones F.C.A.[†]
*Finance Director**

Louis J. Maguire[†]
*Non-Executive Director**

Henry B. Knott^{†§}
Non-Executive Director

Dr. Pamela Conroy[§]
Non-Executive Director

Henry H. Rennison^{†§}
*Non-Executive Director**

** Members of Executive Committee*

† Members of Remuneration Committee

§ Members of Audit Committee

Company Secretary and Registered Office

James P. Jones
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

Auditors

Arthur Andersen
Chartered Accountants
Andersen House
International Financial Services Centre
Dublin 1

Financial Advisers

Merrion Corporate Finance Ltd
Block C
The Sweepstakes Centre
Ballsbridge
Dublin 4

Legal Advisers

William Fry Solicitors
Fitzwilton House
Wilton Place
Dublin 2

Olswang
90 Long Acre
London WC2E 9TT

Rutherfords Solicitors
41 Fitzwilliam Square
Dublin 2

Blake, Cassels & Graydon
Box 25
Commerce Court West
Toronto M5L 1A9
Canada

Registrars

Bastow Charleton Registrars Limited
Marine House
Clanwilliam Court
Dublin 2

Financial Information

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Directors' Report

for the Year Ended 31 May, 2000

The Directors present their annual report, together with the audited financial statements of Conroy Diamonds and Gold P.L.C. for the year ended 31 May, 2000.

Principal Activities and Business Review

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. Recent drilling of the Tullybuck/Lisglassan deposit has yielded further excellent results.

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

During the year, the Company's status was much enhanced as a result of its admission to the Alternative Investment Market of the London Stock Exchange. The Company also raised IR£1,368,223, net of expenses, through the issue of 4,500,000 new Ordinary shares.

Future Development of the Business

It is the intention of the Directors to continue to develop the activities of the Company. Further strategic opportunities in mineral resources, both in Ireland and abroad, will be sought by the Company.

Results for the Year and State of Affairs at 31 May, 2000

The profit and loss account for the year ended 31 May, 2000 and the balance sheet at that date are set out on pages 15 and 16 respectively. The Company recorded a loss for the financial year of IR£103,793 (1999 – IR£82,294). The shareholders' funds increased to IR£2,050,750 at 31 May, 2000 from IR£786,320 at 31 May, 1999.

No dividends or transfers to reserves are recommended by the Directors.

Health and Safety at Work

The well-being of the Company's employees is safeguarded through adherence to health and safety standards in accordance with the requirements of the Safety, Health and Welfare at Work Act, 1989.

Directors

The Directors who served during the year are as follows:

R.T.W.L. Conroy	P. Conroy	J.P. Jones	L.J. Maguire
M.T.A. Jones	H.B. Knott	H.H. Rennison	

In accordance with the Company's articles of association, Dr. Pamela Conroy and Mr. Louis Maguire will retire by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting.

Directors' and Secretary's Shareholdings and Other Interests

The interests of the Directors and Secretary, all of which were beneficially held, in the ordinary share capital of the Company at 31 May, 1999 and 31 May, 2000 were as follows:

	Ordinary Shares of 2.5p each	Options
R.T.W.L. Conroy	3,750,010	500,000
J.P. Jones	360,010	150,000
M.T.A. Jones	750,010	200,000
H.H. Rennison	330,010	50,000
P. Conroy	500,010	25,000
L.J. Maguire	310,010	50,000
H.B. Knott	150,010	25,000

The options are currently exercisable at a price of IR68.5p, expiring on 26 May 2008.

Additional options over 750,000 shares have been granted, subject to shareholder approval at the next general meeting of shareholders, to certain directors at an exercise price of IR66p.

Except as disclosed above, neither the Directors nor their families had any beneficial interest in the share capital of the Company. There have been no contracts or arrangements entered into during the financial year in which a Director of the Company had a material interest and which were significant in relation to the Company's business except as disclosed in Note 14 to the financial statements.

Substantial Shareholdings

So far as the Board is aware, no person or company, other than the Directors' interests disclosed above and the two shareholders listed below, held 3% or more of the issued ordinary share capital of the Company at 25 September, 2000:

Name	Number of Shares	%
Deirdre Conroy Vella	500,000	3.52
IIU Nominees Limited	460,500	3.25

Directors' Responsibility Statement

Company law requires the Directors to prepare financial statements for each period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent.

As explained in Note 1 to the financial statements, the Directors have reviewed cashflow projections and other relevant information and are satisfied that the Company will be able to continue in operation for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 1999. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Arthur Andersen, Chartered Accountants, will continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

On behalf of the Board

R.T.W.L. Conroy
Chairman

J.P. Jones
Director

Approved by the Directors on 27 September, 2000

Auditors' Report

TO THE MEMBERS OF CONROY DIAMONDS AND GOLD P.I.c.:

We have audited the financial statements on pages 15 to 24 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 18.

Respective Responsibilities of Directors and Auditors

As described on page 13, the Directors are responsible for the preparation of financial statements in accordance with Accounting Standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board, and our profession's ethical guidelines.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company at 31 May, 2000 and of its loss and cashflows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 1999.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company's financial statements are in agreement with the books of account.

In our opinion, the information given in the Directors' report on pages 12 and 13 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 16, are more than half of the amount of its called up share capital and, in our opinion on that basis there did not exist at 31 May, 2000, a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

Arthur Andersen

Chartered Accountants and Registered Auditor

Dublin

27 September, 2000

Profit and Loss Account

for the Year Ended 31 May, 2000

	Notes	2000 IR£	1999 IR£
Operating Expenses	2	(104,014)	(86,526)
Other Income		221	4,232
		<hr/>	<hr/>
Loss on Ordinary Activities before Taxation	3	(103,793)	(82,294)
Tax on loss on ordinary activities	4	–	–
		<hr/>	<hr/>
Loss for the Year		(103,793)	(82,294)
Profit and Loss Account, at 31 May, 1999		(241,495)	(159,201)
		<hr/>	<hr/>
Profit and Loss Account, at 31 May, 2000		(345,288)	(241,495)
		<hr/>	<hr/>

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

The accompanying notes form an integral part of this profit and loss account.

On behalf of the Board

R.T.W.L. Conroy
Chairman

J.P. Jones
Director

Approved by the Directors on 27 September, 2000

Balance Sheet

31 May, 2000

	Notes	2000 IR£	1999 IR£
Fixed Assets			
Mineral interests	5	1,504,609	1,083,197
Tangible assets	10	9,419	10,878
		<u>1,514,028</u>	<u>1,094,075</u>
Current Assets			
Debtors	6	14,282	51,001
Cash at bank and in hand		1,137,056	730
		<u>1,151,338</u>	<u>51,731</u>
Creditors: Amounts falling due within one year	7	<u>(614,616)</u>	<u>(353,486)</u>
Net Current Assets/(Liabilities)		<u>536,722</u>	<u>(301,755)</u>
Total Assets less Current Liabilities		<u>2,050,750</u>	<u>792,320</u>
Creditors: Amounts falling due after more than one year	8	<u>–</u>	<u>(6,000)</u>
		<u>2,050,750</u>	<u>786,320</u>
Capital and Reserves			
Called up share capital	9	354,627	242,127
Share premium account	9	2,041,411	785,688
Profit and loss account		<u>(345,288)</u>	<u>(241,495)</u>
Shareholders' Funds – all equity	11	<u>2,050,750</u>	<u>786,320</u>

The accompanying notes form an integral part of this balance sheet.

On behalf of the Board

R.T.W.L. Conroy
Chairman

J.P. Jones
Director

Approved by the Directors on 27 September, 2000

Cash Flow Statement

for the Year Ended 31 May, 2000

	Notes	2000 IR£	1999 IR£
Net Cash Inflow/(Outflow) from Operating Activities	12A	111,860	(123,383)
Returns on Investments and Servicing of Finance		–	–
Taxation		–	–
Capital Expenditure and Financial Investments	12B	(421,979)	(417,048)
Net Cash Outflow before Financing		(310,119)	(540,431)
Financing	12B	1,362,223	(3,925)
Increase/(Decrease) in Cash	12C	1,052,104	(544,356)

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

On behalf of the Board

R.T.W.L. Conroy
Chairman

J.P. Jones
Director

Approved by the Directors on 27 September, 2000

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 discounted 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

Notes to the Financial Statements

31 May, 2000

1 Operations and Going Concern

The Company is an investment holding company and is currently involved in the development of mineral exploration opportunities, principally in the Longford-Down Massif.

During the year IR£1,368,223 was raised by the issue of the share capital. The finance raised will be used to continue to develop the Company's activities.

On the basis of their review of projected cash flow information, and taking into account the above funding together with the very encouraging results obtained from the exploration programme, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

2 Operating Expenses

	2000 IR£	1999 IR£
Management services and operating expenses (a)	416,055	351,575
Transfer to Mineral Interests (Note 5)	(312,041)	(264,849)
	104,014	86,526

- a The Company had one employee during the period (1999 – one) and availed of management services from a related company (Note 14). The remuneration paid during the period comprised salary of IR£16,446 and social welfare costs of IR£1,447 (1999 – IR£16,039 and IR£1,363 respectively).

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:

	2000 IR£	1999 IR£
Auditors' remuneration	12,500	12,500
Directors' emoluments		
■ fees	62,500	62,500
■ other	–	–
	62,500	62,500

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, 2000 (1999 – IR£Nil).

Notes to the Financial Statements

continued

5 Mineral Interests

Costs held outside cost pool:

	Ireland IR£	Namibia IR£	Total IR£
Cost			
At 31 May, 1999	1,083,137	60	1,083,197
Expenditure during the period			
■ licences and appraisal	109,371	–	109,371
■ other operating costs (Note 2)	312,041	–	312,041
	<hr/>	<hr/>	<hr/>
At 31 May, 2000	1,504,549	60	1,504,609
	<hr/>	<hr/>	<hr/>

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

	2000 IR£	1999 IR£
Amounts falling due within one year		
VAT receivable	10,432	5,070
Other	3,850	45,931
	<hr/>	<hr/>
	14,282	51,001
	<hr/>	<hr/>

7 Creditors: Amounts falling due within one year

	2000 IR£	1999 IR£
Accruals	481,456	254,898
Due to related undertaking (Note 14)	8,960	58,610
Bank overdraft	124,200	39,978
	<hr/>	<hr/>
	614,616	353,486
	<hr/>	<hr/>

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:

	2000 IR£	1999 IR£
At beginning of year	6,000	9,925
Advances during the year	78,500	20,000
Repayments during the year	(84,500)	(23,925)
	<hr/>	<hr/>
At end of year	–	6,000
	<hr/> <hr/>	<hr/> <hr/>

These amounts are unsecured and interest free.

9 Called up Share Capital and Share Premium

Authorised:

	2000 IR£	1999 IR£
400,000,000 ordinary shares of 2.5p each	10,000,000	10,000,000
	<hr/> <hr/>	<hr/> <hr/>

Issued and Fully Paid:

	Share Capital Number	Share Capital IR£	Share Premium IR£
Start of year	9,685,070	242,127	785,688
Share issue (a)	300,000	7,500	183,583
Share issue (b)	200,000	5,000	125,548
Share issue (c)	4,000,000	100,000	1,154,412
Issue expenses	–	–	(207,820)
	<hr/>	<hr/>	<hr/>
End of year	14,185,070	354,627	2,041,411
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

- a** On 20 January, 2000, 300,000 ordinary shares of IR£0.025 were issued for a consideration of £0.50 sterling per share. This realised IR£0.637 per share resulting in a premium of IR£0.612 per share.
- b** On 26 April, 2000, 200,000 ordinary shares of IR£0.025 were issued for a consideration of £0.50 sterling per share. This realised IR£0.653 per share resulting in a premium of IR£0.628 per share.
- c** On 25 May, 2000, 4,000,000 ordinary shares of IR£0.025 were issued for a consideration of £0.25 sterling per share. This realised IR£0.314 per share resulting in a premium of IR£0.289 per share.

Notes to the Financial Statements

continued

10 Tangible Fixed Assets

	Office Equipment IR£	Motor Vehicles IR£	Total IR£
Cost			
31 May, 1999	11,411	2,645	14,056
Additions	567	–	567
	<hr/>	<hr/>	<hr/>
31 May, 2000	11,978	2,645	14,623
	<hr/>	<hr/>	<hr/>
Accumulated Depreciation			
31 May, 1999	2,120	1,058	3,178
Depreciation charge	1,497	529	2,026
	<hr/>	<hr/>	<hr/>
31 May, 2000	3,617	1,587	5,204
	<hr/>	<hr/>	<hr/>
Net Book Value			
31 May, 1999	9,291	1,587	10,878
	<hr/>	<hr/>	<hr/>
31 May, 2000	8,361	1,058	9,419
	<hr/>	<hr/>	<hr/>

11 Reconciliation of Movement in Shareholders' Funds

	2000 IR£	1999 IR£
At 31 May, 1999	786,320	868,614
Loss for the financial year	(103,793)	(82,294)
Shares issued, net	1,368,223	–
	<hr/>	<hr/>
At 31 May, 2000	2,050,750	786,320
	<hr/>	<hr/>

12 Notes to the Cash Flow Statement

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

	2000 IR£	1999 IR£
Operating Loss	(103,793)	(82,294)
Depreciation	2,026	1,955
Increase/(Decrease) in Creditors	176,908	(7,169)
Decrease/(Increase) in Debtors	36,719	(35,875)
	<hr/>	<hr/>
Net Cash Inflow/(Outflow) from Operating Activities	<u>111,860</u>	<u>(123,383)</u>

B Analysis of Cash Flows:

Capital Expenditure and Financial Investment

	2000 IR£	1999 IR£
Investment in mineral interests	(421,412)	(409,152)
Purchase of tangible fixed assets	(567)	(7,896)
	<hr/>	<hr/>
	<u>(421,979)</u>	<u>(417,048)</u>

Financing

Issue of share capital, net	1,368,223	–
Shareholders' loan (repayments)/advances, net	(6,000)	(3,925)
	<hr/>	<hr/>
	<u>1,362,223</u>	<u>(3,925)</u>

C Analysis and Reconciliation of Net Funds

	31 May 1999	Cash Flow	31 May 2000
Cash at bank and in hand	730	1,136,326	1,137,056
Bank overdrafts	(39,978)	(84,222)	(124,200)
	<hr/>	<hr/>	<hr/>
	<u>(39,248)</u>	<u>1,052,104</u>	<u>1,012,856</u>

Notes to the Financial Statements

continued

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:

	2000 IR£	1999 IR£
Expiration period:		
■ Within one year	90,000	35,796
■ Between two and five years	118,000	178,935
	<hr/> 208,000	<hr/> 214,731

14 Related Party Transactions

The Company received cash advances amounting to IR£78,500 (1999 – £20,000) from its principal shareholder and the balance outstanding at 31 May, 2000 was IR£Nil (1999 – IR£6,000) (Notes 2 and 8).

The Company shares accommodation and management services with Conroy P.L.C. which has certain common shareholders and Directors. The Company had previously agreed with Conroy P.L.C. to pay an amount of IR£8,000 per month in management charges to that company. This arrangement ceased at 31 May, 2000. IR£8,960 was outstanding at year end (1999 – IR£58,610) as a result of the transactions during the year (Note 7).