CONROY
DIAMONDS AND GOLD P.l.c.

2007 ANNUAL REPORT AND FINANCIAL STATEMENTS

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CHAIRMAN'S STATEMENT

Professor Richard Conroy
Chairman

Dear Shareholder

I have great pleasure in presenting your Company's Annual Report and Financial Statements for the twelve months ended 31 May 2007. Your Company's gold assets in Ireland have never been more attractive, with the gold price rising significantly so far this year, and seemingly poised to go even higher in the not too distant future.

So far we have outlined a substantial gold resource on a small part of one target, with gold mineralisation also identified in the remainder of this target. In addition, along a 50km trend of our licences, we have several other targets in which bedrock gold has been identified, and these offer similar, or greater, potential. Clearly, this brings your Company to meeting its objective of establishing a producing gold mine.

A 500,000 oz JORC-compliant gold resource at an average depth of less than 150m, in a politically stable country, with a mining tradition, excellent infrastructure, a skilled workforce and only 90 minutes by road from a capital city: surprising as it might seem, this is what your Company has found in Ireland.

The resource occupies only 20%. of the first target to be investigated in detail, namely Clontibret. Preliminary drilling over the remaining 80% shows clear evidence of gold mineralisation being present. The mineralisation also remains open at depth. Further work in this area will almost certainly increase this resource substantially, so the 500,000oz figure should be regarded a bare minimum.

This point was emphasised in a mid-2007 review commissioned from Objective Capital, a leading independent UK corporate research group, which stated that "The resource is sufficiently defined to support the modelling of a hypothetical mine plan." It therefore represents a significant step both towards establishing a gold mine at Clontibret and a new gold province in the region.

Your Company's licences cover an area of 1,500km^2 and form a continuous block of ground stretching from Co Down to Co Cavan, a distance of over 110km. Within a 50km^2 area, centred on Clontibret and now defined as the Armagh-Monaghan Gold Belt, your Company has outlined several other similar targets on which gold-in-bedrock has been identified.

Early stage exploration to the south-west of the Armagh-Monaghan Gold Belt has also identified two further areas, the Central Structural Zone and Slieve Glah, with potential for significant gold mineralisation.

Your Company is also active in the Central Lapland Greenstone Belt in Finland. This belt hosts several gold mines including Agnico-Eagle's 2.5 million oz Suurikuusikko mine and ScanMining's Pahtavaara mine, an underground operation north of the Arctic Circle mining an average gold grade of 2.7grammes/tonne. In the Sodankyla area where your Company holds several licences two major fault systems converge and provide the structural controls needed to host mineralisation. Several gold-in-soil anomalies are present and your Company considers it to be an area of major potential.

The strategy of your Company in Finland is to identify economic gold deposits and ultimately increase shareholder value.

Financials

The loss after taxation for the year ended 31 May 2007 was €375,059 and the net assets as at 31 May 2007 were €6,520,516.

During the year your Company acquired the gold interests of Conroy Plc, which included a number of claims (licence areas) in Finland which have potential gold prospects and an extensive database. The purchase consideration of €1,000,000 was satisfied by the issue of 19,294,286 ordinary shares of €0.03 each.

The Directors have not been taking their fees or other remuneration from the Company since 1 September 2005 thus enabling the Company's exploration work on the ground to progress on a greater scale and more rapidly. The Directors have agreed to waive their entitlement to all amounts due up to 30 November 2007. The amount involved is €631,693 (£437,684).

After careful consideration, and discussions with the Company's advisors, the Board has decided, subject to ratification by the shareholders at the Annual General Meeting, to issue a total of 29,805,123 warrants to the individual Directors for nil consideration exercisable over 10 years at a subscription price of €0.0433 (Stg3p per share). A resolution to this effect has therefore been included in the agenda for the AGM.

The number of warrants proposed to be issued to each Director is as follows:

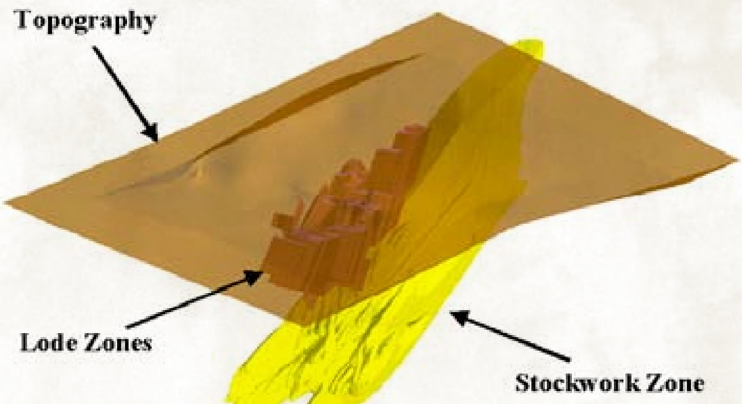
Name of Warrant Holder	Number of Warrants
R.T.W.L. Conroy	12,119,845
M.T.A. Jones	8,667,170
J.P. Jones	5,130,291
L.J. Maguire	1,006,861
M.E. Power	1,006,861
H.H. Rennison	1,006,861
C.D. Wathen	507,641
S.P. FitzPatrick	359,593

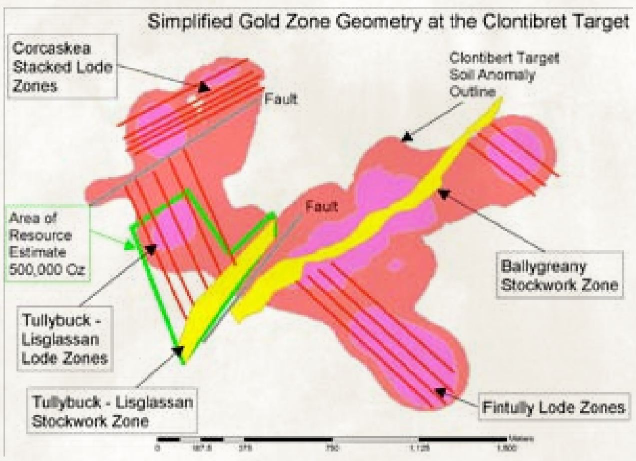
I welcome this action by the Directors as it represents a strong vote of confidence in your Company and its prospects.

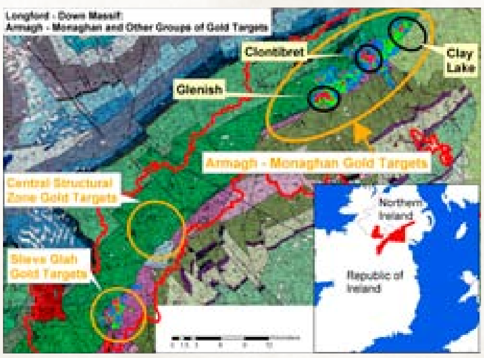
In the light of the excellent exploration results achieved to date, your Directors are considering how best to fund your Company's activities going forward. Options being studied include joint venture and farm-out, as well as such other arrangements as may be appropriate for advancing the interests of your Company.

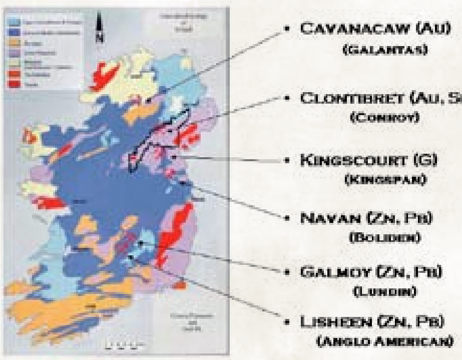
Electronic Communication

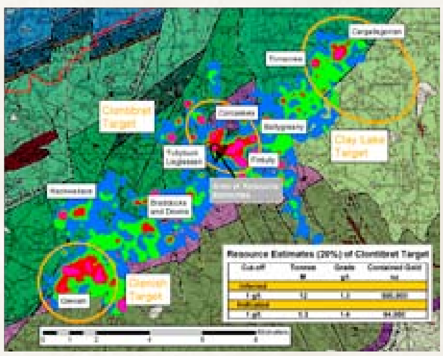
An amendment to the Articles of Association is proposed to enable electronic communication to become another method of communication for the Company in so far as the law permits. Shareholders will continue to be entitled to ask the Company to provide a paper copy of any information which has been provided electronically.











Auditors

I would like to take the opportunity of thanking the partners and staff of Deloitte & Touche for their services to your Company during the course of the year.

Directors, Consultants and Staff.

I would like to express my deep appreciation of the support and dedication of the Directors, consultants and staff, which has made possible the continued progress and success which your Company has achieved.

I am very pleased to welcome Seamus FitzPatrick to our Board. His extensive financial experience will be a most valuable asset in helping your Company to advance and develop its gold projects in Ireland and Finland.

Future Outlook

I believe that your Company is about to open up an important new gold province in Ireland and that our exploration strategy which as the Objective Capital report states “has been highly effective” could yield several multi million ounce gold deposits.

Richard Conroy

Professor Richard Conroy
Chairman

COMPANY INFORMATION

Directors

Professor Richard Conroy
*Chairman**

Maureen T.A Jones
*Managing Director**

James P. Jones FCA
Finance Director+*

Louis J. Maguire
Non-Executive Director+§*

Michael E. Power
Non-Executive Director§

Seamus P. FitzPatrick
Non-Executive Director+§

Henry H. Rennison
*Non-Executive Director**

C. David Wathen
Non-Executive Director+

* *Member of the Executive Committee*
\+ *Member of the Remuneration Committee*
§ *Member of the Audit Committee*

Company Secretary and Registered Office

James P. Jones FCA
10 Upper Pembroke Street
Dublin 2
Ireland

Auditors

Deloitte & Touche
Chartered Accountants
Deloitte & Touche House
Charlotte Quay
Limerick

Registrars

Capita Registrars
Unit 5
Manor Street Business Park
Manor Street
Dublin 7
www.capitacorporateregistrars.ie

Nominated Adviser

John East & Partners Limited
10 Finsbury Square
London
EC2A 1AD

Broker

City Capital Corporation Limited
Sion Hall
56 Victoria Embankment
London
EC4Y 0DZ

Dublin Stockbrokers

Dolmen Butler Briscoe
Dolmen House
4 Earlsfort Terrace
Dublin 2

Legal Advisers

William Fry Solicitors
Fitzwilton House
Wilton Place
Dublin 2

Roschier-Holmberg
Keskuskatu 7A
00 100 Helsinki
Finland

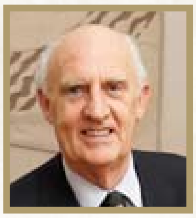
Head Office

Conroy Diamonds and Gold P.l.c
10 Upper Pembroke Street
Dublin 2
Tel: +353-1-661 8958
Fax: +353-1-662 1213

For further information visit
the Company's website at:
www.conroydiamondsandgold.com

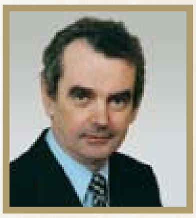
or contact:

City of London PR
Triton Court
Finsbury Square
London EC2A 1BR
Tel: +44-20-7628-5518

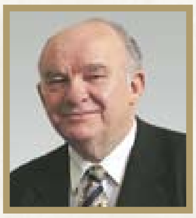


Professor Richard Conroy
Chairman

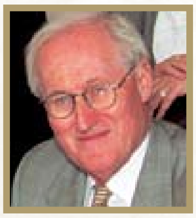
Maureen Jones
Managing Director



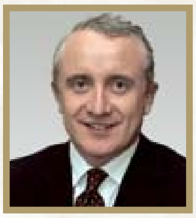
James P. Jones
Finance Director



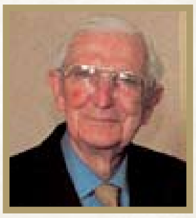
Louis Maguire
Non-Executive Director



Michael E. Power
Non-Executive Director



Seamus P. FitzPatrick
Non-Executive Director



Henry H. Rennison
Non-Executive Director

David Wathen
Non-Executive Director

DIRECTORS' REPORT

for the Year Ended 31 May 2007

The Directors present their annual report, together with the audited financial statements of Conroy Diamonds and Gold Plc for the year ended 31 May 2007.

Principal Activities and Business Review

The current focus of the Company's activities is gold exploration on a major geological structure in Ireland known as the Longford-Down Massif. The Company holds prospecting licences over an area of almost 1,500 square kilometres on this structure.

Exploration within the Company's licence area has demonstrated an extensive gold belt which extends over a distance of approximately 18km from County Armagh into County Monaghan.

Future Development of the Business

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

Risks and Uncertainties

The Company's activities are directed towards the discovery, 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 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.

Results for the Year and State of Affairs at 31 May 2007

The profit and loss account for the year ended 31 May 2007 and the balance sheet at that date are set out on pages 12 and 13 respectively. The Company recorded a loss for the financial year of €375,059 (2006 - Profit €354,153). Taking account of the loss and the effect of the acquisition of the gold interest in Finland for a consideration of €1,000,000 satisfied by the issue of shares, the shareholders' funds increased to €6,520,516 at 31 May 2007 from €5,774,325 at 31 May 2006.

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

Important Events since the Year End

Subsequent to the year-end the Directors considered the financial position of the Company and in particular the level of current liabilities which mainly arose from the accrual of unpaid Directors' fees and remuneration since incorporation. The relevant individual Directors agreed to waive their entitlement to all amounts accruing up to 30 November 2007, amounting to €631,693.

Directors

The Directors who served during the year are as follows:

R.T.W.L. Conroy	S. P. FitzPatrick (appointed 12 Feb 2007)
J.P. Jones	L.J. Maguire
M.T.A. Jones	M. E. Power
H.H. Rennison	C. D. Wathen

In accordance with the Company's Articles of Association, Miss Maureen Jones and Mr. Henry Rennison will retire by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting.

Since the last Annual General Meeting, on 12 February 2007, Mr Séamus FitzPatrick has been appointed Director. Mr Fitzpatrick now retires in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

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 2006 and 31 May 2007 were as follows:

	At 31 May 2006			At 31 May 2007		
	Ordinary Shares of €0.03 Each	Options	Warrants	Ordinary Shares of €0.03 Each	Options	Warrants
R.T.W.L. Conroy	9,250,020	2,225,000	21,364,493	9,250,020	2,225,000	21,364,493
S.P. FitzPatrick	-	-	-	4,000	-	-
M.T.A. Jones	755,010	1,150,000	13,839,858	880,010	1,150,000	13,839,858
J.P. Jones	350,010	825,000	8,058,129	475,010	825,000	8,058,129
L. J. Maguire	310,010	50,000	1,450,427	310,010	50,000	1,450,427
M.E. Power	175,000	-	301,032	175,000	-	301,032
H.H. Rennison	330,010	50,000	1,450,427	330,010	50,000	1,450,427
C.D. Wathen	-	-	-	87,500	-	-

Details of the warrants, all of which were granted during the year and are exercisable currently, are as follows:

Directors	At 31 May 2007	Price €	Expiry Date
R.T.W.L. Conroy	21,364,493	0.037	15 November 2015
M.T.A. Jones	13,839,858	0.037	15 November 2015
J.P. Jones	8,058,129	0.037	15 November 2015
L.J. Maguire	1,450,427	0.037	15 November 2015
M.E. Power	301,032	0.037	15 November 2015
H.H. Rennison	1,450,427	0.037	15 November 2015

Details of the options, all of which are exercisable currently, are as follows:

Directors	At 31 May 2007	Granted During Year	At 31 May 2006	Price €	Expiry Date
R.T.W.L. Conroy	1,125,000	-	1,125,000	0.2539	4 December 2010
R.T.W.L. Conroy	500,000	-	500,000	0.08	14 March 2013
R.T.W.L. Conroy	600,000	-	600,000	0.10	26 November 2013
M.T.A. Jones	325,000	-	325,000	0.2539	4 December 2010
M.T.A. Jones	375,000	-	375,000	0.08	14 March 2013
M.T.A. Jones	450,000	-	450,000	0.10	26 November 2013
J.P. Jones	275,000	-	275,000	0.2539	4 December 2010
J.P. Jones	275,000	-	275,000	0.08	14 March 2013
J.P. Jones	275,000	-	275,000	0.10	26 November 2013
H.H. Rennison	50,000	-	50,000	0.2539	4 December 2010
L.J. Maguire	50,000	-	50,000	0.2539	4 December 2010

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.

Substantial Shareholdings

So far as the Board is aware, no person or company, other than the Directors' interests disclosed above and the shareholders listed below, held 3% or more of the issued ordinary share capital of the Company at 31 May 2007.

Name	Number of Shares	%
Conroy P.l.c.*	19,294,286	18.26
Gartmore Fund Managers Limited	14,027,185	13.27
Mr. Bruce Rowan	10,450,000	9.89

**Professor Conroy has a controlling interest in Conroy P.l.c.*

Political Donations

There were no political donations during the year.

Books of Account

The measures which the Directors have taken to ensure that proper books of account are kept are the adoption of suitable policies for recording transactions, assets and liabilities, the employment of appropriately qualified staff and the use of computer and documentary systems. The Company's books of account are kept at 10 Upper Pembroke Street, Dublin 2.

Directors' Responsibility Statement

Company law requires the Directors to prepare financial statements for each year 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 year. 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;
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 2006 and the European Communities (Companies: Group Accounts Regulations) 1992. 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.

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.

Auditors

The auditors, Deloitte & Touche, Chartered Accountants, continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

On behalf of the Board

R.T.W.L. Conroy	**J.P. Jones**
Director	*Director*

20 November 2007

INDEPENDENT AUDITORS' REPORT

to the Shareholders of Conroy Diamonds and Gold P.l.c.

We have audited the financial statements of Conroy Diamonds and Gold P.l.c. for the year ended 31 May 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of accounting policies and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibilities, as independent auditors, are to audit the financial statements in accordance with relevant legal and regulatory requirements, the rules of the London Stock Exchange for the Alternative Investment Market and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts Regulations) 1992. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the Company's balance sheet and its profit and loss account are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or the rules of the London Stock Exchange for the Alternative Investment Market regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and considered whether it is consistent with the audited financial statements. The other information comprises only the Report of the Directors and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistency with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 circumstances of the company, and the group, 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 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the company as at 31 May 2007 and of the loss for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts Regulations) 1992.

Mineral Interests – Emphasis of Matter

Without qualifying our opinion we draw your attention to the disclosures made in Notes 1 and 6 in the financial statements which indicate that the realisation of tangible assets of €7,136,877 included in the balance sheet is dependent on the successful further development and ultimate production of the mineral resources.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The Company's balance sheet and its profit and loss account are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 May 2007 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.

Deloitte & Touche
Chartered Accountants
and Registered Auditors
Limerick

20 November 2007

PROFIT AND LOSS ACCOUNT

For the Year Ended 31 May 2007

		Notes	2007 €	2006 €
Operating Expenses	– recurring	2	(376,320)	(254,316)
	– non-recurring		-	607,197
Other Income			1,261	1,272
(Loss)/Profit on ordinary activities		3	(375,059)	354,153
Tax on profit on ordinary activities		4	-	-
(Loss)/Profit retained for the Year			(375,059)	354,153
(Loss)/Earnings per ordinary share	– Basic	5	(€0.0038)	€0.0048
	– Fully diluted	5	-	€0.0044

All recognised gains and losses for both the current year and the previous year are included in the profit and loss account. The above all result from continuing operations.

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

R.T.W.L. Conroy
Director

J.P. Jones
Director

Approved by the Directors on 20 November 2007

BALANCE SHEET

As at 31 May 2007

	Notes	2007 €	2006 €
Fixed Assets			
Mineral interests	6	7,136,877	5,781,855
Financial assets	7	2	-
Tangible assets	8	32,104	43,635
		7,168,983	5,825,490
Current Assets			
Debtors	9	37,707	55,835
Cash at bank and in hand		105,954	312,397
		143,661	368,232
Creditors: Amounts falling due within one year	10	(104,960)	(311,215)
Net Current Assets		38,701	57,017
Total Assets less Current Liabilities		7,207,684	5,882,507
Creditors: Amounts falling due after more than one year	11	(687,168)	(108,182)
Net Assets		6,520,516	5,774,325
Capital and Reserves			
Called up share capital	12	3,170,649	2,591,820
Capital conversion reserve fund	12	30,617	30,617
Share premium account	12	5,491,037	5,069,866
Share based payments reserve	15	121,250	-
Profit and loss account	14	(2,293,037)	(1,917,978)
Shareholders' Funds – all equity	15	6,520,516	5,774,325

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

R.T.W.L. Conroy
Director

J.P. Jones
Director

Approved by the Directors 20 November 2007

CASH FLOW STATEMENT

For the Year Ended 31 May 2007

	Notes	2007 €	2006 €
Net Cash (Outflow) from Operating Activities	*16A*	(385,743)	(1,951)
Capital Expenditure and Financial Investments	*16B*	(1,520,936)	(556,100)
Net Cash Outflow before Financing		(1,906,679)	(558,051)
Financing	*16B*	1,700,236	807,759
(Decrease)/Increase in Cash	*16C*	(206,443)	249,708

The accompanying notes form an integral part of this statement.

R.T.W.L. Conroy
Director

J.P. Jones
Director

Approved by the Directors on 20 November 2007

STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts Regulations) 1992. The Company's principal accounting policies are set out below. All of these policies have been applied consistently throughout the year and the previous 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 directly related to these activities.

(ii) Cost Pools

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 is taken, or if there is evidence of impairment, the related costs will be transferred to the cost pool or amortised to the profit and loss account as necessary. Costs will be capitalised within geographic cost pools which initially comprise Ireland and the rest of the world.

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

(iii) Ceiling Test

When a decision to develop mineral interests is taken, and the related costs are transferred to the cost pool, a ceiling test will be 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 will be 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, will be dealt within the profit and loss account as additional depreciation.

(iv) Depreciation

Expenditure within the cost pool will be depreciated using the unit of production method based on commercial reserves. Costs used in the unit of production calculation will 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

D. Taxation

The charge for taxation is based on the result for the year. Deferred taxation is calculated on the differences between the company's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those that are recognised in the financial statements.

E. Share Based Payments

For equity-settled share based payment transactions (i.e. the granting of share options and share warrants), the Company measures the services and the corresponding increase in equity at fair value at the measurement date (which is the grant date) using a recognised valuation methodology for the pricing of financial instruments (Binomial Lattice Model). Given that the share options and warrants granted do not vest until the completion of a specified period of service the fair value is determined on the basis that the services to be rendered by employees as consideration for the granting of share options and warrants will be received over the vesting period, which is assessed as the grant date.

The expense in the income statement in relation to the share options and warrants represents the product of the total number of options and warrants expected to vest and the fair value of those options and warrants. The resulting amount is allocated to accounting periods over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2007

1. Operations and Going Concern

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

On the basis of the capital funding achieved to date and existing commitments to further capital funding together with the very encouraging results obtained from the exploration programme and their review of projected cash flow information, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

2. Operating Expenses

	2007 €	2006 €
Operating expenses (a)	513,164	599,005
Transfer to Mineral Interests (Note 6)	(136,844)	(344,689)
	376,320	254,316

(a) The Company had nine employees during the period (2006 - nine). The remuneration charged during the period comprised salaries of €176,930, social welfare costs of €17,906, pension costs of €Nil, and share options costs of €121,250 (2006 - €266,996, €21,742, €34,875 and €Nil respectively).

(b) Subsequent to the year end, the directors agreed that remuneration up to 31 May 2007, amounting to €486,026 of which €207,389 had been accrued in the previous year be waived. The waiver is reflected in the operating expenses charge for the year.

3. Loss on Ordinary Activities before Taxation

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

	2007 €	2006 €
Auditors' remuneration	15,500	15,500
Directors' emoluments		
• fees	(56,265)	56,265
• other remuneration	(41,175)	151,125
Depreciation	11,531	11,766

The director's remuneration charged during the year included stock option costs of €109,950.

4. Tax on loss on Ordinary Activities

No taxation charge arises in the financial year due to utilisation of losses incurred in previous years. There was no unprovided deferred taxation at 31 May 2007 (2005 – €Nil).

5. Earnings per Ordinary Share

The calculation of the loss per ordinary share of €0.0038 (2006 - earnings €0.0048) is based on the loss for the financial year of €375,059 (2006 – Profit €354,153) and the weighted average number of ordinary shares in issue during the year of 97,643,184 (2006 – 73,257,473).

Since the Company incurred a loss the effect of share options and warrants would be anti-dilutive.

6. Mineral Interests

Costs held outside cost pool:

	Total Gold €
Cost	
At 31 May 2006	5,781,855
Expenditure during the period	
- Acquisition of gold interests in Finland	999,998
- licence and appraisal costs	384,092
- other operating costs (Note 2)	136,844
- write back of Directors remuneration (Note 10)	(165,912)
At 31 May 2007:	**7,136,877**

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.

7. Financial Assets

	2007 €	2006 €
Investment in subsidiaries	2	-

8. Tangible Assets

	Office Equipment €	Motor Vehicles €	Total €
Cost			
31 May 2006 and 31 May 2007	**89,713**	**12,800**	**102,513**
Accumulated Depreciation			
31 May 2006	51,198	7,680	58,878
Depreciation	8,971	2,560	11,531
31 May 2007	**60,169**	**10,240**	**70,409**
Net Book Value			
31 May 2007	29,544	2,560	32,104
31 May 2006	**38,515**	**5,120**	**43,635**

9. Debtors

	2007 €	2006 €
Amounts falling due within one year		
VAT receivable	2,433	9,215
Other debtors	35,274	46,620
	37,707	55,835

10. Creditors: Amounts falling due within one year

	2007 €	2006 €
Accrued Directors' remuneration		
- fees and salaries	-	172,515
- pension contributions	-	34,875
Other accruals	104,960	88,247
Due to related undertaking (Note 18)	-	15,578
	104,960	311,215

Subsequent to the year-end the Directors considered the financial position of the Company and in particular the level of current liabilities which mainly arose from the accrual of unpaid Directors' fees and remuneration since incorporation. The relevant individual Directors agreed to waive their entitlement to all amounts accruing up to 30 November 2007, amounting to €631,693, of which €486,026 was outstanding at 31 May 2007. The amount that had been allocated to the gold exploration programme, €165,912 was credited to mineral interests (Note 6) and the balance was credited to the profit and loss account.

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

	2007 €	2006 €
Shareholder's loans	687,168	108,182
	687,168	108,182

The immediate funding requirements of the Company have been financed by advances from the principal shareholder.

12. Called up Share Capital and Premium

Authorised:

	2007 €	2006 €
400,000,000 ordinary shares of €0.03 each	12,000,000	12,000,000

Issued and Fully Paid:

	Number	Share Capital €	Capital Conversion Reserve Fund €	Share Premium €
Start of year	86,394,011	2,591,820	30,617	5,069,866
Share issues (a)	19,294,286	578,829	-	421,171
Issue expenses	-	-	-	-
End of year	**105,688,297**	**3,170,649**	**30,617**	**5,491,037**

(a) On 1 November 2006 the Company acquired the gold interests of Conroy Plc, which included a number of claims (licence areas) in Finland which have potential gold prospects and an extensive database. The purchase consideration of €1,000,000 was satisfied by the issue of 19,294,286 ordinary shares of €0.03 each.

(b) At 31 May 2006 and 31 May 2007 warrants over 20,000,000 shares exercisable at 3.75p sterling at any time up to 20 January 2009 and warrants over 49,064,190 shares exercisable at €0.037 per share at any time up to 15 November 2015 were outstanding.

(c) At 31 May 2007, options had been issued over 5,795,000 shares (2006 – 5,295,000) These options are exercisable at prices ranging from €0.0633 to €0.2539 and expire between 4 December 2010 and 16 November 2017.

(d) The share price at 31 May 2007 was 4.25p sterling. During the year the price ranged from 2.75p to 4.75 p sterling.

13. Subsequent Event

The Board has decided, subject to ratification by the shareholders at the Annual General Meeting, to issue a total of 38,188,241 warrants to the individual Directors for nil consideration exercisable over 10 years at a subscription price of €0.0433 (Stg3p per share).

14. Profit and Loss Account

	2007 €	2006 €
At 1 June 2006	(1,917,978)	(2,272,131)
(Loss)/Profit for the financial year	(375,059)	354,153
At 31 May 2007	(2,293,037)	(1,917,978)

15. Reconciliation of Movement in Shareholders' Funds

	2007 €	2006 €
At 1 June 2006	5,774,325	4,612,413
(Loss)/Profit for the financial year	(375,059)	354,153
Share based payment reserve	121,250	-
Share issues, net	1,000,000	807,759
At 31 May 2007	6,520,516	5,774,325

16. Notes to the Cash Flow Statement

A. Reconciliation of operating (Loss)/Profit to Net Cash (Outflow) from Operating Activities

	2007 €	2006 €
Operating Expenses	(375,059)	(253,044)
Depreciation	11,531	11,766
Loss on disposal of fixed assets	-	74
Write back of Directors' remuneration accrual		
– credited to Profit and Loss	-	607,197
– credited to Mineral Interests	165,912	815,585
(Decrease) in Creditors	(206,255)	(1,166,640)
Decrease/(Increase) in Debtors	18,128	(16,815)
Net Cash (Outflow) from Operating Activities	(385,743)	(1,951)

B. Analysis of Cash Flows

Capital Expenditure and Financial Investment

	2007 €	2006 €
Investment in mineral interests	(1,520,934)	(553,714)
Investment in subsidiary	(2)	-
Purchase of tangible fixed assets	-	(2,386)
	(1,520,936)	(556,100)

Financing

	2007 €	2006 €
Issue of share capital, net	1,000,000	807,759
Share based payment reserve	121,250	-
Shareholder's loan	578,986	-
	1,700,236	807,759

C. Analysis and Reconciliation of Net Funds

	1 June 2006	Cash Outflow	31 May 2007
Cash at bank and in hand	312,397	(206,443)	105,954

17. 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 which comprise total expenditure commitments as follows:

	2007 €	2006 €
Commitments for expenditure:		
• due within one year	150,000	315,000
• due between two and five years	500,000	630,000
	650,000	945,000

18. Related Party Transactions

The Company shares accommodation with Conroy Plc and Karelian Diamond Resources Plc. The Company bears its appropriate share of the related costs directly. There were no amounts outstanding at 31 May 2007 (Note 10)

19. Share Based Payments

The Company elected to estimate the fair value of employee stock options and warrants awards using the Binomial Lattice Model. The determination of the fair value of share based payment awards on the date of grant using the Binomial Lattice Model is affected by Conroy Diamonds and Gold P.l.c. stock price as well as assumptions regarding a number of subjective variables. These variables include the expected term of the awards, the expected stock price volatility over the term of the awards, the risk free interest rate associated with the expected term of the awards and the expected dividends.

In 2007, the Company's Binomial Lattice option model included the following weighted average assumptions for the Company's employee stock option and warrants.

	Stock options	Stock warrants
Dividend yield	0%	0%
Expected volatility	90%	90%
Risk free interest rate	4.0%	3.2%
Expected life (in years)	10	10

20. Approval of Financial Statements.

These financial statements were approved by the board on 20 November 2007.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Conroy Diamonds and Gold P.l.c (the "Company") will be held at The Westbury Hotel, Grafton Street, Dublin 2 on Monday 17th December 2007, at 2.15 p.m. for the purposes of transacting the following business:

1. To receive and consider the Financial Statements for the year ended 31st May 2007 together with the Directors' and Auditors' Reports thereon (Resolution No.1)

2. To re-elect as Directors the following persons:

   Miss Maureen Jones (Resolution No. 2(a))
   Mr. Henry Rennison (Resolution No.2(b))
   Mr. Séamus FitzPatrick (Resolution No 2 (c))

3. To authorise the Directors to fix the remuneration of the Auditors (Resolution No. 3)

4. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution (Resolution No.4)

   "That the grant of the following warrants to subscribe for Ordinary Shares of €0.03 each in the capital of the Company at a subscription price of €0.0433 (Stg. 3p) per share effected by the Directors on 16 November 2007 be and are hereby confirmed and ratified."

Name of Warrant Holder	*Number of Warrants*
R.T.W.L. Conroy	12,119,845
M.T.A. Jones	8,667,170
J.P. Jones	5,130,291
L.J. Maguire	1,006,861
H.H. Rennison	1,006,861
M.E. Power	1,006,861
C.D. Wathen	570,641
S.P. FitzPatrick	359,593

5. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution (Resolution No.5):

   "That, in accordance with the provisions of Section 20 of the Companies (Amendment) Act, 1983, the Directors of the Company be generally and unconditionally authorised to allot 'relevant securities' (as defined by Section 20(10) of the Companies (Amendment) Act, 1983) up to the amount of the authorised but unissued share capital of the Company at the date of this resolution and to allot and issue any shares purchased by the Company pursuant to the provisions of the Companies Act, 1990 and held as treasury shares and that the authority hereby granted shall, subject to Section 20(3) of the said Act, expire on the 16 December, 2012 unless previously renewed, varied or revoked by the Company."

6. To consider and, if thought fit, pass the following resolution as a Special Resolution (Resolution No.5)

   "That, for the purposes of Section 24 of the Company's (Amendment) Act, 1983 and subject to the Directors being authorised pursuant to Article 10 of the Article of Association of the Company, the Directors be empowered to allot equity securities for cash pursuant to and in accordance with Article 11 of the Articles of Association of the Company. The authority hereby conferred shall expire at the close of business on the date of the next Annual General Meeting of the Company unless previously revoked or renewed in accordance with the provisions of the Companies (Amendment) Act, 1983."

7. To consider and, if thought fit, pass the following Resolution as a Special Resolution:

   "That the Articles of Association of the Company be altered in the manner set out below:

   (i) By the insertion of
   "Electronic Communication", the meaning given to such expression in section 2 of the Electronic Commerce Act, 2000." after the definition of "Directors" in Article 1(b);

   (ii) by the insertion of the words "Electronic Communication," after the word "lithography" in Article 1(d).

   (iii) by the insertion of the following paragraph into Article 15 as Article 15 (e):
   "The Company may, if and to the extent the law for the time being so permits, send or supply share certificates to members of the Company by means of Electronic Communication."

(iv) by the insertion of the words “Electronic Communication” after the words “by post” in Article 69(b).

(v) by the insertion of the words “Electronic Communication” after the word “telefax” to replace the words “electronic mail” in Article 93(b).

(vi) by the insertion of the words “Electronic Communication” after the word “telefax” to replace the words “electronic mail” in Article 94(b).

(vii) by the insertion of the words “or by way of Electronic Communication” after the words “in writing” in Article 118.

(viii) By the insertion of the following as an additional paragraph in Article 118:

“The Company may, if and to the extent the law for the time being so permits, send or convey or supply all types of notices, documents, share certificates or information to the members by means of electronic equipment for the processing (including digital compression), storage and transmission of data, employing wires, radio optical technologies or any other electromagnetic means including without limitation, by sending such notice, documents or information by Electronic Communication or by making such notices, documents or information available on a website.”

(ix) by the insertion of the following as new sub paragraph (iv) of Article 119(a) of the Articles of Association:

“(iv) by sending the same by Electronic Communication in the manner or form approved by the Directors to the address of the member notified to the Company by the member for such purpose (or if not so notified to the address of the member last known to the Company).”

(x) by the insertion of the following as new Article 119(d) and the subsequent redesignation of the existing Articles 119(d), (e), (f), (g) and (h) as Articles 119 (e), (f), (g) (h) and (i) respectively:

“(d) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(iv) of this Article, the giving, serving or delivery thereof shall be deemed to have been affected at the expiration of twelve hours after its despatch. In proving such delivery or service, it shall be sufficient to prove that such Electronic Communication was sent to the address notified by the member to the Company for such purpose.”

(xi) by the inclusion of the words “and (iv)” after the word “(ii)” in the newly numbered Article 119(f).

(xii) by the deletion of the words “electronic mail” after the word “telefax” in the newly numbered Article 119(g).

(xiii) by the insertion of the words “(in electronic form or otherwise)” before the words “or printed” in Article 122.

(xiv) by the insertion of the words “or notification” after the word “document” and the insertion of the words “thereof in any manner or, in the case of Electronic Communication, the deletion” after the word “disposal” in Article 127(c).

8. To transact any other business.

By Order of the Board

Dated this 20 day of November 2007

James P. Jones FCA

Secretary

Registered Office

10 Upper Pembroke Street, Dublin 2.

Notes

1. *The holders of the Ordinary Shares are entitled to attend and vote at the above General Meeting of the Company. A holder of Ordinary Shares may appoint a proxy or proxies to attend, speak and vote instead of him/her. A proxy need not be a member of the Company.*

2. *A Form of Proxy is enclosed for use by Shareholders unable to attend the meeting. Proxies to be valid must be lodged with the Company’s Registrars, Capita Registrars, Unit 5, Manor Street Business Park, Manor Street, Dublin 7 not less than 48 hours before the time appointed for the holding of the meeting.*

3. *Pursuant to Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996, the Company specifies that only those holders of Ordinary Shares registered in the register of members of the Company as at 6:00 p.m. on 15 December 2007 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on that register after that time and date shall be disregarded in determining the rights of any person to attend and vote at the meeting.*