CONROY
DIAMONDS AND GOLD P.l.c.

Annual Report & Financial Statements

08

CONROY
DIAMONDS AND GOLD P.l.c.

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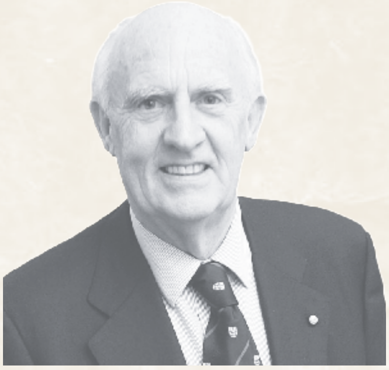
CHAIRMAN'S STATEMENT



Professor Richard Conroy
Chairman

Dear Shareholder

I have pleasure in presenting your Company's Annual Report and Financial Statements for the twelve months ended 31 May 2008, a year of great achievement for your Company. Our success in confirming a gold deposit of at least 1 million ounces is, without doubt, an important milestone and one that I believe is even more significant when placed in the context of an eventful period for the world gold industry.

The definition of a one million ounce JORC-compliant gold resource in a politically stable country with excellent infrastructure, a skilled workforce and only 90 minutes by road from a capital city, is a significant achievement for your Company.

Whilst the obvious highlight was the rise in the gold price to a record US$1,011 an ounce in March 2008 (although it has subsequently retreated to the current trading range of US$700-US$800 an ounce), there were a number of other important developments. These included the decline in new mine production during 2007, with South Africa losing its leading position to China, and a fall off in several of the world's major gold producing areas such as the Eastern Goldfields of Western Australia, the Carlin district of Nevada and the Red Lake area of Ontario. This was accompanied by an increase in the costs associated with operating mines.

These trends have continued in the first half of 2008, with GFMS, a leading consultancy, indicating a 6 per cent (70 tonnes) decline in global gold production and a further 20 per cent rise in costs. In addition, South Africa is currently experiencing major power problems which the Directors believe are likely to impinge on the mining industry for several years to come, particularly the deeper gold and platinum mines that require refrigeration.

Despite increased global exploration expenditure in recent years, one of the fundamental reasons that worldwide production is declining is that the number of major new discoveries in the past decade has reduced significantly. As a consequence, major gold producers have increasingly been consolidating by way of acquisition in order to increase their reserve base and maintain annual production rates. This, however, does not lead to any increase in the global reserve base.

You will be aware that, for the past several years, your Company has expressed a firm belief that its exploration results point to the possible presence of a new gold province in the acreage covered by its licences in Ireland. The progress we have made in the past year has only strengthened this belief.

Our main focus has been the ongoing assessment and evaluation of our Clontibret gold target in Co. Monaghan, culminating shortly after the financial year-end with the announcement that the discovery has indicated and inferred resources in excess of 1m ounces of contained gold at relatively shallow depth. Your Directors believe this is the first gold resource of this magnitude reported in Ireland or the UK.

The JORC-compliant mineral resource lies within only 20 per cent of the total Clontibret target area, and infill drilling of this area is expected to increase both the size and grade of the resource. We are confident that drilling in the remaining 80 per cent of the target area will add at least as much gold as we have already discovered at Clontibret. In addition, the mineralisation remains open at depth.

Using a 0.75 gramme/tonne (g/t) cut-off, the Indicated Resource at Clontibret now stands at 11 million tonnes at a grade of 1.24g/t for 440,000 ounces contained. Total mineral resources within the 20 per cent area, at the same cut-off, amount to 25 million tonnes grading 1.28g/t for 1,030,000 ounces contained.

Indicated	Resource Tonnes (million tonnes)	11.0
	Grade g/t @ 0.75g/t cut-off	1.24
	Resource ounces gold contained	440,000
Inferred	Resource Tonnes (million tonnes)	14.0
	Grade g/t @ 0.75g/t cut-off	1.32
	Resource ounces gold contained	590,000
Total		**1,030,000**

The definition of a one million ounce JORC-compliant gold resource, to an average depth of less than 150 metres, in a politically stable country, with a mining tradition, excellent infrastructure, a skilled workforce and only 90 minutes by road from a capital city, is a significant achievement for your Company.

Whilst the Directors believe that the one million ounces should be regarded as a minimum figure, it provides a basis upon which conceptual and pre-feasibility studies can be initiated as part of the process leading to the development of a gold mine in the Clontibret area.

However, your Company has also identified several other substantial targets within its Longford-Down Massif licence area, each of which has returned initial sampling results which suggest they also have the potential to host gold deposits of a magnitude similar to Clontibret.

Whilst the main focus of your Company's activities is development of Clontibret and exploration/delineation of other targets on its licences in Ireland, we also continue active exploration in the Central Lapland Greenstone Belt of Finland. This hosts several known gold deposits, including Agnico-Eagle's 2.5 million ounce Suurikuusikko deposit. Your Company's objective is to identify economic gold deposits in Finland that will complement its Irish gold assets.

Financials

The loss after taxation for the year ended 31 May 2008 was €374,874 (2007 €375,059) and the net assets as at 31 May 2008 were €6,308,996 (2007 €6,520,516). Cash at bank as at 31 May 2008 was €109,432 (2007 €105,954). As we move towards delineation and development your Directors are considering how best to fund your Company's activities. 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.

As in previous years, I have supported the working capital requirements of the Company. During the period under review I have advanced aggregate loans €734,780. These have been made in accordance with a letter of support which has been renewed on 11 November 2008. The loans have been made on normal commercial terms.

The other Directors consider, having consulted with the Company's Nominated Advisers, that the terms of the loans are fair and reasonable in so far as the Company's shareholders are concerned.

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 also 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.

Future Outlook

Your Company's exploration strategy has been highly effective in leading to the delineation of 1 million ounces of gold at Clontibret and to the discovery of other possible gold targets of similar magnitude in the region. We look forward with confidence to further success.

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

Principal Bankers

National Irish Bank
138 Lower Baggot Street
Dublin2

Legal Advisers

William Fry Solicitors
Fitzwilton House
Wilton Place
Dublin 2

Roschier-Holmberg
Keskuskatu 7A
00 100 Helsinki
Finland

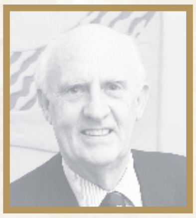
Head Office

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

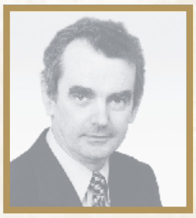
For further information visit
the Company's website at:
www.conroydiamondsandgold.com

or contact:

Lothbury Financial
Triton Court
Finsbury Square
London EC2A 1BR
Tel: +44-20-7011-9411


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 2008

The Directors present their annual report, together with the audited financial statements of Conroy Diamonds and Gold Plc for the year ended 31 May 2008.

Principal Activities and Business Review

The Company's exploration programme in Ireland is focused on the Longford-Down Massif. It is engaged in active exploration there, which has already led to the discovery of a series of gold targets along a 30 mile (50 km) area stretching from County Armagh across Counties Monaghan and Cavan.

At the most advanced of these targets, Clontibret in County Monaghan, a mineral resource of over one million ounces of gold (Indicated 440,000 ounces, Inferred 590,000) has been estimated for an area representing less than 20% of the target. Drilling has commenced on the remaining 80% of the Clontibret anomaly, which is expected to further increase this resource. This is the largest gold resource reported to date in Ireland or the UK.

The Company has also acquired licences in Finland's Central Lapland Greenstone Belt, which it believes to be highly prospective for gold and has an ongoing exploration programme there.

Further information concerning the activities of the Company and its future prospects is contained in the Chairman's Statement.

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.

The Company needs equity capital and financing for working capital and exploration and development of its properties. Due to continuing operating losses, the Company's continuance as a going concern is dependant upon its ability to obtain adequate financing and reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful, or if the Company will attain profitable levels of operations. Therefore the Company is exposed to the risk of not being able to raise the appropriate finance to see a project to fruition.

Key Performance Indicators

Currently the Company's main KPI is in relation to the estimated resource potential on the discovery and development of economic deposits of gold in Ireland and Finland. In addition, the Company reviews expenditure incurred on exploration projects together with maintaining review of ongoing operating costs.

Results for the Year and State of Affairs at 31 May 2008

The income statement for the year ended 31 May 2008 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 €374,874 (2007 - Loss €375,059). Taking account of the current year loss the shareholders' funds decreased to €6,308,996 at 31 May 2008 from €6,520,516 at 31 May 2007.

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

Going Concern

As explained in Note 2 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.

Directors

The Directors who served during the year are as follows:

R.T.W.L. Conroy	S. P. FitzPatrick
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, Mr. James Jones and Mr. Louis Maguire will retire by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting.

Details of Directors

Professor Richard Conroy, Chairman of the Board, 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 metal mine. Conroy Petroleum was also a founding member of the Stoneboy consortium, an exploration group which discovered the POGO gold field in Alaska, now in production as a major gold mine.

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 Richard Conroy is an 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 a 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.

Miss Maureen Jones, Managing Director, has many years experience in natural resources. She also has a medical background, as a radiographer specialising in Nuclear Medicine. She became a manager with International Medical Corporation in 1977 and joined Conroy Petroleum and Natural Resources P.l.c. in 1980. She served as a director of that company from 1986 to 1994, when she joined Professor Conroy in the formation of Conroy Diamonds and Gold P.l.c. She has been managing director since 1998.

Mr. James Jones, Finance Director, has been associated with the natural resources industry for over 20 years. He is a chartered accountant by profession and a Lecturer in Accountancy at Limerick Institute of Technology. He served as finance director of Conroy Petroleum and Natural Resources P.l.c from its formation until 1994, when he joined with Professor Conroy to create Conroy Diamonds and Gold P.l.c. He has served as finance director of the Company since its inception in 1995. He is also a director of Karelian Diamond Resources plc.

Mr. Séamus FitzPatrick, Non-executive Director, has worked in both corporate finance and private equity in London and New York with Morgan Stanley, J. P. Morgan and Bankers' Trust. In 1999 he co-founded CapVest, which advises funds with in excess of £2.0 billion of assets under management. He is chairman of Mater Private Hospital and a member of the supervisory board at Drie Mollen. He is also a member of the board of Karelian Diamond Resources plc.

Mr. Louis Maguire, Non-executive Director, 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 is a founding director of the Company.

Mr. Michael Power, Non-executive Director, has over forty years experience in the mining industry in Canada and internationally. A chartered financial analyst, and a professional engineer he was formerly vice-president of Corporate Development at Hemlo Gold Mines Inc. (now Newmont Gold Corporation).

Mr. Henry Rennison, Non-executive Director, is a geologist. He worked with Burmah Oil for thirty years and later as a consultant with the international petroleum consultancy firm – DeGolyer and McNaughton. He was also a director of Conroy Petroleum and Natural Resources Plc and its subsidiaries including ARCON Mines Limited for number of years. He is a founding director of the Company.

Mr. David Wathen, Non-executive Director, has been involved in business and finance throughout his career, most recently as a stockbroker managing private client portfolios for Redmayne-Bentley Stockbrokers. He has previously served as a director of several quoted and private companies in the UK, the Republic of Ireland and the USA, including a number of natural resource companies.

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 2008 and 31 May 2007 were as follows:

	At 31 May 2008			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	28,544,306*	2,225,000	34,934,765	28,544,306*	2,225,000	21,364,493
S.P. FitzPatrick	4,000	-	359,593	4,000	-	-
M.T.A. Jones	880,010	1,150,000	22,507,028	880,010	1,150,000	13,839,858
J.P. Jones	475,010	825,000	13,188,420	475,010	825,000	8,058,129
L. J. Maguire	310,010	50,000	2,457,288	310,010	50,000	1,450,427
M.E. Power	175,000	-	1,307,893	175,000	-	301,032
H.H. Rennison	330,010	50,000	2,457,288	330,010	50,000	1,450,427
C.D. Wathen	87,500	-	507,641	87,500	-	-

*Of the 28,544,306 (2007: 28,544,306) Ordinary Shares beneficially held by Professor Richard Conroy, 19,294,286 (2007: 19,294,286) are held by Conroy P.l.c., a company in which Professor Conroy has a controlling interest.

Details of warrants, all of which are exercisable currently, are as follows:

Directors	At 31 May 2008	Granted During Year	At 31 May 2007	Price €	Expiry Date
R.T.W.L. Conroy	22,814,920	-	22,814,920	0.037	15 November 2015
R.T.W.L. Conroy	12,119,845	12,119,845	-	0.0433	16 November 2017
S. P. FitzPatrick	359,593	359,593	-	0.0433	16 November 2017
M.T.A. Jones	13,839,858	-	13,839,858	0.037	15 November 2015
M.T.A. Jones	8,667,170	8,667,170	-	0.0433	16 November 2017
J.P. Jones	8,058,129	-	8,058,129	0.037	15 November 2015
J.P. Jones	5,130,291	5,130,291	-	0.0433	16 November 2017
L.J. Maguire	1,450,427	-	1,450,427	0.037	15 November 2015
L.J. Maguire	1,006,861	1,006,861	-	0.0433	16 November 2017
M.E. Power	301,032	-	301,032	0.037	15 November 2015
M.E. Power	1,006,861	1,006,861	-	0.0433	16 November 2017
H.H. Rennison	1,450,427	-	1,450,427	0.037	15 November 2015
H.H. Rennison	1,006,861	1,006,861	-	0.0433	16 November 2017
C. D. Wathen	507,641	507,641	-	0.0433	16 November 2017

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

Directors	At 31 May 2008	Granted During Year	At 31 May 2007	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. Apart from loans from shareholders (Note 12) 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 2008.

Name	Number of Shares	%
Conroy P.l.c.*	19,294,286	18.26
Gartmore Fund Managers Limited	14,185,000	13.42
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.

International Financial Reporting Standards

For all periods up to and including the year ended 31 May 2007, the Company prepared its financial statements in accordance with Irish Generally Accepted Accounting Policies (Irish GAAP). In line with the European Commission's development of a single European Capital Market, the application of International Financial Reporting Standards (IFRS) became mandatory for the financial statements of all listed European Union companies with effect from the beginning of 2005 and from 2007 for companies listed on AIM. Accordingly the Company has produced IFRS-compliant financial statements for the year ended 31 May 2008. These financial statements are the first annual statutory financial statements that the Company has prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted for use in the European Union. Details of the transition to IFRS are outlined in the Statement of Accounting Policies.

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.

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
Director

J.P. Jones
Director

11 November 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements. AIM rules require the Directors to prepare such financial statements in accordance with International Financial Reporting Standards. Company law requires the Directors to prepare such financial statements in accordance with International Financial Reporting Standards, and the Companies Act 1963 to 2006. International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the accounts on the going concern basis unless, having assessed the ability of the Company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report and financial statements which comply with the requirements of the Companies Acts 1963 to 2006.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

CORPORATE GOVERNANCE

Introduction

As the Company is quoted on London's AIM market, the Board bases its policies and practices in relation to corporate governance on the Combined Code on Corporate Governance, published by the UK Financial Reporting Council (the Code).

The Board supports standards in corporate governance and endeavours to implement the principles of the Combined Code constructively and in a sensible and pragmatic fashion with the objective of enhancing and protecting shareholder value. This is always harder in a small Company than in the larger organisations with which the Combined Code is chiefly concerned. It is particularly problematic for a company such as this which is both small and engaged in mineral exploration and development rather than more routine trading operations.

Regular board meetings are scheduled to take place throughout the year. During the year seven meetings were held. All major policies are approved by the Board.

Remuneration Committee

The remuneration committee comprises Mr. Louis Maguire, Mr. Séamus FitzPatrick and Mr. David Wathen. It is responsible for making recommendations to the Board on the Company's executive remuneration. The committee determines any contract terms, remuneration and other benefits, including share options, for each of the executive Directors. The Board itself determines the remuneration of the non-executive Directors.

Audit Committee

The committee's terms of reference have been approved by the Board and follow acceptable practice. The audit committee comprises Mr. Louis Maguire, Mr.Michael Power and Mr. Séamus FitzPatrick. The audit committee reviews the interim and annual financial statements before they are presented to the Board, focusing in particular on accounting policies and areas of management judgement and estimation. The committee is responsible for monitoring the controls which are in force to ensure the information reported to the shareholders is accurate and complete. The committee considers internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems. It also considers the need for an internal audit function, which it believes is not required at present due to the limited staff and operations of the Company. The members of the committee have agreed to make themselves available should any member of staff wish to make representations to them about the conduct of the affairs of the Company.

The committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. It meets formally at least once a year with the Company's external auditors. An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 4 to the financial statements.

The audit committee also undertakes a formal assessment of the auditors' independence each year which includes: a review of any non-audit services provided to the Company; discussion with the auditors of all relationships with the Company and any other parties that could affect independence or the perception of independence; a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit including the regular rotation of the audit partner; and obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Internal Control

The Board of Directors is responsible for, and annually reviews, the Company's systems of internal control, financial and otherwise. Such systems provide reasonable but not absolute assurance of the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The Board considers it inappropriate to establish an internal audit function at present because of the Company's limited operations; however this decision is reviewed annually.

There are no significant issues disclosed in the report and financial statements for the year ended 31 May 2008 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues. The Directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the year.

Risks and Uncertainties

In reviewing the risks facing the Company, the Board considers it is reasonably close to the Company's operations and aware of its activities to be able to adequately monitor risk without the establishment of any formal process. The Company may become subject to risks against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The Board believes the significant risks facing the Company are adequately disclosed in these financial statements and that there are no other risks of comparable magnitude which need to be disclosed.

Communication with Shareholders

Extensive information about the Company and its activities is given in the annual report and financial statements, and the interim report, which are sent to shareholders. Further information is available on the Company's website, conroydiamondsandgold.com, which is promptly updated whenever announcements or press releases are made.

Every effort is made to reply promptly and effectively to enquiries from shareholders on matters relating to their shareholding and the business of the Company.

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 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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, as set out in the Statement of Directors' Responsibilities for, preparing the Annual Report including the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements 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 IFRSs as adopted by the European Union, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006. 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 income statement are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

Although not required to do so, the directors have voluntarily chosen to make a corporate governance statement. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance statement.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other further information outside the annual report.

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 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 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 IFRSs as adopted by the European Union of the state of affairs of the Company as at 31 May 2008 and of the loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

Emphasis of Matter

Without qualifying our opinion we draw your attention to the disclosures made in Notes 2 and 7 in the financial statements which indicate that the realisation of intangible assets of €7,830,219 included in the balance sheet is dependent on the successful further development and ultimate production of the mineral reserves and the availability of sufficient finance to bring reserves to economic maturity and profitability.

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 income statement are in agreement with the books of account.

In our opinion the information given in the Report of the Directors 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 2008 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

11 November 2008

INCOME STATEMENT

For the Year Ended 31 May 2008

	Notes	2008 €	2007 €
Operating Expenses	*3*	(374,890)	(376,320)
Other Income		16	1,261
Loss Before Tax	*4*	(374,874)	(375,059)
Taxation	*5*	-	-
Loss Retained for the Year		(374,874)	(375,059)
Loss per ordinary share – Basic and diluted	*6*	(€0.0035)	(€0.0038)

R.T.W.L. Conroy
Director

J.P. Jones
Director

Approved by the Directors on 11 November 2008

BALANCE SHEET

As at 31 May 2008

	Notes	2008 €	2007 €
ASSETS			
Non-current Assets			
Intangible assets	7	7,830,219	7,136,877
Financial asset	8	2	2
Property, plant and equipment	9	29,934	32,104
		7,860,155	7,168,983
Current Assets			
Trade and other receivables	10	36,229	37,707
Cash and cash equivalents		109,432	105,954
		145,661	143,661
Total Assets		8,005,816	7,312,644
EQUITY AND LIABILITIES			
Capital and Reserves			
Called up share capital	13	3,170,649	3,170,649
Share premium	13	5,491,037	5,491,037
Capital conversion reserve fund	13	30,617	30,617
Share-based payment reserve		284,604	121,250
Retained losses		(2,667,911)	(2,293,037)
Total Equity		6,308,996	6,520,516
Non-current Liabilities			
Trade and other payables: Amounts falling due after more than one year	12	1,421,948	687,168
Total non-current liabilities		1,421,948	687,168
Current Liabilities			
Trade and other payables: Amounts falling due within one year	11	274,872	104,960
Total Current Liabilities		274,872	104,960
Total Liabilities		1,696,820	792,128
Total Equity and Liabilities		8,005,816	7,312,644

R.T.W.L. Conroy
Director

J.P. Jones
Director

Approved by the Directors 11 November 2008

CASH FLOW STATEMENT

For the Year Ended 31 May 2008

	Notes	2008 €	2007 €
Cash used by operations	14A	(159,261)	(264,493)
Taxes paid		-	-
Net cash used in operating activities		(159,261)	(264,493)
Cash flows from investing activities			
Investment in mineral interest		(561,640)	(1,520,934)
Investment in subsidiary		-	(2)
Payments to acquire property, plant and equipment		(10,401)	-
Net Cash used in investing activities		(572,041)	(1,520,936)
Cash flows from financing activities			
Issue of share capital, net		-	1,000,000
Shareholders loan advances		734,780	578,986
Net Cash from financing activities		734,780	1,578,986
Increase/(Decrease) in cash and cash equivalents		3,478	(206,443)
Cash and cash equivalents at beginning of year		105,954	312,397
Cash and cash equivalents at end of year		109,432	105,954

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 May 2008

	Share capital €	Share Premium €	Capital Conversion reserve fund €	Share-based Payment Reserve €	Retained Earnings (Deficit) €	Total Equity €
At 1 June 2006	2,591,820	5,069,866	30,617	-	(1,917,978)	5,774,325
Share-based payments	-	-	-	121,250	-	121,250
Loss for the year	-	-	-	-	(375,059)	(375,059)
Share issue	578,829	421,171	-	-	-	1,000,000
At 31 May 2007	**3,170,649**	**5,491,037**	**30,617**	**121,250**	**(2,293,037)**	**6,520,516**
At 1 June 2007	3,170,649	5,491,037	30,617	121,250	(2,293,037)	6,520,516
Share-based payments	-	-	-	163,354	-	163,354
Loss for the year	-	-	-	-	(374,874)	(374,874)
At 31 May 2008	**3,170,649**	**5,491,037**	**30,617**	**284,604**	**(2,667,911)**	**6,308,996**

Share Capital

The share capital comprises of share capital issued for cash and non-cash consideration.

Share Premium

The share premium reserve comprises of the excess consideration received in respect of share capital over the nominal value of share issued.

Capital Conversion Reserve Fund

The ordinary shares of the Company were renominalised from €0.03174435 each to €0.03 each in 2001 and the amount by which the issued share capital of the Company was reduced was transferred to capital conversion reserve fund.

Share-based Payment Reserve

The share-based payment reserve represents the amount expensed to the income statement and the amount capitalised as part of intangible assets of share-based payments granted which are not yet exercised and issued as shares.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2008

1. ACCOUNTING POLICIES

For all periods up to and including the year ended 31 May 2007, the Company prepared its financial statements in accordance with Irish Generally Accepted Accounting Practice (Irish GAAP). The financial statements, for the year ended 31 May 2008, are the first that the Company have prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and International Financial Reporting Interpretations Committee (IFRIC) Interpretations.

These financial statements have also been prepared in accordance with IFRSs as adopted by the European Union and in accordance with the Companies Acts, 1963 to 2006. The financial statements are prepared under the historical cost convention.

The financial statements in respect of the year ended 31 May 2007 were prepared under Irish GAAP. Apart from presentational changes, the comparative figures for the immediately preceding financial year have not been effected by the adoption of IFRS.

First time adoption of International Financial Reporting Standards (IFRS)

In the current year, the Company has adopted the new and revised Standards and Interpretations issued by the IASB. The adoption of IFRSs and IFRICs has not resulted in any change to the reported position, results or cashflows of the Company in respect of prior years. The implementation of IFRS has resulted in changes in presentation and disclosures only.

Deferred development expenditure is now referred to as Exploration and Evaluation Assets. The Company has accounted for these in accordance with IFRS 6 'Exploration for and Evaluation of Mineral Resources', under which the Company continued to adopt the accounting policy used previously in respect of such expenditure. The adoption of IFRS 2 Share-based payment did not result in any change to the reported figures in previous years, as the Company had previously adopted FRS 20.

Standards and interpretations in issue but not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 1 (Revised) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009);

IAS 23 (Revised) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009);

IAS 27 (Revised) Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2009);

IAS 32 (Revised) Puttable Financial instruments and Obligations Arising on Liquidation (effective for accounting periods beginning on or after 1 January 2009);

IAS 39 (Revised) Eligible Hedge Items (effective for accounting periods beginning on or after 1 July 2009);

IFRS 1 (Revised) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for accounting periods beginning on or after 1 January 2009);

IFRS 2 (Revised) Share Based Payment (effective for accounting periods beginning on or after 1 January 2009);

IFRS 3 (Revised) Business Combinations (effective for acquisitions made in accounting periods beginning on or after 1 July 2008);

IFRS 7	(Revised) Financial Instruments effective for accounting periods beginning on or after 1 January 2009);
IFRS 8	Operating Segments (effective for accounting periods beginning on or after 1 January 2009);
IFRIC 12	Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2008);
IFRIC 13	Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008)
IFRIC 14	IAS 19: The Limit on a Defined Benefit Asset - Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008).
IFRIC 15	Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009) and
IFRIC 16	Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008).

The Directors have completed an initial assessment of the impact in relation to the adoption of these Standards and Interpretations for future periods of the Company. Given the current Company operations, in the opinion of the Directors, the above will have no material impact on the financial statements of the Company in the period of initial application.

A. Mineral Interests

(i) Exploration and Evaluation

The Company accounts for mineral expenditure under the 'full cost' method of accounting in accordance with International Financial Reporting Standard 6 – Exploration For and Evaluation of Mineral Resources.

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, including share-based payments, 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 income statement 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 with in the income statement 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 amount 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 accounted for as a deduction from equity 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 income statement.

C. Property, Plant and Equipment

Property, plant and equipment is 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
Plant and office equipment	10 years

D. Taxation

The tax expense represents the sum of the current and deferred tax charge.

The tax currently payable is based on taxable profits for the year. Taxable profit differs from net profit or loss as reported in the income statement because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liabilities method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

E. Share-based Payments

The Company has applied the requirements of IFRS 2 "Share-Based Payments". In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 June 2006.

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.

F. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

G. Trade and Other Receivables and Payables

Trade and other receivables and payables are measured at initial recognition at fair value, and subsequently measured at amortised cost.

H. Cash and Cash Equivalents

Cash and cash equivalents consist of cash at bank held by the Company and short term bank deposits with a maturity of three months or less. Cash and cash equivalents are held for the purpose of meeting short term cash commitments.

I. Pension Costs

The Company provides for certain employees through defined contribution pension schemes. The amounts charged to the income statement and balance sheet is the contribution payable in that year. Any difference between amounts charged and contributions paid to the pension scheme is included in receivables or payables in the balance sheet.

J. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies above, management has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

Exploration and evaluation

The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management consider the nature of each cost incurred and whether it is deemed appropriate to capitalise it within intangible assets. In addition there is uncertainty as to whether the exploration activity will yield any economical viable discovery.

Impairment of intangible assets

If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use.

Going concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern assumption is dependent on finance being available for the continuing working capital requirements of the Company and finance for the development of the Company's projects becoming available. Based on the assumptions that such finance will become available, the Directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the Company's assets, in particular the intangible assets, to their realisable values.

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used by the Company is the Binomial Lattice Model.

2. 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 for 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.

3. Operating Expenses

	2008 €	2007 €
Operating expenses (a)	742,765	513,164
Transfer to mineral interests (Note 7)	(367,875)	(136,844)
	374,890	376,320

(a) The Company had ten employees during the period (2007 - nine). The remuneration charged during the period comprised salaries of €333,864, social welfare costs of €30,325 and pension costs of €22,500 and share options costs of €163,354 (2007 - €176,930, €17,906, €Nil and €121,250 respectively).

(b) During the year, the Directors agreed that actual remuneration due up to 30 November 2007 be waived. Fees and other remuneration for the six months from 1 December 2007 have been accrued in the current year.

4. Loss Before Tax

The loss before taxation is arrived at after charging/ (crediting) the following items, which are stated at amounts prior to the transfer to mineral interests:

	2008 €	2007 €
Directors' emoluments		
• fees	44,441	(56,265)
• other emoluments	99,937	(41,175)
	144,378	(97,440)
• Share based payments	163,354	121,250
Depreciation	12,571	11,531
Auditors' remuneration – audit services	15,500	15,500

The Director's remuneration charged during the year included stock options costs of €115,069 (2007; €109,950).

5. Taxation

(a) Analysis of the tax charge for the year

	2008 €	2007 €
Irish corporation tax	-	-
Based on adjusted loss for the year	-	-
Total current tax	-	-

No taxation charge arises in the financial year due to a loss being incurred in the current year.

(b) Factors affecting the tax charge for the year:

The tax due for the year is different to the standard rate of Irish corporation tax.
This is due to the following:

	2008 €	2007 €
Loss on ordinary activities before tax	(374,874)	(375,059)
Loss on ordinary activities multiplied by the standard rate of Irish corporation tax of 12.5% (2007: 12.5%)	(46,984)	(46,882)
Effects of:		
Losses carried forward	46,984	46,882
Tax charge for the year	-	-

No deferred tax asset has been recognised on accumulated tax losses as it cannot be considered probable that future taxable profit will be available against which the unused tax losses can be utilised. The amount not recognised amounts to €2,167,796 (2007: €1,804,268).

6. Loss per Ordinary Share

The calculation of the loss per ordinary share of €0.0035 (2007 - €0.0038) is based on the loss for the financial year of €374,874 (2007 – €375,059) and the weighted average number of ordinary shares in issue during the year of 105,688,297 (2007 – 97,643,184).

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

7. Intangible Assets

Exploration and Evaluation (Gold)

	2008 €	2007 €
Cost		
At 1 June	7,136,877	5,781,855
Expenditure during the year		
- licence and appraisal costs	325,467	384,092
- other operating expenses (Note 3)	236,173	136,844
- equity settled share based payments (Note 3)	131,702	-
- Waiver of Director's remuneration	-	(165,912)
- acquisition of gold interests in Finland	-	999,998
At 31 May	7,830,219	7,136,877

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

8. Financial Assets

Shares in subsidiary company (Unlisted shares) at cost:	% Owned	2008 €	2007 €
Trans International Mineral Exploration Limited	100%	2	2

The registered office of the above non trading subsidiary is 10 Upper Pembroke Street, Dublin 2.

The above subsidiary has not been consolidated on the basis that it is not trading, and the assets of the entity are €2.

9. Property, Plant and Equipment

	Office Equipment €	Motor Vehicles €	Total €
Cost			
At 1 June	12,804	89,709	102,513
Additions	-	10,401	10,401
At 31 May	**12,804**	**100,110**	**112,914**
Accumulated Depreciation			
At 1 June	10,244	60,165	70,409
Charge for the year	2,560	10,011	12,571
At 31 May	**12,804**	**70,176**	**82,980**
Net Book Amount at 31 May	-	**29,934**	**29,934**

10. Trade and Other Receivables

	2008 €	2007 €
VAT receivable	3,190	2,433
Other debtors	33,039	35,274
	36,229	37,707

11. Trade and Other Payables:

(Amounts falling due within one year)	2008 €	2007 €
Accrued Directors' remuneration		
- fees and salaries	121,316	-
- pension contributions	23,062	-
Other accruals	130,494	104,960
	274,872	104,960

It is the Company's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the Company's policy that payment is made according to the agreed terms. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The carrying value of the trade and other payables approximates to their fair value.

During the year the individual Directors agreed to waive their entitlement to all actual remuneration accruing up to 30 November 2007, amounting to €631,693, of which €486,026 was outstanding at 31 May 2007.

12. Trade and Other Payables:

(Amounts falling due after more than one year)	2008 €	2007 €
Shareholder's loans	1,421,948	687,168
	1,421,948	687,168

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

13. Called Up Share Capital And Premium

Authorised:	2008 €	2007 €
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 and end of year	105,688,297	3,170,649	30,617	5,491,037

(a) At 31 May 2007 and 31 May 2008 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. During the year further warrants over 29,805,123 shares exercisable at €0.0433 at any time up to 16 November 2017 were issued and outstanding at 31 May 2008.

(b) At 31 May 2008, options had been issued over 7,195,000 shares (2007 – 6,295,000) These options are exercisable at prices ranging from €0.048 to €0.2539 and expire between 4 December 2010 and 14 January 2018.

(c) The share price at 31 May 2008 was 3.26p sterling. During the year the price ranged from 2.25p to 4.5p sterling.

14. Notes To The Cash Flow Statement

A. Reconciliation of Operating Loss to Net Cash used by Operations:

	2008 €	2007 €
Operating loss	(374,874)	(375,059)
Depreciation	12,571	11,531
Expense recognised in income statement in respect of equity settled share based payments	31,652	121,250
Waiver of Directors' remuneration accrual – credited to Mineral Interests	-	165,912
Increase/ (decrease) in creditors	169,912	(206,255)
Decrease in debtors	1,478	18,128
Cash used by operations	(159,261)	(264,493)

15. 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:

	2008 €	2007 €
Commitments for expenditure:		
- due within one year	250,000	150,000
- due between two and five years	500,000	500,000
	750,000	650,000

16. 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 2008.

17. Share-based Payments

The Company operates a share option scheme for employees who devote a substantial amount of their time to the business of the Company.

Options granted generally have a vesting period of up to ten years. Details of the share options outstanding during the year are as follows:

	2008 No. of Share Options	2008 Weighted Average Exercise Price €	2007 No. of Share Options	2007 Weighted Average Exercise Price €
1 June	6,295,000	0.1368	5,295,000	0.1508
Granted during year	1,000,000	0.0480	1,000,000	0.0625
Exercised during year	-	-	-	-
Lapsed during year	100,000	0.0670	-	-
31 May	7,195,000	0.1254	6,295,000	0.1368

Warrants granted generally have a vesting period of up to ten years. Details of the warrants outstanding during the year are as follows:

	2008 No. of Share Warrants	2008 Weighted Average Exercise Price €	2007 No. of Share Warrants	2007 Weighted Average Exercise Price €
1 June	49,064,188	0.0370	-	-
Granted during year	29,805,123	0.0433	49,064,188	0.0370
Exercised during year	-	-	-	-
Lapsed during year	-	-	-	-
31 May	78,869,311	0.0394	49,064,188	0.0370

The Company estimated 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.

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

	2008 Stock Options	2008 Stock Warrants	2007 Stock Options	2007 Stock Warrants
Dividend yield	0%	0%	0%	0%
Expected volatility	90%	90%	90%	90%
Risk free interest rate	4.0%	3.2%	4.0%	3.2%
Expected life (in years)	10	10	10	10

This calculation results in a share based payments reserve movement of €163,354 (2007: €121,250).

18. Approval Of Financial Statements

These financial statements were approved by the Board on 11 November 2008.