CONROY
GOLD AND NATURAL RESOURCES PLC

Annual Report and Financial Statements 2014

Contents

Chairman's Statement

Professor Richard Conroy
Chairman

I have pleasure in presenting your Company's Annual Report and Financial Statements for the 12 months ended 31 May 2014, a year of continued progress. During the year a definitive mining plan for your Company's proposed gold mine in Clontibret, Co. Monaghan was initiated. Phase 1 will comprise a starter pit and pit extension, with Phase 2 to comprise underground mining and/or further surface pits.

At your Company's Clay Lake Gold Target in Co. Armagh, wide gold zones were confirmed by trenching. Gold zones were also identified at surface on your Company's Slieve Glah Gold Target in Co. Cavan. During the period £1,226,500 was raised by equity and debt issues with a further placing and subscription to raise £750,000, post balance sheet, completed.

Clontibret

The Phase 1 starter pit at your Company's proposed gold development at Clontibret will concentrate on a high grade, densely drilled portion of the resource and should result in accelerated total project capital payback within year 2 of the operation and a positive cash flow. Current metallurgical testwork is indicating very favourable flotation and downstream processing characteristics which together with favourable infrastructure and logistical support will be important in reducing the project's capital and operating costs.

Phase 2 will comprise underground mining and/or further surface pit(s). For the underground mining option there are favourable grades and widths at depth that have been identified by drilling, such as 12.25 metres at 2.6 g/t gold including 6 metres at 2.95 g/t gold. This ore could be accessed by a spiral ramp at the base of the Phase 1 pit and mined by a high volume method such as sublevel block caving.

The mining plan is set in the context of the remaining 80 per cent of the Clontibret target where significant gold intersections outside the planned mine area for Phase 1 have been previously identified, including 11 metres at 5.34g/t gold and 21 metres at 1.82g/t gold.

In-house preliminary estimates of capital costs for Phase 1 are US$41,493,000. This includes Working Capital of US$3,579,000 and Sustaining Capital of US$2,391,000. The latter of which is anticipated to be paid for by cash flow over years 2-5 of the mine when in production.

Preliminary operating cash costs are estimated at US$35.79/tonne ore with total operating cash costs for the starter pit estimated at US$544/oz gold and overall total operating cash costs for Phase 1 estimated at US$693/oz gold. Total production costs for the starter pit are estimated at US$1,002/oz gold and US$947/oz gold overall for Phase 1. These figures are expected to fall further as future resource drilling and detailed feasibility and development work proceeds.

Clay Lake Gold Target

Assay results from channel sampling in trenches at your Company's Clay Lake Gold Target in Co. Armagh have confirmed wide gold zones at surface. The results included 5 metres @ 3.02g/t gold in one trench and an overall total in all trenches of 108 metres of gold mineralisation at an average grade of 0.58g/t gold.

The wide gold zones now confirmed on surface by the assay results were initially demonstrated by a follow up trenching programme to the recently completed independent structural study on the Clay Lake Gold Target. Correlation with drilling results has shown that the zones extend to depths of over 100 metres.

The wide gold zones at surface also included 22 metres @ 1.01g/t gold within a zone of 38 metres @ 0.68g/t gold, other zones included 21 metres @ 0.58g/t gold, 27 metres @ 0.46g/t gold, 10 metres @ 0.60g/t gold, 8 metres @ 0.36g/t gold and 4 metres @ 0.42g/t gold.

The results are a further indication of the potential of the Clay Lake Gold Target which is greater in surface area than the Clontibret gold target and has gold-in-soil values twice those of Clontibret, and appears to be a black carbonaceous shale hosted deposit. Such deposits can contain very high tonnage and overall gold content.

Clay Lake Gold Target – High Grade Gold Mineralisation

Slieve Glah Gold Target

A series of gold zones have been discovered at surface on the Slieve Glah gold target.

These gold zones were identified by rock chip grab sampling. The zones occur on the most south-eastern gold target (Target area 1) of those identified at Slieve Glah in Co. Cavan. They are the first gold-in-bedrock results recorded within Target area 1 and are located over 3km (2 miles) from previous gold-in-bedrock results identified through trenching and drilling within Target area 2 of Slieve Glah.

Your Company has previously identified, through geophysics and soil sampling, four large gold target areas at Slieve Glah. These gold target areas appear to be structurally controlled and occur as a series of right angle zones adjacent to the Orlock Bridge Fault. This major structural fault is believed to be an important influencing factor on mineralisation in the region. At Slieve Glah the fault undergoes a pronounced strike swing. The Company believes that this strike swing may be of significance in relation to potential mineralisation in the area.

The grab samples included a high result of 1.7g/t gold and 0.38g/t, 0.35 g/t and 0.28g/t gold from black carbonaceous pyrite shales.

The Slieve Glah gold targets lie at the southern end of the 50km (30 miles) gold trend discovered by your Company. This gold trend stretches from Co. Armagh in Northern Ireland across Counties Monaghan and Cavan in the Republic of Ireland.

The Slieve Glah gold targets are located approximately 40km (25 miles) south of the Clontibret Gold Project in Co. Monaghan where the Company is planning to develop its first operational gold mine.

Chairman's Statement continued

Slieve Glah

Base Metal and Other Gold Targets

Exploration also continued for zinc and other metals on your Company's other exploration properties in Ireland as well as for gold in Finland. In Ireland the Company has discovered a significant zinc-in-soil anomaly adjacent to the Clay Lake and Clontibret gold targets in Counties Monaghan and Armagh.

The ongoing evaluation of old lead workings within your Company's licence area in County Cavan as part of the exploration programme for base metals has also yielded highly positive zinc results of up to 30 per cent zinc in the rock chip sample assayed.

These results add to the overall metalliferous potential of your Company's licence area for both gold and base metals.

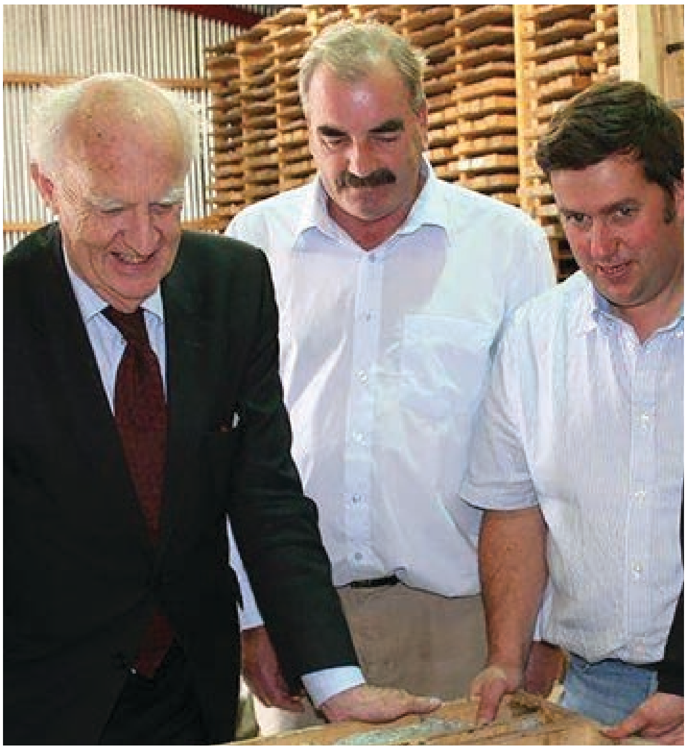
Finance

The loss after taxation for the year ended 31 May 2014 was €380,305 (2013: €423,979) and the net assets as at 31 May 2014 were €14,290,931 (2013: €13,073,929).

During the year £1,226,500 (prior to expenses) was raised by the issue of 60,748,430 new ordinary shares for cash and I personally subscribed for 16,037,736 new ordinary shares. At 31 May 2014 I also held £273,500 nominal of unsecured convertible loans which is convertible, at the Company's discretion, at the higher of the prevailing market price or 2.65p. Details of the share issues are in Note 13 to the accounts.

In addition, on 8 October 2014, the Company announced that it had raised a further £750,000 (prior to expenses) by issuing 75,000,000 new ordinary shares by way of a placing.

As in previous years, I have supported the working capital requirements of the Company. The balance of the loans due to me at the period end was €191,022 (in addition to the convertible loan of £273,500).



Examining Core at Company Coreshed

The loans have been made on standard commercial terms. The other directors consider, having consulted with the Company's Nominated Adviser and the Company's ESM Adviser, 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 this opportunity to thank the partners and staff of Deloitte & Touche for their services to your Company during the course of the year.

Directors

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

Future Outlook

Your Company made further excellent progress in the financial year to 31 May 2014 and this has continued into the current year. I look forward to the future with confidence as we move from the exploration phase into the development phase.

Richard Conroy

Professor Richard Conroy
Chairman

20 November 2014

Company Information

Directors

Professor Richard Conroy
*Chairman**

Seamus P. FitzPatrick
Deputy Chairman+§
Non-Executive Director

Maureen T.A. Jones
*Managing Director**

James P. Jones FCA
*Finance Director**

Dr. Sorċa Conroy
*Non-Executive Director**

Louis J. Maguire
Non-Executive Director+§*

Michael E. Power
Non-Executive Director§*

C. David Wathen
Non-Executive Director+

Henry H. Rennison
*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

Nominated Adviser

Sanlam Securities UK Limited
10 King William Street
London, EC4N 7TW
UK

Broker

Hybridan LLP
20 Birchin Lane
London EC3V 9DU
United Kingdom

ESM Adviser

IBI Corporate Finance
2 Burlington Plaza
Burlington Road
Dublin 2

Statutory Audit Firm

Deloitte & Touche Chartered Accountants & Statutory Audit Firm
Deloitte & Touche House
Charlotte Quay
Limerick

Principal Banker

Allied Irish Bank
1 Lower Baggot Street
Dublin 2

Registrars

Capita Asset Services Shareholder Solutions (Ireland)
2 Grand Canal Square
Dublin 2

www.capitaassetservices.ie

Legal Advisers

William Fry Solicitors
Fitzwilton House
Wilton Place
Dublin 2

Head Office

Conroy Gold and atural Resources plc
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.conroygoldandnaturalresources.com

or contact:

Lothbury Financial Services
36 Old Jewry
London EC2R 8DD
UK

Tel: +44 20 3440 7620

Standing, left-right:
Louis J. Maguire, Non-Executive Director;
C. David Wathen, Non-Executive Director;
Seamus P. FitzPatrick, Deputy Chairman;
Dr Sorċa Conroy, Non-Executive Director;
Michael E. Power, Non-Executive Director.

Seated, left-right:
Maureen T.A. Jones, Managing Director;
Professor Richard Conroy, Chairman;
James P. Jones, Finance Director;
Henry H. Rennison, Non-Executive Director.

Report of the Directors

The Directors present their annual report, together with the audited financial statements of Conroy Gold and Natural Resources plc for the year ended 31 May 2014.

Principal Activities and Business Review

The Company's exploration programme in Ireland is focused on the Longford-Down Massif. The Company 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 Scoping Study prepared by independent consultants Tetra Tech Wardrop demonstrated that the project was technically and financially viable with a mine life of 11.2 years, a payback of 2 years, a net present value of US$72.3m using a discount rate of 8%, and an internal rate of return of 49.4% at a gold price of US$1,372. The study was completed on an area representing less than 20% of the target. Drilling on the remaining 80% of the Clontibret anomaly is expected to further increase this resource.

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. 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 directors recognise that the future realisation of exploration and evaluation assets is dependent on the successful further development and ultimate production of the mineral reserves and the availability of sufficient finance to bring the reserves to economic maturity and profitability.

Going Concern

The Company made a loss of €380,305 (2013: €423,979) for the year ended 31 May 2014 and had net current liabilities of €1,234,259 (2013: €712,282) at that date. The Directors have confirmed that they will not seek repayment of amounts owed to them by the Company of €1,062,485 within 12 months of the date of approval of the financial statements, unless the company has sufficient funds to repay such amounts.

On 8 October 2014, 75,000,000 ordinary shares of 1p were issued by the Company at 1p sterling, raising additional share capital of £750,000 sterling.

The Directors have considered the proposed work programme for exploration and evaluation assets and on the basis of the cash balances on hand, the equity raised subsequent to the year-end, the very encouraging results from the exploration programme and the prospects for raising additional funds as required, consider it appropriate to prepare the financial statements on the going concern basis.

Key Performance Indicator

Currently the Company's main key performance indicator is in relation to the estimated resource potential on the discovery and development of economic deposits of gold in Ireland and Finland. The details are set out in the Chairman's Statement. 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 2014

The statement of financial position as at 31 May 2014 and the income statement for the year are set out on pages 15 and 16. The Company recorded a loss for the financial year of €380,305 (2013: €423,979) which was transferred to retained deficit. Taking account of the current year loss and the share capital issued during the year, equity increased to €14,290,931 at 31 May 2014 from €13,073,929 at 31 May 2013.

Important Events Since the Year End

For important events which have occurred since year end, refer to Note 19 which accompanies these financial statements.

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
Dr. S.C. Conroy	

In accordance with the Company's Articles of Association, Mr. Louis Maguire, Mr Michael Power and Mr. C. David Wathen will retire by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting.

Report of the Directors continued

Details of Directors

Professor Richard Conroy, Chairman of the Board, has been involved in natural resources for many years. He established Trans-International Oil, which was primarily involved in Irish offshore oil exploration, and initiated the Deminex Consortium (which included Deminex, Mobil, Amoco and DSM). Trans-International Oil was merged with Aran Energy in 1979 (which was later acquired by Statoil).

Professor Conroy founded Conroy Petroleum and Natural Resources which (as well as being involved in oil production and exploration) in 1986 discovered the Galmoy zinc deposit in Ireland. Conroy Petroleum was also a founding member of the Stone Boy consortium, an exploration group which discovered the Pogo gold deposit in Alaska, now a major producing gold mine. Conroy Petroleum acquired Atlantic Resources in 1992 and was renamed ARCON International Resources.

Professor Conroy was Chairman and Chief Executive of Conroy Petroleum/ARCON from 1980 to 1994 before founding Conroy Gold and Natural Resources in 1995. An Emeritus Professor of Physiology in the Royal College of Surgeons in Ireland, Professor Conroy served in the Irish Parliament as a Member of the Senate and 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.

Mr. Séamus Fitzpatrick, Deputy Chairman, has worked in both corporate finance and private equity in London and New York with Morgan Stanley, JP Morgan and Banker's Trust. In 1999 he co-founded CapVest of which he is Managing Partner (which has raised funds in excess of £2.0 billion). He is Chairman of the Mater Private Hospital and of Valeo Foods and is a board member of Reno Norden. He is also a director of Karelian Diamond Resources Plc.

Miss Maureen Jones, Managing Director, has over 20 years' experience at senior level in the natural resource sector. She has been Managing Director of Conroy Gold since 1998 and was a founding director of the company. Also a director of Karelian Diamond Resources Plc, she joined Conroy Petroleum and Natural Resources Plc on its foundation in 1980 and was a director and board member of Conroy Petroleum/ARCON from 1986 to 1994. Ms. Jones has a medical background and specialised in the radiographic aspects of Nuclear Medicine before becoming a manager with International Medical Corporation in 1977.

Mr. James Jones, Finance Director, has been associated with the natural resources industry for many years. A Chartered Accountant, he was finance director of Conroy Petroleum and Natural Resources/ARCON from its formation until 1994. He was a founding director of Conroy Gold and Natural Resources and has served as Finance Director and secretary of the company since its inception. He is also a director of Karelian Diamond Resources Plc.

Dr. Sorċa Conroy, Non-executive Director, was recruited to ING Bank in 2006 and whilst there was ranked second in the Extel Survey for Biotechnology Specialist Sales. She had previously been specialist sales for life sciences and institutional equities at Canaccord Adams (2005-2006), where she ranked fourth in the 2006 Extel survey and Hoodless Brennan (2004-2005). A medical graduate of The Royal College of Surgeons in Ireland, she held a number of clinical positions in between her graduation in 1995 and joining Hoodless Brennan.

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, is a professional engineer and Chartered Financial Analyst with over 40 years experience in the mining industry in Canada and internationally. 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 30 years and later as a consultant with the International Petroleum Consultancy firm De Golyer and McNaughton. He was a director of Conroy Petroleum and Natural Resources and its subsidiaries including ARCON Mines Ltd for a number of years. He is a founding director of Conroy Gold and Natural Resources.

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 Sheffield. Recently appointed as an independent Chairman of the Skipton Business Improvement District, he has also previously served as a director of several quoted and private companies in the UK, Ireland and the United States, including a number of natural resources 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 2014 and 1 June 2013 were as follows:

	At 31 May 2014			At 1 June 2013		
	Ordinary Shares of €0.01 each	Options	Warrants	Ordinary Shares of €0.03 each	Options	Warrants
Professor R.T.W.L. Conroy	**86,175,433**	**–**	**34,934,765**	70,703,736*	600,000	34,934,765
M.T.A. Jones	**5,896,991**	**–**	**22,507,028**	1,180,010	450,000	22,507,028
J.P. Jones	**1,250,010**	**–**	**13,188,420**	1,250,010	275,000	13,188,420
H.H. Rennison	**1,330,010**	**–**	**2,457,288**	1,330,010	–	2,457,288
S.P. Fitzpatrick	**6,060,818**	**–**	**359,593**	6,060,818	–	359,593
L.J. Maguire	**310,010**	**–**	**2,457,288**	310,010	–	2,457,288
M.E. Power	**175,000**	**–**	**1,307,893**	175,000	–	1,307,893
C.D. Wathen	**500,000**	**–**	**507,641**	223,500	–	507,641
Dr. S. Conroy	**2,066,942**	**–**	**–**	1,500,905	–	–

* Of the 86,175,433 (2013: 70,703,736) ordinary shares beneficially held by Professor Richard Conroy, 19,294,286 (2013: 19,294,286) are held by Conroy Plc, 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 2014	Granted During Year	At 1 June 2013	Price €	Expiry Date
Professor R.T.W.L. Conroy	22,814,920	–	22,814,920	0.037	15 November 2015
Professor R.T.W.L. Conroy	12,119,845	–	12,119,845	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
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
S.P. Fitzpatrick	359,593	–	359,593	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
C.D. Wathen	507,641	–	507,641	0.0433	16 November 2017

Report of the Directors continued

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

Directors	At 31 May 2014	Lapsed During Year	At 1 June 2013	Price €	Expiry Date
Professor R.T.W.L. Conroy	–	(600,000)	600,000	0.10	26 November 2013
M.T.A. Jones	–	(450,000)	450,000	0.10	26 November 2013
J.P. Jones	–	(275,000)	275,000	0.10	26 November 2013

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, who are also directors (see Note 12 to the financial statements), and convertible debt, 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 2014.

Name	Number of Ordinary Shares	%
Professor Conroy	86,175,433*	24.48
Mr. Patrick O'Sullivan	30,714,546	8.73

* Of the 86,175,433 Ordinary Shares beneficially held by Professor Conroy, 19,294,286 are held by Conroy Plc, a company in which Professor Conroy has a controlling interest.

Political Donations

No political donations were made 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.

Auditor

The auditor, Deloitte & Touche, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Signed on behalf of the Board

R.T.W.L. Conroy
Director

J.P. Jones
Director

20 November 2014

Statement Of Directors' Responsibilities

Irish company law requires the directors to prepare financial statements for each financial 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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare 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 books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and comply with Irish statute comprising the Companies Acts, 1963 to 2013. 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Corporate Governance Statement

Introduction

The Board of Directors is accountable to the Company's shareholders for good corporate governance.

Board of Directors

The board supports standards in corporate governance and endeavours to implement such standards constructively and in a sensible and pragmatic fashion with the objective of enhancing and protecting shareholder value.

Regular board meetings are scheduled to take place throughout the year. During the year five meetings were held. All major policies are approved by the board. All directors are subject to re-election. A Statement of Directors' Responsibilities in relation to the annual financial statements is set out at page 11.

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. 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 because of the Company's limited operations. 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 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 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; and a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit.

Executive Committee

The Executive Committee comprises of Professor Richard Conroy, Miss Maureen Jones, Mr. James P. Jones, Mr. H. H. Rennison, Mr. Louis Maguire, Dr. Sorċa Conroy and Mr. Michael Power. Its purpose is to support the Managing Director in carrying out the duties delegated to her by the board. It also ensures that regular financial reports are presented to the board, that effective internal controls are in place and functioning, and that there is an effective risk management process in operation throughout the company.

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.

There are inherent limitations in any system of internal control and, accordingly, even the most effective system can provide only reasonable and not absolute assurance with respect to the preparation of financial information and the safeguarding of assets.

Communication with Shareholders

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

The Company encourages communication with shareholders throughout the year and welcomes their participation at general meetings. All Board members attend the Annual General Meeting and are available to answer questions. Separate resolutions are proposed on substantially different issues and the agenda of business to be conducted at the Annual General Meeting includes a resolution to receive and consider the Annual Report and Financial Statements. The chairmen of the Board's committees will also be available at the Annual General Meeting. The Board regards the Annual General Meeting as a particularly important opportunity for shareholders, directors and management to meet and exchange views.

Independent Auditors' Report

To the Members of Conroy Gold and Natural Resources plc

We have audited the financial statements of Conroy Gold and Natural Resources plc for the year ended 31 May 2014 which comprise the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 auditor's 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

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 the affairs of the company as at 31 May 2014 and of the loss for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

Emphasis of Matter – Realisation of Intangible Assets and Going Concern

In forming our opinion on the Financial Statements, which is not modified, we draw your attention to:

- the disclosures made in Notes 2 and 7 to the financial statements concerning the realisation of exploration and evaluation assets included as intangible assets in the statement of financial position of €16,033,308. The realisation of these assets is dependent on the successful further development and ultimate production of the mineral reserves and the availability of sufficient finance to bring the reserves to economic maturity and profitability. The financial statements do not include any adjustments in relation to these uncertainties and the ultimate outcome cannot at present be determined.
- the disclosures in Notes 2 and 11 to the financial statements which indicate that the company incurred a loss of €380,305 during the year ended 31 May 2014 and had net current liabilities of €1,234,259 at that date. The directors have confirmed that they will not seek repayment of amounts owed to them by the company of €1,062,485 within 12 months of the date of approval of the financial statements unless the company has sufficient funds to repay such amounts. In addition, subsequent to year end the company raised additional funds of £750,000 sterling. The directors have reviewed the proposed work programme for exploration and evaluation assets and on the basis of the cash balances on hand, the equity raised subsequent to year end, the results obtained from the exploration programme and the prospects for raising additional funds as required they consider it appropriate to prepare the financial statements on a going concern basis. The Financial Statements do not include any adjustments to the carrying amount, or classification of assets and liabilities, if the company was unable to continue as a going concern in the future.

Independent Auditors' Report continued

Matters on which we are required to report by the Companies Acts, 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the company.
- The financial statements 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 Statement of Financial Positions are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 May 2014 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Gerard Casey

For and on behalf of
Deloitte & Touche

Chartered Accountants
and Statutory Audit Firm

Limerick

20 November 2014

Statement of Financial Position

As at 31 May 2014

	Note	2014 €	2013 €
ASSETS			
Non-current Assets			
Intangible assets	7	**16,033,308**	14,824,846
Investment in subsidiary	8	**2**	2
Property, plant and equipment	9	**7,854**	7,138
		16,041,164	14,831,986
Current Assets			
Trade and other receivables	10	**59,358**	163,139
Cash and cash equivalents		**78,372**	71,864
		137,730	235,003
Total Assets		**16,178,894**	15,066,989
EQUITY AND LIABILITIES			
Capital and Reserves			
Called up share capital	13	**3,520,000**	8,737,547
Called up deferred share capital	13	**6,135,597**	–
Share premium	13	**8,447,949**	7,917,717
Capital conversion reserve fund	13	**30,617**	30,617
Share based payments reserve		**1,034,760**	969,735
Retained losses		**(4,877,992)**	(4,581,687)
Total Equity		**14,290,931**	13,073,929
Non-current Liabilities			
Convertible Loan	12	**324,952**	–
Financial Liabilities	12	**191,022**	1,045,775
Total non-current liabilities		**515,974**	1,045,775
Current Liabilities			
Trade and other payables	11	**1,371,989**	947,285
Total Current Liabilities		**1,371,989**	947,285
Total Liabilities		**1,887,963**	1,993,060
Total Equity and Liabilities		**16,178,894**	15,066,989

The financial statements were approved by the Board of Directors on 20 November 2014 and signed on its behalf:

R.T.W.L. Conroy
Director

J.P. Jones
Director

Income Statement

For the year ended 31 May 2014

	Note	2014 €	2013 €
OPERATING EXPENSES	3	**(374,323)**	(411,020)
Finance income – bank interest receivable		**–**	12
Finance costs – interest on shareholder loan	12	**(5,982)**	(12,971)
LOSS BEFORE TAXATION	5	**(380,305)**	(423,979)
Taxation	5	**–**	–
LOSS FOR THE YEAR		**(380,305)**	(423,979)
Basic and diluted loss per share	6	**(€0.0012)**	(€0.0015)

Statement of Comprehensive Income

For the year ended 31 May 2014

	2014 €	2013 €
LOSS FOR THE YEAR	**(380,305)**	(423,979)
Total income and expense recognised in other comprehensive income	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(380,305)**	(423,979)

The financial statements were approved by the Board of Directors on 20 November 2014 and signed on its behalf:

R.T.W.L. Conroy
Director

J.P. Jones
Director

Statement of Changes in Equity

For the year ended 31 May 2014

	Share Capital €	Share Premium €	Capital Conversion Reserve Fund €	Share-based Payment Reserve €	Retained Earnings/ (Deficit) €	Total Equity €
At 1 June 2012	8,112,257	7,872,573	30,617	880,709	(4,217,708)	12,678,448
Share issue	625,290	–	–	–	–	625,290
Share premium	–	45,144	–	–	–	45,144
Share-based payments	–	–	–	149,026	–	149,026
Loss for the year	–	–	–	–	(423,979)	(423,979)
Transfer from share-based payment reserve to retained earnings/(deficit)	–	–	–	(60,000)	60,000	–
At 31 May 2013	**8,737,547**	**7,917,717**	**30,617**	**969,735**	**(4,581,687)**	**13,073,929**
At 1 June 2013	8,737,547	7,917,717	30,617	969,735	(4,581,687)	13,073,929
Share issue	918,050	–	–	–	–	918,050
Share premium	–	530,232	–	–	–	530,232
Share-based payments	–	–	–	149,025	–	149,025
Loss for the year	–	–	–	–	(380,305)	(380,305)
Transfer from share-based payment reserve to retained earnings/(deficit)	–	–	–	(84,000)	84,000	–
At 31 May 2014	**9,655,597**	**8,447,949**	**30,617**	**1,034,760**	**(4,877,992)**	**14,290,931**

Share Capital

The share capital comprises of the nominal value share capital issued for cash and non-cash consideration. On 26 February 2014, the issued share capital at that date, €9,203,395, was restructured into ordinary share capital of €3,067,798 and deferred share capital of €6,135,597.

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 and 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.

Retained Earnings/(Deficit)

This reserve represents the accumulated losses absorbed by the Company to the Statement of Financial Position date.

Cash Flow Statement

For the year ended 31 May 2014

	Notes	2014 €	2013 €
Cash flows from operating activities			
Cash generated by/(used in) operations	14	**186,680**	(103,587)
Net cash generated by/(used in) operating activities		**186,680**	(103,587)
Cash flows from investing activities			
Investment in exploration and evaluation		**(1,064,003)**	(1,049,245)
Payments to acquire property, plant and equipment		**(4,740)**	–
Net cash used in investing activities		**(1,068,743)**	(1,049,245)
Cash flows from financing activities			
Issue of share capital		**812,621**	495,037
Bank interest received		**–**	12
Interest paid on shareholder loan		**(14,450)**	–
Advances from shareholders		**205,000**	491,000
Amounts repaid to shareholders		**(114,600)**	–
Net cash generated from financing activities		**888,571**	986,049
Increase/(Decrease) in cash and cash equivalents		**6,508**	(166,783)
Cash and cash equivalents at beginning of year		**71,864**	238,647
Cash and cash equivalents at end of year		**78,372**	71,864

Notes to the Financial Statements

For the year ended 31 May 2014

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations adopted by the International Accounting Standards Board. These financial statements have also been prepared in accordance with the Companies Acts, 1963 to 2013. The financial statements are prepared under the historical cost convention.

Adoption of New and Revised Standards

Standards and Interpretations not affecting the reported results nor the financial position

In the current year, the following new and revised Standards have been adopted. Their adoption has not had any material impact on the amounts reported in these financial statements but they may affect the accounting for future transactions and arrangements. The adoption of these Standards has not led to any changes in the Group's accounting policies.

Amendments to IFRS 1 (March 2012) *Government Loans* (effective for accounting dates beginning on or after 1 January 2013)

Amendments to IFRS 7 (Dec 2011) *Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities* (effective for accounting periods beginning on or after 1 January 2013)

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (effective for accounting periods beginning on or after 1 January 2013)

Amendments to IAS 1 (June 2011) *Presentation of Items of Other Comprehensive Income* (effective for accounting periods beginning on or after 1 July 2012)

IAS 19 (revised June 2011) *Employee Benefits* (effective for accounting periods beginning on or after 1 January 2013)

IFRS 13 *Fair Value Measurement* (effective for accounting periods beginning on or after 1 January 2013)

Amendments to IAS 12 (Dec 2010) *Deferred Tax: Recovery of Underlying Assets* (effective for accounting periods beginning on or after 1 January 2013)

Amendments to IFRS 1 (Dec 2010) *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (effective for accounting periods beginning on or after 1 January 2013)

Annual Improvements to IFRSs: 2009-2011 Cycle (May 2012): *Annual Improvements to IFRSs: 2009-2011 Cycle* (effective for accounting periods beginning on or after 1 January 2013)

Standards and Interpretations in Issue Not Yet Effective

At the date of authorisation of these financial statements, other than the Standards and Interpretations adopted by the Group in advance of their effective dates, the following Standards were in issue but not yet effective and in some cases had not been adopted by the European Union:

Amendments to IFRS 10 and IAS 28 (Sept 2014) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date to be confirmed)

Amendments to IAS 27 (Aug 2014) *Equity Method in Separate Financial Statements* (effective date to be confirmed)

IFRS 9 *Financial Instruments* (effective date to be confirmed)

Amendments to IAS 16 and IAS 41 (Jun 2014) *Agriculture: Bearer Plants* (effective date to be confirmed)

IFRS 15 *Revenue from Contracts with Customers* (effective date to be confirmed)

Amendments to IAS 16 and IAS 38 (May 2014) *Clarification of Acceptable Methods of Depreciation and Amortisation* (effective date to be confirmed)

Amendments to IFRS 11 (May 2014) *Accounting for Acquisitions of Interests in Joint Operations* (effective date to be confirmed)

IFRS 14 *Regulatory Deferral Accounts* (effective date to be confirmed)

Amendments to IAS 19 (Nov 2013) *Defined Benefit Plans: Employee Contributions* (effective date to be confirmed)

Amendments to IAS 39 (Jun 2013) *Novation of Derivatives and Continuation of Hedge Accounting* (effective for accounting periods beginning on or after 1 January 2014)

Amendments to IAS 36 (May 2013) *Recoverable Amount Disclosures for Non-Financial Assets* (effective for accounting periods beginning on or after 1 January 2014)

Notes to the Financial Statements continued

1. ACCOUNTING POLICIES *continued*

IFRIC 21 *Levies* (effective for accounting periods beginning on or after 17 June 2014)

Amendments to IFRS 10, IFRS 12 and IAS 27 (Oct 2012) *Investment Entities* (effective for accounting periods beginning on or after 1 January 2014)

Amendments to IAS 32 (Dec 2011) *Offsetting Financial Assets and Financial Liabilities* (effective for accounting periods beginning on or after 1 January 2014)

IFRS 12 *Disclosure of Interests in Other Entities* (effective for accounting periods beginning on or after 1 January 2014)

IFRS 11 *Joint Arrangements* (effective for accounting periods beginning on or after 1 January 2014)

IFRS 10 *Consolidated Financial Statements* (effective for accounting periods beginning on or after 1 January 2014)

IAS 28 (revised May 2011) *Investments in Associates and Joint Ventures* (effective for accounting periods beginning on or after 1 January 2014)

IAS 27 (revised May 2011) *Separate Financial Statements* (effective for accounting periods beginning on or after 1 January 2014)

Annual Improvements to IFRSs: 2012-2014 Cycle: *Annual Improvements to IFRSs: 2012-2014 Cycle* (effective date to be confirmed)

Annual Improvements to IFRSs: 2011-13 Cycle (Dec 2013): *Annual Improvements to IFRSs: 2011-13 Cycle* (effective date to be confirmed)

Annual Improvements to IFRSs: 2010-12 Cycle (Dec 2013): *Annual Improvements to IFRSs: 2010-12 Cycle* (effective date to be confirmed)

A. Intangible Assets

The Company accounts for mineral expenditure in accordance with IFRS 6 – Exploration For and Evaluation of Mineral Resources.

(i) Capitalisation

Certain costs (other than payments to acquire the legal rights to explore) incurred prior to acquiring the rights to explore are charged directly to the income statement. Exploration, appraisal and development expenditure incurred on exploring, and testing exploration prospects are accumulated and capitalised as intangible exploration and evaluation (E&E) assets. Capitalised costs include geological and geophysical costs, and other direct costs of exploration (drilling, trenching, sampling and technical feasibility and commercial viability activities). In addition, capitalised costs includes an allocation from operating expenses, including share based payments, all such costs are directly related to exploration and evaluation activities. E&E costs are not amortised prior to the conclusion of appraisal activities. At completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then the carrying amount of the relevant E&E asset will be reclassified as a development and production asset, once the carrying value of the asset has been assessed for impairment. If following completion of appraisal activities in an area, it is not possible to determine technical feasibility and commercial viability, or if the right to explore expires, then the costs of such unsuccessful exploration and evaluation is written off to the income statement in the period in which the event occurred.

(ii) Impairment

If facts and circumstances indicate that the carrying value of an E&E asset may exceed its recoverable amount, an impairment review is performed. The following are considered to be the key indicators of impairment.

- The right to explore in an area has expired, or will expire in the near future, without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been made to discontinue exploration and evaluation in an area, because of the absence of commercial reserves.
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

For E&E assets, where the above indicators exist, an impairment test is carried out. The E&E assets are categorised into Cash Generating Units ("CGU"). The carrying value of the CGU is compared to its recoverable amount and the resulting impairment loss is written off to the income statement. The recoverable amount of the CGU is assessed as the higher of its fair value, less costs to sell, and its value in use.

1. ACCOUNTING POLICIES *continued*

B. Transaction Costs

Transaction costs arising on the issue of equity securities are accounted for as a deduction from equity, against the share premium account.

C. Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. 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 base 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

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 fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest.

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.

Notes to the Financial Statements continued

1. ACCOUNTING POLICIES *continued*

I. Pension costs

The Company provides for certain employees through defined contribution pension schemes. The amounts charged to the income statement and statement of financial position 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 statement of financial position.

J. Foreign Currencies

Transactions denominated in foreign currencies relating to revenues, costs and non-monetary assets are translated into Euro at the rates of exchange ruling on the dates on which the transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rate of exchange ruling at the statement of financial position date. The resulting profits or losses are dealt with in the income statement.

K. Shareholder Loan

The shareholder loan is initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount of initial recognition.

L. 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 exploration and evaluation assets. Given that the activity of management and the resultant operating costs are primarily focused on the Company's gold prospects, the directors consider it appropriate to capitalise a portion of such costs.

Impairment of intangible assets

As outlined in the Intangible Assets accounting policy, the exploration and evaluation assets need to be allocated into Cash Generating Units ("CGU"). The determination of what constitutes a cash generating unit requires judgement. Once this is decided, the carrying value of each cash generating unit is compared to its recoverable amount. The recoverable amount of the CGU is assessed as the higher of its fair value less costs to sell and its value in use. The determination of value in use requires the following judgements:

- Estimation of future cash flows expected to be derived from the asset.
- Expectation about possible variations in the amount or timing of the future cash flows.
- The determination of an appropriate discount rate.

1. ACCOUNTING POLICIES *continued*

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 the successful further development and ultimate production of the mineral reserves and the availability of sufficient finance to bring the reserves to economic maturity and profitability. The realisation of intangible assets depends on the successful discovery and development of economic reserves. The directors have reviewed the proposed programme for exploration and evaluation assets and on the basis of the cash balance on hand, the equity raised subsequent to the year end, the very encouraging results from the exploration programme and the prospects for raising additional funds as required, consider it appropriate to prepare the financial statements on the going concern basis. 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 the 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. In addition, the directors consider that 80% of their activity is primarily focused on the Company's gold prospects and therefore, the directors consider it appropriate to capitalise 80% of such costs to exploration and evaluation assets.

Deferred tax

No deferred tax asset has been recognised in respect of tax losses as it cannot be considered probable that future taxable profit will be available against which the related temporary differences can be utilised.

2. GOING CONCERN

Exploration and evaluation costs capitalised as intangible assets amounted to €16,033,308 (2013: €14,824,846) (Note 7) at the balance sheet date.

The Directors recognise that the future realisation of intangible assets is dependent on the successful further development and ultimate production of the mineral reserves and the availability of sufficient finance to bring the reserves to economic maturity and profitability.

The Company made a loss of €380,305 (2013: €423,979) for the year ended 31 May 2014 and had net current liabilities of €1,234,259 (2013: €712,282) at that date. The directors have confirmed that they will not seek repayment of amounts owed to them by the Company of €1,062,485 within 12 months of the date of approval of the financial statements, unless the Company has sufficient funds to repay such amounts.

On 8 October 2014, 75,000,000 ordinary shares of 1p were issued by the company at 1p sterling, raising additional funds of £750,000 sterling.

The Directors have reviewed the proposed work programme for exploration and evaluation assets and on the basis of the cash balances on hand, the equity raised subsequent to year end, the very encouraging results obtained from the exploration programme and the prospects for raising additional funds as required, they consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments to the carrying amount, or classification of assets and liabilities, if the Company was unable to continue as a going concern in the future.

Notes to the Financial Statements continued

3. OPERATING EXPENSES

(a) Analysis of operating expenses

	2014 €	2013 €
Operating expenses	**1,039,432**	1,119,205
Transfer to intangible assets (Note 7)	**(665,109)**	(708,185)
	374,323	411,020

Operating expenses are analysed as follows:	2014 €	2013 €
Wages and salaries	**558,180**	563,221
Share based payments	**149,026**	149,026
Depreciation	**4,024**	3,550
Auditor remuneration	**15,000**	15,000
Other operating expenses	**313,202**	388,408
	1,039,432	1,119,205

Of the above costs a total of €665,109 (2013: €708,185) is capitalised to intangible assets based on a review of the nature and quantum of the underlying cost and the exercise of appropriate measurement across each cost category.

(b) Segmental reporting

Operating segments have been identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker, being the Board of Directors, in order to allocate resources to segments and to assess their performance. The Company has one class of business, gold exploration and operates in two geographical markets, Ireland and Finland. Costs that are directly attributable to Ireland and Finland have been capitalised to exploration and evaluation assets (Note 7). All remaining operating expenses have been expensed through the Income Statement.

(c) Wages and salaries cost as disclosed above is analysed as follows:

	2014 €	2013 €
Wages and salaries	**515,906**	513,821
Social welfare costs	**7,274**	14,075
Pension costs	**35,000**	35,325
	558,180	563,221

The average number of employees during the year was 9 (2013: 11).

3. OPERATING EXPENSES *continued*

(d) Directors' remuneration

An analysis of remuneration for each director of the Company in the current financial year (prior to amounts transferred to intangible assets) is as follows:

	Fees €	Salary €	Share based payment €	Pension contributions €	Total €
Professor R.T.W.L. Conroy	22,220	178,378	63,597	–	264,195
M.T.A. Jones	9,523	113,350	41,893	22,000	186,766
J.P. Jones	9,523	70,250	24,919	13,000	117,692
H.H. Rennison	9,523	–	4,079	–	13,602
L.J. Maguire	9,523	–	4,079	–	13,602
S.P. Fitzpatrick	9,523	–	661	–	10,184
M.E. Power	9,523	–	2,313	–	11,836
C.D. Wathen	9,523	–	933	–	10,456
Dr S.C. Conroy	9,523	–	–	–	9,523
	98,404	361,978	142,474	35,000	637,856

An analysis of remuneration for each director of the Company in the prior financial year (prior to amounts transferred to intangible assets) is as follows:

	Fees €	Salary €	Share based payment €	Pension contributions €	Total €
Professor R.T.W.L. Conroy	22,220	175,000	63,594	–	260,814
M.T.A. Jones	9,523	110,000	41,893	22,204	183,620
J.P. Jones	9,523	70,417	24,919	13,121	117,980
H.H. Rennison	9,523	–	4,079	–	13,602
L.J. Maguire	9,523	–	4,079	–	13,602
S.P. Fitzpatrick	9,523	–	661	–	10,184
M.E. Power	9,523	–	2,313	–	11,836
C.D. Wathen	9,523	–	933	–	10,456
Dr S.C. Conroy	9,523	–	–	–	9,523
	98,404	355,417	142,471	35,325	631,617

Notes to the Financial Statements continued

3. OPERATING EXPENSES *continued*

The total share based payment charge of €149,026 (2013: €149,026) is accounted for as shown below:

	2014 €	2013 €
Share based payment charge expensed to income statement	**28,494**	28,494
Share based payment charge transferred to intangible assets	**120,532**	120,532
	149,026	149,026

In the opinion of the directors, eighty per cent of the share based payment charge is directly related to exploration and evaluation activities, and has been capitalised within intangible assets.

4. LOSS BEFORE TAXATION

The loss before taxation is arrived at after charging the following items, which are stated at amounts prior to the transfer to intangible assets:

	2014 €	2013 €
Directors' remuneration		
– Fees for services as directors	**98,404**	98,404
– Remuneration for management services	**396,978**	390,742
– Share-based payments	**142,474**	142,471
Depreciation	**4,024**	3,550
Auditor's remuneration		
– Audit of individual accounts	**15,000**	15,000
– Other assurance services	**–**	–
– Tax advisory services	**–**	–
– Other non-audit services	**–**	–

5. TAXATION

No taxation charge arises in the current or prior financial year due to losses incurred.

Factors affecting the tax charge for the year:

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

	2014 €	2013 €
Loss on ordinary activities before tax	**(380,305)**	(423,979)
Loss on ordinary activities multiplied by the standard rate of Irish corporation tax of 12½% (2013: 12½%)	**(47,538)**	(52,997)
Effects of:		
Losses carried forward for future utilisation	**47,538**	52,997
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 deferred tax asset can be utilised. The deferred tax asset not recognised amounts to €468,218 (2013: €420,680).

6. LOSS PER SHARE

The calculation of the basic and diluted loss per share of €0.0012 (2013: €0.0015) is based on the loss for the financial year of €380,305 (2013: €423,979) and the weighted average number of ordinary shares in issue during the year of 309,922,413 (2013: 274,234,517).

The effect of share options and warrants is anti-dilutive.

7. INTANGIBLE ASSETS

Exploration and evaluation assets	2014 €	2013 €
Cost		
At 1 June	**14,824,846**	13,603,186
Expenditure during the year		
– licence and appraisal costs	**519,425**	461,592
– other operating expenses	**544,577**	587,653
– equity settled share based payments (Note 3)	**120,532**	120,532
– loan interest (Note 12)	**23,928**	51,883
At 31 May	**16,033,308**	14,824,846

Exploration and evaluation assets relate to expenditure incurred in the development of mineral exploration opportunities.

Notes to the Financial Statements continued

7. INTANGIBLE ASSETS *continued*

The directors have considered the proposed work programmes for the underlying mineral reserves. They are satisfied that there are no indications of impairment, but nonetheless recognise that the realisation of the intangible assets, is dependent on successful further exploration and appraisal activities, the subsequent development and ultimate economic production of the mineral reserves and the availability of sufficient finance to bring the resources to economic maturity and profitability.

Mineral interests are categorised as follows:

Ireland	2014 €	2013 €
Cost		
At 1 June	**13,069,449**	11,971,499
Expenditure during the year		
– licence and appraisal costs	**508,247**	445,866
– other operating expenses	**459,347**	499,504
– equity settled share based payments	**108,479**	108,479
– loan interest	**20,340**	44,101
At 31 May	**14,165,862**	13,069,449

Finland	2014 €	2013 €
Cost		
At 1 June	**1,755,397**	1,631,687
Expenditure during the year		
– licence and appraisal costs	**11,178**	15,727
– other operating expenses	**85,230**	88,148
– equity settled share based payments	**12,053**	12,053
– loan interest	**3,588**	7,782
At 31 May	**1,867,446**	1,755,397

8. INVESTMENT IN SUBSIDIARY

	% Owned	2014 €	2013 €
Shares in subsidiary company (Unlisted shares) at cost:			
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

	Motor Vehicles €	Plant & Office Equipment €	Total €
Cost			
At 1 June 2013	17,754	113,067	130,821
Additions	–	4,740	4,740
At 31 May 2014	**17,754**	**117,807**	**135,561**
Accumulated Depreciation			
At 1 June 2013	10,616	113,067	123,683
Charge for the year	3,550	474	4,024
At 31 May 2014	**14,166**	**113,541**	**127,707**
At 31 May 2014	**3,588**	**4,266**	**7,854**

	Motor Vehicles €	Plant & Office Equipment €	Total €
Cost			
At 1 June 2012	17,754	113,067	130,821
Additions	–	–	–
At 31 May 2013	**17,754**	**113,067**	**130,821**
Accumulated Depreciation			
At 1 June 2012	7,066	113,067	120,133
Charge for the year	3,550	–	3,550
At 31 May 2013	**10,616**	**113,067**	**123,683**
At 31 May 2013	**7,138**	**–**	**7,138**

10. TRADE AND OTHER RECEIVABLES

	2014 €	2013 €
VAT receivable	**49,764**	34,220
Other debtors	**9,594**	128,919
	59,358	163,139

Notes to the Financial Statements continued

11. TRADE AND OTHER PAYABLES

Amounts falling due within one year	2014 €	2013 €
Accrued directors' remuneration		
– fees and other emoluments	**975,310**	713,946
– pension contributions	**87,175**	52,175
Other accruals	**309,504**	181,164
	1,371,989	947,285

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.

The Directors have confirmed that they will not seek repayment of amounts owed to them by the Company of €1,062,485 within 12 months of the date of approval of the financial statements, unless the Company has sufficient funds to repay such amounts.

12. NON CURRENT FINANCIAL LIABILITIES

	R.T.W.L. Conroy 2014 €	M. Jones 2014 €	Total 2014 €	2013 €
(a) Shareholder loan				
Opening balance	**1,040,672**	**5,103**	**1,045,775**	665,318
Advanced during year	**67,000**	**138,000**	**205,000**	491,000
Conversion to share capital	**–**	**–**	**–**	(175,397)
Conversion to convertible loan(b)	**(812,095)**	**(148,518)**	**(960,613)**	–
Loan interest paid	**(14,450)**	**–**	**(14,450)**	–
Loan amount repaid	**(114,600)**	**–**	**(114,600)**	–
Interest charge for the year	**24,495**	**5,415**	**29,910**	64,854
Closing balance	**191,022**	**–**	**191,022**	1,045,775

The immediate funding requirements of the Company have been partly financed by advances from Professor R.T.W.L. Conroy (executive chairman and major shareholder). Interest at a rate of 8.25% per annum is accrued on the outstanding principal. The accrued principal and accrued interest at 31 May 2014 is €5,518 and €185,504 respectively (2013: €865,215 and €175,457 respectively).

Of the €29,910 interest charge for the year (2013: €64,854), €5,982 (2013: €12,971) has been expensed to the Income Statement, with the remaining charge of €23,928 (2013: €51,883) being transferred to intangible assets (Note 7).

12. NON CURRENT FINANCIAL LIABILITIES *continued*

	2014 €	2013 €
(b) Convertible Loan		
Conversion from shareholder loan (a)	**960,613**	–
Subscription	**17,816**	–
Conversion	**(653,477)**	–
At 31 May 2014	**324,952**	–

On 30 September 2013 €960,613 of the shareholder loan was converted to a convertible loan. On that date, Dr. S. Conroy subscribed for convertible debt of €17,816. The debt is convertible at the Company's discretion into ordinary shares at the higher of 2.65 pence sterling or the prevailing market price at the time of conversion. The debt is unsecured and does not accrue interest.

On 3 February 2014 £235,000 of the convertible debt (R.T.W.L. Conroy £110,000, M. Jones £110,000, Dr. S. Conroy £15,000) was converted at 2.65p into 8,867,925 ordinary shares and on 26 February 2014 a further £315,000 (R.T.W.L. Conroy £300,000, M. Jones £15,000) was converted into 11,886,792 ordinary shares of €0.01 each. The balance at 31 May 2014 relates to amounts subscribed for by R.T.W.L. Conroy.

13. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

	2014 €	2013 €
Authorised:		
750,000,000 ordinary shares of €0.03 each	**–**	22,500,000
1,636,440,312 ordinary shares of €0.01 each	**16,364,403**	–
306,779,844 deferred shares of €0.02 each	**6,135,597**	–
	22,500,000	22,500,000

Following approval at an Extraordinary General Meeting held on 26 February 2014, the Company reorganised its share capital by subdividing and reclassifying each issued ordinary share of €0.03 as one ordinary share of €0.01 each and one deferred share of €0.02 each.

The deferred shares do not entitle the holder to receive a dividend or other distribution, do not entitle the shareholder to receive notice of or vote at any general meeting of the Company, and effectively do not entitle the shareholder to any proceeds on a return of capital or winding up of the Company.

Notes to the Financial Statements *continued*

13. CALLED UP SHARE CAPITAL AND SHARE PREMIUM *continued*

Issued and Fully Paid – Current Financial Year

	Number	Share capital €	Capital conversion reserve fund €	Called up deferred share capital €	Share premium €
Start of year	291,251,542	8,737,547	30,617	–	7,917,717
Share issue (a)	6,660,377	199,811	–	–	10,312
Share issue (b)	8,867,925	266,038	–	–	18,662
Share issue (c)	45,220,128	452,201	–	–	535,603
Deferred shares (h)	–	(6,135,597)	–	6,135,597	–
Issue expenses	–	–	–	–	(34,345)
End of year	**351,999,972**	**3,520,000**	**30,617**	**6,135,597**	**8,447,949**

(a) On 30 September 2013, 6,660,377 ordinary shares of €0.03 each were issued at 2.65p sterling realising €0.031548 per share resulting in a premium of €0.001548 per share.

(b) On 3 February 2014, £225,000 of the convertible debt was converted into 8,867,925 ordinary shares of €0.03 each at 2.65p sterling (€0.0321) per share resulting in a premium of €0.0021 per share.

(c) On 26 February 2014, 33,333,336 ordinary shares of €0.01 each were issued at 1.5p sterling realising €0.01818 per share resulting in a premium of €0.00818 per share and a further £315,000 of the convertible debt was converted into 11,886,792 ordinary shares of €0.01 each at 2.65p sterling (€0.03212) per share resulting in a premium of €0.02212 per share.

(d) At 31 May 2014 and 31 May 2013 warrants over 49,064,188 shares exercisable at €0.037 per share at any time up to 15 November 2015 were outstanding.

(e) At 31 May 2013 options had been issued over 2,960,000 shares. On 30 November 2013 options over 1,460,000 shares exercisable at €0.08 lapsed. At 31 May 2014 the remaining 1,500,000 options are outstanding exercisable at prices ranging from €0.048 to €0.0633 and expire between 13 April 2016 and 14 January 2018.

(f) At 31 May 2014 and 31 May 2013 warrants over 29,805,123 shares exercisable at €0.0433 per share at any time up to 16 November 2017 were outstanding.

(g) The share price at 31 May 2014 was 1.55p sterling. During the year the price ranged from 1.55p to 2.92p sterling.

(h) The share capital comprises of, the nominal value share capital issued for cash and non-cash consideration. On 26 February 2014, the issued share capital at that date €9,203,395, was restructured into ordinary share capital of €3,067,798 and deferred share capital of €6,135,597. The deferred shares do not entitle the holder to receive a dividend or other distribution, do not entitle the holder to receive notice of, or vote in at any general meetings of the company and do not entitle the holder to any proceeds on a return of capital on winding up of the company.

Issued and Fully Paid – Prior Financial Year

	Number	Share capital €	Capital conversion reserve fund €	Share premium €
Start of year	270,408,542	8,112,257	30,617	7,872,573
Share issues	20,843,000	625,290	–	45,144
Issue expenses	–	–	–	–
End of Year	**291,251,542**	**8,737,547**	**30,617**	**7,917,717**

13. CALLED UP SHARE CAPITAL AND SHARE PREMIUM *continued*

(a) On 27 September 2011, 20,689,655 shares were issued at 3.625p sterling realising €0.0416858 per share resulting in a premium of €0.016858 per share, together with 20,689,655 warrants, exercisable at 4.25p sterling during the two years following admission of the share. However if the closing price of the ordinary shares remained at 5.5p sterling or higher for five or more consecutive business days exercise of the warrants became mandatory. All of the 20,689,655 warrants were outstanding at 31 May 2013 and 31 May 2012 and lapsed on 3 October 2013.

(b) On 25 March 2013, 20,843,000 shares were issued at 2.75p sterling realising €0.03215 per share resulting in a premium of €0.00215 per share.

(c) At 31 May 2013 and 31 May 2012 warrants over 49,064,188 shares exercisable at €0.037 per share at any time up to 15 November 2015 were outstanding.

(d) At 31 May 2013 and 31 May 2012 options had been issued over 4,130,000 shares. On 14 March 2013 options over 1,170,000 shares exercisable at €0.10 lapsed. At 31 May 2013 the remaining 2,960,000 options are outstanding exercisable at prices ranging from €0.048 to €0.10 and expire between 30 April 2013 and 14 January 2018.

(e) At 31 May 2013 and 31 May 2012 warrants over 29,805,123 shares exercisable at €0.0433 per share at any time up to 16 November 2017 were outstanding.

(f) The share price at 31 May 2013 was 1.90p sterling. During the year the price ranged from 1.05p to 2.75p sterling.

14. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Operating Loss to Net Cash used in Operations:

	2014 €	2013 €
Operating loss	**(374,323)**	(411,020)
Depreciation	**4,024**	3,550
Expense recognised in income statement in respect of equity settled share based payments	**28,494**	28,494
Increase in creditors	**424,704**	364,588
Decrease/(increase) in debtors	**103,781**	(89,199)
Cash generated by/(used in) operations	**186,680**	(103,587)

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 in accordance with the Mineral Development Act (Northern Ireland) 1969.

The Company has certain commitments in respect of these licences at year end which comprise total expenditure commitments as follows:

	2014 €	2013 €
Commitments for expenditure:		
– due within one year	**150,000**	150,000
– due between two and five years	**500,000**	500,000
	650,000	650,000

Notes to the Financial Statements continued

16. RELATED PARTY TRANSACTIONS

a) Details as to shareholder loans and share capital transactions with Prof. R.T.W.L. Conroy are outlined in Notes 11 and 12 to the financial statements.

For the year ended 31 May 2014, Conroy Gold and Natural Resources plc incurred costs totalling €205,768 (2013: €84,950) on behalf of Karelian Diamond Resources Plc., which has certain common shareholders and directors. These costs were recharged to Karelian Diamond Resources plc.

These costs are analysed as follows:

	2014 €	2013 €
Office salaries	**28,713**	9,446
Rent and rates	**13,463**	4,920
Travel and subsistence	**17,805**	6,311
Legal and professional	**40,906**	21,116
Other operating expenses	**42,329**	12,701
Exploration costs	**62,552**	30,456
	205,768	84,950

At 31 May 2014, Conroy Gold and Natural Resources plc owed €33,727 to Karelian Diamond Resources plc (2013: €119,308 was due from Karelian Diamond Resources plc). Amounts owed to Karelian Diamond Resources plc are included in "Other accruals" within Trade and other Payables in the current year. In the prior year the equivalent amounts were included in "Other debtors" within Trade and other Receiveables.

At 31 May 2014 Conroy plc owed €5,000 to Conroy Gold and Natural Resources plc. (2013: €5,000). Amounts owed by Conroy plc are included in "Other debtors" within Trade and other Receivables.

b) Details of key management compensation which comprises directors remuneration including short term employee benefits €460,382 (2013: €455,519), post employment benefits €35,000 (2013: €35,325), other long term benefits €Nil (2013: €Nil), share based payment €142,474 (2013: €142,474) and termination benefits €Nil (2013: €Nil) are outlined in Note 3 to the financial statements.

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 ten years. An amount of €84,000 (2013: €60,000) was transferred from share-based payment reserve to retained earnings/(deficit) as the options to which the initial charge relevant had lapsed. Details of the share options outstanding during the year are as follows:

	2014		2013	
	No. of Share Options	Weighted Average Exercise Price €	No. of Share Options	Weighted Average Exercise Price €
At 1 June	**2,960,000**	**0.774**	4,130,000	0.0782
Granted during year	**–**	**–**	–	–
Exercised during year	**–**	**–**	–	–
Lapsed during year	**(1,360,000)**	**–**	(1,170,000)	–
At 31 May	**1,600,000**	**0.666**	2,960,000	0.0774

17. SHARE BASED PAYMENTS *continued*

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

	2014		2013	
	No. of Share Warrants	Weighted Average Exercise Price €	No. of Share Warrants	Weighted Average Exercise Price €
At 1 June	**78,869,311**	**0.0394**	78,869,311	0.0394
Granted during year	**–**	**–**	–	–
Exercised during year	**–**	**–**	–	–
Lapsed during year	**–**	**–**	–	–
At 31 May	**78,869,311**	**0.0394**	78,869,311	0.0394

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 Gold and Natural Resources plc 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.

	2014 Stock Options	2014 Stock Warrants	2013 Stock Options	2013 Stock Warrants
Dividend yield	**0%**	**0%**	0%	0%
Expected volatility	**90%**	**90%**	90%	90%
Risk free interest rate	**4%**	**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 €149,026 (2013: €149,026).

18. SUBSTANTIAL SHAREHOLDINGS

Substantial shareholdings in Conroy Gold and Natural Resources plc are held by the following shareholders:

Name	Number of ordinary shares	%
Professor R.T.W.L. Conroy	86,175,433*	24.48
Mr. Patrick O'Sullivan	30,714,546	8.73

* Of the 86,175,433 (2013: 70,703,736) ordinary shares held by Professor R.T.W.L. Conroy, 19,294,286 (2013: 19,294,286) are held by Conroy Plc, a company in which Professor Conroy has a controlling interest.

19. POST BALANCE SHEET EVENTS

The following post balance sheet events have occurred:

On 8 October 2014, 75,000,000 ordinary shares of 1p were issued at 1p sterling, raising additional share capital of £750,000 sterling.

Notes to the Financial Statements continued

20. FINANCIAL INSTRUMENTS

The company's financial assets and liabilities stated at carrying amount and fair value are as follows at 31 May 2014:

	Carrying Amount 2014 €	Fair Value 2014 €	Carrying Amount/ Fair Value 2013 €
Trade and other receivables	**59,358**	**59,358**	163,139
Cash and cash equivalents	**78,372**	**78,372**	71,864
Trade and other payables and financial liabilities	**1,887,963**	**1,887,963**	1,993,060

The following sets out the methods and assumptions used in estimating the fair value of financial assets and liabilities.

Trade and Other Receivables/Payables and Financial Liabilities

As both trade and other receivables and trade and other payables have a remaining life of less than one year, the carrying value is deemed to reflect fair value. The Company has received confirmation that payment of the shareholder loan will not be demanded for a period of 12 months from the date of approval of the financial statements. The directors consider that its carrying value reflects its fair value.

Cash and Cash Equivalents

As cash and cash equivalents have a remaining maturity of less than three months, the nominal amount is deemed to reflect the fair value.

Risk Management

The Company is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, liquidity risk and market risk (including interest rate risk).

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a policy of dealing only with credit worthy counterparties. The Company's exposure to credit risk relates to the carrying value of cash and cash equivalents and trade and other receivables which at 31 May 2014 amounted to €137,730 (2013: €235,003).

At 31 May 2014 and 31 May 2013 all trade and other receivables were not past due.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company's policy is to monitor cash flow and consider whether available cash resources are sufficient to meet its ongoing exploration programme.

The nature of the Company's activities can result in differences between actual and expected cash flows. This risk was managed by the directors during the year by way of raising sufficient finance so that the Company has sufficient resources to carry out its forthcoming work programme.

Market Risk – Interest Rate Risk

The Company's exposure to changes in interest rates relates primarily to the shareholder loan balance. If the interest rate rose by 1%, the Company's loss would increase by €5,546. A decrease in the interest rate would result in a corresponding decrease in the same amount.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board on 20 November 2014.