CONROY
GOLD AND NATURAL RESOURCES PLC

Annual Report and Consolidated Financial Statements 2018

Contents

Chairman's Statement

Professor Richard Conroy
Chairman

Dear Shareholder,

I have great pleasure in presenting your Company's Annual Report and Consolidated Financial Statements for the year ended 31 May 2018.

The year has been a very positive one, during which the Company has reported further excellent drilling results and an updated (JORC compliant) mineral resource of 517,000 ounces gold in the Clontibret gold deposit and, post period, an updated estimated Exploration Target* of 8.8m ounces gold for the combined Clontibret, Clay Lake and Glenish gold target areas.

* *[An Exploration Target is not, and must not be construed as a mineral resource. It is designed to provide guidance as to the mineral exploration potential of the defined area.]*

Business Development

Your Company's business development strategy of building on its exploration success and at the same time continuing to move forward with its planned gold mine at Clontibret in Co. Monaghan has resulted in a series of positive results during the year.

These included further excellent drilling results at Clontibret including the discovery of an extensive gold zone, an updated Joint Ore Reserves Committee ("JORC") compliant mineral resource of 517,000 ounces gold in the Clontibret deposit, with an increase in gold grade of 26% and, post period, an updated estimated Exploration Target of 8.8Moz gold for the combined Clontibret, Clay Lake and Glenish areas in Ireland.

The Clontibret, Clay Lake and Glenish gold targets are situated in the northeast of the Company's licences. Clay Lake is located 7km northeast of Clontibret and Glenish 7km southwest of Clontibret. The targets lie along the Orlock Bridge Fault, a major geological structure in a terrane known as the Longford – Down Massif.

Ireland is already well known as an international zinc province, indeed the Conroy management were involved in the discovery and development of the world class lead/zinc mine at Galmoy in Co. Kilkenny which led to the revival of the Irish base metals industry. Now the gold potential of Ireland, particularly in its northern half, is becoming increasingly recognised and, in this, your Company's gold discoveries have played a major role.

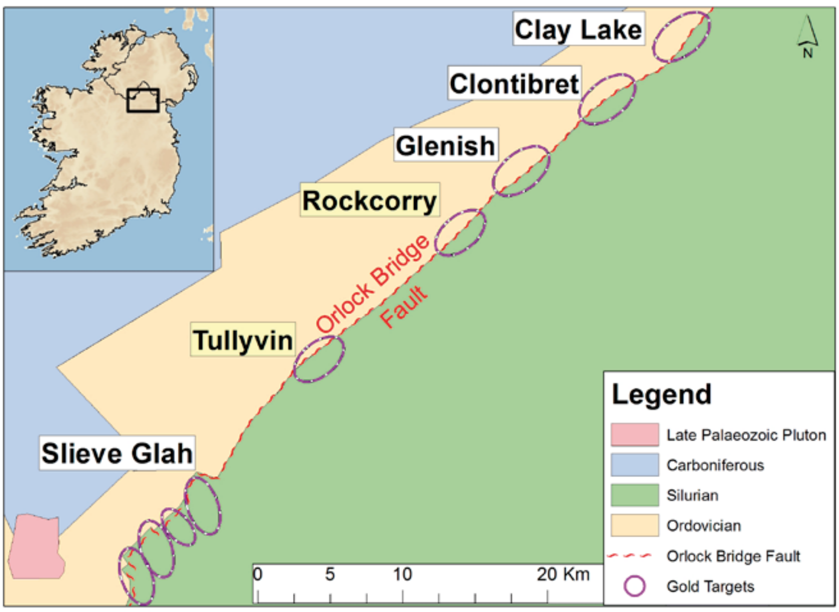
Exploration licences in Ireland give the holder the exclusive right to apply for a mining licence. Ireland is a stable, mining and business friendly jurisdiction which, in 2017, came first in the world for policy perception and fourth in the world for mining investment in the prestigious Fraser Index listings.

Your Company, building on its exploration success, looks forward to mining development on its extensive (700km^2) and 100% owned licences in Ireland.

2018 Drilling Programme

The recent drilling programme at Clontibret which commenced in February 2018 led to the discovery, in the first hole drilled, of additional extensive gold zones, with wide mineralised intersections reported and with grades of up to 24g/t gold. In view of the results the drill programme was increased from the original planned 1,000m to over 1,700m. Further excellent results were reported (see Table 1) including an extensive gold zone 30 metres to the south of a historic antimony mine in the area.

The drilling programme concentrated on the Tullybuck-Lisglassan area of Clontibret which measures less than 20 per cent of the overall 1.5km^2 target area at Clontibret or less than 5 per cent of the combined Clontibret, Clay Lake and Glenish target area.



Gold Targets along the Orlock Bridge Fault

Table 1. Examples of Gold Intersections in 2018 drilling programme

Hole Number	From (m)	To (m)	Length (m)	Gold (g/t)	g/m
CDG-18-01	50.0	55.0	5.0	6.1	30.5
CDG-18-04	50.0	53.9	3.9	9.2	35.9
CDG-18-07	185.0	189.0	4.0	7.4	29.6

Updated Mineral Resource Estimate For Clontibret

An updated mineral resource for the Clontibret gold deposit estimate was prepared by TetraTech Inc ("TetraTech"). The resource estimate was developed to JORC Standard and represented a detailed geological revision on the scoping study previously undertaken by Tetra Tech in 2011 (see Table 2).

The new resource estimate represents an increase in gold grade of 26% and an increase in contained ounces in the indicated category of 23%.

As part of the study additional opportunities to increase the size of the resource were identified. There is strong geological evidence to suggest that the gold lodes have a more extensive strike length than previously interpreted – up to a least 850m, and mineralisation remains open in all directions.

This cut-off grade was supported by using the following:

- A mining cost of US$1.88/t
- Processing costs of US$13.04/t
- G&A costs of US$1.0/t
- A strip ratio of 9.4:1
- Gold recovery: 84%

Your Company's licence area, including the Clontibret/Clay Lake/Glenish area, has excellent infrastructure. The N2 highway passes within 2km of the Clontibret-Clay Lake targets whilst the N54 passes across the top of the licences. Additionally, there are two 110kV power lines which traverse the Orlock Bridge Fault and a third 110kV line which runs parallel to all the prospects and is never further than 5km away. The area also has a skilled local workforce in local accommodation and long term employment is particularly important in regional areas.

Your Company, which is fully conscious of its social and environmental responsibilities, looks forward to developing on a sustainable basis, its first gold mine in the region.

Clontibret/Clay Lake – Glenish Gold Target Estimates Of Potential Contained Ounces Of Gold

The Company has updated its exploration target to include the Glenish gold target to the southwest of the Clontibret and Clay Lake gold targets. This updated Exploration Target, has been calculated by Professor Garth Earls using (1) a 5% drilling success estimate to reflect the drilling success rate to date in the area, (2) the level of geological data available, (3) the understanding of the gold mineralisation in the area and, (4) using 2 g/t Au, the Clontibret deposit JORC grade, as the preferred comparator of grade across all three gold-in-soil anomalies. The calculations are based on coherent gold-in-soil anomalies greater than 10ppb Au.

This results in an updated Exploration Target of 8.8 million ounces of gold to a depth of 200m, excluding the already defined 517,000 ounce JORC resource at Clontibret, within the north-eastern area of the Company's licences (see Table 3).

To put this Exploration Target into worldwide industry perspective, your Company's technical staff have drawn a gold trend comparison between the Orlock Bridge Fault zone and the Boulder-Lefroy gold zone in Australia which is 100km long and has produced in excess of 85Moz since its discovery

Resources

Table 2. Updated Clontibret JORC Compliant Resources (July 2017)

Classification	Zone	Cut-off g/t (Au)	Tonnes	Grade (g/tAu)	Ounces (Au)
Indicated	Lodes	1	4,460,000	2.1	301,000
	Stockwork	1	500,000	1.2	19,000
Indicated Total			4,960,000	2.0	320,000
Inferred	Lodes	1	2,980,000	2.0	193,000
	Stockwork	1	110,000	1.2	4,000
Inferred Total			3,090,000	2.0	197,000
Total			8,050,000	2.0	517,000

Chairman's Statement continued

Table 3. Conroy Gold Exploration Target for the Clontibret/Clay Lake and Glenish gold-in-soil anomalies in the Longford – Down Massif (excluding the 517,000 ounce Clontibret deposit). Au grade and potential contained ounce variations tabulated. 8.8 = preferred contained ounces estimates (millions).

Potential Grade in g/t Au									% Drilling success rate
1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00	
13.2	19.8	26.4	33.1	39.7	46.3	52.9	59.5	66.1	15
8.8	13.2	17.6	22.0	26.4	30.9	35.3	39.7	44.1	10
4.4	6.6	8.8	11.0	13.2	15.4	17.6	19.8	22.0	5
2.2	3.3	4.4	5.5	6.6	7.7	8.8	9.9	11.0	2.5

Contained Au (M Oz)

Clontibret – Clay Lake – Glenish Gold Target Estimates Of Potential Contained Ounces Gold

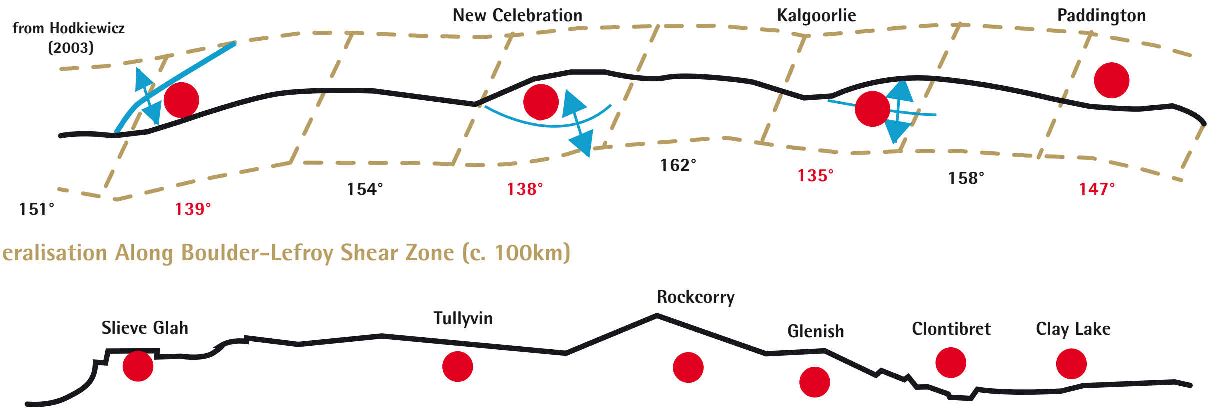
An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

The Exploration Target estimated in this report, is an assessment of actual exploration results that define the exploration potential of a mineral occurrence supported by drilling, trenching, geological mapping, structural interpretation, prospecting, sampling, analyses, and/or nearby geological analogies (e.g. the Clontibret deposit which has a JORC compliant resource). The potential quantity and grade of the Exploration Target are essentially conceptual in nature.

It must be noted that there are geological interpretations and assumptions made in these estimates and it is inappropriate to apply any economic parameters to the calculations. The estimates represent an Exploration Target as defined in the JORC guidelines and must not be construed as Resources or Reserves.

Gold Trend Comparison

Mineralisation Along Boulder-Lefroy Shear Zone (c. 100km)



OFFSETS ON SINISTRAL STRUCTURES AS MAJOR CONTROLS ON DEPOSITS IN BOTH AREAS

and still has many producing mines. New discoveries continue to be made despite the region being explored for many decades. There are structural similarities between the Boulder-Lefroy shear zone and the Orlock Bridge Fault zone in your Company's licence area. The major difference is that the Orlock Bridge Fault area has much less exploration to date and there are many known targets waiting to be drilled.

Further Exploration Potential

In addition to the Clontibret/Clay Lake and Glenish gold target areas there is further exploration potential on the Company's other licences along the Orlock Bridge Fault. These targets include Slieve Glah, a large and very promising target 40km to the south of Clontibret, where the Orlock Bridge Fault undergoes a marked strike-swing. Such strike-swings can act as focal points for mineralisation.

Other gold targets in the Longford – Down Massif include Rockcorry and Tullyvin which are large gold-in-soil anomalies along the Orlock Bridge Fault which remain to be tested. These targets lie in an area termed the central structural zone between Slieve Glah and Clontibret. Other gold-in-soil anomalies within the licence area along the Orlock Bridge Fault in the Longford – Down Massif also remain to be tested.

Geotechnical logging of Drill Core

Out in the field – Clontibret

Other Targets In Ireland And Finland

Exploration also continues for gold, zinc and other metals on the Company's other exploration properties in Ireland and also on your Company's Finnish exploration licences. Finland is highly prospective for gold and, at Kittila in Northern Finland, hosts Europe's largest gold mine.

Finance

The loss after taxation for the financial year ended 31 May 2018 was €745,485 (2017: €431,922) and the net assets as at 31 May 2018 were €17,874,350 (2017: €16,760,857). During the year, the Company raised £1,000,000 by way of a placing and subscription for ordinary shares in the Company. Warrants taken up by Managing Director, Ms Maureen Jones and I, raised a further €166,680 during the year.

During the year the Company cancelled the admission of its ordinary shares to trading on ESM. The Company's ordinary shares continue to be admitted to trading on AIM.

On 28 August 2018, the Company raised £500,000 (€556,545) through a placing of 3,636,365 ordinary shares of €0.001 in the capital of the Company ("the Placing Shares") at a price of €0.1375 sterling per Placing Share, being a premium of 20 per cent to the closing mid-market price on 24 August 2018.

Directors And Staff

I would like to express my deep appreciation of the support and dedication of all the directors, consultants and staff, which despite all the difficulties, has made possible the continued progress and success, which the Company has achieved. I would like to pay particular tribute to Dr Karl Keegan, who will not be going forward for re-election, for his excellent contribution to the Board.

Future Outlook

Your Company has continued to make excellent progress in its exploration and development programme. I look forward to this continuing on an accelerated basis as we target a multi-million ounce gold resource in Ireland and move towards mine development at Clontibret.

Richard Conroy

Professor Richard Conroy
Chairman

13 November 2018

Clontibret Gold Lode Outcrop

Company Information

Directors

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

Professor Garth Earls§
Non-Executive Director

Dr. Karl D. Keegan§
Non-Executive Director

Brendan McMorrow§
Non-Executive Director

§ *Member of the Audit Committee*

Company Registration Number

232059

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www.allenbycapital.com

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Statutory Audit Firm

Deloitte Ireland LLP
Chartered Accountants and
Statutory Audit Firm
Deloitte & Touche House,
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Limerick, V94 X63C, Ireland

Banker

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Registrars

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London Stock Exchange

AIM Market Symbol: CGNR

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

Brendan McMorrow
Non-Executive Director

Dr. Karl D. Keegan
Non-Executive Director

Professor Garth Earls
Non-Executive Director

Board of Directors

Professor Richard Conroy

Chairman of the Board of Directors

Professor Richard Conroy is responsible for leading the Board and ensuring it operates in an effective manner whilst promoting communication with Shareholders. He has over 40 years experience of founding and growing companies in the natural resources industry with a track record in making discoveries of global significance.

Experience

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

Professor Richard Conroy founded Conroy Petroleum and Natural Resources P.L.C. ("Conroy Petroleum"). Conroy Petroleum was involved in both onshore and offshore oil production and exploration and also in mineral exploration. Conroy Petroleum, in 1986, made the significant discovery of the Galmoy zinc deposits in County Kilkenny later developed as a major zinc mine. The discovery at Galmoy led to the revival of the Irish base metal industry and to Ireland becoming an international zinc province.

Conroy Petroleum was also a founding member of the Stoneboy consortium, which included Sumitomo Metal Mining Co. Ltd., an exploration Group which discovered the world class Pogo gold deposit in Alaska, now in production as a major gold mine.

Conroy Petroleum acquired Atlantic Resources P.L.C. in 1992 and subsequently changed its name to ARCON International Resources P.L.C. ("ARCON"). The oil and gas interests in ARCON were transferred to form Providence Resources P.L.C. ARCON was later acquired by Lundin Mining Corporation.

Professor Richard Conroy was Chairman and Chief Executive of Conroy Petroleum/ARCON from 1980 to 1994. He founded Conroy Gold and Natural Resources P.L.C. in 1995.

Professor Richard Conroy served in the Irish Parliament as a Member of the Senate. 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.

Professor Richard Conroy is Emeritus Professor of Physiology in the Royal College of Surgeons in Ireland. Professor Richard Conroy's research included pioneering work on jet lag, shift working and decision making in business after intercontinental flights. He co-authored the first text book on human circadian rhythms.

Maureen T.A. Jones

Managing Director

Maureen T.A. Jones oversees all of the Company's business and is responsible for formulating the Company's objectives and strategy. She is also the Company Secretary for the Company.

Experience

Maureen T.A. Jones has over twenty years' experience at senior level in the natural resource sector. She has been Managing Director of Conroy Gold and Natural Resources P.L.C. since 1998. Maureen T.A. Jones is also a Director of Karelian Diamond Resources P.L.C.

Maureen T.A. Jones joined Conroy Petroleum and Natural Resources P.L.C. on its foundation in 1980 and was a Director and member of the Board of Directors of Conroy Petroleum/ARCON from 1986 to 1994. Maureen T.A. Jones has a medical background and specialised in the radiographic aspects of nuclear medicine before becoming a manager of International Medical Corporation in 1977.

Professor Garth Earls

Non-executive Director

Professor Garth Earls provides technical advice and guidance to the Company in relation to the exploration and resource development matters.

Experience

Professor Garth Earls is Consulting Economic Geologist and Professor in the Department of Geology, University College Cork. He has been a Board of Directors Member and Managing Director of both AIM and TSX listed companies and has worked globally on a wide range of gold and base metal projects. In the 1980s he was part of the team that discovered the Curraghinalt gold deposit in Co. Tyrone. Professor Garth Earls is a former Director of the Geological Survey of Northern Ireland and former Chairman of the Geosciences Committee of the Royal Irish Academy.

Dr. Karl Keegan

Non-executive Director

Dr. Karl Keegan was appointed to the Board on 28 August 2017. He applies his extensive capital markets experience to the affairs of the Company. He retires from the Board of Directors by rotation and is not seeking re-election at the forthcoming Annual General Meeting of the Company.

Board of Directors continued

Experience

Dr. Karl Keegan has over 20 years' experience in international finance and corporate management. Dr. Karl Keegan has worked for a number of investment banks including Dresdner Kleinwort Benson, UBS and Bank of America and was on the Global Executive Team and Board Director of Canaccord and Chief Financial Officer ("CFO") of Minster Pharmaceuticals P.L.C. Dr. Karl Keegan is CEO of the private biotechnology company, HOX Therapeutics Ltd. Dr. Karl Keegan has a BSc from University College Dublin, MPhil and PhD degrees from the University of Cambridge and a MSc in Finance from London Business School.

Brendan McMorrow

Non-executive Director

Brendan McMorrow was appointed to the Board on 28 August 2017. He brings a broad range of knowledge gained through holding senior financial roles in a variety of listed public companies in the natural resources sector.

Experience

Brendan McMorrow has over 25 years' experience in a number of public companies in the oil and gas and base metals mining sectors listed in London, Toronto and Dublin where he held senior executive finance roles. He is currently Finance Director of Dunraven Resources P.L.C., an oil and gas exploration and development company. Prior to that he was Chief Financial Officer of Circle Oil P.L.C. from 2005 to 2015, an AIM listed oil and gas exploration, development and production company, with operations in North Africa and the Middle East. He is a Fellow of the Chartered Association of Certified Accountants.

Directors' Report

The Board of Directors submit their annual report together with the audited financial statements of Conroy Gold and Natural Resources P.L.C. (the "Company") and its subsidiaries ("Conroy Gold", or the "Group") for the financial year ended 31 May 2018.

Principal activities, business review and future developments

Information with respect to the Group's principal activities and the review of the business and future developments as required by Section 327 of the Companies Act 2014 is contained in the Chairman's statement on pages 2 to 5. The Company is a mineral exploration and development company whose objective is to discover and develop world class ore bodies in order to create value for its shareholders. The Company's strategy is to explore in politically stable and geographically attractive countries such as Ireland and Finland.

The challenges facing the Company in achieving this strategy are world commodity prices and general economic activity, ensuring compliance with governmental and environmental legislation and meeting work commitments under exploration permits and licences sufficient to maintain the Company's interest therein. To accomplish its strategy and manage the challenges involved, the Company employs experienced individuals with a track record of success of discovering world class ore bodies together with suitably qualified technical personnel and consultants, experienced drilling and geophysical and other contractors and uses accredited international laboratories and technology to interpret and assay technical results. Additionally, the Company ensures as far as possible to obtain adequate working capital to carry out its work obligations and commitments.

By co-ordinating all of the above this should result in a satisfactory return and value for shareholders.

Results for the year and state of affairs at 31 May 2018

The consolidated income statement for the financial year ended 31 May 2018 and the consolidated statement of financial position at that date are set out on pages 22 and 24. The loss for the financial year amounted to €745,485 (2017: €431,922) and net assets at 31 May 2018 were €17,874,350 (2017: €16,760,867). No interim or final dividends or transfers have been or are recommended by the Board of Directors.

Important events since the year end

On 28 August 2018, the Company raised £500,000 (€556,545), through a placing of 3,636,365 ordinary shares of €0.001 in the capital of the Company (the "Placing Shares") at a price of £0.1375 sterling per Placing Share, being a premium of 20 percent to the closing mid-market price on 24 August 2018.

Directors

Dr. Karl Keegan retires from the Board of Directors by rotation and is not seeking re-election at the forthcoming Annual General Meeting of the Company. Professors Garth Earls retires from the Board of Directors by rotation and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting of the Company.

Except as disclosed in the tables overleaf, neither the Directors nor their families had any beneficial interest in the share capital of the Company. Apart from Directors remuneration (detailed in Note 2), loans from Directors (detailed in Note 13) and professional services provided by Professor Garth Earls (detailed in Note 16 (g)), there have been no contracts or arrangements entered into during the financial year ended 31 May 2018 in which a Director of the Company had a material interest.

Company Secretary

Maureen T.A. Jones was appointed as Company Secretary on 18 December 2017. James P. Jones resigned as Company Secretary at that date.

Directors' Report continued

Directors' shareholdings and other interests

The interests of the Directors and their spouses and minor children in the share capital of the Company, were as follows:

Director	Date of signing financial statements	Date of signing financial statements	31 May 2018	31 May 2018	1 June 2017 (or date of appointment if later)	1 June 2017 (or date of appointment if later)
	Ordinary Shares of €0.001 each	Warrants	Ordinary Shares of €0.001 each	Warrants	Ordinary Shares of €0.001 each	Warrants
Professor Richard Conroy	**2,795,521***	**349,347**	**2,795,521***	**1,165,563**	**2,430,657***	**1,430,428**
Professor Garth Earls	–	–	–	–	–	–
Dr. Karl Keegan	–	–	–	–	–	–
Brendan McMorrow	–	–	–	–	–	–
Maureen T.A. Jones	**329,239**	**225,069**	**329,239**	**225,069**	**194,104**	**360,204**

** Of the 2,795,521 (2017: 2,430,657) ordinary shares beneficially held by Professor Richard Conroy, 192,942 (2017: 192,942) are held by Conroy P.L.C., a company in which Professor Richard Conroy has a controlling interest.*

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

Director	Date of signing financial statements	Date of signing financial statements	31 May 2018	31 May 2018	1 June 2017	1 June 2017	Expiry Date
	Warrants	Price €	Warrants	Price €	Warrants	Price €	
Professor Richard Conroy	–	–	**816,216**	**0.42**	1,081,081	0.42	10 November 2018
Professor Richard Conroy	**228,149**	**3.70**	**228,149**	**3.70**	228,149	3.70	15 November 2020
Professor Richard Conroy	**121,198**	**4.33**	**121,198**	**4.33**	121,198	4.33	16 November 2022
Maureen T.A. Jones	–	–	–	–	135,135	0.42	10 November 2018
Maureen T.A. Jones	**138,398**	**3.70**	**138,398**	**3.70**	138,398	3.70	15 November 2020
Maureen T.A. Jones	**86,671**	**4.33**	**86,671**	**4.33**	86,671	4.33	16 November 2022

Substantial shareholdings

So far as the Board of Directors are aware, no person or company, other than the shareholders listed below, held 3% or more of the issued ordinary share capital of the Company.

Shareholder	Date of signing financial statements	Date of signing financial statements	31 May 2018	31 May 2018	31 May 2017	31 May 2017
	Ordinary Shares of €0.001 each	%	Ordinary Shares of €0.001 each	%	Ordinary Shares of €0.001 each	%
Mr. Patrick O'Sullivan	**3,000,000**	**12.66**	**3,000,000**	**14.96**	3,000,000	27.24
Professor Richard Conroy	**2,795,521***	**11.80**	**2,795,521***	**13.94**	2,430,657*	22.07
Mr. Philip Hannigan	**1,761,576**	**7.43**	**401,962**	**2.00**	N/a	N/a
Mr. Paul Johnson	**1,210,973**	**5.11**	**1,210,973**	**6.04**	N/a	N/a

* *Of the 2,795,521 (2017: 2,430,657) ordinary shares beneficially held by Professor Richard Conroy, 192,942 (2017: 192,942) are held by Conroy P.L.C., a company in which Professor Richard Conroy has a controlling interest.*

Compliance policy statement of Conroy Gold and Natural Resources P.L.C.

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section ('relevant obligations'). The Directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies that in their opinion are appropriate with regard to compliance with relevant obligations;
- appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- a review has been conducted, during the financial year, of those arrangements and structures.
- It is the policy of the Group to review during the course of each financial year the arrangements and structures referred to above which have been implemented with a view to determining if they provide a reasonable assurance of compliance in all material respects with relevant obligations.

Statement of Directors' responsibilities in respect of the annual report and the consolidated financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations. Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and applicable law and the Company financial statements in accordance with Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS101"), issued by the Financial Reporting Council in the UK and promulgated by the Institute of Chartered Accountants in Ireland.

Under company law, the Directors must not approve the Consolidated and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that financial year and otherwise comply with the Companies Act 2014. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group and Company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reason for any material departure from these standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Directors' Report continued

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Group and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Group and the Company incurred a loss of €745,485 (2017: €431,922) for the financial year ended 31 May 2018 and had net current liabilities of €2,953,825 and €2,607,867 respectively (2017: €2,636,066 and €2,354,768 respectively) at that date.

The Directors namely Professor Richard Conroy, Maureen T.A. Jones, Professor Garth Earls, Dr. Karl Keegan and Brendan McMorrow, and former Directors, namely James P. Jones, Séamus P. FitzPatrick, C. David Wathen, Louis J. Maguire, Dr. Sorċa Conroy and Michael E. Power, have confirmed that they will not seek repayment of amounts owed to them by the Group and the Company of €2,579,153 (2017: €2,161,780) for a minimum period of 12 months from the date of approval of the financial statements, unless the Group has sufficient funds to repay.

In addition, Karelian Diamond Resources P.L.C. has confirmed that it does not intend to seek repayment of amounts owed to it at 31 May 2018 by the Group and the Company of €113,138 (2017: €273,800) for a minimum period of 12 months from the date of approval of the financial statements, unless the Group has sufficient funds to repay.

The Board of Directors have considered carefully the financial position of the Group and the Company and in that context, have prepared and reviewed cash flow forecasts for the period to 31 October 2019. As set out in the Chairman's statement, the Group and the Company expects to incur material levels of capital expenditure in 2018 and 2019, consistent with its strategy as an exploration company. In reviewing the proposed work programme for exploration and evaluation assets and on the basis of the funds received after the financial year end, the results obtained from the exploration programme and the prospects for raising additional funds as required, the Board of Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Corporate governance

In July 2018, the Financial Reporting Council released the 2018 UK Corporate Governance Code and the Guidance on Board Effectiveness. The new Code emphasises the importance of demonstrating, through reporting, how the governance of a company contributes to its long-term sustainable success and achieves wider objectives. The Company agrees that good governance contributes to sustainable success and recognise the renewed emphasis on business building trust by forging strong relationships with key stakeholders. The Company understands the importance of a corporate culture that is aligned with the Company's purpose and business strategy, and which promotes integrity and includes diversity. The Company conducts its business with integrity, honesty and fairness and requires its partners, contractors and suppliers to meet similar ethical standards. It is an objective of the Company that all individuals are aware of their responsibilities in applying and maintaining these standards in all their actions. The Board ensures that support is available in the form of staff training and updating its employee handbook such that staff members understand what is expected of them.

The Company's Corporate Governance Code is available on the Company's website www.conroygold.com

The Company is well placed to comply with the new Code. The Company has a long-standing practice of enabling the Board and committees to receive a broad range of stakeholder information and views. The Company is reviewing the new Code to ensure the governance framework remains aligned with best practice.

Board of Directors

The Board of Directors is made up of two executive and three non-executive Directors. Biographies of each of the Directors are set out on pages 7 and 8.

The Board of Directors agree a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. Meetings are usually held at the head office in 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland. Board of Directors meetings were held on 25 occasions from 1 June 2017 to 31 May 2018 and attendance is set out in the table below. An agenda and supporting documentation was circulated in advance of each meeting.

	Board
Meetings held during the year	25
Professor Richard Conroy	**25/25**
Maureen T.A. Jones	**25/25**
Professor Garth Earls	**25/25**
Brendan McMorrow*	**21/21**
Dr. Karl Keegan*	**21/21**
James P. Jones**	**2/2**
Seamus P. FitzPatrick**	**2/2**
Dr. Sorca Conroy**	**2/2**
Michael E. Power**	**2/2**
C. David Wathen**	**2/2**
Louis J. Maguire**	**2/2**

* *These Directors were appointed on 28th August 2017*

** *These Directors were removed on 4th August 2017*

There is an agreed list of matters which the Board of Directors has formally reserved to itself for decision, such as approval of the Group's commercial strategy, trading and capital budgets, financial statements, Board of Directors membership, major capital expenditure and risk management policies. Responsibility for certain matters is delegated to Board of Directors committees. Executive Directors spend as much time on Group matters as is necessary for the proper performance of their duties. Non-executive Directors are expected to spend a minimum of one day a month on Group activities in addition to preparation for and attendance at Board and sub-committee meetings.

There is an agreed procedure for Directors to take independent legal advice. This was not required during the financial year. The Company Secretary is responsible for ensuring that Board of Directors procedures are followed, and all Directors have direct access to the Company Secretary.

All Directors receive regular reports and full Board of Directors papers are sent to each Director in sufficient time before Board of Directors meetings, and any further supporting papers and information are readily available to all Directors on request. The Board of Directors papers include the minutes of all committees of the Board of Directors which have been held since the previous Board of Directors meeting, and, the chairman of each committee is available to give a report on the committee's proceedings at Board of Directors meetings if appropriate.

The Board of Directors has a process whereby each year every Director will meet the Chairman to review the conduct of Board of Directors meetings and the general corporate governance of the Group. The non-executive Directors (other than Professor Garth Earls) are regarded as independent and have no material interest or other relationship with the Group.

The Board, having fully considered the corporate needs of the Group is satisfied that it has an appropriate balance of experience and skills to carry out its duties. The Chairman of the Company oversees this process and reviews the Board composition to ensure it has the necessary experience, skills and capabilities.

The current Non-Executive directors have a wide range of financial and technical skills based on both qualifications and experience including significant fundraisings, financial management, technical expertise and the discovery and bringing into production of operating mines. Each board member keeps their skills up to date through a combination of courses, continuing professional development through professional bodies and reading.

The Company Secretary provides Directors with updates on key developments relating to the Company, the sector in which the Company operates, legal and governance matters including advice from the Company's broker, lawyers and advisors.

Board performance

The Board through its Chairman will in the coming year evaluate its ongoing performance based on the requirements of the business and corporate governance standards.

It is envisaged that the review process will include the use of internal reviews and periodic external facilitation. The results of such reviews will be used to determine whether any alterations are needed at either a board or senior management level or whether any additional training would be beneficial. It is intended that with effect from the end of the next financial year, these evaluations shall be undertaken annually, after the end of each financial year but prior to the publication of the respective annual report and accounts.

Director's performance will be measured by way of such matters as:

- Commitment
- Independence
- Relevant experience
- Impartiality
- Specialist knowledge
- Effectiveness on the Board

As set out in the Constitution of the Company, each year, one third of the Directors with the exception of the Chairman and the Managing Director, retire from the Board of Directors by rotation. Effectively, therefore, each such Director will retire by rotation within a three year period.

Directors' Report continued

Ethical values and behaviours

The Board of Directors is committed to high standards of corporate governance and integrity in all its activities and operations and promotes a culture of good ethical values and behaviour. The Group conducts its business with integrity, honesty and fairness and requires its partners, contractors and suppliers to meet similar ethical standards. Individual staff members must ensure that they apply and maintain these standards in all their actions.

The Chairman of the Board of Directors regularly monitors and reviews the Group's ethical standards and cultural environment and where necessary takes appropriate action to ensure proper standards are maintained. The Group is fully committed to complying with all relevant health, safety and environment rules and regulations as these apply to its operations. It is an objective of the Group that all individuals are aware of their responsibilities in providing a safe and secure working environment.

Formal procedures in relation to board performance will be introduced during the current financial year.

Board Committees

The Board of Directors has implemented an effective committee structure to assist in the discharge of its responsibilities. Membership of the Audit Committee, constituted in accordance with section 167 of the Companies Act 2014, is comprised exclusively of non-executive Directors. The Company is currently reconstituting the Executive Committee and the Remuneration Committee. It is intended that the Remuneration Committee will be established in accordance with the QCA Remuneration Committee Guide for Small and Mid-Size Quoted Companies before the publication of next year's annual report and accounts, and following the completion of the Board evaluation process outlined earlier.

Remuneration Committee

In the absence of a Remuneration Committee during the year, the Board as a whole took on the functions of the Remuneration Committee. As such, the Board monitors the performance of each of the Company's executive Directors and senior executives to ensure they are rewarded fairly for their contribution to the Group. It also sets the remuneration and terms and conditions of appointment for the non-executive Directors. In determining remuneration levels, the Board takes into consideration the practices of other companies of similar scope and size to ensure that senior executives and Board members are properly rewarded and motivated to perform in the best interests of the shareholders.

Audit Committee

The Audit Committee's terms of reference have been approved by the Board of Directors. The Audit Committee, constituted in accordance with section 167 of the Companies Act 2014, comprises the three non-executive Directors and is chaired by Brendan McMorrow. Attendance at the Audit Committee meetings is set out below:

	Audit Committee
Meetings held during the year	3
Brendan McMorrow	3/3
Professor Garth Earls	3/3
Dr. Karl Keegan	3/3

The Audit Committee reviews the accounting principles, policies and practices adopted, and areas of management judgement and estimation in the preparation of the interim and annual financial statements and discusses with the Group's Auditors the results and scope of the audit. The external auditors have the opportunity to meet with the members of the Audit Committee alone at least once a year.

The Audit Committee advises the Board of Directors on the appointment of external auditors and on their remuneration and discusses the nature and scope of the audit with the external auditors. An analysis of the fees payable to the external audit firm in respect of audit services during the financial year is set out in Note 3 to these consolidated financial statements.

The Audit Committee also undertakes a review of any non-audit services provided to the Group; and a discussion with the auditors of all relationships with the Group and any other parties that could affect independence or the perception of independence.

The Audit Committee is responsible for monitoring the controls which are in force to ensure the information reported to the shareholders is accurate and complete. The Audit Committee considers internal control issues and contributes to the Board of Director's review of the effectiveness of the Group's internal control and risk management systems. It also considers the need for an internal audit function, which it believes is not primarily required at present because of the size of the Group's operations. The members of the Audit 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 Group.

Internal control

The Directors have overall responsibility for the Group's system of internal control to safeguard shareholders' investments and the Group assets. They operate a system of financial controls which enable the Board of Directors to meet its responsibilities for the integrity and accuracy of the Group's accounting records. Among the processes applied in reviewing the effectiveness of the system of internal controls are the following:

- The Board of Directors establishes risk policies as appropriate, for implementation by executive management;
- All commitments for expenditure and payments are subject to approval by personnel designated by the Board of Directors; and
- Regular management meetings take place to review financial and operational activities.

The Board of Directors has considered the requirement for an internal audit function. Based on the scale of the Group's operations and close involvement of the Board of Directors, the Directors have concluded that an internal audit function is not currently required.

Risks and uncertainties

The Group is subject to a number of potential risks and uncertainties, which could have a material impact on the long-term performance of the Group and could cause actual results to differ materially from expectation. The management of risk is the collective responsibility of the Board of Directors.

An ongoing process for identifying, evaluating and managing or mitigating the principal risks faced by the Group has been in place throughout the financial year and has remained in place up to the approval date of the report and accounts. The Board intends to keep its risk control procedures under constant review, particularly with regard to the need to embed internal control and risk management procedures further into the operations of the business and to deal with areas of improvement which come to management's and the Board's attention.

As might be expected in a group of this size, a key control procedure is the day-to-day supervision of the business by the Executive Directors, supported by the senior managers with responsibility for key operations. The Board has considered the impact of the values and culture of the Group and ensures that, through staff communication and training, the Board's expectations and attitude to risk and internal control are embedded in the business. The Board of Directors consider the following risks to be the principal risks affecting the business.

General industry risk

The Group's business may be affected by the general risks associated with all companies in the gold exploration industry. These risks (the list of which is not exhaustive) include: general economic activity, the world gold prices, government and environmental regulations, permits and licenses, fluctuating metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities. As such there is no guarantee that future market conditions will permit the raising of the necessary funds by way of issue of new equity, debt financing or farming out of interests. To mitigate this risk, the Board regularly reviews Group cash flow projections and considers different sources of funds.

Environmental risk

Environmental and safety legislation may change in a manner that may require stricter or additional standards than those now in effect. These could result in heightened responsibilities for the Group and could cause additional expense, capital expenditures, restrictions and delays in the activities of the Group, the extent of which cannot be predicted. The Group employs staff experienced in the requirements of the relevant environmental authorities and seeks through their experience to mitigate the risk of non-compliance with accepted best practice.

Exploration Risk

All drilling to establish productive gold reserves is inherently speculative and, therefore, a considerable amount of professional judgement is involved in the selection of any prospect for drilling. In addition, in the event drilling successfully encounters gold, unforeseeable operating problems may arise which render it uneconomic to exploit such finds. Estimates of potential resources include substantial proportions which are undeveloped. These resources require further capital expenditure in order to bring them into production. No guarantee can be given as to the success of drilling programmes in which the Group has an interest. The Group employs highly competent experienced staff and uses a range of techniques to minimise risk prior to drilling and utilises independent experts to assess the results of exploration activity.

Directors' Report continued

Financial Risk

Refer to Note 18 in relation to the use of financial instruments by the Group, the financial risk management objectives of the Group and the Group's exposure to interest rate risk, foreign currency risk, liquidity risk and credit risk. Management is authorised to achieve best available rates in respect of each forecast currency requirement.

Communication with shareholders

The Group gives high priority to communication with both shareholders and all other stakeholder groups. This is achieved through publications such as the annual and interim report, news releases and the Company's website www.conroygold.com, which is regularly updated.

The Company encourages shareholders to attend the Annual General Meeting (AGM) to meet, exchange views and discuss the progress of the Group. The Directors are available after the conclusion of the formal business of the AGM to meet, listen to shareholders and discuss any relevant matters arising.

Political donations

There were no political donations during the financial year (2017: €nil).

Accounting records

The Board of Directors are responsible for ensuring adequate accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, are kept by the Company. The Board of Directors, through the use of appropriate procedures and systems and the employment of competent persons have ensured that measures are in place to secure compliance with these requirements.

The accounting records are maintained at the Company's business address, 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland.

Disclosure of information to auditors

So far as each of the Directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- The Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors

Deloitte Ireland LLP will continue in office in accordance with Section 383 (2) of the Companies Act 2014. Shareholders will be asked to authorise the Directors to fix their remuneration.

On behalf of the Directors:

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

Independent Auditors' Report

A report on the audit of the financial statements

Opinion on the financial statements of Conroy Gold and Natural Resources Plc (the 'company')

In our opinion the group and parent company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and parent company as at 31 May 2018 and of the loss of the group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

the group financial statements:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Statement of Cash Flows; and
- the related notes 1 to 20, including a summary of significant accounting policies as set out in note 1.

the parent company financial statements:

- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity;
- the Company Statement of Cash Flows; and
- the related notes 1 to 20, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to Note 1 in the financial statements, which indicates that the Group and Parent Company incurred a net loss of €745,485 during the year ended 31 May 2018 and, as of that date, the Group and Parent Company had net current liabilities of €2,953,825 and €2,607,867 respectively.

In response to this, we:

- Obtained an understanding of the group's and company's controls over the preparation of cash flow forecasts and approval of the projections and assumptions used in cash flow forecasts to support the going concern assumption and assessed the design and implementation of these controls;
- We evaluated management's plans and their feasibility by testing the key assumptions used in the cash flow forecast provided by agreeing the inputs to historical run rates, expenditure commitments and other supporting documentation;

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: ▪ Going concern (see material uncertainty related to going concern section) ▪ Realisation of exploration and evaluation assets – Group and Parent Company ▪ Within this report, any new key audit matters are identified with ⓐ and any key audit matters which are the same as the prior year identified with ⓑ.
Materiality	The materiality that we used in the current year was €514,000 which was determined on the basis of a percentage of Net Assets.
Scoping	We identified one significant component, which was the parent company, Conroy Gold and Natural Resources Plc.
Significant changes in our approach	There were no significant changes in our approach.

Independent Auditors' Report continued

- Inspected confirmations received by the Group and Parent Company from the Directors and former Directors that they will not seek repayment of amounts owed to them by the Group and Parent Company within 12 months of the date of approval of the financial statements, unless the Group and/or Parent Company has sufficient funds to repay;
- Inspected the confirmation received from Karelian Diamond Resources Plc that it does not intend to seek repayment of owed by the Group and Parent Company within 12 months of the date of approval of the financial statements, unless the Group and/or Parent Company has sufficient funds to repay;
- Tested the clerical accuracy of the cash flow forecast model;
- Assessed the adequacy of the disclosures made in the financial statements.

As stated in Note 1, these events or conditions along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Realisation of Intangible Assets and Recoverability of Amounts Owed by Group Companies

Key audit matter description

At 31 May 2018, the carrying value of Exploration and Evaluation Assets included in Intangible Assets in the Consolidated Statement of Financial Position and Company Statement of Financial Position amounted to €21,000,286 and €20,654,326 respectively. At 31 May 2018, the carrying value of amounts owed by group companies in the Company Statement of Financial Position amounted to €345,958.

We draw your attention to the disclosures made in Note 1, 8 and 10 to the financial statements concerning the realisation of intangible assets held and recoverability of amounts owed by group companies. The realisation of intangible assets by the group and company and the amounts owed by group companies to the company, is dependent on the further successful 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 in the Consolidated Statement of Financial Position and Company Statement of Financial Position was assessed as a significant risk.

How the scope of our audit responded to the key audit matter

We performed the following procedures:

- We have evaluated management's procedures for assessing indicators of impairment of intangible assets;
- We inspected documentation in respect of licences held and considered and challenged the directors' assessment of indicators of impairment in relation to exploration and evaluation assets;
- We performed a review of Board of Directors Meeting Minutes and press releases issued by the Group in relation to the status of exploration and evaluation assets;
- We performed a review of budgeted expenditure for the next 12 months; and
- We also considered the adequacy of the disclosure in the financial statements.

Key observations

A material uncertainty exists in relation to the ability of the Group and Company to realise the exploration and evaluation assets capitalised to intangible assets and in relation to the ability of the Company to realise amounts owed by group companies.

As noted above, we draw your attention to the disclosures made in Note 1, 8 and 10 to the financial statements concerning the realisation of intangible assets and recoverability of amounts owed by group companies. The realisation of intangible assets by the group and company and the amounts owed by group companies to the company, is dependent on the further successful 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. Our opinion is not modified in respect of this matter.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

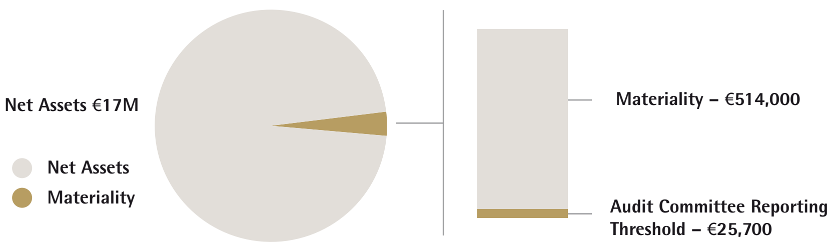
We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group and parent company to be €514,000 which is approximately 3% of Net Assets. We have considered Net Assets to be the critical component for determining materiality as we determined the net asset position to be of most importance to the principal external users of the financial statements. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of mistatetements, complexity of the group and parent company and reliabity of control environment.

We agreed with the Audit Committee that we would report to them any audit differences in excess of €25,700, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in one significant component, which was the Parent Company. This component was subject to a full scope audit and accounts for 100% of the Group's net assets. The remaining non-significant components were subject to specified audit procedures where the extent of our testing was based on our asssessment of the risks of material misstatement to the Group Financial Statements.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report continued

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the (consolidated) financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited.

- The parent company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 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 Ireland LLP
Chartered Accountants and
Statutory Audit Firm
Deloitte & Touche House,
Charlotte Quay
Limerick

13 November 2018

Conroy Gold and Natural Resources P.L.C.

Consolidated income statement
for the financial year ended 31 May 2018

	Note	**2018** **€**	2017 €
Continuing operations			
Operating expenses	*2*	**(745,498)**	(431,922)
Finance income – interest		**13**	-
Loss before taxation	*3*	**(745,485)**	(431,922)
Income tax expenses	*5*	**-**	-
Loss for the financial year		**(745,485)**	(431,922)
Loss per share			
Basic loss per share	*6*	**(€0.0485)**	(€0.0392)
Diluted loss per share	*6*	**(€0.0396)**	(€0.0392)

The total loss for the financial year is entirely attributable to equity holders of the Company.

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

The accompanying notes form an integral part of these audited consolidated financial statements.

Conroy Gold and Natural Resources P.L.C.

Consolidated statement of comprehensive income
for the financial year ended 31 May 2018

	2018	2017
	€	€
Loss for the financial year	**(745,485)**	(431,922)
Income/expense recognised in other comprehensive income	**-**	-
Total comprehensive income for the financial year	**(745,485)**	(431,922)

The total comprehensive income for the financial year is entirely attributable to equity holders of the Company.

The accompanying notes form an integral part of these audited consolidated financial statements.

Conroy Gold and Natural Resources P.L.C.

Consolidated statement of financial position
as at 31 May 2018

	Note	31 May 2018 €	31 May 2017 €
Assets			
Non-current assets			
Intangible assets	*8*	**21,000,286**	19,659,104
Property, plant and equipment	*9*	**13,232**	15,116
Total non-current assets		**21,013,518**	19,674,220
Current assets			
Cash and cash equivalents	*11*	**233,161**	19,704
Other receivables	*10*	**72,298**	98,980
Total current assets		**305,459**	118,684
Total assets		**21,318,977**	19,792,904
Equity			
Capital and reserves			
Called up share capital	*14*	**20,057**	11,014
Called up deferred share capital	*14*	**10,504,431**	10,504,431
Share premium	*14*	**12,174,285**	10,649,252
Capital conversion reserve fund	*14*	**30,617**	30,617
Share-based payments reserve	*17*	**995,489**	1,542,961
Retained deficit		**(5,850,529)**	(5,977,408)
Total equity		**17,874,350**	16,760,867
Liabilities			
Non-current liabilities			
Directors' loans	*13*	**185,343**	277,287
Total non-current liabilities		**185,343**	277,287
Current liabilities			
Trade and other payables	*12*	**3,259,284**	2,754,750
Total current liabilities		**3,259,284**	2,754,750
Total liabilities		**3,444,627**	3,032,037
Total equity and liabilities		**21,318,977**	19,792,904

The financial statements were approved by the Board of Directors on 13 November 2018 and authorised for issue on 13 November 2018. They are signed on its behalf by:

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

The accompanying notes form an integral part of these audited consolidated financial statements.

Conroy Gold and Natural Resources P.L.C.

Company statement of financial position
as at 31 May 2018

	Note	31 May 2018 €	31 May 2017 €
Assets			
Non-current assets			
Intangible assets	*8*	**20,654,326**	19,377,804
Investment in subsidiary	*7*	**2**	2
Property, plant and equipment	*9*	**13,232**	15,116
Total non-current assets		**20,667,560**	19,392,922
Current assets			
Cash and cash equivalents	*11*	**233,161**	19,704
Other receivables	*10*	**418,256**	380,278
Total current assets		**651,417**	399,982
Total assets		**21,318,977**	19,792,904
Equity			
Capital and reserves			
Called up share capital	*14*	**20,057**	11,014
Called up deferred share capital	*14*	**10,504,431**	10,504,431
Share premium	*14*	**12,174,285**	10,649,252
Capital conversion reserve fund	*14*	**30,617**	30,617
Share-based payments reserve	*17*	**995,489**	1,542,961
Retained deficit		**(5,850,529)**	(5,977,408)
Total equity		**17,874,350**	16,760,867
Liabilities			
Non-current liabilities			
Directors' loans	*13*	**185,343**	277,287
Total non-current liabilities		**185,343**	277,287
Current liabilities			
Trade and other payables	*12*	**3,259,284**	2,754,750
Total current liabilities		**3,259,284**	2,754,750
Total liabilities		**3,444,627**	3,032,037
Total equity and liabilities		**21,318,977**	19,792,904

The loss for the financial year was €745,485 (2017: €431,922).

The financial statements were approved by the Board of Directors on 13 November 2018 and authorised for issue on 13 November 2018. They are signed on its behalf by:

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

The accompanying notes form an integral part of these audited consolidated financial statements.

Conroy Gold and Natural Resources P.L.C.

Consolidated statement of cash flows
for the financial year ended 31 May 2018

	2018 €	2017 €
Cash flows from operating activities		
Loss for the financial year	**(745,485)**	(431,922)
Adjustments for:		
Depreciation	**1,884**	3,779
Expense recognised in consolidated income statement in respect of equity settled share-based payments	**74,621**	15,346
Increase in payables	**665,196**	460,066
Decrease/(increase) in receivables	**26,682**	(60,646)
Net cash provided/(outflow) by operating activities	**22,898**	(13,377)
Cash flows from investing activities		
Expenditure on intangible assets	**(1,042,705)**	(898,917)
Purchase of property, plant and equipment	**-**	(2,745)
Cash used in investing activities	**(1,042,705)**	(901,662)
Cash flows from financing activities		
Issue of share capital	**1,534,076**	-
Share issue costs	**(48,206)**	-
(Payments to)/advances from Karelian Diamond Resources P.L.C.	**(160,662)**	105,035
(Repayments of)/ advances from Directors'	**(91,944)**	142,000
Net cash provided by financing activities	**1,233,264**	247,035
Increase/(decrease) in cash and cash equivalents	**213,457**	(668,004)
Cash and cash equivalents at beginning of financial year	**19,704**	687,708
Cash and cash equivalents at end of financial year	**233,161**	19,704

The accompanying notes form an integral part of these audited consolidated financial statements.

Conroy Gold and Natural Resources P.L.C.

Company statement of cash flows
for the financial year ended 31 May 2018

	2018 €	2017 €
Cash flows from operating activities		
Loss for the financial year	**(745,485)**	(431,922)
Adjustments for:		
Depreciation	**1,884**	3,779
Expense recognised in consolidated income statement in respect of equity settled share-based payments	**74,621**	15,346
Increase in payables	**665,196**	460,066
Increase in receivables	**(37,978)**	(60,746)
Net cash outflow from operating activities	**(41,762)**	(13,477)
Cash flows from investing activities		
Expenditure on intangible assets	**(978,045)**	(898,817)
Purchase of property, plant and equipment	**-**	(2,745)
Cash used in investing activities	**(978,045)**	(901,562)
Cash flows from financing activities		
Issue of share capital	**1,534,076**	-
Share issue costs	**(48,206)**	-
(Payments to)/advances from Karelian Diamond Resources P.L.C.	**(160,662)**	105,035
(Repayments of)/ advances from Directors'	**(91,944)**	142,000
Net cash provided by financing activities	**1,233,264**	247,035
Increase/(decrease) in cash and cash equivalents	**213,457**	(668,004)
Cash and cash equivalents at beginning of financial year	**19,704**	687,708
Cash and cash equivalents at end of financial year	**233,161**	19,704

The accompanying notes form an integral part of these audited consolidated financial statements

Conroy Gold and Natural Resources P.L.C.

Consolidated statement of changes in equity
for the financial year ended 31 May 2018

	Share capital	Share premium	Capital conversion reserve fund	Share- based payment reserve	Retained deficit	Total equity
	€	€	€	€	€	€
Balance at 1 June 2017	**10,515,445**	**10,649,252**	**30,617**	**1,542,961**	**(5,977,408)**	**16,760,867**
Share issue *(see Note 14)*	9,043	1,525,033	-	-	-	1,534,076
Share issue costs	-	-	-	-	(48,206)	(48,206)
Share-based payments	-	-	-	373,098	-	373,098
Transfer from share-based payment reserve to retained deficit	-	-	-	(920,570)	920,570	-
Loss for the financial year	-	-	-	-	(745,485)	(745,485)
Balance at 31 May 2018	**10,524,488**	**12,174,285**	**30,617**	**995,489**	**(5,850,529)**	**17,874,350**
Balance at 1 June 2016	**10,515,445**	**10,649,252**	**30,617**	**1,464,030**	**(5,545,486)**	**17,113,858**
Share-based payments	-	-	-	78,931	-	78,931
Loss for the financial year	-	-	-	-	(431,922)	(431,922)
Balance at 31 May 2017	**10,515,445**	**10,649,252**	**30,617**	**1,542,961**	**(5,977,408)**	**16,760,867**

Share capital
The share capital comprises of the nominal value share capital issued for cash and non-cash consideration. The share capital also comprises deferred share capital. The deferred share capital arose through the restructuring of share capital which was approved at Extraordinary General Meetings held on 26 February 2015 and 14 December 2015. A detailed breakdown of the share capital figure is included in Note 14.

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 re-nominalised 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 the capital conversion reserve fund.

Share-based payment reserve
The share-based payment reserve compromises the fair value of all share options and warrants which have been charged over the vesting period, net of amounts relating to share options and warrants forfeited, exercised or lapsed during the year, which are reclassified to retained earnings.

Retained deficit
This reserve represents the accumulated losses absorbed by the Group to the consolidated statement of financial position date.

The accompanying notes form an integral part of these audited consolidated financial statements.

Conroy Gold and Natural Resources P.L.C.

Company statement of changes in equity
for the financial year ended 31 May 2018

	Share capital	Share premium	Capital conversion reserve fund	Share- based payment reserve	Retained deficit	Total equity
	€	€	€	€	€	€
Balance at 1 June 2017	**10,515,445**	**10,649,252**	**30,617**	**1,542,961**	**(5,977,408)**	**16,760,867**
Share issue *(see Note 14)*	9,043	1,525,033	-	-	-	1,534,076
Share issue costs	-	-	-	-	(48,206)	(48,206)
Share-based payments	-	-	-	373,098	-	373,098
Transfer from share-based payment reserve to retained deficit	-	-	-	(920,570)	920,570	-
Loss for the financial year	-	-	-	-	(745,485)	(745,485)
Balance at 31 May 2018	**10,524,488**	**12,174,285**	**30,617**	**995,489**	**(5,850,529)**	**17,874,350**
Balance at 1 June 2016	**10,515,445**	**10,649,252**	**30,617**	**1,464,030**	**(5,545,486)**	**17,113,858**
Share-based payments	-	-	-	78,931	-	78,931
Loss for the financial year	-	-	-	-	(431,922)	(431,922)
Balance at 31 May 2017	**10,515,445**	**10,649,252**	**30,617**	**1,542,961**	**(5,977,408)**	**16,760,867**

Share capital
The share capital comprises of the nominal value share capital issued for cash and non-cash consideration. The share capital also comprises deferred share capital. The deferred share capital arose through the restructuring of share capital which was approved at Extraordinary General Meetings held on 26 February 2015 and 14 December 2015. A detailed breakdown of the share capital figure is included in Note 14.

Share premium
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Capital conversion reserve fund
The ordinary shares of the Company were re-nominalised 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 the capital conversion reserve fund.

Share-based payment reserve
The share-based payment reserve compromises the fair value of all share options and warrants which have been charged over the vesting period, net of amounts relating to share options and warrants forfeited, exercised or lapsed during the year, which are reclassified to retained earnings.

Retained deficit
This reserve represents the accumulated losses absorbed by the Company to the consolidated statement of financial position date.

The accompanying notes form an integral part of these audited consolidated financial statements.

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018

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1 Accounting policies

Reporting entity

Conroy Gold and Natural Resources P.L.C. (the "Company") is a company domiciled in Ireland. The consolidated financial statements of the Company for the financial year ended 31 May 2018 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Company is a limited company incorporated in Ireland under registration number 232059. The registered office is located at 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland.

Basis of preparation

The consolidated financial statements are presented in Euro ("€"). The € is the functional currency of the Company. The consolidated financial statements are prepared under the historical cost basis except for derivative financial instruments which are measured at fair value at each reporting date.

The preparation of consolidated financial statements requires the Board of Directors and management to use judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Details of critical judgements are disclosed in the accounting policies.

The consolidated financial statements were authorised for issue by the Board of Directors on 13 November 2018.

Going Concern

The Group and the Company incurred a loss of €745,485 (2017: €431,922) for the financial year ended 31 May 2018 and had net current liabilities of €2,953,825 and €2,607,867 respectively (2017: €2,636,066 and €2,354,768 respectively) at that date. The Directors namely Professor Richard Conroy, Maureen T.A. Jones, Professor Garth Earls , Dr. Karl Keegan and Brendan McMorrow and former Directors, namely James P. Jones, Séamus P. FitzPatrick, C. David Wathen, Louis J. Maguire, Dr. Sorċa Conroy and Michael E. Power, have confirmed that they will not seek repayment of amounts owed to them by the Group and the Company of €2,579,153 (2017: €2,161,780) within 12 months of the date of approval of the financial statements, unless the Group has sufficient funds to repay.

In addition, Karelian Diamond Resources P.L.C. has confirmed that it does not intend to seek repayment of amounts owed to it at 31 May 2018 by the Group and the Company of €113,138 (2017: €273,800) within 12 months of the date of approval of the consolidated financial statements, unless the Group has sufficient funds to repay. Amounts owed from Group companies amounted to €345,958 (2017: €281,300) in the Company statement of financial position.

The Board of Directors have considered carefully the financial position of the Group and the Company and in that context, have prepared and reviewed cash flow forecasts for the period to 31 October 2019. As set out in the Chairman's statement, the Group and the Company expects to incur material levels of capital expenditure in 2018 and 2019, consistent with its strategy. In reviewing the proposed work programme for exploration and evaluation of assets and on the basis of the equity raised during past financial years, the funds received after the financial year end, the results obtained from the exploration programme and the prospects for raising additional funds as required, the Board of Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS101").

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

1 Accounting policies *(continued)*

Recent accounting pronouncements

The following are amendments to existing standards and interpretations that are effective for the financial year from 1 June 2017:

- Annual improvements to IFRS Standards 2014 - 2016 Cycle: *Amendments to IFRS 12*
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle: *Amendments to IFRS 1 and IAS 28*
- Amendments to IAS 40: *Transfers of Investment Property*
- Amendments to IFRS 2: *Classification and measurement of share-based payment transactions*
- Amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- IFRIC 22: *Foreign Currency Transactions and Advance Consideration*
- IFRS 9: *Financial Instruments*
- IFRS 14*: Regulatory Deferral Accounts*
- IFRS 15: *Revenue from contracts with customers (May 2014) including amendments to IFRS15*
- Clarification to IFRS 15*: Revenue from contracts with customers*
- IFRS 16*: Leases*
- IAS 7*: Disclosure initiative*
- IAS 12*: Recognition of deferred tax assets for unrealised losses*

The adoption of the above amendments did not have a significant impact on the consolidated financial statements.

The standard endorsed by the EU that is not yet required to be applied but can be early adopted is set out below. This standard has not been applied in the current period. The Board of Directors are currently assessing whether this standard will have a material impact on the consolidated financial statements.

- Amendments to IFRS 9: *Prepayment features with negative compensation – To be applied for annual periods ending on or after 31 December 2018*

The following standards have been issued by the IASB but have not yet been endorsed by the EU, accordingly none of these standards have been applied in the current period and the Board of Directors are currently assessing whether these standards will have a material impact on the consolidated financial statements.

- Amendments to IAS 28: *Long-term interests in associates and joint ventures – Effective date 1 January 2019*
- Annual improvements to IFRS Standards 2015-2017 Cycle: *Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 – Effective date 1 January 2019*
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement – Effective date 1 January 2019*
- Amendments to references to the Conceptual Framework in IFRS Standards *– Effective date 1 January 2020*
- IFRS 17: *Insurance contracts – Effective date 1 January 2021*
- IFRIC 23*: Uncertainty over income tax treatments – Effective date 1 January 2019*
- Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture – postponed indefinitely*

Basis of consolidation

The consolidated financial statements include the financial statements of Conroy Gold and Natural Resources P.L.C. and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Group is exposed to or has the right to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-Group balances, and any unrealised income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

The Company recognises investment in subsidiaries at cost less impairments.

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

1 Accounting policies *(continued)*

(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 consolidated 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. E&E 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, E&E capitalised costs include an allocation from operating expenses, including share-based payments. All such costs are necessary for exploration and evaluation activities.

E&E capitalised costs are not amortised prior to the conclusion of appraisal activities.

At completion of appraisal activities if technical feasibility is demonstrated and commercial resources 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 consolidated 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 key indicators of impairment in relation to E&E assets:

- The period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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 any resulting impairment loss is written off to the consolidated 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.

(b) Transaction costs

Transaction costs arising on the issue of share capital are accounted for as a deduction from equity against retained earnings.

Conroy Gold and Natural Resources P.L.C.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

1 Accounting policies *(continued)*

(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) Income taxation expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in the consolidated statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities on a net basis or their tax assets and liabilities will be settled simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(e) Share-based payments

For equity-settled share-based payment transactions (i.e. the granting of share options and share warrants), the Group 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.

Conroy Gold and Natural Resources P.L.C.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

1 Accounting policies *(continued)*

(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) Earnings per share
The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

(i) Cash and cash equivalents
Cash and cash equivalents consist of cash at bank held by the Group 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.

(j) Pension costs
The Group provides for pensions for certain employees through a defined contribution pension scheme. The amounts charged to the consolidated income statement and consolidated statement of financial position is the contribution payable in that financial year. Any difference between amounts charged and contributions paid to the pension scheme is included in receivables or payables in the consolidated statement of financial position.

(k) Foreign currencies
Transactions denominated in foreign currencies relating to costs and non-monetary assets are translated into € 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 € at the rate of exchange ruling at the consolidated statement of financial position date. The resulting profits or losses are dealt with in the consolidated income statement.

(l) Directors' loans
The Directors' loans are 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 that 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.

(m) Ordinary shares
Ordinary shares are classified as equity. Costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from retained earnings, net of any tax effects.

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

1 Accounting policies *(continued)*

(n) Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The preparation of the consolidated financial statements requires the Board of Directors to make judgements and estimates and form assumptions that affect the amounts of assets, liabilities, contingent liabilities, revenues and expenses reported in the consolidated financial statements. On an ongoing basis, the Board of Directors evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Board of Directors bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the results of which form the basis of the reported amounts that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. In the process of applying the Group's accounting policies above, the Board of Directors have identified the judgemental areas that have the most significant impact on the amounts recognised in the consolidated financial statements (apart from those involving estimations), which are dealt with as follows:

Exploration and evaluation assets

The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. The Board of Directors 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 administration and salary costs are primarily focused on the Group's gold prospects, the Board of Directors consider it appropriate to capitalise a portion of such costs. These costs are reviewed on a line by line basis with the resultant calculation of the amount to be capitalised being specific to the activities of the Company in any given year.

Cash Generating Units ("CGUs")

As outlined in the Intangible assets accounting policy, the exploration and evaluation assets should be allocated to CGU's. The determination of what constitutes a CGU requires judgement.

The carrying value of each CGU 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.

Going concern

The preparation of consolidated 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 resources and the availability of sufficient finance to bring the resources to economic maturity and profitability. The Board of Directors have reviewed the proposed programme for exploration and evaluation assets, the funds received post year end, the encouraging results from the exploration programme and the prospects for raising additional funds as required, the Board of Directors are satisfied that it is appropriate to prepare the financial statements on the going concern basis.

Refer to page 32 for further details.

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

1 Accounting policies *(continued)*

(n) Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

The preparation of the consolidated financial statements requires the Board of Directors to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the consolidated statement of financial position date and the amounts reported for revenues and expenses during the financial 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.

Exploration and evaluation assets

The carrying value of exploration and evaluation assets was €21,000,286 (2017: €19,659,104) at 31 May 2018 (Note 8). The Board of Directors carried out an assessment, in accordance with IFRS 6: *Exploration for and Evaluation of Mineral Resources* relating to the remaining licence or claim terms, likelihood of renewal, likelihood of further expenditure, possible discontinuation of activities over specific claims and available data which may suggest that the recoverable value of an exploration and evaluation asset is less than its carrying amount. Based on this assessment the Board of Directors is satisfied as to the carrying value of these assets and is satisfied that these are recoverable, acknowledging however that their recoverability is dependent on future successful exploration efforts.

Employee benefits - Share-based payment transactions

The Company had equity-settled share-based payment arrangements with non-market performance conditions which fall within the scope of and are accounted for under the provisions of IFRS 2: *Share-based Payment*. Accordingly, the grant date fair value of the options under these schemes is recognised as a personnel expense with a corresponding increase in the "Share-based payment reserve", within equity, over the vesting period. 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. The fair value of these options is measured using an appropriate option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

Deferred tax

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

(o) Segmental reporting

Operating segment information is presented in the consolidated financial statements in respect of the Group's geographical segments which represent the financial basis by which the Group manages its business. The Group has one class of business, Gold Exploration. The Group has two principal reportable segments as follows:

- Irish exploration assets: gold exploration assets in Ireland; and
- Finnish exploration assets: gold exploration assets in Finland.

Group assets and liabilities include cash resources held by the Group. Corporate expenses include other operational expenditure incurred by the Group. These are not within the definition of an operating segment. Performance is measured based on segment result and total asset value as included in the internal management reports that are reviewed by the Group's Board of Directors. There are no significant inter segment transactions. Costs that are directly attributable to Ireland and Finland have been capitalised to exploration and evaluation assets as appropriate (Note 8). The Group did not earn any revenue in the current or comparative financial year.

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

2 Operating expenses

	2018	2017
	€	€
(a) Analysis of operating expenses		
Operating expenses	**1,555,721**	863,983
Transfer to intangible assets	**(810,223)**	(432,061)
	745,498	431,922
Operating expenses are analysed as follows:		
Wages, salaries and related costs	**632,236**	463,655
Other operating expenses	**529,503**	300,118
Share-based payments	**373,098**	78,931
Auditors remuneration	**19,000**	17,500
Depreciation	**1,884**	3,779
	1,555,721	863,983

Of the above costs, a total of €810,223 (2017: €432,061) is capitalised to intangible assets based on a review of the nature and quantum of the underlying costs.

	2018	2017
	€	€
(b) Wages, salaries and related costs as disclosed above is analysed as follows:		
Wages and salaries	**585,150**	390,100
Social insurance costs	**17,503**	38,555
Retirement benefit costs	**29,583**	35,000
Other compensation costs	**-**	-
	632,236	463,655

Amount of wages, salaries and related costs capitalised as intangible assets during the financial year was €436,442 (2017: €303,133).

The average number of persons employed during the financial year (including executive Directors) by activity was as follows:

	2018	2017
Exploration and evaluation	**5**	5
Corporate management and administration	**3**	3
	8	8

The Group contributes to an externally funded defined contribution scheme to satisfy the pension arrangements in respect of certain management personnel.

The total pension cost charged for the financial year was €29,583 (2017: €35,000).

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

2 Operating expenses *(continued)*

(b) Wages, salaries and related costs as disclosed above is analysed as follows *(continued)***:**

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 charge €**	**Pension contributions €**	**Total €**
Professor Richard Conroy	**22,220**	**185,406**	**-**	**-**	**207,626**
Maureen T.A. Jones	**9,523**	**120,407**	**-**	**22,000**	**151,930**
Professor Garth Earls	**9,523**	**-**	**-**	**-**	**9,523**
Dr. Karl Keegan	**7,142**	**-**	**-**	**-**	**7,142**
Brendan McMorrow	**7,142**	**-**	**-**	**-**	**7,142**
Directors removed 4 August 2017					
James P. Jones	**2,381**	**44,441**	**-**	**7,583**	**54,405**
Louis J. Maguire	**2,381**	**-**	**-**	**-**	**2,381**
Michael E. Power	**2,381**	**-**	**-**	**-**	**2,381**
C. David Wathen	**2,381**	**-**	**-**	**-**	**2,381**
Séamus P. Fitzpatrick	**2,381**	**-**	**-**	**-**	**2,381**
Dr. Sorċa Conroy	**2,381**	**-**	**-**	**-**	**2,381**
	69,836	**350,254**	**-**	**29,583**	**449,673**

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 charge €**	**Pension contributions €**	**Total €**
Professor Richard Conroy	22,220	179,889	33,655	-	235,764
Maureen T.A. Jones	9,523	114,889	21,947	22,000	168,359
Professor Garth Earls	4,762	-	-	-	4,762
Dr. Karl Keegan	-	-	-	-	-
Brendan McMorrow	-	-	-	-	-
Directors removed 4 August 2017					
James P. Jones	9,523	71,765	12,876	13,000	107,164
Louis J. Maguire	9,523	-	2,415	-	11,938
Michael E. Power	9,523	-	1,430	-	10,953
C. David Wathen	9,523	-	591	-	10,114
Séamus P. Fitzpatrick	9,523	-	419	-	9,942
Dr. Sorċa Conroy	9,523	-	-	-	9,523
	93,643	366,543	73,333	35,000	568,519

The total share-based payment charge of €373,098 (2017: €78,931) is accounted for as shown below:

	2018 €	2017 €
Share-based payment charge expensed to consolidated income statement	**74,621**	15,346
Share-based payment charge transferred to intangible assets	**298,477**	63,585
	373,098	78,931

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

3 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:

	2018	2017
	€	€
Depreciation	**1,884**	3,779
Auditor's remuneration - Group		
The analysis of the auditor's remuneration is as follows:		
• Audit of financial statements	**19,000**	17,500
Auditor's remuneration - Company		
The analysis of the auditor's remuneration is as follows:		
• Audit of financial statements	**19,000**	17,500

No fees were incurred for other assurance, tax advisory or other non-audit services in respect of the current or prior financial years.

4 Directors' remuneration

	2018	2017
	€	€
Aggregate emoluments paid to or receivable by Directors in respect of qualifying services	**420,090**	460,186
Aggregate amount of gains by Directors on exercise of share options during the financial year	**-**	-
Aggregate amount of money or value of other assets including shares, but excluding share options, paid to or receivable by the Directors under long term incentive schemes in respect of qualifying services	**-**	73,333

	2018	2017
	€	€
Aggregate contributions paid, treated as paid, or payable during the financial year to a retirement benefit scheme in respect of qualifying services of Directors:		
• Defined contribution scheme – for 2 Directors (2017: 2)	**29,583**	35,000
• Defined benefit scheme	**-**	-

	2018	2017
	€	€
Compensation paid, or payable, or other termination payments in respect of loss of office to Directors of the Company in the financial year:		
• Officer or Director of the Company	**-**	-
• Other offices	**-**	-

No amounts have been paid to past Directors of the Company or its holding undertakings (2017: €nil).

No compensation has been paid for the loss of office or other termination benefit in respect of the loss of office of Director or other offices (2017: €nil).

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

5 Income tax expense

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

Factors affecting the tax charge for the financial year:

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

	2018	2017
	€	€
Loss on ordinary activities before tax	**(745,485)**	(431,922)
Irish standard tax rate	**12.5%**	12.5%
Tax credit at the Irish standard rate	**(93,186)**	(53,990)
Effects of:		
Expenses not deductible for tax purposes	**-**	-
Losses carried forward for future utilisation	**93,186**	53,990
Tax charge for the financial 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.

Unutilised losses may be carried forward from the date of the origination of the losses but may only be offset against taxable profits earned from the same trade.

Conroy Gold and Natural Resources P.L.C.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

6 Loss per share

	2018	2017
	€	€
Loss for the financial year attributable to equity holder of the Company	**(745,485)**	(431,922)
Basic earnings per share		
	No. of shares	No. of shares
Number of ordinary shares at start of financial year	**11,013,537**	11,013,537
Number of ordinary shares issued during the financial year	**9,043,137**	-
Number of ordinary shares at end of financial year	**20,056,674**	11,013,537
Weighted average number of ordinary shares for the purposes of basic earnings per share	**15,379,675**	11,013,537
Basic loss per ordinary share	**(€0.0485)**	(€0.0392)
Diluted earnings per share		
	No. of shares	No. of shares
Weighted average number of diluted ordinary shares for the purposes of diluted earnings per share	**18,839,251**	-
Diluted loss per ordinary share	**(€0.0396)**	(€0.0392)

As at 31 May 2018, 0 options and 5,875,178 warrants (2017 – 10,000 options and 6,275,178 warrants), were excluded from the computation of the dilutive loss per share as their strike price was greater than the average share price in the respective years.

7 Subsidiaries

	% Owned	**31 May 2018**	31 May 2017
		€	€
Shares in subsidiary companies (Unlisted shares) at cost:			
Conroy Gold Limited	**100%**	**-**	-
Trans International Mineral Exploration Limited	**100%**	**2**	2

The registered office of the above non-trading subsidiaries is 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland.

Income statement of Company
In accordance with Section 304 (2) of the Companies Act, 2014 the Company is availing of the exemption from presenting an individual income statement. The Company's loss for the financial year determined in accordance with FRS101 is €745,485 (2017: €431,922).

Conroy Gold and Natural Resources P.L.C.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

8 Intangible assets

Exploration and evaluation assets

Group: Cost	**31 May 2018 €**	31 May 2017 €
At 1 June	**19,659,104**	18,696,602
Expenditure during the financial year		
• Licence and appraisal costs	**530,959**	530,441
• Other operating expenses (Note 2)	**511,746**	368,476
• Equity settled share-based payments (Note 2)	**298,477**	63,585
At 31 May	**21,000,286**	19,659,104

Company: Cost	**31 May 2018 €**	31 May 2017 €
At 1 June	**19,377,804**	18,415,402
Expenditure during the financial year		
• Licence and appraisal costs	**466,299**	530,441
• Other operating expenses (Note 2)	**511,746**	368,376
• Equity settled share-based payments (Note 2)	**298,477**	63,585
At 31 May	**20,654,326**	19,377,804

Exploration and evaluation assets relate to expenditure incurred in the development of mineral exploration opportunities. These assets are carried at historical cost and have been assessed for impairment in particular with regard to the requirements of IFRS 6: *Exploration for and Evaluation of Mineral Resources* relating to remaining licence or claim terms, likelihood of renewal, likelihood of further expenditure, possible discontinuation of activities over specific claims and available data which may suggest that the recoverable value of an exploration and evaluation asset is less than its carrying amount.

The Board of Directors have considered the proposed work programmes for the underlying mineral resources. They are satisfied that there are no indications of impairment.

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

Mineral interests are categorised as follows:

Group: Ireland Cost	**31 May 2018 €**	31 May 2017 €
At 1 June	**17,479,745**	16,589,803
Expenditure during the financial year		
• Licence and appraisal costs	**530,437**	529,211
• Other operating expenses	**434,984**	303,504
• Equity settled share-based payments	**268,629**	57,227
At 31 May	**18,713,795**	17,479,745

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

8 Intangible assets *(continued)*

Exploration and evaluation assets *(continued)*

Mineral interests are categorised as follows: *(continued)*

Group: Finland **Cost**	**31 May 2018** **€**	31 May 2017 €
At 1 June	**2,179,359**	2,106,799
Expenditure during the financial year		
• Licence and appraisal costs	**522**	1,230
• Other operating expenses	**76,762**	64,972
• Equity settled share-based payments	**29,848**	6,358
At 31 May	**2,286,491**	2,179,359

Company: Ireland **Cost**	**31 May 2018** **€**	31 May 2017 €
At 1 June	**17,198,445**	16,308,603
Expenditure during the financial year		
• Licence and appraisal costs	**465,777**	529,211
• Other operating expenses	**434,984**	303,404
• Equity settled share-based payments	**268,629**	57,227
At 31 May	**18,367,835**	17,198,445

Company: Finland **Cost**	**31 May 2018** **€**	31 May 2017 €
At 1 June	**2,179,359**	2,106,799
Expenditure during the financial year		
• Licence and appraisal costs	**522**	1,230
• Other operating expenses	**76,762**	64,972
• Equity settled share-based payments	**29,848**	6,358
At 31 May	**2,286,491**	2,179,359

Conroy Gold and Natural Resources P.L.C.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

9 Property, plant and equipment
In respect of the current financial year:

Group and Company	Motor Vehicles	Plant & Office Equipment	Total
	€	€	€
Cost			
At 1 June 2017	17,754	136,225	153,979
Additions	-	-	-
At 31 May 2018	**17,754**	**136,225**	**153,979**
Accumulated depreciation			
At 1 June 2017	17,754	121,109	138,863
Charge for the financial year	-	1,884	1,884
At 31 May 2018	**17,754**	**122,993**	**140,747**
Net book value at 31 May 2018	**-**	**13,232**	**13,232**

In respect of the previous financial year:

Group and Company	Motor Vehicles	Plant & Office Equipment	Total
	€	€	€
Cost			
At 1 June 2016	17,754	133,480	151,234
Additions	-	2,745	2,745
At 31 May 2017	**17,754**	**136,225**	**153,979**
Accumulated depreciation			
At 1 June 2016	17,754	117,330	135,084
Charge for the financial year	-	3,779	3,779
At 31 May 2017	**17,754**	**121,109**	**138,863**
Net book value at 31 May 2017	**-**	**15,116**	**15,116**

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

10 Other receivables

Group	**31 May 2018 €**	31 May 2017 €
Other debtors	**48,416**	8,205
Vat receivable	**23,882**	90,775
	72,298	98,980

Company	**31 May 2018 €**	31 May 2017 €
Other debtors	**48,416**	8,203
Vat receivable	**23,882**	90,775
Amounts owed from Conroy Gold Limited	**345,958**	281,300
	418,256	380,278

The realisation of amounts owed by Group companies is dependent on the further successful development and ultimate production of the mineral resources and the availability of sufficient finance to bring the resources to economic maturity and profitability.

11 Cash and cash equivalents

Group and Company	**31 May 2018 €**	31 May 2017 €
Cash held in bank accounts	**233,161**	19,704
	233,161	19,704

12 Trade and other payables

Group and Company	**31 May 2018**	31 May 2017
Amounts falling due within one year	**€**	€
Accrued Directors' remuneration		
Fees and other emoluments	**1,701,755**	**1,356,445**
Pension contributions	**142,675**	**121,000**
Accrued former Directors' remuneration		
Fees and other emoluments	**655,640**	**613,160**
Pension contributions	**79,083**	**71,175**
Other creditors and accruals	**566,993**	**319,170**
Amounts owed to Karelian Diamond Resources P.L.C.	**113,138**	**273,800**
	3,259,284	**2,754,750**

It is the Group's practice to agree terms of transactions, including payment terms with suppliers. It is the Group's policy that payment is made according to the agreed terms. The carrying value of the trade and other payables approximates to their fair value.

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

12 Trade and other payables *(continued)*

The Directors namely Professor Richard Conroy, Maureen T.A. Jones, Professor Garth Earls , Dr. Karl Keegan and Brendan McMorrow and former Directors, namely James P. Jones, Séamus P. FitzPatrick, C. David Wathen, Louis J. Maguire, Dr. Sorċa Conroy and Michael E. Power, have confirmed that they will not seek repayment of amounts owed to them by the Group and the Company of €2,579,153 (2017: €2,161,780) for a minimum period of 12 months from the date of approval of the consolidated financial statements, unless the Group has sufficient funds to repay.

In addition, Karelian Diamond Resources P.L.C. has confirmed that it will not seek repayment of amounts owed to it by the Group and the Company at 31 May 2018 of €113,138 (2017: €273,800) within 12 months of the date of approval of the consolidated financial statements, unless the Group has sufficient funds to repay. During the financial year ended 31 May 2018, €41,832 (2017: €383,845) was paid by Karelian Diamond Resources P.L.C to the Company. For the financial year ended 31 May 2018, the Company incurred costs totalling €202,494 (2017: €278,810) on behalf of Karelian Diamond Resources P.L.C.

13 Non-current financial liabilities – Group and Company

Directors' loans	**31 May 2018 €**	31 May 2017 €
Opening balance 1 June	**277,287**	135,287
Loan advance	**89,736**	142,000
Loan repayment	**(181,680)**	-
Closing balance 31 May	**185,343**	277,287

The Directors' loans amounts relate to monies owed to Professor Richard Conroy amounting to €135,918 (2017: €232,287), and Maureen T.A. Jones amounting to €49,425 (2017: €45,000). The Directors' have confirmed that they will not seek repayment of amounts owed to it by the Group and Company at 31 May 2018 within 12 months of the date of approval of the consolidated financial statements, unless the Group has sufficient funds to repay. There is no interest payable in respect of these loans, no security has been attached to these loans and there is no repayment or maturity terms.

14 Called up share capital and share premium – Group and Company

Authorised:	**31 May 2018 €**	31 May 2017 €
11,995,569,058 ordinary shares of €0.001 each	**11,995,569**	11,995,569
306,779,844 deferred shares of €0.02 each	**6,135,597**	6,135,597
437,320,727 deferred shares of €0.00999 each	**4,368,834**	4,368,834
	22,500,000	22,500,000

Following approval at an Extraordinary General Meeting held on 26 February 2015, 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.

Further, following approval at the Annual General Meeting held on 14 December 2015, the Company reorganised its share capital by subdividing and reclassifying each issued ordinary share of €0.01 as one ordinary share of €0.00001 each and one deferred share of €0.00999 each and consolidated the reclassified ordinary shares of €0.00001 each into shares of €0.001 each.

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

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

14 Called up share capital and share premium – Group and Company *(continued)*

Authorised: *(continued)*

On 6 November 2017, the Company cancelled the admission of its ordinary shares to trade on the ESM of the Irish Stock Exchange.

Issued and fully paid – Current financial year

	Number of ordinary shares	Called up share capital €	Capital conversion reserve fund €	Called up deferred share capital €	Share premium €
Start of financial year	11,013,537	11,014	30,617	10,504,431	10,649,252
Share issue (a)	700,000	700	-	-	209,300
Share issue (b)	100,000	100	-	-	29,900
Share issue (c)	400,000	400	-	-	166,280
Share issue (d)	7,843,137	7,843	-	-	1,119,553
End of financial year	**20,056,674**	**20,057**	**30,617**	**10,504,431**	**12,174,285**

Issued and fully paid – Prior financial year

	Number of ordinary shares	Called up share capital €	Capital conversion reserve fund €	Called up deferred share capital €	Share premium €
Start of financial year	11,013,537	11,014	30,617	10,504,431	10,649,252
End of financial year	**11,013,537**	**11,014**	**30,617**	**10,504,431**	**10,649,252**

(a) On 29 September 2017, 700,000 ordinary shares of €0.001 each were issued at €0.30 resulting in a premium of €0.299 per share.

(b) On 4 October 2017, 100,000 ordinary shares of €0.001 each were issued at €0.30 resulting in a premium of €0.299 per share.

(c) On 4 October 2017, 400,000 ordinary shares of €0.001 each were issued in response to two directors exercising warrants with an exercise price of £0.37 sterling per share. This resulted in a premium of €0.4157 per share.

(d) On 21 December 2017, 7,843,137 ordinary shares ("Subscription share") of €0.001 each were issued at £0.1275 sterling, resulting in a premium of €0.143 per share. Each Subscription Share has an attaching warrant to subscribe for a further new ordinary share at £0.22 sterling ("Warrants"), with warrant accelerator available to the Company should the volume weighted average Ordinary Share price of the Company exceed £0.75p for five days or more. The expiry date for these warrants is 30 June 2019.

(e) At 31 May 2018, warrants over 13,718,315 shares exercisable at prices from £0.22 sterling to €4.33 per share, with various exercisable dates up to 16 November 2022 were outstanding. At 31 May 2017, warrants over 6,275,178 shares exercisable at prices from £0.37 sterling to €4.33 per share, with various exercisable dates up to 16 November 2022 were outstanding.

(f) At 31 May 2018, there were no outstanding options. At 31 May 2017, 10,000 options were outstanding exercisable at prices ranging from €4.80 to €6.25. These options expired on 14 January 2018.

(g) The share price at 31 May 2018 was 17.500p sterling (2017: 13.625p sterling). During the financial year, the price ranged from 13.125p to 40.000p sterling (2017: 12.000p to 44.000p).

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

15 Commitments and contingencies

Exploration and evaluation activities

The Group 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.

At 31 May 2018, the Group had work commitments of €440,000 for the forthcoming financial year, in respect of prospecting licences held.

16 Related party transactions

(a) Details as to shareholders and Directors loans and share capital transactions with Professor Richard Conroy and Maureen T.A. Jones are outlined in the Director's report and in Note 13 of the consolidated financial statements.

(b) For the financial year ended 31 May 2018, the Company incurred costs totalling €202,494 (2017: €278,810) on behalf of Karelian Diamond Resources P.L.C., which has certain common shareholders and Directors. These costs were recharged to Karelian Diamond Resources P.L.C.

These costs are analysed as follows:

	2018	2017
	€	€
Office salaries	**74,482**	46,343
Other operating expenses	**31,480**	47,196
Rent and rates	**29,690**	31,793
Legal and professional	**28,388**	24,672
Travel and subsistence	**26,059**	41,313
Exploration costs	**12,395**	87,493
	202,494	278,810

(c) At 31 May 2018, the Company owed €113,138 to Karelian Diamond Resources P.L.C. (2017: €273,800). Amounts owed to Karelian Diamond Resources P.L.C. are included within "Trade and other payables" in the current and previous financial year statements. During the financial year ended 31 May 2018, €41,832 (2017: €383,845) was paid by Karelian Diamond Resources P.L.C. to the Company. During the financial year ended the Company charged Karelian Diamond Resources P.L.C. €202,494 (2017: €278,810) in respect of the allocation of certain costs as detailed in Note 16(b). Karelian Diamond Resources P.L.C. has confirmed that it will not seek repayment of amounts owed to it by the Group and the Company within 12 months of the date of approval of the consolidated financial statements, unless the Group has sufficient funds to repay.

(d) At 31 May 2018, Conroy Gold Limited owed €345,958 (2017: €281,300) to the Company. The movement in the balance relates to an advance of €64,658 received from the Company.

(e) At 31 May 2018, various companies in which Professor Richard Conroy has a material interest owed €26,596 to the Company (2017: €5,000). The largest balance owed to the Company is from Conroy P.L.C. which was €15,473 at 31 May 2018 (2017: €5,000). The amounts owed by the various companies is included within "Other receivables" in the current and previous financial year consolidated statement of financial position and company statement of financial position.

(f) Details of key management compensation which comprises Directors' remuneration is outlined in Note 2 to the consolidated financial statements.

(g) Professor Garth Earls invoiced the Group for €57,483 (2017: €50,155) during the financial year for professional services rendered to the Group. At 31 May 2018, Professor Garth Earls was owed €14,128 (2017: €37,304) in respect of these services. Brendan McMorrow invoiced the Group for €7,800 (2017: €nil) during the financial year for professional services rendered to the Group. At 31 May 2018, Brendan McMorrow was owed €nil (2017: €nil) in respect of these services.

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

17 Share-based payments

The Company has an equity-settled share-based payment arrangement with non-market performance conditions. Options granted generally had a vesting period of ten years. Details of the share options outstanding during the financial year are as follows:

	2018 No. of share options	**2018 Weighted average exercise price €**	2017 No. of share options	2017 Weighted average exercise price €
At 1 June	10,000	5.530	10,000	5.530
Lapsed during the financial year *(Note 14)*	(10,000)	5.530	-	-
At 31 May	**-**	**-**	10,000	5.530

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

	2018 No. of share warrants	**2018 Weighted average exercise price €**	2017 No. of share warrants	2017 Weighted average exercise price €
At 1 June	6,275,178	0.920	6,275,178	0.920
Exercised during the financial year *(Note 14)*	(400,000)	0.417	-	-
Granted during the financial year *(Note 14)*	7,843,137	0.250	-	-
At 31 May	**13,718,315**	**0.545**	6,275,178	0.920

The Company estimated the fair value of 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 the Company's 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:

	2018 Stock options	**2018 Stock warrants**	2017 Stock options	2017 Stock warrants
Dividend yield	**N/a**	**0%**	0%	0%
Expected volatility	**N/a**	**90%**	90%	90%
Risk free interest rate	**N/a**	**0.4%**	0.4%	0.4%
Expected life (in years)	**N/a**	**2**	10	2

This calculation results in a share-based payment reserves payment of €373,098 (2017: €78,931). Amounts relating to share options and warrants which lapsed during the year and which are reclassified to retained earnings were €920,570 (2017: €nil).

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

18 Financial instruments

Financial risk management objectives, policies and processes

The Group has exposure to the following risks from its use of financial instruments:

(a) Interest rate risk;
(b) Foreign currency risk;
(c) Liquidity risk; and
(d) Credit risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and framework in relation to the risks faced.

(a) Interest rate risk

The Group currently finances its operations through shareholders' funds. Short term cash funds are invested, if appropriate, in short term interest bearing bank deposits. The Group did not enter into any hedging transactions with respect to interest rate risk.

The interest rate profile of these interest bearing financial instruments was as follows:

	31 May 2018	31 May 2017
Variable rate instruments:	**€**	€
Financial assets – cash and cash equivalents	**233,161**	19,704
	233,161	19,704

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points ('bps') in interest rates at 31 May 2018 and 31 May 2017 would have decreased the reported loss by €2,332 (2017: €197). A decrease of 100 basis points would have had an equal and opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(b) Foreign currency risk

The Group is exposed to currency risk on purchases, loans and bank deposits that are denominated in a currency other than the functional currency of the entities of the Group.

It is Group policy to ensure that foreign currency risk is managed wherever possible by matching foreign currency income and expenditure. During the financial years ended 31 May 2018 and 31 May 2017, the Group did not utilise foreign currency forward contracts or other derivatives to manage foreign currency risk.

Conroy Gold and Natural Resources P.L.C.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

18 Financial instruments *(continued)*

Financial risk management objectives, policies and processes (continued)

(b) Foreign currency risk *(continued)*

The Group's foreign currency risk exposure in respect of the principal foreign currencies in which the Group operates was as follows at 31 May 2018:

	Sterling exposure denominated in €	**Not at risk €**	**Total €**
Other debtors	-	48,416	**48,416**
Cash and cash equivalents	103,289	129,872	**233,161**
Trade and other payables	(87,660)	(3,163,375)	**(3,251,035)**
Directors' loans	-	(185,343)	**(185,343)**
Total exposure	**15,629**	**(3,170,430)**	**(3,154,801)**

The Group's foreign currency risk exposure in respect of the principal foreign currencies in which the Group operates was as follows at 31 May 2017:

	Sterling exposure denominated in €	**Not at risk €**	**Total €**
Other debtors	-	8,205	8,205
Cash and cash equivalents	4,012	15,692	19,704
Trade and other payables	(72,675)	(2,682,075)	(2,754,750)
Directors' loans	-	(277,287)	(277,287)
Total exposure	(68,663)	(2,935,465)	(3,004,128)

The following are the significant exchange rates that applied against €1 during the financial year:

	Average rate 2018	Average rate 2017	**Spot rate 31 May 2018**	Spot rate 31 May 2017
GBP	**0.886**	0.852	**0.875**	0.874

Sensitivity analysis

A 10% strengthening of € against Sterling, based on outstanding financial assets and liabilities at 31 May 2018 would have increased the reported loss by €1,563 (2017: decreased the reported loss by €6,866) as a consequence of the retranslation of foreign currency denominated financial assets and liabilities at those dates. A weakening of 10% of the € against Sterling would have had an equal and opposite effect. It is assumed that all other variables, especially interest rates, remain constant in the analysis.

Conroy Gold and Natural Resources P.L.C.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

18 Financial instruments *(continued)*

Financial risk management objectives, policies and processes (continued)

(c) Liquidity risk

Liquidity is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and adverse conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by regularly monitoring cash flow projections. The nature of the Group's exploration and appraisal activities can result in significant differences between expected and actual cash flows.

Contractual maturities of financial liabilities as at 31 May 2018 were as follows:

Item	Carrying amount €	Contractual cash flows €	6 months or less €	6 -12 months €	1-2 years €	2-5 years €
Trade and other payables	**3,444,627**	**3,444,627**	**3,259,284***	**-**	**185,343**	**-**

Contractual maturities of financial liabilities as at 31 May 2017 were as follows:

Item	Carrying amount €	Contractual cash flows €	6 months or less €	6 -12 months €	1-2 years €	2-5 years €
Trade and other payables	3,032,037	3,032,037	2,754,750*	-	277,287	-

*The Directors namely Professor Richard Conroy, Maureen T.A. Jones, Professor Garth Earls , Dr. Karl Keegan and Brendan McMorrow and former Directors, namely James P. Jones, Séamus P. FitzPatrick, C. David Wathen, Louis J. Maguire, Dr. Sorċa Conroy and Michael E. Power, have confirmed that they will not seek repayment of amounts owed to them by the Group and the Company of €2,579,153 (2017: €2,161,780) within 12 months of the date of approval of the financial statements, unless the Group has sufficient funds to repay.

*In addition, Karelian Diamond Resources P.L.C. has confirmed that it will not seek repayment of amounts owed to it by the Group and the Company at 31 May 2018 of €113,138 (2017: €273,800) within 12 months of the date of approval of the consolidated financial statements, unless the Group has sufficient funds to repay.

The Directors' loan amounts relate to monies owed to Professor Richard Conroy amounting to €135,918 (2017: €232,287), and Maureen T.A. Jones amounting to €49,425 (2017: €45,000).

The Group had cash and cash equivalents of €233,161 at 31 May 2018 (2017: €19,704).

(d) Credit risk

Credit risk is the risk of financial loss to the Group if a cash deposit is not recovered. Group deposits are placed only with banks with appropriate credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 May 2018 and 31 May 2017 was:

	31 May 2018 €	31 May 2017 €
Cash and cash equivalents	**233,161**	19,704
Other debtors	**48,416**	8,205
	281,577	27,909

Conroy Gold and Natural Resources P.L.C.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2018 *(continued)*

18 Financial instruments *(continued)*

Financial risk management objectives, policies and processes (continued)

(d) Credit risk *(continued)*

The Group's cash and cash equivalents are held at AIB Bank which has a credit rating of "BBB-" as determined by Fitch, and Bank of Ireland which a credit rating of "BBB" as determined by Fitch.

(e) Fair values versus carrying amounts

Due to the short-term nature of all of the Group's financial assets and liabilities at 31 May 2018 and 31 May 2017, the fair value equals the carrying amount in each case.

(f) Capital management

The Group has historically funded its activities through share issues and placings. The Group's capital structure is kept under review by the Board of Directors and it is committed to capital discipline and continues to maintain flexibility for future growth.

19 Post balance sheet events

On 28 August 2018, the Company raised £500,000 (€556,545), through a placing of 3,636,365 ordinary shares of €0.001 in the capital of the Company (the "Placing Shares") at a price of £0.1375 sterling per Placing Share, being a premium of 20 percent to the closing mid-market price on 24 August 2018.

20 Approval of the audited consolidated financial statements for the financial year ended 31 May 2018

These audited consolidated financial statements were approved by the Board of Directors on 13 November 2018. A copy of the audited consolidated financial statements will be available on the Company's website www.conroygold.com and will be available from the Company's registered office at 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland.