CONROY

GOLD AND NATURAL RESOURCES PLC

Annual Report and Consolidated Financial Statements 2021

Contents

Chairman's Statement

Professor Richard Conroy
Chairman

Setting up drill rig, Clontibret.

Dear Shareholder,

I have great pleasure in presenting the Company's Annual Report and Consolidated Financial Statements for the year ended 31 May 2021.

Excellent progress in the Company's affairs has been made during the course of the year. A Letter of Intent ("LOI") was signed in February 2021 between Demir Export SA ("Demir Export") and Conroy Gold for the formation of a joint venture partnership on an earn-in basis to bring in a gold mine and to further explore and develop the 65 km (40 mile) district scale gold trend which Conroy Gold and Natural Resources has discovered in the Longford-Down Massif in Ireland. The Company and Demir Export have now progressed to the stage of having terms agreed on a definitive agreement. During the year there were further excellent exploration results including new gold discoveries.

Also, during the year, an Extraordinary General Meeting ("EGM") was held and the necessary resolutions passed, to ensure that, post Brexit, the Company's shares would continue to be able to be settled electronically on AIM. There were also successful financings totalling over €3.6 million.

Joint Venture Project ("Project Inis")

The Board considered that the approach by Demir Export and the terms which they offered provided an excellent basis for a long-term relationship under which to develop the gold trend in the Longford – Down Massif which the Company has discovered. The Board decided, therefore, to sign an LOI with Demir Export and end discussions with Anglo Asian Mining plc. Definitive agreements with Demir Export are now at an advanced stage and an EGM will be held in late December to seek shareholder approval for the proposed joint venture.

The primary focus of the joint venture project (the **"Demir Export JV"** or **"Project Inis"**) is the development of the gold deposit in the Clontibret licence to construction ready status and bringing it into operation as a gold mine. The parties further aim is to have the other licences given the same status one after the other, hence providing a foundation for a long-term relationship between the parties.

Demir Export is a long-established mining company with interests in iron, coal, gold and base metals, including zinc and copper in Turkey and has a strong in-house technical team with mining and exploration expertise. It brings over 60 years of mine operating experience to bear on the project and places a strong emphasis on the adoption of international environmental, health and safety management standards.

Looking at core, Clontibret.

On site, Clontibret.

Investment by Demir Export will be directly into special purpose companies holding each licence or group of licences. Demir Export will make a cash payment of €1 million to the Company upon final approval of the Definitive Agreement in recognition of prior work carried out in relation to the project.

The Earn-in Period will be divided into three phases:

Phase 1: expenditure by Demir Export in work commitments (except Demir Export in-house costs, Operator fees and Minimum Regulatory Work Commitments) of €4.5 million will earn a 25% interest in the project.

Phase 2: expenditure by Demir Export in work commitments (except Demir Export in-house costs, Operator fees and Minimum Regulatory Work Commitments) of €4.5 million will earn an additional 15%.

Phase 3: expenditure by Demir Export of the additional funds required to reach declaration of construction ready status (i.e. a bankable feasibility study or equivalent) – for Clontibret and/or other mine developments will earn an additional 17.5% interest, thus increasing Demir Export's holding to a total of 57.5% in the development(s).

Conroy Gold, after construction ready status is achieved, may either retain its 42.5% interest in Clontibret and/or other mine developments by participating pro rata in the expenditures for mine construction, or avail itself of a number of options including diluting its interest or being carried for the expenditures through to commercial production with a "Carry Loan" for a 25% interest with pay back of 50% or greater portion of the net profits due to Conroy Gold within a maximum payback period of six years.

The licences in the Demir Export JV will be divided into three Licence Groups, namely the Clontibret Licence, the two Northern Ireland Licences, and the remaining nine licences in the Republic of Ireland, with separate jointly owned companies, the Joint Venture Companies, owning the Licence or Licence Groups.

A Joint Management Committee (the **"JMC"**) will be set up to oversee, plan and execute the various plans in the work programme of Demir Export JV. The JMC will be comprised of four members, two from each party, with a Demir Export representative having a casting vote, with appropriate minority protection rights. It is anticipated that Conroy Gold will be appointed as operator for an initial two year period after which the matter of operatorship will be reviewed.

The Joint Venture remains subject to, inter alia, the entering into of definitive documentation including a joint venture framework agreement and shareholders agreement. The proposed joint venture will be subject to the Company seeking shareholder approval as it would be classified as a fundamental change of business pursuant to Rule 15 of the AIM Rules for Companies. An EGM is being convened for 22 December 2021 to seek shareholder approval. For the avoidance of doubt, Conroy Gold would, on completion, continue to be classified as an operating company and not a cash shell pursuant to AIM Rule 15. Furthermore, completion of the joint venture agreement is also conditional on the necessary regulatory consents being granted in the Republic of Ireland and Northern Ireland for the transfer of the licences to the respective joint venture companies.

Drilling Clontibret.

Drilling Clay Lake.

The Company's eight gold exploration licences in Finland and one other licence owned by the Company in Ireland are not subject to the joint venture and will remain 100% owned by the Company. Demir Export has been granted a right refusal over these licences until 31 December 2023.

Exploration Results

During the year excellent results were achieved from the Company's exploration programme in the Longford-Down Massif in Ireland over the new district scale gold trend which the Company has discovered. The results included new gold discoveries in the Glenish licence. This licence lies southwest of the Clontibret area where the Company is looking to develop its first gold mine and is along the trend. Post year end, an extensive new gold target, in the Company's C1 licence area in Co. Armagh in Northern Ireland was also discovered. This discovery lies between the Company's Clay Lake-Derryhennet gold discovery and the location of the discovery of the famous Clay Lake Nugget (now in the Ulster Museum). Also, during the year, high value zinc assays were reported from an infill soil sampling programme.

As well as the extensive gold trend which the Company has discovered, the Longford-Down Massif has an established history of base metal mining, including the historic antimony mines in Clontibret, in the back channels of which the first gold discoveries were made. There were also a number of lead and zinc mines which were worked in the nineteenth century, forming an area which was known as the Armagh-Monaghan Mining District. The entire licence area held by the Company has a high base metal metalliferous content, including in particular, antimony, which ranks highly as an EU essential metal, and although gold is the Company's primary target, additional potential in other metals is a welcome bonus.

COVID-19

The Company has taken necessary measures in accordance with government guidelines to protect the health, safety and wellbeing of its employees, contractors and partners in Ireland and Finland. COVID-19 continues to limit field and laboratory work, but, despite this, progress has continued in relation to the Company's exploration and development programme. In relation to COVID-19, Directors and executives took a reduction in salaries and fees in line with technical and field staff taking a reduction in salaries over a 6 month period.

Environmental, Social and Governance Issues

Great emphasis is placed by the Company on Environmental, Social and Governance issues. The Company is committed to high standards of corporate governance and integrity in all of its activities and operations including rigorous health and safety compliance and environmental consciousness and promotes a culture of good ethical values and behaviour. The Company 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.

It is a requirement of the Chairman of the Board to regularly monitor and review the Company's ethical standards and cultural environment and where necessary take appropriate action to ensure proper standards

Deep overburden sampling.

On site, Clontibret.

are maintained. The Company is fully committed to complying with all relevant health, safety and environment rules and regulations as these apply to its operations and all individuals working for the Company are aware of their responsibilities in providing a safe and secure working environment.

Extraordinary General Meeting and Migration to Euroclear

An extraordinary general meeting ("EGM") was held 17th February 2021 to maintain electronic trading in the Company's shares post Brexit. The settlement system relating to the Company's shares needed, as a consequence of Brexit, to move from Crest in London to Euroclear Bank in Belgium ("Migration"). Resolutions were duly passed at the EGM enabling the Company's shares to continue to be settled electronically on the AIM market in London. This will be the Company's first AGM since migration of the holding and settlement of uncertificated shares in the Company from CREST to the Euroclear Bank system.

The processes and timelines for submitting proxy appointments or voting instructions for the AGM will differ from the comparable processes and timelines that applied in CREST for previous shareholder meetings. Additional explanatory information is included in the notice of meeting, and it will be important for relevant shareholders to confirm the procedures with their stockholder, custodian, or other intermediary as they may vary depending on the specific arrangements that are in place for individual shareholders.

Financials

The profit after taxation from continuing operations for the financial year ended 31 May 2021 was €211,010 (2020: loss of €677,380). The main reason for the profit after taxation was a favourable movement in the fair value of the various warrants issued during the year amounting to €1,055,490.

During the year, the Company raised €3,643,044 (£3,191,333) by way of equity placings and exercise of warrants and also converted €440,408 (£378,751) of debt to equity.

At 31 May 2021 the Group had cash reserves of €1,513,286 (2020: €117,270) and net assets of €19,987,222 (2020: €17,645,315).

Directors and Staff

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

Richard Conroy

Professor Richard Conroy
Chairman

30 November 2021

Company Information

Directors

Professor Richard Conroy*
Chairman

Maureen T.A. Jones*
Managing Director

Professor Garth Earls+§
Non-executive Director

Brendan McMorrow*+§
Non-executive Director

Howard Bird*§
Non-executive Director
(appointed on 28 July 2020)

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

Company registration number

232059

Company secretary

Maureen T.A. Jones

Registered office

3300 Lake Drive
Citywest Business Campus
Dublin 24, D24 TD21, Ireland

Nominated adviser (NOMAD)

Allenby Capital Limited
5 St. Helens Place
London, EC3A 6AB, United Kingdom

Broker

First Equity Ltd
(appointed on 12 April 2021)
Salisbury House, Finsbury
London, EC2M 5QQ, United Kingdom

Brandon Hill Capital Ltd
(ceased on 11 April 2021)
1 Tudor Street
London, EC4Y 0AH, United Kingdom

Statutory audit firm

Deloitte Ireland LLP
Chartered Accountants
and Statutory Audit Firm
6 Lapps Quay
Cork, T12 VY7W, Ireland

Banker

AIB
1-4 Lower Baggot Street
Dublin 2, D02 X342, Ireland

Registrar

Avenir Registrars
(appointed on 15 March 2021)
No. 1 Main Street
Blessington
Co. Wicklow, W91 V82T, Ireland
www.avenir-registrars.ie

Link Registrars Limited
(ceased on 14 March 2021)
2 Grand Canal Square
Grand Canal Harbour
Dublin 2, D02 A342, Ireland
www.linkassetservices.com

Legal advisers

William Fry Solicitors
2 Grand Canal Square
Dublin 2, D02 A342, Ireland

Roschier, Attorneys Ltd.
Kasarmikatu 21A
FI-00130 Helsinki, Finland

Head office

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Natural Resources P.L.C.
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London Stock Exchange

AIM Market Symbol: CGNR
SEDOL: BZ4BW18
ISIN number: IE00BZ4BTZ13

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

Professor Garth Earls
Non-Executive Director

Brendan McMorrow
Non-Executive Director

Howard M. Bird
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 which was 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. Since then, Professor Richard Conroy has utilised his extensive experience in the exploration industry in his role as Chairman of the Board.

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 textbook 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 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.

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 brings a vast amount of managerial experience to the Board along with extensive experience of the exploration industry.

Board of Directors continued

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 Member of the Board of Directors 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. This experience is invaluable to the Company to assist in his role of technical advisor.

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. Brendan is a Fellow of the Chartered Association of Certified Accountants.

Howard Bird - Non-executive Director
Howard Bird brings a broad range of knowledge gained through holding senior positions in a variety of different roles in the natural resources sector. He was appointed to the Board on 28 July 2020.

Experience
Howard Bird is an internationally experienced Professional Geoscientist (diamonds, gold, platinum and base metals) and has over 30 years' diverse junior and senior mining company exploration, development and mining experience, including over 15 years at senior executive management level. He also has a strong background in both European and North American marketing, capital financings, mergers and acquisitions, and joint ventures.

Directors' Report

The Board of Directors submit their annual report together with the audited consolidated financial statements of Conroy Gold and Natural Resources P.L.C. (the “Company”) and its subsidiaries (“Conroy Gold”, or the “Group”) and the separate financial statements of the Company for the financial year ended 31 May 2021.

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. Please refer to the section on risks and uncertainties on pages 16 and 17 for further details.

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 2021

The consolidated income statement for the financial year ended 31 May 2021 and the consolidated statement of financial position at that date are set out on pages 25 and 27. The profit for the financial year amounted to €211,010 (2020: a loss of €677,380) and net assets at 31 May 2021 were €19,987,222 (2020: €17,645,315). No interim or final dividends have been or are recommended by the Board of Directors.

The Group is not yet in a production stage and accordingly has no operating income. Consequently, the Group is not expected to report profits until it is in a position to profitably develop or otherwise turn to account its exploration projects. The Directors monitor the activities and performance of the Group on a regular basis and use both financial and non-financial indicators to assess the Group’s performance.

Important events since the year-end

On 6 July 2021, the Company announced the completion of due diligence drilling on its Clontibret gold deposit, the completion of a drill hole on the Cargalisgorran section of the Clay Lake gold target and the commencement of drilling on other targets in the new district scale gold trend which the Company has discovered in the Longford-Down Massif in Ireland.

On 29 July 2021, the Company announced the discovery of a new extensive gold-in-soil anomaly on its licence area in the Longford-Down Massif in Ireland. The anomaly covers an area of approximately 40 acres.

On 12 August 2021, the Company announced significant gold intersections from drilling completed in the Cargalisgorran section of its Clay Lake gold target in the Longford-Down Massif in Ireland.

Directors' Report continued

Important events since the year-end *(continued)*
On 1 September 2021, the Company announced that the definitive agreements for the proposed joint venture with Demir Export A.S., on an earn-in basis, over the licences held by Conroy Gold along its 65km district scale gold trend in the Longford-Down Massif in Ireland had reached an advanced stage. The primary focus of the joint venture project is the development of the gold deposit within the Clontibret licence to construction ready status and bringing it into operation as a gold mine.

COVID-19 continues to limit field and laboratory work given the restrictions on operations and movement. However, the Company's exploration and development programme has nonetheless continued.

Directors
Please refer to pages 6, 7 and 8 for a listing of Directors and further details.

Except as disclosed in the tables below, neither the Directors nor their families had any beneficial interest in the share capital of the Company. Apart from Directors' remuneration (detailed in Note 4), loans from Directors (detailed in Note 12) and professional services provided by Professor Garth Earls and Brendan McMorrow (detailed in Note 16 (g)), there have been no contracts or arrangements entered into during the financial year ended 31 May 2021 in which a Director of the Company had a material interest. Refer to Note 16 for further details.

Company Secretary
Maureen T.A. Jones served as Company Secretary throughout the year.

Directors' shareholdings and other interests
The interests of the Directors and their spouses and children in the share capital of the Company were as follows:

Director	Date of signing financial statements	Date of signing financial statements	31 May 2021	31 May 2021	1 June 2020	1 June 2020
	Ordinary Shares of €0.001 each	Warrants	Ordinary Shares of €0.001 each	Warrants	Ordinary Shares of €0.001 each	Warrants
Professor Richard Conroy	3,194,036*	519,713	3,194,036	519,713	2,795,521*	349,347
Maureen T.A. Jones	368,329	125,761	368,329	125,761	329,239	225,069
Professor Garth Earls	-	-	-	-	-	-
Brendan McMorrow	26,060	-	26,060	26,060	-	-
Howard Bird**	-	-	-	-	-	-

** Of the 3,194,036 (2020: 2,795,521) ordinary shares beneficially held by Professor Richard Conroy, 192,942 (2020: 192,942) are held by Conroy P.L.C., a company in which Professor Richard Conroy has a controlling interest.*
*** Appointed on 28 July 2020 as a non-executive Director.*

Details of warrants are as follows:

Director	Date of signing financial statements	Date of signing financial statements	31 May 2021	31 May 2021	1 June 2020	1 June 2020	Expiry Date
	Warrants	Price €	Warrants	Price €	Warrants	Price €	
Professor Richard Conroy	121,198	4.33	121,198	4.33	121,198	4.33	16 November 2022
Professor Richard Conroy	-	-	-	-	228,149	3.70	15 November 2020
Professor Richard Conroy	398,515	0.50	398,515	0.50	-	-	16 March 2023
Maureen T.A. Jones	39,090	0.50	39,090	0.50	-	-	16 March 2023
Maureen T.A. Jones	86,671	4.33	86,671	4.33	86,671	4.33	16 November 2022
Maureen T.A. Jones	-	-	-	-	138,398	3.70	15 November 2020
Brendan McMorrow	26,060	0.50	26,060	0.50	-	-	16 March 2023

Directors' shareholdings and other interests *(continued)*

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 2021	31 May 2021	31 May 2020	31 May 2020
	Ordinary Shares of €0.001 each	%	Ordinary Shares of €0.001 each	%	Ordinary Shares of €0.001 each	%
Professor Richard Conroy	**3,194,036***	**8.13**	**3,194,036***	**8.13**	**2,795,521***	**10.66**
Mr. Patrick O'Sullivan	**3,000,000**	**7.64**	**3,000,000**	**7.64**	**3,000,000**	**11.44**
Mr. Philip Hannigan	**2,011,577**	**5.12**	**2,011,577**	**5.12**	**2,011,577**	**7.67**
Paul and Marial Johnson	**1,686,255**	**4.29**	**1,686,255**	**4.29**	**1,686,255**	**6.43**

**Of the 3,194,036 (2020: 2,795,521) ordinary shares beneficially held by Professor Richard Conroy, 192,942 (2020: 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 annual report, including 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.

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

Statement of Directors' responsibilities in respect of the annual report and the consolidated financial statements *(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 Company and which enable them to ensure that the financial statements of the Group and the Company are prepared in accordance with the relevant accounting framework 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 recorded a profit of €211,010 (2020: a loss of €677,380) for the financial year ended 31 May 2021. The Group and the Company had net assets of €19,987,222 (2020: €17,645,315) at that date. The Group had net current liabilities of €1,790,142 (2020: €4,338,318) and the Company had net current liabilities of €1,271,009 (2020: €3,981,673) at that date. The Group and the Company had cash and cash equivalents of €1,513,286 for both at 31 May 2021 (2020: €117,270).

The Directors, namely Professor Richard Conroy, Maureen T.A. Jones, Professor Garth Earls, Brendan McMorrow, Howard Bird 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 €3,119,148 (2020: €3,197,755) 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 30 November 2022. As set out in the Chairman's statement, the Group and the Company expects to incur capital expenditure in 2021 and 2022, consistent with its strategy as an exploration company. The Directors recognise that the Group's net current liabilities of €1,790,142 is a material uncertainty that may cast significant doubt on the Group and the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. In reviewing the proposed work programme for exploration and evaluation assets, the results obtained from the exploration programme, the prospects for raising additional funds as required and the planned entering into a joint venture arrangement with Demir Export, the Board of Directors are satisfied that it is appropriate to prepare the Group and the Company financial statements on a going concern basis.

Corporate governance
The Board has adopted the QCA Corporate Governance Code ("QCA Code"), which is derived from the 2018 UK Corporate Governance Code and the Guidance on Board Effectiveness (the "Code") but adapted to the needs of smaller quoted companies. The Company agrees that good governance contributes to sustainable success and recognises 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. The Board is satisfied that its corporate culture and culture of its employees aligns the Company's objectives, strategy and business model. 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 Statement of Compliance with the QCA code is available on the Company's website: www.conroygoldandnaturalresources.com/corporate-governance.

Board of Directors
The Board of Directors is made up of two executive and three non-executive Directors. One of the non-executive directors was appointed on 28 July 2020. Biographies of each of the Directors are set out on pages 7 and 8.

The Board of Directors agrees 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. Due to COVID-19, a number of these meetings were held by way of Zoom and teleconference calls. Board of Directors' meetings were held on 18 occasions from 1 June 2020 to 31 May 2021 and attendance is set out in the table below. An agenda and supporting documentation were circulated in advance of each meeting.

	Board
Meetings held during the year	**18**
Professor Richard Conroy	**18**
Maureen T.A. Jones	**18**
Professor Garth Earls	**17**
Brendan McMorrow	**18**
Howard Bird	**13**

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. The Company Secretary is responsible for ensuring that Board of Director's 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 Director's meetings, and any further supporting papers and information are readily available to all Directors on request. The Board of Director's papers include the minutes of the Audit committee of the Board of Directors which have been held since the previous Board of Director's meeting, and, the Chairman of each committee is available to give a report on the committee's proceedings at Board of Director's meetings if appropriate.

The Board of Directors has a process whereby each year every Director may meet the Chairman to review the conduct of Board of Directors' meetings and the general corporate governance of 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 Chairman and the Board, consider and review the independence of the Directors on an annual basis.

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 brokers, lawyers and advisors.

Directors' Report continued

Board of Directors *(continued)*

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 will 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; and
- Effectiveness on the Board.

As set out in the Constitution of the Company, each year, one third (or the number nearest to 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 two-year period.

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. Due to the size and available resources of the Company, the Chairman of the Board of Directors carries out executive functions. 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.

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, is comprised exclusively of non-executive Directors. The Remuneration and Executive Committees were both re-constituted during the financial year and its membership is set out under Company Information on page 6 of this report.

Remuneration Committee

The Remuneration Committee 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. The executive Director is excused from the meetings to determine his remuneration. 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. No meetings of the remuneration committee were held in the period under review.

Board of Directors *(continued)*

Executive Committee

The Executive Committee supports the Managing Director in carrying out the duties delegated to her by the Board of Directors. It also ensures that regular reports are presented to the Board of Directors, that effective internal controls are in place and functioning and that there is an effective risk management process in operation throughout the Company.

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 1097 of the Companies Act 2014, comprises of 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**
Professor Garth Earls	**3**
Howard Bird	**3**

The Audit Committee reviews the accounting principles, policies and practices adopted, and areas of management judgement and estimation during the preparation of the interim and annual financial statements and discusses with the Group's Auditor the results and scope of the audit. The external auditor has 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 the external auditor and on their remuneration and discusses the nature and scope of the audit with the external auditor. 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 the consolidated financial statements.

The Audit Committee also undertakes a review of any non-audit services provided to the Group; and a discussion with the auditor of all relationships with the Group and any other parties that could affect independence or the perception of independence. Services in relation to tax were provided during the year under review.

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 also reviews the effectiveness of the Group's internal controls and risk management systems. It also considers the need for an internal audit function, which it believes is not required at present because of the 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 enables 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.

Directors' Report continued

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 and is considered as part of all Board meetings.

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, global 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 primary area that is expected to impact the Group is in the area of climate change. Management will continue to closely monitor this area and its potential impact on the Group. 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 resources 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.

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 inflation, 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.

Risks and uncertainties *(continued)*

Pandemic Risk

The COVID-19 pandemic impacted on the Company's activities during the financial year. Since the outbreak of the COVID-19 pandemic, the Company has taken necessary measures in accordance with Government guidelines to protect the health, safety and wellbeing of its employees, contractors and partners in Ireland and Finland including for a time people working remotely. COVID-19 continues to limit field and laboratory work given the restrictions on operations and movement. However, the Company's exploration and development programme has nonetheless continued.

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, and news releases on the Company's website www.conroygoldandnaturalresources.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 (2020: €Nil).

Accounting records

The Board of Directors are responsible for ensuring adequate accounting records, as outlined in Sections 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 auditor

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 auditor 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 auditor 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.

Auditor

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)**

30 November 2021

Independent Auditor's Report

to the Members of Conroy Gold and Natural Resources Plc

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

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 2021 and of the profit 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 of the group financial statements is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

The relevant financial reporting framework that has been applied in the preparation of the parent company financial statements is the Companies Act 2014 and Financial Reporting Standard 101: Reduced Disclosure Framework (FRS 101), issued by the Financial Reporting Council.

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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw your attention to Note 1 in the financial statements, which indicates that the group and parent company incurred a profit in the current financial year of €211,010 during the year ended 31 May 2021 and, as of that date, the group and parent Company had net current liabilities of €1,790,142 and €1,271,009 respectively at that date.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- 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, assessed the design and determined the implementation of these controls;
- Evaluated directors' 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;
- Obtained an understanding of directors' plans to enable the group and parent company to obtain and/or raise the funds required to meet the expenditure commitments of the group and parent company;
- 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 amounts 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;
- Assessed the mechanical accuracy of the cash flow forecast model;
- Assessed the adequacy of the disclosures made in the financial statements; and
- We obtained evidence of the status of negotiations between the group and a potential joint venture partner, including the expected financial commitments should negotiations conlcude successfully.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report continued

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) • Valuation of Intangible Assets and Recoverability of Amounts owed by Group Companies 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 for both the group and parent company was €625,000 which was determined on the basis of approximately 3% of Shareholder's Equity.
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.

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. In addition to the matter described in the material uncertainty relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Intangible Assets and Recoverability of Amounts Owed by Group Companies	
Key audit matter description	At 31 May 2021, 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 €22,988,974 and €22,469,838 respectively. At 31 May 2021, the carrying value of amounts owed by group companies in the Company Statement of Financial Position amounted to €519,133. 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 (including certain licence renewals) and ultimate production of the mineral resources and the availability of sufficient finance to bring the resources 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. The recoverability of amounts owed by Group Companies in the Consolidated Statement of Financial Position and Company Statement of Financial Position was assessed as a higher risk. These areas were therefore considered to be key audit matters.

How the scope of our audit responded to the key audit matter	We performed the following procedures: • We evaluated the Directors' procedures for assessing indicators of impairment of intangible assets in line with the accounting policies; • We evaluated the design and determined the implementation of controls in place over capitalisation and subsequent valuation 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 in both Ireland and Finland; • We performed a review of proposed exploration programme in respect of the Group and the Company's assets in Ireland and Finland; including: - discussing and challenging the allocation of capitalised costs used for their reasonableness, - assessing the reasonableness of the assets capitalised in the current year, and - reviewing and considering indicators of impairment. • We obtained a listing of intangible asset additions in the financial year and selected a sample of additions to ensure the capitalisation was in line with accounting policies. • 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; • We assessed the financial position of related parties from which balances are due to Conroy Gold & Natural Resources to ensure there are no indicators of impairment; and • We also considered the adequacy of the disclosure in the financial statements.
Key observations	A significant 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 resources and the availability of sufficient finance to bring the resources 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.

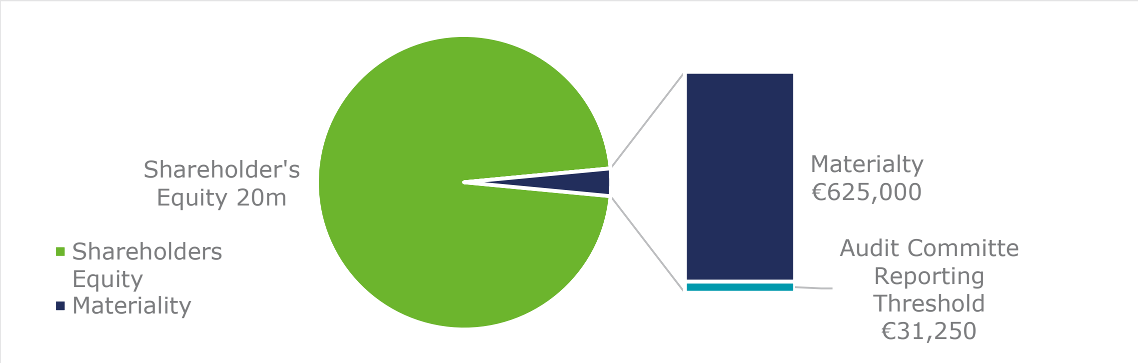
Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above,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

Independent Auditor's Report continued

We determined materiality for the group and parent company to be €625,000 which is approximately 3% of Shareholder's Equity. We have considered Shareholder's Equity to be the critical component for determining materiality as we determined the Shareholder's Equity to be of most importance to the principal external users of the financial statements. Raising equity funding is of key importance to the group and parent company in continuing it current operations and is reflective of the current business life cycle of the group and parent company. 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 €31,250, 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 other information comprises the information included in the Annual Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Consolidated Financial Statements.

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.

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.

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.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland), and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Independent Auditor's Report continued

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Use of our report

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.

Kevin Butler

Kevin Butler
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
6 Lapp's Quay
Cork

Date: 30 November 2021

Consolidated income statement
for the financial year ended 31 May 2021

	Note	**2021** **€**	2020 €
Continuing operations			
Operating expenses - other	*2*	**(752,619)**	(563,763)
Operating expenses – Share-based payment expense	*17*	**(71,596)**	(97,482)
Movement in fair value of warrants	*17*	**1,055,490**	-
Operating profit/(loss)		**231,275**	(661,245)
Finance income – interest		**13**	-
Interest expense	*13*	**(20,278)**	(16,135)
Net finance cost		**(20,265)**	(16,135)
Profit/(loss) before taxation	*3*	**211,010**	(677,380)
Income tax expense	*5*	**-**	-
Profit/(loss) for the financial year		**211,010**	(677,380)
Earnings/(loss) per share			
Basic earnings/(loss) per share	*6*	**0.0065**	(0.0278)
Diluted earnings/(loss) per share	*6*	**0.0065**	(0.0278)

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

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

Consolidated statement of comprehensive income
for the financial year ended 31 May 2021

	2021	2020
	€	€
Profit/(loss) for the financial year	**211,010**	(677,380)
Income recognised in other comprehensive income	**-**	-
Total comprehensive profit/(loss) for the financial year	**211,010**	(677,380)

The total comprehensive profit/(loss) for the financial year is entirely attributable to equity holders of the Company.

Consolidated statement of financial position
as at 31 May 2021

	Note	31 May 2021	31 May 2020
		€	€
Assets			
Non-current assets			
Intangible assets	*8*	**22,988,974**	22,330,743
Property, plant and equipment	*9*	**9,474**	10,692
Total non-current assets		**22,998,448**	22,341,435
Current assets			
Cash and cash equivalents	*11*	**1,513,286**	117,270
Other receivables	*10*	**458,769**	89,951
Total current assets		**1,972,055**	207,221
Total assets		**24,970,503**	22,548,656
Equity			
Capital and reserves			
Share capital presented as equity	*14*	**10,543,694**	10,530,645
Share premium	*14*	**15,256,556**	13,084,647
Capital conversion reserve fund	*14*	**30,617**	30,617
Share-based payments reserve	*17*	**42,664**	574,875
Other reserve		**79,929**	8,333
Retained deficit		**(5,966,238)**	(6,583,802)
Total equity		**19,987,222**	17,645,315
Liabilities			
Non-current liabilities			
Warrant liabilities	*13*	**843,004**	-
Convertible loans	*13*	**378,080**	357,802
Total non-current liabilities		**1,221,084**	357,802
Current liabilities			
Trade and other payables	*12*	**3,625,198**	3,885,707
Related party loans	*12*	**136,999**	659,832
Total current liabilities		**3,762,197**	4,545,539
Total liabilities		**4,983,281**	4,903,341
Total equity and liabilities		**24,970,503**	22,548,656

The financial statements were approved by the Board of Directors on 30 November 2021 and authorised for issue on 30 November 2021. They are signed on its behalf by:

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

Company statement of financial position
as at 31 May 2021

	Note	31 May 2021	31 May 2020
		€	€
Assets			
Non-current assets			
Intangible assets	8	**22,469,838**	21,974,093
Investment in subsidiary	7	**3**	5
Property, plant and equipment	9	**9,474**	10,692
Total non-current assets		**22,479,315**	21,984,790
Current assets			
Cash and cash equivalents	11	**1,513,286**	117,270
Other receivables	10	**977,902**	446,596
Total current assets		**2,491,188**	563,866
Total assets		**24,970,503**	22,548,656
Equity			
Capital and reserves			
Called up share capital presented as equity	14	**10,543,694**	10,530,645
Share premium	14	**15,256,556**	13,084,647
Capital conversion reserve fund	14	**30,617**	30,617
Share-based payments reserve	17	**42,664**	574,875
Other reserve		**79,929**	8,333
Retained deficit		**(5,966,238)**	(6,583,802)
Total equity		**19,987,222**	17,645,315
Liabilities			
Non-current liabilities			
Warrant liabilities	13	**843,004**	-
Convertible loans	13	**378,080**	357,802
Total non-current liabilities		**1,221,084**	357,802
Current liabilities			
Trade and other payables	12	**3,625,198**	3,885,707
Related party loans	12	**136,999**	659,832
Total current liabilities		**3,762,197**	4,545,539
Total liabilities		**4,983,281**	4,903,341
Total equity and liabilities		**24,970,503**	22,548,656

The profit/(loss) for the financial year was €211,010 (2020: a loss of €677,380).

The financial statements were approved by the Board of Directors on 30 November 2021 and authorised for issue on 30 November 2021. They are signed on its behalf by:

Professor Richard Conroy
Chairman

Maureen T.A. Jones
Managing Director

Consolidated statement of changes in equity
for the financial year ended 31 May 2021

	Share capital	**Share premium**	**Capital conversion reserve fund**	**Share-based payment reserve**	**Other reserve**	**Retained deficit**	**Total equity**
	€	**€**	**€**	**€**	**€**	**€**	**€**
Balance at 1 June 2020	**10,530,645**	**13,084,647**	**30,617**	**574,875**	**8,333**	**(6,583,802)**	**17,645,315**
Share issue *(see Note 14)*	**13,049**	**4,070,403**	**-**	**-**	**-**	**-**	**4,083,452**
Share issue costs	**-**	**-**	**-**	**-**	**-**	**(125,657)**	**(125,657)**
Warrant issue	**-**	**(1,898,494)**	**-**	**-**	**-**	**-**	**(1,898,494)**
Warrant exercise	**-**	**-**	**-**	**-**	**71,596**	**-**	**71,596**
Transfer from share-based payment reserve to retained deficit	**-**	**-**	**-**	**(532,211)**	**-**	**532,211**	**-**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**211,010**	**211,010**
Balance at 31 May 2021	**10,543,694**	**15,256,556**	**30,617**	**42,664**	**79,929**	**(5,966,238)**	**19,987,222**

	Share capital	Share premium	Capital conversion reserve fund	Share-based payment reserve	Other reserve	Retained deficit	Total equity
	€	€	€	€	€	€	€
Balance at 1 June 2019	10,528,124	12,727,194	30,617	751,293	-	(6,163,902)	17,873,326
Share issue *(see Note 14)*	2,521	357,453	-	-	-	-	359,974
Share issue costs	-	-	-	-	-	(16,420)	(16,420)
Share based payments	-	-	-	97,482	-	-	97,482
Conversion feature (convertible loans)	-	-	-	-	8,333	-	8,333
Transfer from share-based payment reserve to retained deficit	-	-	-	(273,900)	-	273,900	-
Loss for the financial year	-	-	-	-	-	(677,380)	(677,380)
Balance at 31 May 2020	10,530,645	13,084,647	30,617	574,875	8,333	(6,583,802)	17,645,315

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 comprises of 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 or lapsed during the year, which are reclassified to retained deficit.

Other reserve
The other reserve comprises of the equity portion of convertible loans.

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

Company statement of changes in equity
for the financial year ended 31 May 2021

	Share capital	**Share premium**	**Capital conversion reserve fund**	**Share-based payment reserve**	**Other reserve**	**Retained deficit**	**Total equity**
	€	**€**	**€**	**€**	**€**	**€**	**€**
Balance at 1 June 2020	**10,530,645**	**13,084,647**	**30,617**	**574,875**	**8,333**	**(6,583,802)**	**17,645,315**
Share issue *(see Note 14)*	**13,049**	**4,070,403**	**-**	**-**	**-**	**-**	**4,083,452**
Share issue costs	**-**	**-**	**-**	**-**	**-**	**(125,657)**	**(125,657)**
Warrant issue	**-**	**(1,898,494)**	**-**	**-**	**-**	**-**	**(1,898,494)**
Warrant exercise	**-**	**-**	**-**	**-**	**71,596**	**-**	**71,596**
Transfer from share-based payment reserve to retained deficit	**-**	**-**	**-**	**(532,211)**	**-**	**532,211**	**-**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**211,010**	**211,010**
Balance at 31 May 2021	**10,543,694**	**15,256,556**	**30,617**	**42,664**	**79,929**	**(5,966,238)**	**19,987,222**

	Share capital	Share premium	Capital conversion reserve fund	Share-based payment reserve	Other reserve	Retained deficit	Total equity
	€	€	€	€	€	€	€
Balance at 1 June 2019	10,528,124	12,727,194	30,617	751,293	-	(6,163,902)	17,873,326
Share issue *(see Note 14)*	2,521	357,453	-	-	-	-	359,974
Share issue costs	-	-	-	-	-	(16,420)	(16,420)
Share based payment	-	-	-	97,482	-	-	97,482
Conversion feature (convertible loans)	-	-	-	-	8,333	-	8,333
Transfer from share-based payment reserve to retained deficit	-	-	-	(273,900)	-	273,900	-
Loss for the financial year	-	-	-	-	-	(677,380)	(677,380)
Balance at 31 May 2020	10,530,645	13,084,647	30,617	574,875	8,333	(6,583,802)	17,645,315

Consolidated statement of cash flows
for the financial year ended 31 May 2021

	2021	2020
	€	€
Cash flows from operating activities		
Profit/(loss) for the financial year	**211,010**	(677,380)
Adjustments for:		
Depreciation	**1,885**	1,884
Share-based payment	**71,596**	97,482
Movement in fair value of warrants	**(1,055,490)**	-
Interest expense	**20,278**	16,135
	(750,721)	(561,879)
(Decrease)/increase in payables	**(32,105)**	339,762
(Increase)/decrease in receivables	**(368,821)**	16,233
(Payments to)/advances from Karelian Diamond Resources P.L.C.	**(228,402)**	4,228
Net cash used in operating activities	**(1,380,049)**	(201,656)
Cash flows from investing activities		
Expenditure on intangible assets	**(658,230)**	(558,698)
Purchase of property, plant and equipment	**(667)**	(1,229)
Cash used in investing activities	**(658,897)**	(559,927)
Cash flows from financing activities		
Issue of share capital	**3,643,044**	359,974
Share issue costs	**(125,657)**	(16,420)
(Payments to)/advances from related parties	**(82,425)**	108,000
Proceeds from convertible loans issue	**-**	350,000
Net cash provided by financing activities	**3,434,962**	801,554
Increase in cash and cash equivalents	**1,396,016**	39,971
Cash and cash equivalents at beginning of financial year	**117,270**	77,299
Cash and cash equivalents at end of financial year	**1,513,286**	117,270

Company statement of cash flows
for the financial year ended 31 May 2021

	2021	2020
	€	€
Cash flows from operating activities		
Profit/(loss) for the financial year	**211,010**	(677,380)
Adjustments for:		
Depreciation	**1,885**	1,884
Share-based payment	**71,596**	97,482
Movement in fair value of warrants	**(1,055,490)**	-
Interest expense	**20,278**	16,135
	(750,721)	(561,879)
(Decrease)/increase in payables	**(32,105)**	339,762
(Increase)/decrease in receivables	**(531,306)**	8,703
(Payments to)/advances from Karelian Diamond Resources P.L.C.	**(228,402)**	4,228
Net cash used in operating activities	**(1,542,534)**	(209,186)
Cash flows from investing activities		
Expenditure on intangible assets	**(495,745)**	(551,168)
Payments to acquire property, plant and equipment	**(667)**	(1,229)
Cash used in investing activities	**(496,412)**	(552,397)
Cash flows from financing activities		
Issue of share capital	**3,643,044**	359,974
Share issue costs	**(125,657)**	(16,420)
(Payments to)/advances from related parties	**(82,425)**	108,000
Proceeds from convertible loans issue	**-**	350,000
Net cash provided by financing activities	**3,434,962**	801,554
Increase in cash and cash equivalents	**1,396,016**	39,971
Cash and cash equivalents at beginning of financial year	**117,270**	77,299
Cash and cash equivalents at end of financial year	**1,513,286**	117,270

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021

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 2021 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Company is a public 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, where applicable, 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 30 November 2021.

Going Concern

The Group and the Company recorded a profit of €211,010 (2020: a loss of €677,380) for the financial year ended 31 May 2021. The Group and the Company had net assets of €19,987,222 (2020: €17,645,315) at that date. The Group had net current liabilities of €1,790,142 (2020: €4,338,318) and the Company had net current liabilities of €1,271,009 (2020: €3,981,673) at that date. The Group and the Company had cash and cash equivalents of €1,513,286 at 31 May 2021 (2020: €117,270). The Directors, namely Professor Richard Conroy, Maureen T.A. Jones, Professor Garth Earls, Brendan McMorrow, Howard Bird 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 €3,119,148 (2020: €3,210,452) which are included in net current liabilities, within 12 months of the date of approval of the financial statements, unless the Group has sufficient funds to repay.

On 1 September 2021, the Company announced that the definitive agreements for the proposed joint venture with Demir Export A.S., on an earn-in basis, over the licences held by Conroy Gold along its 65km district scale gold trend in the Longford-Down Massif in Ireland had reached an advanced stage. The primary focus of the joint venture project is the development of the gold deposit within the Clontibret licence to construction ready status and bringing it into operation as a gold mine.

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 until 30 November 2022. The Directors have fully considered both current and future capital expenditure commitments and the options to fund such commitments in the twelve month period to November 2022.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

1 Accounting policies *(continued)*

Going concern *(continued)*

The Directors recognise that the Group's net current liabilities of €1,790,142 is a material uncertainty that may cast significant doubt on the Group and the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. In reviewing the proposed work programme for exploration and evaluation of assets, the results obtained from the exploration programme, the prospects for raising additional funds as required and the planned entering into a joint venture with Demir Export, the Board of Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. The consolidated and the Company's financial statements do not include any adjustments to the carrying value and classification of assets and liabilities that would arise if the Group and the Company were unable to continue as going concern

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") and the requirements of the Companies Act 2014. The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS101") and the requirements of the Companies Act 2014.

Recent accounting pronouncements

(a) New and amended standards adopted by the Group and the Company

The Group and the Company have adopted the following amendments to standards for the first time for its annual reporting year commencing 1 June 2020:

- Amendments to references to the Conceptual Framework in IFRS Standards – Effective date 1 January 2020;
- Amendments to IFRS 3 Business Combinations – Definition of a Business – Effective date 1 January 2020;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform – Effective date 1 January 2020;
- Amendment to IFRS 16 about providing lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification – Effective date 1 June 2020; and
- Amendments to IAS 1 and IAS 8 regarding definition of material used in the Conceptual Framework – Effective date 1 January 2020.

The adoption of the above amendments to standards had no significant impact on the financial statements of the Group and the Company either due to being not applicable or immaterial.

(b) New standards and interpretations not yet adopted by the Group and the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 May 2021 reporting periods and have not been early adopted by the Group and the Company.

The following amendments to standards adopted and endorsed by the EU have been issued by the International Accounting Standards Board to date and are not yet effective for the financial year from 1 June 2020. The Board of Directors is currently assessing whether these standards once adopted by the Group and the Company will have any impact on the financial statements of the Group and the Company.

- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39 regarding replacement issues in the context of the IBOR reform – Phase 2 - Effective date 1 January 2021; and
- IFRS 4 amendments regarding the expiry date of the deferral approach – Effective date 1 January 2023.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

1 Accounting policies *(continued)*

Recent accounting pronouncements *(continued)*

(b) New standards and interpretations not yet adopted by the Group and the Company *(continued)*

The following new standards and amendments to standards have been issued by the International Accounting Standards Board but have not yet been endorsed by the EU, accordingly, none of these standards have been applied in the current year. The Board of Directors is currently assessing whether these standards once endorsed by the EU will have any impact on the financial statements of the Group and the Company.

- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture – Postponed indefinitely;
- IFRS 1 amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) – Effective date 1 January 2022;
- IFRS 3 amendments updating a reference to the Conceptual Framework – Effective date 1 January 2022;
- IFRS 9 amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the ''10 per cent'' test for derecognition of financial liabilities) – Effective date 1 January 2022;
- Amendment to IFRS 16 about providing lessees with an extension of one year to exemption from assessing whether a COVID-19-related rent concession is a lease modification – Effective date 1 April 2021;
- IFRS 17 Insurance contracts – Effective date deferred to 1 January 2023;
- IAS 1 amendments regarding the classification of liabilities - Effective date 1 January 2023;
- IAS 1 amendments regarding the disclosure of accounting policies - Effective date 1 January 2023;
- IAS 8 amendments regarding the definition of accounting estimates – Effective date 1 January 2023;
- Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction – Effective date 1 January 2023;
- IAS 16 amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use – Effective date 1 January 2022; and
- IAS 37 amendments regarding the costs to include when assessing whether a contract is onerous – Effective date 1 January 2022.

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 impairment.

(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.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

1 Accounting policies *(continued)*

(a) Intangible assets *(continued)*

(i) Capitalisation (continued)

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.

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 has 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 exists 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 on an annual basis, an impairment test is carried out. The E&E assets are categorised into Cash Generating Units (''CGU'') on a country-by-country basis for the years ended 31 May 2021 and 31 May 2020. 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) 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

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

1 Accounting policies *(continued)*

(c) 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.

(d) Share-based payments

The Group classifies instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. When the warrants issued (see note 17 for details) have an exercise price in sterling, they are derivative in nature and are liability classified. They do not qualify for equity classification as any cash settlement on exercise of these warrants will be received in a foreign currency. Where warrants are issued in the functional currency of the Group they are recognised as equity instruments. The warrant liabilities are recognised at their fair value on initial recognition and subsequently are measured at fair value through profit or loss. Any change in direct costs associated with the issuance of warrants are taken as an immediate charge or credit through the income statement.

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). In both instances a recognised valuation methodology for the pricing of financial instruments is used (Binomial Lattice Model or Black Scholes Model).

(e) 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.

(f) 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.

(g) Trade and other receivables and payables

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

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

1 Accounting policies *(continued)*

(h) Pension costs

The Group provides for pensions for certain employees through a defined contribution pension scheme. The amounts are charged to the consolidated income statement. 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.

(i) 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.

(j) 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 the effective interest rate method. 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.

As the convertible loans are made up of both equity and liability components, they are considered to be compound financial instruments. At initial recognition, the carrying amount of a compound financial instrument is allocated to its equity and liability components. When the initial carrying amount is allocated, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The fair value of the conversion feature is taken directly to equity. The fair value of the liability, which is the difference between the transaction price and the fair value of the conversion feature, is recognised as a liability in the consolidated statement of financial position. The liability is subsequently measured at amortised cost. The Company accounts for the interest expense on the liability component of the convertible loan notes at the effective interest rate. The difference between the effective interest rate and interest rate attached to the convertible loan increases the carrying amount of the liability so that, on maturity, the carrying amount is equal to the capital cash repayment that the Company may be required to pay.

(k) Ordinary shares

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

(l) Impairment – financial assets measured at amortised cost

Financial assets measured at amortised cost are reviewed for impairment loss at each reporting date. The Company applies the simplified approach in accordance with IFRS 9.

The Company measures the loss allowance at an amount equal to the lifetime expected credit losses ("ECL") as required under a simplified approach for trade receivables that do not contain a financing component. The Company's approach to ECL reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial re-organisation and default in payments are all considered indicators for increases in credit risks. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. Any contractual payment which is more than 90 days past due is considered credit impaired.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

1 Accounting policies *(continued)*

(m) Significant accounting judgements and key sources of estimation uncertainty

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 exploration and evaluation costs 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.

The carrying value of exploration and evaluation assets in the consolidated statement of financial position was €22,988,973 (2020: €22,330,743) at 31 May 2021 (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.

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 Directors recognise that described above are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Board of Directors, having reviewed the proposed programme for exploration and evaluation assets, the results from the exploration programme and the prospects for raising additional funds as required, are satisfied that it is appropriate to prepare the financial statements on the going concern basis.

Refer to pages 33 and 34 for further details.

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.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

1 Accounting policies *(continued)*

(m) Significant accounting judgements and key sources of estimation uncertainty *(continued)*

Cash Generating Units (''CGUs'')

As outlined in the Intangible assets accounting policy, the exploration and evaluation assets should be allocated to CGU. 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; and
- The determination of an appropriate discount rate.

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 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.

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 an operating expense with a corresponding increase in the "Share-based payment reserve", within equity, where the exercise price is granted in EUR or recognised as a liability where a different currency is quoted as the exercise price 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.

(n) 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.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

2 Operating expenses

(a) **Analysis of operating expenses**	**2021** **€**	2020 €
Operating expenses	**1,111,737**	932,870
Transfer to intangible assets	**(359,118)**	(369,107)
	752,619	563,763
Operating expenses are analysed as follows:		
Wages, salaries and related costs	**453,345**	479,953
Professional fees	**317,698**	110,796
Other operating expenses	**309,309**	311,872
Auditor's remuneration	**29,500**	28,365
Depreciation	**1,885**	1,884
	1,111,737	932,870

Of the above costs, a total of €359,118 (2020: €369,107) is capitalised to intangible assets based on a review of the nature and quantum of the underlying costs. The costs capitalised to intangible assets mainly relate to salaries of geological and on-site staff together with an appropriate portion of executive management salaries. €97,022 is charged to the Statement of Comprehensive Income in relation to Directors' salaries.

	2021 **€**	2020 €
(b) Wages, salaries and related costs as disclosed above is analysed as follows:		
The following amounts has been charged to Profit and Loss account:		
Wages and salaries	**432,059**	463,603
Social insurance costs	**21,286**	16,350
Retirement benefit costs	**-**	-
	453,345	479,953

The amount of wages, salaries and related costs capitalised as intangible assets during the financial year was €307,275 (2020: €319,804).

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

	2021	2020
Exploration and evaluation	**6**	6
Corporate management and administration	**2**	2
	8	8

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

No contributions were made during the year ended 31 May 2021 and 31 May 2020.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

2 Operating expenses *(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	**15,211**	**136,784**	**-**	**-**	**151,995**
Maureen T.A. Jones	**7,142**	**86,264**	**-**	**-**	**93,406**
Professor Garth Earls	**7,142**	**-**	**-**	**-**	**7,142**
Brendan McMorrow	**7,142**	**-**	**-**	**-**	**7,142**
Howard Bird	**7,142**	**-**	**-**	**-**	**7,142**
	43,779	**223,048**	**-**	**-**	**266,827**

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	19,443	153,125	-	-	172,568
Maureen T.A. Jones	8,333	96,250	-	-	104,583
Professor Garth Earls	8,332	-	-	-	8,332
Brendan McMorrow	8,333	-	-	-	8,333
	44,441	249,375	-	-	293,816

3 Profit/(loss) before taxation

The profit/(loss) before taxation is arrived at after charging the following items, those items are stated at amounts prior to the transfer to intangible assets:

	2021	2020
	€	€
Depreciation	**1,885**	1,884
Auditor's remuneration - Group		
The analysis of the auditor's remuneration is as follows:		
• Audit of financial statements	**29,500**	28,365
Auditor's remuneration - Company		
The analysis of the auditor's remuneration is as follows:		
• Audit of financial statements	**28,500**	27,365

Fees of €5,500 (2020: €Nil) were incurred for tax advisory services in respect of the current or prior financial years. Included within the Group audit fee (above) is the amount incurred by the Company.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

4 Directors' remuneration

	2021	2020
	€	€
Aggregate emoluments paid to or receivable by Directors in respect of qualifying services	**266,827**	293,816
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	-	-
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 1 Director (2020: 1)	-	-
• Defined benefit scheme	-	-
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 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 (2020: €Nil).

5 Income tax expense

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

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:

	2021	2020
	€	€
Profit/(loss) on ordinary activities before tax	**211,010**	(677,380)
Irish standard tax rate	**12.5%**	12.5%
Tax credit at the Irish standard rate	**26,376**	(84,673)
Effects of:		
Expenses not deductible for tax purposes	-	-
Losses carried forward for future utilisation	-	84,673
Losses utilised	**(26,376)**	-
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. Unutilised losses carried forward amounted to €22,704,483 at 31 May 2020 and €22,027,103 at 31 May 2019.

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

6 Earnings/(loss) per share

	2021 €	2020 €
Earnings/(loss) for the financial year attributable to equity holders of the Company	**211,010**	(677,380)
Basic earnings per share		
	No. of shares	No. of shares
Number of ordinary shares at start of financial year	**26,213,872**	23,693,039
Number of ordinary shares issued during the financial year	**13,049,008**	2,520,833
Number of ordinary shares at end of financial year	**39,262,880**	26,213,872
Weighted average number of ordinary shares for the purposes of basic earnings per share	**32,257,188**	24,404,398
Basic earnings/(loss) per ordinary share	**0.0065**	(0.0278)
Diluted earnings/(loss) per share		
Weighted average number of diluted ordinary shares for the purposes of diluted loss per share	**32,257,188**	24,404,398
Diluted profit/(loss) per ordinary share	**0.0065**	(0.0278)

As at 31 May 2021, Nil options and 10,793,116 warrants (2020: Nil options and 3,424,109 warrants), were excluded from the computation of the diluted earnings/(loss) per share as their strike price was greater than the average share price in the respective years.

7 Subsidiaries

	% Owned	31 May 2021 €	31 May 2020 €
Shares in subsidiary companies (Unlisted shares) at cost:			
Armagh Gold Limited	**100%**	**3**	3
Conroy Gold Limited	**100%**	**-**	-
Trans International Mineral Exploration Limited	**100%**	**-**	2

Trans International Mineral Exploration Limited was dissolved during the year ended 31 May 2021.

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

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

8 Intangible assets

Exploration and evaluation assets

Group: Cost	**31 May 2021**	31 May 2020
	€	€
At 1 June	**22,330,743**	21,772,045
Expenditure during the financial year		
• License and appraisal costs	**299,113**	189,591
• Other operating expenses (Note 2)	**359,118**	369,107
At 31 May	**22,988,974**	22,330,743

Company: Cost	**31 May 2021**	31 May 2020
	€	€
At 1 June	**21,974,093**	21,422,925
Expenditure during the financial year		
• License and appraisal costs	**136,627**	182,061
• Other operating expenses (Note 2)	**359,118**	369,107
At 31 May	**22,469,838**	21,974,093

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. Please refer to Note 15 for details of further work commitments.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

8 Intangible assets *(continued)*

Mineral interests are categorised as follows:

Group: Ireland **Cost**	**31 May 2021 €**	31 May 2020 €
At 1 June	**19,920,213**	19,426,207
Expenditure during the financial year		
• License and appraisal costs	**281,261**	180,265
• Other operating expenses	**305,251**	313,741
At 31 May	**20,506,725**	19,920,213

Group: Finland **Cost**	**31 May 2021 €**	31 May 2020 €
At 1 June	**2,410,530**	2,345,838
Expenditure during the financial year		
• License and appraisal costs	**17,851**	9,326
• Other operating expenses	**53,868**	55,366
At 31 May	**2,482,249**	2,410,530

Company: Ireland **Cost**	**31 May 2021 €**	31 May 2020 €
At 1 June	**19,563,563**	19,077,087
Expenditure during the financial year		
• License and appraisal costs	**118,776**	172,735
• Other operating expenses	**305,250**	313,741
At 31 May	**19,987,589**	19,563,563

Company: Finland **Cost**	**31 May 2021 €**	31 May 2020 €
At 1 June	**2,410,530**	2,345,838
Expenditure during the financial year		
• License and appraisal costs	**17,851**	9,326
• Other operating expenses	**53,868**	55,366
At 31 May	**2,482,249**	2,410,530

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(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 2020	**17,754**	**137,454**	**155,208**
Additions	**-**	**667**	**667**
At 31 May 2021	**17,754**	**138,121**	**155,875**
Accumulated depreciation			
At 1 June 2020	**17,754**	**126,762**	**144,516**
Charge for the financial year	**-**	**1,885**	**1,885**
At 31 May 2021	**17,754**	**128,647**	**146,401**
Carrying amount at 31 May 2021	**-**	**9,474**	**9,474**

In respect of the previous financial year:

Group and Company	Motor Vehicles	Plant & Office Equipment	Total
	€	€	€
Cost			
At 1 June 2019	17,754	136,225	153,979
Additions	-	1,229	1,229
At 31 May 2020	17,754	137,454	155,208
Accumulated depreciation			
At 1 June 2019	17,754	124,878	142,632
Charge for the financial year	-	1,884	1,884
At 31 May 2020	17,754	126,762	144,516
Carrying amount at 31 May 2020	-	10,692	10,692

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

10 Other receivables

Group

	31 May 2021 €	31 May 2020 €
Other receivables	**249,764**	71,222
Amount owed by Karelian Diamond Resources P.L.C.	**169,933**	-
Vat receivable	**37,299**	18,729
Warrants exercised receivable	**1,773**	-
	458,769	89,951

Company

	31 May 2021 €	31 May 2020 €
Amounts owed from Conroy Gold Limited	**519,133**	356,648
Other receivables	**249,764**	71,219
Amount due from Karelian Diamond Resources P.L.C.	**169,933**	-
Vat receivable	**37,299**	18,729
Warrants exercised receivable	**1,773**	-
	977,902	446,596

The increase in receivables is primarily due to an increase in prepayments in the current year.

The realisation of amounts owed by Group companies to the Company 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. The Company has confirmed that it will not call on these balances within twelve months from the date of signing of these financial statements. However, as these amounts are receivable from the Group companies, the Directors are confident that the probability of default is negligible.

Karelian Diamond Resources P.L.C. is not a group company but considered related due to common directors, registered office, the sharing of personnel and office facilities. Due to this relationship, expenses are shared and allocated to one another and payment of these is through an intercompany account.

11 Cash and cash equivalents

Group and Company

	31 May 2021 €	31 May 2020 €
Cash held in bank accounts	**1,513,286**	117,270
	1,513,286	117,270

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

12 Current liabilities

Trade and other payables

Group and Company	**31 May 2021**	31 May 2020
Amounts falling due within one year	**€**	€
Accrued Directors' remuneration		
Fees and other emoluments	**2,368,045**	2,324,218
Pension contributions	**164,675**	164,675
Accrued former Directors' remuneration		
Fees and other emoluments	**507,345**	642,476
Pension contributions	**79,083**	79,083
Other creditors and accruals	**506,050**	616,786
Amounts owed to Karelian Diamond Resources P.L.C.	**-**	58,469
	3,625,198	3,885,707

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.

The Directors, namely Professor Richard Conroy, Maureen T.A. Jones, Professor Garth Earls, Brendan McMorrow, Howard Bird 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 €3,119,148 (2020: €3,210,452) 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.

Related party loans – Group and Company

Related party loans	**31 May 2021**	31 May 2020
	€	€
Opening balance 1 June	**659,832**	551,832
Loan advance	**-**	108,000
Loan conversion to equity	**(440,408)**	-
Loan repayments	**(82,425)**	-
Closing balance 31 May	**136,999**	659,832

The related party loans amounts relate to monies owed to Professor Richard Conroy amounting to €101,999 (2020: €315,918), Maureen T.A. Jones amounting to €Nil (2020: €49,425), Séamus P. Fitzpatrick (former Director) amounting to €35,000 (2020: €69,489) and Dr. Sorċa Conroy (former Director) amounting to €Nil (2020: €225,000). A repayment was made to Maureen T.A. Jones and Professor Richard Conroy during the year of €49,425 and €33,000 respectively. As part of the share issuance on 16 March 2021, the following amounts were converted to equity from the respective Directors' loans in exchange for a total of 1,147,726 shares in the Company; €225,000 was converted on the loan of Dr. Sorċa Conroy, €180,919 was converted on the loan of Professor Richard Conroy and €34,489 was converted on the loan of Séamus P. Fitzpatrick. The Directors and former Directors have confirmed that they will not seek repayment of the remaining loan balances owed to them by the Group and Company at 31 May 2021 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. Séamus P. Fitzpatrick is a former director in the Company having left the board in August 2017 (and is a shareholder of the Company owning less than 3% of the issued share capital of the Company).

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

13 Non-current liabilities

Warrant liabilities

During the year ended 31 May 2021, 11,005,065 warrants were issued with a sterling exercise price and a range of expiry times from six to twenty-four months. The fair value at grant date was recorded as warrant liabilities with a corresponding charge to share premium for those warrants issued as part of the share issuance. At 31 May 2021, the warrants in issue were again fair valued resulting in a movement in fair value of €1,055,490 being recorded in the income statement and as a reduction in warrant liabilities.

Convertible loan notes

During the year ended 31 May 2020, the Company raised €350,000 through the issue of two unsecured convertible loan notes ("Convertible Loan Notes") to Hard Metal Machine Tools Limited (the "Lender"). Both Convertible Loan Notes have a term of three years and attract interest at a rate of 5% per annum which is payable on the redemption or conversion of the Convertible Loan Notes. The Convertible Loan Notes are unsecured. The first Convertible Loan Note has a monetary amount of €250,000 and was issued on 15 July 2019. This Convertible Loan Note, including the total amount of accrued but unpaid interest, is convertible at the conversion price of £0.07 at any time. The second Convertible Loan Note has a monetary amount of €100,000 and was issued on 30 October 2019. This Convertible Loan Note, including the total amount of accrued but unpaid interest, is convertible at the conversion price of £0.06 at any time. The convertible loans amount to €378,080 (2020: €357,802) at 31 May 2021.

	31 May 2021 €	31 May 2020 €
Opening Balance	**357,802**	-
Loan issued on 15 July 2019	**-**	250,000
Loan issued on 30 October 2019	**-**	100,000
Equity conversion element	**-**	(8,333)
Interest payable	**20,278**	16,135
	378,080	357,802

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

Authorised:	**31 May 2021 €**	31 May 2020 €
11,995,569,057 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

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.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

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

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	**26,213,872**	**26,214**	**30,617**	**10,504,431**	**13,084,647**
Share issue (a)	1,358,333	1,358	-	-	239,654
Share issue (b)	3,200,000	3,200	-	-	883,964
Share issue (c)	100,000	100	-	-	17,644
Share issue (d)	1,387,500	1,388	-	-	246,413
Share issue (e)	60,000	60	-	-	23,240
Share issue (f)	125,000	125	-	-	50,030
Share issue (g)	6,818,175	6,818	-	-	2,609,458
End of financial year	**39,262,880**	**39,263**	**30,617**	**10,504,431**	**17,155,050**

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	23,693,039	23,693	30,617	10,504,431	12,727,194
Share issue (h)	2,520,833	2,521	-	-	357,453
End of financial year	26,213,872	26,214	30,617	10,504,431	13,084,647

(a) On 31 July 2020, the Company raised €241,012 (£217,333), through a placing of 1,358,333 ordinary shares €0.001 in the capital of the Company at a price of £0.1600 per share following the exercise of warrants.
(b) On 11 August 2020, the Company raised €887,164 (£800,000), through a placing of 3,200,000 ordinary shares €0.001 in the capital of the Company at a price of £0.2500 per share.
(c) On 17 August 2020, the Company raised €17,744 (£16,000), through a placing of 100,000 ordinary shares €0.001 in the capital of the Company at a price of £0.1600 per share following the exercise of warrants.
(d) In November 2020, the Company raised €247,801 (£222,000), through a four separate warrant exercises over 1,387,500 ordinary shares €0.001 in the capital of the Company at an exercise price of £0.1600 per share.
(e) On 8 January 2021, the Company raised €23,300 (£21,000), through a warrant exercise over 60,000 ordinary shares €0.001 in the capital of the Company at a price of £0.3500 per share.
(f) On 15 February 2021, the Company raised €50,155 (£43,750), through a warrant exercise over 125,000 ordinary shares €0.001 in the capital of the Company at a price of £0.3500 per share.
(g) On 16 March 2021, the Company raised €2,616,276 (£2,250,000), through a placing and subscription of 5,670,449 ordinary shares €0.001 in the capital of the Company at a price of £0.3300 per share and the issue of 1,147,726 ordinary shares €0.0001 in the capital of the Company as part of a capitalisation of debt owed to certain parties. As part of this share issuance, shares were issued to Directors and former Directors in exchange for repayment of their loans. This amounted to €440,408. See note 12 for further details.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

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

(h) On 22 May 2020, the Company raised €359,974 (£302,500), through a placing of 2,520,833 ordinary shares €0.001 in the capital of the Company at a price of £0.1200 per share.

Warrants: At 31 May 2021, warrants over 10,793,116 (2020: 3,424,109) shares exercisable at prices from £0.35 (2020: £0.16) to €4.33 (2020: €4.33) per share, with various exercisable dates up to 15 February 2023 (2020: 16 November 2022) were outstanding. Refer to Note 17 for further details.

Share Price: The share price at 31 May 2021 was £0.2260 (2020: £0.1100). During the financial year, the price ranged from £0.0975 to £0.4560 (2020: from £0.0410 to £0.1775).

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 2021, the Group had work commitments of €520,000 (2020: €388,000) for period to December 2022, in respect of these prospecting licences held.

The Group also hold prospecting license in Finland which are currently under application for extending, however there are no work or financial commitments in respect of these licenses as at 31 May 2021.

16 Related party transactions

(a) Details as to shareholders and Directors' loans and share capital transactions with Professor Richard Conroy, Maureen T.A. Jones, Séamus P. Fitzpatrick (former Director) and Dr. Sorċa Conroy (former Director) are outlined in in Note 12 of the consolidated financial statements. The loans do not incur interest, are not secured and will not be called upon within twelve months from the date of signing of these consolidated financial statements.

(b) For the financial year ended 31 May 2021, the Company incurred costs totalling €54,872 (2020: €40,818) 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. This intercompany account does not incur interest and no final settlement of the balance has been agreed. Both entities will continue to incur and share costs as with prior years.

These costs are analysed as follows:

	2021	2020
	€	€
Office salaries	**49,048**	80,144
Other operating expenses	**5,824**	9,851
Rent and rates	**-**	(49,177)*
	54,872	40,818

*This amount is rechargeable from Karelian Diamond Resources P.L.C.

(c) At 31 May 2021, the Company recorded a receivable of €169,933 from Karelian Diamond Resources P.L.C. (2020: a payable of €58,469). Amounts from Karelian Diamond Resources P.L.C. are included within "Trade and other receivables" in the current financial year statements and were included within "Trade and other payables in the prior financial year". During the financial year ended 31 May 2021, €173,530 was paid to (2020: €45,046 was received from) Karelian Diamond Resources P.L.C. by the Company. During the financial year ended the Company charged Karelian Diamond Resources P.L.C. €54,872 (2020: €40,818) in respect of the allocation of certain costs as detailed in (b) above. The Group and the Company will not seek repayment of amounts owed to it by Karelian Diamond Resources P.L.C. within 12 months of the date of approval of the consolidated financial statements. No interest is incurred on this intercompany account and there are no other terms or conditions attached.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

16 Related party transactions *(continued)*

(d) At 31 May 2021, Conroy Gold Limited owed €519,133 (2020: Conroy Gold Limited owed €356,648) to the Company. The movement in the balance relates to a payment of expenses for an amount of €162,485 incurred in the name of Conroy Gold Limited by the Company. The Company has confirmed that it will not seek repayment of amounts owed for a minimum period of 12 months from the date of approval of the financial statements, unless Conroy Gold Limited has sufficient funds to repay such amounts. No interest is incurred on this intercompany account and there are no other terms or conditions attached.

(e) At 31 May 2021, the Company was owed €22,903 (2020: €8,970) by Trans-International Oil Exploration Limited. Professor Richard Conroy and Maureen T.A. Jones are Directors of Trans-International Oil Exploration Limited. Professor Richard Conroy holds 50.7% of the share capital of this company. A further €28,961 (2020: €15,866) is owed by Conroy P.L.C., a company in which Professor Richard Conroy has a controlling interest. Amounts totalling €5,290 (2020: €5,290) were owed by companies in which Professor Richard Conroy and Maureen T.A. Jones hold a 50% interest each. The amounts owed by the various companies are included within "Other receivables" in the current and previous financial year's consolidated statement of financial position and company's statement of financial position.

(f) Details of key management compensation which comprises Directors' remuneration are outlined below.

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	Total
	€	€	€
Professor Richard Conroy	**15,211**	**136,784**	**151,995**
Maureen T.A. Jones	**7,142**	**86,264**	**93,406**
Professor Garth Earls	**7,142**	-	**7,142**
Brendan McMorrow	**7,142**	-	**7,142**
Howard Bird	**7,142**	-	**7,142**
	43,779	**223,048**	**266,827**

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	Total
	€	€	€
Professor Richard Conroy	19,443	153,125	172,568
Maureen T.A. Jones	8,333	96,250	104,583
Professor Garth Earls	8,332	-	8,332
Brendan McMorrow	8,333	-	8,333
	44,441	249,375	293,816

Notes

to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

16 Related party transactions *(continued)*

(g) Professor Garth Earls invoiced the Group for €24,068 (2020: €29,192) during the financial year for professional services rendered to the Group. At 31 May 2021, Professor Garth Earls was owed €33,331 (2020: €32,140) in respect of these services. Brendan McMorrow invoiced the Group for €24,500 (2020: €7,727) during the financial year for professional services rendered to the Group. At 31 May 2021, Brendan McMorrow was owed €26,189 (2020: €24,998) in respect of these services.

(h) The Company raised €350,000 through the issue of two unsecured Convertible Loan Notes to Hard Metal Machine Tools Limited (the "Lender") during the year ended 31 May 2020. The Lender is a company 99% owned by an existing shareholder of the Company. Refer to Note 13 for details of the interest charged and the conditions attached to the loans.

17 Share-based payments

The Company has an equity-settled share-based payment arrangement with non-market performance conditions. At 31 May 2021, there were no share options outstanding (2020: €Nil).

Warrants granted generally have a vesting period of two years. Some warrants granted during the financial year vested immediately. Details of the warrants outstanding during the financial year are below.

	2021 No. of share warrants	**2021 Weighted average exercise price €**	2020 No. of share warrants	2020 Weighted average exercise price €
At 1 June	**3,424,109**	**1.139**	8,631,830	0.620
Lapsed during the financial year *(Note 14)*	**(605,225)**	**3.545**	(7,843,137)	0.245
Exercised during the financial year *(Note 14)*	**(3,030,833)**	**0.199**	-	-
Granted during the financial year *(Note 14)*	**11,005,065**	**0.528**	2,635,416	0.178
At 31 May	**10,793,116**	**0.646**	3,424,109	1.139

The Company estimated the fair value of warrants using the Binomial Lattice Model. The determination of the fair value of the warrants on the date of grant using the Binomial Lattice Model is affected by the Company's share price as well as assumptions regarding a number of other variables. These variables include the expected term of the warrants, the expected share price volatility over the term of the warrants, the risk-free interest rate associated with the expected term of the warrants and the expected dividends.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

17 Share-based payments *(continued)*

The Company's Binomial Lattice Model included the following weighted average assumptions for the Company's warrants:

	2021 Warrants	2020 Warrants
Dividend yield	**0%**	0%
Expected volatility	**100%**	95%
Risk free interest rate	**0.1%**	0.4%
Expected life (in years)	**2**	0.75

Amounts relating to warrants which lapsed during the year and which are reclassified to retained earnings were €434,729 (2020: €273,900).

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) Inflation;
(b) Interest rate risk;
(c) Foreign currency risk;
(d) Liquidity risk; and
(e) 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) Inflation

The Group is exposed to the risk associated with inflation such as the impact of increased operating expenses including rent, light & heat and wages and salaries. The Chairman and Managing Director monitor costs on an ongoing basis.

(b) 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. There were no short-term interest-bearing bank deposits at 31 May 2021 or 31 May 2020. The Group did not enter into any hedging transactions with respect to interest rate risk.

(c) 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 2021 and 31 May 2020, the Group did not utilise foreign currency forward contracts or other derivatives to manage foreign currency risk.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

18 Financial instruments *(continued)*

Financial risk management objectives, policies and processes (continued)

(c) 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 2021:

	Sterling exposure denominated in €	**Not at risk €**	**Total €**
Other receivables	**-**	**277,764**	**277,764**
Amount due from related party	**-**	**169,933**	**169,933**
Cash and cash equivalents	**1,348,838**	**164,448**	**1,513,286**
Trade and other payables	**(162,707)**	**(3,463,143)**	**(3,625,850)**
Related party loans	**-**	**(136,999)**	**(136,999)**
Convertible loans	**(378,080)**	**-**	**(378,080)**
Total exposure	**808,051**	**(2,987,997)**	**(2,179,946)**

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 2020:

	Sterling exposure denominated in €	**Not at risk €**	**Total €**
Other receivables	-	71,219	71,219
Cash and cash equivalents	56,986	60,284	117,270
Trade and other payables	(148,701)	(3,725,641)	(3,874,342)
Related party loans	-	(659,832)	(659,832)
Convertible loans	(357,802)	-	(357,802)
Total exposure	(449,517)	(4,253,970)	(4,703,487)

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

	Average rate 2021	Average rate 2020	**Spot rate 31 May 2021**	Spot rate 31 May 2020
GBP	**0.888**	0.875	**0.858**	0.899

Sensitivity analysis

A 10% strengthening of Euro against Sterling, based on outstanding financial assets and liabilities at 31 May 2021 would have increased the reported loss by €80,805 (2020: decreased the reported loss by €44,952) as a consequence of the retranslation of foreign currency denominated financial assets and liabilities at those dates. A weakening of 10% of the Euro 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.

(d) 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.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

18 Financial instruments *(continued)*

Financial risk management objectives, policies and processes (continued)

(d) Liquidity risk *(continued)*

Contractual maturities of financial liabilities as at 31 May 2021 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 (including related party loans)	**3,762,197**	**3,762,197**	**506,050***	**3,256,147****	**-**	**-**
Convertible loans	**378,080**	**402,500**	**-**	**-**	**-**	**378,080*****
	4,140,277	**4,164,697**	**506,050***	**3,256,147****	**-**	**378,080*****

Contractual maturities of financial liabilities as at 31 May 2020 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 (including related party loans)	4,545,539	4,545,536	616,786*	3,928,753**	-	-
Convertible loans	357,802	402,500	-	-	-	357,802***
	4,903,341	4,948,036	616,786*	3,928,753**	-	357,802***

*The amount of €534,050 (2020: €616,783) relates to other creditors and accruals.

**The Directors, namely Professor Richard Conroy, Maureen T.A. Jones, Professor Garth Earls, Brendan McMorrow, Howard Bird 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 €3,119,148 (2020: €3,210,452) within 12 months of the date of approval of the financial statements, unless the Group has sufficient funds to repay.

**The related party loans amounts relate to monies owed to Professor Richard Conroy amounting to €101,999 (2020: €315,918), Maureen T.A. Jones amounting to €Nil (2020: €49,425), Séamus P. Fitzpatrick (former Director) amounting to €35,000 (2020: €69,489) and Dr. Sorċa Conroy (former Director) amounting to €Nil (2020: €225,000).

***More information regarding the convertible loans is detailed in Note 13.

The Group had cash and cash equivalents of €1,513,286 at 31 May 2021 (2020: €117,270).

(e) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation.

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.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

18 Financial instruments *(continued)*

Financial risk management objectives, policies and processes (continued)

(e) Credit risk *(continued)*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 May 2021 and 31 May 2020 was:

	31 May 2021	31 May 2020
	€	€
Cash and cash equivalents	**1,513,286**	117,270
Other receivables	**277,764**	71,219
Amount owed by Karelian Diamond Resources Plc	**169,933**	-
	1,960,983	188,489

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.

Expected credit loss

The Group measures credit risk and expected credit losses on financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward-looking information in determining any expected credit loss. At 31 May 2021 and 31 May 2020, all cash is accessible on demand and held with counterparties with a credit rating of BBB+ or higher. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term.

The amount receivable from Conroy Gold Limited which relates mainly to the cash advances and payment of expenses incurred in the name of Conroy Gold Limited, is a receivable at the Company level but not at the Group level and therefore is not subject to expected credit losses at the Group level. See Note 10 for further details.

However, as these amounts are receivable from the Group companies, the Directors of the Company are confident that the probability of default is close to zero.

As a result of the above, no loss allowance has been recognised based on lifetime expected credit losses as any such impairment would be wholly insignificant to the Company.

(f) Fair values versus carrying amounts

Due to the short-term nature of the Group's current financial assets and liabilities at 31 May 2021 and 31 May 2020, the fair value equals the carrying amount in each case. The carrying value of non-current financial assets and liabilities is a reasonable approximation of fair value.

(g) Capital management

The Group's objective is to discover and develop world class ore bodies in order to create value for its shareholders. The Group's strategy is to explore in politically stable and geographically attractive countries such as Ireland and Finland. The Group ensures as far as possible to obtain adequate working capital to carry out its work obligations and commitments. The Group's overall strategy remains unchanged from the prior period.

The Group has historically funded its activities through share issues and placings and loans. 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.

Notes
to and forming part of the consolidated and company financial statements for the financial year ended 31 May 2021 *(continued)*

18 Financial instruments *(continued)*

Financial risk management objectives, policies and processes (continued)

(g) Capital management *(continued)*

The capital structure of the Group consists of equity of the Group (refer to the statement of changes in equity and Note 14). The Group is not subject to any externally imposed capital requirements.

19 Post balance sheet events

On 6 July 2021, the Company announced the completion of due diligence drilling on its Clontibret gold deposit, the completion of a drill hole on the Cargalisgorran section of the Clay Lake gold target and the commencement of drilling on other targets in the new district scale gold trend which the Company has discovered in the Longford-Down Massif in Ireland.

On 29 July 2021, the Company announced the discovery of a new extensive gold-in-soil anomaly on its licence area in the Longford-Down Massif in Ireland. The anomaly covers an area of approximately 40 acres.

On 12 August 2021, the Company announced significant gold intersections from drilling completed in the Cargalisgorran section of its Clay Lake gold target in the Longford-Down Massif in Ireland.

On 1 September 2021, the Company announced that the definitive agreements for the proposed joint venture with Demir Export A.S., on an earn-in basis, over the licences held by Conroy Gold along its 65km district scale gold trend in the Longford-Down Massif in Ireland had reached an advanced stage. The primary focus of the joint venture project is the development of the gold deposit within the Clontibret licence to construction ready status and bringing it into operation as a gold mine.

COVID-19 continues to limit field and laboratory work given the restrictions on operations and movement. However, the Company's exploration and development programme has nonetheless continued.

There were no other events after the reporting year requiring adjustment to or disclosure in these audited consolidated and company's financial statements.

20 Approval of the audited consolidated financial statements for the financial year ended 31 May 2021

These audited consolidated financial statements were approved by the Board of Directors on 30 November 2021. A copy of the audited consolidated financial statements will be available on the Company's website www.conroygoldandnaturalresources.com and will be available from the Company's registered office at 3300 Lake Drive, Citywest Business Campus, Dublin 24, D24 TD21, Ireland.