

Conroy Diamonds and Gold P.l.c.

Interim Report

2001



CONROY  
DIAMONDS AND GOLD P.l.c.

# Dear Shareholder

I have great pleasure in presenting your Company's Interim Report.

During the period covered by this interim statement, your Company has continued to progress exploration of and enhance its knowledge and understanding of, the Armagh-Monaghan Gold Belt. This has further strengthened your Company's belief that it has discovered a major new mineral province within its exploration licences over the Longford-Down Massif in Ireland. In addition, diamond exploration in Finland is also progressing steadily following the very encouraging results from the initial reconnaissance programme.

## The Armagh-Monaghan Gold Belt

Your Company has confirmed that an extensive gold-bearing system occurs within its licence area, extending for approximately 20km from County Armagh across the Republic of Ireland-Northern Ireland boundary into County Monaghan. Two gold deposits have been found by drilling at Cargalisgorran in Co Armagh, and Tullybuck-Lisglassan, some 6.5km along strike in Co Monaghan. There is strong evidence that this system has the potential to host a series of further gold deposits. This evidence is supplied not only by the twenty three holes drilled by your Company to date, but also by trenching at three additional prospects which has confirmed the presence of gold in bedrock. Four further gold prospects within the Armagh-Monaghan Gold Belt have also been outlined by soil geochemical anomalies.

All of the Armagh-Monaghan Gold Belt, as currently defined, lies within your Company's licence area.

Three mineralised structures have now been identified in drilling at the Cargalisgorran gold deposit, all of which contain significant gold mineralisation. The mineralisation has been outlined over a strike length of approximately 150m, with the deepest intersection to date at a vertical depth of around 55m below surface. The mineralised structures are parallel, trend NNE, and all three are open at depth and along strike.

The Company's proposed Spring 2002 drilling programme will include a further six holes to test for strike extensions of the three known mineralised structures at Cargalisgorran. Only a very small part of the very large geochemical anomaly covering the Cargalisgorran prospect has as yet been drilled.

Another six holes are planned to be drilled at Tullybuck-Lisglassan. The presence of drilling targets adjacent to the deposit were suggested by the findings of the British Geological Survey/Craft study announced last March.

## Potential New Gold Deposits

However, the most significant and exciting component of the planned Spring drilling programme comprises six holes which are planned for three additional targets where trenching has already confirmed the presence of gold in bedrock. All three targets lie within the Armagh-Monaghan Gold Belt: two are located between Tullybuck-Lisglassan and Cargalisgorran, and the third is situated approximately seven

kilometres to the south-west of Tullybuck-Lisglassan.

The fact that gold mineralisation has already been identified in bedrock at all three localities, combined with the known deposits at Cargalisgorran and Tullybuck-Lisglassan, provides strong confirmation of the presence of a large mineralised system over a strike length of at least 14km. This gives further support for Conroy's geological model for the Gold Belt itself and increases the likelihood that your Company will eventually convert one or more of the discoveries to date into a major deposit.

## Slieve Glah Gold Prospect

Both the Cargalisgorran and Tullybuck-Lisglassan gold deposits together with the other potential gold deposits in the Armagh-Monaghan Gold Belt are located within the Longford-Down Massif and are spatially related to the Orlock Bridge Fault which your Company believes is the geological structure which most influenced the creation of the Gold Belt and is the main geological control over mineralisation in the region.

Elsewhere in the Longford-Down Massif near Slieve Glah in Co Cavan, some 45 kilometres to the south west of Tullybuck-Lisglassan, the Orlock Bridge Fault shows a marked deviation to the south. This type of geological structure is sometimes associated with large scale mineral development. A detailed soil geochemistry programme undertaken by your Company at Slieve Glah has defined three extensive gold anomalies. This will be followed up by trenching to bedrock over these anomalies in order to define drill targets.

## Finland

Your Company's diamond exploration programme in Finland shows continued progress. A number of classic "bullseye" aeromagnetic anomalies have been identified. These anomalies are of the type which may be associated with diamondiferous kimberlite pipes.

The results of the initial till sampling programme in Finland carried out by the Geological Survey of Finland on behalf of your Company have also been most encouraging with kimberlitic indicator minerals, including an all important G9 garnet discovered.

Most diamonds are formed in kimberlite pipes. Certain minerals are unique to these pipes and are known as kimberlitic indicator minerals. Some of these minerals are derived from the same source rock within the kimberlite as diamonds. In this context, G9 and G10 garnets are of particular importance and are known as diamond indicator minerals. Kimberlitic pipes may also show magnetic highs or lows characterised by a bullseye pattern in northern latitudes.

The Company now holds Claims over what it believes to be the most prospective areas within the Claim Reservations previously held. In Finland a Claim Reservation gives exclusive rights for the submission of Claims for a period of twelve months. Further Claim Reservations have also been granted to your Company.

## Finance

Following a further successful fund raising in May your Company continued its exploration programme in Ireland and Finland with the excellent results described above. Further encouragement has come from the steady increase in gold prices in recent months. The cash in hand at 30 November 2001 was €236,384, which together with facilities available to the Company is financing the current phase of the exploration programme. Your directors are considering the various options for financing its further exploration and development programmes. This may include bringing in a joint-venture partner or the raising of further permanent capital.

## Directors and Staff

I would like to thank my fellow directors, staff and consultants for their support and dedication. They have made the continued progress and success of the Company possible.

The future continues to be most interesting and exciting.

Yours faithfully,

A handwritten signature in black ink that reads "Richard Conroy". The signature is written in a cursive style with a long horizontal stroke at the end.

Professor Richard Conroy  
Executive Chairman  
27 February 2002

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# CONROY DIAMONDS AND GOLD P.L.c.

## Balance Sheet at 30 November 2001

	November 2001 (Unaudited) €	November 2000 (Unaudited) €	May 2001 (Audited) €
<b>Fixed Assets</b>			
Intangible – Mineral Interests	3,761,820	2,408,663	3,261,035
Tangible fixed assets	74,492	67,446	65,863
	3,836,312	2,476,109	3,326,898
<b>Current Assets</b>			
Debtors	21,068	38,395	45,957
Cash	236,384	489,834	1,049,695
	257,452	528,229	1,095,652
<b>Creditors: Amounts falling due within one year</b>	(789,200)	(499,330)	(968,536)
<b>Net Current Assets\Liabilities</b>	(531,748)	28,899	127,116
<b>Total Assets less Current Liabilities</b>	3,304,564	2,505,008	3,454,014
<b>Creditors:</b>			
Amounts falling due after more than one year	(222,204)	-	(222,204)
	€3,082,360	€2,505,008	€3,231,810
<b>Capital and Reserves</b>			
Called up share capital	526,832	450,283	557,449
Capital Conversion Reserve Fund	30,617	-	-
Share premium account	3,418,155	2,592,057	3,418,155
Profit and loss account	(893,244)	(537,332)	(743,794)
	€3,082,360	€2,505,008	€3,231,810

## Profit and Loss Account for half-year ended 30 November 2001

	November 2001 (Unaudited) €	November 2000 (Unaudited) €	May 2001 (Audited) €
Operating expenses	(155,913)	(107,592)	(320,190)
Other income	6,463	8,685	14,821
<b>Loss on Ordinary Activities before Taxation</b>	(149,450)	(98,907)	(305,369)
Tax on loss on ordinary activities	-	-	-
<b>Loss for period</b>	(149,450)	(98,907)	(305,369)
Profit and Loss account at 1 June 2001	(743,794)	(438,425)	(438,425)
<b>Profit and Loss account at 30 November 2001</b>	(893,244)	(537,332)	(743,794)
Loss per share	(€0.009)	(€0.007)	(€0.022)

