



**HALF-YEARLY REPORT 2010**



**CONROY**

GOLD AND NATURAL RESOURCES

## Dear Shareholder

I am pleased to report on the technical and financial activities of your Company for the six months ended 30 November 2010, a period of further very positive progress for your Company, and the results post period of the Scoping Study.

During the period under review Wardrop Engineering Inc (“Wardrop”) progressed the Scoping Study at your Company’s Clontibret gold target. As announced on 7 February 2011, the results of the study have now been received and are positive on both financial and technical grounds indicating that we have an economically viable target, on less than 20 per cent of the overall target. Exploration continued elsewhere on your Company’s licences with drill holes at Clay Lake yielding gold in bedrock on what is potentially a much larger deposit than Clontibret.

In addition, during the period, your Company raised approximately €1.9 million net of expenses.

The Joint Ore Reserves Committee (“JORC”) Standard Scoping Study by Wardrop was focussed on the Tullybuck-Lisglassan area which comprises approximately 20 per cent of your Company’s Clontibret gold target. Wardrop recommend that due to the positive outcome, infill and step-out drilling along strike together with metallurgical studies be carried out and that the potential for a multi deposit strategy is worthy of further evaluation.

Wardrop’s study assumed the mine is a conventional open pit operation supporting a production of about 24,000 oz per year with a seven year mine life. The study focussed on high grade lode zones and higher grade zones within the stockwork that were over two metres totalling about 9.3 million metric tonnes, at an average grade of 1.7g/t gold using a cut off grade of 0.6g/t gold. Wardrop assumed a processing rate of 400,000 tonnes per year and a gold recovery of approximately 88 per cent. Overall resources within the area amount to more than 1 million oz of gold.

Using a base commodity price for gold of US\$1,144 per ounce, this derived a 17.7 per cent Internal Rate of Return (“IRR”) and a Net Present Value (“NPV”), at 8 per cent discount rate, of US\$14.4 million. If recent gold prices are reflected, a rate of 20 per cent over the base case is applicable – US\$1,373 gives an IRR of 58.3 per cent and an NPV of US\$77.9 million.

The Scoping Study indicates that the Clontibret project is economically viable and provides a sound technical and financial basis to move forward to the next stages of the project in the knowledge that the ore system remains open, that further expansion of the resource is likely and that a multi deposit strategy is worthy of evaluation.

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Seven kilometres to the Northeast of Clontibret lies the Clay Lake gold target where assay results from the step-out drilling showed that each of seven holes drilled so far in the top corner of a soil anomaly hit gold mineralisation. These results support the view of your Board that Clay Lake may be even more prospective than Clontibret and that your Company is beginning to prove that this area may become a new gold mining district.

### Finance

The results for the six months ended 30 November 2010 are set out below. The loss for the period was €213,504 (2009: loss €183,126).

During the period under review your Company raised approximately €1.9 million, net of expenses, from investors through a share placing and subscription and I converted €687,540 of my loans to the Company into shares.

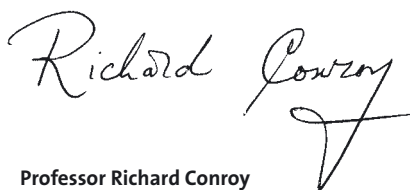
### Outlook

The delivery of positive financial and technical results from the Scoping Study at Clontibret is independent confirmation of your Board's long held belief that Clontibret is a commercially viable project that it is steadily moving down the road to production. Potentially we have significantly higher resources within the identified trend – we expect further drilling both at Clontibret and at other targets, in particular Clay Lake, to further expand the 1 million oz JORC resource.

### Directors and Staff

I would like to thank my fellow directors, staff and consultants for their support and dedication, which has enabled the continued success of the Company. I look forward to the future with confidence.

Yours faithfully,

A handwritten signature in black ink that reads "Richard Conroy". The signature is written in a cursive style with a large, stylized initial 'C' at the end.

**Professor Richard Conroy**  
*Chairman*

28 February 2011

# Unaudited Balance Sheet

As at 30 November 2010

	30 November 2010 (Unaudited) €	30 November 2009 (Unaudited) €	31 May 2010 (Audited) €
<b>Non-current Assets</b>			
Intangible assets	10,612,546	9,166,965	9,802,468
Financial assets	2	2	2
Property, plant and equipment	19,735	19,515	14,424
	<b>10,632,283</b>	9,186,482	9,816,894
<b>Current Assets</b>			
Trade and Other Receivables	60,613	32,933	56,381
Cash and cash equivalents	2,178,075	413,419	1,648,160
	<b>2,238,688</b>	446,352	1,704,541
<b>Total Assets</b>	<b>12,870,971</b>	9,632,834	11,521,435
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Called up share capital	6,913,935	4,285,935	5,713,935
Share premium	7,656,028	5,530,823	6,273,383
Capital conversion reserve fund	30,617	30,617	30,617
Share based payments reserve	657,170	508,143	582,656
Retained losses	(3,469,979)	(3,149,156)	(3,256,475)
<b>Total Equity</b>	<b>11,787,771</b>	7,206,362	9,344,116
<b>Non-current Liabilities</b>			
<b>Trade and other payables:</b> Amounts falling due after more than one year	554,612	1,567,701	1,284,576
<b>Total non-current liabilities</b>	<b>554,612</b>	1,567,701	1,284,576
<b>Current Liabilities</b>			
<b>Trade and other payables:</b> Amounts falling due within one year	528,588	858,771	892,743
<b>Total Current Liabilities</b>	<b>528,588</b>	858,771	892,743
<b>Total Liabilities</b>	<b>1,083,200</b>	2,426,472	2,177,319
<b>Total Equity and Liabilities</b>	<b>12,870,971</b>	9,632,834	11,521,435

## Unaudited Income Statement

For the six months ended 30 November 2010

	Six months ended 30 November 2010 (Unaudited) €	Six months ended 30 November 2009 (Unaudited) €	Year ended 31 May 2010 (Audited) €
<b>Operating Expenses</b>	<b>(218,574)</b>	(183,142)	(290,522)
Other Income	5,070	16	77
<b>Loss Before Taxation</b>	<b>(213,504)</b>	(183,126)	(290,445)
Taxation	–	–	–
<b>Loss Retained for the Period</b>	<b>(213,504)</b>	(183,126)	(290,445)
Loss per ordinary share – Basic and diluted	<b>(€0.0011)</b>	(€0.0015)	(€0.0021)

# Unaudited Cash Flow Statement

For the six months ended 30 November 2010

	30 November 2010 (Unaudited) €	30 November 2009 (Unaudited) €	31 May 2010 (Audited) €
<b>Cash flows from operating activities</b>			
Cash used by operations	(561,201)	(12,574)	(150,092)
Tax paid	–	–	–
<b>Net cash used in operating activities</b>	<b>(561,201)</b>	<b>(12,574)</b>	<b>(150,092)</b>
<b>Cash flows from investing activities</b>			
Investment in mineral interest	(749,812)	(430,050)	(945,021)
Payments to acquire property, plant and equipment	(11,754)	–	(206)
<b>Net cash used in investing activities</b>	<b>(761,566)</b>	<b>(430,050)</b>	<b>(945,227)</b>
<b>Cash flows from financing activities</b>			
Issue of share capital, net	1,895,105	830,071	3,000,632
Advances of shareholder loan	–	80,000	190,000
Repayment of shareholder loan	(42,424)	(115,772)	(508,897)
<b>Net cash from financing activities</b>	<b>1,852,681</b>	<b>794,299</b>	<b>2,681,735</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>529,914</b>	<b>351,675</b>	<b>1,586,416</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,648,160</b>	<b>61,744</b>	<b>61,744</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,178,074</b>	<b>413,419</b>	<b>1,648,160</b>