CONROY
GOLD AND NATURAL RESOURCES PLC

Condensed consolidated financial statements

for the six month period ended 30 November 2021

Contents

Chairman's statement

Dear Shareholder,

I have great pleasure in presenting the Company's Half-Yearly Report and Condensed Consolidated Financial Statements for the six-month period ended 30 November 2021. It has been one of continued successful progress.

A definitive agreement was reached for a joint venture partnership with Demir Export A.S. ("Demir Export"). Shareholder approval for the joint venture was sought, and obtained, on 22 December 2021, following which the Company and Demir Export signed the formal agreement on 31 December 2021.

Excellent technical results continued to be reported during the period under review, including the discovery of an extensive new gold target near the Company's Clay Lake gold target.

Joint Venture Project with Demir Export A.S.

The primary focus of the joint venture (the "Demir Export JV" or "Project Inis") is the development of each of the licences within the Company's district scale gold trend to Construction Ready Status and then to bring a gold mine or mines into operation. The initial focus of this work will be on the existing gold deposit within the Clontibret licence. Achieving "Construction Ready Status" includes, *inter alia*, securing all relevant planning permissions and mining permits, together with an appropriate bank feasibility study.

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

The Demir Export JV is deemed to be a fundamental change of business pursuant to AIM Rule 15 and accordingly was conditional on the consent of Conroy Gold's shareholders being given at the extraordinary general meeting of the Company held on 22 December 2021. 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. The definitive agreement becomes unconditional upon satisfaction of the outstanding conditions. As announced on the 22 January 2022, the majority of the conditions have been met with various licences transferred to the respective entities. Arrangements are still in process for the Mines Royal options in Northern Ireland to be transferred by the Company to Conroy Gold (Armagh) Limited which is the only outstanding condition to completion of the JV.

Conroy Gold and Natural Resources PLC will, on completion, continue to be classified pursuant to AIM Rule 15 as an operating company.

Key Terms of the JV

The investment by Demir Export will be directly into three special purpose companies: Conroy Gold (Clontibret) Limited, Conroy Gold (Armagh) Limited and Conroy Gold (Longford-Down) Limited (currently wholly owned subsidiaries of the Company) (together the "JV Companies") each holding the relevant licence or group of licences.

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

- **Phase 1**: Investment in the JV Companies by Demir Export in work commitments (except Demir in-house costs and operator fees) for an aggregate amount of expenditure of €5.5 million plus the costs to the JV Companies of the minimum regulatory work commitments, will earn Demir Export a 25% interest in each of the JV Companies.
- **Phase 2**: Investment in the JV Companies by Demir Export in work commitments (except Demir in-house costs and operator fees) for an aggregate amount of expenditure of €4.5 million plus the costs to the JV Companies of the minimum regulatory work commitments, will earn Demir Export an additional 15% in each of the JV Companies.
- **Phase 3**: Investment in the JV Companies by Demir Export for the additional funds required to reach Construction Ready Status will earn an additional 17.5% interest in the relevant JV Company which has reached construction ready status in respect of any Licence, thus increasing Demir Export's holding to a total of 57.5% in that JV Company.

Conroy Gold, after Construction Ready Status is achieved, may either retain its 42.5% interest in that JV Company by participating pro rata in the expenditures for mine construction, or avail itself of a number of options including diluting its interest, being carried for the expenditures through to commercial production with a "Carry Loan" for a 25% interest with pay back on 50% of the net profits due to Conroy Gold within a maximum payback period of six years, or having its interest in such JV Company converted into a 2% net smelter revenue royalty.

The licences in the JV have been divided into three Licence Groups, namely the Clontibret Licence, the two Northern Ireland Licences, and the nine Other Irish Licences with the Joint Venture Companies, (being currently wholly owned subsidiaries of Conroy Gold) each owning a different Licence Group.

The aggregate compensation for the transfer of the Licenses to the joint venture companies will be €1 million which will be paid to Conroy Gold on completion under the agreement as part of Phase 1 expenditures set out above.

A joint management committee ("JMC**"**) will be established to oversee, plan and execute the various plans, in the work programme of the JV. The JMC will be comprised of four members, two from each party, but with a Demir Export representative having a casting vote, with minority protection rights contained in a shareholders agreement to be entered into on completion of the Agreement. It is anticipated that Conroy will be appointed as operator for an initial two-year period after which the matter of operatorship will be reviewed.

Exploration Results

The Company announced in August 2021 a newly discovered gold-in-soil target that lies between the Company's Derryhennet-Clay Lake gold target, where drilling and trenching have identified significant grades and widths of gold-in-bedrock, and the site where the Clay Lake Gold nugget, with a weight of 30.05g and gold content of 28g, was discovered in the 1980.

The new anomaly covers an area of approximately 40 acres (c.700 metres by c.250 metres) and trends north northwest – south southeast. It is aligned on a similar trend to the gold lodes in the Clontibret gold deposit where the Company has a (JORC 2012) gold resource of 517,000 ounces Au (320,000 oz Au indicated and 197,000 oz Au inferred).

The discovery adds further to the series of gold targets in the north-eastern area of the Company's licences in the Longford–Down Massif on which an exploration target (JORC 2012) of 8.8 million ounces Au has been estimated (announced 2 August 2018), in addition to the already defined JORC compliant gold resource of 517,000 ounces Au referred to above.

During the year significant gold intersections were reported from drilling completed in the Cargalisgorran section of the Company's Clay Lake gold target.

COVID-19

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. The Company is looking forward to the gradual removal of restrictions over the coming six to twelve months enabling the Company progress with its objectives with increased expedition.

Finance

The loss after taxation for the half year ended 30th November 2021 was €278,699 (for the six month period ended 30th November 2020 : €703,294) and the net assets as at 30th November 2021 were €19,708,801 (30th November 2020 : €18,696,306).

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.

Outlook

I look forward to the Company, together with its Joint Venture partner - Demir Export - making accelerated progress in both the development and exploration programmes on the district scale gold trend the Company has discovered in the Longford-Down Massif, with the primary objective of bringing into operation a gold mine.

Yours faithfully,

Richard Conroy

Professor Richard Conroy
Chairman

28 February 2022

Condensed consolidated income statement and condensed consolidated statement of comprehensive income

for the six month period ended 30 November 2021

Condensed consolidated income statement

	Note	**Six month period ended 30 November 2021 (Unaudited) €**	*Six month period ended 30 November 2020 (Unaudited) €*	*Year ended 31 May 2021 (Audited) €*
Continuing operations				
Operating expenses		**(283,339)**	(318,332)	(752,619)
Operating expenses – share-based payment expense		**-**	(395,097)	(71,596)
Movement in fair value of warrants	*6*	**14,750**	-	1,055,490
Operating (loss)/profit		**(268,589)**	(713,429)	231,275
Finance income – interest		**29**	4	13
Interest expense		**(10,139)**	(10,139)	(20,278)
(Loss)/Profit before taxation		**(278,699)**	(703,294)	211,010
Income tax expense		**-**	-	-
(Loss)/Profit for the financial period/year		**(278,699)**	(703,294)	211,010
(Loss)/Profit per share				
Basic and diluted (loss)/earnings per ordinary share	*2*	**(€0.0071)**	(€0.0117)	€0.0065

Condensed consolidated statement of comprehensive income

	Six month period ended 30 November 2021 (Unaudited) €	*Six month period ended 30 November 2020 (Unaudited) €*	*Year ended 31 May 2021 (Audited) €*
(Loss)/Profit for the financial period/year	**(278,699)**	(703,294)	211,010
(Expense)/Income recognised in other comprehensive income	**-**	-	-
Total comprehensive (expense)/income for the financial period/year	**(278,699)**	(703,294)	211,010

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

Condensed consolidated statement of financial position
as at 30 November 2021

	Note	**30 November 2021 (Unaudited) €**	*30 November 2020 (Unaudited) €*	*Year ended 31 May 2021 (Audited) €*
Assets				
Non-current assets				
Intangible assets	4	**23,357,402**	22,525,305	22,988,974
Property, plant and equipment		**8,531**	10,416	9,474
Total non-current assets		**23,365,933**	22,535,721	22,998,448
Current assets				
Cash and cash equivalents		**742,199**	503,879	1,513,286
Other receivables		**346,600**	229,608	458,769
Total current assets		**1,088,799**	733,487	1,972,055
Total assets		**24,454,732**	23,269,208	24,970,503
Equity				
Capital and reserves				
Called up share capital		**39,263**	32,260	39,263
Called up deferred share capital		**10,504,431**	10,504,431	10,504,431
Share premium		**15,256,556**	14,472,322	15,256,556
Capital conversion reserve fund		**30,617**	30,617	30,617
Share based payments reserve		**42,664**	919,893	42,664
Other reserve		**79,929**	8,333	79,929
Retained losses		**(6,244,659)**	(7,271,550)	(5,966,238)
Total equity		**19,708,801**	18,696,306	19,987,222
Liabilities				
Non-current liabilities				
Convertible loan	5	**388,219**	367,941	378,080
Warrant Liabilities	6	**828,254**	-	843,004
Total non-current liabilities		**1,216,473**	367,941	1,221,084
Current liabilities				
Trade and other payables: amounts falling due within one year		**3,392,259**	3,627,554	3,625,198
Related party loans	7	**137,199**	577,407	136,999
Total current liabilities		**3,529,458**	4,204,961	3,762,197
Total liabilities		**4,745,931**	4,572,902	4,983,281
Total equity and liabilities		**24,454,732**	23,269,208	24,970,503

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

Condensed consolidated statement of cash flows
for the six month period ended 30 November 2021

	Six month period ended 30 November 2021 (Unaudited) €	*Six month period ended 30 November 2020 (Unaudited) €*	*Year ended 31 May 2021 (Audited) €*
Cash flows from operating activities			
(Loss)/Profit for the financial period/year	**(278,699)**	(703,294)	211,010
Adjustments for:			
Depreciation	**943**	942	1,885
Share based payment	**-**	395,097	71,596
Interest expense	**10,139**	10,139	20,278
Movement in fair value of warrants	**(14,750)**	-	(1,055,490)
Decrease/(Increase) in other receivables	**61,730**	(139,659)	(368,821)
(Decrease)/increase in trade and other payables	**(232,939)**	(188,688)	(32,105)
Payments to Karelian Diamond Resources P.L.C	**-**	-	(228,402)
Net cash used in operating activities	**(453,576)**	(625,463)	(1,380,049)
Cash flows from investing activities			
Investment in exploration and evaluation	**(368,428)**	(194,562)	(658,230)
Purchase of property plant and equipment	**-**	(667)	(667)
Net cash used in investing activities	**(368,428)**	(195,229)	(658,897)
Cash flows from financing activities			
Issue of share capital	**-**	1,393,721	3,643,044
Share issue cost	**278**	(34,533)	(125,657)
Directors Loans	**200**	-	-
Payments from/(to) Karelian Diamond resources P.L.C	**50,439**	(69,462)	-
Payments to related parties	**-**	(82,425)	(82,425)
Net cash provided by financing activities	**50,917**	1,207,301	3,434,962
(Decrease)/increase in cash and cash equivalents	**(771,087)**	386,609	1,396,016
Cash and cash equivalents at beginning of financial period/year	**1,513,286**	117,270	177,270
Cash and cash equivalents at end of financial period/year	**742,199**	503,879	1,513,286

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

Condensed consolidated statement of changes in equity
for the six month period ended 30 November 2021

	Share capital	Share premium	Capital conversion reserve fund	Share- based payment reserve	Other reserve	Retained deficit	Total equity
	€	€	€	€	€	€	€
Balance at 1 June 2021	**10,543,694**	**15,256,556**	**30,617**	**42,664**	**79,929**	**(5,966,238)**	**19,987,222**
Share issue	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share issue costs	**-**	**-**	**-**	**-**	**-**	**278**	**278**
Share based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer from share-based payment reserve to retained deficit	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the financial year	**-**	**-**	**-**	**-**	**-**	**(278,699)**	**(278,699)**
Balance at 30 November 2021	**10,543,694**	**15,256,556**	**30,617**	**42,664**	**79,929**	**(6,244,659)**	**19,708,801**
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	6,046	1,387,675	-	-	-	-	1,393,721
Share issue costs	-	-	-	-	-	(34,533)	(34,533)
Share based payments	-	-	-	395,097	-	-	395,097
Transfer from share-based payment reserve to retained deficit	-	-	-	(50,079)	-	50,079	-
Loss for the financial period	-	-	-	-	-	(703,294)	(703,294)
Balance at 30 November 2020	10,536,691	14,472,322	30,617	919,893	8,333	(7,271,550)	18,696,306

Share capital
The share capital comprises 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 General Meetings held on 26 February 2015 and 14 December 2015.

Authorised share capital:
The authorised share capital at 30 November 2021 comprised 11,995,569,058 ordinary shares of €0.001 each, 306,779,844 deferred shares of €0.02 each, and 437,320,727 deferred shares of €0.00999 each (€22,500,000), (30 November 2020: 11,995,569,058 ordinary shares of €0.001 each, 306,779,844 deferred shares of €0.02 each, and 437,320,727 deferred shares of €0.00999 each (€22,500,000)).

Share premium
The share premium reserve comprises the excess consideration received in respect of share capital over the nominal value of the shares 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 represents the amount expensed to the condensed consolidated income statement in addition to the amount capitalised as part of intangible assets of share-based payments granted which are not yet exercised and issued as shares. During the six month period ended 30 November 2021 no warrants expired. During the six month period ended 30 November 2020 a number of unexercised warrants expired resulting in a transfer of €50,079 from this reserve to retained losses.

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

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

Notes

to and forming part of the condensed consolidated financial statements for the six month period ended 30 November 2021

1. Accounting policies

Reporting entity

Conroy Gold and Natural Resources plc (the "Company") is a company domiciled in Ireland. The unaudited condensed consolidated financial statements for the six month period ended 30 November 2021 comprise the condensed financial statements of the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation and statement of compliance

Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34: *Interim Financial Reporting*.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 May 2021, which are available on the Group's website - www.conroygold.com . The accounting policies adopted in the presentation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 May 2021.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are measured at fair value at each reporting date.

The condensed consolidated financial statements are presented in Euro ("€"). € is the functional currency of the Group.

The preparation of condensed 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 financial period in which the estimate is revised and in any future financial periods affected. Details of critical judgements are disclosed in the accounting policies detailed in the annual consolidated financial statements.

The financial information presented herein does not amount to statutory consolidated financial statements that are required by Chapter 4 part 6 of the Companies Act 2014 to be annexed to the annual return of the Company. The statutory consolidated financial statements for the financial year ended 31 May 2021 were annexed to the annual return and filed with the Registrar of Companies. The audit report on those consolidated financial statements was unqualified.

These condensed consolidated financial statements were authorised for issue by the Board of Directors on 28 February 2022.

Going concern

The Group incurred a loss of €278,699 for the six month period ended 30 November 2021 (six month period ended 30 November 2020: €703,294). The Group had net current liabilities of €2,440,659 at that date (30 November 2020: €3,471,474).

The Board of Directors have considered carefully the financial position of the Group and in that context, have prepared and reviewed cash flow forecasts for the period to 28 February 2023. In reviewing the proposed work programme for exploration and evaluation assets, the results obtained from the exploration programme and the prospects for raising additional funds as required, the Board of Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Notes
to and forming part of the condensed consolidated financial statements for the six month period ended 30 November 2021 *(continued)*

1. Accounting policies *(continued)*

Recent accounting pronouncements

The Group and the Company has adopted the following amendments to standards for the first time for its interim reporting period commencing from 1 June 2021:

- Amendments 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.

The adoption of the above amendments to standards and interpretations has been considered for the purposes of these interim financial statements and is not considered material.

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 interim period from 1 June 2021. 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.

- IFRS 4 amendments regarding the expiry date of the deferral approach – Effective date 1 January 2023.

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.

Notes

to and forming part of the condensed consolidated financial statements for the six month period ended 30 November 2021 *(continued)*

2. Loss per share

Basic earnings per share	**Six month period ended 30 November 2021 (Unaudited) €**	*Six month period ended 30 November 2020 (Unaudited) €*	*Year ended 31 May 2021 (Audited) €*
(Loss)/Profit for the financial period/year attributable to equity holders of the Company	**(278,699)**	(703,294)	211,010
Number of ordinary shares at start of financial period/year	**39,262,880**	26,213,872	26,213,872
Number of ordinary shares issued during the financial period/year	**-**	6,045,833	13,049,008
Number of ordinary shares at end of financial period/year	**39,262,880**	32,259,705	39,262,880
Weighted average number of ordinary shares for the purposes of basic earnings per share	**39,262,880**	29,249,769	32,257,188
Basic (loss)/earnings per ordinary share	**(€0.0071)**	(€0.0240)	€0.0065
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**39,262,880**	29,249,769	32,257,188
Diluted (loss)/earnings per ordinary share	**(€0.0071)**	(€0.0240)	€0.0065

3. Subsidiaries

Shares in subsidiary companies (Unlisted shares) at cost:	**30 November 2021 (Unaudited) €**	*30 November 2020 (Unaudited) €*	*31 May 2021 (Audited) €*
Conroy Gold Limited – *100% owned*	**-**	-	-
Armagh gold Limited – *100% owned*	**3**	-	3
Trans International Mineral Exploration Limited – *100% owned*	**-**	2	-
	3	2	3

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

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

Basis of consolidation

The condensed consolidated financial statements include the condensed financial statements of Conroy Gold and Natural Resources plc 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 condensed financial statements of subsidiaries are included in the condensed 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 condensed consolidated financial statements.

Notes

to and forming part of the condensed consolidated financial statements for the six month period ended 30 November 2021 *(continued)*

4. Intangible assets

Exploration and evaluation assets

Cost	**30 November 2021 (Unaudited) €**	*30 November 2020 (Unaudited) €*	*31 May 2021 (Audited) €*
At 1 June	**22,988,974**	22,330,743	22,330,743
Expenditure during the financial period/year			
• License and appraisal costs	**7,780**	23,902	299,113
• Other operating expenses	**360,648**	170,660	359,118
• Equity settled share based payments	**-**	-	-
At 30 November/31 May	**23,357,402**	22,525,305	22,988,974

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 as a result of 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.

5. Convertible loan

On 15 July 2019, the Company entered into an unsecured convertible loan agreement for €250,000 with Hard Metal Machine Tools Limited (the "Lender"). A further unsecured convertible loan note for €100,000 was issued on 30 October 2019 to the Lender. The 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 loan notes (including interest accrued) are convertible into ordinary shares in the capital of the Company at any time during the term of the loan notes at a conversion price of 7 pence sterling per share in respect of the first loan note and 6 pence sterling per share in respect of the second loan note agreement.

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. 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 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.

Notes

to and forming part of the condensed consolidated financial statements for the six month period ended 30 November 2021 *(continued)*

6. Warrant Liabilities

The Company holds Euro and Sterling based warrants. The Company estimates the fair value of the sterling based warrants using the Binomial Lattice Model. The determination of the fair value of the warrants is affected by the Company's share price along with other assumptions. The fair value of the warrants in issue at 30 November 2021 was €828,254. The movement in fair value for the six month period to 30 November 2021 resulted in a non-cash gain of €14,750. There were no new warrants issued during the period and none were exercised or lapsed.

7. Related party transactions

(a) Directors' and former Directors' loans	**30 November 2021 (Unaudited) €**	*30 November 2020 (Unaudited) €*	*31 May 2021 (Audited) €*
At 1 June	**136,999**	659,832	659,832
Loan adjustment	**200**	-	-
Loan conversion to equity	**-**	-	(440,408)
Loan repayment	**-**	(82,425)	(82,425)
At 30 November/31 May	**137,199**	577,407	136,999

The Directors' and former Directors' loan amounts relate to monies owed to Professor Richard Conroy (Chairman) amounting to €102,199 (30 November 2020: €101,999) and Seamus Fitzpatrick amounting to €35,000 (30 November 2020: €35,000).

Seamus Fitzpatrick is former director in the Company having left the board in August 2017 (and is shareholder of the Company owning less than 3% of the issued share capital of the Company). Seamus Fitzpatrick is not classified as related party under the AIM Rules for Companies. This loan is unsecured advance with no interest payable and there is no repayment or maturity terms.

(b) Apart from Directors' remuneration, and loans from Directors, there have been no contracts or arrangements entered into during the six month period in which a Director of the Group had a material interest.

(c) The Group shares accommodation and staff with Karelian Diamond Resources plc which have certain common Directors and shareholders. For the six month period ended 30 November 2021, the Group incurred costs totalling €50,311 (30 November 2020: €39,388) on behalf of Karelian Diamond Resources plc. These costs were recharged to Karelian Diamond Resources plc by the Group. At 30 November 2021, the Group is owed €169,804 (30 November 2020: €50,381) from Karelian Diamond Resources plc.

8. Commitments and contingencies

As a result of entering into a joint venture agreement with Demir Export A.S. (Dex) on 31 December 2021, all work commitments for the forthcoming year in respect of prospecting licences held by the Group will be met by Dex.

9. Subsequent events

There were no material events subsequent to the reporting date which necessitate revision of the figures or disclosures included in the financial statements.

10. Approval of the condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors on 28 February 2022. A copy of the condensed consolidated financial statements will be available on the Group's website www.conroygold.com on 28 February 2022.