



CONROY

GOLD AND NATURAL RESOURCES PLC

Half-Yearly Report
2018

Conroy Gold and Natural Resources plc

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Conroy Gold and Natural Resources plc

Chairman's statement

Dear Shareholder,

I have great pleasure in presenting your Company's Half-Yearly Report for the six month period ended 30 November 2018. The period has been one of further successful progress. Excellent results came from the drilling programme in the Clontibret – Clay Lake – Glenish gold area and an expanded exploration target of 8.8M oz gold was estimated for the area as announced on 2 August 2018. Environmental and other studies continued to progress in relation to the Company's proposed mine development at Clontibret. In addition, a successful placing during the half-year raised £500,000 (€556,545) for the Company to fund the advancement of the Company's gold assets.

Principal Activities and Business Review

Gold Price

The price of gold is a dominant feature in any business review or sensitivity analysis of a gold mining development. During the period as the Company continued with its exploration and development activities, it is very pleasing to note a significant rise in the gold price from less than \$1,200 an ounce in October 2018 to over \$1,300 an ounce at the date of writing. It is also relevant that all the world's Central Banks have been increasing their holdings of gold during the past year.

Exploration Activity

The Company's principal exploration activities during the period centred around its drilling at Clontibret where, following the discovery of extensive gold zones with wide mineralised intersections and grades up to 24g/t gold, an initial 1,000 metre drilling programme was expanded by a further 700 metres. This resulted in the discovery of further significant intercepts and gold grades.

Drilling was also carried out at the Company's gold targets at Clay Lake and Glenish, immediately to the northeast and southwest respectively of Clontibret, as part of an overall drilling programme encompassing the 17km long gold district, Clontibret – Clay Lake – Glenish, which the Company has discovered in the northeast of its licence area.

Gold intersections at Clay Lake included one which extended for over 150 metres at 0.3g/t gold. This wide gold intersection adds to previous drilling and trenching results which suggest potential for high tonnage and overall gold content in the Clay Lake gold target.

Bedrock Gold Discovery

A new area of bedrock gold mineralisation was discovered during prospecting between the Clontibret gold deposit and the Corcaskea gold target. The grade of the gold outcrop discovered is 5.6g/t gold. This newly discovered outcrop lies to the north of the Clontibret gold deposit, on which the Company has defined a JORC resource of 517,000 oz gold, and to the south of the Corcaskea gold target, which has yielded significant gold intersections in trenches, including 16.5 metres at 6.5g/t gold and 12 metres at 4.9g/t gold. The relevance of this discovery is that geological interpretation suggests that continuity between the Clontibret gold deposit, which is open in all directions and to depth, and the Corcaskea gold target is becoming established. Proving continuity between the Clontibret gold deposit and the Corcaskea gold target will indicate significantly increased gold potential in the area.

Exploration Target Update

During the half-year an updated Exploration Target of 8.8M ounces gold associated with the gold-in-soil anomalies in the Clontibret–Clay Lake–Glenish gold district has been estimated by consulting geologist Professor Garth Earls (Professor Earls is also a non-executive director of the Company). This updated Exploration Target of 8.8M oz gold does not include the already defined JORC compliant resource of 517,000 oz gold in the Clontibret gold deposit. The updated target is to a depth of 200 metres and now includes the Glenish gold target. It should be noted, however, that the potential quantity and grade of the Exploration Target are, however, essentially conceptual in nature and must not be construed as Resources or Reserves.

Conroy Gold and Natural Resources plc

Chairman's statement (*continued*)

Principal Activities and Business Review (*continued*)

Future Drilling and Other Activities

Further drilling is planned for the Clontibret – Clay Lake – Glenish gold target area with a view to increasing the resource at Clontibret and delineating the gold potential at Clay Lake and Glenish and indeed elsewhere along the 65km (40 miles) gold trend which your Company has discovered. There will also be follow up on the gold in bedrock discovery between the Clontibret gold deposit and the Corcaskea gold target.

Mine Development

The ultimate objective of your Company's exploration programme is, of course, the discovery and development of economic mineral resources. A Preliminary Economic Assessment (PEA) has indicated technical and financial feasibility of the Company's Clontibret gold deposit and environmental and other studies related to the projected mine development continue.

Summary

Overall the geology of the area, further excellent drilling results during 2018, the recent bedrock discovery between the resource area and Corcaskea and the presence of 65km (40 miles) gold trend discovered by the Company all lend encouragement and substance to our belief that the discovery of a multimillion ounce gold deposit in the Company's licence area is highly achievable.

Finance

The loss after taxation for the half-year ended 30 November 2018 was €285,604 (six-month period ended 30 November 2017: loss €458,222) and the net assets as at 30 November 2018 were €18,145,291 (30 November 2017: €16,709,325). During the half – year a placing to raise £500,000 (€556,545) was successfully completed by the Company.

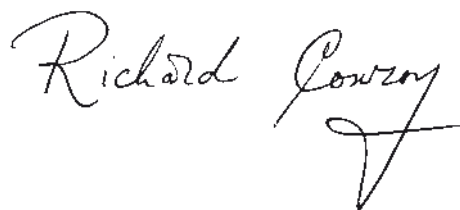
Directors and Staff

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

We look forward to continuing to make successful progress with our exploration, delineation and development programmes on the Company's gold properties.

Yours faithfully,



Professor Richard Conroy
Chairman

28 February 2019

Conroy Gold and Natural Resources plc

Condensed consolidated income statement and condensed consolidated statement of comprehensive income

for the six month period ended 30 November 2018

Condensed consolidated income statement

	Note	Six month period ended 30 November 2018 (Unaudited) €	Six month period ended 30 November 2017 (Unaudited) €	Year ended 31 May 2018 (Audited) €
Continuing operations				
Operating expenses		(285,604)	(458,222)	(745,498)
Finance income – interest		-	-	13
Loss before taxation		(285,604)	(458,222)	(745,485)
Income tax expense		-	-	-
Loss for the financial period/year		(285,604)	(458,222)	(745,485)
Loss per share				
Basic loss per ordinary share	2	(€0.0130)	(€0.0401)	(€0.0485)
Diluted loss per ordinary share	2	(€0.0130)	(€0.0401)	(€0.0396)

Condensed consolidated statement of comprehensive income

		Six month period ended 30 November 2018 (Unaudited) €	Six month period ended 30 November 2017 (Unaudited) €	Year ended 31 May 2018 (Audited) €
Loss for the financial period/year		(285,604)	(458,222)	(745,485)
Income/expense recognised in other comprehensive income		-	-	-
Total comprehensive expense for the financial period/year		(285,604)	(458,222)	(745,485)

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

Conroy Gold and Natural Resources plc

Condensed consolidated statement of financial position as at 30 November 2018

	Note	30 November 2018 (Unaudited) €	30 November 2017 (Unaudited) €	Year ended 31 May 2018 (Audited) €
Assets				
Non-current assets				
Intangible assets	4	21,487,318	19,981,950	21,000,286
Property, plant and equipment		12,292	14,174	13,232
Total non-current assets		21,499,610	19,996,124	21,013,518
Current assets				
Cash and cash equivalents		53,773	102,109	233,161
Other receivables		99,664	97,117	72,298
Total current assets		153,437	199,226	305,459
Total assets		21,653,047	20,195,350	21,318,977
Equity				
Capital and reserves				
Called up share capital		23,693	12,214	20,057
Called up deferred share capital		10,504,431	10,504,431	10,504,431
Share premium		12,727,194	11,054,732	12,174,285
Capital conversion reserve fund		30,617	30,617	30,617
Share based payments reserve		751,293	1,542,961	995,489
Retained losses		(5,891,937)	(6,435,630)	(5,850,529)
Total equity		18,145,291	16,709,325	17,874,350
Liabilities				
Non-current liabilities				
Directors' loans	5	185,343	180,343	185,343
Total non-current liabilities		185,343	180,343	185,343
Current liabilities				
Trade and other payables: amounts falling due within one year		3,322,413	3,305,682	3,259,284
Total current liabilities		3,322,413	3,305,682	3,259,284
Total liabilities		3,507,756	3,486,025	3,444,627
Total equity and liabilities		21,653,047	20,195,350	21,318,977

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

Conroy Gold and Natural Resources plc

Condensed consolidated statement of cash flows for the six month period ended 30 November 2018

	Six month period ended 30 November 2018 (Unaudited) €	<i>Six month period ended 30 November 2017 (Unaudited) €</i>	<i>Year ended 31 May 2018 (Audited) €</i>
Cash flows from operating activities			
Loss for the financial period/year	(285,604)	(458,222)	(745,485)
<i>Adjustments for:</i>			
Depreciation	940	942	1,884
Expense recognised in income statement in respect of equity settled share based payments	-	-	74,621
(Increase)/decrease in other receivables	(27,366)	1,863	26,862
Increase in trade and other payables	58,792	551,279	665,196
Net cash (outflow)/provided by operating activities	(253,238)	95,862	22,898
Cash flows from investing activities			
Investment in exploration and evaluation	(487,032)	(322,846)	(1,042,705)
Payments to acquire property, plant and equipment	-	-	-
Net cash used in investing activities	(487,032)	(322,846)	(1,042,705)
Cash flows from financing activities			
Issue of share capital	556,545	406,680	1,543,076
Share issue costs	-	-	(48,206)
(Repayments)/advances from Directors'	-	(96,944)	(91,944)
Advances/(Repayments) from Karelian Diamond Resources P.L.C.	4,337	(347)	(160,662)
Net cash provided by financing activities	560,882	309,389	1,233,264
(Decrease)/Increase in cash and cash equivalents	(179,388)	82,405	213,457
Cash and cash equivalents at beginning of financial period/year	233,161	19,704	19,704
Cash and cash equivalents at end of financial period/year	53,773	102,109	233,161

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

Conroy Gold and Natural Resources plc

Condensed consolidated statement of changes in equity for the six month period ended 30 November 2018

	Share capital (including called up deferred share capital)	Share premium	Capital conversion reserve fund	Share based payment reserve	Retained losses	Total equity
	€	€	€	€	€	€
Balance at 1 June 2018	10,524,488	12,174,285	30,617	995,489	(5,850,529)	17,874,350
Share issue	3,636	552,909	-	-	-	556,545
Transfer from share-based payment reserve to retained losses	-	-	-	(244,196)	244,196	-
Loss for the financial period	-	-	-	-	(285,604)	(285,604)
Balance at 30 November 2018	10,528,124	12,727,194	30,617	751,293	(5,891,937)	18,145,291
Balance at 1 June 2017	10,515,445	10,649,252	30,617	1,542,961	(5,977,408)	16,760,867
Share issue	1,200	405,480	-	-	-	406,680
Loss for the financial period	-	-	-	-	(458,222)	(458,222)
Balance at 30 November 2017	10,516,645	11,054,732	30,617	1,542,961	(6,435,630)	16,709,325

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 2018 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 2017: 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 issues during the period ended 30 November 2018:

On 24 August 2018, the Company raised €556,545, (before expenses), through the issue of 3,636,365 ordinary shares of €0.001 in the capital of the Company at a price of €0.1375 per Subscription Share.

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 2018 a number of unexercised warrants expired resulting in a transfer of €244,196 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.

Conroy Gold and Natural Resources plc

Notes

to and forming part of the condensed consolidated financial statements for the six month period ended 30 November 2018

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 2018 comprise the condensed financial statements of the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation and statement of compliance

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 2018, 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 2018. IFRS 15: *Revenue from Contracts with Customers* ("IFRS 15") is effective for the first time in the current interim period. The Directors have assessed that the impact of IFRS 15 on the condensed financial statements for the current period will not be material.

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 2018 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 2019.

Going concern

The Group incurred a loss of €285,604 for the six month period ended 30 November 2018 (six month period ended 30 November 2017: €458,222). The Group had net current liabilities of €3,168,976 at that date (30 November 2017: €3,106,456).

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 29 February 2020. In reviewing the proposed work programme for exploration and evaluation assets and on the basis of the equity raised during the period ended 30 November 2018, 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.

Conroy Gold and Natural Resources plc

Notes

to and forming part of the condensed consolidated financial statements for the six month period ended 30 November 2018 (*continued*)

1 Accounting policies (*continued*)

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. IFRS 15: *Revenue from Contracts with Customers* ("IFRS 15") is effective for the first time in the current interim period. The Directors have assessed that the impact of IFRS 15 on the condensed financial statements for the current period will not be material.

Standards, interpretations and amendments issued but not yet effective

The following new standards, amendments to standards and interpretations have been issued to date and are not yet effective for the financial period ended 30 November 2018, and have not been applied nor early adopted, where applicable, in preparing these condensed financial statements:

- IFRS 9: *Financial Instruments* - effective for annual periods beginning 1 January 2018
- IFRS 16: *Leases* - effective for periods beginning 1 January 2019
- IFRS 17: *Insurance Contracts* - effective for periods beginning 1 January 2021
- IFRS10/IAS28: *Sale or contribution of an asset between an investor and its Associate or Joint Venture (Amendment)* – Deferred indefinitely by amendments made in December 2015.

The Board of Directors anticipate that the adoption of new standards, interpretations and amendments that were in issue at the date of authorisation of these condensed financial statements, but not yet effective, will have no material impact on the condensed financial statements in the period of initial application.

2 Loss per share

Basic earnings per share

	Six month period ended 30 November 2018 (Unaudited) €	<i>Six month period ended 30 November 2017 (Unaudited) €</i>	<i>Year ended 31 May 2018 (Audited) €</i>
Loss for the financial period/year attributable to equity holders of the Company	(285,604)	(458,222)	(745,485)
Number of ordinary shares at start of financial period/year	20,056,674	11,013,537	11,013,537
Number of ordinary shares issued during the financial period/year	3,636,365	1,200,000	9,043,137
Number of ordinary shares at end of financial period/year	23,693,039	12,213,537	20,056,674
Weighted average number of ordinary shares for the purposes of basic earnings per share	22,023,947	11,424,773	15,379,675
Basic loss per ordinary share	(€0.0130)	(€0.0401)	(€0.0485)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	22,023,947	11,424,773	18,839,251
Diluted loss per ordinary share	(€0.0130)	(€0.0401)	(€0.0396)

Conroy Gold and Natural Resources plc

Notes

to and forming part of the condensed consolidated financial statements for the six month period ended 30 November 2018 (*continued*)

3 Subsidiaries

Shares in subsidiary companies (Unlisted shares) at cost:	30 November 2018 (Unaudited) €	30 November 2017 (Unaudited) €	31 May 2018 (Audited) €
Conroy Gold Limited – 100% owned	-	-	-
Trans International Mineral Exploration Limited – 100% owned	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>

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.

4 Intangible assets

Exploration and evaluation assets

Cost	30 November 2018 (Unaudited) €	30 November 2017 (Unaudited) €	31 May 2018 (Audited) €
At 1 June	21,000,286	19,659,104	19,659,104
Expenditure during the financial period/year			
• License and appraisal costs	259,740	38,851	530,959
• Other operating expenses	227,292	283,995	511,746
• Equity settled share based payments	-	-	298,477
At 30 November/31 May	<u>21,487,318</u>	<u>19,981,950</u>	<u>21,000,286</u>

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.

Conroy Gold and Natural Resources plc

Notes

to and forming part of the condensed consolidated financial statements for the six month period ended 30 November 2018 (*continued*)

5 Related party transactions

(a) Directors' loans

	30 November 2018 (Unaudited) €	<i>30 November 2017 (Unaudited) €</i>	<i>31 May 2018 (Audited) €</i>
<i>At 1 June</i>	185,343	277,287	277,287
Loans advanced	-	69,736	89,736
Loan repayment	-	(166,680)	(181,680)
<i>At 30 November/31 May</i>	185,343	180,343	185,343

The Directors' loan amounts relate to monies owed to Professor Richard Conroy amounting to €135,918 (31 May 2018: €135,918), and Maureen T.A. Jones amounting to €49,425 (31 May 2018: €49,425).

(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 with Karelian Diamond Resources plc which have certain common Directors and shareholders. For the six month period ended 30 November 2018, the Group incurred costs totalling €74,968 (30 November 2017: €143,686) on behalf of Karelian Diamond Resources plc. These costs were recharged to Karelian Diamond Resources plc by the Group. At 30 November 2018, the Group owed €117,514 (30 November 2017: €273,453) to Karelian Diamond Resources plc. Amounts owed to Karelian Diamond Resources plc are included within trade and other payables in the current and previous financial periods/years.

6 Commitments and contingencies

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 30 November 2018, the Group had work commitments of approximately €340,000 for the forthcoming year, in respect of prospecting licences held (31 May 2018: €440,000).

7 Approval of the Condensed Consolidated Financial Statements

These Condensed Consolidated Financial Statements were approved by the Board of Directors on 27 February 2019. A copy of the Condensed Consolidated Financial Statements will be available on the Group's website www.conroygold.com on 28 February 2019.

