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Recent Metallurgical Test Results Continue To Demonstrate The Viability Of Conroy Gold's Clontibret Project

By Alastair Ford

"It's going along very satisfactorily", says Professor Richard Conroy, following an announcement by Conroy Gold and Natural Resources metallurgical tests at the Clontibret gold project in Ireland have proved positive.



Professor Richard Conroy

"We're delighted with these metallurgical results", he enthuses, and not just because they demonstrate that the Clontibret ore will likely be amenable to processing through a standard combination of semi-autonomous grind (SAG) and ball mill.

More exciting, says the Professor, is that these results represent the first of a set of results that should now start coming out with some regularity. "The next lot will be the flotation results, which hopefully we'll get very shortly", he says. "They'll be even more important because they'll give an insight into recovery."

After that will come the results from the biological oxidation studies. This, says the Professor, will take a little longer to complete. And he cautions that the company isn't yet absolutely dead set on using biox. Pressure oxidation is still under consideration.

It's all part of ongoing pre-feasibility work being undertaken with the help of Gold Fields on the biox side, and Tetra Tech for a wider metallurgical assessment. In the background environmental and weather studies are also well underway.

The plan, says the Professor, is still to bring Clontibret into production within three years. But there remains much work to be done before that aspiration can be translated into reality.

The next significant step will be to conduct more detailed planning on the proposed pit, and then to move to infill drilling the inferred portion of the resource with a view to moving the whole amount into the measured and indicated categories.

As it stands, using a 0.75 gram cut-off, Clontibret boasts an indicated resource of 440,000 ounces at 1.24 grams per tonne, and a further 590,000 ounces inferred at 1.32 grams.

A scoping study carried out by Tetra Tech in 2011 using Whittle pit optimisation software showed that the mineable resource at Clontibret stands at well over 600,000 ounces of gold, assuming a US\$1,372 gold price, a 0.6 gram cut-off, and only concentrating on the high-grade portions of the stockwork zones.

At this stage, as pre-feasibility work continues, the Professor isn't expecting any dramatic variation on the 2011 number.

To be sure, input costs might rise. But on the other hand, he points out that in many respects Ireland is a low cost jurisdiction. "The mines in Ireland have certain advantages", he says. "The mines that we have are very modern mines. You don't have to build a road, you don't have to bring in power."

Even so, the US\$77.8 million that Tetra Tech calculated in 2011 that it would take to put Clontibret into production will have to be found from somewhere. On the one hand, that price tag ought not to present an insurmountable challenge. Similar sized, but more expensive deposits in Africa have in recent years been financed without too much fuss.

On the existing numbers Clontibret offers payback in two years, on the basis of a pre-tax internal rate of return of 49.4 per cent. The net present value at an eight per cent discount is just over US\$72 million. At today's gold price of just over US\$1,650 per ounce, the numbers will look considerably better.

But times are changing. The Professor is well aware that the appetite for financing smaller mines is not what it once was. Not among the traditional sources of finance anyway. “We’re obviously considering: what are the options in today’s financial world”, he says.

“The very obvious one is to do a joint venture with some other partner”, he says, and he cites Amara’s recent financing deal with Samsung as an example of what can be achieved if one is prepared to think outside the box.

“There was”, he says, “some idea that we were against joint ventures. That’s not the case. We’re not against joint ventures at all. But we were not prepared to be diluted at the early exploration stage”.

But the company is a long way past that stage now, and although it’s funded for its immediate needs, will probably need help to take it through the bankable feasibility stage.

But investors need not fret. The Professor has clearly demonstrated his ability to tie in major companies to deals with his other vehicle, Karelian Diamonds, which is currently in joint venture with Rio Tinto in Finland.

As far as Conroy Gold is concerned, the presence of Gold Fields on the consulting team is interesting, but may not be indicative of what the future holds as far as partnerships are concerned. To date, the company literature has been quite clear: it’s Gold Fields’ expertise in biox that is pertinent here, not its cheque book.

But the Professor has many years of experience in the resources space, both in Ireland and overseas, and if he’s interested in doing a joint venture deal he certainly has the rolodex at his disposal to put something together.