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Conroy Gold Will Press Go On A Feasibility Study At Clontibret Once Metallurgical Results Are Out Later This Summer

By Alastair Ford

“We’re going along quite comfortably at the moment”, says Professor Richard Conroy, chairman of Conroy Gold.



Professor Richard Conroy

But he’s well aware of the wider carnage that’s affecting the market around him. “Obviously at the moment the gold price is undergoing this correction”, he says. “We’re reasonably comfortable right down to US\$1,000, and I’m sure we could even push down below that, but I don’t see that happening.”

Not surprisingly though, investors have been selling down any company with “Gold” in the name, and Conroy has been no exception.

Its shares have dropped from a 12-month high of 2.625p, hit on Valentine’s Day of this year, to the current 1.675, a fall of almost a third. On the other hand, they’re still trading at higher levels than they were at for most of the final half of last year, so it’s not all bad.

Perhaps more to the point, the Professor has shown himself more than capable over the years of raising the

money he needs to keep the company going, despite the carping of some critics that it's taken a long, long time for the company to move its gold projects in Ireland towards anything close to a production decision.

That ability to raise cash stems from the Professor's previous successes in the natural resources space, both in mining and in oil, as well as his one-time political career as a senator and member of Fianna Fáil, the centrist-right party in Irish politics.

After all, this is a man with his own Wikipedia entry, albeit that it doesn't find room to mention his contribution to one of the world's great zinc discoveries at Galmoy.

So when the Professor concedes that the current funding environment is tricky, but adds that he's still relatively confident the money will be available to move the flagship Clontibret project forward, it's worth taking seriously.

"We raised £500,000 a few months back", he says. And in recent years that sort of sum has been fairly typical of the raises that have kept Conroy going, although a fairly chunky £3 million came in back in the spring of last year.

In any case, the Professor recognises that from here on in, as metallurgical work nears completion and full-blown feasibility work looms, the money requirement is likely to rise.

"We're obviously going to be moving into a new funding phase", he says. "We'll move into a different bracket. We're probably looking at something in the region of £10 million over the next three years, plus the cost of the mine."

That was put at around US\$77.8 million in an updated scoping study released at the end of 2011. For that money, the plan is to build a mine producing 50,000 ounces per year that will produce over 11 years, and generate an internal rate of return of 49.4 per cent.

As currently envisaged, the mine will only account for around 20 per cent of the potential resource at Clontibret, so there's a whole lot of upside left on the table for later. It's partly with that in mind that the Professor says categorically: "I think we'll get the money in. It has so much potential. It's quite a serious target."

He's pragmatic too, though, and certainly not over-confident about a straightforward equity option. "It's not the best of markets. But particularly with gold you have quite a lot of other alternatives – you can make a huge return on a long-term basis. It's never easy raising money at any time."

First thing's first though, metallurgical testwork needs to be completed. "What we're steadily getting on with are the crucial tests on the metallurgy to confirm that we go ahead with BIOX. The tests are very well underway, and all the tests so far have come out at least as well as we'd hoped."

The results from the remaining testwork should be released over the summer, and then the company can really pick up the pace. "Once we get that we can really start motoring", says the Professor. "We can start completing the feasibility and environmental work."

That'll be a seminal moment for Conroy, and indeed in the history of Irish gold exploration. There is some small-scale gold production on the other side of the border at Omagh, in Northern Ireland, but other than that as a mining jurisdiction the focus in Ireland has almost exclusively been on zinc and its associated metals.

But the Professor reckons that may be about to change. "50,000 ounces per year is a nice starting value", he says. "And it brings about a realisation that there is significant gold in Ireland. People just haven't taken that on board. We're looking at 15-to-20 million-plus ounces, although obviously that's a conjectural number."

Conroy Gold has a lot of the most prospective ground already under license on both sides of the border, and has already identified some targets that could in the long run yield spectacular results. In particular, says the Professor, "Clay Lake looks like it could be very large indeed."

But it's not the only one. To the south west of Clontibret both the Glenish and Slieve Glah prospects provide additional upside. Exploration may not be in vogue right now, but the Professor has shown a willingness to play a long game in the past, and there seems little doubt that these prospects will get the attention they deserve in due course, whatever the market conditions.

In the meantime, met results from Clontibret and a green light for full feasibility work should breathe some life back into the shares, albeit assuming that the gold price doesn't tumble too much lower than it already has.