

MORNING COMMENT

Conroy Gold and Natural Resources plc (CGNR.L)* 18 May 2021

- **Price:** 24.50p
- **MCp:** £9.6m
- **Tck:** CGNR.L
- **Sector:** gold, base metals
- **Recommendation:** Buy
- **Price Target:** 138p

JV Update & Drilling at Clontibret.

This morning **Conroy Gold and Natural Resources** (CGNR.L) announced work had started on its 2021 drilling work programme at Clontibret in Ireland, with two holes being drilled which will form part of the ongoing work programme planning and technical due diligence by the proposed Turkish mining company JV partner Demir Export A.S.

As explained by the Chairman Richard Conroy, in the RNS, the financial resources and expertise of Demir, should be able to move the Clonribret gold deposit towards a “mine construction ready status and into operation as a mine”, along with being able to “advance the significant gold potential of other licences along the gold trend to the same status”.

FEL Comment.

Today’s update shows that Conroy’s proposed Project ‘Inis’ JV now appears to be much further advanced than the previously planned link up with Anglo Asian Mining, which was terminated earlier this year.

The signing of a final JV agreement with the blue-chip stature Demir, would involve a sizeable amount of at least €10m in capital investment being put into the project’s development, compared to what would had been only €4m from the old Anglo Asian deal.

Since 25th February, when the improved JV with Demir was announced, Conroy Gold's shares have surprisingly continued to drift downwards from 34p to around 24p, We believe the market has incorrectly downgraded the shares over this period in reaction to the ending of the Anglo Asian deal, rather than pricing in the importance and improved proposed JV terms with the much larger and capable Demir. Today's JV update could well lead to a reversal in this recent downward share movement, with the shares hopefully moving back up nearer our **Price Target of 138p**.

With the above thoughts in mind, along with further exploration drilling news and hopefully confirmation of the Demir JV on the horizon, we continue to rate the shares as a '**Buy**'.

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