

# Conroy Gold and Natural Resources plc

Update

29 May 2014

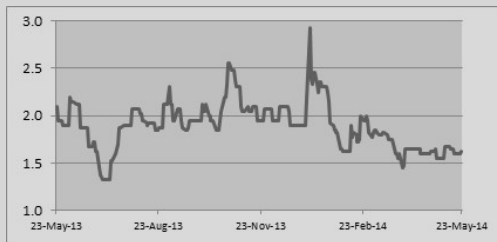
HYBRIDAN

## Wide gold zones confirmed at Clay Lake

### Key Statistics

**Code** : CGNR  
**Listing** : AIM  
**Sector** : Mining  
**Market Cap** : £5.72m  
**Share in issue** : 352m  
**Current Price** : 1.625p  
**12 mnth High/Low** : 2.93p/1.33p

### Stock Performance



Source: Fidessa

### Financials

£m y/e May	FY 11A	FY 12A	FY 13A	FY 14E
EBT	-0.4	-0.5	-0.4	-0.3
Book Value	11.6	12.7	13.1	14.1

Source: Annual reports and Hybridan LLP estimates

### Company description

Conroy Gold and Natural Resources is a gold exploration and development company primarily focused on Ireland. The Company holds exclusive 100% owned licenses to explore for both gold and base metals in Northern Ireland and the Republic of Ireland (aggregate areas of c. 450 sq. miles) in a geological structure called the Longford-Down Massif. Conroy's most detailed appraisals have been at Clontibret, where a JORC compliant mineral resource of 1 million+ ounces of gold has been identified on 20 per cent of the target.

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The news flow from Conroy since the £500k placing in February has been focused on trenching results at its Clay Lake target at the northern end of its 30 mile license area. Further to previous drilling and geophysics surveys at the target, the 666m trenching programme has provided further evidence that Clay Lake has the potential for high tonnage and overall gold content. In total gold mineralisation at an average of 0.58g/t was encountered with highlights including 5 metres at 3.02g/t and 22 metres at 1.01g/t. This data provides a highly encouraging platform to continue from and plan a work programme to further delineate the resource.

At a market cap of £5.7m the current valuation is amply supported by the JORC compliant resource which is assigned to just a fraction of Conroy's Irish acreage (20% of Clontibret), equating to £8/oz of gold in situ based on 601k oz (Tetra Tech). The company believes its license area has an overall gold potential of 15 – 20m+ oz. We can expect further news flow with regard to mine development at Clontibret and additional delineation of resources. We are mindful that this work programme will require significant additional capital.

#### Clay Lake has width and depth

Previous drilling at Clay Lake has shown that depths extend to over 100 metres. The confirmation that this is complemented by significant widths of mineralisation at surface adds weight to the view that this structure could be significant in terms of contained gold. The presence of good grades at surface, if contiguous across the rest of the structure, could enable relatively cost effective recoveries and relatively low capital investment in the early years of any mining operation.

#### Adding to geological supportive case

Out of the four trenches drilled, wide sheared and mineralised black shale was present in three of the trenches with a regional East Northeast strike trend. Mineralised black shale in this area tends to be associated with the presence of gold. Correlation of the trench data with drilling data indicates that the central part of the system is steep dipping to the North and may have significant depth extent which is as yet untested. The independent structural study announced in February revealed two anticline structures. Anticline structures are important because they can host significant volumes of gold and are thus a key target in exploration. World-wide there are a number examples of similar carbonaceous-hosted deposits that contain multi-million oz resources.

#### More to come

We expect Conroy's focus in the short term to remain on getting Clontibret bankable and permitted, thus paving the way for a cash generative mine, and further definition of the resource at Clay Lake. In due course there is the potential to significantly grow the resource at Clontibret. There are indications of material mineral structures elsewhere in the license area, but with so much potential and limited resources, a partner may be the sensible option to share the risk and extract the value out of this potentially major gold zone in a benign mining jurisdiction.

**Income Statement**

<b>Year-end May, €</b>	<b>2010A</b>	<b>2011A</b>	<b>2012A</b>	<b>2013A</b>	<b>2014E</b>
Operating Expenses	-151,793	-364,356	-524,888	-411,020	-250,000
Finance income – bank interest receivable	77	5,764	779	12	0
Finance costs – interest on shareholder loan	-138,729	-69,378	-9,153	-12,971	-24,190
Other income	0	0	0	0	0
<b>Loss Before Taxation</b>	<b>-290,445</b>	<b>-427,970</b>	<b>-533,262</b>	<b>-423,979</b>	<b>-274,190</b>
Taxation	0	0	0	0	0
<b>Loss retained for the year</b>	<b>-290,445</b>	<b>-427,970</b>	<b>-533,262</b>	<b>-423,979</b>	<b>-274,190</b>
<b>Loss per ordinary share</b>	<b>-0.0021</b>	<b>-0.002</b>	<b>-0.002</b>	<b>-0.002</b>	<b>-0.001</b>

*Source: Conroy Gold & Natural Resources plc Annual Reports, Hybridan LLP estimates*

**Balance Sheet**

<b>Year-end May, €</b>	<b>2010A</b>	<b>2011A</b>	<b>2012A</b>	<b>2013A</b>	<b>2014E</b>
<b>Assets</b>					
<b>Non Current Assets</b>					
Intangible Assets	9,802,468	11,759,028	13,603,186	14,824,846	15,824,846
Investment in Subsidiary	2	2	2	2	2
Property, Plant and Equipment	14,424	23,849	10,688	7,138	6,138
	<b>9,816,894</b>	<b>11,782,879</b>	<b>13,613,876</b>	<b>14,831,986</b>	<b>15,830,986</b>
<b>Current Assets</b>					
Trade and Other Receivables	56,381	81,323	73,940	163,139	113,139
Cash and Other equivalents	1,648,160	749,459	238,647	71,864	22,965
	<b>1,704,541</b>	<b>830,782</b>	<b>312,587</b>	<b>235,003</b>	<b>136,104</b>
<b>Total Assets</b>	<b>11,521,435</b>	<b>12,613,661</b>	<b>13,926,463</b>	<b>15,066,989</b>	<b>15,967,090</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Called up share capital	5,713,935	6,913,935	8,112,257	8,737,547	10,559,999
Share premium	6,273,383	7,656,028	7,872,573	7,917,717	7,326,528
Capital conversion reserve fund	30,617	30,617	30,617	30,617	30,617
Share based payments reserved	582,656	731,682	880,709	969,735	1,044,248
Retained losses	-3,256,475	-3,684,445	-4,217,708	-4,581,687	-4,855,877
<b>Total Equity</b>	<b>9,344,116</b>	<b>11,647,817</b>	<b>12,678,448</b>	<b>13,073,929</b>	<b>14,105,515</b>
<b>Non-current Liabilities</b>					
Financial Liabilities	1,636,661	646,673	665,318	1,045,775	293,215
Convertible debt					446,075
<b>Total Non-current Liabilities</b>	<b>1,636,661</b>	<b>646,673</b>	<b>665,318</b>	<b>1,045,775</b>	<b>739,290</b>
<b>Current Liabilities</b>					
Trade and other payables	540,658	319,171	582,697	947,285	1,122,285
<b>Total Current Liabilities</b>	<b>540,658</b>	<b>319,171</b>	<b>582,697</b>	<b>947,285</b>	<b>1,122,285</b>
<b>Total liabilities</b>	<b>2,177,319</b>	<b>965,844</b>	<b>1,248,015</b>	<b>1,993,060</b>	<b>1,861,575</b>
<b>Total Equity and Liabilities</b>	<b>11,521,435</b>	<b>12,613,661</b>	<b>13,926,463</b>	<b>15,066,989</b>	<b>15,967,090</b>

Source: Conroy Gold & Natural Resources plc Annual Reports, Hybridan LLP estimates

**Cash Flow Statement**

<b>Year-end May, €</b>	<b>2010A</b>	<b>2011A</b>	<b>2012A</b>	<b>2013A</b>	<b>2014E</b>
<b>Cash Flows from Operating Activities</b>					
Operating Expenses	-151,793	-364,356	-524,888	-411,020	-250,000
Working Capital/other movements	1,624	-203,202	313,502	307,433	175,000
<b>Cash used in operations</b>	<b>-150,169</b>	<b>-567,558</b>	<b>-211,386</b>	<b>-103,587</b>	<b>-75,000</b>
Tax paid	0	0	0	0	0
<b>Net cash used in operating activities</b>	<b>-150,169</b>	<b>-567,558</b>	<b>-211,386</b>	<b>-103,587</b>	<b>-75,000</b>
<b>Cash flows from investing activities</b>					
Investment in exploration and evaluation	-945,021	-1,836,028	-1,687,013	-1,049,245	-1,000,000
Payments to acquire property, plant and equipment	-206	-24,158	-938	0	0
<b>Net Cash used in investing activities</b>	<b>-945,227</b>	<b>-1,860,186</b>	<b>-1,687,951</b>	<b>-1,049,245</b>	<b>-1,000,000</b>
<b>Cash flows from financing activities</b>					
Shareholder loan	0	0	0	0	0
Issue of share capital	3,000,632	1,895,105	1,414,867	495,037	782,586
Advances of shareholder loan	190,000	0	0	491,000	-752,560
Convertible debt	0	0	0	0	996,075
Repayment of shareholder loan	-508,897	-42,424	0	0	0
Bank interest received	77	5,764	779	12	0
Interest paid on shareholder loan	0	-329,402	-27,121	0	0
<b>Net cash generated from financing activities</b>	<b>2,681,812</b>	<b>1,529,043</b>	<b>1,388,525</b>	<b>986,049</b>	<b>1,026,101</b>
(Decrease)/Increase in cash and cash equivalents	1,586,416	-898,701	-510,812	-166,783	-48,899
Cash and cash equivalents at beginning of year	61,744	1,648,160	749,459	238,647	71,864
Cash and cash equivalents at end of year	1,648,160	749,459	238,647	71,864	22,965

Source: Conroy Gold & Natural Resources plc Annual Reports, Hybridan LLP estimates

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