

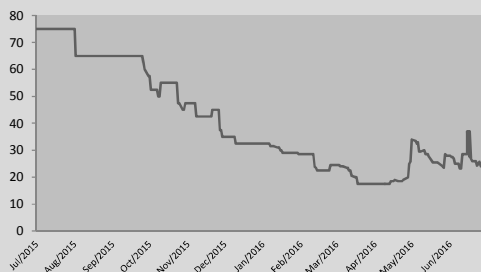
## Gold price review

05 July 2016

### Key Statistics

<b>Code</b>	: CGNR
<b>Listing</b>	: AIM
<b>Sector</b>	: Mining
<b>Market Cap</b>	: 2.9m
<b>Share in issue</b>	: 11.01m
<b>Current Price</b>	: 26.25p
<b>12 mnth High/Low</b>	: 80p/17.5p

### Stock Performance



Source: Fidessa

### Financials

€m y/e May	FY12A	FY13A	FY14A	FY15A
<b>EBT</b>	-0.5	-0.4	-0.4	-0.3
<b>Book Value</b>	12.7	13.1	14.3	15.3

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 601k ounces of gold has been identified on 20 per cent of the target.

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## Gold at two year highs

In these uncertain times gold appears to be re-establishing itself as a safe haven with spot prices of \$1,335/oz representing a 2 year high not seen since early 2014. With the gold price/US Monetary base ratio close to an all-time low, and the prospect of further QE raising its head again, there could be further to go for gold. This is an ideal time for Conroy therefore, to be advancing its flagship combined Clay Lake – Clontibret gold prospect where it has a projected target resource of 5 million oz. gold. A drill programme is underway and we expect newsflow both from Clay Lake – Clontibret and the earlier stage but prospective Glenish target before the end of the year.

In a 2015 presentation detailing the economics of Conroy's starter pit at Clontibret (likely to be only a small part of the enlarged project), a 10% increase above the base case gold price of \$1,300 saw the NPV (at a discount rate of 8%) increase 36.9% to \$71.6m, showing a positive gearing effect in a rising gold price environment. This environment strengthens Conroy's negotiating position regarding potential JV opportunities or other financial arrangements.

In the days following the UK's EU referendum Conroy's share price slid circa 15% to 24.25p. Although some of these losses have reversed this week, we argue that Conroy has not as yet enjoyed the upturn that the wider universe of gold stocks are seeing. The NYSE Arca Gold Miners Index is up 27% over the last month. Conroy's market capitalisation of £2.9m does not, in our opinion, reflect the value of its 600k oz resource which is based on a two metre mining width. At the current market capitalisation each oz is valued at just \$6.4 in-situ. Conroy's potential to significantly increase its resource base as it aims for a target 8x its current JORC compliant resource is arguably not in the price at all offering deep value at a time when drilling is accelerating.

Being off many investors radar due to its size, Conroy offers a good value opportunity for investors seeking exposure to a gold exploration play, firmly focused on moving towards development, in a benign mining jurisdiction. Conroy's assets are based in both Northern Ireland and Eire and span a 30 mile gold trend. Although Clay Lake - Clontibret is the emphasis of the current work programme several other assets across the license area have shown gold in bedrock suggesting both potential scale, and optionality in partnering discussions.

For analyst certification and other important disclosures, refer to the Disclosure Section

**Income Statement**

<b>Year-end May, €</b>	<b>2013A</b>	<b>2014A</b>	<b>2015A</b>
Operating Expenses	-411,020	-374,323	-315,314
Finance income – bank interest receivable	12	0	0
Finance costs – interest on shareholder loan	-12,971	-5,982	0
Other income	0	0	0
<b>Loss Before Taxation</b>	<b>-423,979</b>	<b>-380,305</b>	<b>-315,314</b>
Taxation	0	0	0
<b>Loss retained for the year</b>	<b>-423,979</b>	<b>-380,305</b>	<b>-315,314</b>
<b>Loss per ordinary share</b>	<b>-0.0015</b>	<b>-0.0012</b>	<b>-0.0008</b>

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

**Cash Flow Statement**

<b>Year-end May, €</b>	<b>2013A</b>	<b>2014A</b>	<b>2015A</b>
<b>Cash Flows from Operating Activities</b>			
Operating Expenses	-411,020	-374,323	-315,314
Working Capital/other movements	307,433	527,276	462,710
<b>Cash used in operations</b>	<b>-103,587</b>	<b>152,953</b>	<b>147,396</b>
Net cash used in operating activities	-103,587	152,953	147,396
<b>Cash flows from investing activities</b>			
Investment in exploration and evaluation	-1,049,245	-1,064,003	-1,459,440
Payments to acquire property, plant and equipment	0	-4,740	-15,673
<b>Net Cash used in investing activities</b>	<b>-1,049,245</b>	<b>-1,068,743</b>	<b>-1,475,113</b>
<b>Cash flows from financing activities</b>			
Shareholder loan	0	0	
Issue of share capital	495,037	812,621	935,832
Advances of shareholder loan	491,000	205,000	
Convertible debt	0		
Advance from related parties		33,727	336,993
Repayment of shareholder loan	0	-114,600	
Bank interest received	12	0	
Interest paid on shareholder loan	0	-14,450	
Net cash generated from financing activities	986,049	922,298	1,272,825
(Decrease)/Increase in cash and cash equivalents	-166,783	6,508	-54,892
Cash and cash equivalents at beginning of year	238,647	71,864	78,372
Cash and cash equivalents at end of year	71,864	78,372	23,480

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

**Balance Sheet**

<b>Year-end May, €</b>	<b>2013A</b>	<b>2014A</b>	<b>2015A</b>
<b>Assets</b>			
<b>Non Current Assets</b>			
Intangible Assets	14,824,846	16,033,308	17,280,638
Investment in Subsidiary	2	2	2
Property, Plant and Equipment	7,138	7,854	17,893
	<b>14,831,986</b>	<b>16,041,164</b>	<b>17,298,533</b>
<b>Current Assets</b>			
Trade and Other Receivables	163,139	59,358	344,784
Cash and Other equivalents	71,864	78,372	23,480
	<b>235,003</b>	<b>137,730</b>	<b>368,264</b>
<b>Total Assets</b>	<b>15,066,989</b>	<b>16,178,894</b>	<b>17,666,797</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Called up share capital	8,737,547	3,520,000	4,373,208
Called up deferred share capital		6,135,597	6,135,597
Share premium	7,917,717	8,447,949	8,855,525
Capital conversion reserve fund	30,617	30,617	30,617
Share based payments reserved	969,735	1,034,760	1,120,009
Retained losses	-4,581,687	-4,877,992	-5,193,306
<b>Total Equity</b>	<b>13,073,929</b>	<b>14,290,931</b>	<b>15,321,650</b>
<b>Non-current Liabilities</b>			
Financial Liabilities	1,045,775	191,022	191,022
Convertible debt		324,952	
<b>Total Non-current Liabilities</b>	<b>1,045,775</b>	<b>515,974</b>	<b>191,022</b>
<b>Current Liabilities</b>			
Trade and other payables	947,285	1,371,989	2,154,215
<b>Total Current Liabilities</b>	<b>947,285</b>	<b>1,371,989</b>	<b>2,154,215</b>
<b>Total liabilities</b>	<b>1,993,060</b>	<b>1,887,963</b>	<b>2,345,237</b>
<b>Total Equity and Liabilities</b>	<b>15,066,989</b>	<b>16,178,894</b>	<b>17,666,887</b>

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

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