

09 January 2026

High-Conviction BUY

Share price:	7.28p
Target price:	33.70p
Upside:	362%

Market Data:

Market cap:	£33.75m
Shares outstanding:	477.3
Price return (1yr):	94.1%
52-week range:	2.55 / 9.80



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BLENCOWE RESOURCES PLC

Initiating at BUY – Production Targeted for Q1 2027

BRES: LSE

7.28p

**Target
33.70p**

Blencowe Resources Plc (LSE: BRES) is advancing the Orom-Cross Graphite Project, located in Uganda, into production before the first quarter of 2027. Last year, the company expanded the size of its JORC 2012 compliant mineral reserve estimate ~47% to 23 million tonnes (Mt), and resource estimate up to 26 Mt. These estimates do not include the 192 step-out holes (83% of the full Stage 7 drill programme) that have been completed at the recently discovered Iyan and Beehive deposits, currently being assayed. Blencowe believes that this drilling has the potential to double the JORC Resource once it is incorporated into another Resource upgrade in early 2026. Last year, Blencowe also completed its Definitive Feasibility Study (DFS), which yielded a post-tax net present value (NPV₁₀) of US\$1.087 billion and a post-tax internal rate of return (IRR) of 96%, based on a weighted average selling price of US\$1,240/t.

Thesis Summary

Blencowe Resources' Orom-Cross Graphite Project has an initial estimated life of 15 years, but given that the resource base comes from just 2% of the company's license area, the operations' life will likely extend far beyond this with additional exploration.

Blencowe plans to build the mine in staged developments over five phases, which will see production increase from initial levels of 20,000t concentrate to 175,000t in 5-6 years.

This staged approach allows the company to de-risk the initial capital cost exposure by keeping it low, at US\$40m, then increasing the capital expense once the mine is operational and cash flow is being generated. This also allows the company to improve the saleability of its products by demonstrating consistent, reliable production and high product quality.

Blencowe has already signed a series of non-binding Agreements for the offtake of a natural graphite concentrate for its initial production quantity, demonstrating the saleability of its potential products. The company is well funded, having raised £3.0 million in early December and an additional £1.4 million from the exercise of warrants since 1 October 2025. In the company's recent prospectus dated 25/11/25, it reported net cash of £1.1 million. We initiate coverage with a **BUY** rating and a price target of 33.7p per share.

Summary

BLENCOWE RESOURCES PLC (LSE: BRES): BUY RATING

Market Data & Key Figures

Share price (last close; p)	7.28
Shares outstanding (m)	477.30
Shares outstanding (diluted; m)	549.16
Market capitalisation, basic (£m)	33.75
(+) Debt	-
(-) Cash (as at 25/11/25)	1.063
(-) Other (cash from assumed option exercise)	3.854
(=) Enterprise Value (£m)	28.833

Market Valuation Metrics

Average Market Cap %NPV of Peer Group	14.8
Blencowe Market Cap %NPV	4.2

Summary Income Statement (£,000)

Year to September	2021A	2022A	2023A	2024A
Revenue	-	-	-	-
COGS	-	-	-	-
Gross profit	-	-	-	-
OPEX	(694.7)	(1,039.6)	(1,398.0)	(916.6)
Listing costs	-	-	-	-
Profit before tax	(694.7)	(1,039.6)	(1,398.0)	(916.6)

Summary Balance Sheet (£,000)

Year to September	2021A	2022A	2023A	2024A
Cash	93.3	347.0	129.9	114.7
Other current assets	52.6	85.8	31.9	24.4
Total assets	5,441.2	7,048.1	8,025.4	7,742.9
Payables	280.1	326.4	1,335.3	1,020.4
Borrowings	-	-	-	-
Other liabilities	-	-	-	135.0
Total liabilities	1,167.6	1,150.2	2,154.2	1,949.5
Equity	4,274.5	5,897.9	5,871.2	5,793.4
Total liabs. + equity	5,441.2	7,048.1	8,025.4	7,742.9

Share Price



Summary Cashflow Statement (£,000)

Year to June	2021A	2022A	2023A	2024A
Cash from ops	(476.1)	(767.2)	(817.1)	(741.1)
Exploration expense	(976.1)	(1,423.2)	(713.8)	(2,846.1)
Cash from debt	-	-	-	-
Cash from equity	1,339.6	2,444.2	1,313.8	785.0
Change in cash	(112.6)	253.7	(217.1)	(15.2)

Figure 1: Location of the Orom-Cross Graphite Project



Source: Blencowe Resources Plc

Investment Thesis: Exploration to Production in Seven Years

Orom-Cross Graphite Project

The 100%-owned Orom-Cross Graphite Project covers an area of 494.5 km² and is located within the Orom District of northern Uganda (Figure 1).

Orom-Cross was first discovered in 1969, following a programme of mapping, pitting, trenching, and limited drilling by the Ugandan Department of Geological Survey and Mines. Modern exploration commenced at the project in 2013, defining a significant graphite deposit over a 19 km strike length with a width of 1-2 km.

Blencowe acquired the project in 2020 for a total consideration of £2 million (US\$2.6 million). Since acquiring the project, the company has completed three drill programmes totalling 22,000m, prepared a series of expanding resource and reserve estimates, delivered a preliminary feasibility study (PFS) and DFS, and the company has taken, processed and analysed over 700t in bulk samples. All end products are now fully qualified, a necessary evolution for graphite miners and a means for offtake partners to assess quality and move forward with signing agreements.

This five-year work programme has cost the company US\$15 million, of which US\$4.75 million was funded by a US Government Development Finance Corporation grant.

That means that Blencowe's net expense to acquire and advance the project to date has been US\$12.81 million, the NPV₁₀ defined in the DFS was US\$1.087 billion, which is a value increase—multiple of 85 times what has been spent. Not bad for five years of progress. With a completed DFS, a 21-year Mining License in hand, and offtake partners signed up for initial production volumes, Orom-Cross is now significantly de-risked.

Reserve and Resource Estimates

The Orom-Cross Project has a JORC 2012 Compliant Proven Mineral Reserve Estimate of 1.29 Mt at an average grade of 5.13% total graphitic carbon (TGC) and a Probable Reserve of 21.78 Mt at an average grade of 5.18% TGC. This results in a total Ore Reserve Estimate of 23.08 Mt at an average grade of 5.18% TGC.

The JORC 2012 Compliant Measured Resource Estimate is 1.29 Mt at an average grade of 5.13% TGC, with an Indicated Resource of 16.40 Mt at an average grade of 5.70% TGC and an Inferred Resource of 8.50 Mt at an average grade of 5.41% TGC. This gives the Orom-Cross Project a total Resource Base of 26.10MT at an average grade of 5.58% TGC (Figure 2).

It is important to point out that the revised resource estimate does not include 192 step-out holes completed on the new Iyan and Beehive deposits discovered in 2025 (Figure 2). Blencowe's management has initially indicated that this drilling has the potential to double the size of the resource base at the Orom-Cross Project. These results will be included in an updated resource estimate in early 2026.

As part of its recent drill programme, three deep holes were completed at each of the Iyan and Beehive Deposits. All deep holes returned thick intersections of continuous high-grade graphite mineralisation

down to a depth of around 100m below the surface, and all the holes ended in graphite. With results including:

Ilyan:

- 18.85 m at an average grade of (@) 7.01% TGC, 29.47 m @ 5.34% TGC and 10.88 m @ 5.10% TGC (L909B)
- 12.05 m @ 5.61% TGC and 54.50 m @ 4.54% TGC (L908B)
- 14.27 m @ 4.22% TGC and 16.15 m @ 5.56% TGC (L910B)

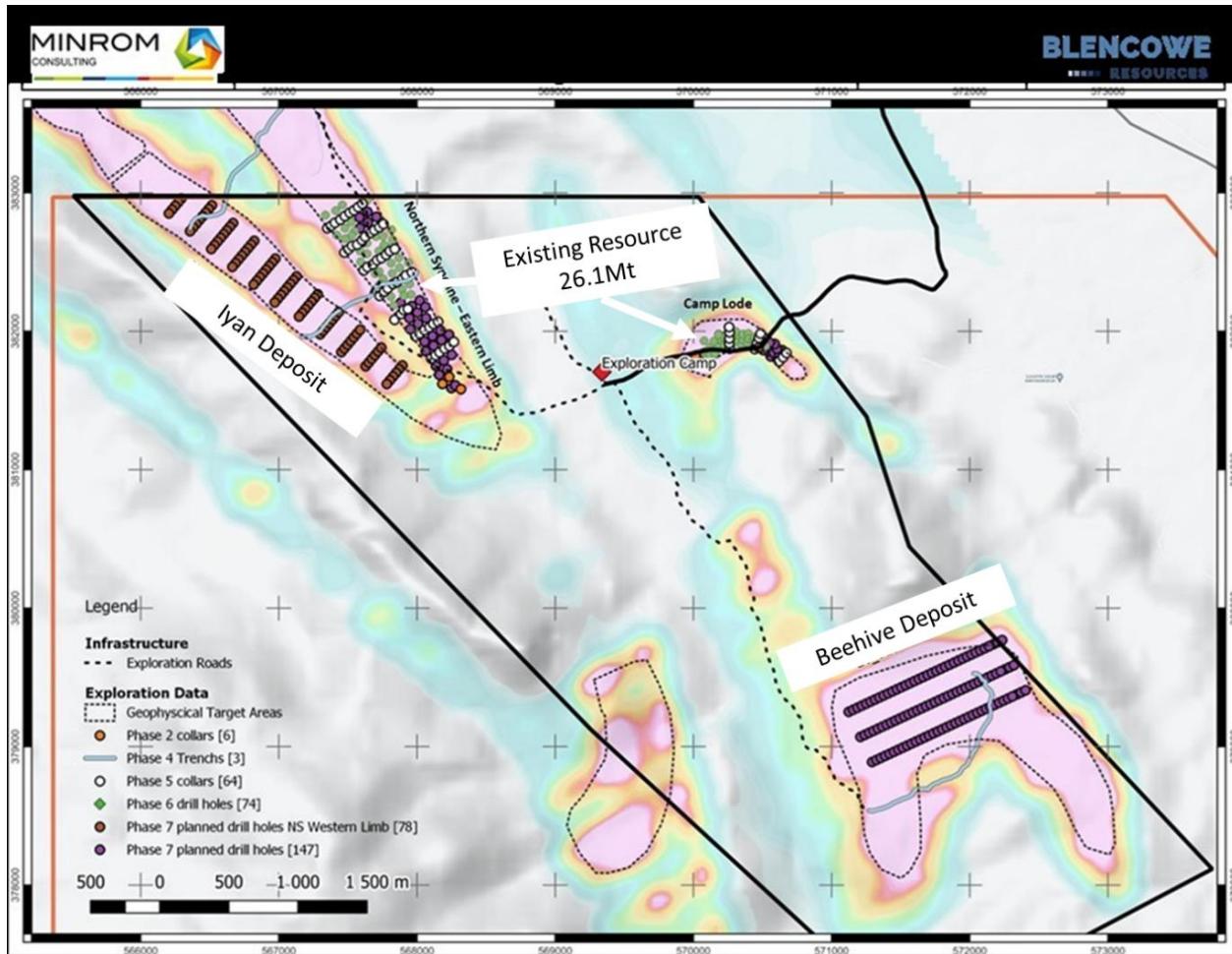
Beehive:

- 92.55 m @ 6.83% TGC (L238B)
- 93.98m @ 6.03% TGC (L237B)
- 95.45 m @ 5.62% TGC (L239B)

These impressive results further support the potential for multi-decade production at Orom-Cross, extending well beyond the initial 15-year mine life defined in the DFS.

Assay results from 108 shallow holes at Beehive and 72 shallow holes at Ilyan remain pending and are anticipated to be announced in the near term.

Figure 2: Location of Existing Resource and Exploration Targets



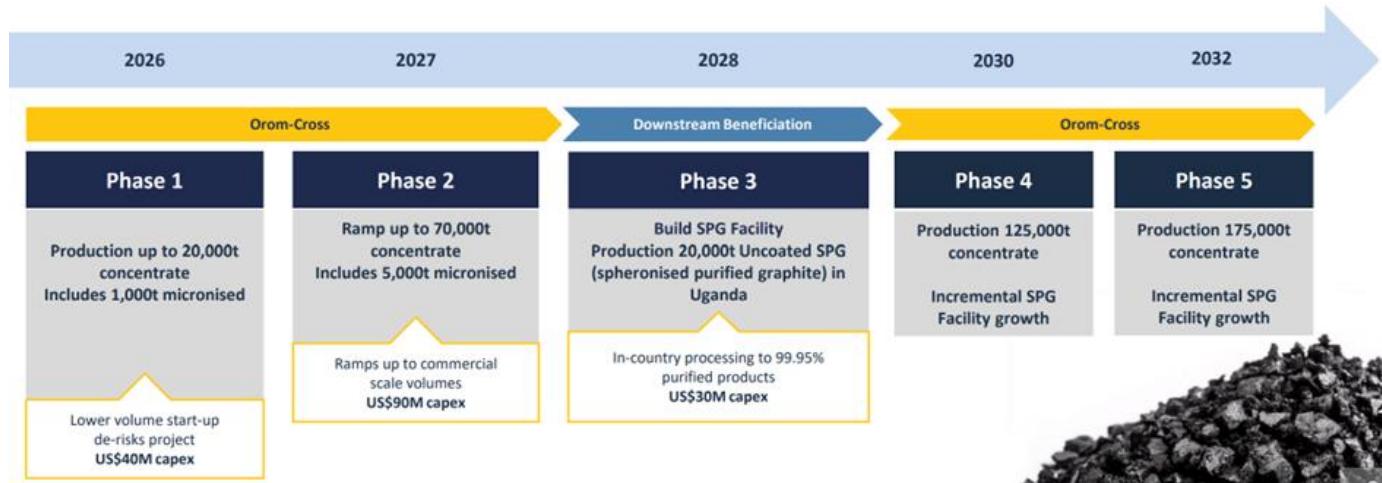
Source: Modified after Blencowe Resources Plc

2025 Definitive Feasibility Study

The Definitive Feasibility Study, completed in December 2025, defined a post-tax NPV¹⁰ of US\$1.087 billion and a post-tax IRR of 96% based on a 15-year initial life of mine and a weighted average product selling price of US\$1,240/t.

Blencowe plans to increase the production levels of the operation in a series of five phases that will see production levels rise from 20,000t of concentrate to 175,000t of concentrate (Figure 3).

Figure 3: Time of the Five-Phase Expansion at the Orom-Cross Project



Source: Blencowe Resources Plc

The initial capital expense (capex) for Phase 1 is estimated to be US\$40 million, which will see the operation produce 20,000t of concentrate and micronised products per year.

The Phase 2 and 3 expansion is estimated to have an additional cost of US\$120 million and is anticipated to increase production levels to 70,000t of concentrate and up to 20,000t of uncoated spheronised purified graphite product (USPG) per year.

All post-Phase 2 and 3 capex is anticipated to be funded by internally generated cash flow, increasing production levels toward 175,000t concentrate and 80,000t USPG, per year.

The average all-in sustaining cost over the life of mine is estimated to be US\$485/t, which would place the operation in the lowest quartile of the cost curve for graphite producers.

The DFS estimated that the net free cash flow over the initial 15-year life of the mine will be US\$2.034 billion.

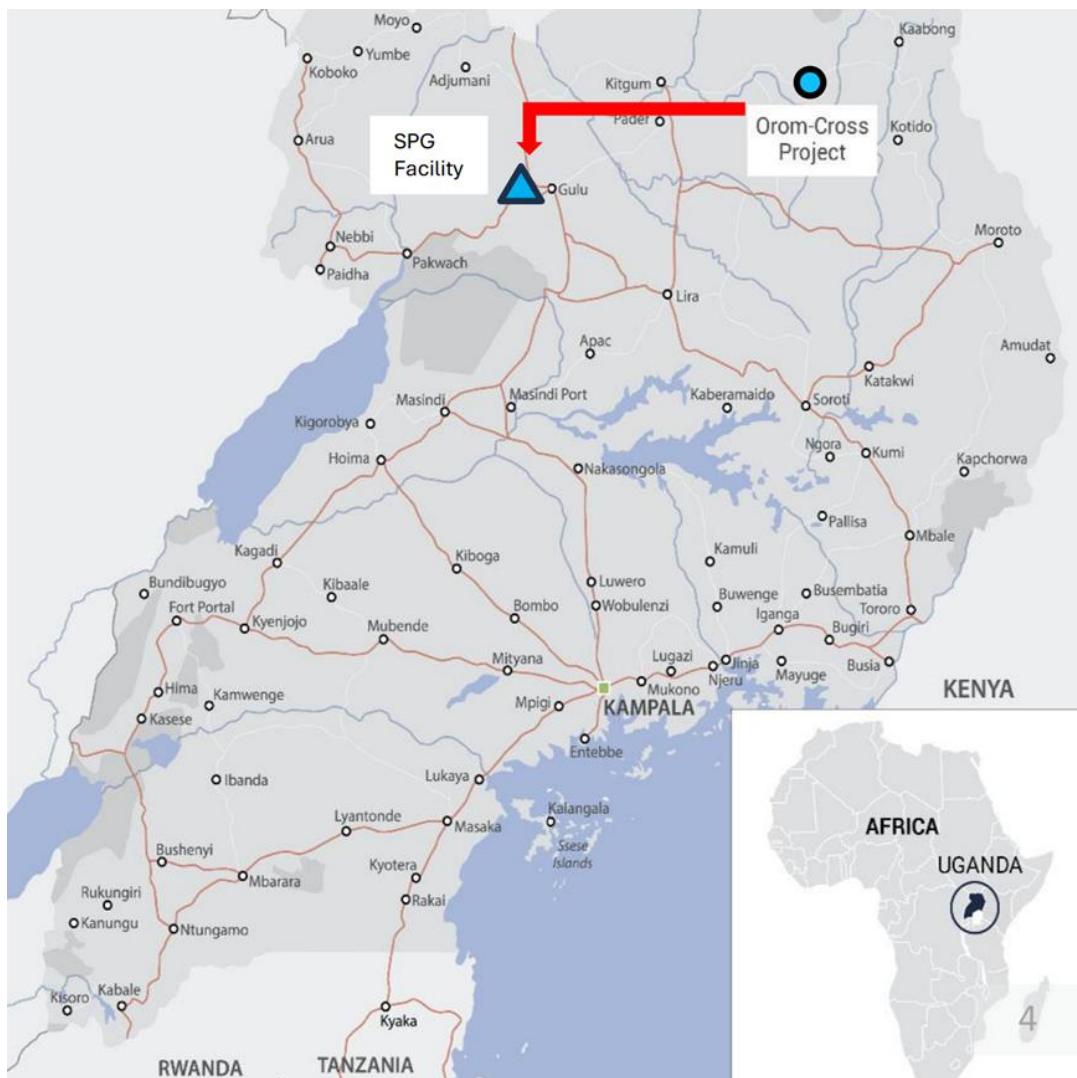
USPG Production

A key component of Blencowe's strategy and the Orom-Cross Project's positive economics, as defined in the DFS, is to ensure it is exposed to the value uplift resulting from the downstream processing of its graphite product.

Graphite producers that only produce a concentrate receive low prices for the sale of small flake concentrates into Asian markets, which can dramatically reduce the weighted average selling price of the products to uncommercial levels.

To avoid this, Blencowe plans to build a downstream processing plant also located in Uganda (Figure 4) to produce and sell uncoated spheronised purified graphite (USPG), which is the product that goes into the lithium-ion battery and has c. 5x the value of concentrate. The SPG plant will be designed to upgrade the 96% concentrate to battery-ready 99.95% uncoated SPG, increasing the sales price from \$500/t for concentrate to over \$2,500/t for USPG.

Figure 4: Proposed Location of the SPG Facility



Source: Blencowe Resources Plc

The downstream graphite beneficiation facility is planned to expand modularly in line with the mine's production profile. It is expected to be sited near Gulu, approximately 150 kms west of Orom-Cross (Figure 4) and adjacent to existing hydropower infrastructure.

This integrated upstream-downstream model would make Blencowe one of the few non-Chinese SPG suppliers to global battery and industrial markets, and will make Orom-Cross the first USPG producer in Africa.

Offtake Agreements

Blencowe has signed non-binding offtake agreements for a range of products with several prospective partners globally across the graphite industry. These initial agreements are expected to cover all the Phase 1 production.

The company is also continuing to progress discussions with multiple original equipment manufacturers and strategic downstream users, which Blencowe's management met with during recent US and European marketing initiatives. This could lead to further agreements in the future.

Yunasko Ltd.

In December 2025, Blencowe and Yunasko Ltd. signed a non-binding agreement for an initial 500t per annum of purified medium flake natural graphite concentrate during the first five years of production from Orom-Cross.

Yunasko is an advanced technology company headquartered in London and Kyiv, and a recognised leader in energy storage and ultracapacitor technologies used across next-generation industrial and defence applications.

Yunasko's initial 500t per annum requirement is anticipated to increase as the commercial relationship matures. Pricing is expected to be agreed under a formal binding agreement within 24 months.

Perpetuus Advanced Materials Limited.

In August 2025, Blencowe completed a non-binding agreement with Perpetuus Advanced Materials Limited for 19,000t per year of +97% TGC fine flake graphite over an initial five-year term. Blencowe expects the volumes required by Perpetuus to rise as it expands its manufacture of plasma-treated, surface-engineered graphene and sub-micron particles for commercial uses.

Perpetuus is a UK-based advanced materials innovator with more than a decade of expertise in plasma-treated graphene production.

Qingdao TaiDa Carbon Co Ltd

In April 2025, Blencowe announced a non-binding offtake agreement with Qingdao TaiDa Carbon Co Ltd for an initial 5,000t per year of fine flake natural graphite concentrate from Orom-Cross.

TaiDa is a market leader supplying USPG to tier-one battery manufacturers and industrial users worldwide.

Pricing for the concentrate is expected to be agreed at the binding offtake stage.

Apollo Energy Systems Inc.

In March 2025, Blencowe signed a non-binding agreement with Apollo Energy Systems Inc. for 250t per annum of purified small flake graphite.

Apollo is based in Florida, United States, and specialises in advanced lead-acid battery storage systems to complement the renewable energy sector.

Final pricing of the concentrate is expected to be agreed upon within 24 months.

Jilin New Technology Graphite Co.

In June 2024, Blencowe signed a non-binding agreement with Jilin New Technology Graphite Co. to supply 15,000t per annum of blended large flake graphite for up to three years from the commencement of production.

Jilin, a leading vertically integrated processor of battery anode materials and expandable graphite based in northeast China.

Pricing is expected to be agreed under the terms of a formal agreement to be entered into now that the DFS has been published.

Development Funding

Blencowe is currently evaluating a number of potential funding structures for the Phase 1 development of Orom-Cross. The company is targeting to secure the required c. US\$40 million investment by the end of the first quarter of 2026, allowing it to commence production in the first half of 2027.

The financing for Phase 1 is likely to be primarily funded through non-Blencowe plc equity structures, with all possible options being assessed. WaterBorne Capital has been appointed by Blencowe to assist in advancing a financing solution for the capex of Phase 1, with active engagement underway with development finance institutions, strategic industry partners, institutional investors and Government and quasi-government funding bodies.

WaterBorne Capital is an independent South African corporate advisory firm with deep expertise in structuring project finance solutions for African mining developments. The firm has supported multiple fundraises for African mining companies from both development finance institutions and commercial banks. Recent examples include Peak Rare Earths, Southern Sphere, Barplats Platinum, Eland Platinum, Two Rivers Platinum, Tharisa Platinum, Harmony, Norilsk Nickel and African Rainbow Minerals.

The financing for Phase 2 is expected to be a more traditional debt-plus-strategic-partner approach. Now that DFS is complete, formal engagement with groups that have shown interest, including the US Development Finance Corporation (DFC), the African Finance Corporation (AFC), and other Tier-1 institutions, will commence. The Phase 2 financing will run in parallel with the Phase 1 mine development, supporting a rapid scale-up to commercial production.

All expansions beyond Phase 2 are expected to be funded entirely from internally generated cash flow.

Peer Group Differentials

Over the past decade, very few graphite projects have made the transition from DFS into production. If Blencowe can move Orom-Cross into commercial production in the next 12-18 months, this will be a considerable achievement, creating a huge longer-term opportunity for the company.

Blencowe believes that six key differentials separate it and de-risk the Orom-Cross Project, compared to its peer group of other graphite development companies, giving it a competitive advantage. These include:

- Low operating costs of US\$485/t, which would place the operation in the lowest quartile of the cost curve for graphite producers

- Low start-up capital costs of US\$160 million for Phases 1-3 is critical to secure the required funds and to provide returns after all debt is serviced and repayments are made
- High purity end -products – will deliver the highest demand and sale prices to ensure high-margins
- 100% project ownership – many graphite projects have given a free carry percentage and are not wholly owned
- 21-year mining license in place – many graphite projects do not have a mining license in place, a significant development risk.
- Stable, Safe Jurisdiction – vital for a long term development project

Sustainability

Blencowe is planning to produce an eco-friendly and sustainable graphite product and will seek ISO certification for Orom-Cross to become a leading sustainability project. The project is anticipated to be powered using Ugandan grid-based hydropower, and the company is investigating the potential of using electric vehicles at the mine site, electric drying, dry tailings and other net-zero initiatives.

Valuation

Fourteen leading graphite development companies are currently trading on an average of 14.8% of their projects' NPV, ranging from 2.8% to 64.5% (Figure 5). Applying the average of the peer group to the NPV of Orom-Cross, US\$1.087 billion, we arrive at a valuation of US\$161 million or 33.7p per share in issue, for Blencowe, an upside of 362% or 4.6 times the current share price.

Figure 5: Market Valuation to NPV of Selected Graphite Peer Group

Company	Study	Pre-Tax NPV (US\$m)	Market Cap (USD)	% of NPV
Volt Resources	FS	59	38	64.5
Ecograf	BFS	282	121	42.8
Leading Edge Materials	PEA	317	44	14.0
Renascor Resources	DFS	1,010	133	13.2
NextSource Materials	FS	424	60	14.1
Sovereign Metals	PFS	2,322	260	11.2
Talga Group	DFS	1,054	131	12.5
Focus Graphite	FS	368	35	9.6
Falcon Energy Materials	PEA	1,321	72	5.5
Evion	BFS	263	13	4.8
NGX	PFS	282	8	2.9
Graphite One	FS	6,397	258	4.0
Triton Minerals	DFS	298	16	5.4
Ryzon Materials	BFS	1,200	34	2.8
Average				14.8

Source: Oak Securities. Priced at 10 am GMT 08/01/2026

Disclosure: Investment Research

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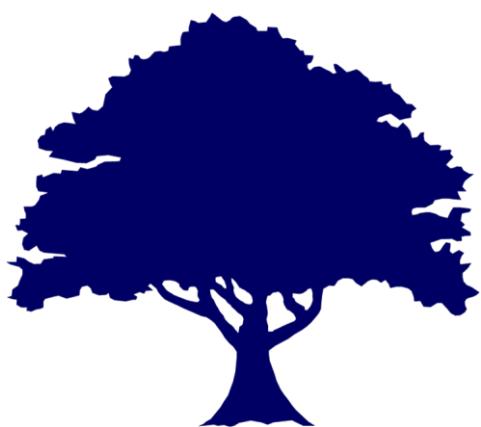
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