

04 June 2026

High-Conviction BUY

Share price:	7.90
Target price:	35.70p
Upside:	345%

Market Data:

Market cap:	£38.86m
Shares outstanding:	492.9
Price return (1yr):	146.87%
52-week range:	3.00 / 8.40



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BLENCOWE RESOURCES PLC

Optimised DFS Drives Upgrade to Valuation

BRES: LSE 7.90p

**Target
35.70p**

Blencowe Resources Plc (LSE: BRES) has published an updated **Definitive Feasibility Study (DFS)** for the Orom-Cross Graphite Project, located in Uganda. The optimised DFS, published in May 2026, realises a 15% increase in the post-tax Net Present Value (NPV₁₀), compared to the previous study published in December 2025, increasing the NPV₁₀ to US\$1.254 billion with a post-tax Internal Rate of Return (IRR) of 51%. The updated DFS centres on a two-phase operation and contains several changes compared to the previous study, including revised product pricing assumptions, operational costs, and updates to the development timeline. The estimated capital cost (capex) to construct the mine at Orom-Cross remains low for both phases of the mine's development. Phase 1 is modelled at a production level of 20,000 tonnes per annum (tpa) of 97% Total Graphitic Carbon (TGC) concentrate plus up to 3,000 tpa of spheronised graphite produced at an in-country beneficiation facility, and Phase 1 has a capex of US\$45 million. Phase 2, which models production increasing to 70,000 tpa of 97% TGC concentrate, plus up to 10,000 tpa spheronised and purified graphite, plus expandable graphite, from in-country beneficiation, has a capex of US\$125 million.

Thesis Summary

Since the publication of the previous DFS in December 2025, Blencowe Resources has announced the results from its 6,750-metre (m) Stage 7 drill programme at the Orom-Cross Graphite Project, and defined maiden Resource Estimates at the Iyan and Beehive Deposits.

The resource estimates at Iyan and Beehive have increased the scale of Blencowe's Resource base by 168% to a total of 64.3 million tonnes (Mt) at an average grade of 6.0% TGC.

The updated May 2026 DFS is focused on the JORC 2012 compliant Reserve Estimate for the Orom-Cross deposit of 23.1 Mt at an average grade of 5.18% TGC.

Blencowe could further improve the robust economics for the Orom-Cross Project by converting the expanded resource base into reserves to potentially extend the mine life or increase production levels.

We have updated our valuation to reflect the improved NPV at the Orom-Cross Project, and we have also taken into account changes to the valuations of the graphite peer group. As a result of these changes, we maintain our **BUY** rating and have increased our price target by 6% to **35.7p** from 33.7p per share.

Summary

BLENCOWE RESOURCES PLC (LSE: BRES): BUY RATING

Market Data & Key Figures

Share price (last close; p)	7.90
Shares outstanding (m)	492.92
Shares outstanding (diluted; m)	549.16
Market capitalisation, basic (£m)	38.86

(+) Debt	-
(-) Cash (as at 31/03/26)	2.133
(-) Other (cash from assumed option exercise)	0.003
(=) Enterprise Value (£m)	36.724

Market Valuation Metrics

Average Market Cap %NPV of Peer Group	13.8
Blencowe Market Cap %NPV	4.4

Summary Income Statement (£,000)

Year to September	2022A	2023A	2024A	2025A
Revenue	-	-	-	-
COGS	-	-	-	-
Gross profit	-	-	-	-
OPEX	(1,039.6)	(1,398.0)	(916.6)	(1,536.2)
Finance costs	-	-	(45.0)	(46.4)
Profit before tax	(1,039.6)	(1,398.0)	(961.6)	(1,582.7)

Summary Balance Sheet (£,000)

Year to September	2022A	2023A	2024A	2025A
Cash	347.0	129.9	114.7	868.2
Other current assets	85.8	31.9	24.4	172.0
Total assets	7,048.1	8,025.4	7,742.9	11,741.5
Payables	326.4	1,335.3	1,020.4	497.2
Borrowings	-	-	-	-
Other liabilities	-	-	929.1	1,000.9
Total liabilities	1,150.2	2,154.2	1,949.5	1,498.1
Equity	5,897.9	5,871.2	5,793.4	10,243.3
Total liabs. + equity	7,048.1	8,025.4	7,742.9	11,741.4

Share Price



Summary Cashflow Statement (£,000)

Year to September	2022A	2023A	2024A	2025A
Cash from ops	(767.2)	(817.1)	(741.1)	(1,468.8)
Exploration expense	(1,423.2)	(713.8)	(2,846.1)	(67.4)
Cash from debt	-	-	-	-
Cash from equity	2,444.2	1,313.8	785.0	3,942.4
Change in cash	253.7	(217.1)	(15.2)	(753.6)

Figure 1: Location of the Orom-Cross Graphite Project and Proposed Beneficiation Facility



Source: Blencowe Resources Plc

Background to the Orom–Cross Graphite Project

Blencowe’s 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.

Blencowe acquired the project in 2020 for a total consideration of £2 million (US\$2.6 million) with no JORC Resource and, in six years, has expanded the JORC Resource base to 64.3 Mt and JORC Reserve base to 23.1 Mt, as well as advancing the project through successful completion of the DFS. The Project is now at funding stage.

Over this period, Blencowe has invested around US\$18.0 million into Orom–Cross, of which US\$4.8 million was funded by a US Government Development Finance Corporation grant.

Blencowe’s net expenditure to acquire and advance the project to date has been US\$15.8 million. The NPV₁₀ defined in the updated May 2026 DFS was US\$1.254 billion, which is a value increase of 79 times what has been invested by the Company to date.

Optimised May 2026 DFS

The optimised May 2026 DFS defined a post–tax NPV₁₀ of US\$1.254 billion and a post–tax IRR of 51% based on a 15–year initial life of mine. Recent drilling success suggests this could ultimately extend considerably.

Blencowe plans to increase the production levels of the operation in a series of two or more phases that will see production levels rise from 20,000t of concentrate to 70,000t of concentrate, and ultimately to 200,000tpa of concentrate. A nearby downstream beneficiation facility will become one of the principal offtake partners for Orom–Cross concentrates and is planned to increase its production levels over time in sync with Orom–Cross expansion.

The estimated capex for Phase 1 has increased by 12.5% to US\$45 million, which will see the operation produce up to 20,000 tpa of concentrate from a production plant at Orom–Cross and up to 3,000 tpa spheronised graphite product from an in–country beneficiation plant.

The Phase 2 expansion capex has increased by 4.2% to US\$125 million and is anticipated to increase production levels up to 70,000 tpa of concentrate and up to 10,000 tpa of uncoated spheronised purified graphite (USPG) and expandable graphite product.

The DFS estimated that the net free cash flow over the initial 15–year life of the mine will be US\$4.466 billion, with an average annual Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of US\$333 million.

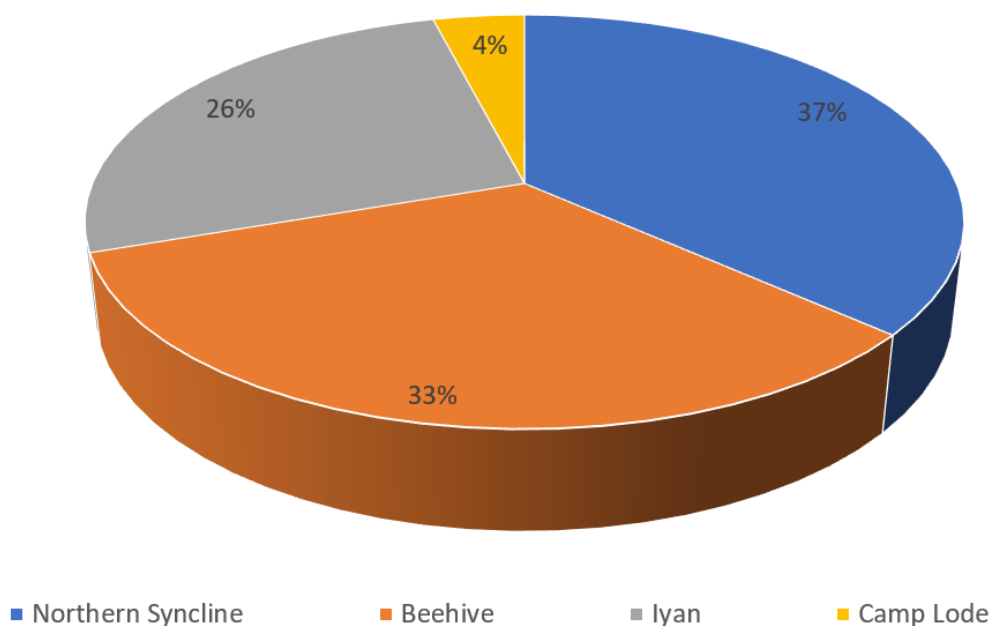
Reserve and Resource Estimates

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 Ore Reserve comes from the Northern Syncline and Camp Lode Deposits.

The JORC 2012 Compliant Measured Resource Estimate is 1.20 Mt, with an Indicated Resource of 16.41 Mt and an Inferred Resource of 46.70 Mt. This gives the Orom-Cross Project a total Resource Base of 64.30 Mt at an average grade of 6.0% TGC.

Around 37% of the total resource base, 23.5 Mt, comes from the Northern Syncline Deposit, 33% (21.3 Mt) from the Beehive Deposit, 26% (16.9 Mt) from the Iyan Deposit and 4% (2.6 Mt) from the Camp Lode Deposit (Figure 2). At present, 59% (Beehive and Iyan) of the Total Resource Estimate is not included in the DFS calculations.

Figure 2: Proportion of the Total Resource at Orom-Cross Based on Deposit



Source: Oak Securities

Next Steps

Phase 1 Funding

With an updated DFS now in hand, the next important milestone for Blencowe will be securing the funding to commence Phase 1 production. Blencowe is anticipating that this will be an equity-led pathway with a preference for project-level funding to minimise dilution at the Company level.

Blencowe has highlighted that several parties interested in supplying the Phase 1 development funding have signed Non-Disclosure Agreements (NDAs) with Blencowe and are currently conducting due diligence in the data room as part of their internal decision-making processes.

At this stage in Blencowe’s development, securing US\$45 million required to commence Phase 1 production at Orom-Cross is the critical development for Blencowe. Securing development funding is the stage where many graphite development projects have stalled and, in some cases, failed.

The timing of the potential completion of Phase 1 funding remains uncertain; typical due diligence periods with funding partners can be 3–6 months, but there is no guarantee that the current discussions will lead to definitive agreements.

Tenders

Blencowe has submitted applications for several sizeable, strategic graphite tenders that could underpin the planned production volume growth for both concentrate and upgraded product streams. Results of these tenders are anticipated in Q3 2026.

Valuation

We have updated our valuation of Blencowe, which is based on a peer group of eleven leading graphite development companies. The peer group is currently trading at an average of 13.8% of their projects' NPV, ranging from 2.7% to 32.1% (Figure 3). This has declined slightly from 14.8% used in our previous valuation.

Blencowe's number of shares in issue has also increased since our previous valuation to 492,920,836 shares, and this updated figure is used in the current valuation.

Blencowe currently trades at just 4.4% of the US\$1.254 billion NPV defined in the updated May 2026 DFS. Applying the average of the peer group multiple to the NPV of Orom-Cross, we arrive at a valuation of US\$173.4 million or 35.7p per share in issue, for Blencowe, an upside of 345% or 4.5 times the current share price.

Figure 3: 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	19	32.1
Ecograf	BFS	516	120	23.2
NextSource Materials	FS	424	69	16.3
Leading Edge Materials	PEA	317	51	16.1
Sovereign Metals	DFS	2,204	283	12.9
Renascor Resources	DFS	1,010	108	10.7
Talga Group	DFS	1,054	110	10.5
Focus Graphite	FS	368	37	10.2
Evion Group	BFS	263	26	9.8
Falcon Energy Materials	PEA	1,321	104	7.9
Graphite One	FS	6,397	173	2.7
			Average	13.8

Source: Oak Securities. Priced at 11 am BST 02/06/2026

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