



Blenheim Natural Resources

8th January 2018

Resources investor developing blockchain, cobalt and lithium interests which represents a potent cocktail in today's market

Blenheim is the former AIM-listed coffee roasting business Coburg Group. The original business was sold off in 2012 and new blood has since joined the boardroom to set about turning the company into a natural resources investor. This transformation shifted up a gear in 2017 and now the company has substantial interests in a series of compelling projects, some "closeology" plays and where substantial value could be added in 2018.

■ Key events early in the New Year, with news expected on the cobalt licences

Blenheim is awaiting news on the granting of exploration licences in Cameroon. These border the world-class Nkamouna and Mada Cobalt-Nickel Project which the government is expecting to re-tender in early 2018 and which will attract the spotlight to anything cobalt related in Cameroon.

■ Lithium play on the doorstep of the high grade Goulamina deposit

The company has a 30-40% interest in some Mali licences which share a border with ASX-listed Birmain's Bougouni Lithium Project with its world class Goulamina lithium deposit and AIM-listed Kodal Minerals which has been announcing some impressive lithium grades and widths.

■ Backing a blockchain/AI business that looks set to launch an ICO

Blenheim recently announced an investment/collaboration agreement with BrandShield to develop blockchain solutions for the resources sector and provide support for commodity focused ICOs. **Both blockchain and battery metals are currently attracting rising attention from small cap investors.**

■ Peer comparisons and earnings multiples suggest an upside of 127%

Our analysis shows that the stock is under-priced. We initiate coverage of Blenheim with an initial target price of 1.19p and **Conviction Buy** stance.

Table: Financial overview

Year to end March	2016A	2017A	2018E	2019E
Revenue (£'000)	-	-	-	-
PTP (£'000)	(235)	(295)	(497)	(397)
EPS (p)	(0.23)	(0.13)	(0.0001)	(0.00003)

Source: Company accounts & Align Research

This investment may not be suitable for your personal circumstances. If you are in any doubt as to its suitability you should seek professional advice. This note does not constitute advice and your capital is at risk. This is a marketing communication and cannot be considered independent research.

CONVICTION BUY

– first target 1.19p

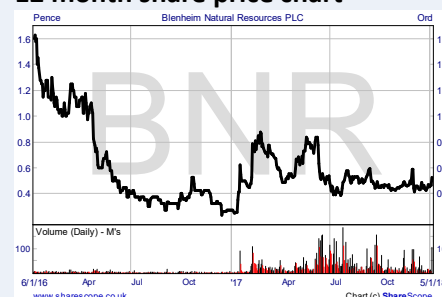
BLENHEIM

Natural Resources Plc

Key data

PIC	BNR
Share price	0.525p
52 week high/low	0.96p/0.24p
Listing	AIM
Shares in issue	1,051.17m
Market Cap	£5.5m
Sector	Financial

12 month share price chart



Analyst details

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Business Overview

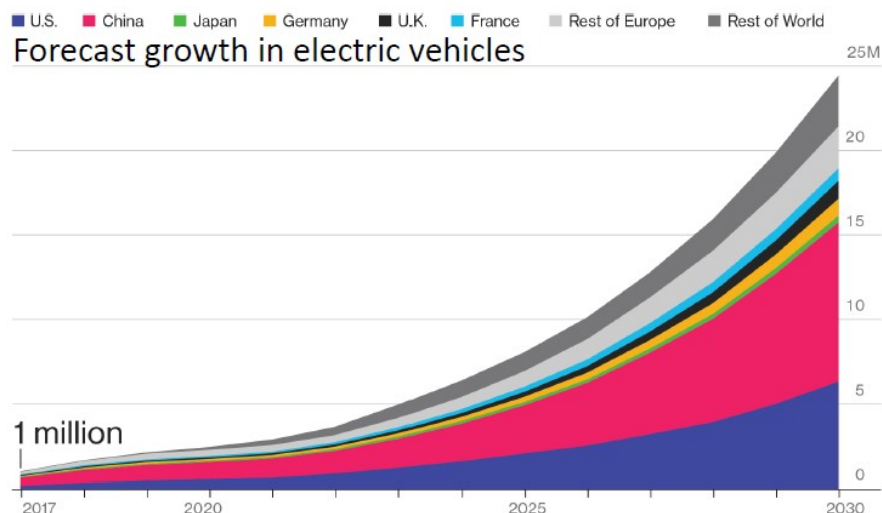
Blenheim Natural Resources Operations

Blenheim Natural Resources is building an investment portfolio centred largely on natural resources and commodities. The current interests include:

- **West African Lithium** – The company holds a 40% interest in Xantus Inc and a 30% interest in Nashwan Holding Ltd, holding exploration licences in southern Mali and Niger, which have high potential for lithium pegmatite deposits.
- **Botswana Nickel & Platinum** – Blenheim holds a 20% interest (with an option to increase to 33.3%) in Kalahari Key Mineral Exploration Company Pty Ltd, a company specifically established by an experienced exploration team to search for base metals and PGMs in Botswana.
- **Cameroon Cobalt** - The company has agreed the conditional acquisition of a large-scale cobalt opportunity in Cameroon by acquiring a 25% stake in Cobalt Blue Holdings Inc.
- **Global Geoscience Consultancy** – Blenheim holds a 29.9% interest in the global consulting group IGS (International Geoscience Services) Limited. The business was spun out of the British Geological Survey (BGS), which is the world's oldest national geological survey.
- **BrandShield Ltd** – The company recently took a 7.22% stake in BrandShield, a leading global cyber security and online brand protection company that is developing a proprietary blockchain-based platform.

Technology Metals

Blenheim is fast building a portfolio with a clear focus on key technology applied metals including lithium, cobalt and nickel, which are clear beneficiaries of the global move to electric vehicles (EVs).



Forecast growth in electric vehicles. Source: Company Presentation 15-09-17

Lithium

Lithium is set to become very important in providing power for the greener world over the coming years. The metal is currently used in lubricants, drugs and in the manufacture of glass, but it is lithium’s use in batteries where it has become most widely well known. Lithium-ion batteries are now set to be the main choice for a host of uses, particularly in batteries for EVs, demand management, decentralised power and consumer electronics.

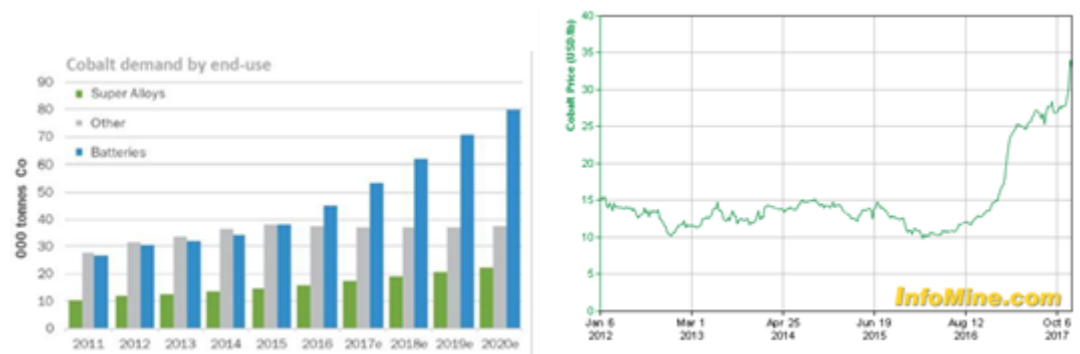


Lithium price chart. Source: tradingeconomics.com

The metal occurs as a variety of minerals in both hard rock and brines. Historically, the main source of the world’s lithium was from the hard rock spodumene, which occurs commonly throughout the world, however occurrences of lithium-rich granite pegmatites (including spodumene) are far rarer. Concerns have been expressed as to whether the lithium industry will be able to meet future demand (Source: Financial Times 09.06.17). It has been suggested that battery and auto manufacturers might also start investing in lithium miners to guarantee supply. **In fact, some commentators are talking about a “lithium supercycle” in much the same manner as iron ore enjoyed, where it took a number of years for iron ore supply to catch and meet demand.**

Cobalt

Cobalt has a broad range of uses in commercial, industrial and military applications. However, the leading use today is in rechargeable batteries. Cobalt is a critically important metal in the global move to EVs and the entire future energy economy due to its role in rechargeable batteries. Cobalt is not mined on its own, but is largely a by-product of copper mining, with most of the world's cobalt production currently coming from the DRC.



Cobalt demand. Source: Company

Cobalt price chart. Source: InfoMine.com

Most lithium-ion batteries for portable applications are cobalt-based, where the cathode is a cobalt oxide electrode. The big advantage of using a cobalt-based battery is that they have the highest energy densities, which is an important consideration in EVs. It is thought that strong demand for cobalt in lithium-ion batteries is set to continue along with growth in demand forecast for cobalt in high performance alloys, tools and catalysts.

Nickel

The metal is used mainly in corrosion-resistant alloys, with 85% of world nickel production going into stainless steel for use in anything from cookware and kitchen appliances, through to watches and surgical instruments. China produces roughly 50% of the world's stainless steel and the country's demand for nickel is beginning to increase. The nickel price has been on a rising trend since early 2016 and in 2017 analysts believed that there could be a deficit of anywhere between 71,000 and 150,000t (Source: Financial Times 01.11.17).



Nickel price chart. Source: InfoMine.com

The recent increase in the price of nickel has been put down to increased demand for nickel from EVs, in addition to auto manufacturers apparently wanting more powerful batteries which need more nickel. Only 3% of current world nickel production goes into batteries, but according to the Beijing consultancy Antaika the rate of growth in demand was 44% in 2017. Antaika forecasts that nickel demand for EVs will grow from 10,000t in 2017 and to 45,000t in 2020 and to around 150,000t in 2025.

Company Background

Under the name Coburg Group plc the company traded on AIM for more than ten years. The coffee roasting business was sold off and shareholders approved an investing policy in February 2012 which allowed the Directors to begin building up a portfolio of mining and natural resources stocks.

September 2015 saw the company renamed Blenheim Natural Resources plc. In October 2015, £141,750 was raised at 45p per share to enable the company to make further investments and provide working capital. At the AGM later on that month, shareholders approved a 100-for-1 share split, which took the number of issued shares to 104.29 million.

In February 2016 the board announced an investment into IGS (International Geoscience Services) Limited. There was a follow-on investment in August 2016, when the company made a further investment to advance the development of Xplore, IGS's artificial intelligence software for the identification of geological prospects.

In January 2017, the company reported the opportunity to be granted an option to acquire a 30% stake in the Dieba exploration permit in Southern Mali for £175,000 cash and 60 million shares in Blenheim. This exploration permit covered an area adjacent to Birimian Limited's successful Bougouni Lithium Project.

The company had been working hard to identify and appraise other lithium opportunities and in March 2017 the board was able to report the acquisition of a 30% stake in Nashwan Holding Ltd for £200,000 in cash plus 75 million shares in Blenheim. The seller was Harry Sutherland, who had owned 100% of Nashwan and agreed to invest £100,000 of the proceeds to fund maiden prospecting and exploration costs, without Blenheim being diluted.

In January 2017 & April 2017, the company raised in total £1.75 million at prices between 0.35 & 0.45p per share to fund the Nashwan deal and provide working capital. Blenheim eventually did a better deal concerning the Dieba exploration permit and in July 2017 reported the agreement to acquire a 40% interest in Mansa Lithium Inc for £400,000 cash plus 100 million Blenheim shares. Mansa was actually the owner of the Dieba Exploration Permit and also had the right to acquire an initial 80% indirect interest in the Nimissila exploration permit in southern Mali which also has good lithium potential.

In September 2017, the company carried out its most recent capital raise, bringing in £900,000 at 0.45p per share, with these funds being earmarked to allow Blenheim to pursue its pipeline of investment opportunities, particularly in the lithium and new energy space in Africa.

A transformational deal was announced in November 2017, with Blenheim seeking to acquire a 40% interest in Xantus Inc, a company which has a portfolio of highly prospective permits covering more than 1,500km² in Mali and Niger, countries with good lithium potential. Previously, Blenheim was to acquire a 40% stake in Mansa Lithium Inc, which is a subsidiary of Xantus. However, as part of this transaction, this investment into Mansa was rolled up so that Mansa became a wholly-owned subsidiary of Xantus. Also in November 2017, the company reported the acquisition of an interest in a large-scale cobalt opportunity. Additionally, December 2017 saw Blenheim take a stake in the blockchain business BrandShield.

Operations

Blenheim Natural Resources is building an investment portfolio focused on natural resources. **Interestingly enough, targets for investment in this space also include technology associated with the natural resources sector, a strategy which has recently led the company into a potentially very exciting blockchain deal.** By and large, strategic investments are made into young companies where there is an opportunity to add value either by an IPO or a large-scale acquisition that might represent a reverse takeover, as the goal is clearly to add substantial value for shareholders. The company's main current investments are discussed below.

West African Lithium

The company has interests in a number of lithium exploration licences in southern Mali, where ancient rocks with pegmatite potential are the source of the valuable mineral spodumene, which is an ore of lithium. These exploration licences have high potential for lithium pegmatite deposits and importantly are next to two known lithium projects. These investments are all about “closeology”, following the leads of others and hoping to emulate the success of a neighbour, as proximity to an existing mineral resource has been shown to significantly increase the chance of success in mineral exploration.

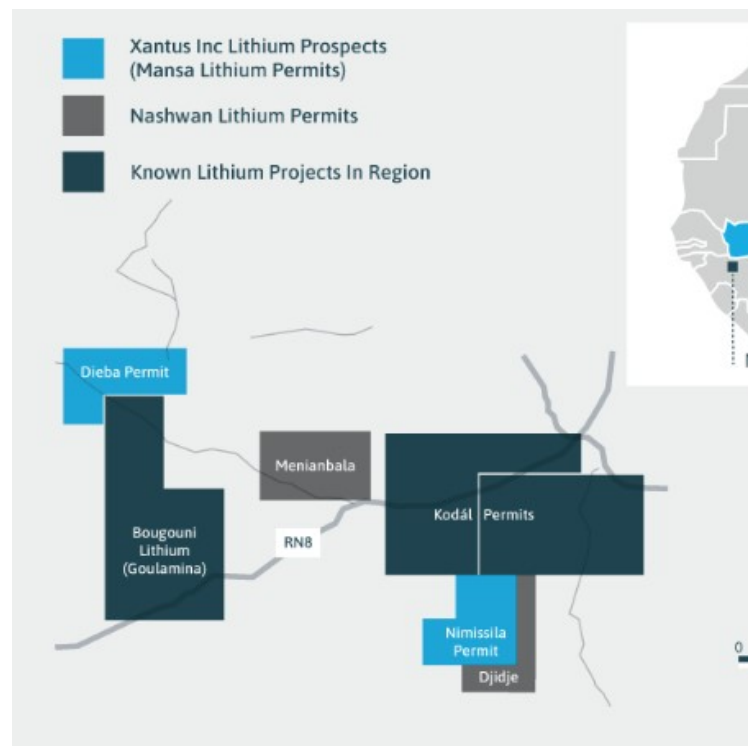


Ancient rocks in south Mali (highlighted) with pegmatite potential. Source: Company

Blenheim holds a 40% interest in Xantus Inc and a 30% interest in Nashwan Holding Ltd. The investment in Xantus Inc provides exposure to exploration permits in Dieba and Nimissila in Mali. These are Mansa Lithium permits which cover an area of 200km² lying north of the Birmian licence where significant lithium deposits have been discovered. Up until the end of November 2017, Blenheim had a 40% interest in Mansa Lithium permits, but has since gained a 40% interest Xantus (which has become the Mansa's parent company) giving the company exposure to four additional permits in Niger at Bongou, Diblio, Dingoaba and Namaga 2. These cover 1,000km² and represent historical lithium deposits which were identified in the 1960's. The remaining 60% interest in Xantus is held by Future Fuels Holdings Inc.

Nashwan Holdings Ltd offers the opportunity of prospective lithium project areas at Menianbala and Djidje in the Bougouni region of this country. This region seems to have a critical mass of lithium exploration projects, with Blenheim representing one of a group of key players which includes **Birmian Ltd (ASX:BGS)** and **Kodal Minerals (AIM:KOD)**, both of which have been generating impressive results from their exploration programmes.

Birmian's Bougouni Lithium Project comprises of a large land holding (295km²) covering highly prospective lithium pegmatites. The project hosts a high-grade spodumene pegmatite deposit at Goulamina, which has a JORC-complaint Mineral Resource of 32.9Mt at 1.37% Li₂O for 451,000 tonnes of contained Li₂O at a 0.4% cut-off grade. **This makes Goulamina one of the highest grade, undeveloped hard rock lithium deposits of significant size in the world.**



Location of the Mansa and Nashwan permits and known lithium projects. Source: Company

Kodal has yet to announce a resource, but has reported consistently wide, high-grade lithium pegmatite drill intersections from its Kassokoro permit. Kodal has demonstrated that high-grade lithium (spodumene) concentrate, of suitable quality for producing lithium carbonate with low levels of impurities, had been produced from initial beneficiation test results, with recoveries of between 80 – 87%. Mostly recently, Kodal has been able to announce that battery grade lithium carbonate has been produced from metallurgical and processing test work.

A three-stage exploration programme has been established. Stage one is a Regional Desktop Targeting Study which was completed by Southern Geoscience Consultants and identified 15 priority target areas for lithium pegmatites on the prospective Dieba, Nimissila, Djidje and Menianbala permits which cover 371km² in the Bougouni region of Mali. These permits are contiguous with or near to the Goulamina Lithium project and Kodal's Bougouni Project, where there has been further drilling to evaluate recent high-grade lithium discoveries.

Stage two involves field work which is nearing completion. The target areas for lithium pegmatites have been identified from existing geophysical, remote sensing and geological data and confirmed the highly prospective nature of southern Mali for lithium. Target areas have been proposed for follow-up based on their structure, lithological, geophysical and remote sensing characteristics and using signatures of known pegmatite outcrops at the nearby Goulamina Project.

The second stage also involves follow on exploration work to locate lithium pegmatites. This has commenced, including the mapping of pegmatite outcrops and soil geochemistry. During this process in excess of fifty prospective pegmatite grab samples have been taken which are being subject to inductively coupled plasma mass spectrometry (ICP-MS). This is capable of detecting metals at very low concentrations. Results are expected back from the laboratory in January 2018.

Stage three involves a three-month auger drilling programme on an 800m x 100m matrix over the identified target areas. Augur holes are quite shallow to a depth of five metres but are inexpensive and the results are likely to be eagerly awaited.

Botswana Nickel & Platinum

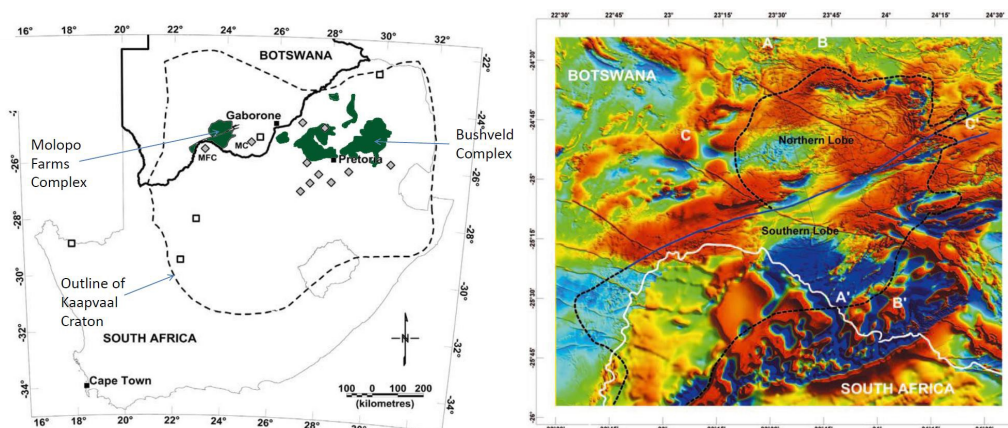
Blenheim holds a 20% interest in Kalahari Key Mineral Exploration Company Pty Ltd (Kalahari Key) which was specially formed by an experienced exploration team to search for base metals and PGMs in Botswana. Blenheim invested \$130,000 (£100,000) for 20% of Kalahari Key and has an option to increase to 33.3% for a further \$130,000.

Tremendous upside potential exists here as preliminary geological and geophysical studies suggest that southern Botswana is a target for large nickel-copper PGM deposits such as that discovered at the well-known Voisey's Bay in Canada and other similar plays shown below.

Name	Country	Ni Metal (Mt)	Ni wt%	Cu Metal (Mt)	Cu wt%	PGE Metal (t)	PGE (g/t)
Voisey's Bay	Canada	217	1.59	116	0.85	26	0.19
Norilsk	Russia	2,320	1.77	4,673	3.57	12,438	0.32
Jinchuan	China	545	1.06	389	0.75	135	0.26
Pechenga	Russia	400	1.18	215	0.63	107	0.32

Large nickel-copper PGM deposits which south Botswana bears similarities. Source: Company

The Molopo Farms Complex is located on a large, layered ultrabasic-basic intrusion with an area of more than 13,000km². The geology was unknown until the late 1970s as it is covered by up to 200 metres of superficial sediments in southern Botswana. It is related to the Bushveld Complex of South Africa, which is an important source of world-class PGMs.



Southern Botswana is a target for large nickel-copper PGM deposits. Source: Kalahari Key.

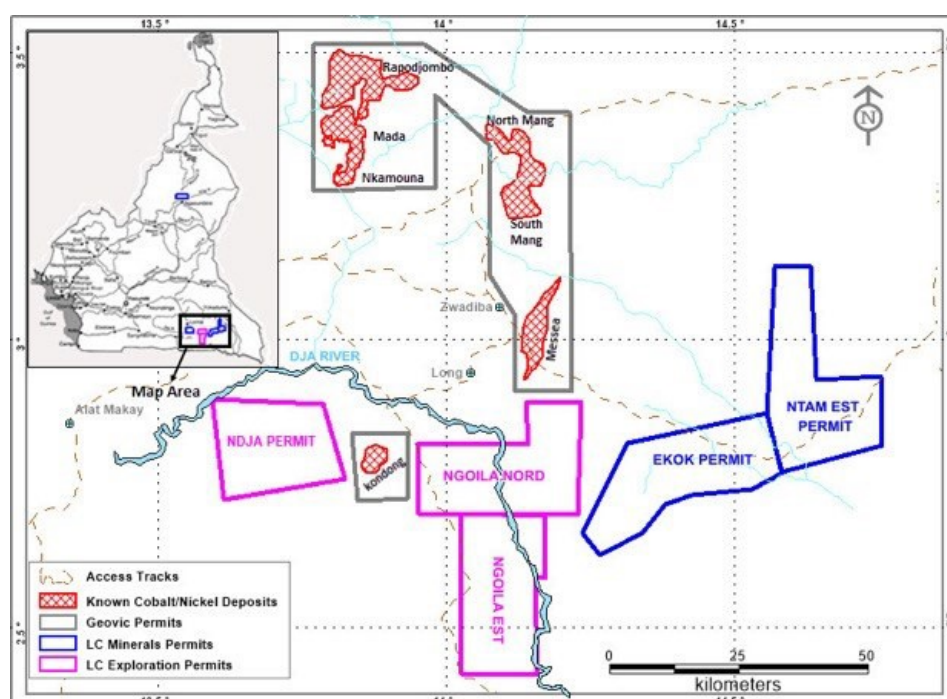
This project does seem to represent a good pre-IPO Ni-Cu-PGM opportunity in a stable country in Africa. There is a highly experienced exploration team led by geologist Dr Roger Key MBE, who has more than 40 years' experience of working in Africa and especially Botswana. He is joined by Dr. Andy Moore, Simon Bate and Rick Bonner, who between them have 90 years' experience in exploration, including in the Kalahari and similar rocks in Canada.

Blenheim's investment will allow the team to develop an initial drill programme by prioritising a series of nickel and platinum group elements (PGE) based on their geophysical and geochemical work. **This work, scheduled to be completed in early 2018, is expected to pave the way for the drilling of these targets which is scheduled for the end of Q2 2018.**

Cameroon Cobalt

On 30th November 2017, the company announced the conditional acquisition of a large-scale cobalt opportunity. Blenheim has agreed to acquire a 25% stake in Cobalt Blue Holdings Inc (CBH), which has interests in cobalt exploration in Cameroon. The consideration is up to 550 million warrants over ordinary shares, subject to the granting of a number of exploration licences in Cameroon. For this deal to go ahead, shareholders need to approve the necessary resolutions at the forthcoming General Meeting on 17th January 2018.

CBH has applications in place for six exploration licences in Cameroon covering 2,837km² at Ngoila Nord, Ngoila Est, Ekok, N'Tam Est, N'Dja and Ngaoundéré. Five of these licenses are for territories neighbouring the Nkamouna and Mada Cobalt-Nickel Project, which is one of the world's significant cobalt deposits. The remaining licence is in the Mvina division in the North of Cameroon. These licences are expected to be granted in January 2018.



Location of the Cobalt Blue licence applications and known cobalt/nickel deposits. Source: Geological assessment for BNR

Resource category	Tonnes (kt)	Co (%)	Ni (%)	Mn (%)
Measured				
Nkamouna	59,805	0.24	0.68	1.37
Mada	-	-	-	-
Total	59,805	0.24	0.68	1.37
Indicated				
Nkamouna	20,918	0.19	0.67	1.12
Mada	39,876	0.23	0.59	1.43
Total	60,794	0.22	0.62	1.32
Measured & Indicated	120,599	0.23	0.65	1.35
Inferred				
Nkamouna	19,929	0.19	0.65	1.09
Mada	182,621	0.20	0.58	1.21
Total	202,551	0.20	0.59	1.20

NI 43-101 compliant Mineral Resource statement for the Nkamona and Mada Cobalt-Nickel-Manganese Deposits October 2009. Source: SRK report dated 02 June 2011

The structure of the transactions includes a First and Second Warrant. The First Warrant is over 300 million shares and exercisable at a price of 0.1p per share, provided three out of five of the exploration licences adjacent to the Nkamouma and Mada Cobalt-Nickel Project are granted. At the share price of 0.43p the day before the announcement, the warrants have an in the money valuation of £0.99 million.

The Second Warrant is over a further 250 million shares and is exercisable at 0.65p per share in the event that all the five exploration licences adjacent to the Nkamouma and Mada Cobalt-Nickel Project are granted. There is no additional payment if the licence in the north of the country is also granted. On exercising these First Warrants, the company would receive £300,000 and £1.65 million when the Second Warrants are exercised. We also make the point that upon exercise there is a 12 months lock in thus avoiding an immediate share overhang.

Once these licences are granted they will be issued for an initial period of three years, but can be renewed up to three times, for a maximum period of two years in each case. Blenheim also has a six-month call option which allows the company to increase its stake in CBH to 49% for £800,000 cash. These investment monies would be used to fund a staged exploration programme across the licence areas as well as allowing CBH to make potential the acquisition of further cobalt assets and exploration licences.

Stage one is a desktop targeting study of all available regional geophysical and GIS data including: Airborne Magnetic, Radiometric and DEM Processing, ASTER data review, Landsat 9 Data Review, high-resolution aerial imagery, consequent interpretation and targeting.

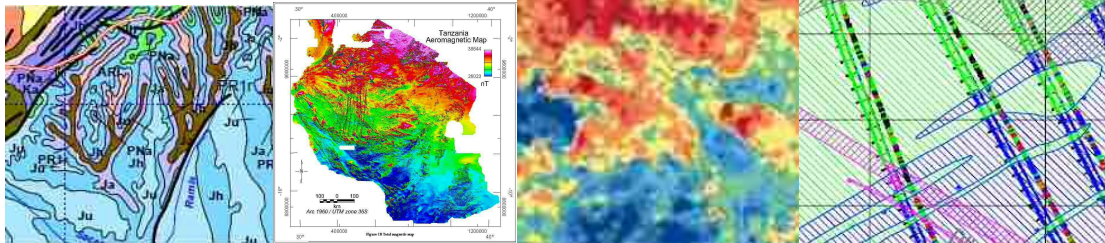
Stage two is the follow-up work on the ground at the identified targets, including mapping and sampling. Grab samples, trenching and soil sampling will be cross-referenced with the geophysical targets and used to plan a shallow auger drilling campaign, which is stage three.

The NI 43-101 Technical Report on the Nkamouma and Mada Cobalt-Nickel Project dated 2nd June 2011 was written for the then owners Geovic Mining Corp. Over the intervening years there was a downturn in commodity prices and news reports from 2014 tell of Geovic's offices in Cameroon being abandoned. However, major mining companies, along with the Cameroon government, now realise the potential of this highly attractive cobalt project and the sort of value that might be created here.

It is believed that the Cameroon government will seek to retender this asset to a financially well-backed group that has the mining and technology expertise, along with the proven ability, to get such a project funded. **It has been suggested that the re-tendering process might begin in early 2018. Such a move would attract a lot of interest to cobalt projects in Cameroon and Blenheim.**

Global Geoscience Consultancy

Blenheim holds a 29.9% interest in IGS (International Geoscience Services) Limited, which is a global consulting group. The business was spun out of the British Geological Survey, the world's oldest national geological survey which was founded in 1835.



Examples of IGS's geodata. Source: Company

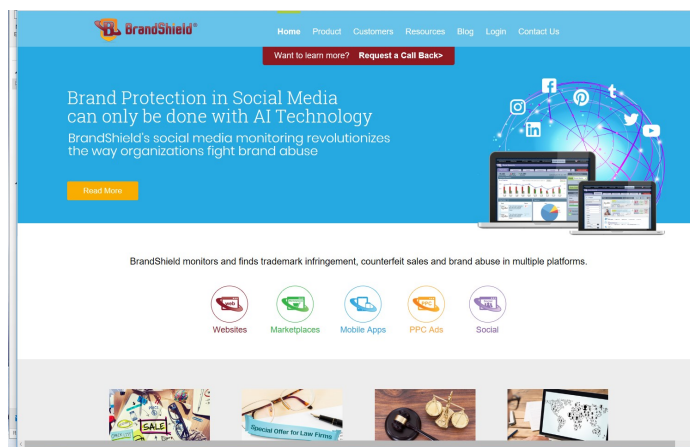
IGS provides a range of geoscientific services, including: training local staff typically within government institutions, field mapping, geodata management, institutional reform, mineral promotion and national mapping programmes. Clients are mostly governments, national geological survey organisations and international agencies like the World Bank.

In addition, IGS has developed a unique intelligent prospectivity analysis system called IGS Xplore which uses semantically-driven technology to identify areas prospective for various different types of mineral deposits. IGS Xplore started in 2014 and has been designed to provide regular income to IGS and also some IP which could be developed in future ventures.

Commodity-focused blockchain-based platform

On 11th December 2017, the company announced a strategic agreement to develop a commodity-focused blockchain-based platform and the investment of US\$1.05 million. Blenheim has entered into a non-binding collaboration agreement with BrandShield Ltd to develop a proprietary blockchain-based platform that will allow resources companies to conduct transactions globally.

Through its investment the company has taken a 7.22% stake in BrandShield, a leading global cyber security and online brand protection company. This investment by Blenheim was part of a US\$1.81 million fund raising exercise, involving high net worth individuals, at a valuation of US\$14.5 million (post money).



BrandShield's home page. Source: BrandShield

BrandShield is an international technology company, which was backed by what is now called The Israel Innovation Authority, with an R&D centre based in Israel. BrandShield monitors and finds trademark infringements, counterfeit sales and brand abuse in multiple platforms. Its social media monitoring revolutionises the way organisations fight brand abuse. Its technology protects brands in many platforms including: websites, marketplaces, mobile apps and pay-per-click (PPC) ads.

BrandShield's solution is being used by companies across a wide range of sectors including banking, financial, insurance, software and IT, with customers like VISA, New-Balance, Radisson Hotels and Swisscom. In 2016, BrandShield made a pre-tax loss of NIS 1.763 million (£0.37 million) and in the six months ending 30th June 2017, made a loss of NIS 1.131 million (£0.24 million). As at 30th June 2017, the company had a net asset value of NIS 5.424 million (£1.1 million).

Brand protection in social media can only really be successfully and economically achieved by employing Artificial Intelligence (AI) technology. This means that the business has a deep understanding of not just web-based platforms and cyber intelligence through its algorithms and proprietary online monitoring capabilities, but also specialises in protecting blockchain companies planning Initial Coin Offerings (ICOs) from digital fraud. **The board believes that there is a distinct opportunity to use blockchain platforms in the resources sector particularly in commodity trading and ICOs.** More than that, the directors believe that the application of blockchain technology in the resources sector could be particularly useful in trading & payments, mitigated risk of fraud & disputes and transparency & compliance.

Strategy for Growth

Blenheim is rapidly developing a portfolio of investments which provide a number of excellent opportunities to build shareholder value. The board seem to remain open minded as to the how value is added and whether these interests are exited by way of a trade sale or spun off in their own IPOs. The company has gained exposure to some highly prospective exploration licences that lie in well-known mineral districts and through investment the team believe that there is a good potential for significant re-rating which will serve to impact on Blenheim's valuation.

One point is clear, once discoveries have been made on the ground in the mineral exploration plays then Blenheim would seek to sell off its interest to a major, rather than get involved in funding its share of the costly drilling and feasibility study stages. The company may retain an interest in the project by having a royalty interest going forward, but the strategic plan is to get involved with early stage exploration. This is because it is the stage where the greatest return can be made, albeit with a commensurate level of risk. Once real value has been added, the team will seek to monetise that gain and move onto the next investment opportunity.

West African lithium

Both the lithium and cobalt investments represent closeology plays, as these exploration licences border existing significant discoveries and follows the old adage that the best place to find a new mine is next door to an old mine.

Attention in West Africa is currently focused on the prospective Dieba, Nimissila, Djidje and Menianbala permits which cover 371km² in the Bougouni region of Mali. Exploration has now reached Stage Two and the company is waiting for maiden assays results from the grab samples expected to be announced January 2018. These results will be invaluable in designing the auger drilling programme on a grid, which should provide a growing understanding of the mineralisation, potential and value.

Cameroon Cobalt

Whether this deal proceeds depends on shareholders approving the necessary resolutions at the forthcoming General Meeting on 17th January 2018. It is expected that news about the success of the licence applications could also be known in January 2018. The real interest is in the five cobalt exploration licences in southern Cameroon, which are adjacent to the Nkamouma and Mada Cobalt-Nickel Project.

Once the outcome of the licence application is known Blenheim may seek to increase its stake in CBH to 49% for £800,000 cash, in line with the terms of the option. This cash would help fund a staged exploration programme across the licence areas in similar fashion to the programme planned at the West African lithium projects including grab samples, trenching and soil sampling to design the resultant auger drilling campaign. **Just like for the lithium projects, all the various steps within these stages are expected to add value.**

Botswanan nickel and platinum

The investment in Kalahari Key gives Blenheim a stake in the outcome of an exploration programme which is focusing on fairly large-scale mineral reserves that could be identified using a Voisey Bay type of mineralisation model. All the same, this potential comes with high risk. Blenheim's \$130,000 investment looks as though it is allowing the team to develop an initial drill programme by prioritising a series of nickel and platinum group elements (PGE). This is based on Dr. Roger Key and his team's geophysical and geochemical work, which is expected to be completed in early 2018.

Drilling of these targets in Botswana is scheduled for the end of Q2 2018. Blenheim has an option to invest a further \$130,000 to take its stake up to 33.3%. This is a large project area and such an initial drilling programme will need a larger budget. So, further cash would be needed, which may well come as part of a pre-IPO fundraising.

IGS

The global geoscience consultancy IGS increasingly looks to be becoming a non-core investment as it lies within mining services rather than mineral exploration, where the portfolio is now becoming sharply focused. IGS's upside potential seems quite limited compared with the new opportunities that have been backed over recent months. It is likely that the board may seek to dispose of this interest in the future and use the funds to develop other projects that are deemed to have a greater opportunity to add value going forward.

BrandShield

The investment in BrandShield takes the company firmly into the fintech arena. BrandShield has been around for a while and has developed globally scalable IP, expertise in web-based platforms and AI. It has the necessary skills to develop blockchain based solutions for the natural resources sector, along with providing support for commodity focussed ICOs. So, it does look likely that an ICO is on the cards. Recent issues have been well-received and have shown dramatic growth over the past twelve months.

ICOs are typically accompanied by a white paper, which is the document which educates the market on the benefits of the business' technology. It has been suggested that BrandShield's whitepaper could be released as early as February 2018 and lead to sums being raised at a substantially higher valuation to that which Blenheim got involved at. A number of big potential partners have been taking a look at real application of BrandShield's technology in order to technically verify and allow for the fraud prevention of ICOs, as a number of ICOs have fraudulently disappeared into the ether. However good blockchain might be, importantly, BrandShield has got another business, which is the protection of brands.

ICOs are a new phenomenon which have hit the tech world and have changed the manner in which start-ups raise capital. Rather than IPOs, crowdfunding or venture capital funding, start-ups are using ICOs. Put simply, an ICO is an investment whereby the investor receives digital tokens or coins created through blockchain technology. These can be seen as the equivalent to shares in an IPO in the fintech space.

The big difference is that by selling tokens in an ICO, a start-up can actually give investors access to its technology which can serve to generate a lot excitement that feeds into the secondary market for these tokens. ICOs were put on the map by Ethereum where US\$18 million was raised over six weeks and it rose to become the most valuable cryptocurrency after Bitcoin.

In the second half of 2017 there were two sectors that seemed to have led the way in the small cap market - mineral exploration and blockchain/digital currencies. **Blenheim is unique in being able to offer investors a good exposure to both these activities.** On top of that, mineral exploration interests are currently focused on battery metals which are attracting a lot of attention, as there is a change in the entire car industry to electric which has led to rapid developments in battery technology. It does seem that moving ahead Blenheim will begin to attract a lot more attention from the market as value is added to its investment portfolio.

Financials & Current Trading

Losses that have been recorded over the past few years are largely due to administration costs, with activity focussed on building the portfolio of mineral interests.

Y/E 31 st March £'000s	2013A'	2014A'	2015A'	2016A'	2017A
Revenue	-	3	2	6	2
Pre-tax profit/loss	-88	-79	-252	-235	-295
Net profit/loss	-88	-79	-252	-235	-295

' – year-end 30 April

Blenheim Natural Resources five-year trading history. Source: Company accounts

2017 results

Financial results for the 11 months ended 31st March 2017 showed a loss of £295,170. Revenue was £2,534 but there were net realised gains of £30,053 from the disposals of financial assets, administrative costs of £242,683, transaction costs of £41,995 and net interest costs of £43,079. Basic and diluted earnings per share came out at a loss of 0.13p.

2018 Interim results

In the six months ended 30th September 2017 the company made a loss of £244,453, which equated to a basic and diluted loss per share of 0.04p. During this period the board began to focus the emphasis of the company's investment strategy towards making strategic investments in a small number of companies in the future energy space, particularly lithium and cobalt.

Recent developments

The company announced its 2018 financial year interim results on 30th November 2017. On the same day the board was able to make two big announcements concerning investments in lithium and cobalt.

In lithium, Blenheim had agreed to acquire a 40% equity interest in Xantus Inc, which has a portfolio of highly prospective permits covering in excess of 1,500km² in Mali and Niger, countries with big lithium potential. This deal gave Blenheim a 40% stake in two further permits in Mali and four permits in Niger.

The move into cobalt resulted in Blenheim acquiring a 25% stake in Cobalt Blue Holdings Inc (CBH), with interests in Cobalt exploration in Cameroon. CBH has applications for six exploration licences totalling 2,837 km² in Cameroon, with five of these licences in territories neighbouring the Nkamouna and Mada Cobalt-Nickel Project which has significant cobalt reserves.

December 2017 saw the announcement of the strategic agreement to develop commodity focused blockchain-based platforms and the investment of US\$1.05 million for a 7.22% stake in BrandShield. The board saw there was a good opportunity to use blockchain platforms in the resources sector, particularly in commodity trading and ICOs.

Risks

Geological risks

There are a series of technical risk factors concerning the amount of understanding of the geology of the project areas, the mineralisation being targeted and the distribution and magnitude of the indicators that have been identified in exploration work.

Political risk

There are political risks involved in companies operating in countries like Mali and Cameroon. The resources industry is arguably the most susceptible sector of the market to political risks largely due to the importance to the host country's economy.

Metal price risks

Metal prices are highly cyclical and changes in the prices of nickel, lithium and cobalt could have a negative or positive impact on the valuation of the company's projects and revenue from the future sales of metals. Nickel, lithium and cobalt have all enjoyed a sustained rise on the back their use in growing markets but as the prices climb higher it does bring with it the increasing risk of substitution by other metals.

Exchange rate risks

Movements in the value of currencies will have an effect on the company's accounts on translation from local currencies in Mali and Cameroon or US dollars into UK pounds. Fluctuations in the value of these currencies as well as the US dollar against the pound may have an effect on the valuation Blenheim is awarded by the UK stock market.

Future funds

The market for raising funds for small cap companies may have improved from the worse conditions eighteen months ago, however the equity market does continue to be difficult especially for resources companies. Some recent fund raising in the resources sector have seen share prices being undermined by incoming investors demanding substantial discounts to provide the necessary capital.

Board of Directors

Chris Ells FCA – Chairman, Non-Executive Director

Chris Ells was appointed as a Non-Executive Director on 1st November 2013. He is a qualified Chartered Accountant with over 25 years of experience in the structured finance industry. He qualified with KPMG London in the early 1970s, before emigrating to Australia. In 1979 he co-founded Allco Finance Group in Sydney and set up their Melbourne office in 1983 and London office in 1986. During his career in structured finance, Chris has completed client transactions in excess of £1 billion, including for British Aerospace and Qantas. He has experience in the natural resources sector and was a director of South East African Mining, an exploration company focused on gold and base metal projects in sub-Saharan Africa, until February 2014.

Charlie Wood – Non-Executive Director

Charlie was appointed as a Non-Executive Director on 26th September 2017. He is a fellow of the Securities Institute of Australia and has held senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. Charlie has considerable corporate finance experience with a focus in technology, mining and oil & gas sectors. He is currently Executive Chairman of AIM-quoted Mayan Energy Limited, a US focused oil and gas company. Charlie is also a founding director of Helium One Ltd, an exploration specialist explorer focused on delineating and developing globally significant helium assets in Tanzania.

Christian Schaffalitzky, BA(Mod), FIMMM, PGEO, CEng – Non-Executive Director

Christian Schaffalitzky was appointed as a Non-Executive Director on 12th April 2017. He is Managing Director of Eurasia Mining plc which mines and explores PGMs in Russia. With over 40 years' experience in minerals exploration, Christian was a founder of CSA Global, the consulting group, and Ivernia West PLC, where he led the exploration, discovery and development of the Lisheen zinc deposit in Ireland, similarly the Shaimerden zinc deposit in Kazakhstan for Ennex International. He is also Chairman of Kibo Mining plc and on the board of MetalNRG.

Forecasts

We initiate coverage of Blenheim with forecasts for the financial years ending 31st March 2018 and 31st March 2019. In 2018, we believe that transaction costs will increase almost three-fold following the spate of investments made in the company's third quarter. This, we estimate, will lead to a pre-tax loss of £0.497 million which equates to a loss per share of 0.0001p. It should be noted that if shareholders approve the requirements to allow for the acquisition of the Cameroon cobalt interests than the number of shares on a fully diluted basis could increase to 1,693,674,497 (Tranche 1 warrants) or 1,943,674,497 (Tranche 1 & 2 warrants) depending on the number of exploration licences that CBH is granted.

The company has moved from the acquisition stage to developing its investment interest and this is reflected in our estimate for transactions fees in the year ending 31st March 2019. For 2019, it is estimated that the company will make a pre-tax loss of £0.397 million which would result in a loss per share of 0.00004p.

Year End 31 March 2017	FY2016A	FY2017A	FY2018E	FY2019E
Revenue	6,196	2,534	3,000	3,000
Administration expenses	(175,227)	(242,683)	(350,000)	(350,000)
Transaction costs	-	(41,995)	(150,000)	(50,000)
Impairment of available for sale assets	(82,345)	-	-	-
Other gains/(losses) - net	51,954	30,053	-	-
Operating loss	(199,422)	(252,091)	(497,000)	(397,000)
Finance income	315	25	-	-
Finance costs	(35,481)	(43,104)	-	-
Loss before income tax	(234,588)	(295,170)	(497,000)	(397,000)
Income tax expense	-	-	-	-
Loss for the period	(234,588)	(295,170)	(497,000)	(397,000)
Other Comprehensive income	-	-	-	-
Total Comprehensive income for the period	(234,588)	(252,091)	(497,000)	(397,000)
Earnings per share				
Basic and diluted (p)	(0.23)	(0.13)	(0.0001)	(0.00003)

' – year ended 30 April 2016

Weighted average number of shares	102,397,288	223,251,939	835,377,215	1,166,413,245
Total shares plus warrants and options	206,790,900	671,076,614	1,393,647,497	1,393,674,497

Source: Company/Align Research

Valuation

Blenheim currently sits at a pivotal moment in its development as a natural resources investor. **Following a spate of deals announced in the last quarter of 2017 the company now has stakes in a handful of compelling opportunities where significant value could be added. The board has made it clear that the focus is now on developing these business interests to generate a good return for shareholders, rather than making further acquisitions.**

We have sought to value Blenheim by investigating the type of valuation that the various investment interests could attract assuming a certain degree of success over the next eighteen months. In this section, we have attempted to determine a sum-of-the-parts valuation for the company. The assumptions behind the valuations awarded to each of the business interests are also detailed below.

West African Lithium

The company commissioned a valuation report on the lithium interests (which then covered a total area of 1,000 km²) dated 30th May 2017. The report was the work of Plutus Strategies which based the valuation on using a risked approach compared to a reference project, chosen to be **Birminian Limited's (ASX:BGS) Goulamina** project. Because it has the largest surface expression and as there was no information on other deposits in the area, Goulamina was assumed to be the biggest deposit in the area for the purpose of the analysis.

The consultants used Zipf's law to attempt to predict undiscovered deposits. Zipf's law is formulated using mathematical statistics based on the fact that many types of data studied in the physical and social sciences can be approximated with what is called a Zipfian distribution - a kind of distribution curve. The distribution inferred that there were six undiscovered deposits in the area with an average size of 105,000t of contained Li₂O, equating to 7Mt at 1.5% Li₂O. Reference to the size of Goulamina was used to determine a deposit risk factor. A series of other risks factors were also included.

By this analysis, the total value of Blenheim's lithium interests was estimated to be US\$6.1 million (£4.5 million). That figure comes after allowing for the company's share of exploration expenditure of US\$3.2 million. With a lack of resources identified in the licence areas and what seems like no historical exploration and no comparable transactions available, this analysis does look meticulous and sound in our view. It is also worth looking at the valuations awarded to both Birminian and Kodal Minerals (see table overleaf) which are active in the vicinity and have had successful lithium exploration programmes.

The Enterprise Value of Birminian gives investors a handle on the kind of EV per tonne of JORC resource of spodumene that Blenheim could command when it is further ahead with its exploration efforts. Kodal Minerals has shown what can be done and in fairly quick order with the company moving on from early stage exploration to some impressive drilling results. Kodal Minerals currently has an Enterprise Value of £8.96 million, although the share price has been under pressure since January 2017 when the shares were around the 0.50p level (equating to a then market capitalisation of £26 million). Sentiment towards the stock has not been helped by recent licence irregularities, meaning that Kodal needs to reapply for the licences within its key area of Kolassokoro.

The valuation report by Plutus Strategies suggested that if Blenheim achieved similar progress and success as Kodal had in the neighboring permits that it would result in the valuation increasing by a factor of 2-3. **This suggests a valuation range of £9 – £13.5 million. We have elected to use a mid-range figure of £11.25 million in our own analysis.** Since the valuation report was published the company's exposure to West African lithium has increased and so our valuation placed on the lithium interests could be seen to be fairly conservative.

Company	Share price	EV £m	JORC Resources	Comments
Birmian Limited (ASX:BGS)	A\$0.755	81.6	32.9Mt @ 1.37% Li ₂ O'	Lithium and gold projects in southern Mali Actively exploring 1,100km ² of highly prospective licences Goulamina Lithium Project - JORC Resource (22-06-17). Scoping Study (31-01-17), PFS (04-10-17) confirmed the potential of a 1-2 Mtpa plant producing 198,000 – 396,000t of spodumene (6% Li ₂ O concentrate) over a 9-14 year mine life. Also, Massigui Gold Project - most advanced with several gold discoveries has option to sell part of this area to Rangold. Dankassa Gold Project
Kodal Minerals (AIM:KOD)	0.20p	8.96	-	Lithium (Mali) and gold in Mali and Cote D'Ivoire Bougouni Lithium Project (90%) – 500km ² (may change following licence irregularities) consisting of the Kolassokoro and Madina concessions. Dendo Lithium Project – 109km ² consisting of the Diendio Sud, Diossyan Sud and Manankoro Nord concessions. Consistently wide and high grade mineralisation. Multiple target drilled with including an 21m intersection @ 1.72% Li ₂ O from a depth of 11m. Battery grade lithium carbonate has been produced from metallurgical and processing test work. Also, Nangalasso Gold Project, Slam Project & Korhogo Gold Project

Table: Lithium exploration companies active in southern Mali. Source: Align Research

Cameroon Cobalt

We have investigated the valuations awarded to companies that are actively exploring for cobalt in Africa to serve as peer comparisons to Blenheim. An interesting parallel can be drawn with **M2 Cobalt Corp (TSXV:MC)** which in November 2017 announced the acquisition of seven exploration licenses in Uganda, East Africa, covering 1,560km², which are highly prospective for cobalt. These exploration licences are underlain by Proterozoic rocks which exhibit important similarities to the major producing mines in DRC.

Two of M2 Cobalt's seven target licences (which have a combined area of 193km²) are located immediately north and south of the Kilembe mine which is near the border with DRC. The other five Bujagali licences (1,371km²) are adjacent to two artisanal gold mining areas and grab samples taken inside these licenses by the vendors contained 0.31% cobalt, 3.49g/t gold and 0.17% copper. These may not be representative of the mineralisation hosted in the licenses, but eight rock grab samples contained greater than 0.12% cobalt from multiple areas.

M2 Cobalt currently trades at C\$0.63 and has an Enterprise Value of £8.74 million, which equates to £5,600 per km². **Using this figure would suggest that the six exploration licences that Blenheim is hoping to share in could be worth £15.88 million based on their total area of 2,837km², with the company's 25% stake equating to £3.97 million.**

Using the 2-3 times uplift suggested in the analysis of the company's lithium projects would give a valuation in the range of £7.94 to 11.91 million for the company's 25% stake in these licences. In our analysis we have chosen to use the mid-range figure of £9.92 million which could be assigned to the aggregate of the six exploration licences, thereby suggesting a value of £1.65 million for each of Blenheim's 25% share in the licences.

Blenheim has an option to increase its stake in the licences from 25% to 49%, which could be quite valuable moving ahead. The value added would be 24/25th of £1.65 million, resulting in a figure of £1.52 million. For the case where three exploration licences are awarded additional value thus equals three times £1.52 million, less the option fee of £0.8 million which equates to £3.76 million. In the case that five exploration licences are awarded, the valuation would rise to £6.8 million, based on a similar calculation.

Botswanan nickel and platinum

Blenheim's interest in Kalahari Key has been valued with reference to the South African nickel exploration company **URU Metals (AIM:URU)**, which has an Enterprise Value of £3.89 million. URU's principal interests are in nickel where it has a 100% interest in the Zebediala Nickel Project which has a non-JORC compliant inferred and indicated resource; along with a 50% stake in the Burgersfort nickel project where three major targets have been identified. Kalahari Key is at an early stage and so is not as far advanced as URU and we have elected to use 50% of this figure as our forward looking valuation, which equates to £1.94 million.

On this basis, Blenheim's current 20% stake could be worth £0.39 million. The company has an option to increase its stake for US\$130,000 to take its holding to 33.3% which would provide additional value. This option is valued at 20/33.33th of £0.39 million, giving £0.23 million. Less US\$130,000 (£97,000) equates to £0.13 million. This makes a total value of £0.52 million.

IGS

Discussions with the board of Blenheim suggest that the mining consultancy has an annual turnover in excess of £1 million with an EBITDA averaging c.£150,000 over the last three years, with £250,000 in the best year. So far, the company has invested £400,000 in IGS. We would normally value such a business on something like an EBITDA multiple of 5-6x for a trade sale. However, we can afford to be more generous as IGS has IP within the IGS Xplore business which has received substantial investment since this business activity begun to be developed in 2014. On valuing IGS on a EBITDA multiple of say 12x suggests a valuation of £3 million, where Blenheim's 29.9% interest would be worth £900,000.

BrandShield

We have sought to value the holding in BrandShield by investigating the Enterprise Value awarded to other companies that are developing and marketing blockchain services (see table on page 26). Looking at these peer comparison, as BrandShield continues to roll out its blockchain solutions, we believe that the company could achieve a similar valuation to that currently awarded to BIG Blockchain Intelligence, Marathon Patent Group or eXeBlock Technology. The average Enterprise Value of these three companies is £52.7 million. So, on this basis, valuation target on Blenheim's 7.22% stake in BrandShield of £3.80 million is suggested. To be conservative, we have chosen to use a figure of £1.90 million, representing a 50% haircut, to carry into our sum-of-the-parts valuation.

It does look as though BrandShield is in the midst of developing its own ICO. The past year has seen a dramatic rise in ICOs which are heralded as providing a way for companies to raise money in a more transparent and less expensive fashion. Return on investment figures quoted for ICOs (source: www.icostats.com) shows a range of -23% to +900% since last month, with an average of 160.7% across a total of seventy-seven ICOs. So, it does seem that such a move could be very well-received and serve to generate substantial additional value. **We make the point that we have not attempted to quantify this in our analysis, where we have sought to remain conservative.**

Company	Share price	EV £m	Comments
LongFin (NASDAQ:LFIN)	US\$56.3	3,458 ¹	Global fintech company providing finance for SMEs. Acquired Ziddu.com – which is a blockchain empowered global micro-lending solutions provider that transacts only in cryptocurrencies. 2017 unaudited revenue US\$40m and \$7m income.
UBI Blockchain Internet (OTCBB:UBIA)	US\$33	2,710	Research and application in blockchain technology with a focus on the Internet of things covering areas like: food, drugs and healthcare. In the 3 months ending 31 August 2017: nil revenue & net loss US\$0.67m.
HIVE Blockchain Technologies (TSX.V:HIVE.)	C\$3.39	478.1	Blockchain infrastructure business which is a partnership between bitcoin mining technology company Genesis Mining /Fiore Group. In 6 months to 30 September 2017: revenue US\$0.17m, net loss US\$20.3m & NAV US\$11.39m.
Blockchain Industries (NASDAQ:OMGT)	US\$14.05	212.9	Puerto Rico-based company that provides Internet technology and marketing solutions. Owns and operates hotel reservation web portal marketing 600+ Vietnam hotels. In 3 months to 31-10-17: nil revenue & net loss US\$18,000.
Riot Blockchain (NASDAQ:RIOT)	US\$28.40	194.5	Former maker of diagnostic machinery for biotech, now invests in cryptocurrency-related businesses. 9 months to 30 September 2017, other revenue (animal health licence royalties) US\$72,524 & net loss US\$11.0m
MGT Capital Investments (OTCMKTS:MGTI)	US\$4.76	171.9	Diverse portfolio of cybersecurity technologies which includes bitcoin mining. Results for the period ended 30 September 2017 showed Bitcoin mining revenues were US\$515,000, 33% higher than the 2Q 2017.
BTL Group (TSX.V:BTL)	C\$12.85	154.6	Develops and invests in blockchain technology bringing solutions to industry based on Interbit's blockchain development platform designed for business. In the 9 months to 30-09-17: revenue C\$0.37m, net loss C\$3.60m & NAV C\$2.53m.
HashChain Technology (TSX.V: KASH)	C\$2.9	70.3	Crypto-currency mining company with initial mining operations hosted in Vancouver BC at UNiserve. Highly scalable and flexible operations across all major cryptocurrencies. 18-02-17 to 31-08-17: no revenue & net loss C\$3.4m
BIG Blockchain Intelligence (CSE:BIGG)	C\$1.5	65.1	Developed a Blockchain agnostic search and analytics engine allowing RegTech, Finance to trace, track and monitor cryptocurrency transactions at a forensic level. y/e 30 September 2017: no revenue, net loss C\$4.3m & NAV C\$3.7m.
Marathon Patent Group (NASDAQ:MARA)	US\$4.1	50.0	IP licensing and commercialisation company, acquired Global Ventures which is a digital asset technology company that mines cryptocurrencies. 9 months to 30 September 2017: US\$0.61m revenue & net loss US\$12.3m.
DigitalX (ASX:DCC)	A\$0.345	43.2	Provides ICO corporate advisory services, blockchain consulting services and blockchain-related software development. In the year ending 30 June 2017: other income US\$47,132 & net loss US\$3.6m.
eXeBlock Technology (TSX.V:XBLK)	C\$0.94	34.2	Designer of custom, state-of-the-art blockchain based software applications DApps which utilise blockchain technology to provide solutions for businesses. BCBCA acquired eXeBlock in September 2017 with share exchange and name change. At that stage, eXeBlock was pre-revenue.
BTCS (OTCMKTS:BTCS)	US\$0.22	32.8	Moved focus from digital currencies, private investments and bitcoin mining to reduce risk and capitalise on the disruptive potential of blockchain across all industries. In the 3 months to 30-09-17: revenue US\$941 & net loss \$0.2m
Global Blockchain Technologies (TSX.V:BLOC)	C\$1.76	21.1	Vertically integrated originator/manager blockchains/digital currencies. Acquired stake in Coinstream cryptocurrency mining company to use the streaming model. In the 3 months to 31 July 2017: nil revenue & net loss C\$0.2 m.
Big Wind Capital (CSE:BWC)	C\$0.7	18.2	Acquiring Hill Top Security, a military-grade cybersecurity company operating in the blockchain / bitcoin sector. In the 3 months to 30 September 2017: no revenue, net loss C\$144,397 & NAV C\$0.18m.
360 Blockchain Inc (CSE:CODE)	C\$0.255	17.1	Invests exclusively in blockchain-based technologies including cryptocurrency, smart contracts, decentralised data management and security.9 months to 30 September 2017: revenue C\$47,403, net loss C\$836,487 & NAV C\$1.95m.
Global Arena Holdings (OTC:GAHC)	US\$0.034	16.5	Acquiring technologies, patents and companies leveraging the blockchain crypto technology. Year ending 30 December 2016: revenue US\$1.22m & net loss US\$2.03m.
Coinsilium Group (NEX:COIN)	15.1p	10.4	Accelerator that finances and manages the development of early-stage blockchain technology companies. In 6 months to 30 June 2017: revenue £97,895, net loss £205,047 & NAV £2.3m. In 2016: sales £208,667, net loss £0.74m & NAV £1.4m
Kryptonite 1 (NEX:KR1)	10.38p	1.72	Investment vehicle for investments in new technology opportunities, particularly in the blockchain sector In the y/e 31 December 2016: revenue £34.530, net loss £80,02 & NAV £0.44m

¹ – market capitalisation

Peer comparisons of companies involved in blockchain. Source: Align Research

Sum-of-the-parts valuation

£ million	Valuation		
	At present	If 3 cobalt licences granted	If 5 cobalt licences granted
West African Lithium	11.25	11.25	11.25
Botswana Nickel & Platinum	0.52	0.52	0.52
Cameroon Cobalt	-	4.95	8.25
Cameroon Cobalt option value – less cost	-	3.76	6.80
Cash from CBH warrants being exercised		0.30	1.65
IGS	0.90	0.90	0.90
BrandShield investment	1.90	1.90	1.90
Share portfolio	0.40	0.40	0.40
Sub-total	£14.97m	£23.98m	£31.67m
Shares in issue	1,126,174,495		
Per share	1.32p		
Number of shares on a fully diluted basis	1,393,674,497	1,693,674,497	1,948,674,497
Cash from warrants & options being exercised	£1.65m	£1.65m	£1.65m
Total	£16.62m	£25.63m	£33.32m
Per share on fully diluted basis	1.19p	1.51p	1.71p

Source: Align Research

In valuing Blenheim, we have looked at three different scenarios. Firstly, as the company is at present. On this basis our sum-of-the-parts (SOTP) valuation comes out at £14.97 million. **On a per share basis, this equates to 1.32p for the current number of shares in issue (1,126,174,497) and 1.19p on a fully diluted basis (1,393,674,497 shares) and which, for conservative valuation purposes, has been selected to be our current target price.**

Secondly, if CBH is granted three cobalt licences in the Cameroon we assume the increase in value provided by these exploration licences, together with Blenheim's options and the funds the company will receive (assuming that the CBH Tranche 1 warrants are exercised) would increase the SOTP valuation to £25.863million which, on a fully diluted basis, (1,693,674,497 shares) equates to 1.51p.

Thirdly, should CBH be granted five cobalt licences, we assume the expected increase in value from the additional exploration licences, Blenheim's options and the funds the company will receive (assuming that the CBH Tranche 2 warrants are exercised) would increase the SOTP valuation to £33.22 million which, on a fully diluted basis (1,868,674,497 shares), equates to 1.71p. **Positive news on the granting of the cobalt licences could therefore lead to our target price rising as much as 43%.** Both these later cases are dependent on shareholders approving the necessary resolutions in the forthcoming GM.

In this initial valuation for Blenheim we have ensured to remain conservative. We do realise that some of the peer comparisons used for mineral exploration are not as high as they were historically as junior resource stocks were in a five-year bear market until 2016. However, given the rising interest in lithium, cobalt and blockchain, these are all looking like binary plays in our view. It should be pointed out that any real success could have quite a dramatic effect on the value of such interests.

Moving ahead, Blenheim looks like it could generate good news flow over the next eighteen months. There looks like there could be some key events in the New Year as the next couple of months could see announcements concerning the lithium grab sample assays, the granting of cobalt licences, the re-tendering process on the Nkamouma and Mada Cobalt-

Nickel Project licence and BrandShield publishing its whitepaper touting the benefits of its technology and thereby paving the way for an ICO. **This news is likely to be followed by ongoing announcements on the development of the cobalt, lithium, nickel and blockchain investments as such interests are driven smartly up the value curve.**

We look forward to being given the opportunity to update our target price in the future as the fundamentals improve in line with the company's well-planned strategy for growth. **Our coverage of Blenheim Natural Resources is initiated with a target price of 1.19p and a Conviction Buy stance.**

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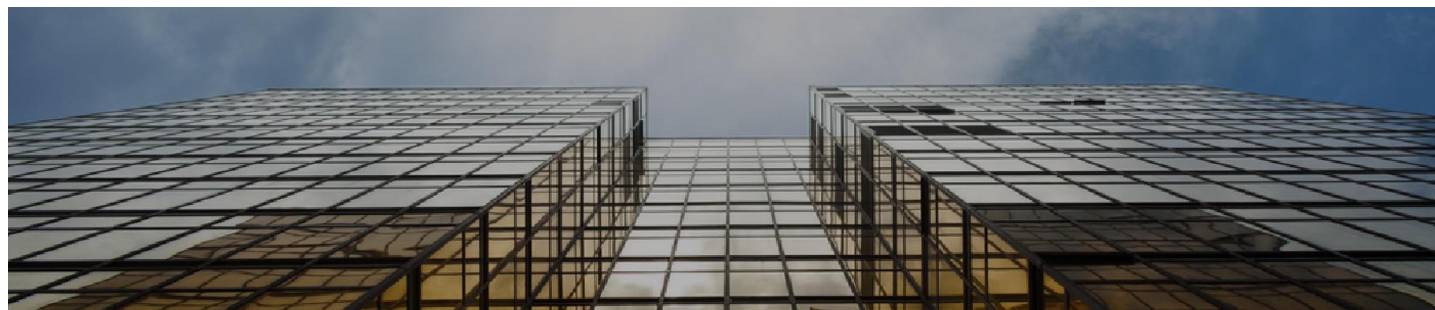
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