

## MORNING COMMENT

### Bluejay Mining

#### Strategic acquisition of a large hydrocarbon play in Greenland.

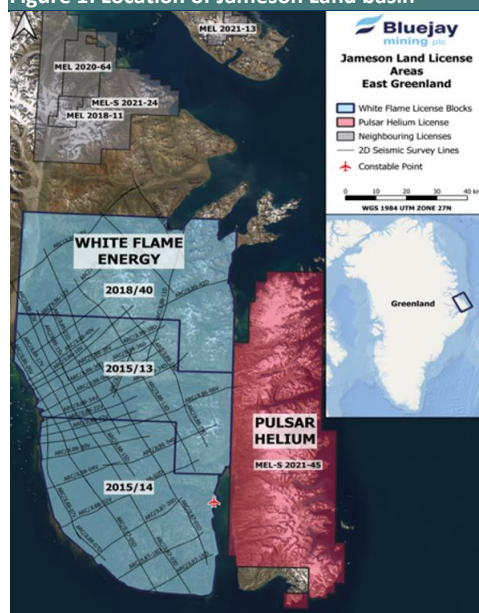
#### CORPORATE

Share Price (last close) 0.4p

Ticker	JAY
Index	AIM
Sector	Mining
Market Cap	£5.3m

Bluejay announces a significant strategic acquisition today by acquiring a 51% stake in White Flame Energy (with a 3-year option to acquire the remaining 49% on the same terms) which will lead to renaming Bluejay as 80 Mile PLC (AIM:80M). Total acquisition cost is £2.75m with the initial tranche to be satisfied by the issue of 448.5m shares in Bluejay for 22.9% of the new enlarged share capital. 80 Mile will operate the Jameson Land basin which consists of three licences covering 8,429km<sup>2</sup> in Eastern Greenland in a similar sedimentary and structural setting to the North Sea Basin, but actually onshore. Over \$125m has been spent in the past (\$4m by White Flame) with ARCO in the late 1980s spending over \$100m alone on the project area. Large gas and hydrocarbon targets have been identified which “could contain” 9 – 22 billion barrels of hydrocarbons in the Permian and Jurassic strata. We stress “could” as no deep drilling has ever been carried out and any hydrocarbons will obviously need to be confirmed by further exploration and targeted drilling. There is evidence that the licences also contain helium, white hydrogen and industrial noble gases (xenon, argon and krypton). The licences are in good standing and could turn into exploitation licences under the terms agreed with the Greenland government. This is a big strategic shift for Bluejay but adds significant weight to its Greenland portfolio of copper, nickel-copper, zinc-lead and titanium exploration in country; all of which have a significant resource target and could each become transformational in their own right.

Figure 1: Location of Jameson Land basin



.Source: WH Ireland research, Bluejay mining

Bluejay is to acquire a 100% stake in White Flame Energy Limited which owns 100% of three licences collectively known as the Jameson Land basin in eastern Greenland (Figure 1). The purchase will be satisfied by the issue of 448.5m shares in Bluejay, which will be renamed 80 Mile PLC (AIM:80M), for the first tranche to earn a 51% interest, with the second tranche to earn the remaining 49% as a 3-year option on the same terms. This is a related party transaction as there is a similar management team in both companies, but one which exposes Bluejay shareholders to a significant strategic shift and access to potentially large hydrocarbon accumulations. The purchase is subject to a general meeting on Wednesday 10<sup>th</sup> July. This transaction and strategic direction change has already been hinted to shareholders in an RNS (19.04.2024).

The Jameson Land basin is exposed onshore in eastern Greenland and has walk-up geology (Figure 2). The basin has had extensive

geological work carried out on it and shows all the characteristics of having the essential, thermally-mature organic source rocks, reservoirs which could potentially be large-scale with good permeability and with seal and trap elements defined. ARCO, who did the majority of the work in the late 1980s and spent over \$100m (in 1989 dollars) and concluded that there “could be” 4-10 billion barrels of liquid hydrocarbons in the Permian and 4.6 – 11.5 billion barrels in the Jurassic. This is a potentially a very large-scale hydrocarbon play, and one which certainly demands proper target definition and drilling. There has only been one short (104m) diamond hole into the rocks in the Jameson Land basin and that discovered oil seeps and an oil-filled belemnite fossil.

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**Figure 2: Walk up geology, targeting and drilling in the Jameson Land basin**

- To the north and east of the licences, potential reservoir and source rock horizons are exposed at outcrop;



.Source: WH Ireland research, Bluejay mining

To the conventional liquid and gaseous hydrocarbon potential there is also evidence that there is prospectivity for other gases, all of which could add significantly to the economics of any discovery:

- **Helium** – helium has been found in gas seeps on the basin margin edges, with the license immediately east of White Flame’s operated by Canadian listed Pulsar Helium (Figure 1). Helium – a significant strategic element is produced by radiogenic decay and has to be trapped before it reaches the surface as it escapes earth’s gravity. It is mostly produced from a few natural gas fields, but resources are limited.
- **‘White’ hydrogen** – natural hydrogen formed with minimal environmental production issues – in contrast to ‘green’ or ‘blue’ hydrogen produced from water electrolysis and cracking natural gas respectively - could also occur and has been found on the basin margin edges. Concentrations of hydrogen of between 3-9% and two samples taken from deeper sources of between 3-7% hydrogen have been sampled.
- As have the **industrial noble gases** xenon, argon and krypton.

Significant work has been carried out: firstly, by ARCO with work then taken up by the Greenland and Denmark geological surveys and now latterly by White Flame Energy. A large database has been built up which includes: i) reprocessed existing seismic data; ii) detailed maps and terrain models; iii) 18,000 data and chemical samples; iv) boreholes, core samples and sedimentological logs; v) stratigraphic cross sections, and; vi) photographs. All of this database was acquired by White Flame when it first tendered for the licences in 2014. Since this time, White Flame has completed an airborne Full Tensor Gravimetric (FTG) and LiDAR survey over the entire licence area which reinforced the prospectivity of the licence area and resulted in White Flame gaining further acreage to the north of the existing licences in 2018 and thereby securing the entire onshore part of the Jameson basin. All of the data has been used to identify drillable structures and assign levels of geological risk.

Short-term work must focus, in our view, on leveraging all of this historical data with new geophysical interpretation to create a list of priority targets for drilling. While there is no necessity for capex to maintain the licences, drilling is expensive and Bluejay is assessing several opportunities including grants and third-party funding via joint venture or similar structures to pay for ongoing project development.

**WHI View:** We view this as a big strategic shift for Bluejay, but one which provides a potentially large improvement in market perception for all stakeholders. The acquisition diversifies the resource base while keeping the company Greenland focussed. With the potential to discover helium, white hydrogen and industrial gases the Jameson Land basin offers Bluejay a larger potential part of the global transition and it remains to be seen how the company will deal with its competing priorities for funding. Its existing copper, nickel-copper-PGE, lead-zinc and titanium properties are large targets themselves and progress and further discovery on any of them could be transformational for the company.

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Recommendation	Total Stocks	Percentage %	Corporate	Percentage %
Corporate	54	100.0	54	100.0
Buy	0	0.0	0	0.0
Speculative Buy	0	0.0	0	0.0
Outperform	0	0.0	0	0.0
Market Perform	0	0.0	0	0.0
Underperform	0	0.0	0	0.0
Sell	0	0.0	0	0.0
<b>Total</b>	<b>54</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>

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Company Name	Table of interest number	12-month recommendation history	Date
Bluejay Mining (JAY)	2,3,4,5,7,8,12	Corporate	13.01.2023

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