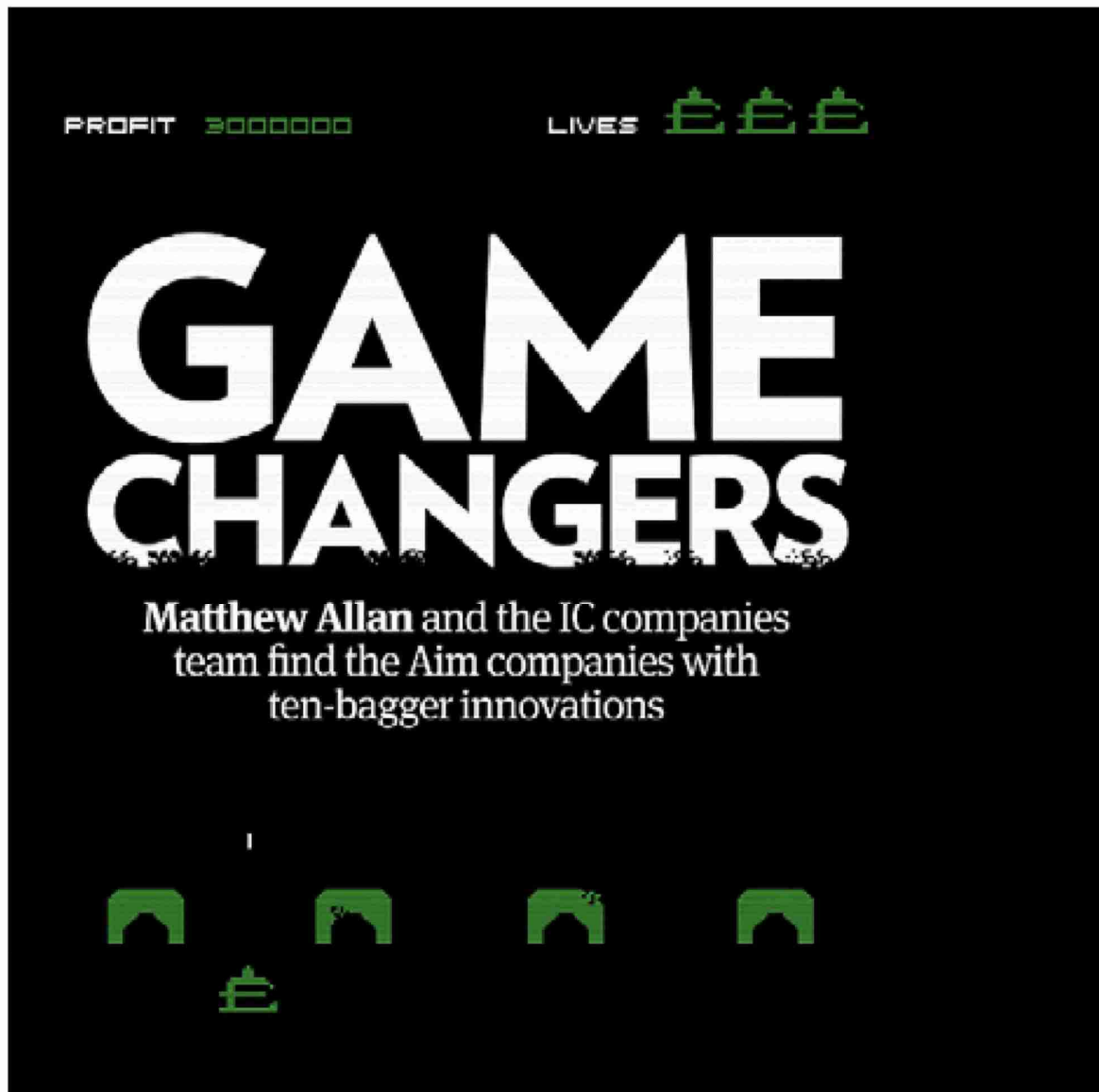


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The goal of investors who delve into the Alternative Investment Market (Aim) is to unearth hidden gems. Rare but jaw-dropping success stories such as **Asos (ASC)**, the pioneering online clothing retailer, perpetuate the idea that massive riches are regularly on offer from Aim-traded upstarts; a £1,000 investment in Asos at 3.25p a share 10 years ago, for example, would be worth over £1.75m if still held today.

Indeed, data from S&P Capital IQ suggest the odds aren't all that bad for investors willing to take a risk and hold on for the long term. Of the 1,084 companies listed on Aim today, 126 have seen share price rises of greater than 1,000 per cent from their lowest point over the past 10 years. And that doesn't include companies that have been taken over or have graduated to the main market during that time (conversely, it fails to take into account those companies that have gone bankrupt or have delisted).

The reality, of course, is that it's much more difficult to find a '10-bagger' than those figures suggest. Strip out the heavily discounted share prices seen during the immediate aftermath of the 2008 financial crisis, and less than 2 per cent of Aim stocks can be labelled 10-baggers over the past three years. We have to admit, though, any kind of 'bagger' will usually do – a one- or two-bagger is certainly nothing to scoff at.

#### Game-changers

If there is a single trend that ties together most of the companies that have experienced the largest share price gains, it's technology. Now more than ever before, new technologies are having profound effects on almost every industry – not to mention creating whole new ones. Simultaneously, retail investor interest in the small-cap market is being reignited by recent regulatory changes that allow Aim shares to be held in individual savings accounts (Isas) for the first time. While we have concerns about how long the present bull market in equities will last, we're confident many of the new technologies being developed are here to stay and that there is plenty of room left to run in the share prices of many of the companies we highlight in this feature.

With that in mind, we have come up with a list of 22 companies listed on Aim in various stages of developing a game-changing technology or business model; perhaps employing new technologies to change the way an industry works – that could open up a new market or highly disrupt the status quo. We provide a few worthwhile tips on how best to exploit technological change when picking these shares on page 26. Of course, we don't suggest allocating a large chunk of your total investment portfolio to Aim's most speculative ventures by any means – but a small proportion can certainly add some spice to investing, not to mention potentially increase your chance of beating the market.

We should also note this list does not claim to be comprehensive; rather, it takes a broad-brush approach to find companies from several different sectors. So if you think we've missed out on a

potential winner, we highly encourage you to highlight your favourite company with 'game-changing' potential in the comment section on our website.

We arrange the list by market capitalisation from largest to smallest, which provides a rough guide to how far along they are in commercialising their respective technologies.

#### PURECIRCLE (PURE)

Some of mankind's biggest breakthroughs have come from nature. Aspirin, solar power, penicillin, to name a few, were all created from naturally occurring substances found on the plant. Soon, the stevia plant could be added to this laudable list of game-changing discoveries. The plant is the source of a natural sweetener that's both calorie-free and diabetic-friendly and is increasingly being used by mainstream food and beverages manufacturers as an alternative to sugar and artificial sweeteners.

**'A £1,000 investment in Asos at 3.25p a share 10 years ago would be worth over £1.75m if still held today'**

Investors can benefit from this trend by buying shares in a company called PureCircle, which produces the stuff. The company isn't profitable at the moment, as it needs scale for earnings growth, but it's getting there. Revenue last year rose 57 per cent to \$71m (£44.1m), ahead of guidance, and losses more than halved. Customer numbers are rising and PureCircle has a five-year supply and development agreement with Coca-Cola. More generally, there has been a huge surge in the number of stevia-containing carbonated soft drinks launched in the past year as the product has become more mainstream and received approval from food and drug administrations around the world. Barriers to entry are high, too, so there aren't many competitors around, and PureCircle has added value to its offering by extending its product range to give clients custom-built sweeteners that specifically suit their needs.

In the longer term, Sophie Jourdiere, an analyst at Liberum Capital, says Stevia can take 10 per cent of the global sugar market and PureCircle should be able to hang on to a 25 per cent stake of this share. She believes soft drinks alone could become a \$4bn market for stevia, up from \$60m today, as companies try to cut calories in the drinks they produce. Additionally, PureCircle's pipeline of launches and a re-start of sales to Coca-Cola and Pepsi, as these customers wind down their stevia inventories, should deliver \$250m of sales and be earnings-enhancing over three years. We'll review our current 'hold' recommendation when we see evidence of this. *JB*

#### CLINIGEN (CLIN)

Clinigen, which listed on Aim in late 2012, must count as one of the junior market's best success stories barely a year into its stock market life. The company is a game-changer not so much for what it does, which is to supply drugs around the world for ►



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► comparison purposes in clinical trials, but for how it has set up its business model. Simply put, there are hardly any companies in the world that combine both the supply of medicines – this is more of a wholesale

**'Clinigen has managed to breathe new life into tired products previously owned by big pharma companies'**

function – with pharmaceutical services such regulatory advice and the selling of wholly-owned products.

Product sales have been particularly interesting as Clinigen has managed to breathe new life into tired products previously owned by big pharma companies. For example, by adding an indication for bone-marrow transplant sufferers to anti-viral medicine Foscavir, commonly used to treat Aids patients, sales have doubled. For such a simple concept, Clinigen ranks as a game-changer for medicines supply companies and pharmaceutical consultancy services. JH

#### **NANOCO (NANO)**

This Manchester-based company is a leading manufacturer of quantum dots, which are tiny light-emitting particles that are tipped to be a major component of next-generation television and computer screens, as well as other commercial applications such as lighting and solar cells. Advocates of the fledgling technology say quantum dots are more efficient than other semiconductor technologies while maintaining high performance. Crucially, Nanoco's ethical credentials are enhanced by the fact that its quantum dots are heavy-metal-free.

It's certainly still early days, but there are signs the technology is catching the eye of major electronics makers. Collaboration deals with a number of Asian electronics giants have hinted at the technology's potential and a licensing deal with US chemicals giant Dow Chemical earlier this year provided investors with further major third-party validation of the technology; Dow has agreed to pay for a large-scale production facility in Asia with production expected to start in the first half of 2014.

Given that Nanoco is currently loss-making and that commercial sales of quantum dots have yet to kick off, shares in the £318m capitalised company come with a health warning given the hefty valuation currently being ascribed – but the enormous potential of Nanoco's technology means they may just be worth the extra risk.

#### **HUTCHISON CHINA MEDITECH (HCM)**

Shares in Chinese biotech and healthcare company Hutchison China Meditech, which is part of the giant Hong Kong-based conglomerate Hutchison Whampoa, have gained 25 per cent over the past 12 months after an important deal with Swiss company Nestlé to co-develop plant-derived medicine HPML-004 for gastric treatment.

HPML-004 is important because it will be one of



the first wave of plant-derived drugs to go through US regulatory scrutiny after the Food and Drug Administration devised a procedure to classify them. In effect, this opens up a vast new medicine class. The drug is currently undergoing extensive Phase III clinical trials that will report sometime in mid-2014. Hutchison's biotech research division also has at least five oncology products in its pipeline that are currently at the Phase I stage of development. We continue to rate the shares a buy. JH

#### **WANDISCO (WAND)**

It's been one big party for investors in Wandisco: shares in the company have risen more than fivefold since the company listed its shares on Aim in July 2012.

Certainly, Wandisco has developed innovative technology. The company's licensed software allows servers, dotted in different parts of the world, to stay synchronised. So, when data changes are made locally, the changes can be seen immediately elsewhere. By allowing collaboration across distributed servers – Wandisco is an abbreviation of wide area network distributed computing – the Sheffield-based outfit allows multinational corporations to work more efficiently. Moreover, the company is sitting on patent-pending technology, DConE, which enables continuous synchronisation between servers.

The question now, though, is whether the share price, at 1.340p, has run too far ahead of the company's financial reality. Losses will likely persist for years to come and with Panmure Gordon suggesting earlier this year that a discounted cash-flow-based valuation of around 1.060p a share is appropriate, the shares could pause for breath. Hold. ►

#### **How to exploit new technologies when picking shares**

- Always focus on how the company plans to monetise its technology.
- Is the technology really solving a problem? Or will it help save costs or boost efficiency?
- Find technologies or business models that have the potential to be very disruptive.
- Will it open up a whole new market? Or will it steal significant market share from competitors?
- Time your entry as close as possible to commercialisation.
- Avoid tying up your capital for years while the company is still developing its technology, fine-tuning it or is trying to prove to industry that it works. You might give up some of the early gains but you dramatically reduce the risk of a technological flop.
- Prefer technologies that you can understand. This will allow you to get to better analyse the market and the product. These are also more likely to benefit from share price spikes as speculators pile in once the market recognises the technology's potential.
- It pays to watch for improvements in a company's trading and financial performance.
- Contract win announcements can signal growing acceptance and adoption of the technology, as well as foreshadow positive trading updates or financial results.
- Profit by riding an earnings upgrade cycle: look for signs that a company's operational performance is starting to gain momentum.
- When tech companies start paying a dividend, it could be a sign that the market for its product is maturing or that growth could soon slow.





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#### ► PLEXUS (POS)

Plexus's share price has risen around 700 per cent in the past three years, so a lot of the upside from the company's major technological breakthroughs is already in the price – but not all. What Plexus has done is develop a patented new type of well-head equipment that is safer, has superior performance and is more cost-effective compared with competing products; you only have to look as far as BP's Macondo oil spill disaster in the Gulf of Mexico in 2010 to realise how important well-head equipment can be. Since then, orders have started coming in thick and fast for Plexus's products as the industry and regulators place increasing importance on using best-in-class parts.

Looking further ahead, Plexus is also working with nearly a dozen of the world's biggest oil companies to prove its POS-GRIP well-head technology can be used for deep-sea wells in harsh conditions. This could potentially save operators tens of millions of pounds as it would allow them to re-enter an exploration well at a future date following a commercial discovery. At the moment, these wells usually have to be plugged and abandoned, despite drilling costs sometimes running into the hundreds of millions of dollars. We continue to rate shares in Plexus a buy as well-head orders pile up and product development work progresses on the deep-sea product with the oil majors.

**'IGas has tied up a lot of prime acreage and we would guess it will sign up a major partner to help explore its licences sooner or later'**

#### IGAS ENERGY (IGAS)

Soaring production of shale oil and gas in the US has dramatically changed energy markets not only in the US but potentially the whole world. IGas Energy, an established oil and gas producer focused on both conventional and unconventional UK acreage, is one of the best ways to bet on shale gas eventually having the same

effect across the Atlantic as it did in the US. IGas's chairman, Francis Gugen, says the company is "at the heart of the UK's shale revolution" and that its licences in the Bowland basin could have up to 170 trillion cubic feet of shale gas initially in place.

Admittedly, the licences are still at a very early stage of exploration and development and IGas hopes to start drilling on its licences later this year or next year. And not only are there geological issues to worry about, but environmental opposition is incredibly strong in the UK – so strong that green activists stopped another UK shale gas explorer, Cuadrilla Resources, from drilling a conventional oil well in the UK earlier this year. IGas has tied up a lot of prime acreage and we would guess it will sign up a major partner to help explore its licences sooner or later. The company's solid portfolio of producing oil and gas assets also offers some downside protection.

#### IOFINA (IOF)

Iofina's proprietary method of extracting iodine from the wastewater associated with shale oil and gas has the potential to transform the market for iodine. Iodine has a vast range of uses, ranging from speciality electronics to animal health products and disinfectants, but is conventionally expensive to produce. It currently sells for around \$50 a kilogramme, yet Iofina's IOSorb plants can supposedly produce it for as little as \$10-\$20 a kilogramme – about half the cost incurred by competitors mining iodine in Chile.

Iofina's has two other non-core assets that have serious blue-sky potential, including the Atlantis water project in Montana and certain deep-shale exploration rights. The water project could be particularly lucrative. Iofina plans to sell water to oil and gas companies that need it for drilling activities, and the project is at an advanced stage of the permitting process.

Granted, it's still early days for Iofina as the IOSorb plants do not yet have a reliable operational track record and there are concerns about operating costs. As such, Iofina should certainly be regarded as a high-potential, but high-risk investment. But if the company manages to bring its few plants online successfully and on time, the shares could quickly turn out to be a worthwhile investment.

#### QUADRISE FUELS (QFI)

Heavy fuel oil used by the shipping industry and power companies is dirty and expensive, which suits Quadrise just fine. It has come up with a cheaper way to refine heavy fuel oil residues into fuel, potentially shaking up these enormous global markets; the marine fuel oil market alone is estimated at roughly \$120bn a year.

Quadrise's main partner has been Maersk, the leading global container shipping company. Maersk has been trialling the fuel across several of its vessels and Quadrise expects to enter into commercial sales agreements with it next year, following the conclusion



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of a proof of concept study.

Another major partner is Saudi Aramco, one of the world's biggest oil producers. Saudi Arabia currently produces over half its energy by burning heavy fuel oils that are a mix of high-sulphur tarry residue left over from oil refining and high-value diesel. Quadrise's process essentially eliminates the need to add diesel. This could save the Saudis billions of dollars a year.

Admittedly, significant execution risks remain, and enough investors have already cottoned on to the story such that Quadrise's current market capitalisation appears high on a forecast earnings basis. But this is a long-term story and should be invested in as such. Buy on weakness.

### VELOCYS (VLS)

Turning cheap waste gas into transportable liquids or expensive oil may sound like alchemy, but that's the bold claim being made by Velocys, formerly named Oxford Catalysts. A boom in North American shale gas production has caused US gas prices to plummet, while liquid hydrocarbon prices remain much higher. Turn the cheap one into the expensive one and you're in the money.

Velocys's proprietary process for converting gas to liquids is similar to LNG but does so on a much smaller, more efficient scale; essentially, it has shrunk the technology and made it more efficient. The company's plants are better suited to smaller sources of unconventional or stranded gas where they can convert the gas on-site into more valuable liquid fuels that can be transported.

There are a huge number of these smaller gas sources throughout the world that simply don't justify the cost of building an LNG facility that might cost tens of billions of dollars, but for which a Velocys system, which costs a fraction as much, may make solid economic sense. Velocys stands to make money from the reactor, and receive catalyst revenue and licence fees. Finding companies willing to put a substantial amount of money behind the relatively untested venture will undoubtedly prove a hard test, but once the first few orders come in, it should pass with flying colours. We'd look to buy on signs of this commercialisation.

### BLUR (BLUR)

Blur is the leading online exchange that lets businesses commission services – design, marketing and technology projects are popular – and lets experts pitch for the work. It's a market estimated to be worth over \$2 trillion and management is investing heavily to become "the Amazon of the services industry". When there's a match, Blur facilitates the project – taking a 20 per cent cut of the value of the project on completion.

Clearly, Blur's strategy is working. The number and size of projects is increasing fast as the platform gains traction among businesses of all sizes – the average brief value now stands at \$17,000, up from \$10,700 a year ago and just \$1,500 in 2010. Blur's share price has risen fourfold since January and a forecast enterprise value-to-sales ratio of 8.9 for 2014 is hardly cheap. But

stellar top-line growth sees that drop to 4.6 the following year, nearer the software industry average, and given the sheer size of the potential market, we advise buying in.

### HYDRODEC (HYR)

Hydrodec has a unique refining technology that simultaneously recycles and cleans up used transformer oil (which helps cool electrical transformers). This oil would otherwise be disposed of and its long lifespan means it often contains harmful PCBs, which were banned in the US in 1977 because of evidence they build up in the environment and can cause harmful health effects.

Hydrodec's unique process generates near zero emissions and no hazardous by-products while restoring the oil to an almost new condition, so it can be used again and again. The company has recently expanded outside the US to the UK, and hopes to eventually transfer its technology to the significantly larger industrial oil and motor oil markets. This would indeed be a game-changer and shares in the company, which is run by a few former BP executives, warrant a long-term buy.

### ESERVGLOBAL (ESG)

Need to send money quickly to a friend or family member in the Philippines? Russia? Brazil? Simply send a text instead. eservGlobal's HomeSend platform allows you to transfer money internationally quickly, cheaply and securely through your mobile phone.

HomeSend is the leading mobile-to-mobile international money transfer service and has a network covering hundreds of millions of mobile-phone users worldwide. Having spent the past few years developing the platform, and building up an industry-leading network of partners, eservGlobal is now focusing on deployment. Domestic mobile-money transfers already generate the bulk of the company's turnover, but broker Cenkos says that HomeSend could be worth up to 75p a share in a few years' time, almost double the current share price. Given that medium-term potential, we continue to rate shares in eservGlobal a buy.

### MYCELX TECHNOLOGIES (MYXR)

Water use surrounding oil and gas is a huge issue around the world but especially in the US with shale oil and gas, and in Canada with the oil sands, and regulations are becoming increasingly strict about water pollution, for good reason. That's where MyCelx comes in. It's patented, molecular solution for removing oil from water is much more effective than traditional filters or chemical treatments: it can remove oil down to 1 part per million.

Granted, other technologies out there do the same thing, but MyCelx basically does it better: it's more effective, it's reasonably priced, and it's more ecologically friendly than competing technologies. Sales are starting to take off, too; revenues in the half year to 30 June soared 85 per cent to \$9.4m, helping the ►





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► company turn a small profit during the period. What's more, its order book is up 120 per cent and the company could be in the early stages of a profit upgrade cycle. Buy.

#### **FUSION IP (FIP)**

**\*Fusion IP's market capitalisation of £74m looks relatively undemanding given the inherent blue-sky nature of its investments**

Many incredibly important technologies have been developed in universities in the UK and around the world. Fusion IP has made a business out of it. The company was established in 2002 to commercialise university-generated intellectual property (IP) and has long-term exclusive agreements with two of the UK's leading research-intensive universities, the University of Sheffield and Cardiff University, giving it exclusive access to all the IP generated

by their research departments. These exclusive agreements enable Fusion to identify world-class IP and turn it into a commercial opportunity, either through the creation of a start-up company or a licence.

These can be incredibly lucrative investments, as Fusion's 2012 divestment of a portfolio company, Simcyp, a research-based business providing a modelling and simulation platform for predicting the fate of drugs in virtual populations, demonstrates. US-based Certara LP bought Simcyp for \$32m, giving Fusion a 200-fold return on its original investment.

Fusion currently has £21m in cash to invest in new technologies and already has a portfolio of dozens of companies being valued in its books at £25m. A market capitalisation of £74m therefore looks relatively undemanding given the inherent blue-sky nature of its investments and commercialisation track record. Buy.

#### **CERES POWER (CWR)**

Some investors may remember Ceres Power, the fuel cell company, from the heydays of the mid-2000s when its shares traded on Aim for as much as 300p. The company almost went bankrupt a few years ago and its shares fell as low as 1p after it spent tens of millions of pounds advancing its technology to ill effect. It all culminated in a partnership with British Gas, whereby Ceres would manufacture its own boiler units using its fuel cell technology and sell them on the mass market. Unfortunately, the technology had some performance problems and wasn't stable enough to meet British Gas's requirements, prompting the utility company to jump ship.

Late last year, however, Ceres went through a restructuring, putting a new management team in place and coming up with a revised strategy that appears to be working wonders. It has redeveloped its technology to make it more stable and the company believes it has ironed out the previous flaws. A big difference is that Ceres will now license out its technology to third-party equipment manufacturers who have greater expertise in building domestic boiler units.

This work has culminated in an agreement recently



signed with South Korea's largest boiler manufacturer, KD Navien, in a landmark deal. KD Navien is now trialling Ceres's technology and, if it works, there is scope for substantial sales in South Korea under a government subsidy program. Ceres is also in discussions with a number of Japanese power equipment companies that are currently conducting technology validation and early-stage testing work. Importantly, Ceres had around £15m in net cash as of 30 June, so it shouldn't be in danger of bankruptcy again soon.

Whether now is the right time to invest is up for debate, but it may be a little early as the path to commercial revenues isn't clear yet. However, some potential operational catalysts are expected to be announced over the near term, including newsflow over the next few months involving KD Navien and the Japanese deals that could result in share price gains. One to watch.

#### **SEEING MACHINES (SEE)**

The Australian National Highway Traffic Safety Administration estimates that drowsiness is the primary factor in 100,000 police-reported crashes annually, resulting in 76,000 injuries and 1,500 deaths. Imagine if a simple technology could prevent all that. Australia-based Seeing Machines has created such a face-and-eye tracking technology for diverse industry sectors and applications. It's currently being used by some of the world's biggest mining companies to help prevent accidents caused by fatigue-stricken truck drivers. DSS, the driver safety division's mining solution, "is a robust system that uses a small dashboard camera together with cutting-edge eye-tracking algorithms to detect driver fatigue and trigger audio and seat-vibration alerts", says Lorne Daniels, an analyst at broker finnCap. "It passively measures driver's head and eye behaviour to determine the state of attention. DSS works day or night, even if an operator wears glasses."

An experienced chief executive was brought on

**\$32M**  
THE 200-FOLD RETURN  
FUSION IP MADE ON ITS  
INVESTMENT IN SIMCYP



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board last year to rejuvenate the company and it is now releasing new products and identifying new markets for the technology's applications. The company is currently loss-making but it's one to watch.

#### **GRAPHENE NANOChem (GRPH)**

It's only been a few years since Andre Geim and Konstantin Novoselov from the University of Manchester received a Nobel Prize for isolating a substance called graphene. A man-made 'wonder material', graphene is sometimes described as 'atomic chicken-wire' as it's

**'Graphene NanoChem will initially use its proprietary technologies to produce graphene-enriched biodegradable drilling fluids for the shale gas industry'**

made up of an atom-thin hexagonal mesh of carbon, which is incredibly light, strong and has several seemingly magical qualities, including super-conductivity at normal room temperatures – most existing super-conducting materials have to operate at extreme sub-zero conditions in the region of -270 C.

Aim-traded Graphene NanoChem employs proprietary graphene production technology, in addition to its existing core speciality chemicals business. The company holds intellectual property for a process known

as Catalyx – a method that extracts graphene from biogases such as methane, instead of more expensive technologies that derive the material from graphite. Part of the attraction of the Graphene NanoChem business model is that it utilises low-cost palm-oil waste and processes residues as feedstock for its speciality chemicals, biofuels and advanced materials businesses.

Graphene NanoChem will initially use its proprietary technologies to produce graphene-enriched biodegradable drilling fluids for the shale gas industry. The group already boasts a number of high-profile customers and partners in the oil and gas industry, including Shell and Chevron.

Admittedly, Nanochem's shares have fallen recently, largely due to a shutdown at its chemicals plant in Malaysia while capacity is expanded. But the plant will be up and running again next year and the shares, at around 65p, trade on just six times Panmure Gordon's EPS forecasts for 2014. Clearly, there is significant execution risk here, but we rate the shares a strong speculative buy. *MR*

#### **ENEGI OIL (ENEG)**

Enegi Oil has a grand vision. It wants to be the biggest producer of small offshore oil fields in the North Sea, possibly the world. There are hundreds of oil fields in the UK North Sea which have been successfully discovered but are too small to put into commercial ►



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► production using conventional offshore oil facilities, as they are incredibly expensive. In conjunction with joint-venture partner ABTechnology, Enegi has combined a few different established technologies with a few new ones to create a new type of offshore oil production platform. It's called 'unmanned buoy technology' and proposes to be a cheaper way of getting oil and gas to the surface.

Granted, it's never been done exactly like this before, so convincing companies to spend a significant amount of cash on an untested technology will be a big challenge. So far, though, Enegi is enjoying some early success. It has struck deals with two established Aim-traded oil groups, Providence Resources (PVR) and Antrim Resources (AEY), giving it access to their small fields in exchange for advancing the projects through some key studies. We plan to cover the company in more depth in an upcoming edition of the magazine.

### VERSARIEN (VRS)

Society's demand for smaller, more powerful electronic devices is insatiable. Manufacturers are trying to keep us happy, but this miniaturisation dramatically increases the amount of heat generated and, therefore, the demand for cooling systems. The thermal management market is already expected to be worth \$11bn (£6.9bn) this year, and a UK company called Versarien is about to take a slice of the pie.

With its patented technology invented at the University of Liverpool a decade ago,

Versarien now owns exclusive rights to next-generation advanced materials, including a porous copper – VersarienCu – structurally similar to bone, coral or sponge. It's up to 10 times more effective than alternatives at transferring heat, and cheaper, too. Expect water-cooled devices for PCs next year, and other possible applications for electric vehicles, mobile devices and Kers energy recovery systems in Formula One. It's a company worth keeping an eye on as it moves its technology closer to commercialisation. *LW*

### CLUFF NATURAL RESOURCES (CLNR)

Algy Cluff needs little introduction to investors familiar with Aim resource shares. He has been at the helm of a string of successful resource companies over the past several decades and, despite being a septuagenarian, recently launched a new venture.

Cluff Natural Resources is focused on an old technology that Mr Cluff believes has big new potential: deep underground coal gasification, or deep UCG. The process involves underground coal seams being burned in a controlled environment deep underground, with the resulting gas (syngas) brought to the surface via a production well. The technique has been tried and tested for decades but it's never really caught on with the industry because of its high costs of production. The advancement of horizontal drilling

### 22 Aim shares with game-changing potential

Company	Ticker	Market cap (£m)	Share price	Last IC view
PureCircle	PURE	595	369p	Hold, 347p, 16/09/13
Clintigen	CLIN	406	486p	Buy, 435p, 25/09/13
Nanoco	NANO	318	147p	Buy, 159p, 14/08/3
Hutchison China MediTech	HCM	317	610p	Buy, 510p, 30/07/13
WANDisco	WAND	306	1,336p	Hold, 803p, 29/04/13
Plexus	POS	224	265p	Buy, 254p, 23/10/13
IGas Energy	IGAS	207	105p	Buy, 117p, 11/07/13
Iofina	IOF	197	159p	Buy, 177p, 3/10/13
Quadrise Fuels	QFI	183	24p	Hold, 24p, 8 Oct 2013
Velocys	VLS	151	130p	Hold, 152p, 26/03/13
Blur	BLUR	130	441p	Buy, 449p, 25/09/13
Hydrodec	HYR	93	13p	None
eservGlobal	ESG	93	37.5p	Buy, 24.5p, 1/07/13
MyCelx Technologies	MYXR	87	512p	None
Fusion IP	FIP	74	64p	None
Ceres Power	CWR	45	8.5p	Hold, 10.5p, 23/01/12
Seeing Machines	SEE	33	6.6p	Top tech penny punts, 2.7p, 2/12/11
Graphene Nanochem	GRPH	15	65p	Buy, Ideal Aim Portfolio
Enegi Oil	ENEG	13	7.75p	None
Versarien	VRS	12	14p	None
Cluff Natural Resources	CLNR	5	3.2p	None
Botswana Diamonds	BOD	4	2.6p	None

could help change that, however, and Cluff Natural Resources has tied up five UCG licences across the UK, where it will eventually look to carry out test drilling – if the company can ever get past environmental activists who confuse it with fracking. Until then, it's on our watchlist.

### BOTSWANA DIAMONDS (BOD)

Last but not least on our list is Botswana Diamonds, a teensy explorer with big hopes of discovering the next big diamond mine in Botswana. History would suggest this isn't such a far-fetched dream; BOD's team was behind the Karowe diamond discovery in the country in 2004. It's now a 400,000 carat a year diamond mine.

What has BOD really excited these days, though, is a new 50:50 joint venture with the world's biggest diamond producer, Alrosa. BOD is the only western company to have a joint venture with the historically secretive Russian group. Alrosa has found 17 diamond mines in Russia using its unique methodology and the company has agreed to analyse the data BOD collects on the ground in Botswana to look for potential new kimberlite pipes.

It remains undisclosed what new technology Alrosa uses, but combined with traditional exploration techniques – tightly spaced geophysical surveying and soil sampling – it's proving highly effective. Initial exploration has already begun, with first-pass drilling scheduled for early next year. One to watch.

**'What has BOD really excited these days is a new 50:50 joint venture with the world's biggest diamond producer, Alrosa'**