PENINSULA ENERGY LIMITED

Research Note

GATHERING MOMENTUM; IMMINENT URANIUM PRODUCTION

Investment Highlights

- **Peninsula Energy Limited (PEN) is on the cusp of uranium production from its Lance Projects in Wyoming, USA. The Company expects to commence first uranium production in October 2015. This milestone event should be followed shortly thereafter by a listing on the NYSE MKT exchange which has the potential to create a positive re-rating of the stock. Furthermore, PEN's Karoo project in South Africa has the potential to be positively impacted as South Africa continues to move towards a nuclear future to help solve the country's electricity generation issues which continue to impact that economy. Therefore, with a number of catalysts approaching we rate PEN a Speculative Buy.**
- **Production Imminent:** The construction of the Lance Project infrastructure and process plant is on target for first production in October 2015 and remains within the budgeted US$33m. In September 2015, the US Nuclear Regulatory Commission (NRC) will conduct a final pre-operational inspection of the project which will allow PEN to receive all the necessary approvals to allow first uranium production to commence in October. PEN is expected to increase production to the Stage 1 rate of 700,000lbpa of uranium. A successful ramp-up will allow PEN to commence Stage 2 of the Project which requires an additional US$35m in capital and will essentially double the Stage 1 production rate. Stage 3, requires US$78m, however, a large proportion is anticipated to be sourced from Stage 1 & 2 cashflows.
- **NYSE MKT Listing to Provide Potential Re-rating:** We see PEN's proposed secondary listing on the NYSE MKT exchange as a positive, which should allow for a re-rating of the stock. Based on our analysis, PEN is trading at a much lower multiple than the other uranium companies on the exchange when we compare production assets. Furthermore, the US is the natural market for PEN given that its main project is in Wyoming and will assist in its direct negotiations with the US utilities.
- **South Africa to Commence Reactor Builds**: In May 2015**,** South Africa started the process to procure a nuclear fleet to generate 9,600MW (8 Nuclear Reactors). This news is particularly timely for PEN which is looking to develop its Karoo uranium project which has a sizable resource of 56.9Mlb tri-uranium oct-oxide (U_3O_8 or yellow cake) with excellent grades (1108ppm U_3O_8). The procurement process is expected to be completed by April 2016 with construction as early as 2017.

Year End June 30	2013A	2014A	2015F	2016F	2017F
Reported NPAT ($m)	(6.9)	(6.8)	(7.9)	(3.5)	1.5
Recurrent NPAT ($m)	(14.6)	(6.7)	(7.9)	(3.5)	1.5
Recurrent EPS (cents)	(1.1)	(0.5)	(0.1)	(0.0)	0.0
EPS Growth (%)	na	na	na	na	na
PER (x)	na	na	na	na	na
EBITDA ($m)	(12.6)	(6.5)	(6.9)	(1.6)	8.5
EV/EBITDA (x)	(2.5)	(6.4)	(23.5)	(116.2)	24.9
Capex ($m)	0.0	0.0	16.1	27.6	25.4
Free Cashflow	4.4	(5.0)	(22.8)	(29.6)	(19.3)
FCFPS (cents)	0.3	(0.4)	(0.3)	(0.4)	(0.2)
PFCF (x)	na	na	na	na	na
DPS (cents)	0.0	0.0	0.0	0.0	0.0
Yield (%)	0.0	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0	0.0

17 August 2015

12mth Rating		SPECULATIVE BUY
Price	A$	0.025
Target Price	A$	0.058
12m Total Return	%	133.6
RIC: **PEN.AX**		BBG: **PEN AU**
Shares o/s	m	6936.3
Free Float	%	48.0
Market Cap.	A$m	173.4
Net Debt (Cash)	A$m	-35.6
Net Debt/Equity	%	na
3m Av. D. T'over	A$m	0.22
52wk High/Low	A$	0.03/0.02
2yr adj. beta		0.69
Valuation:		
Methodology		DCF
Value per share	A$	0.06

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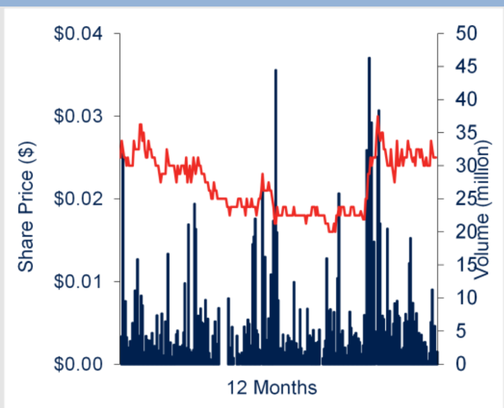
Disclosure: Patersons Securities Ltd acted as Joint Lead Manager to a Retail Share Placement of $8.06m at $0.02/sh in January 2015. Patersons received a fee for this service.

12 Month Share Price Performance



Performance %	1mth	3mth	12mth
Absolute	4.0	30.0	4.0
Rel. S&P/ASX 300	8.0	46.5	45.6

INVESTMENT SUMMARY

First production from Peninsula Energy (PEN) Lance Uranium Projects in Wyoming is imminent. The development of the Lance Projects Stage 1 is on budget and scheduled for first production in October 2015. Figure 1, shows the ion exchange columns which have now been installed in the Central Processing Plant (CPP). PEN's secondary listing on the NYSE MKT is expected to be completed by the end of the year and should provide a potential re-rating for the stock when we consider the multiples that other uranium companies on the exchange trade. Furthermore, South Africa is moving toward a nuclear future with approximately eight reactor builds under consideration and we would expect this to add significant value to its higher grade Karoo project which is located in the country. With a number of clear catalysts approaching we believe the stock will continue its upward trajectory and rate the stock as a Speculative Buy with a price target of $0.06/sh.

Figure 1: Lance Project Central Processing Plant (May 2015)

Source: Peninsula Energy Limited

NYSE MKT Secondary Listing Approaching: We see PEN's proposal for a secondary listing on the NYSE MKT exchange as a positive which should allow for the re-rating of the stock. Based on our analysis, PEN is trading at a much lower multiple than the other uranium companies on the exchange when we compare production assets. Furthermore, the US is the natural market for PEN given that its main project is in Wyoming. It will provide the US Utilities with further comfort when negotiating long-term uranium contracts with PEN.

South Africa Going Nuclear; Positive for PEN's Karoo Uranium Project: The South African Government is considering building a fleet of eight nuclear reactors (9,600MW) to increase its generating capacity. The South African economy has been impacted by the lack of generating capacity with rolling-blackouts continuing to occur throughout the country. The situation became brutally apparent in February 2009 when the country was plunged into darkness for several days. Since then Eskom, the South African Electricity generator, has attempted to build several coal fired power stations which have had limited success (ie Mudupi) and has forced up the cost of power. The move towards nuclear is a significant shift for South Africa as it adds to its two reactors which currently generate 1830MW. The procurement process is expected to be completed by April 2016 with construction as early as 2017. This news is particularly timely for PEN which is looking to develop its Karoo uranium project which has a sizable resource of 56.9Mlb U_3O_8 with excellent grades (1108ppm U_3O_8). The shift towards nuclear power in South Africa would mean that in-country uranium mining projects, such as PEN's Karoo Project, would likely be seen as a source of power for its reactors. Therefore, it should be easier to move the Project into development/production.

Lance Projects Staged Development: Stage 1 development has been virtually de-risked through on-schedule on-budget construction and the successful completion of a Deep Disposal Well (DDW). Performance tests on the Deep DDW confirmed the expectation that the DDW will be available for approximately 10-years of use. We note that PEN has completed 104 monitor and injection wells for Mine Unit 1 with 99% of the wells have passed integrity tests on the first round. These wells have returned numerous high grade uranium intercepts which is encouraging ahead of the commencement of uranium extraction early in the December quarter. We calculate Stage 1 would generate c$12mpa in cashflow at US$60/lb U_3O_8 uranium price. Stage 2 will essentially double production (1.2Mlbpa U_3O_8) for an additional US$35m in capital and Stage 3 (2.3Mlbpa U_3O_8) will require an additional US$78m. This additional capital is expected to be obtained through debt financing and from cashflows from Stages 1 & 2. In total, PEN is targeting production from Lance of 28Mlb over at least a 20 year mine life. We note there is good potential to increase mine life well beyond 20 years given the significant resource growth potential. All-in sustaining cash costs over the life of the project are expected to be sub-US$30/lb.

Solid Management Team with ISR experience: PEN has assembled a solid US based team with previous ISR build and operating experience. Recently, Hink Barker joined the Board who has a wealth of experience in the procurement of nuclear fuel and worked for Dominion Resource for over 40 years. The key technical driver is Ralph Knode who has 30 years of experience with Cameco and Uranium One in ISR mine development and operation in USA, Central Asia and Australia. Mike Brost is VP Geology North America and has 30+ years of experience in uranium roll front exploration and well field planning, design and operation with US subsidiary of Cameco. Ben Schiffer is the lead permitting consultant and has 30 years of operating experience in all facets of the Wyoming regulatory and permitting landscape. Brian Pile is the Senior Project Manager with contracting firm TREC (leading US engineering firm) in design and construction management of ISR facilities in North America.

Solid Uranium Contracts with Weighted Average Price (WAP) of US$62-65/lb: PEN already has two uranium concentrate sale and purchase agreements for up to approximately 2Mlb U_3O_8 to be delivered through to 2024. The first of these agreements was entered into in February 2011 for approximately 1Mlbs U_3O_8 to be delivered through to 2020 and has a weighted average delivery price between 2015 and 2020 of US$73-75/lb U_3O_8 – a price that is substantially higher than the current Term Contract (US$50/lb U_3O_8) and Spot prices ($35.40/lb U_3O_8). An additional contract was announced on 3 December 2014 for up to 912,500lbs with a price consistent with the current Term Contract price (Psl. est. US$50-US$53/lb U_3O_8) escalated on a quarterly basis. PEN is currently in negotiations with several utilities regarding additional sale agreements and intends to enter at least one more sale agreement within the next 2 to 3 months to further de-risk the cashflow profile for Stage 1.

US Based Advantage Supplier to US Utilities: With 99 operating reactors, the US has the highest number of nuclear reactors in the world and has obtained the majority of their material under the recently concluded Highly Enriched Uranium ("HEU") agreement between Russia and the US. Therefore, the US utilities will need to find additional feed sources for their reactors. As such, US utilities will prefer domestic material such as PEN's for security of supply. Obtaining material from Russia, Kazakhstan or Niger would obviously present further country risks for the US utilities.

Significant Exploration Upside at Lance: We note, at Lance, that PEN has explored only a small portion of its prospects to delineate its 53.7Mlb U_3O_8 Mineral Resource. The Company has outlined an exploration target of 158-217Mlb U_3O_8 (169-196Mt at 426-530ppm U_3O_8). This is unlikely to be an immediate priority given that PEN has already outlined over 20 years of material. Recently PEN acquired the Hauber Uranium project which is located some 24km north-northeast of the Lance Uranium project which is a strategic regional opportunity to add further production.

Karoo Project shows potential: Our analysis of the Karoo project in South Africa (PEN 74%) suggests it has merit with a solid uranium resource (56.9Mlb U_3O_8) with excellent grades (1108ppm U_3O_8) with potential for a conventional mining operation. The other key advantage is that the regional infrastructure is excellent with a town of 30,000 people within 30km, N1 Highway Cape Town to Johannesburg and Railway and regional airport. We value the project at $35.2m which is based on $0.80/lb of resource in the ground which is higher than the peer average of $0.54/lb due to the projects excellent grade. This could potentially be revised higher as PEN de-risks and further advances the project. A pre-feasibility on the project is expected to be completed by the end of FY2016.

VALUATION

We have determined a Net Asset Value (NAV) for PEN of $0.06/sh. The majority of our sum-of-the parts valuation is related to the Company's Lance Projects in Wyoming, USA. Our assumptions for the project are based on the three stage scalable production development plan as outlined by the design and build contractor (TREC Inc) and PEN in October 2014. In total the Lance Projects have an estimated 20 year mine life with total production of 28Mlb U_3O_8 which assumes a 53% conversion from Mineral Resources (54Mlb) into recoverable material. This is more conservative than the assumptions (63-78%) made by other producers/developers in Wyoming. The All-in sustaining cash cost is estimated at sub-US$30/lb U_3O_8 (uninflated). The lower cost compared to other conventional mining operations is due to the ISR method of extraction which we discussed in our investment highlights.

The three stage development option allows for significantly lower initial upfront capital requirements (Stage 1: US$33m) than in the previous optimisation study (US$114m). We have assumed that first production will occur in Q4/CY15 and ramp up to a Stage 1 nameplate production rate of between 0.5-0.7Mlbpa U_3O_8 by 2016. In Stage 1, the majority of the initial capital will be used to fund the drilling of the injection and production wells with up to seven well field units targeting the Ross area. The uranium will be processed through six ion exchange columns with drying and packaging performed offsite under an existing contract. All-In-sustaining cash costs for Stage 1 are estimated at US$41/lb U_3O_8. We estimate cashflow of $3m per quarter based on Stage 1 assuming production is sold at a US$60/lb uranium price. This is achievable through the PEN's existing uranium contracts which have a weighted average price of US$62-65/lb. PEN already has two uranium concentrate sale and purchase agreements for up to approximately 2Mlb U_3O_8 to be delivered through to 2024.

We have assumed that Stage 2 will commence in early 2017 and will double the number of well field units to 14 with production increasing to 1-1.2Mlbpa U_3O_8. The critical item here is financing the US$35m in capital needed which will pay for the additional production units, elution circuit and drying and packaging circuit. We have assumed that the Company uses debt financing as we believe this is likely if PEN proves Stage 1 and uranium prices increase as we have forecast. In Stage 2, PEN will commission wells within the Kendrick deposit which will replace depletion at Ross.

In Stage 3, US$78m in capital is required which assumes the addition of a satellite plant. We have assumed that a combination of funds from cashflow (c$50m) and further debt (cUS$25m) will allow the production rate to reach 1.7-2.3Mlbpa U_3O_8 by 2020. Stage 3 requires building a satellite plant containing an additional ion exchange (IX) circuit, with additional elution, drying and packaging capacity installed in the central processing plant. This will allow production to target the Barber deposit which is at the southern end of PEN's tenure holdings. Once PEN reaches Stage 3, cash costs are expected to drop below US$29/lb (uninflated).

In terms of the remaining value for PEN we have allocated $25.2m for unmined resources at Lance (which is based on the Mineral Resources that are not mined under the above scenario) based on a peer comparative value of $1/lb which is approximately half the $2.24/lb value for producers. We have used $0.80/lb for the Karoo resources (59Mlb U_3O_8; PEN 74%) which is at the higher end of the peer comparatives due to the excellent grades (1,108ppm U_3O_8). We used corporate costs of $5mpa escalated. We have also assumed 90% of PEN's material is contracted to 2020 which then reverts to our long term escalated pricing of US$70/lb.

Figure 2: PEN Valuation Table

Base Case NPV	A$m	A$/sh
Lance	4019	0.051
Exploration (unmined res.)	35.3	0.004
Karoo	35.2	0.004
Listed investments	0.0	0.000
Corporate	(40.7)	(0.005)
Forwards	(30.3)	(0.004)
Unpaid Capital	23.6	0.003
Cash	35.6	0.005
Debt	0.0	0.000
NPV (@8%)	**460.5**	**0.058**

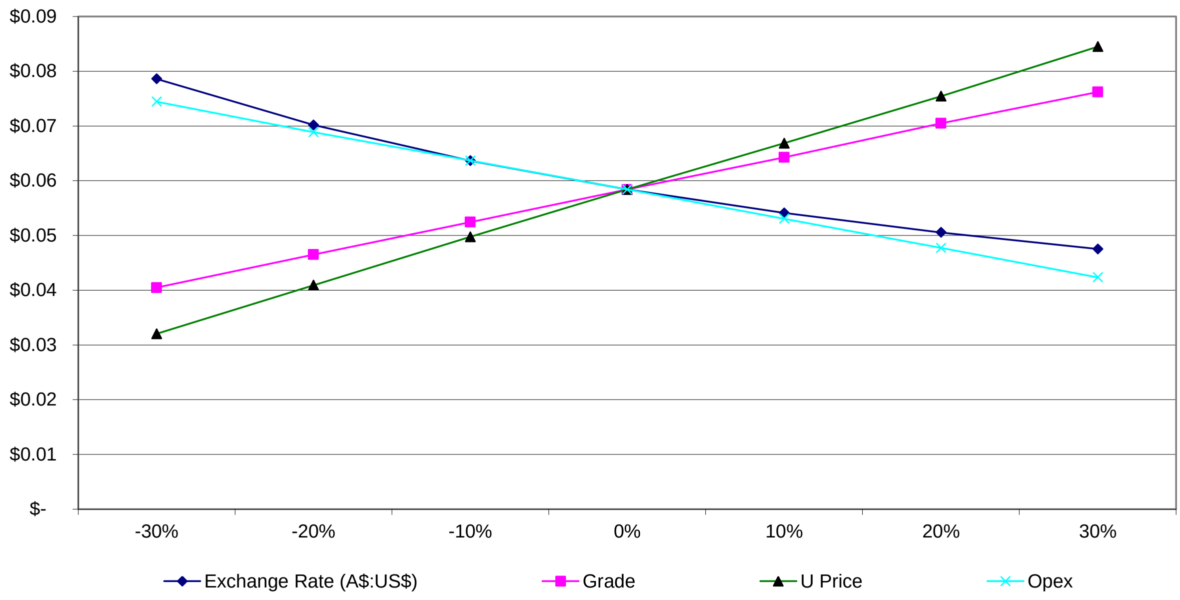
Source: Patersons Securities Limited

SENSITIVITY ANALYSIS

In Figure 4, we have conducted a sensitivity analysis on our NAV of $0.06/sh and changing parameters within our Lance project financial model. A 10% move in uranium price results in a 17% move in our valuation, while a 10% change in grade results in a 10.5% change in our valuation. The second most sensitivity factor is well field head grade and in the initial well field start-up will be critical. PEN's In-situ resource grade is similar to Ur Energy's Lost Creek project which is currently performing above expectations, however, this could be given back in later years as the well field depletes.

Figure 3: Sensitivity Analysis

		U Price						
NPV	**0.06**	**-30%**	**-20%**	**-10%**	**0%**	**10%**	**20%**	**30%**
Grade	**-30%**	0.022	0.028	0.034	0.040	0.046	0.053	0.059
	-20%	0.025	0.032	0.039	0.047	0.053	0.060	0.067
	-10%	0.029	0.037	0.045	0.052	0.060	0.068	0.076
	0%	0.032	0.041	0.050	**0.058**	0.067	0.075	0.084
	10%	0.035	0.045	0.055	0.064	0.074	0.083	0.093
	20%	0.039	0.050	0.060	0.070	0.080	0.091	0.101
	30%	0.042	0.054	0.065	0.076	0.087	0.099	0.110



Source: Patersons Securities Limited

CAPITAL STRUCTURE

PEN has 6,936.3m shares on issue following the $69.4m placement/underwritten entitlement issue conducted earlier this year. We note that the solid support shown by RCF, Blackrock, Pala and JP Morgan in the recent placement provides solid backing for the development of the Lance Projects. In addition, PEN will has the following options on issue:

- 786.9m tradable options (PENOC) exercisable at $0.03/sh on or before December 2015.
- 1733.3m tradable options (PENOD) exercisable at $0.05/sh on or before 31 December 2018.

PEN has $36m in cash which should be sufficient to reach Stage 1 production considering that the project in on time and on budget.

PEER COMPARATIVES/NYSE LISTING

PEN appears to be undervalued based on a comparative basis with a potential re-rating based on the following:

- With PEN expected to list on the NYSE MKT exchange in November there is potential for a re-rating considering other uranium companies on the exchange trade at higher multiple.

- Uranium Producer's trade in the $2-10/lb U_3O_8 range and with PEN expected to reach production shortly there is potential for a re-rating. PEN is currently trading at $2/lb. We also note there are limited options on the ASX for investors to play the uranium market, therefore, if PEN can successfully ramp-up production it would be one of three stocks that are currently in production.

We discuss these factors in more detail below:

NYSE MKT Listing

We see PEN's proposed secondary listing on the NYSE MKT exchange as a positive which should allow for the re-rating of the stock. Based on our analysis, PEN is trading at $2.57/lb U_3O_8 resource compared to the average of $4.70/lb from its peer group for its US production assets. We also note that stocks listed on the NYSE MKT trade in the $7/lb level when we only include there current producing US assets.

We also note that the US (NYSE MKT) is the natural market for PEN given that its main project is in Wyoming. It will provide the US Utilities with further comfort when negotiating long-term uranium contracts with PEN.

Figure 4: Uranium Producers/Developers with US Projects Comparatives Table

Company Name	Code	Exchange	EV (A$m)	Project Name	Location	Status	Resources			EV/lb
							Mt	Grade (ppm U_3O_8)	Mlb (U_3O_8)	
Rio Tinto	RIO	LON	72,902.4	Sweetwater	Wyoming	Care and Maintenience	15	1,950	63.6	
Cameco Corporation	CCO	TSX	9,030	North Butte-Brown Ranch	Wyoming	Production	9	690	16.8	NA
Cameco Corporation	CCO	TSX	9,030	Smith Ranch-Highland	Wyoming	Production	25	600	37.4	NA
Energy Fuels Inc.	EFR/UUUU	TSX/NYSE MKT	296.7	Nichols Ranch/Powder River	Wyoming	Production	35	954	38.8	7.65
Ur-Energy Inc.	URE/URG	TSX/NYSE MKT	182.2	Lost Creek	Wyoming	Production	11	548	11.0	7.44
Peninsula Energy Limited	PEN	ASX	137.4	Lance	Wyoming	Pre-production	51	470	53.6	2.57
Azarga Uranium Corp.	AZZ	TSX	17.2	Dewey Burdock	South Dakota	Feasibility: PEA	2.9	1,917	12.1	1.42
Uranium Energy Corp.	UEC	NYSE MKT	139.8	Hobson (Texas Hub/Spoke)	South Texas	Production	21.9	379	18.3	7.64
Laramide Energy	LAM	LAM	15.7	La Jara Mesa/La Sal	New Mexico/Utah	Reserves Development	2.1	2,200	10.4	1.51
Blackrange Minerals	BLR	ASX	9.3	Hansen/Taylor Ranch	Colorado	Merger	69	600	90.4	0.10
Average										**4.70**

Source: Patersons Securities

Producers Can Trade at Higher Multiples

PEN currently trades at $1.30/lb of Mineral Resources which includes the Lance Projects as well as the Karoo project in South Africa. We note producers can trade at much higher multiples than PEN : Cameco ($10.20/lb), Denison ($4.50/lb), Energy Fuels ($2.20/lb), UR Energy ($4.70/lb) and Paladin ($1.30/lb). Therefore once it reaches production there is potential for a value re-rating for the stock.

It is worth noting that the recent merger of Energy Fuels (EFR-T) and Uranez (URZ-T) by was done at a 46% premium to the 20-day volume weight average of closing prices prior to the deal. We estimate the transaction was completed at $5/lb of URZ-T resources. URZ was focused on the Powder River Basin in Wyoming where PEN's Lance projects are located.

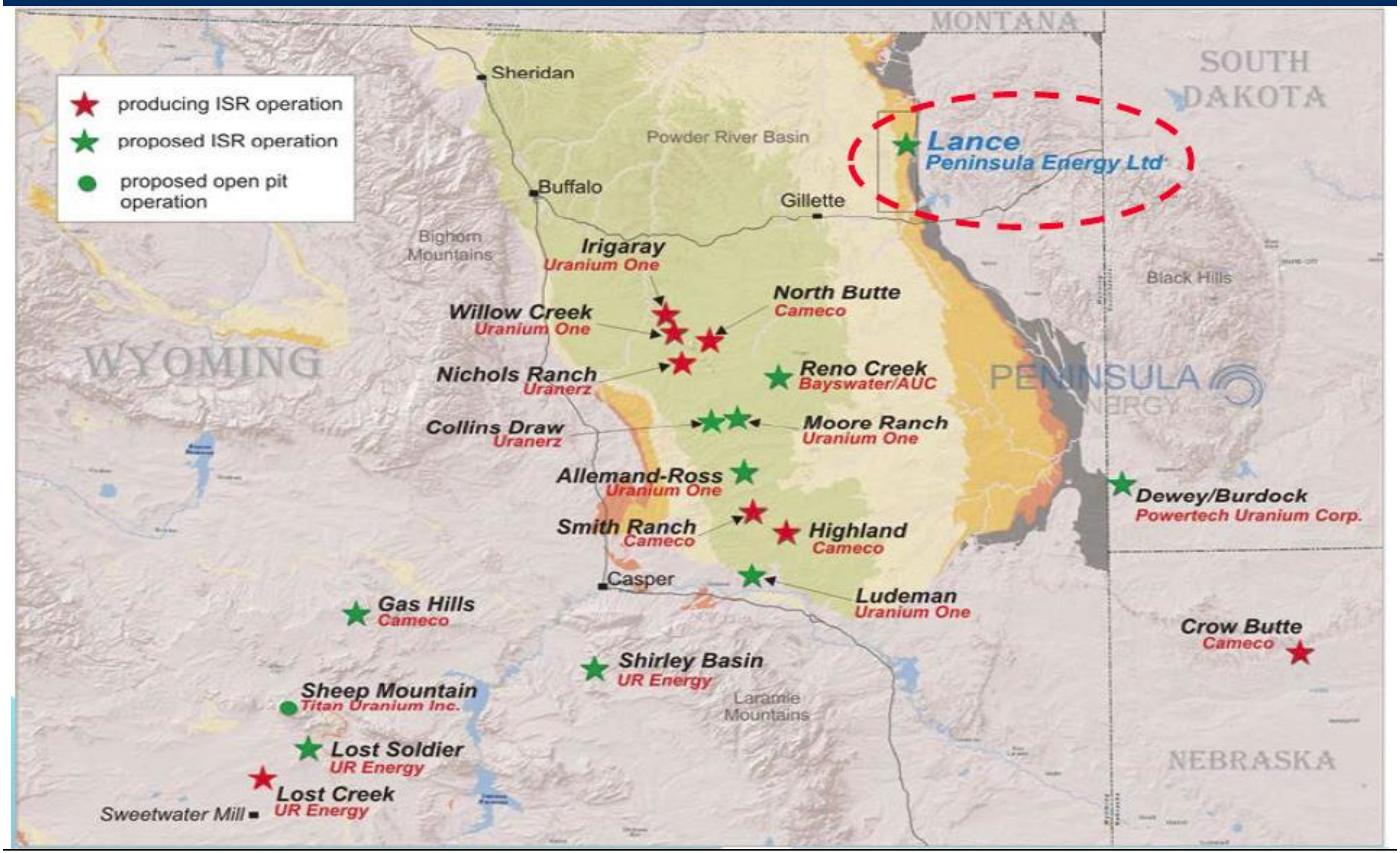
BACKGROUND OF URANIUM MINING IN WYOMING

Uranium mining in Wyoming has a long history with uranium first discovered in 1918 in silver and copper tailings. Commercial uranium mining began in the early 1950's with good demand from the US Government keen to continue to develop its nuclear program. Early mines were open pit until the early 1960's when In-Situ Recovery (ISR) methods arrived. The uranium mining industry quickly expanded peaking in the 1970's. There have been 24 mines in operation in the state since 1953 and nine mills were in operation during the 1980's. As with many commodities, uranium tends to experience boom and bust cycles. The three mile island incident in 1979 signalled the end of the boom and uranium and nuclear plants went into deep hibernation. Most operations could not be sustained due to low uranium prices. For example, the Sweetwater mill owned by Kennecott (now Rio Tinto) was constructed in 1980 and operated from 1981 to 1983 and has been on standby since. Camceo managed to maintain production at its Smith-Highland project and started its Crow Butte project in the early 1990's.

OPERATING PEERS

It wasn't until the recent uranium boom of 2006-7 that interest returned to uranium mining in Wyoming. However, given the hiatus in uranium mining it has taken additional time for uranium mines to receive the necessary approvals to move into production. UrEnergy (URE-TSX) and Energy Fuels (EFR-TSX; UUUU-NYSE MKT) were the trailblazers and entered into production in 2013 and 2014 respectively (Figure 5). Uranium One also commenced production in mid-2012 at its Willow Creek project. The Lance uranium project owned by PEN and Hank uranium mine owned by Energy Fuels are the closest new mines to production. PEN has from a strong uranium focused team which has proven capable of obtaining all necessary approvals.

Figure 5: Uranium Mining In Wyoming



Source: *Peninsula Energy*

ASSETS

Lance Uranium Projects, Wyoming

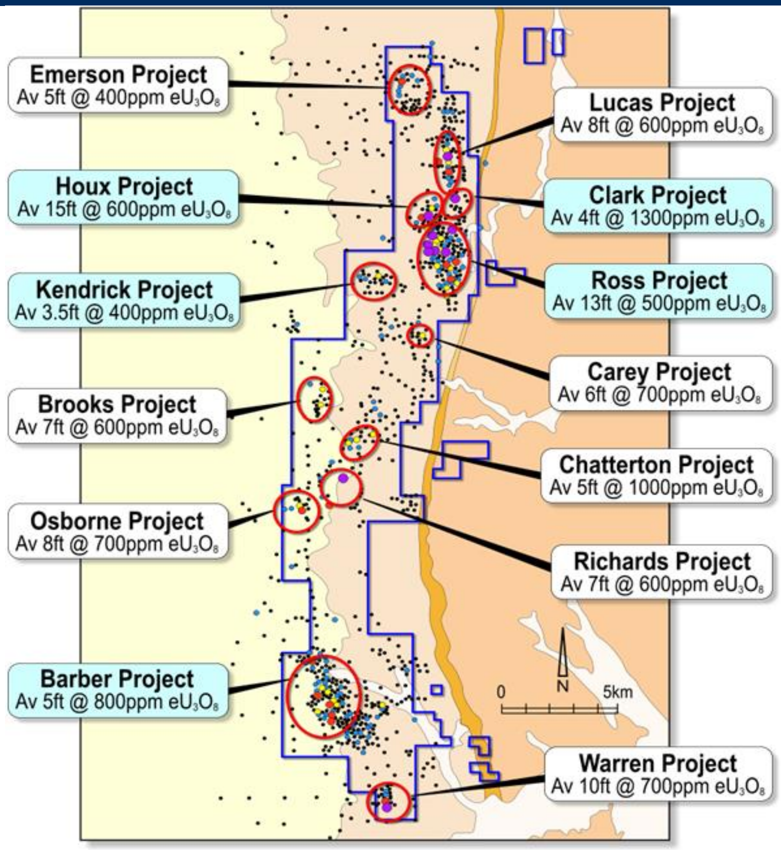
Overview

PEN acquired the Lance Projects in February 2007 from PacMag (PMH-ASX) as part of a package of uranium projects which included projects in South Australia and Western Australia. PEN was quick to begin to add to previous work from the NuBeth JV who drilled 4,738 holes in the 1970's. Significantly, PEN subsequently increased the resource from 5Mlb U_3O_8 in 2010 to 53.7Mlb U_3O_8 in 2013. As the resource has continued to grow PEN has conducted several economic studies and received all necessary permits to commence production in mid-2015. As outlined previously PEN has done an excellent job in reducing the upfront capital through a staged production approach as outlined in October 2014. PEN is targeting production of 28Mlb U_3O_8 over a 20 year mine life at cash costs below US$30/lb U_3O_8. Stage 1 will involve US$33m in capital to produce 600-800klbpa U_3O_8. Stage 2 will essentially double production to 1-1.2Mlbpa U_3O_8 for US$35m in capital through the doubling of installed wells and the addition of an elution, drying and packaging circuit. Stage 3 requires US$78m in capital to increase production to 1.7-2.3Mlbpa U_3O_8. The higher capital cost is needed for a new Satellite plant containing an additional Ion Exchange (IX) circuit and increased elution, drying and packaging capacity in the central processing plant.

Background

The Lance Projects are located on the North-East flank of the Powder River Basin in Wyoming (Figure 6). The original NuBeth Joint Venture between Nuclear Dynamics Inc, Bethlehem Steel Corporation and later Pacific Power and Hydro (NuBeth JV), discovered thirteen substantial zones of uranium mineralisation associated with an extensive system of roll fronts confirmed by drilling between 1970 and 1979. As part of this exploration program, the NuBeth JV drilled more than 5,000 exploration and development holes, totalling in excess of 912,000m. A proprietary database of the historic drilling and pilot plant data was acquired by Peninsula in 2007, defining a then relatively unknown uranium district of which Peninsula is now the dominant mineral rights holder.

Figure 6: Main Prospects Identified Through Historic/Recent Drilling



Source: Peninsula Energy

Resources

The Mineral Resource of 53.7Mlb U_3O_8 is based on previous drilling conducted by PEN who completed 2,250 rotary mud drill holes over 4 years to the end of 2012 and c5,000 historical holes conducted by NuBeth. The resource covers three distinct production units which include: Ross (11.2Mlb), Kendrick (29.6Mlb) and Barber (12.9Mlb). Overall, the Mineral Resource has 32% classified in the measured and indicated with the remainder in inferred.

Figure 7: Lance Projects Wyoming Resource Summary (January 2013)

Total	Tonnes Ore (M)	U_3O_8 kg (M)	U_3O_8 lbs (M)	Grade (ppm U_3O_8)
Measured	4.1	2.1	4.5	495
Indicated	11.6	5.7	12.7	497
Inferred	35.5	16.6	36.5	467
Total	51.2	24.4	53.7	476

Source: Peninsula Energy Limited

Processing

Once the pregnant water based uranium solution is pumped to surface it is then put through an ion exchange column which uses a special resin bead to attract the uranium from solution. The uranium loaded resin beads are then transported to a processing plant, where uranium is stripped from beads and produces yellowcake (U_3O_8). The yellowcake is then dried and packaged for further processing to be used in a nuclear reactor. In Stage 1, PEN will do the stripping, drying and packaging offsite under contract at 1 of 2 other plants who have scaled back production.

Exploration Upside

The Lance Projects have 305 line km of identified roll fronts and an exploration target of 104-163mlbs U_3O_8, which is in addition to the JORC-compliant resource. These roll fronts stretch over 50km north-south and are open to the north, south and west. The main prospects are shown in Figure 6. While the potential is large it will not be an immediate focus for the Company given that over 20 year of recoverable resources have been identified based on the current production profile.

Permitting

If we consider the relatively complex regulatory environment in the US (Figure 8), PEN has done an excellent job in achieving the necessary permits/licences to reach production at the Ross formation. There are 3 key licenses required to commence production:

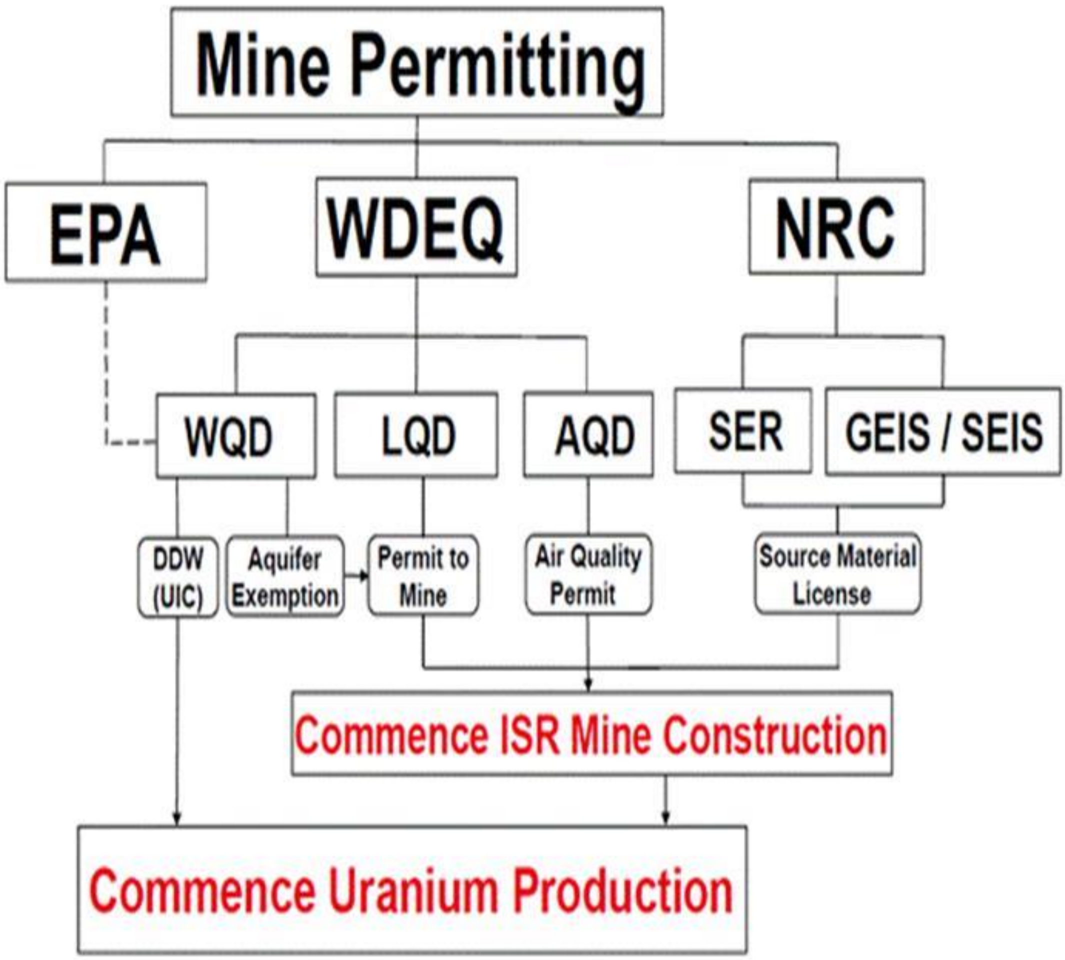
1. Deep Disposal Well (DDW) License: In April 2011 Strata received approval from the Wyoming Department of Environmental Quality (WDEQ) for the construction, testing, and operation of Underground Injection Control (UIC) Class 1 wells at the Lance Projects. In June 2015, this deep disposal well (DDW) has been successfully drilled on the first attempt. The DDW will be used to inject low-level wastes into an isolated rock formation at a depth in excess of 8,000 feet below the surface. It is anticipated that these DDWs will meet the water management requirements of an ISR operation at Ross.

2. Permit to Mine (PTM): In November 2012 the WDEQ granted Peninsula's wholly owned subsidiary Strata Energy Inc. (Strata) a PTM for the Ross permit area, the first planned production unit at the Lance Projects.

3. Source Materials License (SML): In late April 2014 the NRC issued Peninsula the final SML. Issuance of the SML concluded the licensing process for the three million pound per annum capacity CPP and the Ross Project. Peninsula now has the capacity to produce uranium from the largest 2012 JORC-Compliant in-situ recovery resource in the USA (54Mlb U_3O_8). The SML was the culmination of a four-year permitting process involving multiple local, state and federal regulatory agencies.

Additional permits will be needed to produce from the Kendrick and Barber formations and these will be amendments/extensions to the existing licences. Amendments and extensions to existing licences are common practice in Wyoming with a number of existing operations successfully completing these on their existing permits.

Figure 8: The US Licencing Requirement for Production from Lance



Source: Peninsula Energy

Karoo Project

Overview

We will provide a more complete analysis of PEN's Karoo project (PEN 74%) following our visit to site in February 2015. Our preliminary analysis is that the project has merit with a solid resource (56.9Mlb U_3O_8) with excellent grades (1108ppm U_3O_8) that has the potential for a significant mining operation. The other key advantage is that the regional infrastructure is excellent with a town of 30,000 people within 30km, N1 Highway Cape Town to Johannesburg, railway and regional airport. We value the project at $35.2m which is based on $0.80/lb of resource in the ground which is at the higher end of the peer comparative range. We justify this due to the excellent grades which are well above the average of 545ppm U_3O_8. Our value on Karoo could potentially be revised higher as PEN de-risks and further progresses the project.

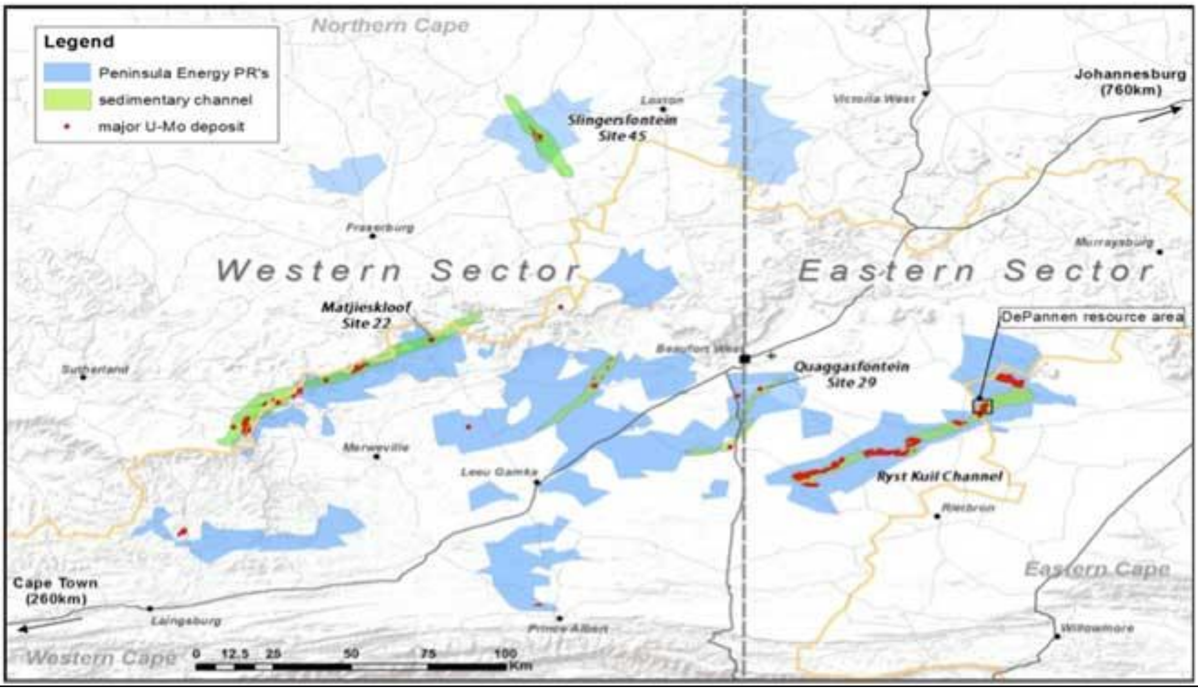
Background

During the period 1970 -1985 extensive exploration and mineral evaluation has been conducted on the prospecting licenses that now make up the Karoo Projects. The companies that have completed this work include ESSO, Union Carbide, JCI, and Uramin. Within the project areas approximately 10,000 bore-holes have been drilled, several comprehensive mining evaluation studies completed and both trial open-cast and decline mining has been undertaken. Ore from the mining trials was then used in an array of mineral processing studies in an attempt to unlock the extensive mineral potential that the Karoo promises.

PEN has a 74% interest in a total of 41 prospecting rights (PR's) covering 7,800km² of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin (Karoo Projects). Peninsula completed the acquisition of 35 of these PR's, previously held by AREVA, in December 2013. The residual 26% interest remains with the BEE partners as required by South African law.

The Karoo Projects are categorised into the Eastern and Western Sectors as shown in Figure 9. In the Eastern Sector, Peninsula has freehold ownership over an area of 322 km² which covers a significant proportion of the reported resource and allows unlimited surface access.

Figure 9: Karoo Projects Location



Source: Peninsula Energy

PEN commenced activity in South Africa in 2006 and was awarded prospecting rights by the Department of Mineral Resources over six project areas located in the Western, Northern and Eastern Cape Provinces. These prospecting areas include three historic deposits that were explored by JCI and Union Carbide Exploration Corporation during the late 1970's and early 1980's.

The aim of exploration work on the original six PR's has been to evaluate historic exploration targets and develop new targets throughout the Karoo. Since the commencement of exploration PEN has completed approximately 31,000m of Reverse Circulation and Diamond drilling and geophysically logged an additional 15,000m of open historic holes at three of the original six PR's.

The acquisition of AREVA's assets in South Africa brings an additional 35 PR's and 597,000 metres of drilling into the database. Recent work has been undertaken to compile and validate all data from Tasman's own drilling areas and the new data acquired from AREVA in order to produce a 3D geological model and JORC compliant resource estimate, as detailed below.

Various studies have determined that uranium and molybdenum mineralisation is hosted in fluvial channel sandstone deposits in the western and central parts of the Main Karoo basin within the Adelaide Subgroup and to a much lesser extent, the Molteno and Elliot formations of the Permian-Triassic Beaufort Group (Karoo Supergroup). The occurrences are epigenetic, tabular and sandstone-hosted and the thickest sandstone bodies tend to contain the highest proportion of mineralisation.

The PR's acquired from AREVA are complementary, in terms of mineral endowment, geology and geographic location, to the assets that Peninsula held in the Karoo Basin prior to the acquisition. The combined Karoo Projects contain 50mlbs Indicated and Inferred Resource (JORC 2012 Code) with a further exploration target of 200m -300mlbs U_3O_8.

Reserves/Resources

The current JORC-compliant resource estimate totals 56.9Mlb U_3O_8 (Figure 10) and is based on 7,230 drill holes from a database comprising 9,343 drill holes, which includes 1,245 additional holes probed or drilled by PEN since 2011, including 16 diamond holes and 801 reverse circulation holes.

Previous exploration conducted by Esso Minerals Africa (Esso), JCI and Union Carbide at the Karoo Projects in the 1970s included 1.6 million metres of drilling together with trial open-cut and trial decline mining programs. Based on the results of these programs, the previous holders of the PR have estimated approximately 99Mlbs U_3O_8 and 61Mlbs molybdenum (Mo).

Figure 10: Karoo Resource Estimate

Classification	eU_3O_8 (ppm) cut-off	Tonnes (millions)	eU3O8 (ppm)	eU_3O_8 (million lbs)
Indicated	600	8.0	1,242	21.9
Inferred	600	15.3	1,038	35.0
Total	600	23.3	1,108	56.9

Source: Peninsula Energy Limited

Scoping Study

In September 2013, PEN completed a scoping study on the Karoo project. The results suggested that an alkaline leach without Molybdenum would be the preferred route, however, further metallurgical work conducted in April 2014 suggested an acid leach provided higher recoveries of 90.8%. Therefore PEN is currently conducting a Pre-feasibility study (PFS) using an acid leach method of recovery which is due in FY2016. At this stage, PEN has not released any further details on the capital or operating costs for the project. These are expected to become available in due course as part of the PFS.

Permitting

The Mining Licence Application (MLA) for the Karoo Projects, comprising 16 mining rights, was submitted to the Department of Mineral Resources (DMR) in the June Q 2014. Discussions with the DMR are ongoing, and during September 2014 the DMR requested that the Social and Labour Plan (SLP) and Environmental Scoping Reports (ESR) submitted as part of the MLA be updated to include certain community and social uplift clarifications and additional detail regarding potential environmental impacts. These have been agreed to and the SLP and ESR documents are being updated for forwarding to the DMR.

Exploration Upside

The Karoo Projects cover a significant proportion of the Karoo Basin Permian sandstones, which are believed to represent an Exploration Target of between 250 and 350Mlbs U_3O_8. This Exploration Target, as shown in Figure 15, is based on the total cumulative prospective strike length of about 200km that occurs within the PR's, together with the reported U_3O_8lbs/km along the modelled sections of the Eastern Sector channel sandstones. Further drilling will be needed to define further uraniferous resources.

Figure 11: Exploration Target Karoo

Exploration Areas	Tonnes (M)		Grade (ppmU_3O_8)		eU_3O_8(Mlbs)	
Range	From	To	From	To	From	To
Total	126	133	900	1200	250	350

Source: Peninsula Energy

RISKS

PEN should have sufficient capital to reach Stage 1 uranium production from its Lance Uranium projects in Wyoming. We outline the key risks to production.

Operating: Production results may differ materially from those outlined in the staged plan as outlined by PEN. While pilot wells have been completed, the final production wells may behave differently due to a number of factors which include and are not limited to sand permeability and porosity which may impact grade and/or recoveries. If the projected porosity, permeability, and tranmissivity are incorrect, the consequence could be detrimental to the project.

Resource to Reserve Conversion: The conversion of resources into recoverable material may differ from those anticipated by the Company. PEN is expecting a 53% conversion of Mineral Resources into recoverable uranium. We note that this is more conservative than other Wyoming focused uranium producers which use a 68-75% conversion. While sufficient drilling has been conducted to define indicated resources at Ross, extensive drilling will be required over the life of mine to delineate the other production units (Kendrick and Barber)

Financing: In order to achieve our valuation, PEN requires further funding at Lance for Stage 2 (US$35m) and Stage 3 (US$78m). At this stage we have assumed debt funding and funding out of cashflows. There is a risk that further funding may be difficult to achieve. We forecast an improving uranium market and expect that funding would be available to expand production.

Commodity Price: The majority of revenues will be derived from the sale of uranium. Fluctuations in the uranium price affect the Company's ability to mine at a profitable margin. That said, the Company has completed contracts above the uranium spot price for 2Mlb U_3O_8. We forecast uranium prices to continue to strengthen over the medium to longer term. However, we note nuclear incidents/accidents, such as Fukushima, have the potential to impact the uranium market and its price. PEN is expected to negotiate further long term contract with the US utilities. We believe the NYSE MKT listing should assist in the ease and potential the price of these deals.

Permitting/Environmental: PEN requires final NRC approval from a site visit which is expected to occur in September 2015 which will allow production to commence. Further permits will be required during Stage 2 which will be used to allow the commencement of Stage 3. There is a small risk that this may not be achieved. We also note that PEN will be required to remediate/clean-up the wells in the future, once they are depleted.

Social Issues: PEN has engaged an excellent public relations firm and has overcome any social issues that have arisen. The Company has also met or exceeded the standards established in the Equator Principles. The Equator Principles are a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

Exchange Rate: PEN has a US based Project and as an Australian domiciled Company, is subject to fluctuations in foreign currency exchange rates between the Australian dollar and US dollar that have the potential to decrease the profitability of the Company.

DIRECTORS

Mr John (Gus) Simpson (Managing Director/CEO)

Mr Simpson is both a Science and Arts graduate from Curtin University, Western Australia. He joined the Peninsula Board in August 2007 and has over 25 years of experience in the management of listed mineral companies. He has had principal involvement in a number of successful mineral discoveries in Africa, Australia and North America. Previously held positions include senior executive roles with Gindalbie Mining NL, Australian Minerals Sands NL, Panorama Resources NL and Tanganyika Gold Limited. Mr Simpson brings a high level of strategic commercial expertise to the company.

Richard Lockwood (Non Executive Chairman)

Mr Lockwood is a director of London based Arlington Group Asset Management Limited and was previously the senior resources fund manager at CQS Asset Management Ltd having merged his New City Investment Management group with CQS in 2007.

Mr Lockwood has over 50 years' experience in the funds management and mining investment sectors across the United Kingdom, Australia, and South Africa. He has extensive involvement with the uranium sector via institutional investment markets including being the founder of specialist uranium investment fund, Geiger Counter Ltd.

Mr Lockwood also played a pivotal role at Board level and was a director of AIM-listed uranium company Kalahari Minerals, which held a 42.74% interest in Extract Resources. Extract Resources was the owner of the Husab uranium project in Namibia. Kalahari Minerals and Extract Resources were taken over by China Guandong Nuclear Power Corporation in 2012 for US$2 billion delivering substantial value to the shareholders of both companies.

Mr Warwick Grigor (Non Executive Director)

Mr Grigor is a highly respected and experienced mining analyst, with an intimate knowledge of all market related aspects of the mining industry. He is a graduate of the Australian National University having completed degrees in law and economics. His association with mining commenced with a position in the finance department of Hamersley Iron, and from there he moved to Jacksons, Graham, Moore and Partners to become Australia's first specialist gold mining analyst. Mr Grigor left to be the founding research partner at Pembroke Securities and then the Senior Analyst at County NatWest Securities. He retired from County in 1991 to found Far East Capital Limited that was established as a specialist mining company financier and corporate adviser. Mr Grigor is also a founding partner and former Executive Chairman of Canaccord Genuity Australia Limited, an Australian based stockbroking organisation with offices in Melbourne, Sydney and Hong Kong, owned 50% by Canaccord Genuity Limited. Mr Grigor's research knowledge and market intelligence gives Peninsula a strong strategic direction.

Mr Harrison (Hink) Barker (Non Executive Director)

Mr (Hink) Barker retired June 1, 2015 from the Generation segment of Dominion Resources with over 40 years of fossil and nuclear fuel commercial and technical responsibilities. Since 1992, Mr Barker had been the manager responsible for Dominion's procurement of nuclear fuel and the related processing steps of conversion from U_3O_8 to UF_6, enrichment of UF_6, and fabrication of nuclear fuel assemblies. He is a former chair of the Nuclear Energy Institute's Utility Fuel Committee, and a past member of the World Nuclear Fuel Market Board of Directors (Chairman for two years). He served on an Advisory Board to American Uranium Corporation while they attempted to develop the Wyoming Reno Creek uranium deposit. From 1975 to 1984 he worked as an engineer and supervisor in the areas of nuclear fuel quality assurance, nuclear core design, nuclear fabrication contract administration, nuclear fuel procurement, spent fuel transportation and disposal planning during a period when Dominion was building its regulated nuclear operating fleet in Virginia. Mr Barker holds a Bachelor of Science degree in Electrical Engineering, and a Master's in Nuclear Engineering Science both from the University of Florida.

Mr Neil Warburton (Non Executive Director)

Mr. Warburton has worked within the Mining Industry his entire career in roles ranging from underground miner through senior mining engineer to executive directorships managing large mining and contracting companies. He has over 33 years' experience in all areas of mining operation. Over the period 2000-2012 Neil held senior positions with Barminco Limited culminating in being the Chief Executive Officer. He successfully grew Barminco into Australia and West Africa's largest underground mining contractor with revenues of more than $800m. Prior to joining Barminco Neil held several senior corporate positions, this included serving as Managing Director of Coolgardie Gold NL. Neil started his career with Western Mining Corporation as a graduate mining engineer and progressed to Manager of Open Pit and Underground Operations. Neil is a graduate from the Western Australia School of Mines with an Associate Degree in Mining Engineering. He is a Fellow of the Australian Institute of Company Directors (FAICD) and Member of the Australian Institute of Mining and Metallurgy. He currently serves as Executive Chairman of ASX Listed Red Mountain Mining Limited and is a Non-Executive Director of ASX Listed Australian Mines Limited, Sirius Resources NL and Namibian Copper NL.

Mr John Harrison (Non Executive Director)

Mr Harrison brings to Peninsula a wealth of experience and resource sector knowledge acquired over a 45 year career including 20 years of investment banking in London. During this time Mr Harrison has developed an extensive international contact base advising companies across a range of commodities, (including uranium) and raising more than £500m in equity capital in the process. Prior to joining RFC Ambrian and following a successful career in the Lloyd’s reinsurance market, Mr Harrison was Managing Director at Numis Securities Ltd where he worked on the development and listing of the then-new Lloyd’s corporate underwriting vehicles, an activity upon which the Numis corporate finance franchise was built.

Mr Harrison is currently Non-Executive Chairman (UK) of international advisory and broking firm RFC Ambrian Ltd and Non-Executive Chairman of UK coking coal development company West Cumbria Mining PLC.

Mr Evgenij Iorich (Non Executive Director)

Mr Iorich is currently Vice President, Investment Team at Pala Investments Limited (Pala) and has extensive experience in the natural resources sector across a broad range of commodities with a focus on M&A opportunities, operational, financial planning and corporate structuring.

Prior to joining Pala in 2006, Mr Iorich was a financial manager at Mechel, the Russian metals and mining company, where his responsibilities included all aspects of budgeting and financial modelling.

Mr Iorich graduated from the University of Zurich with a Master of Arts degree and is currently a Non-Executive Director of TSX-listed Serinus Energy and TSX-V-listed Asian Mineral Resources.

Key Management

Mr Ralph Knode (Chief Executive Officer - Strata Energy Inc)

Mr Knode has over 30 years of experience in uranium exploration, property evaluation, mine construction and mine operations throughout North America, Kazakhstan and Australia. Prior to joining Peninsula, Mr Knode held senior management positions at Uranium One, most recently as Senior Vice President, Projects. For over 25 years Mr Knode held various mid-level and senior management positions for Cameco's USA subsidiaries Crow Butte Resources and Power Resources and JV Inkai in Kazakhstan. In these capacities, Mr Knode has been directly involved in the start-up and/or operation of five In Situ Recovery projects on three different continents.

Mr Glenn Black (Chief Executive Officer – South Africa)

Mr Black is an engineer who has 36 years of experience in the mining industry in senior management and operational positions, including extensive experience in mine/plant construction, project management, development and implementation. He has worked across a broad spectrum of minerals and in energy generation. Prior to joining Peninsula, Mr Black has been employed for the last 20 years with the De Beers Mining Group, most recently at Debswana Diamond Company, the world's leading producer of diamonds by value, where he held senior construction, engineering and project management positions. Mr Black's experience at De Beers included direct involvement in the building and commissioning of multiple mines, other plant and infrastructure.

David Coyne (Chief Financial Officer)

Mr Coyne has over 20 years’ experience in the mining, and engineering and construction industries, both within Australia and internationally. Prior to joining Peninsula, Mr Coyne held senior executive positions with Australian listed companies Macmahon Holdings Limited and VDM Group Limited, and with unlisted global manganese miner Consolidated Minerals. Over the past 10 years, Mr Coyne has been directly involved in a number of equity and debt raising transactions and has been the project director on a company-wide systems implementation project. Mr Coyne has previously served on the Board of listed iron ore miner, BC Iron Limited, where he also held the role of Chairman of the Audit and Risk Committee.

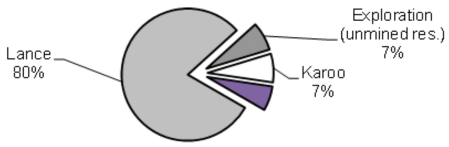
Pennisula Energy		0.025
Base Case NPV	**A$m**	**A$/sh**
Lance	401.9	0.051
Exploration (unmined res.)	35.3	0.004
Karoo	35.2	0.004
Listed investments	0.0	0.000
Corporate	(40.7)	(0.005)
Forwards	(30.3)	(0.004)
Unpaid Capital	23.6	0.003
Cash	35.6	0.005
Debt	0.0	0.000
NPV (@8%)	**460.5**	**0.058**

Commodity Assumptions	2014A	2015F	2016F	2017F
A$:US$	0.92	0.84	0.73	0.72
Uranium (US$/lb)	35.93	37.00	50.00	62.50

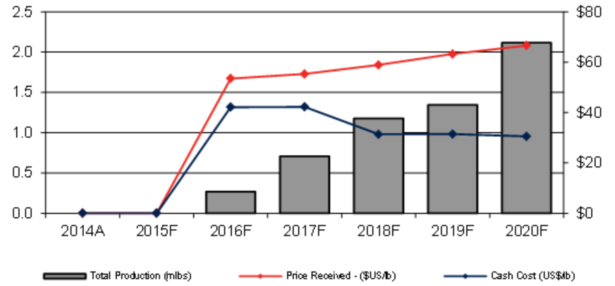
Year End June 30

Sensitivites ($US/sh)	-10%	0%	+10%
Uranium Price	0.050	0.058	0.067
Lance Grade	0.052	0.058	0.064
Lance Opex	0.064	0.058	0.053

Valuation Summary of Major Assets



Uranium Production Summary



Production Summary	2014A	2015F	2016F	2017F
Lance	0.00	0.00	0.27	0.70
Total Production (mlbs)	**0.00**	**0.00**	**0.27**	**0.70**
Cash Cost (US$/lb)	na	na	42.16	42.25
All-In-Sustaining Costs (US$/lb)	na	na	42.16	42.25
Price Received - ($US/lb)	na	na	53.50	55.32

Profit & Loss (A$m)	2014A	2015F	2016F	2017F
Sales Revenue	**0.0**	**0.0**	**19.8**	**54.5**
Other Income	0.5	0.7	0.2	0.4
Operating Costs	0.0	0.0	14.9	39.5
Exploration Exp.	0.0	2.3	1.7	1.8
Corporate/Admin	7.0	5.2	5.1	5.2
EBITDA	**(6.5)**	**(6.9)**	**(1.6)**	**8.5**
Depn & Amort	0.2	0.0	1.9	5.0
EBIT	**(6.7)**	**(6.9)**	**(3.5)**	**3.5**
Interest	0.0	0.9	0.0	1.4
Operating Profit	(6.7)	(7.9)	(3.5)	2.1
Abnormals (pre-tax)	0.1	0.0	0.0	0.0
Tax expense	0.0	0.0	0.0	0.6
Minorities	0.0	0.0	0.0	0.0
NPAT	**(6.8)**	**(7.9)**	**(3.5)**	**1.5**
Normalised NPAT	**(6.7)**	**(7.9)**	**(3.5)**	**1.5**

Cash Flow (A$m)	2014A	2015F	2016F	2017F
Adjusted Net Profit	(6.7)	(7.9)	(3.5)	1.5
+ Interest/Tax/Expl Exp	0.2	3.3	1.7	3.8
- Interest/Tax/Expl Inc	0.2	3.7	2.0	4.1
+ Depn/Amort	0.2	0.0	1.9	5.0
+/- Other	0.0	0.0	0.0	0.0
Operating Cashflow	**(6.5)**	**(8.3)**	**(2.0)**	**6.2**
- Capex (+asset sales)	0.0	16.1	27.6	25.4
- Working Capital Increase	(1.7)	(1.6)	0.0	0.0
Free Cashflow	**(4.8)**	**(22.8)**	**(29.6)**	**(19.3)**
- Dividends	0.0	0.0	0.0	0.0
+ Equity Raised	6.6	68.1	0.0	0.0
+ Debt Drawndown (Repaid)	0.0	(16.9)	0.0	35.0
Net Change in Cash	**1.8**	**28.5**	**(29.6)**	**15.7**
Cash at End Period	7.0	35.6	6.0	21.7
Net Cash/(LT Debt)	(5.4)	35.6	6.0	(13.3)

Reserves & Resources

M & I Resources	Mt	ppm	U3O8 (kt)	(mlbs)
Lance Project				
Ross	9	521	5	9.9
Kendrick	4	498	2	4.8
Barber	3	415	1	2.4
Sub Total	**16**	**496**	**8**	**17**
Karoo Project	8	1257	11	24
Total (M & I)	**24**	**796**	**19**	**42**
Inferred Resources	**Mt**	**ppm**	**U3O8 (kt)**	**(mlbs)**
Lance	35	467	17	36.5
Karoo	15	1040	16	35.1
Total (Inferred)	**51**	**640**	**32**	**72**
Total	**74**	**689**	**51**	**113**

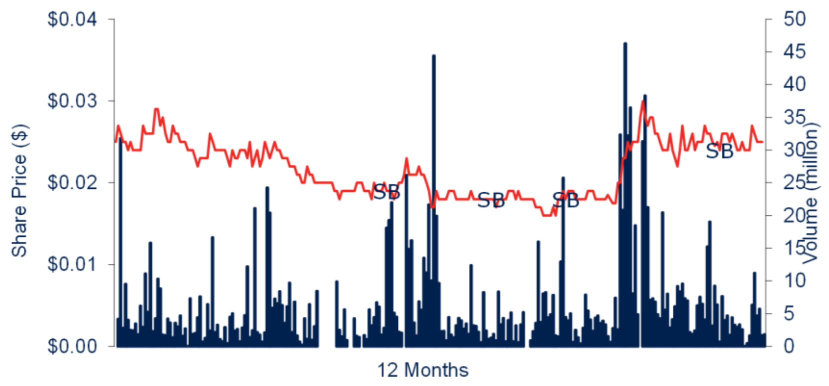
Balance Sheet (A$m)	2014A	2015F	2016F	2017F
Cash	7.0	35.6	6.0	21.7
Total Assets	110.9	158.2	156.4	194.5
Total Debt	15.3	0.0	0.0	35.0
Total Liabilities	16.5	2.3	4.0	40.7
Shareholders Funds	94.4	155.9	152.3	153.8
Ratios				
Net Debt/Equity (%)	5.7	na	na	8.6
Interest Cover (x)	na	na	na	2.5
Return on Equity (%)	na	na	na	1.0

Directors

Name	Position
Richard Lockwood	Non-Executive Chairman
John (Gus) Simpson	Managing Director/CEO
Warwick Grigor	Non-Executive Director
Mr Harrison (Hink) Barker	Non-Executive Director
Neil Warburton	Non-Executive Director
John Harrison	Non-Executive Director
Mr Evgenji Iorich	Non-Executive Director

Substantial Shareholders	%
Resource Capital Fund	20.9
Pala Investments	12.3
Blackrock	9.3
JP Morgan	6.7

Recommendation History



Date	Type	Target Price	Share Price	Recommendation	Return
16 Jan 15	Research Note	0.06	0.02	SB	
17 Mar 15	Resources Review	0.06	0.02	SB	-10.0%
28 Apr 15	Hot off the Press	0.06	0.02	SB	5.6%
23 Jul 15	Hot off the Press	0.06	0.02	SB	
	Current Share Price		0.03		31.6%

Stock recommendations: Investment ratings are a function of Patersons expectation of total return (forecast price appreciation plus dividend yield) within the next 12 months. The investment ratings are Buy (expected total return of 10% or more), Hold (-10% to +10% total return) and Sell (> 10% negative total return). In addition we have a Speculative Buy rating covering higher risk stocks that may not be of investment grade due to low market capitalisation, high debt levels, or significant risks in the business model. Investment ratings are determined at the time of initiation of coverage, or a change in target price. At other times the expected total return may fall outside of these ranges because of price movements and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. This Document is not to be passed on to any third party without our prior written consent.

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