



Peninsula Energy

PEN-ASX

 Rating
Underperform(S)

 Price: Jan-11
A\$0.17

 Target
A\$0.18

 Total Rtn
6%

Q2/FY19 Production Lighter Than Expected

Bottom Line: Peninsula reported Q2/FY19 production of 20.4klb U₃O₈ from its Lance project that missed our estimate and guidance due to unplanned mill maintenance and lower head grades. Nevertheless, production guidance for FY19 remains unchanged at 90-110klb. As a reminder, Peninsula continues to pursue permitting amendments to allow for low pH uranium extraction.

Key Points

- Peninsula reported Q2/FY19 production of 20.4klb U₃O₈, coming in below the quarterly guidance range of 22.5-27.5klb U₃O₈ and our estimate of 28.8klb U₃O₈ (-29%). Output was down 50% versus Q1/FY19 (40.9klb U₃O₈); however, last quarter included an additional 10klb dried pounds reconciliation by the toll mill. Lower-than-expected production was a result of declining head grades in remaining alkaline leach areas as well as a nine-day unplanned processing plant shutdown.
- FY2019 production guidance remains unchanged at 90-110klb U₃O₈ implying 15-20klb U₃O₈ for the remaining two quarters. However, we caution Peninsula is likely to continue experiencing operational challenges at Lance as it pursues permitting amendments to allow for low pH uranium extraction.
- November 2018 saw Peninsula receive approval to carry out demonstration level low pH extraction at Lance, with operations commencing the first week of December and expected to last 6-8 months. The company hopes the field trial approval will allow for a faster transition to low pH operations; updates on the field demonstration are expected in Q1/CY19.

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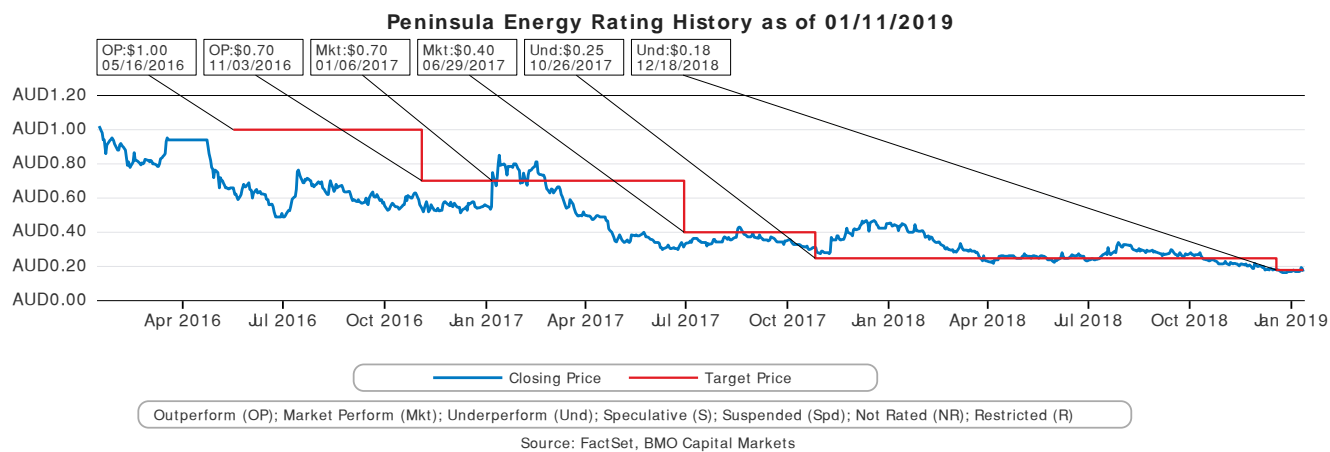
Company Description

Peninsula Energy Ltd. is a uranium development company listed on the ASX. Its primary asset is the Lance uranium project, located in Wyoming, USA.


 PEN-ASX
 Research


Glossary


 Company
 Models



IMPORTANT DISCLOSURES

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Methodology and Risks to Target Price/Valuation for Peninsula Energy (PEN-ASX)

Methodology: We ascribe Peninsula an NPV of A\$0.26/share. Our target price of A\$0.18 represents 0.7x our NPV.

Risks: Peninsula is exposed to global demand for its key commodity uranium and to foreign exchange rate movements and country risk within the U.S. and South Africa. The company is pursuing a permit change to allow low pH ISL mining, which would be the first of its kind for a uranium operation in the U.S. which if unsuccessful would limit potential upside.

Distribution of Ratings (January 13, 2019)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	47.9 %	30.0 %	58.2 %	51.0 %	62.8 %	57.7%
Hold	Market Perform	49.6 %	20.1 %	40.4 %	46.6 %	36.5 %	37.7%
Sell	Underperform	2.5 %	13.3 %	1.4 %	2.4 %	0.7 %	4.6%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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~ As of October 4, 2018.

Ratings Key (as of October 2016)

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(S) = Speculative investment;

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(April 2013 - October 2016)

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