

Peninsula Energy Limited (PEN-AU)
Rating: Buy

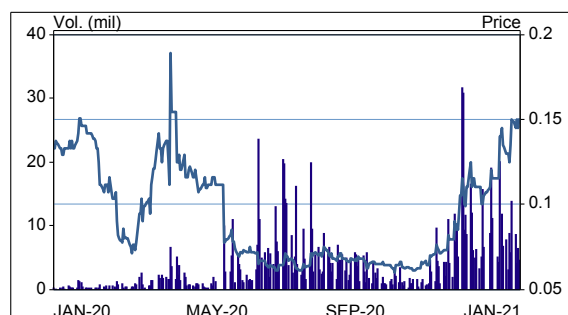
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**Commencement of Trading on U.S. OTC Pink Market;
 Omnibus Budget Bill Approved; Reiterate Buy; PT Higher**

Stock Data		01/21/2021		
Price		A\$0.15		
Exchange		ASX		
Price Target		A\$0.40		
52-Week High		A\$0.19		
52-Week Low		A\$0.06		
Enterprise Value (M)		A\$122		
Market Cap (M)		A\$134		
Shares Outstanding (M)		893.4		
3 Month Avg Volume		6,630,728		
Balance Sheet Metrics				
Cash (M)		A\$12.05		
Total Debt (M)		A\$0.00		
Total Cash/Share		A\$0.01		
EPS (\$) Diluted				
Full Year - Jun		2019A	2020A	2021E
FY		(0.18)	(0.03)	(0.01)
Revenue (\$M)				
Full Year - Jun		2019A	2020A	2021E
FY		6.6	6.1	5.0

EPS quoted as cents per share.



Commencement of trading on the US over-the-counter (OTC) Pink Market. On January 15 2021, Peninsula Energy announced that the company began trading on the US OTC Pink Market under the ticker PENMF due to increased interest from North American investors. We note that the admission into the OTC market remains non-dilutive for the company. While this listing is not as helpful as being on a "big board" exchange, it nonetheless allows the firm to reach out to a wider investor base. Peninsula also expects to continue trading on the Australian Stock Exchange (ASX), thereby making it the only ASX-listed uranium company that is positioned to benefit from the recently established U.S. Strategic Uranium Reserve buying program.

Omnibus Budget Bill approved. On December 29 2020, Peninsula reported that the former U.S. President, Mr. Donald Trump, has approved the Omnibus Budget Bill that aims to fund the establishment of a U.S. National Strategic Uranium Reserve. In short, the approved budget directs the Department of Energy to allocate \$75M towards the establishment of a uranium reserve program. This program looks to preserve existing assets that are included in U.S. nuclear infrastructure, which should in turn benefit the domestic uranium mining sector. Notably, Washington is expected to build upon this program over the coming years, which should facilitate greater production stemming from domestic miners. From a longer-term perspective, the bill also contains language that provides a Congressional backstop to the Russian Suspension Agreement, which includes greater limitations on the importation of Russian uranium products. In conclusion, bipartisan actions, such as the recent budget approval, display the positive sentiment towards nuclear energy, which continues to offer a clean, carbon-free alternative to electricity generation.

We are reiterating our Buy rating on shares of Peninsula while raising our PT to A\$0.40 per share from A\$0.20 per share. Our higher price target is the result of moving our model forward to FY21 amid other minor model revisions. Our valuation remains based on a DCF of operations at the Lance Projects, utilizing an unchanged 10% discount rate. We use an average uranium sales price of \$50 per pound (lb) for FY21 and beyond, which remains inline with the firm's long-term contractual sales commitments. We maintain our belief that Peninsula Energy is an attractive way to participate in the domestic uranium space, which has a variety of advantages over production from more geopolitically challenged locales. Looking ahead, Peninsula's Lance Projects continue to offer a low-cost and efficient method for uranium mining within the U.S. Longer-term, we believe Peninsula is well positioned to advance towards commercial production given the ongoing de-risking of the company's in-situ recovery operations, especially should uranium spot prices push beyond the current figure of about \$30/lb.

Risks. (1) Financing risk; (2) uranium price risk; (3) operating and technical risk; (4) political risk.

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Peninsula Energy Limited		2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
<i>All figures in USD unless otherwise noted</i>									
Uranium price per lb		\$30	\$40	\$50	\$50	\$50	\$50	\$50	\$50
Lance Projects									
Production ('000s pounds of uranium)		-	-	500	1,000	1,500	2,000	2,000	2,000
			<i>Note: Estimated production start-up for FY23</i>						
Sales ('000s pounds of uranium)		100	100	500	1,000	1,500	2,000	2,000	2,000
Revenue ('000s)		\$ 3,000	\$ 4,000	\$ 25,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000
Royalties (6% of net, state & county 5% of gross) ('000s)		\$ -	\$ -	\$ 2,000	\$ 4,000	\$ 6,000	\$ 8,000	\$ 8,000	\$ 8,000
Net Sales ('000s)		\$ 3,000	\$ 4,000	\$ 23,000	\$ 46,000	\$ 69,000	\$ 92,000	\$ 92,000	\$ 92,000
Operating cost per lb		\$ -	\$ -	\$27.00	\$22.50	\$20.00	\$18.75	\$18.75	\$18.75
Total Operating Costs ('000s)		\$ -	\$ -	\$ (13,500)	\$ (22,500)	\$ (30,000)	\$ (37,500)	\$ (37,500)	\$ (37,500)
Operating Income ('000s)		\$ 3,000	\$ 4,000	\$ 36,500	\$ 68,500	\$ 99,000	\$ 129,500	\$ 129,500	\$ 129,500
CapEx ('000s)		\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)
Taxes ('000s)	30%	\$ -	\$ -	\$ -	\$ -	\$ (31,200)	\$ (40,350)	\$ (40,350)	\$ (40,350)
Total Operating Cash Flow ('000s)		\$ (2,000)	\$ (1,000)	\$ 31,500	\$ 63,500	\$ 62,800	\$ 84,150	\$ 84,150	\$ 84,150
Discount Rate	10%								
PV of Operating Cash Flows ('000's)		\$ (2,000)	\$ (909)	\$ 26,033	\$ 47,708	\$ 42,893	\$ 52,251	\$ 47,500	\$ 43,182
NPV ('000s)		\$ 256,659							
Plus Cash ('000s)		\$ 9,400 as of 9/30/20							
Borrowings		\$ (615) as of 6/30/20							
Total Current Value ('000s)		\$ 265,444							
Common Shares Outstanding (000's)		882,570 as of 9/30/20							
Options (000's)		27,425 as of 9/30/20							
Fully Diluted Shares (000's)		909,995 as of 9/30/20							
Project NAV Per Share (AUD)		\$ 0.37		AUD/USD \$ 0.78 as of 1/21/21					
Project NAV Per Share (AUD) (Rounded to \$0.10/share)		\$ 0.40							
PEN.AX Stock Price (AUD)		\$ 0.15 as of 1/21/21							
<i>Source: Company reports and H.C. Wainwright estimates.</i>									

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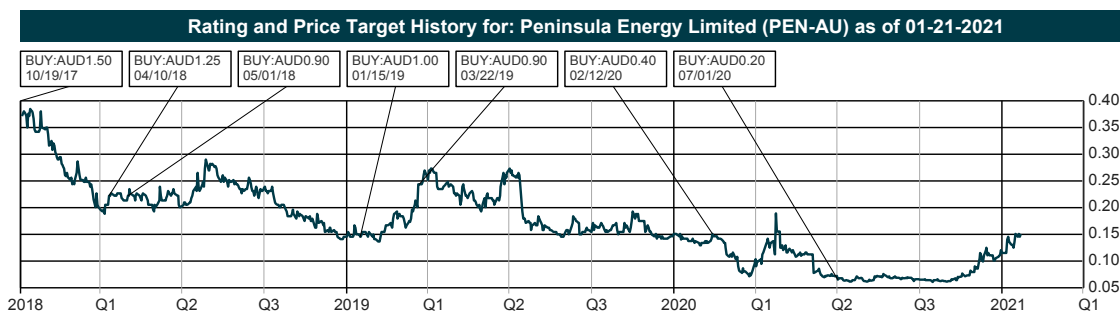
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Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	439	91.27%	170	38.72%
Neutral	38	7.90%	11	28.95%
Sell	0	0.00%	0	0.00%
Under Review	4	0.83%	2	50.00%

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