Peninsula Energy Limited – BUY

Initiating Coverage of Peninsula Energy Limited – Switching to Acid

ACTION: Initiating Coverage with a BUY and A$0.39/sh Target

We are initiating coverage of Peninsula Energy Limited (Peninsula, ASX: PEN) with a **BUY** rating and A$0.39 target price. With Peninsula restarting its 100%-owned Lance Uranium project (Lance) in Wyoming with low-pH (acid) based in-situ recovery technology (ISR), we believe that Peninsula will be the next US-based producer with relatively low operating risk given that the mine is a past producer and the detailed test work that Peninsula has carried out to help ensure the switch from alkaline to acid chemistry is successful.

Lance is a past producing mine with more than 400,000 pounds of uranium extracted between FY2016 and FY2019. It appears that due to a combination of low uranium prices coupled with operational challenges, the company chose to suspended production activities in May 2018 and the mine was idled in July 2019 to allow the company to focus on a transition to acid-based ISR chemistry.

Peninsula has carried out extensive testing for 16 months on the use of acidic solution pumped into the wellfields to extract uranium. The low-pH test program, completed in December 2021, has provided the information that the company requires to update its 2018 feasibility study and move toward a production decision.

As Lance is a previously producing mine that has also been the subject of a very thorough study to ensure its transition to low-pH chemistry is successful, we believe its risk profile is much lower than a greenfield development project; therefore, we do not think the SPECULATIVE qualifier is required for our **BUY** recommendation

DETAILS: Likely the Next US-Based Uranium Producer

With the completion of the low-pH test work, Peninsula expects to have a revised feasibility in the first half of 2022 and an investment decision in the second half of 2022. We are forecasting a start of production in H2/2023. Given that there is a significant amount of existing infrastructure (wellfields, pump houses, processing plant, etc.), we estimate the initial capital to begin production will be $5.3 million for the processing plant and $15 million in accelerated wellfield development, to support higher production volumes, spent in FY2023-FY2024. We believe this will be sufficient to develop Stage 1 of the three-stage plan, Stage 1 is forecast to have peak production of 1.15 million pounds in FY2026.

We believe that Peninsula will follow the initial ramp-up plan as laid out in the 2018 feasibility study with Stages 2 and 3 will commencing in FY2027 and FY2030, respectively. Production is anticipated to peak at 2.16 million pounds and 3 million pounds for Stage 2 and 3, respectively.

VALUATION: Capturing the Upside in Uranium Through EV/EBITDA

Our $0.39 target price is calculated by applying a 15x EV/EBITDA multiple to Peninsula's FY2026 EBITDA. This equates to a 1.2x NAV multiple which we believe is reasonable given that we are forecasting a higher uranium price in FY2026. This is in line with our valuation of Paladin Energy Limited (Paladin, ASX-PDN, BUY, A$1.50 target price), another uranium company with a brownfield re-development project.

ANALYST INFORMATION

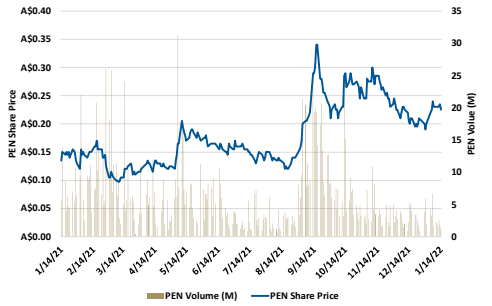
Adam Schatzker
416.860.6781
aschatzker@researchcapital.com

MARKET DATA

PEN - ASX	A$0.23
TARGET:	A$0.39
PROJ. RETURN	73%
VALUATION	PV 15x FY26 EBITDA

Share Data	
Basic Shares O/S (M)	997.3
Fully Diluted (M)	997.3
Avg. Volume (K)	6,166
Basic Market Cap (A$M)	224
Net Cash (A$M)	15.2
Debt (A$M)	0.9
Enterprise Value ($M)	210
Dividend ($/sh)	0
Yield (%)	0
Next Reporting Date	Mar

THOMSON CHART – ONE YEAR



COMPANY PROFILE

Peninsula is an Australia-based uranium development company that owns 100% of the Lance uranium project in Wyoming. The project is being re-developed – switching from alkaline solutions to acidic solutions

UPCOMING EVENTS/CATALYSTS

- Revised feasibility study for Lance
- Amendments to existing permits at Lance
- Investment decision for the re-development of Lance
- Financing the development of Lance

MINING

PENINSULA ENERGY LTD

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Note: All financial figures in this report are in US dollars, unless stated otherwise. ***Report pricing date: January 21, 2022.***

INVESTMENT THESIS

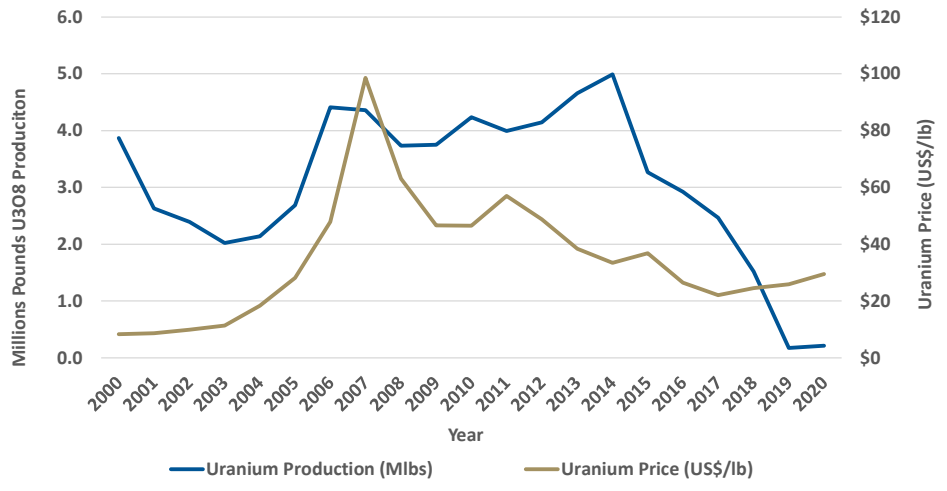
We are initiating coverage of Peninsula Energy Limited (Peninsula) with a **BUY** rating and a **target price of A$0.39 per share**.

Peninsula is an Australia-based uranium development company whose primary asset is called the Lance project in Wyoming, USA. Lance is a past producing ISR mine that is being redeveloped to use acidic chemistry rather than the traditional alkaline chemistry (in the USA). The company has received the permits to make the change to acid-based uranium extraction and is awaiting amendments to use an additional oxidizing reagent (expected in CY H1/22) and settling ponds (not crucial to start operations). The project is being developed in three stages which will mine three discrete areas of the project. Stage 1 is expected to have peak production of 1.15 million pounds of U_3O_8 per year, Stage 2 has a peak production of 1.92 million pounds per year and Stage 3 is 2.24 million pounds. Stages 2 and 3 are expected to overlap resulting in peak combined annual production of 2.98 million pounds U_3O_8 per year (see Figure 6). The switch to acid chemistry from alkaline is being made because the alkaline chemistry did not perform as expected when the Lance project previously operated. The extensive test work (described in more detail below) has shown that the acidic chemistry should perform much better and more predictably.

Our target price for Peninsula is calculated by applying a 15.0x EV/EBITDA multiple to our forecast FY2026 EBITDA and discounting the resulting value to this year using an 15% discount rate. Our target equates to 1.2x our NAV estimate of A$0.32 per share. We believe this implied NAV multiple is reasonable as we are using a multiple for Stage 1 of Peninsula's development plans which is the lowest production volume Stage of the project (the average target price / NAV of producers and potential near-term producers is currently 2.1x). In our view, Stages 2 and 3 are too far in the future to use to establish a target price. We are using a FY2026 EBITDA forecast for our valuation as it reflects a period during which we estimate Peninsula's key asset, Lance, will be operating close to its rated capacity for Stage 1.

The history of US-based uranium production over the past decade has been one of moderate success followed by failure as the uranium price fell after the Fukushima nuclear disaster in 2011. Uranium production in the United States ceased after 2020 (see Figure 1).

Figure 1. United States Uranium Production 2000 to 2020 vs. Spot Uranium Price



Source: UxC LLC, RCC

We believe that much of the drop in production is due to the all-in sustaining costs associated with alkaline-based ISR uranium mining in the US that proved to be too high when coupled with a declining uranium price. **We calculate that the all-in sustaining costs for past-producing US ISR mines that reported production and costs information was between $35 per pound to $105 per pound U_3O_8** with the producers of larger volumes having substantially lower costs when compared to mines that were smaller and less productive. **We are forecasting an all-in sustaining cash cost (cash operating costs plus sustaining capital expenditures plus corporate SG&A) for the life of mine for Lance to average $38.30 per pound**. Given our outlook for the

uranium price, we believe that the Lance project will be profitable above $40 per pound which is lower than our future spot price estimates (see Figure 8). Looking forward, we are forecasting an improving uranium market which we believe will provide Peninsula with profitable margins.

In our view, the past producing history of Lance, coupled with the extensive and detailed work that has been carried out to assess switching to low-pH chemistry should help significantly reduce the risks associated with the redevelopment and restart of the Lance project.

VALUATION

As noted above, we have chosen to use an EV/EBITDA valuation methodology for Peninsula as we believe it is able to capture the relatively near-term potential of the company into the rising uranium price environment that we have forecast.

There are very few comparable companies to Peninsula as most publicly traded uranium companies are not producers and are not forecast to be producing in the next few years. For instance, based on consensus estimates Cameco Corporation (TSX-CCO, not covered) is currently trading at a 2023, 2024 and 2025 EV/EBITDA of 112x, 30.6x and 20.3x, respectively. We believe these multiples, which appear to be very high, reflect the ability of Cameco to restart the McArthur River mine that we think will happen in 2024 in response to higher uranium prices.

JSC National Atomic Company Kazatomprom (Kazatomprom, LSE-KAP, not covered) is one of the few uranium companies that has positive consensus EBITDA forecasts for 2023 to 2025; however, it trades at a much lower multiple than Cameco (approximately 5.6x to 7x EV/EBITDA). Kazatomprom's valuation has taken a strong downward turn due to the recent political instability in Kazakhstan (was previously approximately 10x EV/EBITDA for 2023-2025). The implications on the uranium market of the political unrest in Kazakhstan are not yet fully understood.

We believe using a 15x EV/EBITDA multiple, in line with how we value Paladin, is appropriate given that both companies are past producers that are looking to restart mines that have a proven operating history. Had Peninsula not carried out the extensive test work to switch to low-pH chemistry, we would use a lower multiple to reflect the risk.

We have calculated a $NAV_{8\%}$ of A$0.32 per share for Peninsula as shown in Figure 3. Peninsula is currently trading below our $NAV_{8\%}$ estimate (0.61x). We do not believe price to NAV (P/NAV) is an appropriate valuation metric for Peninsula as it does not capture the near-term potential driven by higher uranium prices and the restart timing of Lance.

Figure 2. RCC Valuation of Peninsula Energy Limited

FY2026e EBITDA	US$ 000	$30,672
2026 Multiple	x	15.0x
Implied 2026 EV	**US$ 000**	**$460,080**
Discount Rate	%	15%
PV of FY2026 EV	**US$ 000**	**$263,053**
Cash	US$ 000	$10,639
Debt	US$ 000	$0
Equity Value	US$ 000	$273,692
Shares Outstanding	000s	997,296
AUD:USD Exchange	US$	$0.70
Equity Value per Share	**A$/sh**	**$0.39**
Target Price	**A$/sh**	**$0.39**
Current Share Price		$0.20
Current P/NAV		0.61x
Implied Return to Target		101%
NAV	**A$/sh**	**$0.32**
Target P/NAV	x	1.22x

Source: Company filings, RCC estimates

As noted above, we estimate a net asset value per share using an 8% discount rate (NAV/sh) of A$0.32 which implies a 1.2x target price to NAV for our target price. As the current average Target Price / NAV for current and near-term producers is 2.1x, we believe our implied target price / NAV is reasonable in the context of the market.

Figure 3. RCC Net Asset Value Estimate

Item	Value (US$ 000)	Per Share (A$/sh)
Lance Project (NPV 8%)	$266,399	$0.38
SG&A (NPV 8%)	-$43,743	-$0.06
Cash (Current)	$11	$0.00
Debt	$1	$0.00
TOTAL NAV	**$222,668**	**$0.32**
FD in the Money Shares Outstanding (000s)	997,296	

Note: we have assumed a USD:AUD exchange rate of US$0.70

Source: Company filings, RCC estimates

Figure 4. Uranium Comparables

Company Name	Ticker	Share Price (US$)	Basic Shares Outstanding (M)	Fully Diluted Shares Outstanding (M)	Basic Market Capitalization (US$ M)	Cash and Equivalents (US$ M)	Debt (US$ M)	Enterprise Value (US$ M)	Reserves (M lbs U3O8)	M&I Resources (M lbs U3O8)	MI&I Resources (M lbs U3O8)	EV/lb Reserves (US$/lb)	EV/lb M&I Resource + Reserve (US$/lb)	EV/lb MI&I Resource + Reserve (US$/lb)
Senior Producers														
Cameco Corporation	TSX:CCO	$20.43	398.0	400.2	$8,131.9	$1,085.3	$812.2	$7,858.9	454.4	426.1	600.3	$17.29	$8.93	$7.45
JSC National Atomic Company Kazatomprom	KAS:KZAP	$36.20	259.4	259.4	$9,387.7	$423.1	$202.0	$9,166.6	564.8	506.9	696.5	$16.23	$8.55	$7.27
Average					$8,759.8	$754.2	$507.1	$8,512.7	509.6	466.5	648.4	$16.76	$8.74	$7.36
Junior Producers														
Peninsula Energy Limited	ASX:PEN	$0.14	997.3	997.3	$140.1	$4.8	$0.4	$135.7	0.0	15.8	53.6	n/a	$8.59	$2.53
Ur-Energy Inc.	TSX:URE	$1.17	216.0	223.9	$253.5	$24.1	$8.9	$238.3	0.0	32.9	41.2	n/a	$7.24	$5.79
Average					$196.8	$14.5	$4.7	$187.0	0.0	24.4	47.4	n/a	$7.91	$4.16
Development														
Boss Energy Limited	ASX:BOE	$1.67	285.5	294.8	$477.2	$15.1	$0.0	$462.2	0.0	32.9	71.4	n/a	$14.05	$6.47
Berkeley Energia Limited	ASX:BKY	$0.19	445.8	445.8	$83.5	$57.0	$67.0	$93.6	54.6	0.0	29.6	$1.71	$1.71	$1.11
Denison Mines Corp.	TSX:DML	$1.19	807.4	812.3	$963.4	$61.3	$0.4	$902.6	104.1	81.1	101.4	$8.67	$4.87	$4.39
Lotus Resources Limited	ASX:LOT	$0.20	1,204.1	1,241.9	$238.6	$20.4	$0.0	$218.2	0.0	26.5	37.9	n/a	$8.23	$5.75
Paladin Energy Limited	ASX:PDN	$0.55	2,678.9	2,683.9	$1,486.3	$22.1	$50.1	$1,514.3	62.8	233.1	318.9	$24.09	$5.12	$3.97
Uranium Energy Corp.	NYSEAM:UEC	$2.82	267.3	274.6	$753.7	$69.4	$8.0	$692.3	6.1	95.7	147.4	$113.73	$6.80	$4.51
Average (adjusted)					$783.8	$37.7	$11.7	$757.9	$34.6	$93.8	$135.4	$48.83	$7.81	$5.02
Explorers														
A-Cap Energy Limited	ASX:ACB	$0.11	1,149.1	1,150.2	$128.3	$2.6	$9.9	$135.7	0.0	42.1	190.2	n/a	$3.23	$0.71
Bannerman Energy Ltd	ASX:BMN	$0.18	1,231.8	1,248.8	$221.9	$9.0	$0.0	$212.9	57.3	85.6	181.5	$3.72	$1.49	$0.89
Blue Sky Uranium Corp.	TSXV:BSK	$0.16	185.5	185.5	$29.6	$2.2	$0.0	$27.4	0.0	0.0	22.7	n/a	n/a	$1.21
Deep Yellow Limited	ASX:DYL	$0.59	387.0	387.0	$230.1	$37.8	$0.4	$192.7	68.4	112.8	207.7	$2.82	$1.06	$0.70
Fission Uranium Corp.	TSX:FCU	$0.60	674.6	701.5	$403.8	$39.8	$6.0	$370.1	81.4	0.0	32.8	$4.55	$4.55	$3.24
Global Atomic Corporation	TSX:GLO	$2.58	174.8	185.6	$450.6	$6.0	$0.2	$444.7	43.7	0.0	0.0	$10.17	$10.17	$10.17
GoviEx Uranium Inc.	TSXV:GXU	$0.25	576.1	625.2	$142.6	$5.3	$0.0	$137.3	43.8	32.6	113.1	$3.13	$1.80	$0.87
Laramide Resources Ltd.	TSX:LAM	$0.47	200.0	222.6	$94.2	$4.4	$6.2	$95.9	0.0	43.9	122.7	n/a	$2.19	$0.78
NexGen Energy Ltd.	TSX:NXE	$4.09	477.1	514.1	$1,953.7	$189.8	$61.4	$1,825.3	239.6	0.0	80.7	$7.62	$7.62	$5.70
Skyharbour Resources Ltd.	TSXV:SYH	$0.41	132.0	149.2	$53.7	$8.1	$0.0	$45.7	0.0	0.0	7.0	n/a	n/a	$6.56
UEX Corporation	TSX:UEX	$0.25	543.8	561.1	$134.6	$3.7	$0.1	$130.9	5.5	108.0	144.2	$23.93	$1.15	$0.87
ValOre Metals Corp.	TSXV:VO	$0.33	140.0	143.9	$45.8	$3.1	$0.0	$42.7	0.0	0.0	43.5	n/a	n/a	$0.98
Western Uranium & Vanadium Corp.	CNSX:WUC	$1.12	41.6	41.6	$46.5	$3.2	$0.0	$43.2	0.0	42.8	95.7	n/a	$1.01	$0.45
Average					$302.7	$24.2	$6.5	$285.0	41.5	36.0	95.5	$7.99	$3.43	$2.55

Source: S&P Capital IQ, Company filings, RCC

Figure 5. Assumptions for Lance Project Valuation

Revised Feasibility Study H1/22
Investment Decision H2/22

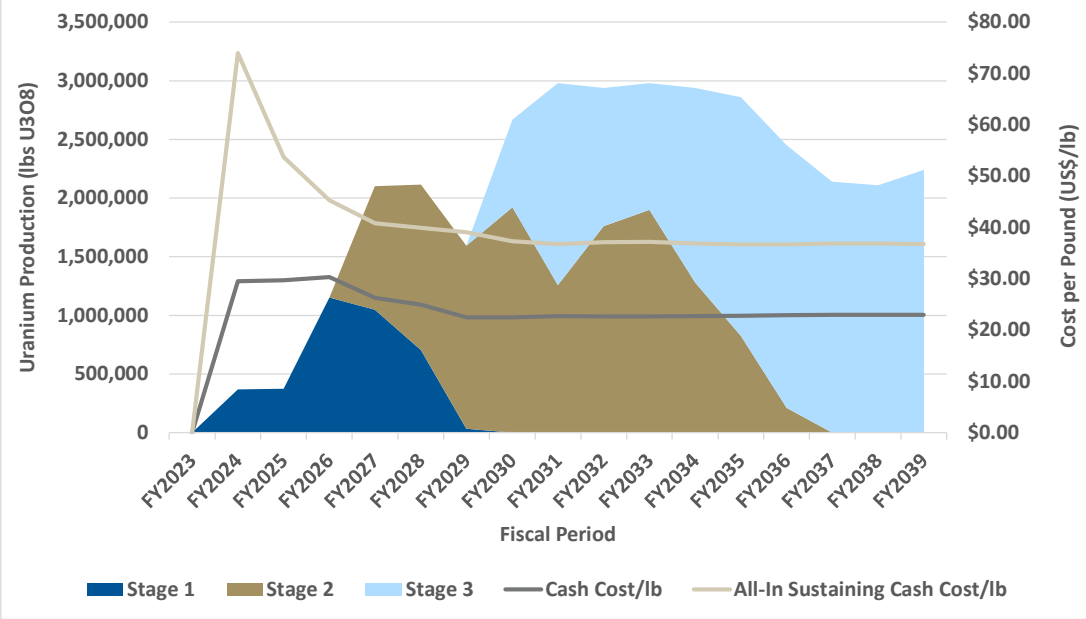
	Stage 1	Stage 2	Stage 3	Life of Mine
RCC Estimates				
Start Year	2023	2027	2030	
Peak Production (000s lbs)	1,150	1,900	2,240	2,980
Average Production (000s lbs)	614	1,318	1,715	2,126
Total Production (000s lbs)	3,681	13,176	17,154	34,011
Stage Life (years)	6	10	10	16
Cash Cost (US$/lb U3O8)	$30.22	$22.38	$22.92	$23.50
AISC (US$/lb U3O8)	$48.11	$37.95	$36.47	$38.31
Total Development Capital ($M)	$5.3	$43.1	$70.3	$118.7
Total Sustaining Capital ($M)	$54.0	$178.4	$198.5	$430.9
2018 Feasibility Estimates				
Start Year	n/a	n/a	n/a	
Peak Production (000s lbs)	1,150	1,900	2,240	2,980
Average Production (000s lbs)	614	1,318	1,715	2,126
Total Production (000s lbs)	3,681	13,176	17,154	34,011
Stage Life (years)	6	10	10	16
Cash Cost (US$/lb U3O8)	$27.22	$19.21	$19.83	$21.53
AISC (US$/lb U3O8)	$45.82	$33.54	$34.13	$34.12
Total Development Capital ($M)	$5.3	$43.1	$70.3	$118.7
Total Sustaining Capital ($M)	$37.7	$162.2	$180.5	$342.4

Note: For RCC estimates we have assumed annual corporate SG&A in addition to the costs outlined in the 2018 Feasibility study

Source: Company filings, RCC estimates

SUMMARY OF FORECASTS

Figure 6. Lance Production vs. Cash Costs & All In Sustaining Cash Costs



Source: Company filings, RCC

Figure 7. Summary of Peninsula Forecasts (June 30 year end)

Period		2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e
Uranium Price															
Spot	US$/lb	$52.71	$88.25	$95.00	$82.50	$72.50	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00
Realized Uranium Price	US$/lb	$50.00	$52.50	$54.08	$55.70	$65.23	$67.13	$67.61	$67.46	$68.88	$69.68	$70.00	$70.00	$70.00	$70.00
Pounds Sold	000s lbs U3O8	450,000	575,000	422,947	373,000	1,150,000	2,100,000	2,116,000	1,593,500	2,670,000	2,980,000	2,940,000	2,980,000	2,940,000	2,860,000
Revenue	US$ 000	$19,913	$30,188	$19,954	$20,775	$75,013	$140,970	$143,070	$107,504	$183,898	$207,634	$205,800	$208,600	$205,800	$200,200
Operating Costs	US$ 000	$12,850	$18,400	$12,078	$12,314	$39,341	$63,677	$61,446	$42,200	$71,051	$80,073	$78,951	$79,972	$79,157	$77,190
Gross Margin	US$ 000	$7,063	$11,788	$7,876	$8,461	$35,672	$77,293	$81,624	$65,304	$112,847	$127,561	$126,849	$128,628	$126,643	$123,010
Other	US$ 000	$28	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SG&A	US$ 000	$2,339	$2,350	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Depreciation	US$ 000	$0	$0	$885	$938	$4,805	$10,434	$12,388	$14,570	$27,932	$35,835	$40,689	$47,671	$54,319	$61,257
EBITDA	US$ 000	-$2,304	$2,438	$2,876	$3,461	$30,672	$72,293	$76,624	$60,304	$107,847	$122,561	$121,849	$123,628	$121,643	$118,010
Finance Costs/Interest	US$ 000	$15	$85	$63	$37	$69	$125	$318	$317	$363	$681	$1,025	$1,369	$1,717	$2,063
Net Income Before Taxes	US$ 000	-$2,289	$2,523	$2,054	$2,559	$25,936	$61,984	$64,554	$46,052	$80,278	$87,407	$82,185	$77,327	$69,041	$58,816
Income Tax	US$ 000	-$847	$933	$827	$888	$4,026	$9,719	$10,531	$8,747	$15,202	$17,195	$17,130	$17,375	$17,087	$16,583
Net Income	US$ 000	-$1,442	$1,589	$1,227	$1,671	$21,910	$52,266	$54,023	$37,305	$65,077	$70,212	$65,055	$59,952	$51,954	$42,233
Adjusted FD EPS	US$/sh	$0.01	$0.01	$0.00	$0.00	$0.02	$0.04	$0.04	$0.03	$0.05	$0.05	$0.05	$0.04	$0.04	$0.03
Capital Expenditures	US$ 000	$0	$12,800	$11,419	$3,962	$55,315	$25,371	$26,592	$91,780	$34,678	$36,966	$37,487	$38,226	$36,542	$34,722
Cash Operating Cost	US$/lb	$0.00	$0.00	$29.49	$29.67	$30.30	$26.29	$24.98	$22.43	$22.48	$22.69	$22.65	$22.64	$22.72	$22.79
AISC	US$/lb	$0.00	$0.00	$73.98	$53.70	$45.26	$40.76	$39.91	$39.05	$37.34	$36.77	$37.11	$37.14	$36.85	$36.68

Source: Company Filings, RCC

Figure 8. RCC Uranium Price Forecasts (CY2022 to Long-Term)

Calendar Year		2022E	2023E	2024E	2025E	Long-Term
Spot Price Forecast	US$/lb	$70	$100	$90	$75	$70
Long-Term Price Forecast	US$/lb	$58	$85	$85	$80	$70

Source: UxC LLC, RCC Estimates

TARGET PRICE: UPSIDE AND DOWNSIDE SCENARIOS

Upside Scenarios

Our A$0.39 target price may increase based on the following potential developments:

1. The most significant driver of our valuation of Peninsula is the uranium price. We have forecast a rising uranium price driven primarily by increased demand from reactors and, more importantly, at the margin on the spot market, demand from speculative investors and uranium holding funds (e.g. Sprott Physical Uranium Trust (SPUT, TSX:U.UN, not covered). We have forecast that the uranium price will average $100 per pound in CY2023 and we believe there is a chance it could exceed our expectations. In 2007 the uranium price peaked at $136 per pound.
2. We have modeled the Lance project as it was defined (production volume by year) in the 2018 feasibility study. The feasibility study assumes a 90% metallurgical recovery and 90% of the measured and indicated resource is assumed to be under wellfield patterns. The inferred resource of 38 million pounds of contained U_3O_8 assumes that only 60% are under wellfield patterns. It is possible that as the inferred is better defined we may see 90% of the inferred under wellfield patterns which would result in an increase in life of mine production of more than 10 million pounds (or approximately 3.5 years of mine life).
3. *In situ* recovery mines can have highly variable recoveries. Mines that have challenging chemistry or experience issues with the flow of acidified solutions in the orebody can have much lower recoveries than anticipated. However, ISR mines can also recover more than the reserve or resource has outlined as the acidic solutions do not discriminate between ore and material below the economic cut-off. Therefore, it is possible to have recoveries exceed 100% of the reserve or resource for some wellfield patterns.
4. We have assumed a relatively conservative pace for the development of the Lance project. Should the uranium price increase more rapidly than we or Peninsula management expect, we may see the development timelines shorten which may result in a higher valuation.

Downside Scenarios

1. Our uranium price forecast assumes, as noted above, that there is material demand from non-utility buyers, at the margin, which would result in increasing uranium prices. However, there is a risk that the level of demand from these sources is lower than expected and/or some of the buyers begin to liquidate their positions as many likely made their investments at much lower uranium prices. This may result in lower uranium prices which would negatively affect Peninsula's profitability and likely its share price as well.
2. While we believe that Peninsula has done a very thorough evaluation of the transition from alkaline to acidic chemistry, ISR projects can be unpredictable and may not perform as anticipated. Problems such as fluid channeling, slow reaction kinetics, challenging deposit geometry or structure, can negatively impact the forecast performance of an ISR wellfield.
3. At this time, Peninsula has no material debt on its balance sheet. If the company takes on significant levels of debt, this would increase the financial risk to the company and reduce its ability to weather lower uranium prices without risking insolvency or restructuring.
4. We believe that the restart of the Lance project as an acid-based ISR mine should be a relatively low-risk endeavour. However, there is always the risk that costs escalate and the timeline slips. We have attempted to capture some of the inflation that has occurred since 2018 (and it may be quite significant for some items) in our forecasts; however, there is a possibility

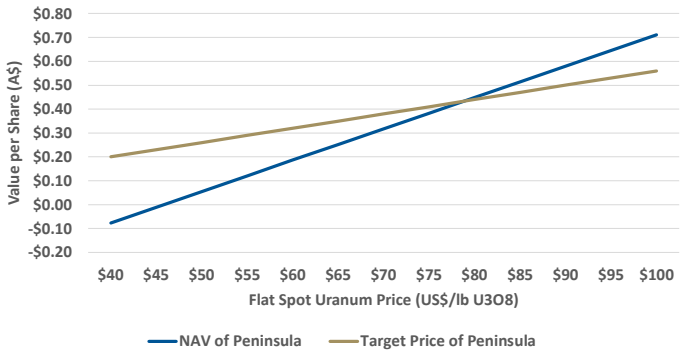
that our forecasts for capital and operating expenses are too low and will require revision when the upcoming feasibility is released.

5. The multiples at which uranium companies trade is very much determined by the direction the market believes the underlying commodity will trade in the future. Currently, it appears that the stock market is discounting higher future uranium prices. However, if there is reason to believe the uranium price will not increase in the future (or there are company-specific issues) we would anticipate a compression of multiples which would likely lead to lower share prices and lower target prices.

SENSITIVITIES

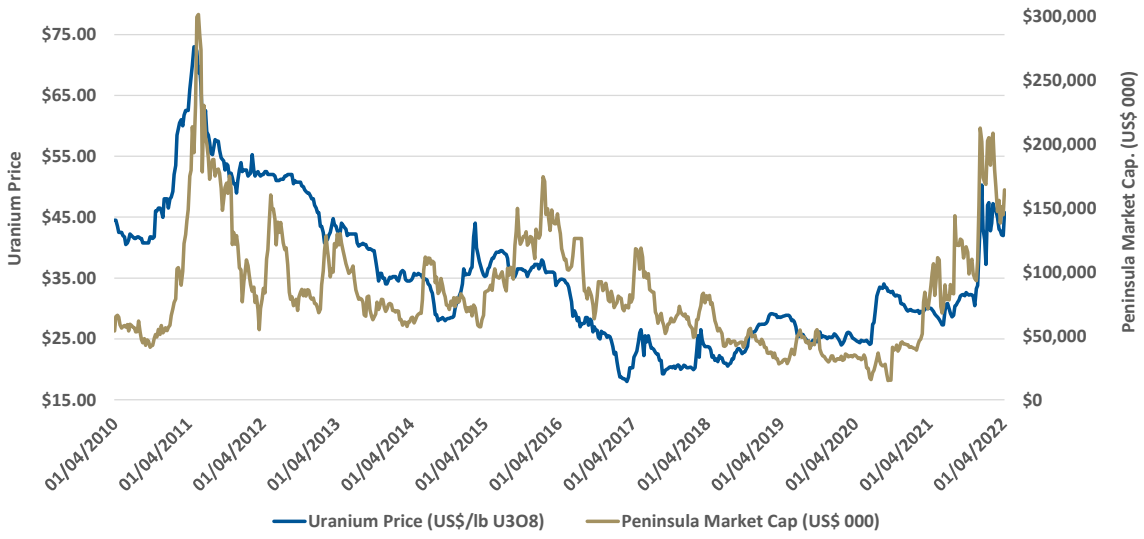
By its nature, Peninsula and the Lance project are most sensitive to changes in the future uranium price as that is the only revenue source we have forecast for the mine. Figure 9 shows the sensitivity to changes in the uranium price and the effect on our NAV estimate of the company and our implied target price assuming the same valuation methodology (all other variables remain unchanged).

Figure 9. Sensitivity to Uranium Price (flat, life of mine) on the NAV Estimate for Peninsula and RCC's Target Price for Peninsula



Source: Company filings, RCC Estimates

Figure 10. Peninsula's Market Capitalization (US$) vs. Uranium Price (US$/lb U_3O_8)



Source: Company filings, RCC Estimates

FORECAST SG&A, EXPLORATION AND FINANCINGS

We have estimated that Peninsula will incur corporate SG&A expenditures of $2.35 million per year until the Lance project commences operation; at that time, we estimate SG&A will increase to $5 million per year. We have not forecast any material exploration spending for Peninsula. The net present value of the corporate SG&A using an 8% discount rate is $43.7 million.

As of September 30, 2021, Peninsula had approximately $10.6 million of cash on its balance sheet. Given the capital requirements to fund the changes to the processing plant (to switch to acid-based chemistry) and the accelerated wellfield development required for Stage 1 of approximately $15 million, we are forecasting that Peninsula will raise $25 million in CY H2/22. This raise may coincide with a listing on a North American exchange which we believe would increase trading volumes and attract more North American shareholders to Peninsula as a uranium-leveraged investment and potentially a higher valuation. We are also forecasting a $30 million raise in FY2026 to fund the development of Stage 2.

PENINSULA JORC COMPLIANT RESOURCES FOR THE LANCE PROJECT

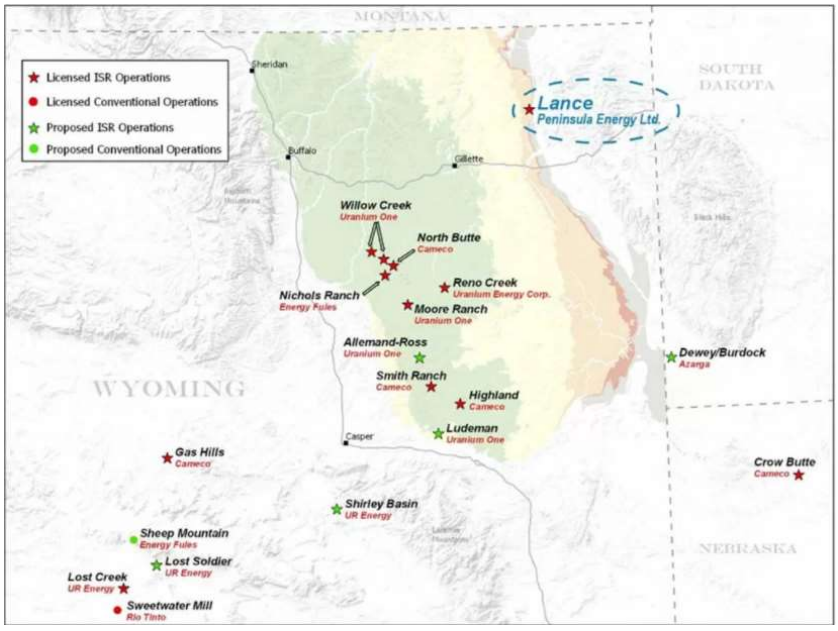
Figure 12. Resources for the Lance Project

Category	Tonnes	Grade (U3O8)	Contained U3O8 (Mlbs)
Measured	3.4	0.049%	3.7
Indicated	11.1	0.050%	12.1
Inferred	36.2	0.047%	37.8
Total	**50.7**	**0.048%**	**53.6**

Source: Company filings, RCC Estimates

LANCE PROJECT LOCATION

Figure 13. Map of Lance Project and other ISR Uranium Projects



Source: Company filings

CONTRACTING ASSUMPTIONS

As of the end of FY2021 (June 30, 2021), Peninsula had a forward sales contract book comprising 3.9 million pounds of committed deliveries and 1.35 million pounds of optional deliveries (at the option of the buyer). The deliveries extend to 2030 and we believe the pricing is base escalated with a current price of approximately $50 per pound, escalating with inflation (therefore, recent higher inflation may result in higher than anticipated realized prices). Of the total sold forward, 0.9 million pounds can be satisfied with material sourced on the open market (e.g. spot purchases). Before production commences, we forecast that Peninsula will make a gross margin of $7 million in FY22 and approximately $12 million in FY23. These may differ depending on how the deliveries are covered (with existing inventories or new spot purchases) and the margins generated.

We think Peninsula will seek to enter into new contracts once it has made a decision to move forward with the development of the Lance project. Until new contracts are signed, we have modelled the company's price realizations by assuming the existing contracts and that other future sales will be at our forecast spot price.

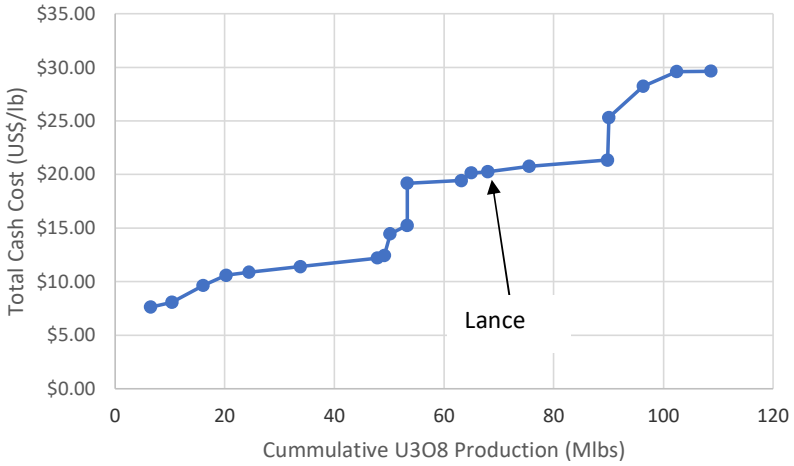
THE LANCE PROJECT

The Lance project is a wholly-owned in-situ recovery uranium project in the Powder River Basin in Wyoming, USA. The project was originally developed as an alkaline ISR mine (the same as all other ISR mines in the USA at the time) typically using carbon dioxide and sodium bicarbonate to extract uranium. Due to different mineral species and the geology of the deposit, the Lance project did not perform as anticipated using the alkaline chemistry. As a results, Peninsula began the process of investigating the technical feasibility of using acidic solutions to recover uranium and began the process of permitting an ISR mine using acid.

The Lance project received an amendment to its operating license from the Wyoming Department of Environmental Quality (WDEQ) for the use of low pH in-situ recovery (ISR) mining in March 2019 – this followed the release of a feasibility study on the use of low pH chemistry released by Peninsula in September 2018.

While the Lance project, with a peak production of almost 3 million pounds U_3O_8, is not a large mine, we believe that it will be profitable above $40 per pound once it reaches steady-state production and that its relatively unallocated forward sales book should allow the company to establish contracts that protect the company's downside should the uranium price fall below $40 per pound.

Figure 14. Uranium Cost Curve for Selected Mines

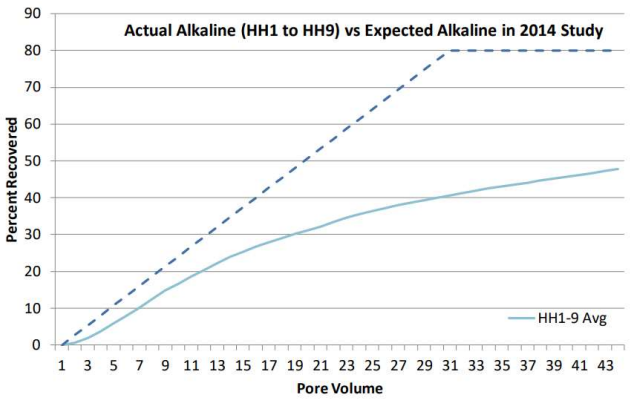


Source: S&P Capital IQ, RCC

LANCE: 2018 FEASIBILITY, TEST WORK AND FORECASTS

Lance was originally developed as an alkaline-based uranium ISR mine. However, it did not perform as expected with uranium recoveries falling well below expectations (see Figure 15). In Figure 15, one can see that the expected recoveries (dashed line) were far higher than the actual recoveries (solid line). The x-axis is pore volumes which is the ratio of air volume to a porous material's total volume.

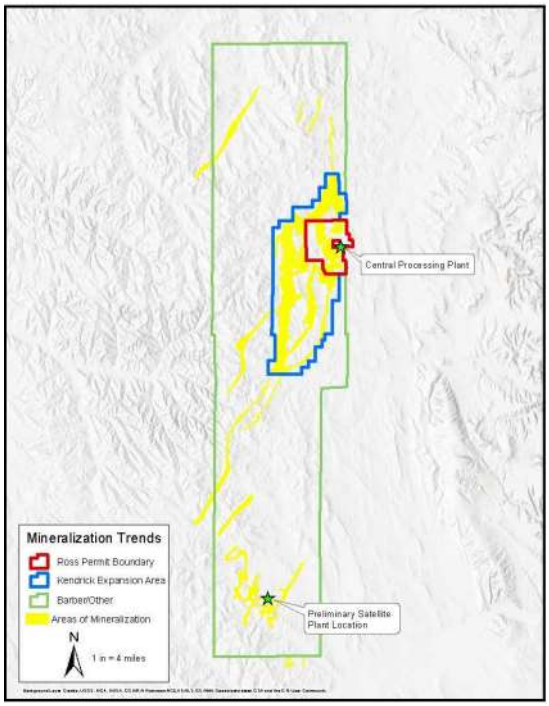
Figure 15. Projected vs. Actual Recovery from the Lance Project Using Alkaline Chemistry



Source: Company filings

As noted above, the Lance project was the subject of a 2018 feasibility study. The study identified three areas for ISR mining: Ross, Kendrick and Barber (which roughly correspond to the three stages of the project).

Figure 16. Lance Project: Map of Production Areas



Source: Company filings

Note that the third stage, which calls for mining the Barber area, requires a satellite plant where resin will be loaded and then sent to the Central Processing Plant for extraction and to produce the final product, U_3O_8.

The feasibility study determined that changing to an acid-based chemistry would work at Lance. Metallurgical testing was carried out to determine the number of pore volumes required, the pH of the solution and the expected concentration of dissolved uranium in the solution (measured as ppm or mg U/L). The feasibility study anticipated the head grade flowing to the processing plant would be 70 ppm U_3O_8 (we have assumed 65 ppm) and an acid consumption of 58 pounds per pound of uranium extracted.

In December 2021, Peninsula provided an update regarding the field test work using acid-based chemistry at Lance. Mine Unit 1 (MU1A) was used as the test area for the switch in chemistries. This wellfield had been previously operated as an alkaline-based ISR, so some of the uranium had already been extracted, but the infrastructure was in place (thereby reducing costs).

The key findings of the field work carried out by Peninsula were:

ISR Patterns

The pattern used for the testing was a ring of injector wells surrounding three production (extraction) wells at approximately 125 foot spacing which is 67% larger than the spacing used when the mine was operated using alkaline solutions. Unfortunately, this design proved inefficient. Peninsula determined that it was taking too long to flood the patterns with solution and that the surrounding rock that was unmineralized (i.e. no uranium) consumed more acid than expected and there were slower rates of acidification of the target area. Peninsula installed a smaller well pattern to test whether a tighter wellfield spacing would improve the productivity of the project – it did (see Figure 17). Going forward, we anticipate that the company will require more wells than anticipated in the feasibility study, but we also expect different patterns will be used to most efficiently recover the uranium. As seen in Figure 16, the mineralized areas are highly variable and sinuous which will require modification of the patterns as the wellfields are developed.

Figure 17. Lance Low-pH Test Pattern (note the tighter spaced wells on the east side of the pattern)

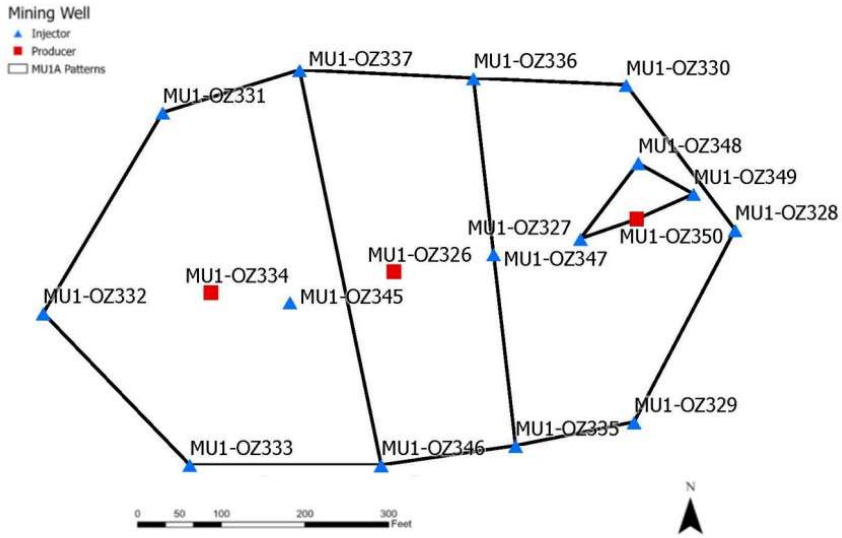


Figure 1: Modified Patterns within MU1A

Source: Company filings

Oxidant Addition

The testing carried out by Peninsula determined that the addition of an oxidant to the solution would significantly improve uranium recoveries. Gaseous oxygen or liquid hydrogen peroxide were identified as the leading candidates with hydrogen peroxide selected as the superior reagent. A license amendment application has been made with the WDEQ to expand the list of oxidants to include hydrogen peroxide and a draft license revision is expected to be published soon. We believe this is the last permit required before Peninsula can develop and operate the Lance project.

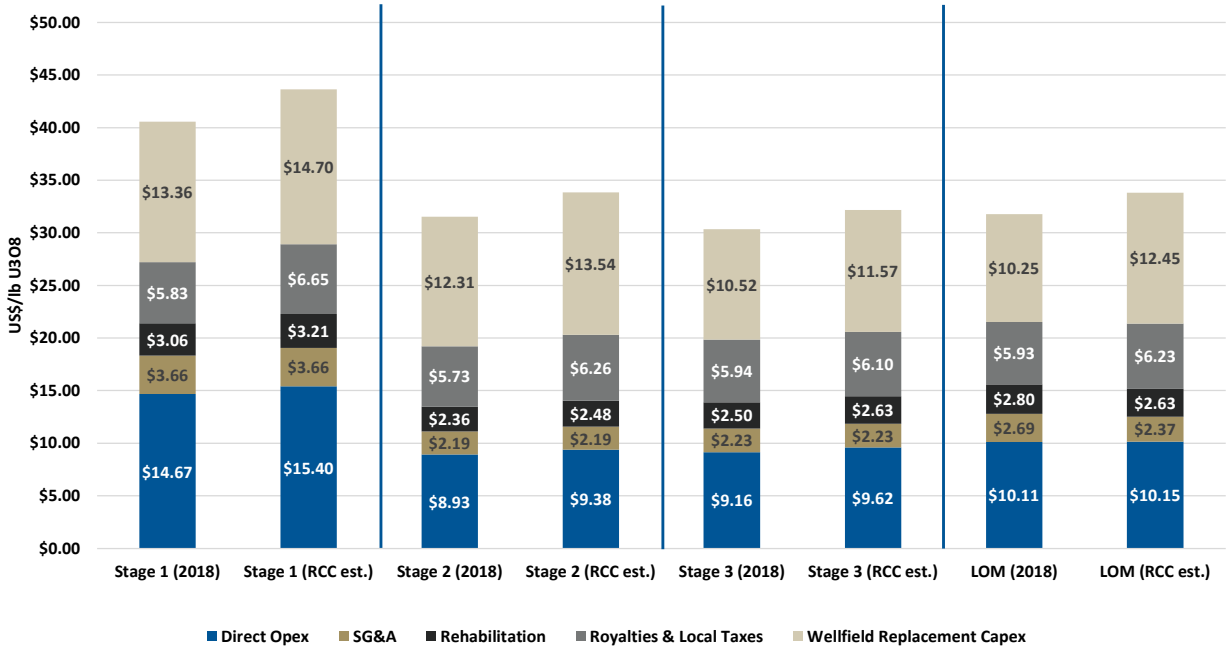
Solids Management

Peninsula identified fine solids for uranium recovery. The company is proposing to use ponds to settle fine particles before the solutions are processed. This is a common method of managing solids in Kazakhstan where ISR uranium recovery has allowed the country to become the largest uranium producer in the world. The amendment to Peninsula's permit to allow for settling ponds for solids management has yet to be approved, but the project can move forward without it if necessary.

Outcome

Peninsula is using the data gathered during the extensive field testing to refine its feasibility study. A decision to commence construction will be made when the new feasibility is prepared for the first half of calendar 2022 and the prevailing uranium market conditions are determined to be appropriate to move forward with development.

Figure 18. All In Cash Costs (ex-corporate SG&A) – 2018 Feasibility vs. RCC Estimates for Stages 1-3 and LOM



Source: Company filings, RCC estimates

MANAGEMENT, DIRECTORS & ADVISORS

Wayne Heili, Managing Director / Chief Executive Officer

Mr Heili has spent the bulk of his 30+-year professional career in the uranium mining industry. Prior to joining Peninsula he most recently served as President and Chief Executive Officer of Ur-Energy, Inc. where he successfully oversaw the design, construction, commissioning and ramp-up of the Lost Creek in-situ uranium project in Wyoming USA.

Prior to joining Ur-Energy, Inc., Mr Heili served as Operations Manager of the Christensen/Irigaray in-situ uranium mines in Wyoming and has experience in ISR and conventional uranium mines in Texas. He holds a Bachelor of Science in Metallurgical Engineering from Michigan Technological University and is a past President of the Uranium Producers of America.

Ron Chamberlan, Chief Financial Officer and Joint Company Secretary

Mr Chamberlain is a finance professional with more than 30 years' experience in resources, and in particular more than 10 years specialising in the uranium sector. He has previously held the roles of CFO for Paladin Energy, acting CFO and Non-Executive Director of Extract Resources and more recently CFO at Vimy Resources. He also has significant experience in the US, where he lived and worked in his role as Vice President US Operations with Iluka Resources, overseeing treasury, risk, and finance. Mr Chamberlain holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand.

Jonathan Whyte, Joint Company Secretary

Mr Whyte is a Chartered Accountant and has extensive corporate, company secretarial financial accounting experience across a number of listed and unlisted resource sector companies. Mr Whyte is currently Company Secretary of ASX listed Ironbark Zinc Limited and Infinity Lithium Corporation Limited and is Company Secretary of AIM listed Empyrean Energy Plc. Mr Whyte previously worked in the investment banking sector in London over a period of 6 years for Credit Suisse and Barclays Capital Plc.

John Harrison, Non-Executive Chairman

Mr Harrison brings to Peninsula a wealth of broking and corporate finance experience acquired over a 45-year career, including 20 years of investment banking in London. During this time, Mr Harrison developed an extensive international contact base advising companies across a range of commodities (including uranium), as well as related engineering and service businesses, in both an M&A and Equity Capital markets context. He acted for numerous companies quoted on the Main List and the Alternative Investment Market of the London Stock Exchange, as well as the Australian, Johannesburg and Toronto Exchanges.

During his investment banking career, Mr Harrison was the Managing Director at Numis Securities in London in charge of the Corporate Finance resources sector and subsequently UK Chairman of specialist Anglo-Australian resources advisory and broking business RFC Ambrian. He was founding Chairman of UK coking coal development company West Cumbria Mining Ltd and is currently a Non-Executive Director of that company.

Harrison Barker, Non-Executive Director

Harrison 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 U3O8 to UF6, enrichment of UF6, 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.

Mark Wheatly, Non-Executive Director

Mr Wheatley is a chemical engineer with corporate finance experience and a career spanning more than 30 years in mining and related industries. He has worked in the uranium industry since 2003 and been involved in ISL project exploration, feasibility studies, start up, production, rehabilitation and closure. His uranium experience includes the roles of Chairman and CEO of Southern Cross Resources Inc., the operator of the Honeymoon ISR uranium project, Non-Executive Director of Uranium One Inc. and Uranium Resources Inc. Mr Wheatley is currently a Non-Executive Director of Ora Banda Mining Limited and Non-Executive Chairman of Prospect Resources Limited. His other board roles have included Non-Executive Chairman of Xanadu Mines Ltd, Gold One International Ltd, Goliath Gold Mining Ltd, Norton Gold Fields Ltd and non-executive directorships of St Barbara Ltd and Riversdale Resources Limited.

APPENDIX 1: FINANCIAL STATEMENTS

Peninsula ENERGY LTD. JUNE YEAR END (US$)	Unit	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
INCOME STATEMENTS															
Revenue	US$ 000	$19,913	$30,188	$19,954	$20,775	$75,013	$140,970	$143,070	$107,504	$183,898	$207,634	$205,800	$208,600	$205,800	$200,200
Operating Costs	US$ 000	$12,850	$18,400	$12,078	$12,314	$39,341	$63,677	$61,446	$42,200	$71,051	$80,073	$78,951	$79,972	$79,157	$77,190
Gross Margin	US$ 000	$7,063	$11,788	$7,876	$8,461	$35,672	$77,293	$81,624	$65,304	$112,847	$127,561	$126,849	$128,628	$126,643	$123,010
Other Income	US$ 000	-$28	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Standby Costs	US$ 000	-$7,000	-$7,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SG&A		-$2,339	-$2,350	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000
EBITDA	US$ 000	-$2,304	$2,438	$2,876	$3,461	$30,672	$72,293	$76,624	$60,304	$107,847	$122,561	$121,849	$123,628	$121,643	$118,010
Depreciation/Depletion	US$ 000	$0	$0	-$885	-$938	-$4,805	-$10,434	-$12,388	-$14,570	-$27,932	-$35,835	-$40,689	-$47,671	-$54,319	-$61,257
Forex Gain/(Loss)	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Derivative Fair Value Movement	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest Income	US$ 000	$17	$85	$63	$37	$69	$125	$318	$317	$363	$681	$1,025	$1,369	$1,717	$2,063
Interest Expense	US$ 000	-$2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Income Before Tax	US$ 000	-$2,289	$2,523	$2,054	$2,559	$25,936	$61,984	$64,554	$46,052	$80,278	$87,407	$82,185	$77,327	$69,041	$58,816
Income Tax	US$ 000	-$847	$933	$827	$888	$4,026	$9,719	$10,531	$8,747	$15,202	$17,195	$17,130	$17,375	$17,087	$16,583
Net Income	US$ 000	-$1,442	$1,589	$1,227	$1,671	$21,910	$52,266	$54,023	$37,305	$65,077	$70,212	$65,055	$59,952	$51,954	$42,233
Adjusted EPS															
Basic	US$/sh	$0.01	$0.01	$0.00	$0.00	$0.02	$0.04	$0.04	$0.03	$0.05	$0.05	$0.05	$0.04	$0.04	$0.03
Fully Diluted	US$/sh	$0.01	$0.01	$0.00	$0.00	$0.02	$0.04	$0.04	$0.03	$0.05	$0.05	$0.05	$0.04	$0.04	$0.03

Peninsula ENERGY LTD. JUNE YEAR END (US$)	Unit	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
CASH FLOW STATEMENTS															
Cash Flow From Operations															
Receipts from Customers	US$ 000	$19,913	$30,188	$19,954	$20,775	$75,013	$140,970	$143,070	$107,504	$183,898	$207,634	$205,800	$208,600	$205,800	$200,200
Payments to Suppliers & Empl.	US$ 000	-$9,339	-$9,350	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000	-$5,000
Payments for Strategic Uranium	US$ 000	-$12,850	-$18,400	-$12,078	-$12,314	-$39,341	-$63,677	-$61,446	-$42,200	-$71,051	-$80,073	-$78,951	-$79,972	-$79,157	-$77,190
Interest Paid	US$ 000	-$2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest Received	US$ 000	$17	$85	$63	$37	$69	$125	$318	$317	$363	$681	$1,025	$1,369	$1,717	$2,063
Income Taxes (Paid)/Refunded	US$ 000	$620	-$933	-$827	-$888	-$4,026	-$9,719	-$10,531	-$8,747	-$15,202	-$17,195	-$17,130	-$17,375	-$17,087	-$16,583
Other	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash From Operations	**US$ 000**	**-$1,641**	**$1,589**	**$2,112**	**$2,609**	**$26,715**	**$62,699**	**$66,410**	**$51,875**	**$93,009**	**$106,047**	**$105,744**	**$107,623**	**$106,273**	**$103,490**
Cash from Investing Activities															
PP&E	US$ 000	$0	-$12,800	-$11,419	-$3,962	-$55,315	-$25,371	-$26,592	-$91,780	-$34,678	-$36,966	-$37,487	-$38,226	-$36,542	-$34,722
Payments for Mineral Dev.	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proceeds from Sale	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Performance Bonds	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash from Investing	**US$ 000**	$0	-$12,800	-$11,419	-$3,962	-$55,315	-$25,371	-$26,592	-$91,780	-$34,678	-$36,966	-$37,487	-$38,226	-$36,542	-$34,722
Cash from Financing Activities															
Proceeds from Equity	US$ 000	$0	$25,000	$0	$0	$30,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Share Issue Cost	US$ 000	$0	-$1,500	$0	$0	-$1,800	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proceeds from Borrowings	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Repayments of Borrowings	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Borrowing Costs	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash from Financing	**US$ 000**	**$0**	**$23,500**	**$0**	**$0**	**$28,200**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Changes in Cash	US$ 000	-$1,641	$12,289	-$9,307	-$1,353	-$399	$37,329	$39,819	-$39,905	$58,331	$69,082	$68,257	$69,397	$69,731	$68,768
Cash at Beginning of Period	US$ 000	$6,701	$5,060	$17,350	$8,042	$6,690	$6,290	$43,619	$83,438	$43,533	$101,864	$170,945	$239,202	$308,599	$378,330
Exchange Rate Changes	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash at End of Period	US$ 000	$5,060	$17,350	$8,042	$6,690	$6,290	$43,619	$83,438	$43,533	$101,864	$170,945	$239,202	$308,599	$378,330	$447,098

Peninsula ENERGY LTD. JUNE YEAR END (US$)	Unit	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
BALANCE SHEETS															
CURRENT ASSETS															
Cash and Equivalents	US$ 000	$5,060	$17,350	$8,042	$6,690	$6,290	$43,619	$83,438	$43,533	$101,864	$170,945	$239,202	$308,599	$378,330	$447,098
Trade and Receivables	US$ 000	$10,772	$10,772	$10,772	$10,772	$10,772	$10,772	$10,772	$10,772	$10,772	$10,772	$10,772	$10,772	$10,772	$10,772
Inventory	US$ 000	$499	$499	$499	$499	$499	$499	$499	$499	$499	$499	$499	$499	$499	$499
Held for Sale Assets	US$ 000	$916	$916	$916	$916	$916	$916	$916	$916	$916	$916	$916	$916	$916	$916
Other Financial Assets	US$ 000	$6,566	$6,566	$6,566	$6,566	$6,566	$6,566	$6,566	$6,566	$6,566	$6,566	$6,566	$6,566	$6,566	$6,566
TOTAL CURRENT ASSETS	**US$ 000**	**$23,813**	**$36,103**	**$26,795**	**$25,443**	**$25,043**	**$62,372**	**$102,191**	**$62,286**	**$120,617**	**$189,698**	**$257,955**	**$327,352**	**$397,083**	**$465,851**
LONG-TERM ASSETS															
Trade and Other Rec.	US$ 000	$3,001	$3,001	$3,001	$3,001	$3,001	$3,001	$3,001	$3,001	$3,001	$3,001	$3,001	$3,001	$3,001	$3,001
Inventory	US$ 000	$9,419	$9,419	$9,419	$9,419	$9,419	$9,419	$9,419	$9,419	$9,419	$9,419	$9,419	$9,419	$9,419	$9,419
PP&E	US$ 000	$57,351	$70,151	$80,685	$83,709	$134,218	$149,155	$163,359	$240,569	$247,315	$248,445	$245,244	$235,799	$218,021	$191,487
Other	US$ 000	$6,084	$6,084	$6,084	$6,084	$6,084	$6,084	$6,084	$6,084	$6,084	$6,084	$6,084	$6,084	$6,084	$6,084
TOTAL LONG TERM ASSETS	**US$ 000**	**$75,855**	**$88,655**	**$99,189**	**$102,213**	**$152,722**	**$167,659**	**$181,863**	**$259,073**	**$265,819**	**$266,949**	**$263,748**	**$254,303**	**$236,525**	**$209,991**
TOTAL ASSETS	**US$ 000**	**$99,668**	**$124,758**	**$125,985**	**$127,655**	**$177,766**	**$230,031**	**$284,054**	**$321,359**	**$386,435**	**$456,647**	**$521,702**	**$581,655**	**$633,609**	**$675,842**
CURRENT LIABILITIES															
Trade and Other Payables	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Lease Liabilities	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Provisions	US$ 000	$7,398	$7,398	$7,398	$7,398	$7,398	$7,398	$7,398	$7,398	$7,398	$7,398	$7,398	$7,398	$7,398	$7,398
Liabilities: held for sale assets	US$ 000	$608	$608	$608	$608	$608	$608	$608	$608	$608	$608	$608	$608	$608	$608
TOTAL CURRENT LIABILITIES	**US$ 000**	**$145**	**$145**	**$145**	**$145**	**$145**	**$145**	**$145**	**$145**	**$145**	**$145**	**$145**	**$145**	**$145**	**$145**
LONG-TERM LIABILITIES															
Borrowings	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Provisions	US$ 000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Deferred Tax	US$ 000	$8	$8	$8	$8	$8	$8	$8	$8	$8	$8	$8	$8	$8	$8
TOTAL LONG TERM LIABILITIES	**US$ 000**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**	**$12,638**
EQUITY															
Issued Capital	US$ 000	$252,502	$276,002	$276,002	$276,002	$304,202	$304,202	$304,202	$304,202	$304,202	$304,202	$304,202	$304,202	$304,202	$304,202
Reserves	US$ 000	$8,046	$8,046	$8,046	$8,046	$8,046	$8,046	$8,046	$8,046	$8,046	$8,046	$8,046	$8,046	$8,046	$8,046
Accumulated Losses	US$ 000	-$183,146	-$181,556	-$180,329	-$178,659	-$156,748	-$104,483	-$50,460	-$13,155	$51,921	$122,133	$187,188	$247,141	$299,095	$341,328
Equity to Parent	US$ 000	$77,402	$102,492	$103,719	$105,389	$155,500	$207,765	$261,788	$299,093	$364,169	$434,381	$499,436	$559,389	$611,343	$653,576
Non-Controlling Interest	US$ 000	-$1,192	-$1,192	-$1,192	-$1,192	-$2,176	-$2,724	-$3,521	-$4,207	-$4,974	-$5,983	-$7,003	-$7,941	-$8,780	-$9,486
TOTAL EQUITY	**US$ 000**	**$76,238**	**$101,300**	**$102,527**	**$104,197**	**$153,324**	**$205,041**	**$258,267**	**$294,886**	**$359,195**	**$428,398**	**$492,433**	**$551,448**	**$602,563**	**$644,090**
TOTAL LIAB + SHAREHOLDERS EQ	**US$ 000**	**$99,668**	**$124,758**	**$125,985**	**$127,655**	**$177,766**	**$230,031**	**$284,054**	**$321,359**	**$386,435**	**$456,647**	**$521,702**	**$581,655**	**$633,609**	**$675,842**

Source: Company filings, RCC Estimates

RISKS

See **"TARGET PRICE UPSIDE AND DOWNSIDE SCENARIOS"** above.

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Toronto 416.860.7600 - Montreal 514.399.1500 - Vancouver 604.662.1800 - Calgary 403.218.6375 - Regina 306.566.7550 - St. Albert 780.460.6460

INSTITUTIONAL EQUITY DEPARTMENT

RESEARCH

TORONTO

Adam Schatzker	416.860.6781	Managing Director, Mining
Stuart McDougall	416.860.8636	Analyst, Mining
Andre Uddin	416.860.8675	Managing Director, Healthcare Research
Yue Ma	902.367.4786	Analyst, Healthcare Research
Venkata Velagapudi	416.860.8633	Analyst, Special Situations
Jack Keating	416.860.7658	Research Associate
Sara Becher	416.860.7795	Research & Marketing Manager

CALGARY

Bill Newman, CFA	403.260.2460	Senior Analyst

SALES & TRADING

TORONTO

Jeff Crane	416.860.8681
Terry Sugrue	416.860.7747
Doug Van Peteghem	416.860.7755
Jamie Riff	416.860.6849
Elena Laudisa	416.860.7651
Evan Trott	416.860.7655