

Peninsula Energy (PEN)

Rating: Buy | Risk: High | Price Target: \$0.34

Approaching FID at Lance Uranium

Key Information

Current Price (\$ps)	0.17
12m Target Price (\$ps)	0.34
52 Week Range (\$ps)	0.15 - 0.30
Target Price Upside (%)	99.3%
TSR (%)	99.3%
Reporting Currency	AUD
Market Cap (\$m)	170
Sector	Energy
Avg Daily Volume (m)	1.3
ASX 200 Weight (%)	0.01%

Fundamentals

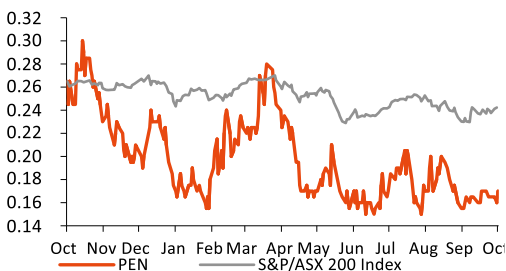
YE 30 Jun (AUD)	FY21A	FY22E	FY23E	FY24E
Sales (\$m)	10	24	15	47
NPAT (\$m)	(1)	1	(4)	3
EPS (cps)	(0.2)	0.1	(0.4)	0.3
EPS Growth (%)	81.9%	121.9%	nm	174.1%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY21A	FY22E	FY23E	FY24E
P/E (x)	(68.7)	nm	(47.8)	64.5
EV/EBITDA (x)	(179.8)	394.5	(72.0)	17.4
Div Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%

Price Performance

YE 30 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	4.9%	4.1%	0.2%	(27.2%)
Absolute (%)	9.7%	0.0%	0.0%	(35.8%)
Benchmark (%)	4.8%	(4.1%)	(0.2%)	(8.6%)



Price performance indexed to 100

Source: FactSet

Major Shareholders

Paradise Investment Management	8.8%
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Event

Peninsula has released its September quarterly activities report. The highlight during the quarter was the release of the Definitive Feasibility Study (DFS) at the Lance Uranium Project in Wyoming. We expect Peninsula to announce a Final Investment Decision this quarter.

Key results from the DFS include a pre-tax NPV₈ of US\$125m and an IRR of 43% using an average sales price of US\$62/lb. The company assumes steady-state production of 2Mlbs from year 4 (approx. FY28) to produce 14Mlbs across the life-of-mine and life-of-mine all-in-costs of US\$46/lb. This compares to the total current resource base of 54Mlbs and exploration upside previously assessed to be 50-150Mlbs (2015).

Highlights

- PEN's flagship Lance Projects in Wyoming, USA, requires low upfront capital and can rapidly restart post a Final Investment Decision. PEN is the only ASX company with direct exposure to US Government initiatives which are pro-domestic mine development.
- PEN has an existing contract book and product inventory, with a binding purchase agreement netting a cash margin of US\$7.8m in CY2021 (450klbs) and >US\$9m in CY22 (450klbs). The company has long-term sales contracts extending to 2030, up to 4.8Mlbs at US\$56-58/lb U₃O₈ with major utilities across Europe and the US.
- The company is looking to switch operations from high to low pH in order to increase product yields. The results of the 18-month field demonstration, which completed Dec21q (uranium average grades ~60-70ppm and peak grades ~150ppm) suggest that the targeted low-pH chemistry and field patterns are effective in dissolving and recovering uranium.
- The DFS details a simplified, two-stage, ramp-up to 2Mlbs/yr, with production sourced from the Ross and Kendrick areas of Lance Projects. The DFS concludes a pre-tax NPV₈ of US\$125m and an IRR of 43% using an average sales price of US\$62/lb. Key features include:
 - Total development/ upfront capex for the two stages of ~US\$80m (~US\$9m for Stage 1 and ~US\$70m for Stage 2).
 - The company assumes steady-state production of 2Mlbs from year 4 to produce 14Mlbs across the life-of-mine. This compares to the current resource base of 54Mlbs and exploration upside previously assessed to be 50-150Mlbs.
 - Life-of-mine All-in Sustaining Costs of US\$39/lb and All-in Costs of US\$46/lb.
 - Our post-tax NPV₁₀ of US\$128m is in line with the company's DFS results.
- Strong balance sheet – the company is term debt free with an unrestricted net cash balance of US\$8m (end Sep22q, + 310klbs uranium inventory with a market value ~US\$15m).
- Peninsula generated sales revenue of US\$10.8m in the quarter on the sale of 200klb of uranium at US\$54.15/lb pursuant to a long-term contract.
- During the quarter the US Department of Energy (DOE) released a request for proposal for the purchase of uranium to satisfy the US\$75m Uranium Reserve budget allocation. Peninsula has submitted a qualifying bid with the result expected in coming days.

Recommendation

We maintain our Buy recommendation. And price target of A\$0.34ps, set at 1.3x our fully diluted valuation of A\$0.26ps.

We continue to like PEN for its operations being in the US, having an existing contract book, and its leverage to a uranium sector upcycle.

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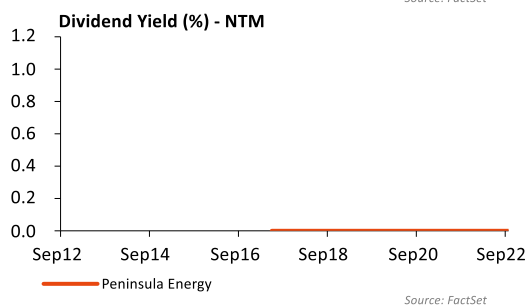
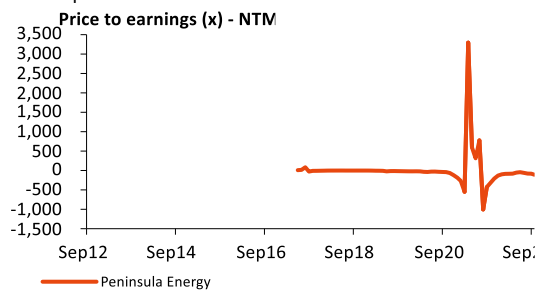
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FactSet: PEN-AU / Bloomberg: PEN AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.17
Target Price (\$ps)	0.34
52 Week Range (\$ps)	0.15 - 0.30
Shares on Issue (m)	997
Market Cap (\$m)	170
Enterprise Value (\$m)	158
TSR (%)	99.3%

Valuation NPV	Data
Valuation (\$m)	352
Valuation per share (cps) (AUD)	0.35

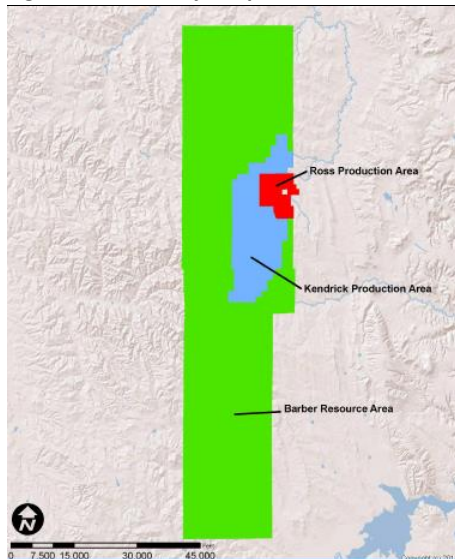
Peninsula Energy is an ASX listed company that owns the Lance Uranium Project in Wyoming, USA which are in transition from an alkaline to a low pH in-situ recovery operation. The Lance Project requires low upfront capital and can rapidly restart post a Final Investment Decision. PEN is the only ASX company with direct exposure to US Government initiatives which are pro-domestic mine development.



Financial Year End: 30 June

Investment Summary (AUD)	FY20A	FY21A	FY22E	FY23E	FY24E
EPS (Reported) (cps)	(1.4)	(0.2)	0.1	(0.4)	0.3
EPS (Underlying) (cps)	(1.4)	(0.2)	0.1	(0.4)	0.3
EPS (Underlying) Growth (%)	91.9%	81.9%	121.9%	nm	174.1%
PE (Underlying) (x)	(5.3)	(68.7)	nm	(47.8)	64.5
EV / EBIT (x)	(81.2)	(179.8)	394.5	(39.7)	48.9
EV / EBITDA (x)	(82.3)	(179.8)	394.5	(72.0)	17.4
DPS (cps) (AUD)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Franking (%)	0%	0%	0%	0%	0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Free Cash Flow Yield (%)	(20.0%)	(10.9%)	1.5%	(3.3%)	(1.4%)
Profit and Loss (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	6	10	24	15	47
Sales Growth (%)	(7.8%)	60.8%	144.0%	(37.5%)	216.3%
Other Operating Income	1	1	0	0	0
EBITDA	(2)	(1)	0	(2)	9
EBITDA Margin (%)	(31.6%)	(9.0%)	1.7%	(14.7%)	19.3%
Depreciation & Amortisation	0	0	0	(2)	(6)
EBIT	(1.9)	(0.9)	0.4	(4.0)	3.2
EBIT Margin (%)	(32.1%)	(9.0%)	1.7%	(26.7%)	6.9%
Net Interest	(4)	0	0	0	(0)
Pretax Profit	(6)	(1)	1	(4)	3
Minorities	0	0	0	0	0
NPAT Underlying	(6)	(1)	1	(4)	3
Significant Items	1	1	0	0	0
NPAT Reported	(7)	(2)	1	(4)	3
Cashflow (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	(2)	(1)	0	(4)	3
Tax Paid	(0)	0	(0)	0	0
Net Interest	(2)	(0)	0	0	(0)
Change in Working Capital	0	(9)	2	0	(2)
Depreciation & Amortisation	0	0	0	2	6
Other	(4)	(7)	0	0	0
Operating Cashflow	(8)	(17)	2	(2)	7
Capex	(0)	(0)	0	(5)	(10)
Acquisitions and Investments	0	0	0	0	0
Disposal of Fixed Assets/Investments	0	0	0	0	0
Other	(0)	0	(2)	(2)	(2)
Investing Cashflow	(0)	(0)	(2)	(7)	(12)
Free Cashflow	(8)	(17)	2	(6)	(3)
Equity Raised / Bought Back	31	11	0	20	0
Dividends Paid	0	0	0	0	0
Change in Debt	(16)	1	0	10	0
Other	(0)	0	0	0	0
Financing Cashflow	15	12	0	30	0
Exchange Rate Effect	0	0	0	0	0
Net Change in Cash	7	(5)	0	22	(5)
Balance Sheet (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash	12	7	7	29	24
Accounts Receivable	1	11	2	1	4
Inventory	0	0	2	1	3
Other Current Assets	3	7	7	7	7
PPE	19	19	19	21	24
Total Assets	82	92	87	112	118
Accounts Payable	1	7	2	1	4
Short Term Debt	1	1	0	0	0
Long Term Debt	0	0	1	11	11
Total Liabilities	15	24	18	27	30
Total Shareholder Equity	67	78	78	94	97
Ratios	FY20A	FY21A	FY22E	FY23E	FY24E
ROE (%)	(14.1%)	(3.2%)	0.7%	(4.4%)	3.1%
Gearing (%)	(20.0%)	(8.4%)	(9.0%)	(24.0%)	(16.2%)
Net Debt / EBITDA (x)	5.9	6.9	(16.3)	8.4	(1.5)
Price to Book (x)	0.9	2.2	2.2	2.1	2.0

Figure 1: Lance Projects production areas



Source: Company reports, Shaw analysis

Lance Projects overview

The Lance Projects, broken into the Ross, the Kendrick and the Barber deposits (Figure 1), are located on the north-east flank of the Powder River Basin in Wyoming. They are a series of in situ recovery (ISR) deposits.

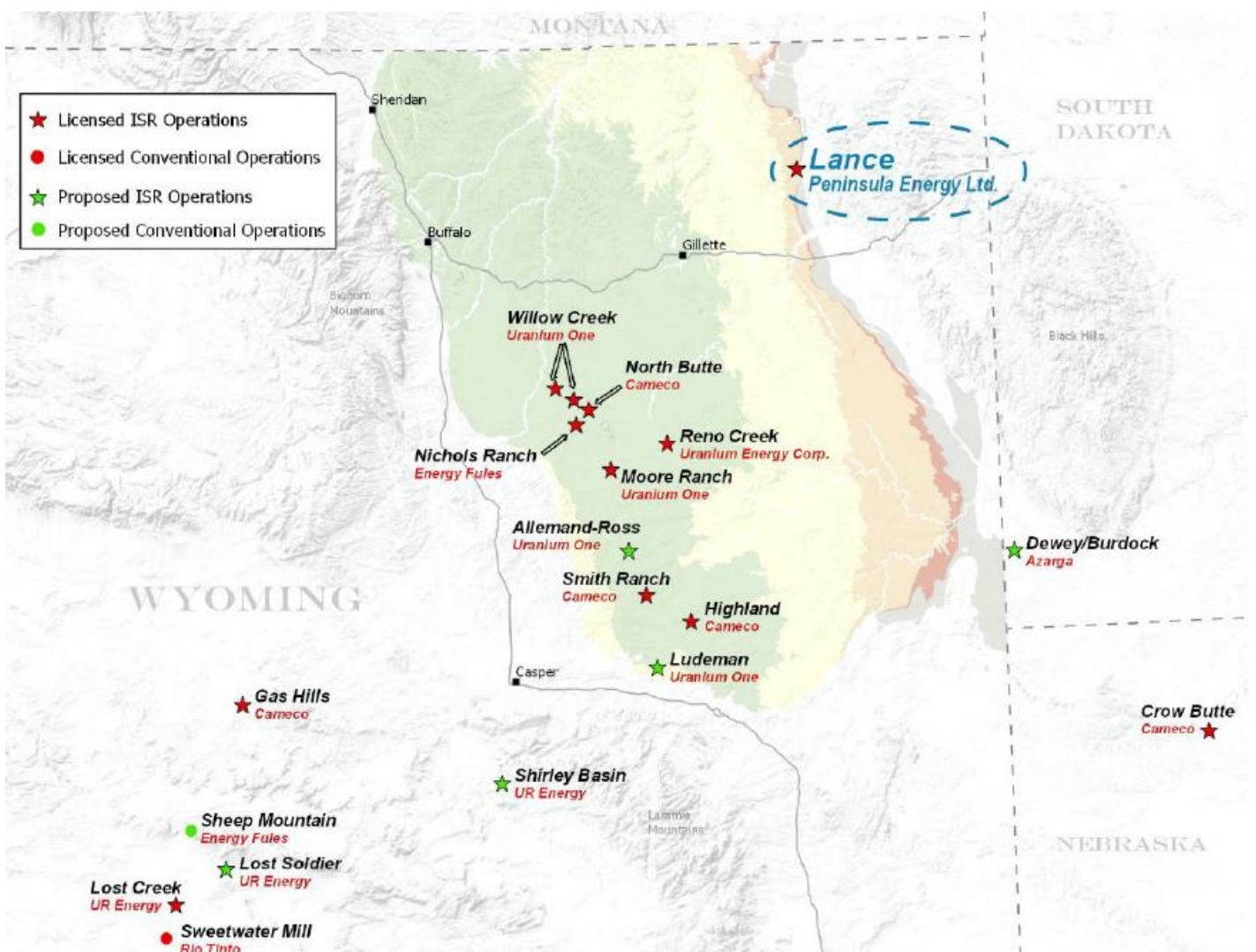
In-situ leach mining operations are for sandstone-hosted uranium deposits located below the water table in a confined aquifer. The uranium is dissolved in acid or alkali injected into and recovered from the aquifer by means of wells. In 2019 approximately 57% of global uranium production was via in-situ leach operations (vs 2000 15%). The increase over the past 20 years is largely due to the rise of Kazakh in-situ production (43% of 2019 production).

Lance started producing from the Ross unit in December 2015. Alkane based operations were idled in July 2019 after ~350klbs U₃O₈ had been mined - the company had ongoing difficulties in maximising recoveries.

Since then, PEN has focused its efforts on a transition to low pH operations, which have the potential to recover a higher percentage of uranium. Low pH recoveries are typically in the range of 70-90% vs 60-70% for alkali. The 2022 Ross and Kendrick DFS study conservatively assumes a 66% Resource recovery.

Figure 2: Powder River Basin, Wyoming, USA

The Powder River Basin in Wyoming, USA was discovered to host uranium in 1951. Deposits were found along a 60-mile trend, and a total of 190Mlbs of U₃O₈ has been produced from this region since first production in 1953.



Source: Company reports

Lance Projects Mineral Resource and technical updates

The 2022 DFS incorporates operational parameters observed in the MU1A Low-pH Field Demonstration, which took place between Sep-20q and Dec-21q. The DFS includes updated:

- Uranium grade and recovery curves (more conservative),
- ISR/well pattern design parameters (slightly narrower spacing), and
- process designs and reagent requirement models i.e.
 - Rates of acidification/ consumption - slightly less sulphuric acid consumption.
 - Strength of oxidants required - hydrogen peroxide used instead of gaseous oxygen.

Figure 3: The Ross Process Plant at the Lance Projects, Wyoming USA



Source: Company reports

Figure 4: Lance Projects Mineral Resource, cut-off 200ppm U₃O₈

The first 5 years of production of PEN's Ross and Kendrick DFS can be sourced almost entirely from Measured and Indicated Resources. We note there is an assumed overall resource recovery of 66% and a resource conversion of 61% to convert the Ross and Kendrick Area Inferred resources to Indicated or greater quality.

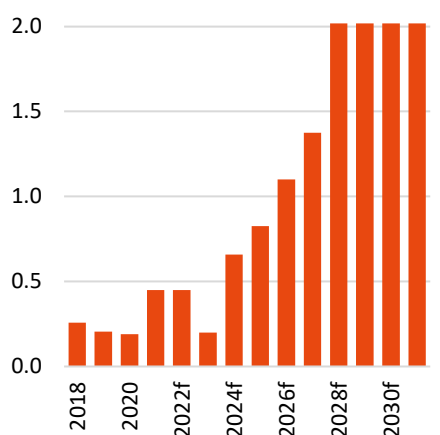
There is a low level of geological confidence associated with Inferred Mineral resources, which is mostly comprised of the Barber Resource (~70% of the resource base). The Barber Resource is not included in the 2022 DFS. We note Exploration upside in the area was previously assessed to be 50-150Mlbs (2015).

Classification	Tonnes (million)	U ₃ O ₈ (kg)	Grade (ppm U ₃ O ₈)	U ₃ O ₈ (lbs)
Measured	3.4	1.7	489	3.7
Indicated	11.1	5.5	496	12.1
Inferred	36.2	17.2	474	37.8
Total	50.7	24.4	480	53.6

Project Area	Commence Production	Estimated Resources (lbs U ₃ O ₈) ⁽¹⁾	Estimated Production (lbs U ₃ O ₈) ⁽²⁾
Ross	Year 0	5,882,000	4,104,000
Kendrick	Year 2	15,930,000	10,247,000
DFS Area	Sub-Total	21,812,000	14,351,000
Barber Resource ⁽³⁾	N/A	31,859,000	N/A
Lance Projects	Total	53,672,000	N/A

Source: Company reports

Figure 5: Lance U₃O₈ Sales (Mlbs)



Source: Company reports, Shaw analysis

Lance Projects financial model updates

Our model of Lance Projects is broadly in line with the company's DFS assumptions. Key assumptions in our model include:

- An estimated LOM production of 16Mlbs over 14 years.
- Stage 1 production of 0.8Mlbs/yr (end CY23) and a second stage production at steady state from year 4 (FY28) of 2Mlbs.
- All-in Sustaining Cash Costs (AISC) of US\$39/lb and All-in-Costs (AIC) of US\$46/lb.
- Life-of-Mine Capex of US\$290m, comprised of:
 - Stage 1 Upfront Capex of US\$9m and Stage 2 Upfront Capex of US\$70m.
 - Stage 1 Sustaining Capex of US\$16m and Stage 2 Sustaining Capex of US\$195m.
- Restoration costs of US\$50m.
- Exploration/ Resource upside of US\$3/lb for the Barber Resource. This is in line with the modelling methodology we use for PEN's peers.
- We assume a multi-year realised price spike at US\$70/lb for PEN (i.e. US\$70/lb realised includes the exiting contract book), before settling to our long-term U₃O₈ realised price assumption of US\$65/lb (2022 Real) in 2028 (vs PEN realised pricing of US\$62/lb).

We believe the Lance Projects is NPV positive at an average weighted U₃O₈ price of US\$53/lb. Using our base case U₃O₈ deck, the project has a post-tax NPV₁₀ of US\$128m. This is in line with the company's pre-tax NPV₈ of US\$125m and an IRR of 43%.

Figure 6: Lance financial model (US\$m)

Lance (US\$m)	2020	2021	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f	2030f
Uranium extraction (kt)		0	0	0	500	900	1,200	1,500	2,200	2,200	2,200
Grade (ppm)		0	0	0	470	470	470	470	470	470	470
U3O8 (Mlb) - sold		0.5	0.5	0.2	0.7	0.8	1.1	1.4	2.0	2.0	2.0
Revenue		12	24	15	47	60	82	105	150	153	157
Expenses		10	15	9	30	38	52	44	65	66	68
EBITDA		2	8	6	17	22	31	61	85	87	89
D&A		0	0	2	6	7	10	12	18	18	18
EBIT		2	8	4	12	15	21	49	67	69	71
Net Operating Assets	66	66	66	69	72	95	148	152	159	171	184
Capex	0	0	0	5	10	29	63	17	25	30	31
EBITDA Margin (%)	0%	0%	0%	40%	37%	37%	37%	58%	57%	57%	57%
EBIT / Assets (%)	0%	0%	0%	6%	16%	16%	14%	32%	42%	40%	39%
Realised U3O8 (US\$/lb)	28	31	46	67	72	73	75	77	74	76	78
AUD/USD	0.67	0.75	0.72	0.72	0.73	0.74	0.74	0.74	0.74	0.74	0.74
Revenue (A\$/lb)				75	72	73	75	77	74	76	78
Expenses (A\$/lb)				45	45	46	47	32	32	33	34
EBITDA (A\$/lb)				30	27	27	28	45	42	43	44
D&A (A\$/lb)				9	9	9	9	9	9	9	9
EBIT (A\$/lb)				21	18	18	19	36	33	34	35
Nominal Tax @ 21%	0	0	0	0	0	0	0	0	0	-21	-21
Non-cash inventory movement	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	0	2	8	1	8	-7	-32	45	60	36	37

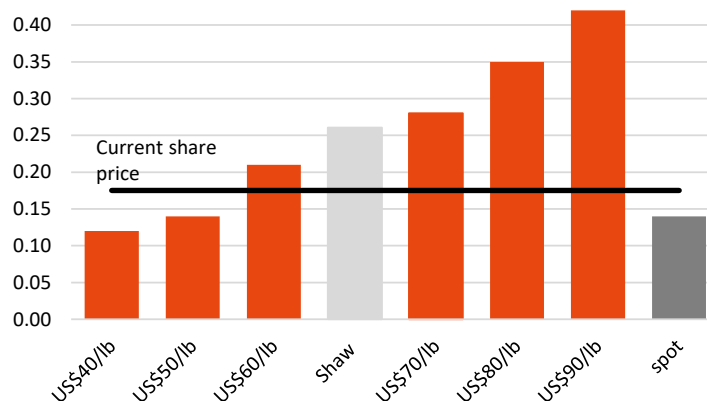
Source: Company reports, Shaw analysis

Figure 7: PEN valuation (fully diluted)

Peninsula Energy Valuation - diluted	US\$m	A\$m	A\$ps
Lance	128	170	0.13
Net debt	6	8	0.01
Exploration upside	96	128	0.09
Cash from FY23/FY25 raising	45	60	0.04
Corporate costs	-11	-15	-0.01
Total Valuation	264	352	0.26
Target price (1.3x diluted valuation)			0.34

Source: Company reports, Shaw and Partners analysis

Figure 8: PEN valuation sensitivity (A\$ps)



Source: Company reports, Shaw and Partners analysis

Figure 9: PEN cash flow (US\$m)

CASH FLOW (US\$m)	2019	2020	2021	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f	2030f
Operating activities												
Receipts from customers	8	7	3	24	15	47	60	82	105	150	153	157
Payments to suppliers and employe	-15	-14	-11	-23	-17	-38	-46	-60	-53	-74	-76	-77
Income taxes paid	0	0	0	0	0	0	0	0	0	0	0	-18
Working capital movement	0	0	-9	2	0	-2	-1	-1	-4	-4	0	0
Other	0	-1	0	0	0	0	0	0	-1	-1	1	3
Net cash flow from operating activities	-7	-8	-17	2	-2	7	13	20	46	71	78	63
Investing activities												
Payments for PPE	0	0	0	0	-5	-10	-29	-63	-17	-25	-30	-31
Other	2	0	0	-2	-2	-2	-2	-2	-2	-2	-2	-2
Net cash flow from investing activities	2	0	0	-2	-7	-12	-31	-65	-19	-27	-32	-33
Free cash flow	-8	-8	-17	2	-6	-3	-16	-42	30	46	48	32
Financing activities												
Net proceeds from issue of shares	0	31	11	0	20	0	25	0	0	0	0	0
Proceeds from borrowings	0	1	1	0	10	0	25	0	0	0	0	0
Repayments of borrowings	-1	-17	0	0	0	0	0	0	0	-10	-10	-10
Dividends paid	0	0	0	0	0	0	0	0	0	0	0	-5
Other	-1	0	0	0	0	0	0	0	0	0	0	0
Net cash flow from financing activities	-1	15	12	0	30	0	50	0	0	-10	-10	-15
Net increase/(decrease) in cash	-7	7	-6	0	22	-5	32	-44	28	34	36	16

Source: Company reports, Shaw analysis

Figure 10: PEN balance sheet (US\$m)

In our base case modelling we assume that the company will recapitalise in two stages:

- FY23 - raise ~A\$27m (US\$20m) equity at a share price of A\$0.17ps and ~A\$14m (US\$10m) of debt (project finance) to fund stage 1 of the restart (0.8Mlb/yr).
- FY25 – raise ~A\$35m (US\$25m) equity at a share price of A\$0.17ps and ~A\$35m (US\$25m) of additional debt in order to ramp up operations through Stage 2 of the re-start (2Mlb/yr). We have not modelled any prepayments, but this is an option for the company given PEN has an existing contract book.

BALANCE SHEET (US\$m)	2019	2020	2021	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f	2030f
Cash and cash equivalents	5	12	7	7	29	24	56	12	40	74	110	125
Trade and other receivables	1	1	11	2	1	4	5	7	9	12	13	13
Other	4	4	8	9	9	11	12	13	15	18	18	18
Total current assets	10	16	25	18	39	39	73	32	63	104	140	156
Property, plant and equipment	19	19	19	19	21	24	43	90	92	97	106	116
Exploration and evaluation expendi	0	0	0	2	4	6	8	10	12	14	16	18
Other	41	47	57	57	58	59	61	68	69	72	75	78
Total non-current assets	60	66	76	78	83	88	112	168	174	183	197	212
TOTAL ASSETS	70	82	101	96	121	127	185	199	237	287	337	368
Trade and other payables	2	1	7	2	1	4	5	7	6	9	9	9
Borrowings	16	1	1	0	0	0	0	0	10	10	10	6
Other	1	1	1	1	1	1	1	1	1	1	1	1
Total current liabilities	19	2	9	3	2	5	6	8	17	20	20	16
Deferred tax	0	2	2	2	2	2	2	2	2	2	20	21
Borrowings	0	0	0	1	11	11	36	36	26	16	6	0
Other	11	11	13	13	13	13	13	13	13	13	13	13
Total non-current liabilities	11	13	15	15	25	25	50	50	40	30	38	34
TOTAL LIABILITIES	30	15	24	18	27	30	56	58	57	50	58	49
NET ASSETS	41	67	78	78	94	97	129	141	180	237	279	319
Net debt	11	-11	-6	-7	-18	-14	-20	24	-4	-48	-94	-120
Gearing (ND/ND+E %)	21%	0%	0%	0%	0%	0%	0%	15%	0%	0%	0%	0%

Source: Company reports, Shaw analysis

Key risks

As a small mining company broadly exposed to a single commodity and a single asset we consider an investment in Peninsula Energy to be high risk. The key risks include;

- The U₃O₈ market is relatively opaque and difficult to forecast. The actual uranium price may differ substantially from our forecasts.
- Operations for PEN have not yet started and there is a risk that they may be unable to bring Lance Projects to production in line with expectations. Costs may be higher and operations may not be as expected.
- Resource risks - PEN's 2022 Ross and Kendrick DFS assumes an overall resource recovery of 66% and a resource conversion of 61% to convert the Ross and Kendrick Area Inferred resources to Indicated or greater quality.
- PEN will need to recapitalise to fund the commencement of operations. There is a risk that capital markets are not willing to fund the project.
- Forecasting future operating costs has considerable uncertainty. Our forecasts may prove to be too optimistic. If each company's costs are higher than we expect then our cash flow forecasts will be too high.
- Smaller companies carry more significant 'key personnel' risk than larger organisations. If senior management depart it could delay projects or exacerbate operational risks.
- Safe and reliable production from operations once projects are operational. The inability to maintain safe and reliable operations may result in a sustained, unplanned interruption to production and impact the company's licence to operate and financial performance. Production facilities are subject to operating hazards associated with major accident events, cyber-attack, inclement weather and disruption to supply chain, that may result in a loss of uranium (radioactive material) containment, harm to personnel, environmental damage, diminished production, additional costs, and impacts to reputation or brand.

Core drivers and catalyst

- In our view PEN's flagship Lance Projects in Wyoming, USA, requires low upfront capital and can rapidly restart post a Final Investment Decision. PEN is the only ASX company with direct exposure to US Government initiatives which are pro-domestic mine development. We have a A\$0.34ps price target which is based on a 1.3x multiple of our base case valuation.
- PEN has an existing contract book and product inventory, with a binding purchase agreement netting a cash margin of US\$7.8m in CY2021 (450klbs) and >US\$9m in CY22 (450klbs). The company has long-term sales contracts extending to 2030, up to 4.8Mlbs at US\$56-58/lb U₃O₈ with major utilities across Europe and the US.
- The company is looking to switch operations from high to low pH in order to increase product yields. The results of the 18-month field demonstration, which completed Dec21q (uranium average grades ~60-70ppm and peak grades ~150ppm) suggest that the targeted low-pH chemistry and field patterns are effective in dissolving and recovering uranium.
- The company released a Definitive Feasibility Study in Aug22 which details a Lance Projects NPV₈ (pre-tax) of US\$125m and 43% IRR at an average U₃O₈ price of US\$62/lb. Other components include:
 - a life of mine (LOM) of 14 years with a plateau production of 2.0Mlbs/yr,
 - upfront capital expenditure of ~US\$80m (US\$9m for Stage 1 and US\$70m for Stage 2), and
 - an estimated All-in Cost (AIC) of US\$46/lb U₃O₈ over LOM.
 - Our post-tax NPV₁₀ of US\$128m is in line with the DFS.
- PEN believes it is on track for a Lance Projects Final Investment Decision this half, commissioning and ramp-up early next year, before steady state Stage 1 production of 0.8Mlbs by end CY23 /early CY24 and a continued ramp-up to 2.0Mlbs in the ensuing years.
- Strong balance sheet – the company is term debt free with an unrestricted net cash balance of US\$8m (end Jun22q, + 300klbs uranium inventory with a market value ~US\$15m). In our view PEN is fully funded to meet all early preparatory works for the Lance Projects restart into CY23.

- In our view there are two key advantages to PEN's project being located in Wyoming, USA:
 - The Powder River Basin in Wyoming is in an established uranium and mining jurisdiction (uranium mining for ~70 years and coal mining for ~150 years).
 - The company has direct exposure to the US Government uranium purchase programme and the US Nuclear Fuel Working Group.

Rating Classification

Buy	Expected to outperform the overall market
Hold	Expected to perform in line with the overall market
Sell	Expected to underperform the overall market
Not Rated	Shaw has issued a factual note on the company but does not have a recommendation

Risk Rating

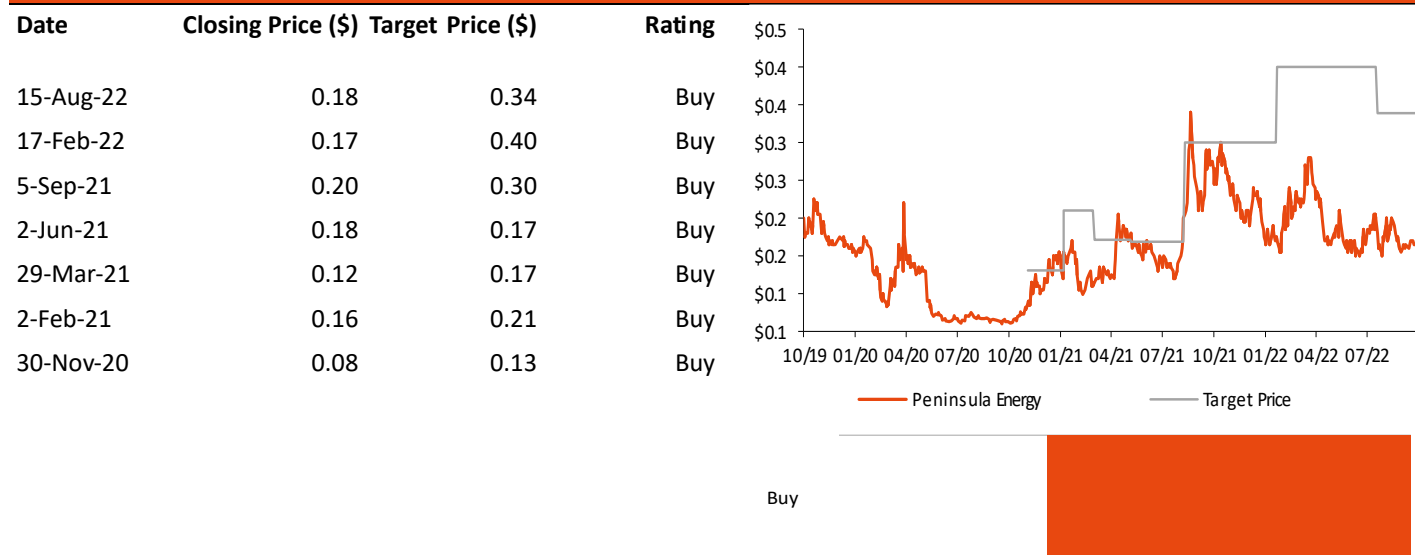
High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

RISK STATEMENT: Where a company is designated as ‘High’ risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their Shaw adviser before making any investment decision.

Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	114	88%
Hold	16	12%
Sell	0	0%

History of Investment Rating and Target Price - Peninsula Energy



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