



November 21, 2022

Peninsula Energy Ltd. (PENMF, PEN-AU)

Currently the Most Compelling Story in Near-Term US ISR

Event

Ahead of the shareholder AGM to be held on November 29 and given the numerous very near-term corporate catalysts on the horizon (perhaps to be announced on or following the AGM), we initiate coverage of Peninsula Energy (PENMF) while also establishing a 12-month price objective.

Details

- **Meaningful FY/2024 Production, Contracts in Hand** – In our view, given an imminent production investment decision, a relatively low capital requirement will be needed (we model sub-\$20M for stage 1 production) in order to reach a modeled 700,000 lbs U3O8 production for FY/2024. This is followed by a stage 2 ramp which we see boosting annual production to near 2.0M lbs beginning in FY/2027. Over the course of a 14 year LOM, we see slightly more than 14.0M lbs of U3O8 produced. In terms of contracts, 3.65M lbs have been signed with utilities (the most among peers) extending until 2030.
- **Visibility to Increase as the Shareholder Base Expands** – Without getting into the details, we believe that specific corporate finance decisions will be taken with the end goal of increasing the company's visibility to a newer investor base located in Europe and North America. We note that despite a project which is entirely based in the US, due to the ASX listing, the current shareholder base is overly skewed towards an Australian investor base. We believe the shareholder registry will begin to expand significantly.
- **Highest Project Upside Among ISR Peers** – What we stress is that out of the entire Lance project, only the M&I resources from the Kendrick and Ross areas were included for the August 2022 DFS economic analysis. Additionally, of the 21.8M lbs of M&I resource encompassing Ross and Kendrick, a relatively conservative recovery rate of 65.8% was used, thus further lowering the actual LOM production figure to 14.3M lbs. We note that of the entire Lance property, 37.8M lbs in Inferred resource was excluded from the analysis and effectively given zero value. This massive resource is larger than any other currently booked resource at any of the other US based ISR peer. We believe that this vast Inferred resource will be the source of future feedstock for the Ross Processing Plant which we note is currently licensed for up to 3.0M lbs per year.
- **The Current Valuation Discount Will Narrow** – Owing to the lack of visibility, the company's share price has underperformed its US ISR peer group. Given the strong fundamentals and the concerted corporate actions we believe management is determined to take, the Peninsula story will become increasingly known to a much larger investor base. As the story is told we believe that the market will begin recognizing the solid track record and asset fundamentals which will prompt a much needed valuation re-rate. At present, we believe that Peninsula offers the best risk/reward trade-off out of the entire US ISR sector.

Conclusion

Using our base LT uranium price forecast of \$70/lb, we establish our 1.20x NAV_{8%} target of \$0.25 per share. We expect some notable news post November 29 AGM followed by a gradual valuation re-rate as production milestones are hit and the investor base expands. The full note and details can be found [here](#):

Company Profile

Sector	Mining		
Sub-Sector	Uranium		
Ticker	PENMF		
Ticker	PEN.AU		
Current Price (\$)	\$0.11		
12-Mth Price Objective (\$)	\$0.25		
Potential Upside	125%		
Mkt Cap, Basic (\$M)	\$110.2M		
Mkt Cap, FD (\$M)	\$117.5M		
EV (\$M)	\$106.8M		
Shares O/S Basic (M)	997.00		
1-Mth Return	-2.9%		
3-Mth Return	+3.1%		
YTD Return	-17.5%		
	2024e	2025e	2026e
U3O8 Production lbs	700,000	820,000	1,120,000
LOM Production lbs	14,300,000		
LOM avg. Cash cost\$/lb	\$19.70		
LOM avg. AISC\$/lb	\$42.71		
Measured & Indicated	PPM U3O8	Attrib. lbs	
Lance	493	21.8M	
Inferred Resources	PPM U3O8	Attrib. lbs	
Lance	474	37.8M	

Company Description

Peninsula Energy Ltd. is an ASX listed uranium developer, singularly focused on advancing the Lance Project located in Wyoming. With 21.8M lbs U3O8 in the M&I category along with 37.8M lbs U3O8 in the Inferred category, further project upside is expected in terms of LOM and economics. As the company focuses more on diversifying its shareholder base, we would expect the current valuation discount to peers to narrow considerably

2-Year Stock Chart



DISCLAIMER: Any written content contained herein should be viewed strictly as analysis & opinion and not in any way as investment advice. Readers are encouraged to conduct their own due diligence. HoldCo Markets has not received any financial compensation for any written content, analysis or advisory from the publicly listed companies mentioned above. The views, opinions and recommendations expressed herein are subject to change without notice

Twitter: @HoldCoMarkets
Website: HoldCoMarkets.com