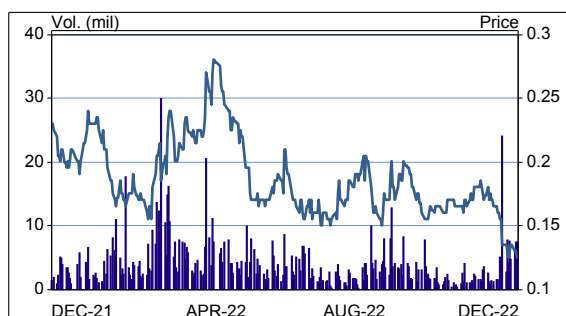


Peninsula Energy Limited (PEN.AX)
Rating: Buy

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Production Ramp-up Expected to Begin in 1Q23 as Funding For Ramp-up Activities is Now in Place; Reiterate Buy; PT Higher

Stock Data		12/06/2022	
Price		A\$0.13	
Exchange		ASX	
Price Target		A\$0.50	
52-Week High		A\$0.28	
52-Week Low		A\$0.13	
Enterprise Value (M)		A\$108	
Market Cap (M)		A\$155	
Shares Outstanding (M)		1,243.0	
3 Month Avg Volume		2,903,907	
Balance Sheet Metrics			
Cash (M)		A\$47.20	
Total Debt (M)		A\$0.02	
Total Cash/Share		A\$0.04	
<i>Cash (M): as of 10/31/22 and pro forma for A\$32M placement and A\$3M SPP.</i>			
EPS (\$) Diluted			
Full Year - Jun	2021A	2022A	2023E
FY	(0.01)	(0.01)	0.02
Revenue (\$M)			
Full Year - Jun	2021A	2022A	2023E
FY	9.8	18.3	45.5

EPS quoted as cents per share.



Lance project poised for restart in 1Q23. Peninsula Energy has made a positive investment decision to restart operations at Lance. In addition, the firm is now funded for a ramp-up of operations beginning in 1Q23 following a recent financing. Notably, the project currently maintains a plant capacity of 820,000 pounds (lbs) of uranium per year. We also highlight that PEN's licensed capacity for the site could ultimately reach up to 3Mlbs of uranium per year. The company's near-term production is expected to be delivered into existing off-take contracts in 4Q23, while the Definitive Feasibility Study (DFS) for the site supports a low capital intensity project. Looking ahead, we believe this ramp-up decision is a testament to the increasingly positive sentiment throughout the U.S. uranium space as spot prices continue to hover around the \$50/lb mark.

Capital secured for ramp-up activities. Peninsula's cash position as of October 31, 2022, was at roughly \$8.2M. Importantly, however, we highlight a recent equity raise of \$23.2M, which should provide sufficient funding for the aforementioned ramp-up. In addition, we emphasize that low pH Transition and Stage 1 capital for Lance are expected to be about \$24.7M based on the published DFS, thereby offering a low-cost entry point for near-term operations. In order to further augment its cash position, Peninsula also announced a share purchase plan to generate A\$3M in funds, with A\$30,000 worth of shares offered to eligible shareholders at a price of A\$0.131 per share (20% discount to the five-day VWAP). We expect the recent funding to support ongoing work programs related to the low pH *in situ* recovery process, a restart of production within the Ross area, and advancements of the Kendrick production area.

We are reiterating our Buy rating on shares of Peninsula while increasing our PT to A\$0.50 from A\$0.40. Our increased PT is the result of moving our model forward, inline with the company's year-end results, as well as including value for Peninsula's current uranium inventory. Our valuation remains based on a DCF of operations for the Lance Projects, on which we utilize an unchanged 10% discount rate. We also maintain our dynamic uranium sales pricing estimate of \$60/lb in FY23 and \$65/lb thereafter. We maintain our view that Peninsula Energy remains an attractive way to participate in the domestic uranium space, as we believe that U.S.-based uranium holds a variety of advantages over production that is to be received from more geopolitically challenged areas.



Biggest near-term catalyst remains execution of ramp-up activities. As management now has money from the recent funding in hand, Peninsula's ramp-up process at Lance has been significantly de-risked. In turn, this funding is expected to support the firm's activities through 2024. We reiterate that Lance also maintains significant potential for scalability. Further, the company has completed staffing, technical, regulatory, and operational de-risking activities, while substantial sales contracts for the site are in hand. In the longer term, we highlight that Peninsula maintains committed uranium sales of 4.6Mlbs through 2030 even though we would not be surprised to see additional out of contract sales should the ramp-up go smoothly.

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

Peninsula Energy Limited							
<i>All figures in USD unless otherwise noted</i>							
		2023E	2024E	2025E	2026E	2027E	2028E
Uranium price per lb		\$60	\$65	\$65	\$65	\$65	\$65
Lance Projects							
Production ('000s pounds of uranium)		575	820	820	2,000	2,000	2,000
Sales ('000s pounds of uranium)		825	820	820	2,000	2,000	2,000
Contracted sales price		\$60					
Revenue ('000s)		\$ 49,500	\$ 53,300	\$ 53,300	\$ 130,000	\$ 130,000	\$ 130,000
Royalties (6% of net, state & county 5% of gross) ('000s)		\$ 3,960	\$ 4,264	\$ 4,264	\$ 10,400	\$ 10,400	\$ 10,400
Net Sales ('000s)		\$ 45,540	\$ 49,036	\$ 49,036	\$ 119,600	\$ 119,600	\$ 119,600
Cost for procurement		\$ (9,750)					
Cash margin on procured sales		\$ 5,250					
Operating cost per lb		\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Total Operating Costs ('000s)		\$ (11,500)	\$ (16,400)	\$ (16,400)	\$ (40,000)	\$ (40,000)	\$ (40,000)
Operating Income ('000s)		\$ 34,040	\$ -	\$ 32,636	\$ -	\$ 79,600	\$ -
CapEx ('000s)		\$ (8,150)	\$ (43,150)	\$ (35,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)
Taxes ('000s)	30%	\$ -	\$ -	\$ (20,291)	\$ (25,380)	\$ (25,380)	\$ (25,380)
Total Operating Cash Flow ('000s)		\$ 25,890	\$ (10,514)	\$ (22,655)	\$ 49,220	\$ 49,220	\$ 49,220
Discount Rate	10%						
PV of Operating Cash Flows ('000's)		\$ 25,890	\$ (9,558)	\$ (18,723)	\$ 36,980	\$ 33,618	\$ 30,562
NPV ('000s)		\$ 289,148					
Plus cash and cash equivalents ('000s)		\$ 31,300	<i>as of 10/31/22 pro forma for \$21.1M placement and \$2M SPP.</i>				
Uranium inventory		\$ 15,600	<i>as of 6/30/22</i>				
Borrowings		\$ -	<i>as of 6/30/22</i>				
Total Current Value ('000s)		\$ 336,048					
Common Shares Outstanding (000's)		999,000 <i>as of 11/23/22 pro forma for \$21.1M placement</i>					
Options (000's)		27,425 <i>as of 12/31/21</i>					
Fully Diluted Shares (000's)		1,026,425 <i>as of 12/31/21</i>					
Project NAV Per Share (AUD)		\$ 0.49	AUD/USD \$ 0.67 <i>as of 12/7/22</i>				
Project NAV Per Share (AUD) (Rounded to \$0.10/share)		\$ 0.50					
PEN.AX Stock Price (AUD)		\$ 0.13	<i>as of 12/7/22</i>				

Source: Company reports and H.C. Wainwright estimates.

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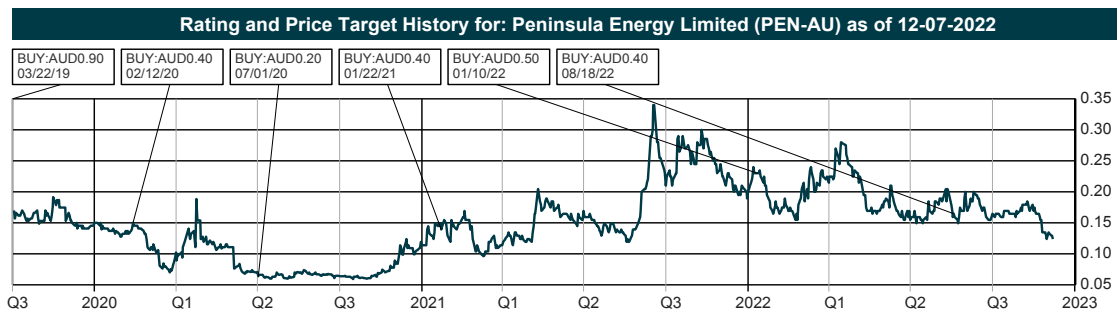
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Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	578	87.05%	127	21.97%
Neutral	67	10.09%	8	11.94%
Sell	0	0.00%	0	0.00%
Under Review	19	2.86%	4	21.05%

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