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Peninsula Energy Ltd. (ASX:PEN)

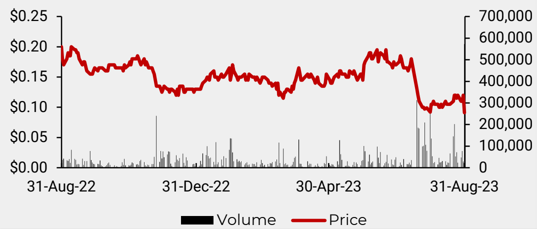
Development Update
August 31, 2023

New Lance Plan Outlines Production in Late 2024, Positive CF in 2025

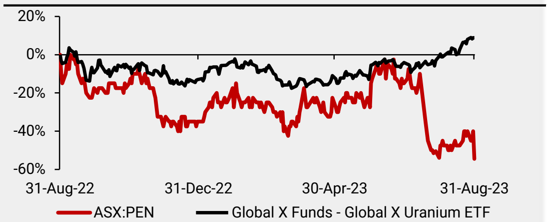
(Currency is A$ unless noted otherwise)

Closing Price ($/sh)		$ 0.09
Rating		NA
Target ($/sh)		NA
Return to Target		NA
52 Week Low / High		$0.09 / $0.20
CAPITALIZATION	**Basic**	**Diluted**
Shares Outstanding (M)	1,257.0	1,261.1
Market Capitalization ($MM)		$ 114.4
Enterprise Value ($MM)		$ 76.2
Cash and Cash Equivalents ($MM)		$ 38.2
Total Debt ($MM)		$ 0.0

STOCK CHART



RELATIVE PERFORMANCE



*Capital IQ Consensus

MAJOR SHAREHOLDERS (According to IQ)

ALPS Advisors, Inc. (5.89%), Mirae Asset Global Investments Co., (5.06%), Paradice Investment Management Pty (4.82%), Management and Insiders 2.08%

DISCLOSURE CODE: 1,2

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, Capital IQ

Company Description

Peninsula Energy is an advanced uranium developer advancing its flagship Lance project in Wyoming. The deposit hosts 536.m lbs U3O8 in total resources and is targeted for extraction with a low-pH in-situ recovery operation.

Impact: Positive

PEN has one of the largest U3O8 construction projects in the US. The permitted 53.7M lb Lance ISR mine is licensed for 3M lbs pa, but rather than ramping to 2M lbs production in two stages, it will start there immediately within just over 12 months and helps de-risk production by bringing everything inhouse. A positive is that this longer production horizon will allow construction of Mine Unit #3 to be ready at restart. Cost increases are an issue. While Opex rises 32%, all-in sustaining cash costs are up just 9% and all-in costs by only 10% to US$50/lb. Cost increases were likely anyway and might even have been mitigated given that MU#3 now provides an opportunity for a more robust start-up with economies of scale. Drawback of the plan is that additional dilution is likely, given the share price pullback and additional Capex comes before delayed production. Overall, we believe that this is just the start of PEN's entry into US uranium production. The plan uses just 41% of existing resources, and a 2M lb pa mine would make Lance the largest single producer in the US. We see potential for further resource expansion and plant expansion towards its 3M lbs pa annual license capacity.

Revised strategy to restart Lance by YE24. The plan was necessary after toll mill options left, and it puts control entirely in PEN hands. Production is now in-house at higher rates rather than waiting for expansion, with 14.8M lbs mined over 10 yrs rather than over 14 yrs. The 12-month production horizon also exceeded expectations. Upside is sizable as only 21.8M lbs of resources from Ross/Kendrick are used and the 31.9M lb Barber area isn't included.

Initial production rate at over 2x previous plan. Re-start production will be at an expanded 1.6-1.8M lb pa vs initial toll milling at 0.82M lbs pa. First year production of 1.1M lbs is 34% higher. Remaining Capex is US$53.4M with US$17.4M for ramp up working cap. Stage 2 expansion Capex would have been US$24.1M for the plant and US$45.8M to expand WF capacity.

Robust economics inline as NPV 8% of US$116.2 M, 26% IRR pre-tax compares to US$124.8M and 43%. Positive cash flow is due in year 1. Costs are up since the DFS, including: C1 Opex up 32% to US$21.69/lb; AIS cash costs up 9% to US$42.46/lb prior; and All in costs up 10% to US$50.27/lb.

US$95 M net additional funding required. Cash is at US$21.4M with US$26 M in net sales due through Aug 2025. Accelerated expansion means dilution will be a key drawback with external funding required. This is compounded by recent share price pullbacks. About US$120.1M of spending is required by Aug 2025. This may be raised gradually via equity, debt, strategic U3O8 sales. Needed is US$44.3M plant Capex, US$41.2M WF Capex and US$9.4M contingency. Another $22.3M for non-project costs are also required. 4.95M lbs is contracted through 2033 at US$55/lb (wtd avg, un-escalated) and customers have agreed to work with PEN on revised delivery schedules.

Restart timeline allows building of improved wellfield. WF development continues. A new MU#3 will defer older units, saving on WF acidification, increasing initial grades and recoveries since MU#1 and #2 had started as alkali mines. New header houses can accommodate more wells, increasing flow rates to 5,000 gpm, supporting higher production.

We do not rate this stock. We expect financial de-risking and ongoing development of Lance towards production to drive share prices.

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Disclosure Statement
Updated August 31, 2023

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Date	**Rating**	**Target**	**Status**	**%**
2023-03-06	NA	NA	BUY	70%
2023-07-17	NA	NA	BUY (S)	26%
2023-07-19	NA	NA	HOLD	1%
			TENDER	0%
			NA	2%
			UNDER REVIEW	1%

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Peninsula Energy Ltd.	ASX:PEN	1, 2

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