

Peninsula Energy Limited

Specialty Minerals and Metals

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Rating
SPECULATIVE BUY
unchanged

Price Target
A\$0.20↓
from A\$0.21

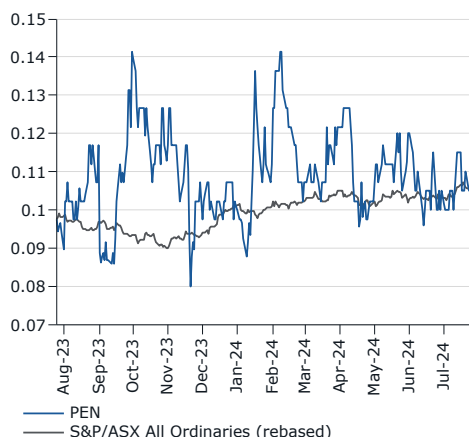
PEN-ASX

Price
A\$0.10

Market Data

52-Week Range (A\$) :	0.07 - 0.14
Avg Daily Vol (000s) :	13
Avg Daily Vol (M) :	6.3
Market Cap (A\$M) :	311.7
Shares Out. (M) :	3,117.1
Dividend /Shr (US\$) :	0.00
Dividend Yield (%) :	0.0
Enterprise Value (A\$M) :	218.9
NAV /Shr :	0.20
P/NAV (x) (A\$) :	0.49

FYE Jun	2023A	2024E	2025E	2026E
Sales (US\$M)	40.4	0.0	20.1	84.8↓
Previous	-	-	-	102.7
EBITDA (US\$M)	(4.4)	(3.9)	8.3	42.7↓
Previous	-	-	-	58.8



Source: FactSet

Priced intraday 25 July 2024

Peninsula Energy is a uranium focused development company which is seeking to restart the Lance Uranium Projects in the Powder River Basin in Wyoming, US.

Canaccord Genuity (Australia) Limited and affiliates ("Canaccord") has previously managed or co-managed a public offering of securities in Peninsula Energy Limited in the previous 12 months.

JunQ'24 - sticking to budget and schedule

PEN remains on track for first production from Lance before year-end CY24 and first sales late in the 1H of CY25. Leading in to first production both BOE and PDN experienced significant outperformance vs the peer group. Assuming PEN delivers on its timing and budget commitments, the scope for outperformance is even greater, in our view, given it currently trades on US\$0.50/lb and 6.4x FY26E EBITDA.

We retain our SPEC BUY rating but lower our SOTP-based price target to \$0.20 (from \$0.21) to allow for dilution.

Laying the processing foundations...

PEN is currently modifying and expanding the Ross process plant and auxiliary facilities at Lance. These facilities were originally constructed in 2015 as an alkaline in-situ recovery (ISR) satellite plant and require production capacity expansion and conversion for low-pH ISR, plus the inclusion of a complete central processing plant (CPP) capability to produce a finished dry yellow cake product.

To date construction efforts have focused on preparing the building foundations. With regard to procurement, 74% of major equipment has been ordered. PEN has indicated that to date the work is progressing in line with budget and schedule.

...and preparing the well fields

During the period PEN submitted its baseline water quality and hydrologic properties for MU-3 to the relevant authority ahead of anticipated regulatory approval for the mine unit. 118 production pattern wells have now been completed in MU-3. As at the end of the quarter, well installation for MU-3 was 47% complete and installation of the production pattern wells for MU-3, Header House number 11 ("HH-11") was 85% complete. HH-11 will be the first newly developed production module placed into operations and is on schedule to commence pre-conditioning operations in Q3 CY24.

Funded to positive operating cash flow

Post its A\$106mn capital raising PEN is fully funded to SepQ'25, predicated on its current budgets. Assuming the company ramps up production inline with forecast, PEN should be free cash flow positive by this point. Additionally, the company continues to work with its advisors to explore debt options which could support working capital requirements and balance sheet flexibility. This includes ongoing discussions with US Government funding agencies.

Available cash at the end of the quarter was US\$99.9mn and total Lance spend over the past 12 months was US\$33mn (excl. G&A).

Market update

Post the first Russian sanction waiver being issued late last week the U308 spot price has drifted, settling at US\$83/lb, down 3% over the last seven days. It also continues to be quiet in the term market with only ~31Mlb traded YTD, that said the term price has remained robust at US\$79/lb, and we are yet to enter the traditional contracting season.

Figure 1: Financial summary

FY Jun 30	2022	2023	2024E	2025E	2026E		2022	2023E	2024E	2025E	2026E
PROFIT & LOSS (US\$mnn)											
Revenue	18.3	40.4	0.0	20.1	84.8	KEY ASSUMPTIONS					
Operational Costs	0.0	0.0	0.0	-5.8	-29.5	Spot U3O8 (US\$/lb)	49.8	50.5	75.0	87.5	91.4
Royalty	0.0	0.0	0.0	-2.0	-8.6	A\$/US\$	0.72	0.69	0.68	0.68	0.68
Other COGS	-15.2	-38.6	0.0	0.0	0.0						
Other Income	0.6	0.1	0.3	0.3	0.3	REALISED PRICES					
Business Devt & Expl	0.0	0.0	-2.0	-2.0	-2.0	U3O8 (US\$/lb)	0.0	0.0	0.0	90.0	75.5
Corporate & Other	-9.5	-6.4	-2.2	-2.2	-2.3						
EBITDA	-5.8	-4.4	-3.9	8.3	42.7	PRODUCTION FORECASTS					
DD&A	0.0	0.0	0.0	1.9	0.0	U3O8 (klbs)	0.0	0.0	0.0	223.2	1123.2
EBIT	-5.8	-4.4	-3.9	10.3	42.8	Total (klbs)	0.0	0.0	0.0	223.2	1123.2
Net Financing	0.0	0.0	0.7	1.2	-2.4						
NPBT	-5.8	-4.4	-3.2	11.5	40.4	RESOURCES					
Tax	1.3	0.9	0.4	-3.5	-12.1	Lance Measured (Mlbs)		3.8			
Reported NPAT	-4.5	-3.5	-2.7	8.1	28.3	Lance Indicated (Mlbs)		12.4			
Non-Controlling Interest	0.0	0.0	0.0	0.0	0.0	Lance Inferred (Mlbs)		41.7			
Sig Items, Discon Ops & Mins	0.0	0.0	0.0	0.0	0.0	Total (Mlbs)		57.9			
Normalised NPAT	-4.5	-3.5	-2.7	8.1	28.3						
Effective income tax rate	22%	21%	14%	30%	30%	PER SHARE DATA					
						Average Shares (Diluted, M)	954	1260	2620	3117	3117
CASHFLOW (US\$mnn)						EOP Shares (Diluted, mn)	997	2057	3117	3117	3117
Cash receipts	32.6	42.2	0.0	20.1	84.8	Normalised EPS (US¢/sh)	-0.5	-0.3	-0.1	0.3	0.9
Payments to suppliers	-20.8	-29.2	-4.2	-12.0	-42.4	CF PS (US¢/sh)	0.2	0.4	-0.1	-0.7	1.6
Interest received	0.0	0.0	0.7	1.2	0.2	FCF PS (US¢/sh)	0.1	-0.6	-1.3	-3.0	1.3
Interest paid	0.0	0.0	0.7	1.2	-2.4						
Other	-9.8	-7.9	0.0	-33.1	10.3	RATIOS					
Operating Cashflow	2.0	5.0	-2.8	-22.5	50.6	Dividend Yield	0%	0%	0%	0%	0%
Payments for PP&E	0.0	0.0	0.0	0.0	0.0	PE	n/a	n/a	n/a	38.7	11.0
Payments for Development	-1.0	-12.0	-31.4	-71.2	-8.9	PCF (Debt Adj)	46.6	25.0	n/a	n/a	6.0
Payments for Exploration	0.0	0.0	0.0	0.0	0.0	EV / EBITDA	n/a	n/a	n/a	38	6
Asset Sales / (Purchases)	0.0	0.0	0.0	0.0	0.0	Gearing (ND / ND + E)	n/a	n/a	n/a	1%	n/a
Other	0.0	-0.2	-0.5	-0.5	-0.5	Net Debt / EBITDA	n/a	n/a	n/a	n/a	n/a
Investing Cashflow	-1.0	-12.2	-31.9	-71.7	-9.4	Interest Cover	-1945x	0.0x	0.0x	0.0x	18.0x
Share Issuance / (Buyback)	0.0	22.2	106.0	0.0	0.0	ROE (Reported Profit / Av Equity)	n/a	n/a	n/a	5%	15%
Drawdown / (Repayment) of Debt	0.0	0.0	0.0	33.5	0.0	ROIC	n/a	n/a	n/a	5%	16%
Dividends	0.0	0.0	0.0	0.0	0.0	ROACE	n/a	n/a	n/a	4%	12%
Other	-0.1	-1.1	0.0	0.0	0.0	FCF Yield	1%	-6%	-19.6%	-44.4%	19.4%
Financing Cashflow	-0.1	21.1	106.0	33.5	0.0						
Surplus / Defecit	0.9	13.9	71.3	-60.7	41.2	DIVIDEND AND FRANKING					
						Dividend (US¢/sh)	0	0	0	0	0
BALANCE SHEET (US\$mnn)						Payout ratio	0%	0%	0%	0%	0%
Current Assets	29.6	35.2	92.8	35.1	81.0	Franking Balance (US\$mnn)	0	0	0	0	0
Non-Current Assets	58.6	74.8	106.2	179.3	188.3						
Total Assets	88.2	110.0	199.0	214.4	269.3	VALUATION (A\$)	Risked				
Current Liabilities	1.5	4.0	4.0	4.0	4.0	PRODUCTION ASSETS	0.00				
Non-Current Liabilities	13.2	14.9	14.9	48.4	48.4	DEVELOPMENT ASSETS	0.12				
Total Liabilities	14.7	18.9	18.9	52.4	52.4	RESOURCES	0.02				
						EXPLORATION	0.00				
Net Assets	73.4	91.1	180.1	162.1	216.9	EV adjustments	0.05				
Total Cash	7.6	21.5	92.8	32.1	73.2	TOTAL	0.20				
Total Debt	0.0	0.0	0.0	33.5	33.5	PREMIUM/(DISCOUNT)	0.0				
Net Debt	-7.6	-21.5	-92.8	1.4	-39.8	PRICE TARGET	0.20				

Source: Company reports, Canaccord Genuity estimates

Figure 2: Valuation build-up

Asset	Equity %	Net Capacity klb	NPV A\$m	Risking %	Riskd NPV A\$m	NPV A\$ps
Existing contracts pre Lance start-up			0.0	100%	0.0	0.00
PRODUCTION ASSETS		0.00	0.0	100%	0.0	0.00
Lance	100%	Variable	423.8	90%	381.4	0.12
DEVELOPMENT ASSETS			423.8		381.4	0.12
Barber Resource	100%		146.8	50%	73.4	0.02
RESOURCES			146.8		73.4	0.02
Other exploration					10.0	0.00
EXPLORATION					10.0	0.00
Net Debt, Balance sheet adj. & corp. overhead					143.1	0.05
Premium / (Discount)						0.00
Price Target						0.20

Source: Canaccord Genuity estimates

Figure 3: Uranium comp table

Company Data							Project Data								Project Metrics		Global Metrics		Multiples	
Name	Ticker	Share Price	Target Price	Rating	Cash + Inventory (US\$m)	M/Cap (US\$m)	EV (US\$m)	Flagship Asset	Country	Deposit type	Annual Production (Mlbpa)	AISC (US\$/lb)	Initial capex (US\$m)	Capital Intensity (\$/lb production)	Project Resource (Mlb)	Project Grade (ppm)	Global Att. Resource (mlb)	Global Att. Production (Mlb p.a.)	EV/Resource (US\$/lb)	P/NAV
Lotus Resources Limited	LOT	0.28	0.54	Spec Buy	\$25	\$342	\$317	Kayelekera	Malawi	OP	2	38	88	44	46	500	162	1.7	\$2.0	0.52
Paladin Energy Ltd	PDN	11.78	16.50	BUY	\$50	\$2,248	\$2,223	Langer Heinrich	Namibia	OP	6	33	125	21	128	415	414	4.5	\$5.4	0.71
Boss Energy Limited	BOE	3.59	5.85	Spec Buy	\$177	\$963	\$786	Honeymoon	Australia	ISR	2	26	113	46	72	620	78	2.9	\$10.1	0.61
Peninsula Energy Limited	PEN	0.11	0.20	Spec Buy	\$180	\$211	\$31	Lance	USA	ISR	2	42	53	23	58	500	65	2.3	\$0.5	0.53
Bannerman Energy Ltd	BMN	2.87	4.65	Spec Buy	\$21	\$316	\$295	Etango-8	Namibia	OP	4	38	317	91	207	225	196	3.3	\$1.5	0.62
Energy Resources of Australia	ERA	0.04	NA	NA	\$112	\$527	\$415	Jabiluka	Australia	OP	NA	NA	NA	-	137	550	137	0.0	\$3.0	NA
Fission Uranium Corp.	FCU	1.11	1.75	Spec Buy	\$107	\$678	\$571	PLS Project	Canada	UG	9	20	837	92	130	18407	130	9.1	\$4.4	0.63
NexGen Energy Ltd.	NXE	8.68	14.00	Spec Buy	\$684	\$3,398	\$2,841	Rook I Project	Canada	UG	29	11	942	33	337	25500	337	28.8	\$8.4	0.62
Denison Mines Corp.	DML	2.62	3.75	Spec Buy	\$95	\$1,695	\$1,600	Wheeler River (Phoenix)	Canada	ISR	8	16	887	115	138	29000	167	8.6	\$9.6	0.70
Forsys Metals Corp.	FSY	0.55	NA	NA	\$7	\$78	\$70	Norasa	Namibia	OP	5	41	433	83	88	111	88	5.2	\$0.8	NA
Deep Yellow Limited	DYL	1.21	1.92	Spec Buy	\$155	\$741	\$586	Tumas	Namibia	OP	4	39	372	103	121	260	425	6.9	\$1.4	0.63
Alligator Energy Ltd	AGE	0.05	NA	NA	\$22	\$107	\$86	Samphire	Australia	ISR	1	33	86	72	18	640	18	1.2	\$4.7	NA
Aura Energy Ltd	AEE	0.13	NA	NA	\$17	\$64	\$46	Tiris	Mauritania	OP	2	29	178	89	91	225	78	1.7	\$0.6	NA
Elevate Uranium Ltd	EL8	0.35	NA	NA	\$9	\$66	\$57	Koppies	Namibia	OP	NA	NA	NA	-	58	195	152	0.0	\$0.4	NA
ENRG Elements Ltd	EEL	0.00	NA	NA	\$1	\$1	\$0	Agadez	Niger	OP	NA	NA	NA	-	22	315	22	0.0	\$0.0	NA
Global Uranium and Enrichment	GUE	0.07	NA	NA	\$4	\$11	\$7	Tallahassee	USA	OP/UG	NA	NA	NA	-	50	540	50	0.0	\$0.1	NA
Toro Energy Limited	TOE	0.33	NA	NA	\$8	\$25	\$17	Wiluna	Australia	OP	1	31	204	157	84	461	95	1.3	\$0.2	NA
Basin Energy Limited	BSN	0.06	NA	NA	\$3	\$4	\$1	Geike	Canada	OP	NA	NA	NA	-	NA	NA	0	0.0	NA	NA
Berkeley Energia Limited	BKY	0.35	NA	NA	\$51	\$103	\$52	Salamanca	Spain	OP	4	13	96	22	89	487	89	4.4	\$0.6	NA
Cauldron Energy Limited	CXU	0.03	NA	NA	\$2	\$20	\$18	Yanrey	WA	ISR	2	36	82	55	39	360	39	1.5	\$0.5	NA
DevEx Resources Ltd	DEV	0.26	NA	NA	\$13	\$76	\$63	Nabarlek	Australia	NA	NA	NA	NA	-	NA	NA	0	0.0	NA	NA
Laramide Resources Ltd Shs C	LAM	0.74	NA	NA	\$5	\$105	\$99	Crownpoint-Churchrock	USA	ISR	1	35	48	48	51	750	118	1.0	\$0.8	NA
Orpheus Uranium Limited	ORP	0.07	NA	NA	\$3	\$8	\$5	Frome	Australia	NA	NA	NA	NA	-	NA	NA	0	0.0	NA	NA

Source: Company reports, Canaccord Genuity estimates

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: July 25, 2024, 00:38 ET

Date and time of production: July 25, 2024, 00:38 ET

Target Price / Valuation Methodology:

Peninsula Energy Limited - PEN

Our target price is derived from a DCF-based sum-of-the-parts valuation, comprising our NPV8% of the staged Lance project, a nominal value for exploration, and net cash.

Risks to achieving Target Price / Valuation:

Peninsula Energy Limited - PEN

Financing risks: Our analysis suggests that PEN will require additional capital to fund the development costs for the Lance project for which we have risked our valuation. PEN is reliant on equity/debt/external capital to fund capital commitments, and there is no guarantee that accessing these markets will be achieved without dilution to shareholders.

Furthermore, accurate estimates of capital costs for the project remain subject to completion of pre-feasibility and feasibility studies, which may see capital requirements exceed our model assumptions. There is no guarantee that studies will result in a positive investment decision for the project.

Operational risks: Once in production, the company will be subject to risks such as plant/equipment breakdowns, metallurgical (noting flowsheet changes to address previous challenges), geological and other technical issues. An increase in operating costs could reduce the profitability and free cash generation from the operating assets and negatively impact valuation.

Further, the yellow cake product specifications may differ from initial test work interpretations which can also materially impact product acceptance by customers and therefore earnings from forecast production.

Implementation risks: We note the compressed development schedule will require concurrent plant commissioning of Stage 1 followed soon after by the installation of Stage 2 equipment and then Stage 3. This sequence presents a natural risk that delays in Stage 1 could impact Stage 2 and therefore Stage 3 which present downside risk to our cash flow projections.

Market risks: PEN's sales revenue is dependent on being able to secure term contracts for its proposed level of production and priced with the required mechanisms that will enable proactive capital and budgetary management. We note the protracted nature of negotiating uranium product offtake with the potential that timelines could be prolonged to ensure than an acceptable order book is agreed on.

Commodity price and currency fluctuation: The company as a near-term uranium producer is exposed to commodity price and currency fluctuations, often driven by macro-economic forces including inflationary pressure, interest rates and supply and demand of commodities. These factors are external and could reduce the profitability, costing and prospective outlook for the business.

Geological and resource risk: The actual characteristics of a mineral deposit may differ significantly from initial interpretations and expectations. PEN's plan incorporates Mineral Resources whose actual economics are yet to be determined. Grades and tonnages for Exploration Targets are conceptual in nature.

Distribution of Ratings:

Global Stock Ratings (as of 07/25/24)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	609	66.85%	23.15%
Hold	133	14.60%	11.28%
Sell	13	1.43%	7.69%
Speculative Buy	148	16.25%	53.38%
	911*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate returns greater than 10% during the next 12 months.

HOLD: The stock is expected to generate returns from -10% to 10% during the next 12 months.

SELL: The stock is expected to generate returns less than -10% during the next 12 months.

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*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

Risk Qualifier

SPECULATIVE: The stock bears significantly above-average risk and volatility. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the Global Stock Ratings table)

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Peninsula Energy Limited Rating History as of 07/24/2024



Past performance

In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

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