

November 20, 2023

Peninsula Energy Ltd. (PENMF, PEN-AU)

Financing Announced; Clear Path to In-Sourced Production

Event

Following a halt in trade since the pre-open on November 16, Peninsula Energy finally announced the much anticipated A\$60M capital raise (equivalent to ~\$39M) which will allow the company to target an initial production re-start for late 2024. The financing comprises A\$50M institutional placement to issue 666.7M shares at A\$0.075 per share (representing a 37.5% discount from the November 15 closing price) and a A\$10M Share Purchase Plan (SPP) to issue 133.3M new shares with attaching options (exercisable at A\$0.10 per option) on the same terms as the placement. The options will expire fourteen months from the date of issue. The financing is expected to close in early 2024 at which point we would expect Peninsula shares to begin trading more on fundamental value alone – both operational and those reflecting the current macro environment with spot uranium prices breaking fifteen-year highs.

Details

- **Near Term Pain for Long Term Gain** – Though blindsided by an unexpected toll milling contract termination in July, Peninsula will emerge stronger given a newfound focus to accelerate the in-housing production strategy. Coupled with the existing cash balance (\$12.5M), inventory (210,000 lbs U3O8) and possibly with term debt, the announced financing will allow Peninsula to complete plant construction and the needed wellfield development. A re-start of production is expected for late 2024.
- **Development Progress** – As per wellfield development, a significant milestone was achieved when it was announced that the installation of the 58-well monitor network in Mine Unit 3 (MU3) was recently completed in the Ross production area. MU3 is expected to be the first production wellfield at Lance. It has been specifically designed for operations using low-pH ISR methods.
- **Contractual Obligations** – Recall that Peninsula's LT committed sales portfolio is one of the largest among peers - it currently includes a firm 5.25M lbs of U3O8 extending until 2033. During the Q1/2023 period Peninsula delivered 500,000 lbs (of which, 300,000 lbs went to the US Department of Energy's strategic reserve). Contracted sales currently represent 1/3 of project Lance LOM production.
- **Exploration Remains a Key Value Driver** - Though near-term commercial production was a large component of the investment thesis, the infill drilling component on the Barber area (given its 31.8M lb Inferred resource) remains a large value driver which is not yet being fully recognized. Additionally, the overall exploration potential can't be understated - based on a combination of past exploration results combined with the currently proposed exploration plan, a total exploration target between 104M-163M lbs U3O8 was previously estimated.

Conclusion

While updating for the corporate changes we maintain our 1.20x NAV_{8%} valuation, resulting in a 12-month price objective of \$0.18 per fully diluted share, equating to +161% upside from the recent close. Peninsula shares (fully diluted) currently trade at 0.46x NAV_{8%} multiple. The full details and note can be found [here](#):

Company Profile

Sector	Mining
Sub-Sector	Uranium
Ticker	PENMF
Ticker	PEN.AU
Current Price (\$)	\$0.07
12-Mth Price Objective (\$)	\$0.18
Potential Upside	+161%
Mkt Cap, Basic (\$M)	\$98.1M
Mkt Cap, FD (\$M)	\$99.2M
EV (\$M)	\$76.7M
Shares O/S FD (M)	2,057.0
1-Mth Return	-4.3%
3-Mth Return	-5.6%
YTD Return	-19.5%

	2024e	2025e	2026e
U3O8 Production lbs	50,000	850,000	1,200,000

LOM Production lbs	13,650,000
LOM avg. Cash cost\$/lb	\$21.80
LOM avg. AISC\$/lb	\$42.71

Measured & Indicated	PPM U3O8	Attrib. lbs
Lance	493	16.0M

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 16.0M 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



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