

Peninsula Energy Ltd. (PENMD, PEN-AU)

Lance Officially Re-Starts ISR Uranium Production

Event

On December 19 Peninsula Energy announced that production operations at the flagship Lance project have officially commenced. As was communicated to the street for the past 12 months, production was re-started on time, ahead of year-end. All is working at the expected parameters given that the flow rates and grades are matching the planned levels. Flow rates and grades are expected to continue increasing as preconditioning is completed in subsequent Header Houses and with the addition of chemical oxidant (hydrogen peroxide). The captured uranium will be stored on the ion exchange resin until the Phase 2 plant area is fully commissioned in Q1/2025. Though we had previously withdrawn our price objective and outlook for Peninsula Energy given operational, managerial and corporate changes (a 20:1 share consolidation was completed in November), we feel that the company has now turned the corner and is primed for a sentiment change coupled with a re-rate. As such, using a \$120/lb LT spot price while also factoring the LT delivery commitments, we establish a 1.15x NAV_{8%} derived \$2.05 price objective per share (rounded, 12-months). This equates to upside of +220% from the most recent close.

Details

- **Lance Production Re-Start** – Following a five year production hiatus, the re-start of uranium production from Lance marks a historic milestone in Peninsula Energy's re-focused journey to become a fully self-sufficient, independent uranium producer. Construction is continuing in the Phase 2 plant area, with the company focused on completing the resin elution and precipitation circuits by mid-January. This would allow for first elutions and yellowcake precipitation at that time. Additionally, the completed construction of the yellowcake filtration and drying circuits are currently scheduled for February, which would lead to production of the first dry yellowcake product by early March.
- **Sizeable Production Capacity** – Once in full operation, the Ross CPP will be an all-in-one 5,000 GPM uranium ion-exchange plant with the capacity to independently produce up to 2.0M lbs of dry yellowcake per year. While fine-tuning the low pH ISR recovery process, we expect a ramp to ~600,000 lbs U3O8 in FY/2025.
- **Overlooked Exploration Upside** – an updated Mineral Reserve Estimate (MRE) was announced earlier this year for the Lance property. The global resource increased by nearly 8% to the current 58.0M lbs. The M&I resource increased by nearly 20%, going from 21.7M lbs to the current 26.2M lbs. Drilling only encompassed the Ross and Kendrick areas while the largest property component, the Barber production area did not have any drilling last year. Given an exploration target of 133.5M lbs (mid-point), meaningful exploration upside remains.

Conclusion

Given our LT \$120/lb uranium price objective, we establish a 1.15x NAV_{8%} price objective which equates to upside of +220% from the recent close. Note that PENMF shares currently trade at a depressed 0.36x P/NAV, at nearly half the multiple of peers Yr-Energy and enCore Energy. We expect Peninsula shares to re-rate higher as further development, exploration and production milestones are met. The full details can be found [here](#):

Company Profile

Sector	Mining
Sub-Sector	Uranium
Ticker	PENMD
Ticker	PEN.AU

Current Price (\$)	\$0.64
12-Mth Price Objective (\$)	\$2.05
Potential Upside	+220%
Mkt Cap, Basic (\$M)	\$112.9M
Mkt Cap, FD (\$M)	\$113.3M
EV (\$M)	\$12.5M
Shares O/S FD (M)	160.0
1-Mth Return	-24.1%
3-Mth Return	-42.8%
YTD Return	-53.1%

	2024e	2025e	2026e
U3O8 Production lbs	15,000	650,000	1,200,000

LOM Production lbs	15,065,000
LOM avg. Cash cost\$/lb	\$26.95
LOM avg. AISC\$/lb	\$42.71

Measured & Indicated	PPM U3O8	Attrib. lbs
Lance	510	16.2M

Inferred Resources	PPM U3O8	Attrib. lbs
Lance	490	41.7M
Dagger	1,037	6.9M

Company Description

Peninsula Energy is an ASX listed uranium developer, singularly focused on advancing the Lance Project located in Wyoming. With 16.2M lbs in the M&I category along with 41.7M lbs in the Inferred category, further project upside is expected in terms of economics. As the company transitions to production re-start, we would expect the current valuation discount to peers to narrow considerably

2-Year Stock Chart



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