

Peel Mining Ltd

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Peel Mining is transitioning from explorer to developer: Hartleys

Peel Mining Ltd (ASX:PEX) completed a program of about 11,000 metres of drilling from August through to December 2019 primarily designed to develop a higher confidence resource at the Wagga Tank-Southern Nights Project in NSW.

A new high-grade zone at the southern end of the Southern Nights deposit returned further strong assay results including some of the highest-grade gold mineralisation intersected at Southern Nights to date.

Given the dearth of quality base metal development stories in Australia, Hartleys is excited by the potential offerings PEX brings to market.

Hartleys has maintained its speculative buy recommendation for Peel with a 12-month price target of 38 cents per share.

Following is an extract from Hartleys research report:

Transitioning from Explorer to Developer

We recently visited Peel Mining Limited's (PEX) projects within the southern Cobar Basin in NSW. The company has been actively exploring in the region since 2010 and has a large ground holding covering over 5,000km². Having uncovered 3 deposits in 7 years; the 100%-owned Wagga Tank-Southern Nights Zn-Pb-Ag deposit (WT-SN), the Mallee Bull Cu deposit (JV with CBH Resources); and the Wirlong Cu prospect (JV with JOGMEC), PEX is building critical mass to develop the region's next polymetallic operation(s).

Site Visit - numerous quality targets and development options

We visited WT-SN, Mallee Bull and the Wirlong Cu Project where diamond drilling is currently underway. There are also numerous compelling exploration and brownfield targets that the Company intends to drill test; namely the Double Peak target, which is a Tenant Creek style Bi anomaly. We also visited the historic Mt Allen adit where gold mining was undertaken in the early 1900s and the May Day open pit which was mined for gold in the 1990s. Additional gold credits would enhance PEX's appeal in our view.

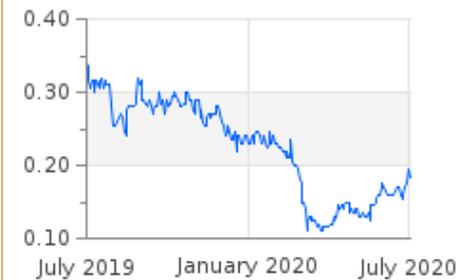
How best to deploy capital? Decision Time...

While PEX has a number of highly prospective exploration targets as well as extensional opportunities at its existing deposits, a decision must be made as to where best deploy its limited capital; further exploration or development? Although the current resources may not be at a sufficient size to justify standalone operations in our view, the Company recently reported that internal scoping/option studies highlighted the potential for a combined WTSN and Mallee Bull project to offer a critical mass of mining inventory to support a new processing hub in the Southern Cobar Basin. We see this as a positive development and await further information from PEX. With drilling underway at Wirlong, the Company may gain sufficient data to undertake a maiden resource for this copper prospect later this year, thus adding further mass to its growing inventory. With CBH's (Toho) diminishing presence and potential exist from the region, PEX

Price: 0.185

Market Cap: \$45.08 m

1 Year Share Price Graph



Share Information

Code: PEX

Listing: ASX

52 week	High	Low
	0.35	0.1

Sector: General mining & base metals

Website: www.peellex.com.au

Company Synopsis:

Peel Mining Ltd (ASX:PEX) is an Australian company focused on exploring and developing precious, base and specialty metals resources in New South Wales and Western Australia.

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may be able to acquire the other 50% of Mallee Bull. Given CBH has invested ~A\$13M in the project to date, one could expect the Japanese entity to mandate a price tag in that range. The recent appointment of Jim Simpson to Executive Director highlights PEX's intention to progress towards development. Simpson is a highly experienced mining executive (Mining Engineer) and has extensive experience in the region, mostly recent holding the position of MD at PEX's neighbour, Aurelia Metals (AMI.asx).

Positive newsflow to come - Speculative Buy

Given the dearth of quality base metal development stories in Australia, we are excited by the potential offerings PEX brings to market. Whether it is a takeover target for a producer looking to prolong its mine life, or a near-term developer in its own right, PEX has a quality technical team poised to deliver.

Near-term newsflow will be from Wirlong drilling and an updated Wagga Tank-Southern Nights resource, which will form the basis of a concept study over the project. We expect PEX to demonstrate the minable opportunity of the project when the new resource is released (expected next month).

We maintain our Speculative Buy recommendation. Our 12-month price target remains unchanged at 38c/share despite the recent fall in LME copper and zincs prices, which have affected the share price of developers like PEX.

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