

Regulatory Announcement

[Go to market news section](#)



Company	Herencia Resources PLC
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Herencia Resources plc (“Herencia” or “the Company”) Acquiring Interest in Silver Projects in Chile

1. Overview

Herencia is pleased to announce that it has entered into a heads of agreement with Mineral Securities Limited (“**Minsec**”) by which it agrees to purchase Minsec’s interest in the Iquique and Paguanta silver projects in northern Chile. The Company will acquire the interest through the purchase of Tarapaca Resources (Bermuda) Limited and its wholly owned subsidiaries (“**Tarapaca Group**”). Companies in the Tarapaca Group have entered into joint venture agreements with Campania Minera Costa Rica (“**Costa Rica**”) in respect of the projects. The total consideration will be the issue of up to 150,000,000 fully paid ordinary shares. The terms of the agreement are summarised in section 5 below.

Herencia Chairman, Tony Barton, said: “This is an important acquisition for Herencia as both the Iquique and Paguanta projects occupy an extensive area with known mineralised systems. The projects represent a compelling exploration opportunity as neither has been subjected to drilling or any modern exploration techniques.”

2. Iquique Project

Overview

In the Iquique silver district, there are numerous old silver workings dating back to Inca Empire and the Spanish colonial era. Costa Rica secured tenements comprising a total area of approximately 88 km² covering almost the entire old Iquique silver mining district, which was the second largest silver producer in Chile in the 19th Century. This consolidation of the Iquique silver district under a single ownership structure will provide an opportunity to apply modern exploration methods to discover new silver and copper deposits.

The project is located 18km from the deep water port of Iquique, near the western edge of a high plateau. The main road from Iquique to the nitrate mines which are located immediately east of the silver workings passes through the project area. Iquique has a population of approximately 140,000 and offers extensive services and necessary infrastructure for the mining industry, as well as several flights a day to Santiago.

There are numerous old silver mines, divided into groups, with mineralisation in veins extending along east-west structures and around porphyry intrusions. In addition to silver, some copper has been produced in the past. In recent times, dumps from old mines have been retreated, with average grades reported to be 200-300g/t Ag. The majority of old mines were underground, following narrow veins to depth. However, in the earliest mining period, wider ore bodies were exploited in near surface, oxidised, friable material that contained silver chloride mineralisation, which would appear to be amenable to processing by simple leaching methods.

One of the objectives of this project is to investigate the potential for bulk open cut mining of silver deposits in weathered oxidised rock where surface processes may have enriched silver chloride and other silver minerals. In addition, the search for manto and skarn type silver-copper deposits like those mined in similarly mineralised districts in Peru and Mexico will be undertaken. Some shafts have intersected

replacement copper and silver mineralisation within favourable limestone stratigraphy marginal to porphyry sills.

Iquique Project Exploration Programme

The programme will initially target zones with old workings on silver rich veins and other types of mineralisation, focussing on surface regolith features with potential for open cut mining and simple processing. This will include sampling of dumps of old workings (which occur in zones extending over several kilometres strike length), followed by drill testing of zones with significant width of mineralisation of interest. The programme will also target potentially larger manto and skarn deposit styles of silver and copper mineralisation. Geochemical and magnetic surveys will be undertaken to define such targets, followed by drilling.

Joint Venture Terms

A wholly owned subsidiary of Tarapaca has entered into a joint venture agreement with Costa Rica, whereby the subsidiary has the right to earn up to a 70% interest in the Iquique project by contributing US\$2 million towards exploration activities on the project. In order to retain its interest in the project, the Tarapaca group must contribute US\$0.5 million within 18 months and US\$2 million within 36 months to the project.

3. Paguanta Project

Overview

The Paguanta project is well located in the northern part of the main Chilean porphyry copper belt, approximately 120km east of the coastal port of Iquique. Costa Rica secured a 39 km² tenement which covers known silver-zinc-gold mineralisation (“**Patricia Zone**”) and copper-silver mineralisation (“**Doris Zone**”). Minsec was attracted to Paguanta by an historic silver mine, which was active 130 years ago when small-scale underground mining of high grade silver veins was undertaken.

Previously restricted by access, Costa Rica recently constructed a 28km road from the Iquique-Oruro (Bolivia) highway southward across the Tarapaca River gorge to the project area. With the new road access is now relatively straightforward and has opened up the area to modern exploration. The site is at 3,500-3,800 metres elevation and, in the mineralised areas, the slopes are gentle.

Patricia Zone

Several high grade silver-zinc vertical lodes or veins were mined in the Patricia Zone and ore was smelted on site 130 years ago. The rock between the lodes, or veins, is pervasively altered and mineralised suggesting potential for disseminated, veinlet stockwork or breccia mineralisation. In the old mine area there is silver-zinc-gold mineralisation in high sulphidation epithermal veins and stockwork breccias hosted by andesite volcanic lavas and porphyry intrusions.

The old workings of the Patricia Zone are located within an altered mineralised zone which is 400 metres wide and extends along strike for 4km along an east-west structure.

Doris Zone

Costa Rica has recently discovered the Doris Zone, a virgin mineralised zone to the north east of the old Patricia Zone workings. Visible copper sulphide minerals chalcopyrite and bornite are seen in outcrop, which are reported to also contain high silver and anomalous gold values.

Cumbre Zone

The Cumbre Zone in the southern part of the Paguanta tenement is an area of silicified limonitic breccias with some old workings yet to be investigated.

Paguanta Project Exploration Programme

The initial programme will involve rock chip and stream sediment sampling and geological mapping.

The old working is a drill ready target where mineralisation is found over a width of 400 metres along the east-west trending Patricia Zone structure. Follow up work will involve step out drilling along the Patricia Zone and drill testing the targets delineated in the Doris Zone.

Joint Venture Terms

A wholly owned subsidiary of Tarapaca has entered into a joint venture agreement with Costa Rica, whereby the subsidiary has the right to earn up to a 70% interest in the Paguanta project by contributing US\$2 million towards exploration activities on the project. In order to retain its interest in the project, the Tarapaca group must contribute US\$0.5 million within 18 months and US\$2 million within 36 months to the project.

4. Minsec

Minsec is listed on the Australian Stock Exchange. It is a resource investment house that identifies and develops resource projects.

5. Terms of the Agreement and Subscription

The heads of agreement contemplates that the Company and Minsec will enter into an acquisition agreement whereby Minsec will transfer Tarapaca Resources (Bermuda) Limited to Herencia in consideration of the issue of up to 150 million ordinary shares to Minsec (“**Consideration Shares**”). Herencia will issue 100 million of the Consideration Shares upon completion and a further 50 million shares after the Company has spent US\$2,000,000 on the projects.

The agreement is subject to:

- Herencia and Minsec entering a formal detailed agreement;
- approval of the shareholders of Herencia; and
- regulatory approvals being granted by the Australian Stock Exchange and the Bermudan Monetary Authority.

6. Reverse Takeover

The acquisition will be a reverse takeover within the meaning of the AIM rules and, accordingly, the Company has requested trading in its shares on AIM to be suspended pending publication of an AIM admission document.

****ENDS****

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