

# Herencia joins in Chilean venture

*Mining*

HERENCIA RESOURCES (HER)		1.93p	
12 MONTH CHANGE %	+93	MARKET CAP £M	3.85
TURNOVER £M	N/A	FORECAST P/E	N/A

Cash shell Herencia Resources has found two silver and copper projects in Northern Chile which will form the basis of the group. Silver demand is outstripping supply and the same could be true of copper by the end of the decade.

Herencia bought the proposed holding company of the Chilean interests, Tarapaca, in return for 100m shares. There are another 50m performance related shares that can be issued. Tarapaca can earn a 50% interest in either project by investing \$500,000 in 18 months and an additional \$1.5m investment will take the stake to 70%.

The Iquique project is in a region where silver has been mined in the past. The Paguanta project is in the main Chilean porphyry copper belt. Old workings will be sampled to define targets. Drilling will start at the beginning of 2006. There is a good chance that the initial mining could be open pit.

The shares are tightly held with Mineral Securities Ltd owning 60% and Australian Heritage 23%. Each of these companies has directors on the Herencia board. Even if the performance-related shares are included Herencia's market value is £4.4m and it has £800,000 in the bank. That means that if a discovery is made, there is plenty of scope for a rise in the share price.