

A year of advancement ahead for Herencia

Map showing the locations of Herencia's projects in Chile



PLANNING is complete for a new drilling campaign of 10,000m starting in March at the Paguanta zinc-lead-silver project in northern Chile aimed at allowing AIM Board-listed Herencia Resources plc to both expand its resource picture and to advance the established inferred resource towards the indicated category.

Paguanta is the flagship for Herencia, where the discovery rate has been rapid in modern exploration terms.

The last major drilling campaign, completed in mid-2007 saw Herencia establish an inferred 2.51Mt grading 77g/t silver, 1.3% lead and 4.1% zinc using a zinc cut-off grade of 2%.

Executive director Michael Bohm told WMS that metallurgical sampling is now being launched as a prelude

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to more drilling and a scoping study expected to be completed in the September quarter.

By the end of 2008, the company hopes to begin a bankable feasibility study and, in a positive light, Herencia may well be producing both zinc and lead concentrates in the second half of 2010.

What has helped Herencia understand the Paguanta geology, ore characteristics and its geometry is a 400m adit that was driven into the side of a hill back in the 1880s, and from which limited mining took place.

Unfortunately, the then mine owner died and so did the project. However, the adit is still in good condition and has allowed the Herencia team to not only take ore samples but to help pinpoint continued drilling. This was shown by the first major drill campaign in December 2006, which saw eight of ten diamond holes hit major mineralisation.

Mr Bohm says that, with the mineralisation outcropping from the local sloping topography, Paguanta could be suited to an open-pit 'bench' mining technique, resulting in shorter haulage distances and a lower operating cost.

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UK stock-broking firm WH Ireland said in a report late last year that Herencia has identified three veins at Paguanta, each parallel to each other and all outcropping.



THE TEAM

MICHAEL BOHM Executive director

Michael Bohm is a mining engineer having extensive experience in operations management, evaluation and project development in Australia, northern Europe, southeast Asia and North America. Mr Bohm has over 20 years' minerals industry experience in both open-pit and underground mining environments. His corporate experience includes previous directorships at Sally Malay Mining Ltd in Australia and Ashton Mining in Canada. He is managing director Asia Pacific for Mineral Securities.



WILLIAM ADAMSON Non-executive director

Bill Adamson has a mining engineering degree from the Western Australian School of Mines, a masters in engineering science from the University of Queensland and a doctorate in blasting engineering from the University of Queensland. Mr Adamson is general manager at Austin Chile Trading Ltd and senior technical manager at Austin Powder Inc, companies which supply explosive products and blasting technology to the mining sector. Mr Adamson has 16 years' experience in the South American resources industry.

JAMES SINCLAIR General manager, Chile

Jim Sinclair has a degree in geology and physical geography from the Sheffield University and a masters in sedimentology from Reading University. Before joining Herencia, Mr Sinclair was country manager with AngloGold Ashanti in Mongolia and was responsible for all exploration activities including personnel management, safety, budgeting, contractors, technical programmes, project generation activities and government/NGO liaison. Before that, he was based in Australia with Anglo, being responsible for exploration and drilling activities in the Northern Territory and was involved with the discovery of the Coyote gold deposit.



HON JOHN MOORE AO Non-executive director and chairman

The Hon John Moore AO holds degrees in commerce and accountancy from the University of Queensland. Mr Moore has had a distinguished career in Australian politics. He was Minister for Defence, Minister for Industry, Science and Tourism and vice president of the Executive Council. Before entering politics, Mr Moore was a stockbroker and member of the Brisbane Stock Exchange. He has served on the boards of many broking and banking-related companies, including CitiNational Ltd, Merrill Lynch (Aust) Pty Ltd and Grindlays (Aust) Pty Ltd. He is non-executive deputy chairman of Mineral Securities.

JOHN RUSSELL Non-executive director

John Russell has over 30 years' experience in investment banking. He was a member of the Australian Stock Exchange and a partner in Bain & Company. He has had 20 years' experience in London and New York as head of Bain's branches in both cities. In 1992, Bain was acquired by Deutsche Bank AG and Mr Russell continued as senior director of Deutsche Bank Australia in Europe until the end of 1999. Since retiring from Deutsche Bank, Mr Russell has been providing consulting services to smaller technology companies. He is chairman of Henderson Far East Income Ltd and Minster Pharmaceuticals plc.

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“We believe that the company has a good understanding of the mineralisation within the main area of drilling, and that the geological model appears consistent with the mineralised sequences lower down in a low-sulphidation epithermal system,” WH Ireland said.

On exploration potential, WH Ireland said “there is potential for additional tonnes to be defined along strike and parallel to the known veins.”

This report also said that in addition to the low-

sulphidation epithermal target area, Herencia has identified a target called Rosa, near the Paguanta veins. This was considered highly prospective for porphyry copper and associated copper oxide blankets, and the alteration covers 3km².

The development plusses for Herencia are that the known mineralisation may be only a starting point, being open along strike and down dip. Paguanta is also only 15km from a sealed national highway leading to a

deep sea port 150km away.

Mr Bohm says Chile has a strong mining culture and that regional groups and local people understand mining, making Chile an excellent place to do business.

Advancing the project is James Sinclair, general manager for the company in Chile who has a degree in geology and physical geography from Sheffield University and a masters in sedimentology from Reading University. Mr Sinclair has a team of three senior geologists working from the company's office in the city of Iquique and an established on-site camp.

Herencia also owns the La Serena project in central-north Chile that covers 35,000ha and is prospective for porphyry copper-gold. Herencia has already identified 15 anomalies in what is a largely under-explored region.



Drilling at Paguanta, July 2007

VITAL STATISTICS

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SHARE INFORMATION

Listed: AIM
Ticker: HER
Shares on issue: 607,399,999
Market cap: US\$13 million
Shareholders: Mineral Securities Ltd 46%, Australian Heritage Group Pty Ltd 15.8%, Pershing Keen Nominees Ltd 9.7%, AngloPacific Group plc 8.3%, Pershing Keen Nominees Ltd (2) 6.5%, SVS (Nominees) Ltd 4.2%.
Subsidiaries: Tarapaca Resources (Bermuda) Ltd, Compania Minera Paguanta SA 70%

ASSOCIATES

Nomad and broker: WH Ireland
Auditor: UHY Hacker Young
Solicitor: Watson, Farley & Williams
Share registry: Capita Registrars

