

MORNING COMMENT

**BUY**

Unchanged

Price 2.02p  
Target price NA

Reuters/BBG Index Sector Market Cap  
HER.L / LN FTSE AIM Mining £31.2m

**Herencia Resources\*#**

**Event**

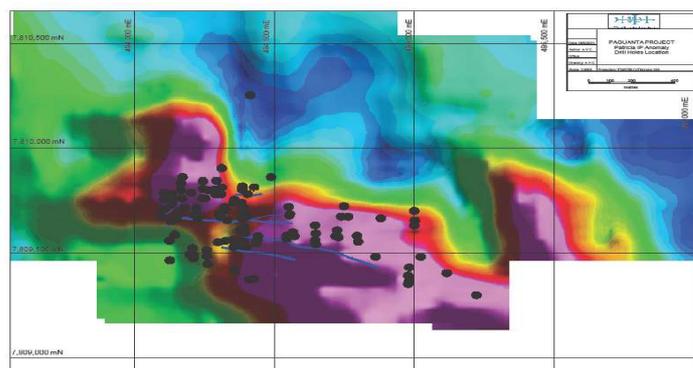
Herencia has released further diamond drill assay results from its 2011 drill program for its Paguanta Project (Herencia 70%) in northern Chile where the company is moving toward a resource upgrade and completion of a full feasibility study for the 'Patricia' zinc-silver-lead-gold mineral resource (JORC-compliant). Best assay results released today include:

- 7m at 7.0% zinc, 2.6% lead and 122g/t silver from PTDD098
- 3m at 5.8% zinc, 2.2% lead and 160g/t silver from PTDD105
- 6.1m at 8.9% zinc, 3.4% lead and 205g/t silver from PTDD109

The company has also announced that the drilling program at the Guamanga Project (Herencia earning 51%) has been completed and that assay results are pending (expected May 2012). This program consisted of six diamond holes targeting a deep porphyry system.

**Implications**

Drilling at Patricia continues to show high zinc, silver and lead grades both from infill and extensional drilling (with these latest results continuing to prove grade in both the Camp Vein and Cathedral Vein eastern extension). As the geophysical anomaly below shows (the black dots representing historic drilling) Patricia has been only partially drilled and additional drilling continues to prove the open extent of mineralisation.



\*WH Ireland acts as Broker and Nomad

**MARKETING COMMUNICATION**

This document has not been prepared in accordance with legal requirements designed to promote the independence of investment research.

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**Investment Opinion**

For a full investment appraisal including valuation of Herencia please refer to a WH Ireland research work dated 6 February 2012. We reiterate our BUY recommendation.

## Disclosures

### WH Ireland Recommendation Definitions

#### Buy

Expected to outperform the FTSE All Share by 15% or more over the next 12 months.

#### Outperform

Expected to outperform the FTSE All Share by 5/15% over the next 12 months.

#### Market Perform

Expected to perform in line with the FTSE All Share over the next 12 months.

#### Underperform

Expected to underperform the FTSE All Share by 5/15% or more over the next 12 months.

#### Sell

Expected to underperform the FTSE All Share by 15% or more over the next 12 months.

#### Speculative Buy

The stock has considerable level of upside but there is a higher than average degree of risk.

### Share Price Target

The share price target is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon.

### Stock Rating Distribution

As at the quarter ending 31 December 2011 the distribution of all our published recommendations is as follows:

Recommendation	Total Stocks	Percentage %	Corporate
Buy	44	81%	27
Speculative Buy	2	4%	2
Outperform	2	4%	2
Market Perform	5	9%	5
Underperform	1	2%	0
Sell	0	0%	0
<b>Total</b>	<b>54</b>	<b>100%</b>	<b>36</b>

This table demonstrates the distribution of WH Ireland recommendations. The first column illustrates the distribution in absolute terms with the second showing the percentages.

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# WH Ireland makes markets in this stock

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