

MORNING COMMENT

**BUY**

Unchanged

Price 1.85p

Reuters/BBG Index Sector Market Cap  
HER.L / LN FTSE AIM Mining £28.16m

**Herencia Resources\*#**

**Event**

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

- 6m at 15.5% lead and 729g/t silver from PTRC113
- 6m at 10.4% zinc and 150g/t silver from PTDD089
- 6.35m at 5.6% zinc and 261g/t silver from PTDD126

**Implication**

These latest assays continue the intersection quantum of the 2011 results for the 'Patricia' drilling program. All 2011 results are to be included in an update/upgrade of the Patricia Mineral Resource Estimate planned to be undertaken by Golders Mineral Consultancy in May/June 2012. WH Ireland expect that as a result of the resource re-optimisation, a substantive level of JORC resource will move into higher JORC categories. Below is the most recent resource summary for Patricia (i.e. prior to the anticipated update).

**Patricia Mineral Resource Table**

Resource Statement and Parameters - using a 2% Zn cutoff

	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Zn Metal (kt)	Pb Metal (kt)	Ag Metal (Moz)	Au Metal (oz)
Indicated	0.91	4.88	1.54	87	0.26	44500	14000	2.54	7500
Inferred	2.6	4.53	1.44	95	0.22	117900	37400	7.96	18200
<b>TOTAL</b>	<b>3.51</b>	<b>4.62</b>	<b>1.46</b>	<b>93</b>	<b>0.23</b>	<b>162400</b>	<b>51400</b>	<b>10.50</b>	<b>25700</b>

Resource Statement and Parameters - using a 4% Zn cutoff

	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Zn Metal (kt)	Pb Metal (kt)	Ag Metal (Moz)	Au Metal (oz)
Indicated	0.33	9.06	2.95	162	0.37	29500	9600	1.69	3800
Inferred	1.09	7.26	2.2	142	0.29	79500	24100	4.98	10100
<b>TOTAL</b>	<b>1.42</b>	<b>7.67</b>	<b>2.37</b>	<b>146</b>	<b>0.31</b>	<b>108900</b>	<b>33700.00</b>	<b>6.67</b>	<b>13900</b>

Source: WH Ireland research / Company data

**Management Change**

Mike Bohm (the Managing Director), intends to step down from his operational role with effect 30 June 2012 (personal reasons). He will remain as a non executive director and his spouse holds 2.31% of the company's ordinary shares. It is proposed that Graeme Sloan will become Mike Bohms successor. Graeme Sloan has over 30 years of experience in the resources sector in Australia and North America including senior management positions in project development and mine operations, as well as Managing Director positions with ASX listed mining companies

**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.

\*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.

Analyst Tom Elder  
+44 (0)113 394 6607  
tom.elder@wh-ireland.co.uk

## 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 March 2012 the distribution of all our published recommendations is as follows:

Recommendation	Total Stocks	Percentage %	Corporate
Buy	59	83%	36
Speculative Buy	6	9	3
Outperform	5	7	4
Market Perform	1	1	1
Underperform	0	0	0
Sell	0	0	0
<b>Total</b>	<b>71</b>	<b>100</b>	<b>44</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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WH Ireland Limited  
11 St James's Square  
Manchester M2 6WH  
T: 0161 832 2174  
F: 0161 839 5706

[www.wh-ireland.co.uk](http://www.wh-ireland.co.uk)