

## **DJ Herencia Resources Sees Paguanta Feasibility Study by Early 2013 Friday, September 28, 2012**

By Iain Packham

LONDON--Chile-focused miner Herencia Resources PLC (HER.LN) expects to complete the feasibility study for an open pit mine at the Patricia deposit of its Paguanta zinc, silver and lead project by the end of 2012 or early 2013, its Managing Director Graeme Sloan said Thursday.

It's current cash balance, a bit over \$1.2 million, will last the company through the study and Herencia is already looking at financing options to take it forward to production.

"Our goal is to get Paguanta into production as soon as possible," Mr. Sloan told journalists. At the earliest, he expects Paguanta could be in production in 2014 or 2015.

The feasibility study will be a key document for potential funding partners as it will outline the fundamentals of the project, including its economics, production projections, costing etc.

Due to Herencia's focus of getting the project into production as soon as possible, Mr. Sloan noted that a funding deal could be signed before the feasibility study is released and said it is already in talks with several companies.

Herencia already has an obvious potential funding partner, though, in its largest shareholder, Nyrstar N.V. (NYR.BT), a leading zinc and lead miner, holding a 10% stake. Nyrstar's Chief Operating Officer, Gregory McMillan, also serves as a non-executive director on Herencia's board.

Mr. Sloan said possible financing options are many and varied and may include production offtake agreements, royalty agreements or even forward selling its silver production, among others. Issuing equity, however, is currently low on the list of methods, Mr. Sloan said, due to the company's low share price and the dilutive effect it would have.

The director is eager to get funding and get the project into production as soon as possible in order to fund further exploration at the project, which he believes holds considerable potential for a significantly larger resource, with more high grades of silver, copper and lead outside the currently evaluated resource area.

At 1355 GMT, shares were down 0.01 pence, or 1.8%, at 0.8 pence, in a slightly higher AIM index--up 0.2%.