

Regulatory Story

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Herencia Resources PLC - HER Update - Pastizal Project
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**Herencia Resources plc
("Herencia" or the "Company")**

**High grade copper mineralisation identified
at Pastizal project in Chile
Up to 4.13% Copper**

Herencia Resources plc (AIM Code: HER.L or "Herencia") is pleased to advise that the initial Reverse Circulation (RC) drilling at the Pastizal copper project in central Chile, reported copper assays from the 25 holes drilled of up to 4.13% including other high grade near surface copper (Cu) mineralisation.

In particular:

- The initial RC drilling of 25 holes for 2,400 metres demonstrated that the copper mineralised zones within the limestone and chert were near surface when compared with the copper zones identified at the adjacent Picachos lease.
- The copper mineralisation intercepts suggest further expansion of the zones are possible at depth and along strike.

Significant copper assay results include:

| | |
|----------------|--|
| PZ17051 | 4 m at 1.47% Cu from 31 m downhole |
| PZ17057 | 4 m at 2.72% Cu from 52 m 3 m at 4.13% Cu from 59 m |
| PZ17063 | 4 m at 2.21% Cu from 16 m |

| | |
|----------------|----------------------------------|
| | 5 m at 1.69% Cu from 32 m |
| | 2 m at 3.03% Cu from 60 m |
| PZ17064 | 3 m at 1.94% Cu from 19 m |
| PZ17065 | 3 m at 1.39% Cu from 15 m |
| PZ17066 | 3 m at 1.44% Cu from 32 m |

Non-Executive Chairman Peter Reeve today commented:

"We are so pleased to be back drilling for copper to provide confidence to shareholders that we are very focused on improving the Business and are able to report that Herencia has completed its first RC drill program at the Pastizal project which identified high grade copper mineralisation over a 2-kilometre strike zone and a high success rate per hole. We have an enviable ground position in an established copper belt and within 10 km of the Teck Resources Andacollo open pit copper mine processing up to 20 million tonnes per year at around 0.4% copper."

HIGHLIGHTS

- Copper-silver mineralisation located beneath thin cover (some 20 metres) at Pastizal has been significantly extended to the north of the Montenegro mine by recent shallow RC drilling.
- The extended footprint of the Pastizal mineralisation is around 1.4 kilometres long along a South East-North West fault system from the Montenegro Mine, through Pastizal, to the Pastizal North targets. To date three (3) additional sub-parallel mineralised faults have been identified at Pastizal Norte.
- Highest values include up to 4.13% Cu and 49.03g/t Ag (59-62m in hole **PZ17057**); up to 2.21% Cu and 4.20g/t Ag (16-20m in hole **PZ17063**), and, 3.03% Cu and 34.30g/t Ag (60-62 m in hole **PZ17063**) identified near surface at Pastizal Norte and Pastizal (see Table below).
- Several copper mineralisation intercepts were at shallow levels highlights the excellent potential for open pit mining to take place in Pastizal.
- Copper-silver mineralisation remains open to the east, where the extension and continuity of South East-North West faults from Picachos to the south need to be tested, In addition, the copper-silver mineralisation is also open to the north, where 200 metres of unexplored South East-South West faults would increase any economic potential at Pastizal.

GEOLOGY

The Picachos-Pastizal area, located eight (8) km on the western part of the Andacollo Copper-Molybdenum porphyry has produced several millions tonnes of copper and significant silver over, at least, the last 30 years.

Copper-silver mineralisation in Pastizal consist mainly of structurally-lithologically controlled bornite and chalcopyrite associated with inclusions of silver sulfosalts. However, galena (lead sulphide)-sphalerite (zinc sulphide)

mineralisation with grades over 1% lead-zinc, has been identified in some intercepts, indicating the existence of a secondary mineralised event in the area. The mineralisation is hosted by dark limestones, chert-bearing limestones and calcareous sandstones, which can each reach thicknesses up to 20-30 metres. The origin of the copper-silver mineralisation is thought to be mafic rocks or older deposits that were heated and leached by either circulating water at low temperatures within calcareous sequences, driven up dip from the tensional faults associated with the axis of the Atacama faulting trend during Jurassic-Cretaceous times.

Mineralisation precipitates in fault zones, infills permeable zones in the calcareous facies, reacts with and partially replaces the limestone zone and also continues up faults that penetrate the limestones using stratification surfaces and fracturing, forming the so called "stratabound copper-silver deposits".

The recently discovered extension of the copper-silver mineralisation at Pastizal Norte confirms the important role and high potential of the calcareous rocks and the SE-NW structures in the formation of Cu-Ag mineralisation in the entire mining District.

Preliminary results of 2017-1 Reverse Circulation Drilling campaign in Pastizal project are set out in the Table below:

| Hole ID | No | From (metres) | To (metres) | Width Downhole | Copper | Silver | Target |
|---------|------------------|---------------|-------------|----------------|--------------|------------------|----------------|
| PZ17050 | 1 | 41 | 44 | 3 | 0.27% | 1.07 g/t | Montenegro |
| PZ17051 | 1 | 31 | 35 | 4 | 1.74% | 5.78 g/t | Montenegro |
| PZ17052 | 1 | 32 | 54 | 22 | 0.42% | 1.72 G/T | Montenegro |
| | <i>Including</i> | 38 | 41 | 3 | 1.17% | 3.07 g/t | |
| PZ17053 | 1 | 10 | 19 | 9 | 0.55% | 1.10 g/t | Pastizal |
| | <i>Including</i> | 13 | 17 | 4 | 0.74% | 1.23 g/t | |
| | 2 | 38 | 41 | 3 | 0.44% | 2.83 g/t | |
| PZ17056 | 1 | 19 | 33 | 14 | 0.30% | 0.97 g/t | Pastizal Norte |
| PZ17057 | 1 | 48 | 65 | 17 | 1.92% | 20.01 g/y | Pastizal Norte |
| | <i>Including</i> | 52 | 56 | 4 | 2.72% | 27.68 g/t | |
| | <i>Including</i> | 59 | 62 | 3 | 4.13% | 49.03 g/t | |
| PZ17058 | 1 | 6 | 8 | 2 | 0.81% | 6.15 g/y | Pastizal Norte |
| | 2 | 65 | 67 | 2 | 0.49% | 3.95 g/t | |
| PZ17059 | 1 | 47 | 53 | 6 | 0.60% | 2.10 g/t | Pastizal Norte |
| PZ17063 | 1 | 13 | 22 | 9 | 1.19% | 2.03 g/t | Pastizal |
| | <i>Including</i> | 16 | 20 | 4 | 2.21% | 4.20 g/t | |
| | 2 | 29 | 39 | 10 | 1.15% | 1.60 g/t | |
| | <i>Including</i> | 32 | 37 | 5 | 1.69% | 2.84 g/t | |
| | 3 | 54 | 67 | 13 | 1.15% | 7.23 g/t | |
| | <i>Including</i> | 60 | 62 | 2 | 3.03% | 34.30 g/t | |

| | Including | 63 | 66 | 3 | 1.22% | 2.30 g/t | |
|----------------|------------------|-----------|-----------|----------|--------------|------------------|---------------------|
| | | | | | | | |
| PZ17064 | 1 | 17 | 25 | 8 | 1.00% | 1.91 g/t | Pastizal |
| | Including | 19 | 22 | 3 | 1.94% | 4.13% | |
| | 2 | 47 | 53 | 6 | 0.64% | 3.67 g/t | |
| | | | | | | | |
| PZ17065 | 1 | 13 | 18 | 5 | 0.97% | 2.64 g/t | Pastizal |
| | Including | 15 | 18 | 3 | 1.39% | 3.90 g/t | |
| | | | | | | | |
| PZ17066 | 1 | 11 | 39 | 28 | 0.73% | 1.07 g/t | Pastizal |
| | Including | 27 | 25 | 4 | 1.00% | 1.45 g/t | |
| | Including | 32 | 35 | 3 | 1.44% | 1.83 g/t | |
| | 2 | 51 | 56 | 5 | 1.28% | 5.82 g/t | |
| | | | | | | | |
| PZ17068 | 1 | 94 | 102 | 8 | 0.56% | 5.06 g/t | Pastizal |
| | Including | 96 | 97 | 1 | 1.47% | 17.00 g/t | |
| | | | | | | | |
| PZ17072 | 1 | 52 | 55 | 3 | 0.62% | 2.63 g/t | Montenegro-Pastizal |
| | Including | 53 | 54 | 1 | 1.01% | 4.20 g/t | |
| | | | | | | | |
| PZ17074 | 1 | 37 | 42 | 5 | 1.04% | 6.52 g/t | Montenegro |
| | Including | 41 | 42 | 1 | 1.37% | 8.85 g/t | |
| | 2 | 47 | 51 | 4 | 1.03% | 9.05 g/t | |
| | Including | 48 | 50 | 2 | 1.65% | 16.55 g/t | |
| | | | | | | | |

The process used to record the drilling results includes collecting and recording 10kg and 20kg one metre and two metre samples respectively, over the entire length of the drill hole with the one metre samples from the mineralised zones. The samples are visually logged by the onsite Consultant geologists for geology and mineralisation. The individual samples are then transported and submitted to Activation Lab for assaying in Coquimbo, Chile. The Activation Lab analytical laboratory was accredited by the Standards Council of Canada defined in [ISO/IEC 17025-General requirements for the competence of testing and calibration laboratories](#).

An in-depth hole description:

Montenegro Mine: four (4) drillholes of 261 metres were drilled north-east of the current mining area. The underground operation is using artisanal mining methods at shallow levels between 10 and 50 metres. All holes were drilled at a 45°-60° dip oriented to the west and east.

- **Drillhole PZ17050** (78.0m End of Hole ("EOH"), Azimuth N315°, Dip -46°NW) was drilled within the north-east extension of the Montenegro deposit and east of the current mining activities at some 50 metres below the surface. The main intercept consists of 3m (41-44m) with 0.27% Cu and 1.07g/t Ag. This hole confirmed the extension of the mineralised zone at shallow levels to the north. The zone reported low to moderate grade of chalcopyrite-bornite mineralisation hosted by chert-bearing limestones.
- **Drillhole PZ17051** (75.0m EOH, Azimuth N290°, Dip -50°NW) intersected a zone of moderate to high grade copper mineralisation in dark limestones, located to the east of hole PZ17050. The main intercept consists of 4m (31-35m) with 1.74%Cu and 5.78g/t Ag. The mineralisation consists of fine bornite and pyrite. This intercept confirms the potential for mineralised extensions at depth.

- **Drillhole PZ17052** (55.0m EOH, Azimuth N140°, Dip -55°SE) drilled approximately 50m east of hole PZ17051, confirmed the continuity of moderate to high grade copper mineralisation east of the Montenegro workings. PZ17052 intersected near surface bornite-chalcopyrite mineralisation with disseminated pyrite hosted by dark limestones. The main intercept consists of 22m (32-54m) with 0.42%Cu and 1.72g/t Ag, including 3m (38-41m) with 1.17%Cu and 3.07g/t Ag. The hole also confirmed the near surface extension of the mineralised zone.
- **Drillhole PZ17074** (80.0m EOH, Azimuth N65°, Dip -50°NE) has intercepted dark limestones and chert-bearing limestones with disseminated chalcopyrite and pyrite showing also traces of bornite. This hole intersected two mineralised zones including 5m (37-42m) with 1.04%Cu and 6.52g/t Ag, including 1m (41-42m) with 1.37%Cu and 8.85g/t Ag. The second zone intersected 4m (47-51m) with 1.03%Cu and 9.05g/t Ag, including 2m (48-50m) with 1.65%Cu and 16.55g/t Ag.

Montenegro-Pastizal Transitional target: two (2) drillholes of 126 metres have been drilled into this transitional zone in order to test the possible occurrence of copper-silver mineralisation in calcareous facies and the existence of SE-NW faults. Preliminary results on this unexplored area show the presence of mineralisation between Montenegro and Pastizal.

- **Drillhole PZ17072** (60.0m EOH, Azimuth N280°, Dip -45°NW) intercepted a marine sequence composed by dark limestones, partially mineralised showing fine disseminated pyrite, chalcopyrite and traces of bornite. The main intercept shows 3m (52-55m) with 0.62%Cu and 2.63g/t Ag, including 1m (53-54m) with 1.01%Cu and 4.20 g/t Ag.
- **Drillhole PZ17073** (66.0m EOH, Azimuth N230°, Dip -45°SW) intercepted a marine sequence composed of dark limestones and chert-bearing limestones, showing fine disseminated pyrite, chalcopyrite and traces of bornite.

Pastizal Mine Target: ten (10) drillholes of 793 metres were located around the abandoned mine workings of Pastizal that lie between 20 and 40 metres from the surface.

- **Drillhole PZ17053** (90.0m EOH, Azimuth N240°, Dip -55°SW) was drilled in the Pastizal target, north of the Montenegro mine, intersecting a broad moderate to high grade chalcopyrite-bornite mineralisation with disseminated pyrite hosted by dark limestones. This hole intersected two (2) mineralised bodies including with 9m (10-19m) with 0.55%Cu and 1.10g/t Ag, including 4m (13-17m) with 0.74%Cu and 1.23g/t Ag. The second hole reported 3m (38-41m) at 0.44%Cu and 2.83g/t Ag. This hole confirmed the presence of two mineralised SE-NW faults with potential to host copper mineralisation at the southern and northern zones.
- **Drillhole PZ17054** (200.0m EOH, Azimuth N250°, Dip -55°SW)- no mineralised intercepts due to structural complexity and indications of block faulting.
- **Drillhole PZ17055** (140.0m EOH, Azimuth N180°, Dip -45°SW)- no mineralised intercepts due to structural complexity and indications of block faulting.

- **Drillhole PZ17062** (84.0m EOH, Azimuth N260°, Dip -45°SW)- no mineralised intercepts due to structural complexity and indications of block faulting.
- **Drillhole PZ17063** (110.0m EOH, Azimuth N75°, Dip -45°NE) intercepted a marine sequence composed of dark limestones with chert, partially mineralised presence of copper oxides filling fractures and disseminated pyrite and chalcopyrite. This hole intercepted three (3) mineralised zones-the first zone of 9m (10-19m) with 1.19%Cu and 2.03g/t Ag, including 4m (16-20m) at 2.21%Cu and 4.20g/t Ag. The second zone of 10m (29-39m) at 1.15%Cu and 4.60g/t Ag, including 5m (32-37m) at 1.69%Cu and 2.84g/t Ag. The third zone reported an outstanding intercept of 13m (54-67m) grading 1.15%Cu and 7.23g/t Ag, including 2m (60-62m) of 3.03%Cu and 34.30g/t Ag and 3m (63-66m) of 1.22%Cu and 2.30g/t Ag. This hole has confirmed the occurrence of, at least, three mineralised SE-NW faults at shallow levels. These structures show evidence of intense fracturing around main faults.
- **Drillhole PZ17064** (97.0m EOH, Azimuth N95°, Dip -60°SE) intercepted a marine sequence composed by dark limestones, partially mineralised copper oxides filling fractures and fine disseminated pyrite and chalcopyrite. This hole intersected two (2) mineralised zones. The first zone reported 8m (17-25m) grading 1.00%Cu and 1.19g/t Ag, including 3m (19-22m) at 1.94%Cu and 4.13g/t Ag. The second zone of 6m (47-53m) at 0.64%Cu and 3.67g/t Ag. This hole confirms also the existence of copper mineralisation at shallow levels.
- **Drillhole PZ17065** (18.0m EOH, Azimuth N85°, Dip -45°NE) intersected dark limestones between 13m and 18m, with 5m at 0.97%Cu and 2.64g/t Ag, including 3m (15-18m) at 1.39%Cu and 3.90 g/t Ag.
- **Drillhole PZ17066** (80.0 EOH, Azimuth N50°, Dip -50°NE) intercepted a marine sequence of dark limestones with copper oxide mineralisation filling fractures at shallow levels. The first intercept of 28m (11-39m) at 0.73%Cu and 1.07g/t Ag, including 4m (21-25m) at 1.00%Cu and 1.45g/t Ag, and 3m (32-35m) at 1.44%Cu and 1.83g/t Ag. A second mineralised body composed of chalcopyrite and pyrite has been identified between 51m and 56m, with 5m at 1.28%Cu and 5.82 g/t Ag. This hole also confirms the presence of copper mineralisation at shallow levels and the existence of, at least, two important mineralised faults in the Pastizal target.

Pastizal Norte target: 11 drillholes of 1,273 metres were drilled into the recent-discovered mineralised zone of Pastizal Norte. At least, three (3) important faults have been identified within this greenfield area.

- **Drillhole PZ17056** (66.0m EOH, Azimuth N230°, Dip -45°SW) intercepted a marine sequence composed of dark limestones and chert-bearing limestones, mineralised showing fine disseminated pyrite, chalcopyrite and traces of bornite, sand reported 14m (19-33m) at 0.30%Cu and 0.97g/t Ag.
- **Drillhole PZ17057** (240.0m EOH, Azimuth N230°, Dip -45°SW) was drilled in order to test the potential of Pastizal Norte target, has clearly confirmed the presence of high grade copper mineralisation in dark limestones at shallow levels and the discovery of three additional mineralised faults in the property. Copper assay results of

17m (48-65 m) at 1.92%Cu and 20.01 g/t Ag, including 4m (52-56m) and 2.72%Cu and 27.68 g/t Ag, and 3m (59-62 m) at 4.13%Cu and 49.03 g/t Ag.

- **Drillhole PZ17058** (66.0m EOH, Azimuth N230°, Dip -45°SW) intercepted a marine sequence composed by dark limestones and chert-bearing limestones, mineralised with disseminated pyrite, chalcopyrite and traces of bornite. This hole intercepted two mineralised zones with the first zone reporting 28m (11-39m) at 0.73%Cu and 1.07g/t Ag. The second zone intersected 5m (51-56m) at 1.28%Cu and 5.82g/t Ag. This hole confirms also the existence of copper mineralisation near surface.
- **Drillhole PZ17059** (66.0m EOH, Azimuth N230°, Dip -45°SW) intercepted a marine sequence composed by dark limestones and chert-bearing limestones, mineralised showing fine disseminated pyrite, chalcopyrite and traces of bornite. The best intercept of 6m (47-53m) at 0.6%Cu and 2.10g/t Ag.
- **Drillhole PZ17060** (66.0m EOH, Azimuth N260°, Dip -45°SW)- no mineralised intercepts due to structural complexity and indications of block faulting.
- **Drillhole PZ17061** (66.0m EOH, Azimuth N260°, Dip -45°SW)- no mineralised intercepts due to structural complexity and indications of block faulting.
- **Drillhole PZ17067** (66.0m EOH, Azimuth N260°, Dip -45°SW) -no significant intercept of copper mineralisation due to zonation of sulphides. There were traces of chalcopyrite observed. However, sulphide mineralisation contained of galena and sphalerite with traces of pyrite reaching grades over 1% Pb and Zn. This hole represented erratic distribution of Pb-Zn sulphides on distal zones around copper rich feeders. The mineralisation appears to be part of a second mineralised event in the region. Both sphalerite and galena appear to have formed in the same fluid, and presumably might be more enriched at deeper levels. The nature of the Pb-Zn mineralisation needs to be examined.
- **Drillhole PZ17068** (66.0m EOH, Azimuth N230°, Dip -45°SW) has intercepted a dark limestones and chert-bearing limestones with disseminated chalcopyrite and pyrite showing traces of bornite.
- **Drillhole PZ17069** (66.0m EOH, Azimuth N230°, Dip -45°SW) has intercepted a tectonic breccia composed by fragments of dark limestones and chert-bearing limestones with disseminated traces of chalcopyrite and pyrite.
- **Drillhole PZ17070** (66.0m EOH, Azimuth N230°, Dip -45°SW) has intercepted dark limestones and chert-bearing limestones with fine disseminated chalcopyrite and pyrite showing also traces of bornite.

BACKGROUND

The Pastizal project is contiguous with the southeast corner and northern end of the Picachos tenements and shares all of the location benefits with Picachos including:

- Approximately 50 km southeast from the city of La Serena and major port of Coquimbo.
- Eight (8) km west of the large Andacollo copper-gold mine held by Teck Resources which processes around 20 million tonnes per year and the mining town of Andacollo (population ~10,000).
- Eight (8) km west of the former operating Dayton gold mine.
- 10 km south of the privately owned Tambillos copper mine; and 30-35 km north of a Chinese-built processing facility which is under construction.
- Several small privately-owned processing plants.
- At an altitude of 750-800 metres above sea level.

Competent person

Information in this announcement relating to exploration results and potential have been approved for release by Mr Jeffrey Williams BSc (Mining Engineering) and Mr Miguel Torres (BSc Geology). Mr Williams is a Member of the Australasian Institute of Mining and Metallurgy. Mr Torres is a Peruvian geologist with more than 15 years relevant experience in the field of activity concerned. Mr Williams and Mr Torres have consented to the inclusion of the material in the form and context in which it appears.

Further background details on the Company can be found at www.herenciaresources.com

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