



Herencia Resources PLC - HER Half-Year Financial Report - 6 Months End 30 June
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Herencia Resources PLC
19 September 2018

Herencia Resources plc
("Herencia" or the "Company")
HALF-YEARLY FINANCIAL REPORT
For the six months ended 30 June 2018

Herencia Resources plc is pleased to announce the unaudited half-yearly accounts of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018.

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Carl Dumbrell	Executive CEO (Appointed 30 May 2018)
Peter Reeve	Non-Executive Chairman (Resigned 20 June 2018)
Jeffery Williams	Non- Executive Director

Our focus is to

- Use our available capital resources to fully explore the Company's copper projects in Chile;
- Identify new exploration projects in South America;
- Recapitalise the company;
- Review our current supplier and terms of business;
- Turn around the company's share price.

Working Capital Position

As announced on 11 July 2018 the funding provided at the time under the convertible note facility gave the Company sufficient funds to trade through to approximately the end of September 2018. Due to prudent cash management, the Directors believe that this cash will now provide the Company with sufficient funds through to the end of October 2018. The Company has a number of options which it is currently exploring, and further announcements will be made in due course as appropriate, however the Company's working capital position continues to be severely constrained.

We thank shareholders for their ongoing support and welcome any questions they may have.

Carl Dumbrell
Executive CEO
19 September 2018

Please refer to the project announcements at the Company's website (www.herenciaresources.com) for further information on the Company operations.

For further information please contact:

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	6 months ended 30 June 2018 (unaudited) £	6 months ended 30 June 2017 (unaudited) £	12 months ended 31 December 2017 (audited) £
Revenue		4	-	-
Cost of sales		-	-	-
Gross profit		-	-	-

Administration expenses	(424,275)	(145,208)	(620,570)
Interest expense			(107,402)
Impairment of goodwill	-	-	-
Foreign exchange gains/(losses)	-	12,524	(85,032)
Operating profit/(loss)	(424,271)	(132,684)	(813,004)
Finance revenue (expense)	-	(95,913)	184,469
Income/(loss) before tax	(424,271)	(228,597)	(628,535)
Income tax expense	-	-	-
Income/(loss) for the period	(424,271)	(228,597)	(628,535)
Discontinued operations			
Loss from discontinued operations, net of tax	-	-	-
Total loss	(424,271)	(228,597)	(628,535)
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations	2,372	(42,951)	(15,168)
Other comprehensive income/(loss), net of tax	2,372	(42,951)	(15,168)
Total comprehensive income/(loss) for the period, net of tax	(421,899)	(271,548)	(643,703)
Income/(loss) attributable to:			
Equity holders of the Company	(421,899)	(206,879)	(643,703)
Non-controlling interests	-	(21,718)	-
	(421,899)	(228,597)	(643,703)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	(421,899)	(240,864)	(643,703)
Non-controlling interests	-	(30,684)	-
	(421,899)	(271,548)	(643,703)
Income/(loss) per share			
Income/(loss) per ordinary share-basic and diluted	2	(0.004)p	(0.009)p

The results shown above relate entirely to continuing operations.

STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	30 June 2018 (unaudited) £	30 June 2017 (unaudited) £	31 December 2017 (audited) £
ASSETS				
Non-current assets				
Intangible assets and goodwill	4	5,367,189	4,187,276	5,367,189
Property, plant and equipment	5	16,693	10,412	16,762
		5,383,882	4,197,688	5,383,951
Current assets				
Cash and cash equivalents		155,060	598,933	233,433
Trade and other receivables		52,537	186,526	149,705
Other assets		-	696	721
		207,597	786,155	383,859
Total assets		5,591,479	4,983,843	5,767,810
LIABILITIES				
Non-current liabilities				
Loans and borrowings	8	525,466	256,972	529,501
Vendor obligations		875,251	-	875,249
		1,400,717	256,972	1,404,750
Current liabilities				
Trade and other payables		733,988	1,158,507	985,549
Provisions	7	48,990	-	53,526
Loans and borrowings	8	397,149	496,086	294,603
		1,183,127	1,654,593	1,333,678
Total liabilities		2,580,844	1,911,565	2,738,428
Net Assets		3,010,635	3,072,278	3,029,382

EQUITY

Share capital	10	5,208,945	4,555,591	4,801,049
Share premium	10	24,270,643	24,154,645	24,270,643
Share based payments reserve		29,150	761,360	29,150
Other reserves		117,257	55,480	117,257
Translation reserve		(368,894)	(387,711)	(368,894)
Retained losses		(26,246,466)	(26,159,527)	(25,819,823)
Capital and reserves attributable to equity holders		3,010,635	2,979,838	3,029,382
Minority interests in equity	9	-	92,440	-
Total equity and reserves		3,010,635	3,072,278	3,029,382

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	Notes	6 months ended 30 June 2018 (unaudited) £	6 months ended 30 June 2017 (unaudited) £	12 months ended 31 December 2017 (audited) £
Net cash outflow from operating activities		(571,716)	(267,827)	(902,196)
Cash flows from investing activities				
Interest received		4	-	-
Net funds used for investing in exploration	4	(423,177)	(171,195)	(330,836)
Net cash used by investing activities		(423,177)	(171,195)	(330,836)
Cash flows from financing activities				
Proceeds from issue of shares		-	954,513	954,511
Proceeds from director loans	8	-	-	-
Proceeds from convertible notes	8	918,889	77,449	495,036
Net cash generated from financing activities		918,889	1,032,962	1,449,547
Net decrease in cash and cash equivalents		(76,000)	592,940	216,515
Cash and cash equivalents at the beginning of the period		233,433	16,918	16,918
Exchange fluctuation		(2,372)	(10,925)	-
Cash and cash equivalents at the end of the period		155,061	598,933	233,433

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	Share capital £	Share premium £	Translation reserve £	Share-based payments reserve £	Other reserves £	Retained losses £	Total £	Minority interest £	Total equity £
Balance at 1 January 2018	4,801,049	24,270,643	(368,894)	29,150	117,257	(25,819,823)	3,029,382	-	3,029,382
Issue of shares	-	-	-	-	-	-	-	-	-
Conversion of convertible notes into shares	407,896	-	-	-	-	-	407,896	-	407,896
Total comprehensive income/(loss) for the period	-	-	-	-	-	(426,643)	(426,643)	-	(426,643)
Balance at 30 June 2018	5,208,945	24,270,643	(368,894)	29,150	117,257	(26,246,466)	3,010,635	-	3,010,635

Balance at 1 January 2017	4,304,675	23,412,246	(353,726)	761,360	46,141	(25,952,648)	2,218,048	123,124	2,341,172
Issue of shares	212,114	742,399	-	-	-	-	954,513	-	954,513
Conversion of convertible notes into shares	38,802	-	-	-	-	-	38,802	-	38,802
Compound instrument equity component	-	-	-	-	9,339	-	9,339	-	9,339
Total comprehensive income/(loss) for the period	-	-	(33,985)	-	-	(206,879)	(240,864)	(30,684)	(271,548)
Balance at 30 June 2017	4,555,591	24,154,645	(387,711)	761,360	55,480	(26,159,527)	2,979,838	92,440	3,072,278

NOTES TO THE UNAUDITED HALF-YEARLY ACCOUNTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

1. Accounting policies

The condensed half-year accounts have been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board as adopted for use in the EU. The condensed half-year accounts have been prepared using the accounting policies which have been applied in the Group's statutory financial statements for the year ending 31 December 2017.

1.1. Basis of preparation and going concern

Herencia Resources plc ('the Company') is incorporated in England and Wales. The half-yearly accounts for the six months ended 30 June 2018 is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The half-yearly accounts include unaudited comparative figures for the half year ended 30 June 2017. The comparatives for the year ended 31 December 2017 are not the Company's full statutory accounts for that period but have been extracted from the statutory accounts for that period which have been delivered to the Registrar of Companies.

The financial reports have been prepared using the historical cost convention and are presented in UK pounds sterling. The half-yearly accounts for the six months ended 30 June 2018 has been prepared in accordance with IAS 34 'Interim financial reporting'.

The half-yearly accounts for the six months ended 30 June 2018 has been prepared pursuant to AIM Rule 18, which states "An AIM company must prepare a half-yearly report in respect of the six-month period from the end of the financial period for which financial information has been disclosed in its admission document and at least every subsequent six months thereafter (apart from the final period of six months preceding its accounting reference date for its annual audited accounts)."

At 30 June 2018 the Group had cash balances of £155,060. The Group proposes to conduct further exploration activities at its Chilean projects and accordingly, will need to raise additional funds before the end of 2018 to maintain sufficient cash resources for its working capital and particularly, continue its efforts to reduce outstanding obligations.

The Directors have a reasonable expectation that the Group has adequate access to resources to continue in operational existence for the foreseeable future and continue to meet, as and when they fall due, its planned exploration and development activities and other liabilities for at least the next twelve months from the date of approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing these financial statements.

However, there can be no guarantee that the required funds will be raised within the necessary timeframe, consequently a material uncertainty exists that may cast doubt on the Group's ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report.

2. Income/(loss) per share

The basic and diluted income/(loss) per ordinary share of 0.004p (30 June 2017: 0.04p and 31 December 2017: (0.009p) for the Group has been calculated by dividing the income/(loss) for the period attributable to equity holders of £421,899 (30 June 2017: £228,597 and 31 December 2017: £628,535).

NOTES TO THE UNAUDITED HALF-YEARLY ACCOUNTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

3. Segmental information

The activities of the Group are broken down into the operating segments of Mineral Exploration and Central Costs. Segment information by operating segment and by region is as follows:

Segment information by operating segment	Mineral Exploration £	Central Costs £	Total £
6 months ended 30 June 2018 (unaudited)			
Administration expenses (excluding non-cash items)	(288,725)	(134,481)	(424,206)
Finance revenue/(expense)	-	4	4
Non-cash expenditure:			
Depreciation expense	(69)	-	(69)
Foreign exchange gain/(loss)	-	(2,372)	(2,372)
Segment result	(288,794)	(137,849)	(426,643)
As at 30 June 2018			
Segment assets	5,367,189	226,051	5,591,479
Segment liabilities	(875,251)	(1,705,593)	(2,580,844)
Net assets	4,491,938	(1,481,303)	3,010,635

Segment information by operating segment	Mineral Exploration £	Central Costs £	Total £
6 months ended 30 June 2017 (unaudited)			
Administration expenses (excluding non-cash items)	(171,376)	37,668	(133,708)
Finance revenue/(expense)	-	(95,913)	(95,913)
Non-cash expenditure:			
Depreciation expense	(11,500)	-	(11,500)
Foreign exchange gain/(loss)	(11,621)	24,145	12,524
Segment result	194,497	34,100	228,597
As at 30 June 2017			
Segment assets	4,423,687	560,156	4,983,843
Segment liabilities	(920,289)	(991,276)	(1,911,565)
Net assets	3,503,398	(431,120)	3,072,278

**NOTES TO THE UNAUDITED HALF-YEARLY ACCOUNTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

3. Segmental information (continued)

Segment information by operating segment	Mineral Exploration £	Central Costs £	Total £
12 months ended 31 December 2017 (audited)			
Administration expenses (excluding non-cash items)	(337,097)	(384,960)	(722,057)
Finance revenue/(expense)	-	184,469	184,469
Non-cash expenditure:			
Depreciation expense	(5,915)	-	(5,915)
Impairment of exploration	-	-	-
Loss on disposal of subsidiary	-	-	-
Foreign exchange gain/(loss)	(72,190)	(12,842)	(85,032)
Segment result	(415,202)	(213,333)	(628,535)
As at 31 December 2017			
Segment assets	5,500,188	267,622	5,767,810
Segment liabilities	(1,640,972)	(1,097,456)	(2,738,428)
Net assets	3,859,216	(829,834)	3,029,382

Segment information by region

	External Revenue			Non-current assets		
	30 June 2018 (unaudited) £	30 June 2017 (unaudited) £	31 December 2017 (audited) £	30 June 2018 (unaudited) £	30 June 2017 (unaudited) £	31 December 2017 (audited) £
Chile	-	-	-	5,383,882	4,062,445	5,383,951
Group	-	-	-	5,383,882	4,062,445	5,383,951

At the end of the financial period, the Group had not commenced commercial production from its exploration sites and therefore had no turnover in the period.

**NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

4. Intangible assets and goodwill

	£
At cost	
As at 1 January 2018	5,367,189
Additions	-
At 30 June 2018	<u>5,367,189</u>
Carrying amount	
As at 30 June 2017	4,187,276
As at 31 December 2017	5,367,189

5. Property Plant and equipment

	30 June 2018 (unaudited) £	30 June 2017 (unaudited) £	31 December 2017 (audited) £
At cost	60,053	106,010	60,053
Accumulated depreciation	(43,360)	(94,712)	(43,291)
Total property plant and equipment	<u>16,693</u>	<u>11,298</u>	<u>16,762</u>
Movements in carrying amounts			
Balance at the beginning of the period	16,762	22,798	22,798
Additions	-	-	-
Disposals	-	(11,500)	-
Depreciation	(69)	-	(5,915)
Assets classified as held for disposal	-	-	-
Effects of foreign currency exchange	-	-	-
Differences arising during the year	-	-	(121)
Balance at the end of the period	<u>16,693</u>	<u>11,298</u>	<u>16,762</u>

7. Provisions

	30 June 2018 (unaudited) £	30 June 2017 (unaudited) £	31 December 2017 (audited) £
Employee benefits			
Balance at the beginning of the period	53,526	92,692	92,692
(Utilised)/arising during the year	(4,524)	(49,053)	6,388
Effect of foreign currency exchange difference	(12)	1,839	(179)
Reclassification of amount due to previous Managing Director of the company to creditors	-	-	(45,375)
Balance at the end of the period	<u>48,990</u>	<u>45,478</u>	<u>53,526</u>
Comprising			
Current	48,990	45,478	53,526
Non-current	-	-	-
	<u>48,990</u>	<u>45,478</u>	<u>53,526</u>

**NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

8. Loans and borrowings

	30 June 2018 (unaudited) £	30 June 2017 (unaudited) £	31 December 2017 (audited) £
Current			
Convertible notes	-	-	-
Other loans	397,149	496,086	294,603
	<u>397,149</u>	<u>496,086</u>	<u>294,603</u>
Non-current			
Convertible notes	525,466	256,972	486,864
Other loans	-	-	42,637
	<u>525,466</u>	<u>256,972</u>	<u>529,501</u>

Director Loans and Related Party Transactions

No other related party transactions have occurred during the period.

Convertible Note

During the six months ended 30 June 2018, the Company made further drawdowns from the funding arrangements entered with its major shareholders, the Australian Special Opportunity Fund ("Lind Partners") and Oriental Darius Co. Ltd ("Oriental").

On 3 January 2018, Oriental and Lind Partners converted US\$300,000 in convertible notes into share capital with the Company issuing 1,047,516,433 fully paid shares.

On 18 January 2018, the Company drew down US\$400,000 from Lind Partners and Oriental.

On 3 April 2018, the company drew down US\$300,000 from Lind Partners and Oriental.

Full details of the terms and conditions of the Secured Convertible Facilities including the conversion issue price and options are contained in the respective announcements.

9. Minority interest

	30 June 2018 (unaudited) £	30 June 2017 (unaudited) £	31 December 2017 (audited) £
Called up share capital	-	123,124	-
Accumulated losses	-	(21,718)	-
Translation reserve	-	(8,966)	-
	<u>-</u>	<u>92,440</u>	<u>-</u>

NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

10. Share capital

	30 June 2018 (unaudited) £	30 June 2017 (unaudited) £	31 December 2017 (audited) £
<i>Allotted, issued and fully paid:</i>			
10,658,517,793 ordinary shares of £0.01p each and 4,266,609,563 deferred shares of £0.09p each (30 June 2017: 4,266,609,563 ordinary shares and 31 December 2017: 9,611,001,360 ordinary shares)	<u>5,208,945</u>	<u>4,555,591</u>	<u>4,801,049</u>

Movement in share capital during the period comprises:

	Number of Ordinary Shares	Number of Deferred Shares	Share Capital £	Share Premium £
Issued and fully paid				
As at 1 January 2018 shares	9,611,001,360	4,266,609,563	4,801,049	24,270,643
Movement:				
Convertible note conversion	1,047,516,046	-	407,896	-
Balances as at 30 June 2018	<u>10,658,517,793</u>	<u>4,266,609,563</u>	<u>5,208,945</u>	<u>24,270,643</u>

11. Control

No one party is identified as controlling the Company.

12 Subsequent events

On 11 July 2018, the company drew down US\$400,000 from Oriental Darius and Lind Partners.

On 28 August 2018, the company advised the Board granted the issue of 150,000,000 ordinary shares ("New Ordinary Shares") in the Company to Mr. John Madden at a price of 0.03 pence per share. The New Ordinary Shares have been granted in lieu of payment equivalent to £45,000 for accounting work completed by Mr. John Madden over the previous 17 months.

No other matter or circumstances have arisen since the end of the reporting date and the date of this report which significantly affect the results of the operations of the Company.

13. Contingent liabilities and capital commitments

There have been no changes to the contingent liabilities capital commitments as disclosed in the most recent annual financial report.

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