

Herencia Resources PLC

Annual Report for the Financial Year Ended

31 December 2020

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## **Officers and Advisors**

<b>Directors</b>	Carl F. Dumbrell (Executive Director) Graham Duncan (Non-Executive Director)
<b>Company Secretary</b>	David Little, Solicitor
<b>Registered Office</b>	59-60 Russell Square London WC1B 4HP
<b>Company Number</b>	053450290
<b>Auditors</b>	Ashings Limited Chartered Accountants & Statutory Auditors Northside House Mount Pleasant Cockfosters Herts EN4 9EB
<b>Solicitors</b>	Bishop Sewell 59-60 Russell Square London WC1B 4HP
<b>Registrar</b>	Neville Registrars Neville House Steelpark House Halesowen B62 8HD
<b>Principal Banker</b>	Barclays Bank plc 1 Churchill Place London E14 5HP
<b>Website</b>	<a href="http://www.herenciaresources.com">www.herenciaresources.com</a>

## Chief Executive's Statement

Dear shareholders,

It is my pleasure to present you with the Annual Report of Herencia Resources plc (the "Company" or Herencia Resources) for the year ended 31 December 2020.

Firstly, I would like to thank the small but professional team at Herencia Resources for their ongoing hard work for our shareholders.

Our current focus is to:

- Identify new business opportunities;
- Recapitalise the Company;
- Relist the Company in London.

### Financial and Statutory Information

The Company had an operating loss of £104,000 for the year (2019: loss of £2.96 million). The Company received continued financial support from our major shareholders throughout the year. The Company is committed to reduce its debts and invest as much capital as possible into new business opportunities.

At the Extraordinary General Meeting on 10 December 2019, shareholders approved the following Share Capital Consolidation;

- 1000 Existing Ordinary shares of £0.0001 each to 1 New Consolidated Ordinary Share of £0.10 each (implementing this resolution will take place when the Company relists)
- Number of Existing Ordinary Shares of £0.0001 each in issue as at the date of this statement was 12,555,241,472
- New Consolidated Ordinary Shares of £0.10 each in issue immediately following the Consolidation was 12,555,241
- The new share certificates are yet to be sent to shareholders to reflect the share capital consolidation.

### Outlook

As outlined in the 2019 Annual Report, the Company has ceased all operations in Chile and impaired the value of all exploration assets to nil. The Company is now looking for new opportunities.

We thank shareholders for their ongoing support.

On behalf of the Board of Directors.



**Carl Dumbrell**

**Chief Executive Officer**

13 December 2021

## **Strategic Report**

### **Operating Review**

As outlined in the 2019 Annual Report, the Company has ceased all operations in Chile and impaired the value of all exploration assets to nil. The Company is now looking for new opportunities.

### **Principal Activity and Business Review**

The Company is registered in England and Wales, having been incorporated on 27 January 2005 under the Companies Act with registered number 05345029 as a public limited company.

Following the disposal of its Copper and Gold exploration activities in Chile the Company is now focused on developing new business opportunities.

### **Strategy**

The Company's strategic plan is to identify new business opportunities and recapitalise the Company.

### **Financial Review**

The Company reported a loss for the year of £104,000 before tax. The Company received financial support from major shareholders throughout the year and received loan advances of £11,000 as working capital to financing the operating activities of the Company. The Company is committed to reduce its debts and invest in new activities.

### **Principal risks and uncertainties**

#### **Material uncertainty relating to going concern:**

The Company requires additional funds order to develop its business plan. The financial statements have been prepared on the going concern basis, which depends on a continuation of existing shareholder's support. These conditions, along with the other matters explained in Note 3.2 to the financial statement, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern.

### **Stakeholder Engagement**

Herencia considers collaborative engagement with all stakeholders as vital for our business. It remains at the core of what we do. Stakeholders include not only our shareholders, lenders, and our partners, but also our suppliers, our workforce, governments & regulators, and the communities in which we operate.

By maintaining regular dialogue, we receive feedback on our strategy, performance and governance which can then be factored into the Board's decision-making process.

The notes below, describes how the directors of the Company have regard for the matters set out in Section 172(1) of the Companies Act 2006 these are:

- the likely consequences of any decision in the long term
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

The note below forms the Board's statement on such matters as required by the Act.

### **Shareholders**

Herencia seeks to develop an investor base of long-term holders that are aligned with our strategy. By clearly communicating our strategy and objectives, we maintain continued support for what we do. Important issues include:

- Sustainable financial and operational performance
- Continued evaluation of new business opportunities

There is regular dialogue between both institutional and retail investors through meetings, calls, conferences, and presentations.

### **Suppliers**

The board deals directly with suppliers on an ongoing basis both in person and via telephone and email.

## **Strategic Report (continued)**

### **Workforce**

The Company does not currently have any staff other than its directors. However, our current and future success is underpinned by our ability to engage, motivate and adapt our workforce. Creating the right environment for employees where their various strengths are recognised and their contributions are valued, helps to ensure that we can deliver our shared objectives. Important issues include:

- Company strategy
- Diversity of thinking
- Corporate culture

During 2019, the Company closed all operations in Chile. Upon recapitalisation of the Company personnel will be recruited as necessary.

### **Communities & Environment**

Minimal environmental impact in the localities in which we operate ultimately help Herencia reach its corporate objectives as well as just being the right thing to do. Building and maintaining the Company's reputation fosters Herencia's long-term goals and the support and commitment of all communities. Important issues include:

- Operating in an open and honest and socially responsible manner
- Social responsibility initiatives

Herencia has engaged with the communities in which it operates. Herencia is pleased to confirm that no environmental or workplace incidents occurred during the reporting period.

### **COVID 19**

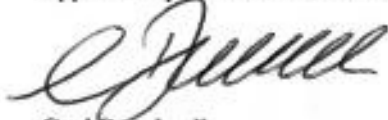
The outbreak of Novel Coronavirus (COVID 19) which was first seen globally in early 2020 continues to evolve and it is difficult to predict the full extent and duration of its impact on the Company. The global pandemic has delayed plans for recapitalisation of the Company and, accordingly, its strategic growth plans. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken by governments worldwide. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these financial statements. These developments could impact our future financial results, cash flows and financial condition.

### **Outlook**

The Company is focused on identifying new business opportunities.

I would like to thank our committed team of professionals at Herencia Resources who continue to work hard on behalf of our shareholders.

Approved by the Board of Directors and signed on behalf of the Board.



**Carl Dumbrell**

**Chief Executive**

13 December 2021

## **Directors' Report**

The Directors present their report together with the audited financial statements for the Company for the year ended 31 December 2020.

### **Result and Dividends**

The Company incurred a loss of £104,000 for the financial year (2019: loss of £2.96 million). The Directors do not recommend the payment of a dividend.

### **Business review and future developments**

A summary of the Company's main business developments for the year ended 31 December 2020 and potential future developments is contained within the Chief Executive Officer's Statement and Strategic Report.

### **Directors**

The Directors who were in office during the year and up to the date of signing the financial statements, unless stated, were:

Carl F. Dumbrell

Jeff Williams

Graham Duncan

Resigned 2 November 2020

The Directors' remuneration is detailed in the Directors' Remuneration Report on pages 16. All Directors benefit from the provision of Directors' and Officers' indemnity insurance policies. Premiums payable to third parties were £7,220 (2019 -£8,400)

### **Share Capital**

At the date of this report 12,555,241 ordinary shares are issued and fully paid. Details of the Company's share capital are given in Note 16 to the financial statements.

### **Substantial shareholders**

As of the date of this report the Company had been notified of the following interests of 3% or more in the Company's ordinary share capital:

	<b>Percentage of shareholding</b>
The Australian Special Opportunity Fund (ASOF)	22.3%
Oriental Darius Co Ltd	20.9%
Shining Capital Management Ltd	3.7%

ASOF is acting in concert with John Hancock and Martin Rogers and Abundance Partners LP. As at the date of this report the Concert Parties held ordinary share capital:

	<b>Percentage of shareholding</b>
Concert Parties	24.2%

### **Financial Instruments**

The financial risk management objectives and policies of the Company in relation to the use of financial instruments and the exposure of the Company to its main risks, credit risk and liquidity risk, are set out in Note 20 to the financial statements.

### **Employees**

The Company had no employees other than its Directors as at 31 December 2020.

### **Going Concern**

Note 3.2 to the financial statements summarises the assumptions made by the Directors when concluding that it remains appropriate to prepare the financial statements on the going concern basis.

### **Events after the reporting period**

There have been no events since 31 December 2020 that require disclosure in this annual report.

**Disclosure of information to the Auditor.**

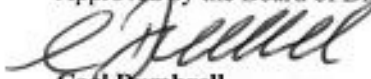
In the case of each person who was director at the time the report was approved:

- so far as the Directors were aware there was no relevant audit information of which the Company's auditor was unaware; and
- the Directors have taken all steps that they ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

**Auditors**

A resolution to appoint Ashings Limited as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



**Carl Dumbrell**

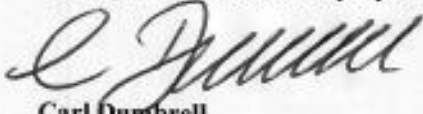
**Chief Executive Officer**

Date: 13 December 2021



**Corporate Governance Statement**

Herencia Resources plc is committed to achieve and maintain high standards of governance. As such, the Board will adopt the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 ("the QCA Code") as soon as the Company is recapitalised.



**Carl Quimbrell**  
**Chief Executive Officer**

13 December 2021

## **Statement of Director's Responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year.

The financial statements are required by law and applicable accounting standards to present fairly the financial position of the Company and the financial performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the Strategic Report and Directors' report which comply with the requirements of the Companies Act 2006;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for ensuring that the Strategic Report, Directors' report and other information included in the Annual Report and financial statements is prepared in accordance with applicable law in the United Kingdom. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.

