

20 October 2008

Herencia Resources plc

(“Herencia” or the “Company”)

Paguanta Mineral Resource Upgrade

Herencia Resources Plc (AIM: HER), the development and exploration company with a primary focus on identifying and developing mineral resource opportunities in South America, is pleased to announce an upgraded Mineral Resource estimate for the Company’s 70% owned Paguanta Project in northern Chile.

Highlights:

- **Total Mineral Resource tonnage increased by 26% (at 2% Zn cut-off)**
- **Mineral Resource now includes both Indicated and Inferred categories (previously all Inferred)**
- **Total Mineral Resource of 3.15Mt @ 3.9% Zn, 1.3% Pb & 74ppm Ag (at 2% Zn cut-off)**
- **Includes high grade component of 1.01Mt @ 6.6% Zn, 2.2% Pb & 119ppm Ag (at 4% Zn cut-off)**
- **Mineralization open at depth with grades improving with depth**
- **Scoping Study underway**

Following the successful completion of this year’s drill program (of 9,986m), a total of 17,051m of diamond and reverse circulation drilling has now been incorporated into an upgraded Mineral Resource estimate:

Cut Off Grade	Indicated Resource				Inferred Resource				Total Resource			
	Tonnes	Zn %	Pb %	Ag ppm	Tonnes	Zn %	Pb %	Ag ppm	Tonnes	Zn %	Pb %	Ag ppm
2% Zn	613,000	4.2	1.2	68	2,537,000	3.8	1.3	75	3,151,000	3.9	1.3	74
4% Zn	176,000	8.4	2.6	134	838,000	6.2	2.1	115	1,015,000	6.6	2.2	119

- *The mineral resource estimate incorporates all drilling carried out to date (141 holes for 17,051 m)*
- *Resource interpretation based on 1.2% Zn cut-off or geological contacts*
- *Samples composited to 1m intervals*
- *Ordinary Kriging used for grade interpolation*
- *Block cell size 5m (N-S), 25m (E-W), 10m (vertical), sub celled to 1.25m, 6.25m and 2.5m respectively*
- *Bulk Density by regression with Pb and Zn resulted in average of 3.15t/m³ for ‘vein’ ore, 3.45t/m³ for +6% Zn ore grades and 2.61t/m³ for the oxide*
- *The mineral resource estimate complies with recommendations in the Australian Code for Reporting of Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC) of the AusIMM.*

The ‘contained metal’ component of the Mineral Resource (at 2% Zn cut-off) now stands at:

- 124,000t zinc (Zn)
- 41,000t lead (Pb)
- 7.5M ozs silver (Ag)

The Mineral Resource estimate was completed by Runge, a globally recognized independent mining consultancy. Increased drilling density in the central parts of the Cathedral, Central and Rosada veins has allowed a section of the resource to be upgraded to the Indicated category. Significantly, the block model demonstrates that grades are improving at depth.

Gold mineralization is also present in the veins, with one metre assays up to 4.59g/t Au having been returned. Gold has not been incorporated into the mineral resource estimate at this stage, and therefore, may present significant upside.

Additional 2008 drill program highlights include:

- Confirmation of near surface, high-grade material potentially suitable for open pitting.
- Two new high-grade domains at depth identified from diamond drilling.
- Deeper high-grade domains remain open at depth in all directions.

Project Status Update - Scoping Study

Golder Associates are progressing with the Scoping Study engaging both their Perth and Santiago teams. The Study is scheduled for completion in late November 2008.

La Rosa

First results of the exploration drilling at the nearby La Rosa prospect have returned numerous intervals of low-grade lead and zinc mineralization. Herencia is investigating the possibility that this zone may be the source of the mineralization at Patricia and a geological review is currently underway.

Funds on hand

Herencia's cash position as at the end of September 2008 was £960,000. Given the current market conditions the Company has completed a full budget review, cutting back on non-essential expenditures. With the successful completion of the drill program, operating costs have been significantly reduced with no major capital spending anticipated before the end of the year, apart from completion of the Scoping Study with an allocated budget of £40,000.

Executive Director, Michael Bohm commented:

"We have achieved our stated goals to increase tonnage and to upgrade part of the Mineral Resource into the Indicated category. We are also very pleased with encouraging indications that the mineralization remains open in all directions and grades appear to improve with depth."

"We have now established a solid resource base to utilize in our Scoping Study into the potential for mine development. Despite the currently depressed metal prices, the zinc market is forecasted to recover from 2011 onwards, which should coincide well with any potential start to our production."

Mr J Sinclair (MAusIMM) Exploration Manager (Chile) for Herencia and Mr P Payne (Principal Geologist for Runge) contracted by Herencia, compiled the technical aspects of this report relating to the Paguanta Project. Mr Sinclair and Mr. Payne are both members of the AusIMM. Mr Sinclair and Mr Payne have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Sinclair and Mr Payne consent to the inclusion in the report of the matters in the form and context in which it appears

Mr. James Sinclair, Exploration Manager (Chile) for Herencia, has reviewed the information contained in this announcement. Mr. Sinclair has 13 years experience in the resources sector and is a qualified person within the definition of the AIM guidelines.

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

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