

Herencia Resources plc

("Herencia" or the "Company")

Paguanta Project - Scoping Study Completed

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 the completion of a Scoping Study for the Company's 70% owned Paguanta Project in northern Chile.

Highlights:

- **Paguanta Scoping Study completed by Golder Associates**
- **Initial mine life of approximately 5½ years at 500,000tpa**
- **Opportunity to increase mine life with further drilling**
- **Capital Cost of US\$55.6 million (inclusive of all underground mine development and new processing plant equipment costs)**
- **Site Operating Costs of US\$55.32/t**
- **Zinc price of >US\$1.00/lb required to produce positive project NPV**
- **Substantial positive sensitivity to any potential increase in tonnage processed**

Golder Associates, the global resources and engineering consulting group, has completed a Scoping Study in relation to the Paguanta Project in Chile. The Paguanta Project has a total Mineral Resource (Indicated and Inferred) of 3.15Mt at 3.9% Zn, 1.3% Pb and 74ppm Ag (at a 2% Zn cut-off) as announced to the market in October 2008.

Key outcomes of the Scoping Study are as follows:

- Potential underground and open pit mine life of approximately 5½ years, based on a processing rate of 500,000 tpa and a mining inventory of 2.67Mt as follows:
 - 1.24Mt @ 5.28% Zn, 1.84% Pb and 102ppm Ag – underground
 - 1.43Mt @ 2.00% Zn, 0.86% Pb and 48ppm Ag – open pit
- Capital Costs of US\$55.6 million as follows:

○ Processing Plant	\$31.2M
○ Access Road	\$ 7.0M
○ Camp	\$ 1.0M
○ Tailings Dam (stage one)	\$ 1.2M
○ Water Dam and Borefield	\$ 0.7M
○ Communications/Electrical	\$ 0.4M
○ Fuel Storage	\$ 0.2M
○ Underground Development/Equipment	\$12.9M
○ Infrastructure Contingency	\$ 1.0M

The above capital costs are inclusive of all underground mine infrastructure and development costs, new processing plant equipment and capital contingencies.

- Site Operating Costs of US\$55.32 per tonne of ore as follows:
 - Underground Mining \$31.24/t ore
 - Processing Costs \$20.40/t ore
 - General/Administration \$ 3.68/t ore

Open pit Mining costs were calculated at US\$1.48/t rock.

- Project Net Present Value (NPV@7.5%) and Internal Rate of Return (IRR) at varying zinc prices:
 - @ US\$1.00/lb Zn NPV = US\$0.9M IRR = 8.4%
 - @ US\$1.10/lb Zn NPV = US\$14.3M IRR = 20.4%
 - @ US\$1.20/lb Zn NPV = US\$27.7M IRR = 31.3%
 - @ US\$1.30/lb Zn NPV = US\$40.4M IRR = 41.0%
 - @ US\$1.40/lb Zn NPV = US\$53.8M IRR = 50.9%

Assuming lead price of US\$1.00/lb and silver price of US\$15/oz.

- Sensitivity (NPV and IRR) to any potential increase in underground mining inventory of 500kt (ie. 1 year mine life extension) or 1Mt (2 year's mine life extension):
 - @US\$1.00/lb Zn:
 - Adding 500kt: NPV = US\$18.6M and IRR = 21.6%
 - Adding 1Mt: NPV = US\$35.0M and IRR = 29.2%
 - @US\$1.10/lb Zn:
 - Adding 500kt: NPV = US\$35.3M and IRR = 32.7%
 - Adding 1Mt: NPV = US\$54.7M and IRR = 39.6%
 - @US\$1.20/lb Zn:
 - Adding 500kt: NPV = US\$51.9M and IRR = 43.1%
 - Adding 1Mt: NPV = US\$74.4M and IRR = 49.4%
 - @US\$1.30/lb Zn:
 - Adding 500kt: NPV = US\$67.5M and IRR = 52.2%
 - Adding 1Mt: NPV = US\$92.7M and IRR = 58.0%

Note that all the above numbers are based on the following assumptions and/or testwork:

- Zinc recovery 91.6%
- Lead recovery 71.1%
- Silver recovery 83.4% (in total)
- Zinc concentrate grade 56%
- Lead concentrate grade 39%
- Zinc payability 85%
- Lead payability 95%
- Silver payability 92.6% (assuming payability only for silver in lead concentrate)

- Treatment charges – zinc US\$225/t concentrate
- Treatment charges – lead US\$225/t concentrate
- Transport/Port charges US\$39/t concentrate (trucking and port charges)
- Shipping costs US\$45/t concentrate

Executive Director, Michael Bohm commented:

“We are pleased to announce the results of the Scoping Study for the Paguanta Project. Assuming higher commodity prices which some forecasters are predicting to occur strongly for Zinc from 2010 onwards the Project appears robust and economically viable.”

“We are also pleased that significant upside could be achieved from only a modest increase in tonnage mined and processed. This will certainly be factored into our project planning going forward, as the mineralisation remains open at depth and some of our best drill intersections, both in terms of grade and width, occur at the depth extents of our current resource envelope.”

“The Board, management and JV partners will review the Study over the next few weeks to identify potential cost saving opportunities and will look to make a decision on a 2009 work program (project studies and/or additional drilling) during the first quarter of next year.”

“At this time I would like to thank all those involved for their work to date on the Paguanta Project and wish our shareholders and all other stakeholders an enjoyable holiday period.”

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. Mr J Sinclair (MAusIMM) Senior Consulting Geologist for Herencia, and Mr P Payne (Principal Geologist for Runge) contracted by Herencia, both members of the AusIMM, compiled the Mineral Resource Estimate. 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 Mineral Resource in the form and context in which they appear.

Mr. Sinclair has reviewed the information contained in this announcement. Mr. Sinclair has 14 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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