

10 November 2010

Herencia Resources plc
(“Herencia” or the “Company”)

Paguanta Project Update - Significant Increase to Project NPV
(Paguanta Project in Northern Chile)

Highlights:

- **Significant increase to Project NPV**
- **Current estimated Project NPV (8%) now US\$90.4 million**
- **Significant NPV upside potential**
- **Geophysical survey at Doris targeted for December/January**
- **Scope and Cost of Feasibility Study being confirmed with Consultants**

Herencia Resources Plc (AIM: HER) is pleased to provide an update on the Paguanta Project in northern Chile. The Paguanta Project, which is 70% owned and managed by Herencia, comprises the “Patricia” JORC-compliant zinc-lead-silver-gold Mineral Resource, the “Doris” high grade copper/silver target and the “La Rosa” porphyry-copper prospect, all located within the same granted mining tenements.

Update to Paguanta Economic Models:

Following on from the recently announced upgrade to the Paguanta Mining Inventory (7 October 2010), the Company has updated the economic model for the Paguanta Project, announced on 23 December 2008, using ‘spot’ commodity prices for zinc, lead and silver as at 5 November 2010.

The result, using the assumptions set out below and the existing 1.66Mt mining inventory, is a **Net Present Value of US\$ 90.4M.**

Given the projects significant potential for tonnage increases, as demonstrated by the positive results from the 2010 drill program, two 'sensitivity' cases were prepared based on the upside potential for the project, assuming additional tonnage was identified by further drilling:

- Post-Feasibility Study Case (6 years @ 400,000tpa = 2.4Mt) NPV(8%) = US\$139.5M
- Upside Case (8.25 years @ 400,000tpa = 3.3Mt) NPV(8%) = US\$184.9M

The Post-Feasibility Study Case assumes an additional 740,000t are added to the mining inventory in 2011 and the Upside Case assumes that the current mining inventory of 1.66Mt is doubled. Both sensitivity cases include additional capital allowances for drilling.

Due to the early stage, no value has been assigned to Doris or La Rosa in our economic modelling.

The economic models are based on the model produced by Golder Associates Pty Ltd (‘Golder’) for the 2008 Scoping Study, and have been updated by Herencia and reviewed by Golder (see footnote). Key assumptions include:

- 100% Project Value
- Discount Rate of 8%
- Throughput - 400,000tpa
- Capital cost - US\$56M (as per 2008 Scoping Study)
- Operating costs increased to reflect 400,000tpa throughput
- Zinc price - US\$1.12/lb (\$2,468/tonne)
- Lead price - US\$1.13/lb (\$2,490/tonne)
- Silver price - US\$26.78/oz
- Assumed Gold revenue (0.26g/t at 50% recovery and US\$1000/oz)
- Scoping Study level of accuracy as per the 2008 Study

Doris Update:

The Company is currently obtaining submissions from leading geophysical survey companies in Chile in relation to a geophysical program over Doris. At this stage it is planned to undertake the fieldwork in December this year, subject to crew availability. Currently, surface geological investigation continues on site with breccia zones, stockworks and quartz outcrops recently mapped at La Rosa.

Feasibility Study Update:

After seeking submissions from a number of qualified consulting firms, the Company is working closely with selected consultants in relation to the proposed Feasibility Study. The goal is to finalise the scope and cost by month end.

Commenting on the increase to the Paguanta Project NPV, Managing Director Michael Bohm stated:

“This is a great result for the Company. This significant increase to Project NPV is a function of increased tonnage, increased grade and improved commodity prices. What is also significant is the sensitivity to tonnage upside, particularly given the mineralisation remains open at depth, along strike, and with new high grade veins awaiting potential expansion.

It is worth noting that we added significantly to both the resource base and the NPV in 2010, with only 5,700m of drilling.”

Golder has reviewed a set of spreadsheets by Herencia Resources based on an original spreadsheet developed by Golder as part of the 2008 Scoping Study. These new spreadsheets update the original 400ktpa case starting with a new scoping level study underground inventory containing 1.66Mt 6.1% Zn, 2.0% Pb and 154 g/t Ag. Upside cases containing 2.4Mt and 3.3Mt cases were also developed. These cases included extra drilling capital. Some updates have also been made to the metal prices and minor changes made to other variables. Golder believes that the input variables and results are reasonable for scoping level scenarios.

References in this announcement to exploration results and potential have been approved for release by Mr Michael Bohm (BAppSc Mining Engineering WASM) and Mr Antonio Valverde (Bsc Geology Universidad Complutense de Madrid), both with more than 15 years' relevant experience in the field of activity concerned. Mr Bohm is a Member of the Australasian Institute of Mining and Metallurgy. Both Mr Bohm and Mr Valverde have consented to the inclusion of the material in the form and context in which it appears.

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