

Herencia Resources plc

("Herencia" or the "Company")

- **New Copper-Gold Project Opportunity**
- **Paguanta Project Update**

Herencia is pleased to announce that it has entered into a non-binding Memorandum of Understanding (MOU), through one of its 100% owned Chilean subsidiaries, to potentially acquire a 51% controlling interest in an exciting new copper-gold opportunity in Chile.

The project is located approximately 750 kilometres north of Santiago in Region III in Chile at low elevations between 700 metres and 900 metres above sea level. The Project is approximately 11.2 square kilometres in area and is approximately 3.5 kilometres in the north-south direction and 4.2 kilometres in the east-west direction. Access to the Project site is excellent.

The Project mineralisation style appears to correspond to a potential Iron Oxide Copper Gold (IOCG) system. Examples of IOCG deposits in the region include the Candelaria and Manto Verde mines. According to Herencia's geologists, the Project displays evidence of a potential IOCG mineralisation system with:

- Abundant iron oxides (limonites) and primary magnetite and hematite;
- Copper mineralisation apparently associated with the iron oxide as breccias and stockwork;
- Iron-gold-copper veins and mantos mineralisation; and
- Copper, gold, cobalt and molybdenum anomalies at surface.

Importantly, and in addition to the above, three of seven drill holes already completed by the vendor have intersected significant copper and gold mineralisation at shallow levels:

- Hole 1 – 8 metres at 1.55% copper and 0.53 g/t gold from 36 metres
- Hole 2 – 2 metres at 2.69% copper and 0.33 g/t gold from 9 metres
- Hole 2 – 6 metres at 2.20% copper and 1.34 g/t gold from 42 metres
- Hole 3 – 3 metres at 2.88% copper and 2.58 g/t gold from 34 metres

Subject to finalising a JV agreement in the next 12 weeks, Herencia will have the right to earn a 51% controlling stake in the Project by drilling a minimum of 6,000 metres over a 30 month period and making staged payments totaling US\$600,100 over the same 30 month period. A minimum of 2,400 metres must be drilled within the first 12 months with an initial payment of US\$150,000 to be made upon signing the final agreement.

Whilst Herencia retains at all times the sole discretion to withdraw from the Project, at this stage, it is anticipated that the budget for the first 12 months will likely be in the order of US\$750,000, assuming that 2,400 metres of drilling is undertaken.

Subject to Herencia achieving its 51% ownership stake in the Project, the joint venture parties would then contribute toward all future costs at a 51:49% ratio.

In relation to the Paguanta Project, the Company is pleased to advise that Compania Minera Paguanta ('CMP'), the JV company of which Herencia is a 70% shareholder, has been active on the following fronts:

- CMP has appointed an experienced Project Manager, Mr Sergio Avendano, to oversee the Feasibility Study to be completed by Golder Associates. Mr Avendano was formally with Xstrata, based in Santiago, Chile.
- A new office has been opened in Santiago to be the base for future project development work, complementing the existing office located in Iquique.
- Site Geophysical work has been completed and the drilling of Doris remains on track for commencement by month end with major drilling scheduled to mobilise to site in the last week of February 2011. Subject to maintaining this schedule first assay results could potentially be available in late April 2011.
- The permitting process in relation to in-fill drilling of Patricia is progressing, with the target to commence drilling activity at Patricia in April 2011.
- Preliminary metallurgical samples for the Feasibility Study are to be dispatched to the laboratory in Canada this month.

Summarising, Managing Director Michael Bohm stated:

"This new Copper-Gold Project opportunity provides Herencia with an advanced, potentially open pit-able copper-gold target, located in a geologically and logistically excellent environment. The fact that significant copper and gold grades have already been intersected so close to surface bodes well for us.

We were attracted to this new Project because, as at Paguanta, there appears solid evidence of mineralisation (in this case copper-gold) at grades that may, if confirmed by future drilling, potentially support a mining operation.

In relation to Paguanta, we are pleased with progress on the Project and anticipate a start to drilling at Doris in approximately 4 weeks.

Our goal remains to advance our flagship Paguanta Project on a number of fronts, whilst always looking to take advantage of other opportunities, as they arise, to add shareholder value".

For further information please contact:

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Holes reported were assayed by ALS La Serena. Sample preparation involved a 1kg sample with pulverisation to 85% passing 75 micron. Gold was analysed using an aqua-regia digest with AAS analysis (Au-AA23). Multi-element analysis (35 elements) was carried out using ICP-AES (ME-ICP41). For over limit Cu, samples were analysed using an acid digest with AAS analysis (Cu-AA46).

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.

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