

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

HALF-YEARLY FINANCIAL REPORT
For the six months ended 30 June 2011

Herencia Resources plc is pleased to announce the unaudited half-yearly accounts of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011.

CHAIRMAN’S STATEMENT

The six months ended 30 June 2011 has been an eventful period for Herencia. We believe we have moved significantly along the development path in relation to the Patricia resource at our Paguanta Project and we have added a second exciting project to the Company’s portfolio, the Guamanga Copper-Gold Project.

The period commenced with the announcement that the Company had entered into an agreement to acquire a 51% controlling interest in the Guamanga copper-gold opportunity in Chile and that it had commenced a 15,000m drilling program at Paguanta as part of the broader Feasibility Study on the Patricia zinc-silver resource.

The Company also achieved further exploration success at Patricia with the confirmation of the Carlos vein (previously known as the "New" Vein) to the south of the main Cathedral vein. Diamond drilling returned, amongst other grades, a high grade result of 6m @ 5.9% zinc, 2.6% lead and 144g/t silver. We believe the Carlos vein has the potential to provide additional tonnage to our resource base.

During the period the Company also undertook drilling and exploration work at Doris/La Rosa with further work planned for these earlier stage prospects.

Subsequent to 30 June 2011, further zinc-silver-lead mineralisation was also identified approximately 80m south of the Carlos vein which bodes well for medium to long term resource expansion opportunities. We believe these results demonstrate the significant potential of the mineralised system at Patricia.

On the Engineering front, the Patricia Feasibility Study is being progressed by our experienced management team with metallurgical holes drilled and initial core samples dispatched to Canada for metallurgical test work. Geotechnical drilling also commenced to obtain core to be tested for detailed underground mine planning work which will be followed by geotechnical drilling of potential tailings dam and plant site locations in the third quarter of the year. On the Corporate and Administration side, the Company established an office in Santiago to accommodate the Project Management team which has been expanded as we progress toward project development.

On 1 July 2011 the Company successfully completed a placing through WH Ireland Limited, to raise £2.8 million from the issue of 125,000,000 new ordinary shares at a price of 2.25p per share. Nyrstar participated to maintain its position as Herencia’s largest shareholder and we welcomed involvement in the raising from a Chilean investment fund.

These funds will largely be used toward advancing the Guamanga copper-gold project via a drilling program planned for the fourth quarter of 2011 and additional drilling of the Carlos vein at Patricia, and to advance engineering works including access road design and borefield exploration.

The Company is looking forward to continued success through 2011 at both the Paguanta and Guamanga projects. We also remain vigilant for new opportunities in Chile, a country highly regarded as a mining destination.

Thank you to our shareholders for your continued support. We are committed to maximising shareholder value through the development of the proposed Patricia zinc-silver mine, drilling of the Guamanga copper-gold project, and exploration at Paguanta, against a backdrop of potentially stronger zinc, silver, copper and gold prices.

Hon. John Moore AO
Chairman
26 September 2011

HERENCIA RESOURCES PLC

Registered number 5345029

Please refer to the project announcements at the Company's website (www.herenciaresources.com) for further information on the Company operations.

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**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 June 2011**

	Notes	6 months ended 30 June 2011 (un-audited)	6 months ended 30 June 2010 (un-audited)	12 months ended 31 December 2010 (audited)
		£	£	£
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Administration expenses		(1,265,050)	(487,534)	(1,072,825)
Operating loss		(1,265,050)	(487,534)	(1,072,825)
Finance revenue		14,125	9,160	13,047
Loss before tax		(1,250,925)	(478,374)	(1,059,778)
Income tax expenses		-	-	-
Loss for the period		(1,250,925)	(478,374)	(1,059,778)
Other comprehensive income/(loss)				
Exchange differences on translating foreign operations		14,207	53,003	676,774
Other comprehensive income net of tax		14,207	53,003	676,774
Total comprehensive income/(loss) for the period		(1,236,718)	(425,371)	(383,004)
Loss attributable to:				
Equity holders of the Company		(1,129,651)	(435,465)	(932,063)
Non-controlling interests		(121,274)	(42,909)	(127,715)
		(1,250,925)	(478,374)	(1,059,778)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		(1,111,479)	(383,433)	(459,302)
Non-controlling interests		(125,239)	(41,938)	76,298
		(1,236,718)	(425,371)	(383,004)
Loss per ordinary share – basic and diluted	2	(0.10)p	(0.05)p	(0.10)p

The results shown above relate entirely to continuing operations.

STATEMENTS OF FINANCIAL POSITION
AT 30 June 2011

	Notes	30 June 2011 (un-audited)	30 June 2010 (un-audited)	31 December 2010 (audited)
		£	£	£
ASSETS				
Non current assets				
Intangible assets and goodwill	4	8,579,871	5,924,618	7,065,015
Property, plant and equipment	5	288,095	133,903	92,152
		<u>8,867,966</u>	<u>6,058,521</u>	<u>7,157,167</u>
Current assets				
Cash and cash equivalents		3,687,737	1,514,099	5,261,537
Trade and other receivables		1,033,917	626,278	735,813
Other assets		14,518	4,490	18,045
		<u>4,736,172</u>	<u>2,144,867</u>	<u>6,015,395</u>
Total assets		13,604,138	8,203,388	13,172,562
LIABILITIES				
Non current liabilities				
Provisions	6	64,654	58,588	67,689
		<u>64,654</u>	<u>58,588</u>	<u>67,689</u>
Current liabilities				
Trade and other payables		220,432	401,540	193,623
		<u>220,432</u>	<u>401,540</u>	<u>193,623</u>
Total liabilities		285,086	460,128	261,312
Net Assets		13,319,052	7,743,260	12,911,250
EQUITY				
Share capital	8	1,261,056	960,932	1,248,556
Share premium		12,315,391	7,740,847	12,121,641
Share based payments reserve		303,914	114,801	303,914
Translation reserve		896,391	457,489	878,217
Retained losses		(4,779,805)	(3,153,555)	(3,650,152)
Capital and reserves attributable to equity holders		9,996,947	6,120,514	10,902,176
Minority interests in equity	7	3,322,105	1,622,746	2,009,074
Total equity and reserves		13,319,052	7,743,260	12,911,250

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 June 2011**

	Notes	Six months ended 30 June 2011 (un-audited) £	Six months ended 30 June 2010 (un-audited) £	Twelve months ended 31 December 2010 (audited) £
Net cash outflow from operating activities		(1,074,368)	(337,556)	(1,127,273)
Cash flows from investing activities				
Interest received		14,125	9,160	13,047
Payments for property, plant and equipment		(202,301)	(49,100)	(18,265)
Cash calls from minority shareholder		1,276,378	359,385	636,423
Net funds used for investing in exploration	4	(1,793,884)	(697,034)	(1,156,245)
Net cash utilised by investing activities		(705,682)	(377,589)	(525,040)
Cash flows from financing activities				
Proceeds from issue of shares		206,250	750,000	5,604,873
Issue costs		-	-	(186,455)
Net cash generated from financing activities		206,250	750,000	5,418,418
Net (decrease)/increase in cash and cash equivalents		(1,573,800)	34,855	3,766,104
Cash and cash equivalents at the beginning of the period		5,261,537	1,479,244	1,479,244
Cash and cash equivalents at the end of the period		3,687,737	1,514,099	5,261,537

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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Share capital	Share premium	Translation reserve	Share based payments reserve	Accumulated losses	Total	Minority interest	Total equity
	£	£	£	£	£	£	£	£
Balance at 1 January 2011	1,248,556	12,121,641	878,217	303,914	(3,650,152)	10,902,176	2,009,074	12,911,250
Issue of shares	12,500	193,750	-	-	-	206,250	-	206,250
Total comprehensive income/(loss) for the period	-	-	18,174	-	(1,129,653)	(1,111,479)	(125,238)	(1,236,717)
Movement in minority's interest in share capital of subsidiary	-	-	-	-	-	-	1,438,269	1,438,269
Balance at 30 June 2011	1,261,056	12,315,391	896,391	303,914	(4,779,805)	9,996,947	3,322,105	13,319,052
Balance at 1 January 2010	860,932	7,090,847	405,456	114,801	(2,718,089)	5,753,947	1,296,353	7,050,300
Issue of shares	100,000	650,000	-	-	-	750,000	-	750,000
Total comprehensive income/(loss) for the period	-	-	52,033	-	(435,466)	(383,433)	(41,938)	(425,371)
Movement in minority's interest in share capital of subsidiary	-	-	-	-	-	-	368,331	368,331
Balance at 30 June 2010	960,932	7,740,847	457,489	114,801	(3,153,555)	6,120,514	1,622,746	7,743,260

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NOTES TO THE UNAUDITED HALF-YEARLY ACCOUNTS FOR THE SIX MONTH PERIOD ENDED 30 June 2011

1. Accounting policies

The condensed half-year accounts have been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The condensed half-year accounts have been prepared using the accounting policies which are expected to be applied in the Group's statutory financial statements for the year ending 31 December 2011.

1.1. Basis of preparation and going concern

Herencia Resources plc ('the Company') is incorporated in England and Wales. The half-yearly accounts for the six months ended 30 June 2011 is un-audited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The half-yearly accounts includes unaudited comparative figures for the half year ended 30 June 2010. The comparatives for the year ended 31 December 2010 are not the Company's full statutory accounts for that period but have been extracted from the statutory accounts for that period which have been delivered to the Registrar of Companies.

The financial reports have been prepared using the historical cost convention and are presented in UK pounds sterling. The half-yearly accounts for the six months ended 30 June 2011 has been prepared in accordance with IAS 34 'Interim financial reporting'.

The half-yearly accounts for the six months ended 30 June 2011 has been prepared pursuant to AIM Rule 18, which states "An AIM company must prepare a half-yearly report in respect of the six month period from the end of the financial period for which financial information has been disclosed in its admission document and at least every subsequent six months thereafter (apart from the final period of six months preceding its accounting reference date for its annual audited accounts)."

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The operations of the Group are currently being financed from funds which the Company raised from private and public placings of its shares in the prior and current years. The Group has not yet earned revenue as it is still in the exploration phase of its business. The Group is reliant on the continuing support from its existing and future shareholders.

The Directors have reviewed the Group's overall position and outlook and are of the opinion that the Group will be able to raise the required funding to carry out the planned activities and provide working capital to enable it to meet its liabilities as they fall due, for the foreseeable future, and for at least the next twelve months from the date of approval of these financial statements. The directors therefore believe that the use of the going concern basis is appropriate.

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NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTH PERIOD ENDED 30 June 2011**2. Loss per share**

The basic loss per ordinary share of (0.10)p (30 June 2010; (0.05)p, 31 December 2010; (0.10)p) for the Group has been calculated by dividing the loss for the period attributable to equity holders of £1,129,651 (30 June 2010; £435,465, 31 December 2010; £932,063) by the weighted average number of ordinary shares in issue of 1,259,882,343 (30 June 2010; 896,844,072, 31 December 2010; 949,650,555).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 1,259,882,343 (30 June 2010; 896,844,072, 31 December 2010; 965,020,301). The diluted loss per share has been kept the same as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

3. Segmental information

The activities of the Group are broken down into the operating segments of Mineral Exploration and Central Costs. Segment information by operating segment and by region is as follows:

Segment information by operating segment	Mineral Exploration	Central Costs	Total
	£	£	£
6 months ended 30 June 2011			
Administration expenses	(852,226)	(360,820)	(1,213,046)
Finance revenue	-	14,125	14,125
Non-cash expenditure:			
Depreciation expense	-	(2,954)	(2,954)
Foreign exchange (loss)/gain	134,004	(183,054)	(49,050)
Segment result	(718,222)	(532,703)	(1,250,925)
As at 30 June 2011			
Segment assets	13,132,605	471,531	13,604,136
Segment liabilities	(274,610)	(10,474)	(285,084)
Net assets	12,857,995	461,057	13,319,052
6 months ended 30 June 2010			
Administration expenses	(250,433)	(264,960)	(515,393)
Finance revenue	-	9,160	9,160
Non-cash expenditure:			
Depreciation expense	-	(1,626)	(1,626)
Foreign exchange (loss)/gain	32,943	(3,458)	29,485
Segment result	(217,490)	(260,884)	(478,374)
As at 30 June 2010			
Segment assets	7,344,735	858,653	8,203,388
Segment liabilities	(456,688)	(3,440)	(460,128)
Net assets	6,888,047	855,213	7,743,260

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NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTH PERIOD ENDED 30 June 2011**3. Segmental information (continued)**

Segment information by operating segment	Mineral Exploration	Central Costs	Total
12 months ended 31 December 2010	£	£	£
Administration expenses	(563,105)	(631,111)	(1,194,216)
Finance revenue	-	13,047	13,047
Non-cash expenditure:			
Depreciation expense	(21,078)	(3,530)	(24,608)
Share based payments expense	-	(189,113)	(189,113)
Foreign exchange (loss)/gain	325,285	9,827	335,112
Segment result	(258,898)	(800,880)	(1,059,778)
As at 31 December 2010			
Segment assets	7,610,836	5,561,726	13,172,562
Segment liabilities	(164,571)	(96,741)	(261,312)
Net assets	7,446,265	5,464,985	12,911,250

Segment information by region

	External Revenue			Non-current assets		
	30 June 2011 (un- audited) £	30 June 2010 (un- audited) £	31 December 2010 (audited) £	30 June 2011 (un- audited) £	30 June 2010 (un- audited) £	31 December 2010 (audited) £
Australia	-	-	-	14,380	9,632	16,240
Chile	-	-	-	8,853,586	6,048,889	7,140,927
Group	-	-	-	8,867,966	6,058,521	7,157,167

At the end of the financial period, the Group had not commenced commercial production from its exploration sites and therefore had no turnover in the period.

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NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTH PERIOD ENDED 30 June 2011**4. Intangible assets**

	Goodwill	Exploration and development costs	Total
Cost			
As at 1 January 2011	1,000,000	6,737,148	7,737,148
Additions	-	1,793,884	1,793,884
Effect of foreign currency exchange differences	-	(279,028)	(279,028)
At 30 June 2011	1,000,000	8,252,004	9,252,004
Impairment			
As at 1 January 2011	(125,000)	(547,133)	(672,133)
Impairment during the period	-	-	-
As at 30 June 2011	(125,000)	(547,133)	(672,133)
Carrying amount			
As at 30 June 2011	875,000	7,704,871	8,579,871

Based on the significant grade and tonnage uplift achieved in 2011, the progression of the Feasibility Study and the potential to further extend the Mineral Resource Estimate, the Directors believe that there has not been any impairment of goodwill and exploration and development costs in respect of the Paguanta project as at 30 June 2011.

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NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTH PERIOD ENDED 30 June 2011

	30 June 2011 (un-audited) £	30 June 2010 (un-audited) £	31 December 2010 (audited) £
5. Property, plant and equipment			
Plant and equipment			
At cost	373,910	197,561	175,013
Accumulated depreciation	(85,815)	(63,658)	(82,861)
Total property and equipment	288,095	133,903	92,152

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the financial period:

Balance at the beginning of the period	92,152	86,686	86,686
Additions at cost	202,301	49,100	20,212
Disposals	-	-	-
Depreciation expense	(2,954)	(1,626)	(24,608)
Exchange difference on translation of foreign operations	(3,404)	(257)	9,862
Carrying amount at the end of the period	288,095	133,903	92,152

6. Provisions

	30 June 2011 (un-audited) £	30 June 2010 (un-audited) £	31 December 2010 (audited) £
Decommissioning expenditure			
Balance at the beginning of the period	67,689	58,782	58,782
Effect of foreign currency exchange differences	(3,035)	(194)	8,907
Arising during the year	-	-	-
Balance at the end of the period	64,654	58,588	67,689

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NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTH PERIOD ENDED 30 June 2011**7. Minority interest**

	30 June 2011 (un-audited) £	30 June 2010 (un-audited) £	31 December 2010 (audited) £
Called up share capital	3,324,357	1,617,994	1,886,088
Accumulated losses	(406,856)	(200,777)	(285,583)
Translation reserve	404,604	205,529	408,569
	<u>3,322,105</u>	<u>1,622,746</u>	<u>2,009,074</u>

	30 June 2011 (un-audited) £	30 June 2010 (un-audited) £	31 December 2010 (audited) £
8. Called up share capital			
Authorised:			
10,000,000,000 ordinary shares of £0.001 each	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, issued and fully paid:			
1,261,056,376 ordinary shares			
(30 June 2010: 960,932,470 ordinary shares, 31 December 2010: 1,248,556,376)	<u>1,261,056</u>	<u>960,932</u>	<u>1,248,556</u>

9. Control

No one party is identified as controlling the Company.

10. Subsequent events

On 1 July 2011 the Company successfully completed a placing to raise £2.8 million from the issue of 125,000,000 ordinary shares at a price of 2.25p per share.

No other matter or circumstances have arisen since the end of the reporting date and the date of this report which significantly affect the results of the operations of the Company.

11. Contingent liabilities and capital commitments

The Group had no contracted capital commitments at 30 June 2011.

The Group had no contingent liabilities at 30 June 2011.

12. Decommissioning expenditure

The Directors have considered the environmental issues and the need for any necessary provision for the cost of rectifying any environmental damage, as might be required under local legislation. A provision of £64,654 has been made for any future costs of decommissioning or environmental damage.