

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

HALF-YEARLY FINANCIAL REPORT
For the six months ended 30 June 2012

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 2012.

CHAIRMAN’S STATEMENT

The six months ended 30 June 2012 was an active period for Herencia during which we significantly increased the Mineral Resource Estimate at Patricia and advanced the Patricia Feasibility Study. Patricia is the Company's flagship Project given its advanced stage, the outlook for zinc prices, and the recent high silver grades confirmed near surface.

Following the return of all assay results from the 2011 drilling programme in the period, the Company completed a JORC-compliant Mineral Resource Estimate at Patricia which resulted in a 244% increase in the Measured and Indicated resource categories and a 29% increase in total tonnage when compared to the 2010 estimate (using a 2% zinc cut-off).

This estimate, announced on 22 June 2012, included approximately 15,600m of both diamond and RC drilling undertaken in 2011 and included some of the highest grades ever achieved at Paguanta. These included 6m at 15.5% lead and 729g/t from 38m in PTRC113 and 6m at 10.4% zinc, 2.9% lead and 150g/t silver from 110m in PTDD089. An additional mineralised vein 50m south of Carlos vein was identified during the period with the return of 4.2m at 3.2% zinc, 1.5% lead and 65g/t silver from 259.5m in PTDD101 announced 9 February 2012. This new vein is supported by a previously reported intersection of 20m @ 3% zinc, 1.4% lead and 80g/t silver with high grade core of 6m @ 5.9% zinc, 2.6% lead and 144g/t silver from 241m in PTDD073, announced 14 June 2011. These intersections continue to demonstrate the potential of the Patricia mineralised system, at depth, along strike and to the south.

Subsequent to 30 June 2012, the Company commenced a resampling programme and a comprehensive surface sampling programme at Paguanta following the return of near-surface high-grade silver results. This work was aimed at defining further mineralisation up-dip and near-surface from existing resources, targeting the potential for development of an open pit operation. Initial results have returned a number of very high silver grades at surface including a high of 1,051g/t silver (+32 ounces/tonne).

The Company also recently completed a geophysical survey which extended the Patricia geophysical anomaly to approximately 3km in length and up to 1km in width and which correlates well with the existing Patricia Mineral Resource and supports the potential to extend the resource to the south and east of the project. This large anomaly appears to increase with depth and is largely untested.

Following the end of the period under review, the Company successfully completed a placing through WH Ireland Limited, to raise £1.2 million from the issue of 150,000,000 new ordinary shares. Nyrstar participated to maintain its position as Herencia’s largest shareholder. The funds raised from this modest placing, which was oversubscribed and was scaled back, are being used to investigate the open pit potential at Patricia following high-grade, near surface silver results announced on 26 April 2012. They were also used to successfully complete the IP geophysical survey mentioned above.

The Company continues to advance the Paguanta Project on many fronts, as can be noted from the steady flow of positive announcements. These announcements have continued to highlight Mineral Resource upgrades, high drilling grades, and the open pit potential at Patricia. We look forward to moving the Project toward production to potentially coincide with supply constraints in the zinc market forecast for 2014 onwards.

Hon. John Moore AO
Chairman
28 September 2012

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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The information in this report that relates to the 2012 Mineral Resource estimate is based on information compiled by Dr Marcelo Godoy. Dr Godoy is a full time employee of Golder Associates, a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. The Mineral Resource estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC). Dr Godoy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

References in this announcement to exploration results and potential have been approved for release by Mr. Graeme Sloan (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. Sloan is a Member of the Australasian Institute of Mining and Metallurgy. Both Mr. Sloan and Mr. Valverde have consented to the inclusion of the material in the form and context in which it appears.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Notes	6 months ended 30 June 2012 (unaudited) £	6 months ended 30 June 2011 (unaudited) £	12 months ended 31 December 2011 (audited) £
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Administration expenses		(1,320,680)	(1,265,050)	(2,621,171)
Operating loss		(1,320,680)	(1,265,050)	(2,621,171)
Finance revenue		14,793	14,125	66,592
Loss before tax		(1,305,887)	(1,250,925)	(2,554,579)
Income tax expenses		-	-	-
Loss for the period		(1,305,887)	(1,250,925)	(2,554,579)
Other comprehensive income/(loss)				
Exchange differences on translating foreign operations		444,362	14,207	(611,348)
Other comprehensive income, net of tax		444,362	14,207	(611,348)
Total comprehensive income/(loss) for the period		(861,525)	(1,236,718)	(3,165,927)
Loss attributable to:				
Equity holders of the Company		(1,127,976)	(1,129,651)	(2,190,038)
Non-controlling interests		(177,911)	(121,274)	(364,541)
		(1,305,887)	(1,250,925)	(2,554,579)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		(831,381)	(1,111,479)	(2,588,336)
Non-controlling interests		(30,144)	(125,239)	(577,591)
		(861,525)	(1,236,718)	(3,165,927)
Loss per share				
Loss per ordinary share – basic and diluted	2	(0.07)p	(0.10)p	(0.16)p

The results shown above relate entirely to continuing operations.

STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2012

	Notes	30 June 2012 (unaudited) £	30 June 2011 (unaudited) £	31 December 2011 (audited) £
ASSETS				
Non current assets				
Intangible assets and goodwill	4	14,430,066	8,579,871	11,807,867
Property, plant and equipment	5	191,218	288,095	210,680
		<u>14,621,284</u>	<u>8,867,966</u>	<u>12,018,547</u>
Current assets				
Cash and cash equivalents		1,485,414	3,687,737	5,142,832
Trade and other receivables		1,879,266	1,033,917	1,525,414
Other assets		11,916	14,518	17,470
		<u>3,376,596</u>	<u>4,736,172</u>	<u>6,685,716</u>
Total assets		<u>17,997,880</u>	<u>13,604,138</u>	<u>18,704,263</u>
LIABILITIES				
Non current liabilities				
Provisions	6	62,276	64,654	60,601
		<u>62,276</u>	<u>64,654</u>	<u>60,601</u>
Current liabilities				
Trade and other payables		486,381	220,432	992,321
Provisions	6	91,430	-	39,157
		<u>577,811</u>	<u>220,432</u>	<u>1,031,478</u>
Total liabilities		<u>640,087</u>	<u>285,086</u>	<u>1,092,079</u>
Net Assets		<u>17,357,793</u>	<u>13,319,052</u>	<u>17,612,184</u>
EQUITY				
Share capital	8	1,522,114	1,261,056	1,520,114
Share premium		17,209,316	12,315,391	17,187,316
Shares to be issued		-	-	24,000
Share based payments reserve		564,019	303,914	560,633
Translation reserve		776,514	896,391	479,919
Retained losses		(6,968,166)	(4,779,805)	(5,840,190)
Capital and reserves attributable to equity holders		<u>13,103,797</u>	<u>9,996,947</u>	<u>13,931,792</u>
Minority interests in equity	7	<u>4,253,996</u>	<u>3,322,105</u>	<u>3,680,392</u>
Total equity and reserves		<u>17,357,793</u>	<u>13,319,052</u>	<u>17,612,184</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Notes	6 months ended 30 June 2012 (unaudited) £	6 months ended 30 June 2011 (unaudited) £	12 months ended 31 December 2011 (audited) £
Net cash outflow from operating activities		(1,992,949)	(1,074,368)	(1,991,488)
Cash flows from investing activities				
Interest received		14,793	14,125	66,592
Payments for property, plant and equipment	5	(13,522)	(202,301)	(191,366)
Cash calls from minority shareholder		603,748	1,276,378	2,248,909
Net funds used for investing in exploration	4	(2,269,488)	(1,793,884)	(5,612,585)
Net cash used by investing activities		(1,664,469)	(705,682)	(3,488,450)
Cash flows from financing activities				
Proceeds from issue of shares		-	206,250	5,517,907
Proceeds from shares to be issued		-	-	24,000
Issue costs		-	-	(180,674)
Net cash generated from financing activities		-	206,250	5,361,233
Net decrease in cash and cash equivalents		(3,657,418)	(1,573,800)	(118,705)
Cash and cash equivalents at the beginning of the period		5,142,832	5,261,537	5,261,537
Cash and cash equivalents at the end of the period		1,485,414	3,687,737	5,142,832

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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Share capital	Share premium	Translation reserve	Share based payments reserve	Shares to be Issued	Retained losses	Total	Minority interest	Total equity
	£	£	£	£	£	£	£	£	£
Balance at 1 January 2012	1,520,114	17,187,316	479,919	560,633	24,000	(5,840,190)	13,931,792	3,680,392	17,612,184
Issue of shares	2,000	22,000	-	-	(24,000)	-	-	-	-
Share based payments	-	-	-	3,386	-	-	3,386	-	3,386
Total comprehensive income/(loss) for the period	-	-	296,595	-	-	(1,127,976)	(831,381)	(30,144)	(861,525)
Movement in minority's interest in share subsidiary	-	-	-	-	-	-	-	603,748	603,748
Balance at 30 June 2012	1,522,114	17,209,316	776,514	564,019	-	(6,968,166)	13,103,797	4,253,996	17,357,793
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

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NOTES TO THE UNAUDITED HALF-YEARLY ACCOUNTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

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 2012.

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 2012 is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The half-yearly accounts include unaudited comparative figures for the half year ended 30 June 2011. The comparatives for the year ended 31 December 2011 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 2012 has been prepared in accordance with IAS 34 'Interim financial reporting'.

The half-yearly accounts for the six months ended 30 June 2012 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.

On 10 July 2012, the Company successfully completed a private placing to raise £1.2 million from the issue of 150,000,000 ordinary shares at a price of 0.8p per share.

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 2012****2. Loss per share**

The basic loss per ordinary share of (0.07)p (30 June 2011; (0.10)p, 31 December 2011; (0.16)p) for the Group has been calculated by dividing the loss for the period attributable to equity holders of £1,127,976 (30 June 2011; £1,129,651, 31 December 2011; £2,190,038) by the weighted average number of ordinary shares in issue of 1,521,971,393 (30 June 2011; 1,259,882,343, 31 December 2011; 1,338,351,024).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 1,577,614,250 (30 June 2011; 1,259,882,343, 31 December 2011; 1,391,872,942). 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 2012			
Administration expenses (excluding non-cash items)	(852,256)	(464,744)	(1,317,000)
Finance revenue	760	14,033	14,793
Non-cash expenditure:			
Depreciation expense	(35,497)	(3,094)	(38,591)
Share based payments	-	(3,386)	(3,386)
Foreign exchange gain/(loss)	87,369	(49,072)	38,297
Segment result	(799,624)	(506,263)	(1,305,887)
As at 30 June 2012			
Segment assets	16,650,450	1,347,430	17,997,880
Segment liabilities	(519,427)	(120,660)	(640,087)
Net assets	16,131,023	1,226,770	17,357,793
6 months ended 30 June 2011			
Administration expenses (excluding non-cash items)	(852,226)	(360,820)	(1,213,046)
Finance revenue	-	14,125	14,125
Non-cash expenditure:			
Depreciation expense	-	(2,954)	(2,954)
Foreign exchange gain/(loss)	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

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**NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012****3. Segmental information (continued)**

Segment information by operating segment	Mineral Exploration £	Central Costs £	Total £
12 months ended 31 December 2011			
Administration expenses (excluding non-cash items)	(1,692,258)	(943,768)	(2,636,026)
Finance revenue	35,627	30,965	66,592
Non-cash expenditure:			
Depreciation expense	(53,705)	(6,001)	(59,706)
Share based payments expense	-	(256,719)	(256,719)
Foreign exchange gain/(loss)	521,619	(190,339)	331,280
Segment result	(1,188,717)	(1,365,862)	(2,554,579)
As at 31 December 2011			
Segment assets	14,664,132	4,040,131	18,704,263
Segment liabilities	(950,893)	(141,186)	(1,092,079)
Net assets	13,713,239	3,898,945	17,612,184

Segment information by region

	External Revenue			Non-current assets		
	30 June 2012 (unaudited) £	30 June 2011 (unaudited) £	31 December 2011 (audited) £	30 June 2012 (unaudited) £	30 June 2011 (unaudited) £	31 December 2011 (audited) £
Australia	-	-	-	8,968	14,380	11,332
Chile	-	-	-	14,612,316	8,853,586	12,007,215
Group	-	-	-	14,621,284	8,867,966	12,018,547

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 2012**

4. Intangible assets and goodwill	Goodwill	Exploration & evaluation costs	Total
	£	£	£
Cost			
As at 1 January 2012	1,000,000	11,480,000	12,480,000
Additions	-	2,269,488	2,269,488
Effect of foreign currency exchange differences	-	352,711	352,711
At 30 June 2012	<u>1,000,000</u>	<u>14,102,199</u>	<u>15,102,199</u>
Impairment			
As at 1 January 2012	(125,000)	(547,133)	(672,133)
Impairment during the period	-	-	-
As at 30 June 2012	<u>(125,000)</u>	<u>(547,133)</u>	<u>(672,133)</u>
Carrying amount			
As at 30 June 2012	<u>875,000</u>	<u>13,555,066</u>	<u>14,430,066</u>
As at 31 December 2011	<u>875,000</u>	<u>10,932,867</u>	<u>11,807,867</u>

Based on the significant grade and tonnage uplift achieved in 2012, 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 evaluation costs in respect of the Paguanta project as at 30 June 2012.

5. Property, plant and equipment	30 June 2012 (unaudited) £	30 June 2011 (unaudited) £	31 December 2011 (audited) £
At cost	376,698	373,910	353,247
Accumulated depreciation	(185,480)	(85,815)	(142,567)
Total property and equipment	<u>191,218</u>	<u>288,095</u>	<u>210,680</u>

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	210,680	92,152	92,152
Additions at cost	13,522	202,301	191,366
Disposals	-	-	-
Depreciation expense	(38,591)	(2,954)	(59,706)
Effect of foreign currency exchange differences	5,607	(3,404)	(13,132)
Carrying amount at the end of the period	<u>191,218</u>	<u>288,095</u>	<u>210,680</u>

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**NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012****6. Provisions**

	30 June 2012 (unaudited) £	30 June 2011 (unaudited) £	31 December 2011 (audited) £
Decommissioning expenditure			
Balance at the beginning of the period	60,601	67,689	67,689
Effect of foreign currency exchange differences	1,675	(3,035)	(7,088)
Balance at the end of the period	<u>62,276</u>	<u>64,654</u>	<u>60,601</u>
Employee benefits			
Balance at the beginning of the period	39,157	-	-
Arising during the year	52,273	-	39,157
Balance at the end of the period	<u>91,430</u>	<u>-</u>	<u>39,157</u>
Comprising			
Current	91,430	-	39,157
Non-current	62,276	64,654	60,601
Balance at the end of the period	<u>153,706</u>	<u>64,654</u>	<u>99,758</u>

7. Minority interest

	30 June 2012 (unaudited) £	30 June 2011 (unaudited) £	31 December 2011 (audited) £
Called up share capital	4,738,745	3,324,357	4,134,997
Accumulated losses	(828,035)	(406,856)	(650,124)
Translation reserve	343,286	404,604	195,519
	<u>4,253,996</u>	<u>3,322,105</u>	<u>3,680,392</u>

8. Share capital

	30 June 2012 (unaudited) £	30 June 2011 (unaudited) £	31 December 2011 (audited) £
<i>Authorised:</i>			
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>
<i>Allotted, issued and fully paid:</i>			
1,522,144,250 ordinary shares			
(30 June 2011: 1,261,056,376 ordinary shares, 31 December 2011: 1,520,114,250 ordinary shares)	<u>1,522,114</u>	<u>1,261,056</u>	<u>1,520,114</u>

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**NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012**

9. Control

No one party is identified as controlling the Company.

10. Subsequent events

On 10 July 2012, the Company successfully completed a private placing to raise £1.2 million from the issue of 150,000,000 ordinary shares at a price of 0.8p 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

There have been no changes to the capital commitments as disclosed in the most recent annual financial report.

The Group had no contingent liabilities at 30 June 2012.

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 £62,276 has been made for any future costs of decommissioning or environmental damage.