

Herencia Resources plc

("Herencia" or "the Company")

Paguanta Update

More High Grade Results from Paguanta Work Programmes

Herencia Resources plc, an AIM quoted exploration and development company operating in Chile, is pleased to provide an update in relation to its flagship Paguanta Project ("the Project"). The Project, which is 70% owned and managed by Herencia, is a high grade silver-zinc-lead deposit located in northern Chile. The Company has undertaken a number of work programmes aimed at incorporating an open pit mine into the current Paguanta Feasibility Study.

Highlights

1. Further excellent results from a selected drill hole re-sampling programme and surface sampling programme testing for up-dip extensions to existing high-grade silver and lead mineralisation at Paguanta (Patricia Deposit) have been returned.

Drill hole re-sampling - significant results include:

PTDD071	8m grading	93g/t Ag, 3.1% Pb, 0.23g/t Au	(from 17m down hole)
including	1m grading	349g/t Ag, 11.5% Pb, 0.48g/t Au	(from 23m down hole)
PTDD109	2m grading	213g/t Ag, 0.6% Pb, 0.22g/t Au	(from 36m down hole)
PTDD125	4m grading	110g/t Ag, 0.6% Pb, 1.4% Zn, 0.17g/t Au	(from 102m down hole)

Surface sampling - significant results include:

822284-822286	: Line 6	50g/t Ag, 2.5% Pb, 0.2g/t Au	(Sample length 6.8m)
822228-822229	: Line 6	41g/t Ag, 0.3% Pb	(Sample length 5.0m)
822332	: Line 7	78g/t Ag, 1.6% Pb, 0.3g/t Au	(Sample length 2.3m)
822371	: Line 8	72g/t Ag, 1.0% Pb, 0.1g/t Au	(Sample length 2.3m)
822373	: Line 8	75g/t Ag, 0.7% Pb, 0.3g/t Au	(Sample length 1.6m)
822421-822422	: Line 9	252g/t Ag, 7.1% Pb, 0.9g/t Au	(Sample length 4.5m)
822483-822485	: Line 11	217g/t Ag, 1.5% Pb, 1.7g/t Au	(Sample length 6.5m)

2. In addition, metallurgical test work (leaching and conventional flotation) to evaluate the recovery of Silver (Ag), Zinc (Zn) and Lead (Pb) from 'Transition Zone' material (typically 20m to 80m below surface) at the Paguanta Project has returned better than anticipated results as summarised below. Overall Transition Zone recoveries are as follows:

- Zinc recoveries 60 - 84 %
- Lead recoveries 20 - 40 %
- Silver recoveries 60 - 80 % (combined Flotation and Leach recovery)

These transition zone results are in addition to the high recoveries already achieved in the primary sulphide zones (ie the main planned mining zones) previously announced on 26 September 2012.

Concentrate grades for the transition zone:

- Zinc 54 - 58 %
- Lead 46 - 70 %
- Silver (Zn Conc) 150 - 220 ppm
- Silver (Pb Conc) 2,500 - 5,000 ppm

Surface Sampling and Drill Hole Re-Sample Program:

As announced on 26 July 2012, the Company commenced work on a comprehensive and systematic surface sampling programme to test the surface expression of the Patricia mineralisation and to undertake a re-logging and re-sampling program for selected near surface drill holes. This work was aimed at defining further high-grade silver and lead mineralisation up-dip and near-surface from existing resources, to support the development of an open pit operation.

Both the surface sampling and re-logging field work programmes have now been completed and all results received. The latest results presented in Table 1 and 2 together with those reported on 22 August 2012, successfully demonstrate the presence of wide zones of mineralisation at shallow depths which adds support for a potential open pit operation at Paguanta.

The results of the latest drill hole resampling are presented in Table 1 and include **8 metres grading 93g/t silver, 3.1% lead and 0.23g/t gold** in PTDD071 (from 17 metres down-hole) **including 1 metre grading 349g/t silver, 11.5% lead, 0.48g/t gold** (from 23 metres down hole) and **2 metres grading 213g/t silver, 0.6% lead and 0.22g/t gold** in PTDD109 (from 36 metres down-hole).

Significant surface sampling results are presented in Table 2 and include **252g/t Ag, 7.1% Pb and 0.9g/t Au over a 4.5m** sample length and **217g/t Ag, 1.5% Pb and 1.7g/t Au over 6.5m** sample length. The surface sampling was undertaken by a Company geologist adhering to strict sampling protocols to ensure the Company's rigid Quality Assurance/Quality Controls were maintained.

Metallurgical Test Work - Transition Zone Material:

Metallurgical test work to evaluate the recovery of Silver, Zinc and Lead from 'Transition Zone' material (typically encountered 20 metres to 80 metres below surface, usually in a potential open pit environment) at the Paguanta Project has returned better than expected metallurgical recoveries.

Transition Zone material can be best described as ore that has been partially leached and oxidised by natural weathering and as such, has different metallurgical responses compared with primary ore.

The test work was undertaken using simulated concentrator (flotation process) and leach circuits to recover valuable minerals (Ag, Zn and Pb) from the transition zone material. The test work programme was completed by ALS Laboratories (formerly G&T Laboratories) in Kamloops, BC, Canada, and was based on six transition zone samples that were selected by the project geologists. The results of the two test programme, Flotation and Leach, can be summarised as:-

Concentrator (Flotation) Test Work – Transition Zone:

Key results obtained for the Concentrator (Flotation) test work on transition zone material include:

Zinc Concentrate:

- Overall Flotation recoveries - (transition zone material)
 - Zinc 60 - 84 %
 - Silver 4 - 26 %
- Concentrate grades
 - Zinc 54 – 58%
 - Silver 150-220 ppm

Silver-Lead Concentrate:

- Overall Flotation recoveries - (transition zone material)
 - Silver 16 - 45 %
 - Lead 20 - 40 %
- Concentrate grades
 - Silver 2,500-5,000 ppm
 - Lead 46-70 %

Leaching Test Work – Transition Zone:

Key results obtained for the Leaching test work programme show **silver recoveries 36% to 78%** and importantly the leach kinetics were relatively fast. This work is being progressed to review the potential for heap leaching initial silver rich oxide/transition ore which may provide potential capital cost savings during the initial phase of mine development.

Graeme Sloan, Managing Director of Herencia said:

“The final results of the surface sampling and drill hole re-logging again highlight the significant potential of the Paguanta area and the possibility of incorporating an open pit into the Mine Plan. When combined with the latest metallurgical test work on transition type ore, it will allow a final open pit mining study to be completed. Early indications from the open pit study are very encouraging”.

“With several new work programs added to the Feasibility Study, including the surface sampling and near-surface drill hole re-logging program, reviewing the potential for open pit mining and other associated study work, the Feasibility Study is now anticipated to be completed at the end of next quarter. Achieving this will be a tremendous result for the Company and a credit to our Chilean team.”

Project Location

The Paguanta Project is a silver-zinc-lead deposit located in the north of Chile approximately 190 kilometres north-east of the coastal city of Iquique and 30 kilometres west of Chile-Bolivia border. The Project is in the Andes, 3,400 to 3700 metres above sea level on the north end of the Oligocene Porphyry Copper Belt of Chile that includes the world class deposits of Escondida, Chuquibambilla, Collahuasi and Cerro Colorado. Cerro Colorado is a large operating copper mine, operated by BHP Billiton, and is located approximately 35 kilometres south of Paguanta.

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References in this announcement to exploration results and potential have been approved for release by MrGraeme 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.

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

****ENDS****

Table1: Assay Results from Re-assayed Drill Holes at Paguanta

Hole ID	Easting	Northing	Dip (degrees)	Azimuth (degrees)	From (m)	To (m)	Width Down-hole (m)	Zinc Grade (%)	Lead Grade (%)	Silver Grade (g/t)	Gold Grade (g/t)
PTDD071	494548	7809572	-54	180	17	25	8	0.04	3.1	93	0.23
				<i>Including 1m @ 0.1% Zn, 11.5% Pb, 349g/t Ag, 0.48g/t Au from 23m</i>							
PTDD087	494565	7809597	-50	180	46	47	1	1.6	1.9	68	0.05
PTDD109	494531	7809650	-60	180	36	38	2	0.2	0.6	213	0.22
PTDD113	494651	7809632	-65	180	58	60	2	1.6	0.0	3	0.03
PTDD125	494539	7809723	-45	191	102	106	4	1.4	0.6	110	0.17
PTDD129	494537	7809725	-50	180	76	78	2	1.8	0.0	2	0.01
					194	196	2	0.5	1.0	55	0.03

- All stated widths are down-hole intersections
- All samples assayed by ALS Laboratory Group, Chile
- Crushing all sample 70% < 2mm; quirring to 1 Kg; and powdered 85% < 75 µm
- Zn-Pb-Ag-ME ICP41 method or AA46 ore grade for Pb 0.01-30%, Zn 0.01 -30% Ag 1-1500ppm
- Au-AA23 ore grade finish Au 0.005 - 10ppm Au fire assay
- Hole ID co-ordinate grid is PSAD56 UTM Zone 19S

Table 2: Significant Assay Results from Surface Sampling Program at Paguanta

Sample	Easting	Northing	RL	Line	Length	ME-ICP41 Ag (g/t)	ME-ICP41 Pb (%)	ME-ICP41 Zn (%)	Au-AA23 Au (g/t)
822228	494385	7809492	3789	6	2.5	42	0.4	0.0	0.08
822229	494384	7809494	3788	6	2.5	39	0.2	0.0	0.02
822230	494384	7809496	3786	6	2.5	36	0.2	0.0	0.05
822231	494382	7809498	3786	6	2	21	0.1	0.0	0.02
822232	494389	7809508	3781	6	1.8	19	0.1	0.3	0.02
822233	494389	7809510	3781	6	2.2	18	0.1	0.7	0.01
822235	494386	7809514	3778	6	3.1	9	0.0	0.5	0.01
822236	494385	7809517	3777	6	3.15	6	0.0	0.6	<0.005
822284	494365	7809778	3713	6	1.95	41	1.8	0.3	0.13
822285	494365	7809779	3714	6	2.29	91	4.2	0.1	0.32
822286	494362	7809780	3711	6	2.6	21	1.4	0.0	0.05
822287	494363	7809782	3711	6	2.2	15	0.8	0.1	0.03
822326	494333	7809477	3793	7	2.6	31	0.1	0.0	0.06
822328	494323	7809481	3788	7	2.06	16	0.1	0.0	0.05
822331	494339	7809519	3772	7	1.79	31	0.7	0.1	0.11
822332	494340	7809519	3771	7	2.28	78	1.6	0.1	0.27
822334	494347	7809522	3772	7	3.2	12	0.0	0.6	0.01
822371	494293	7809469	3780	8	2.3	72	1.0	0.3	0.10
822372	494293	7809471	3780	8	1.6	45	0.2	0.2	0.03
822373	494281	7809476	3777	8	1.6	75	0.7	0.0	0.26
822376	494287	7809484	3775	8	1.6	38	0.6	0.4	0.05
822381	494274	7809492	3773	8	1.88	64	0.1	0.4	0.02
822382	494288	7809530	3765	8	1.88	18	0.5	0.1	0.02
822383	494299	7809537	3763	8	2.57	26	0.1	0.5	0.01
822417	494300	7809849	3693	8	1.75	63	2.1	0.9	0.36
822421	494251	7809540	3760	9	2.1	276	6.6	0.3	0.80

Sample	Easting	Northing	RL	Line	Length	ME-ICP41 Ag (g/t)	ME-ICP41 Pb (%)	ME-ICP41 Zn (%)	Au-AA23 Au (g/t)
822422	494248	7809540	3760	9	2.4	231	7.6	0.4	1.08
822423	494260	7809558	3755	9	1.34	7	0.0	1.3	0.10
822424	494261	7809560	3754	9	1.17	6	0.0	1.6	0.10
822425	494261	7809560	3753	9	1.33	32	0.4	1.3	0.11
822450	494238	7809633	3729	9	1.85	55	0.0	1.3	0.03
822469	494196	7809570	3750	10	2.65	0	0.0	1.1	0.02
822476	494192	7809734	3701	10	1.5	36	1.5	0.5	0.07
822483	494162	7809730	3701	11	2.3	222	0.8	0.2	1.02
822484	494162	7809732	3701	11	2.1	238	2.4	0.3	0.75
822485	494163	7809734	3701	11	2.1	191	1.3	0.2	3.50
821503	494642	7809470	3852	13	1.6	34	0.0	0.0	<0.005
821508	494650	7809467	3853	13	1.38	30	0.0	0.1	<0.005

Note: Co-ordinates in UTM, Zone 19, PSAD56