

19 March 2013

**Herencia Resources plc**  
**("Herencia" or "the Company")**

## **Paguanta Feasibility Study Nears Completion**

### **Highlights**

#### **Feasibility Study nearing completion**

**Mine-life extended with initial eight year mining operation planned**

**Combined open pit and underground mining operation likely**

**Significant scope to further extend mine-life identified**

Herencia Resources plc 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.

#### **Paguanta Feasibility**

The Paguanta Project Feasibility Study remains on track with project consultants Golder Associates S.A. (Santiago) ("Golder") scheduled to deliver their draft report to Herencia management by 31 March 2013.

Subject to final revision, it is intended that the Project will commence with an open pit operation (up to a three year mine-life), transitioning to an underground operation (up to a five year mine-life) providing an overall mine-life of approximately eight years. Schematic diagrams to illustrate the proposed open pit and underground mine plans and potential to extend high-grade mineralisation are presented at the end of this document.

Work on the key Project parameters, including the processing plant, mine design, project infrastructure and transport and shipping (including concentrate transportation, storage and export), is either complete or is nearing completion.

Based on results of the Feasibility work completed to date, the following Project timeline is anticipated:

- |  |                  |
|--|------------------|
| • Receipt of Draft Study report from Golder                          | 31 March 2013    |
| • Management review of the draft Golder report                       | April 2013       |
| • Completion of Final Golder report (including technical appendices) | April/May 2013   |
| • Feasibility Study Findings announced to the market                 | May 2013         |
| • Lodgement of Mine Permit Application                               | 2H2013           |
| • Funding and Concentrate Off-take negotiations                      | 2H2013           |
| • Ongoing Engineering/Infrastructure/Supply/Design Works             | 2H2013 to 1H2014 |
| • Permitting Approval  | 2H2014           |
| • JV & Board Approval for Mine Development (Investment decision)     | 2H2014           |

*The above timetable is provisional & subject to Board/JV approvals, receipt of appropriate permit conditions & achievement of key project milestones.*

The above Project schedule is aimed at targeting mine construction by the 2H2014 and mine production by 1H2015.

#### **Ongoing Resource and Reserve Drilling**

The Feasibility Study also identified numerous high-grade drill targets within the limits of the existing Patricia Resource and potential extensions to known lodes outside of the resource. These areas include along-strike and down-dip of the Cathedral, Central, New and Carlos veins and immediately south of the Carlos Vein. Combined with the eastern drill targets including the recently identified potential porphyry-copper at Patricia (see RNS of 23 January

2013), the Company has multiple drill targets currently available for testing, all of which could add significantly to the current resource and potentially the Feasibility mine plan. Drilling will be conducted in parallel with the mine permitting process.

### **New Opportunities**

With the Project entering the next phase of development, the Company will continue looking for new opportunities in Chile, leveraging off the experienced Santiago based technical team.

Herencia's Managing Director, Graeme Sloan, stated: *"It is a great pleasure to report that we remain on track to receive the draft report from Golder by the end of March. Our team in Santiago have done an outstanding job.*

*I am very encouraged by the fact that as we have progressed through the Study it has become clear just how much of the Mineral Resource at Patricia remains open in all three directions, providing numerous areas in which to expand the project scale and mine life.*

*A combination of open pit and underground mining will provide a number of project benefits, previously outlined, including earlier access to ore and a smoother capital spend profile. We see an eight year mine life as just the start of a long life operation at Paguanta, and we are looking to leverage off the forecast strength in zinc pricing from 2015 onward to achieve strong cash flows early in the Project life.*

*The Company is not required to make an immediate investment decision on the Project given the scheduled permitting period outlined above. This provides the Company with ample time to identify and lock-in project funding opportunities, whilst monitoring the commodity price regime and completing a number of detailed project engineering and design programs, such as detailed engineering drawings for eventual tendering/construction purposes.*

*With this scheduling program, project work continues while the major investment decision is made in the second half of 2014, hence the timing between the major investment decision point (for mine construction) and the first production of silver-zinc-lead concentrate (and hence revenue) is reduced to less than 12 months, a significant de-risking outcome for the Company".*

### **About Herencia**

Herencia Resources plc, an AIM quoted exploration and development company operating in Chile. The Paguanta Project ("the Project"), which is 70% owned and managed by Herencia, is a high grade silver-zinc-lead deposit (named "Patricia") located in northern Chile. The Company is currently working toward completion of a Feasibility Study, reviewing both open pit and underground methods for the potential exploitation of the Patricia Mineral Resource.

### **Project Location**

The Project is located in the north of Chile approximately 190 kilometres north-east of the coastal city of Iquique and 30 kilometres west of the Chile-Bolivia border. The Project is in the Andes, 3,400 to 3,700 metres above sea level, on the north end of the Oligocene Porphyry Copper Belt of Chile that includes the world class deposits of Escondida, Chuquicamata, 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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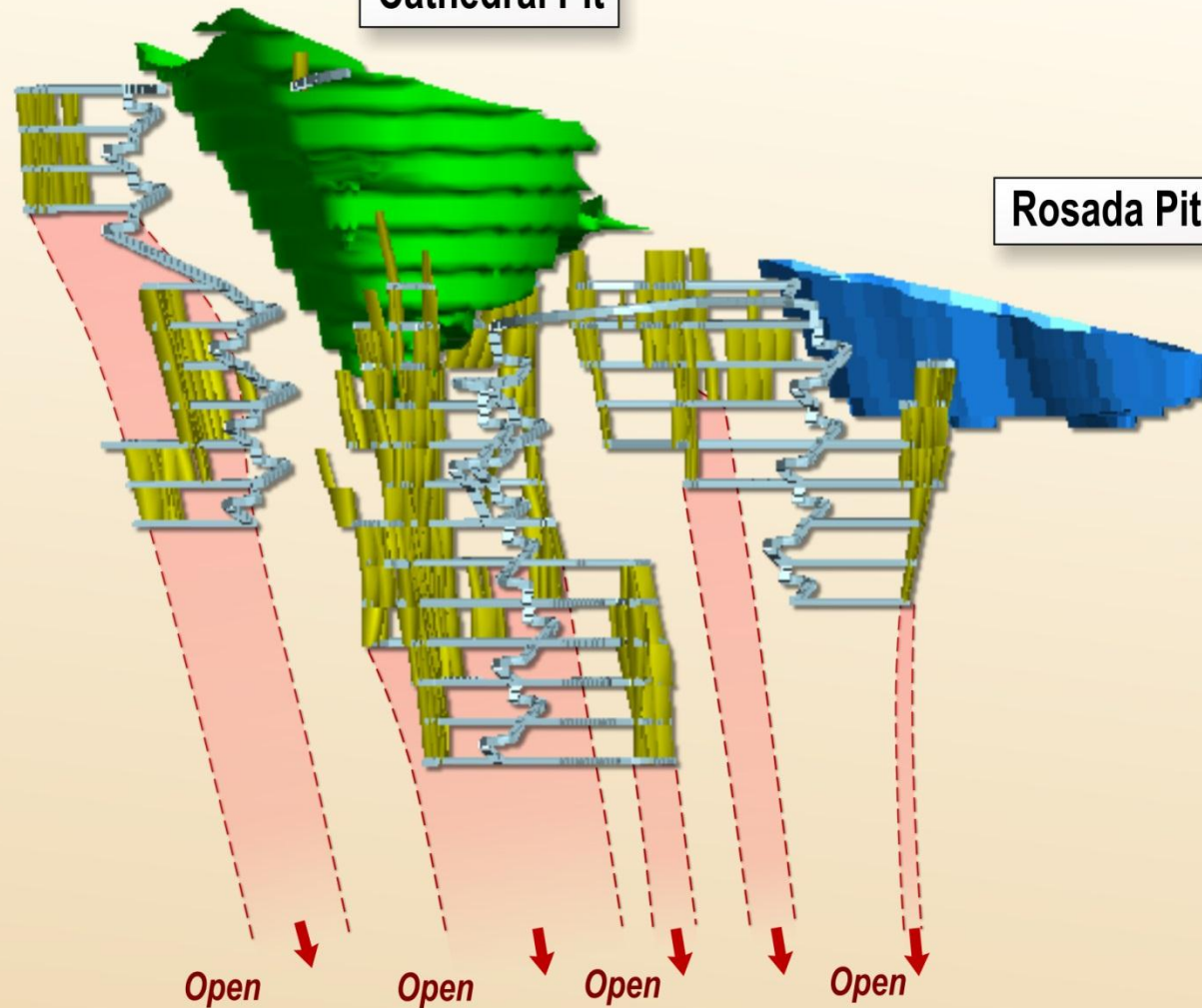
**Further background details on the Company can be found at**  
[www.herenciaresources.com](http://www.herenciaresources.com)

**\*\*ENDS\*\***

Cathedral Pit



Rosada Pit

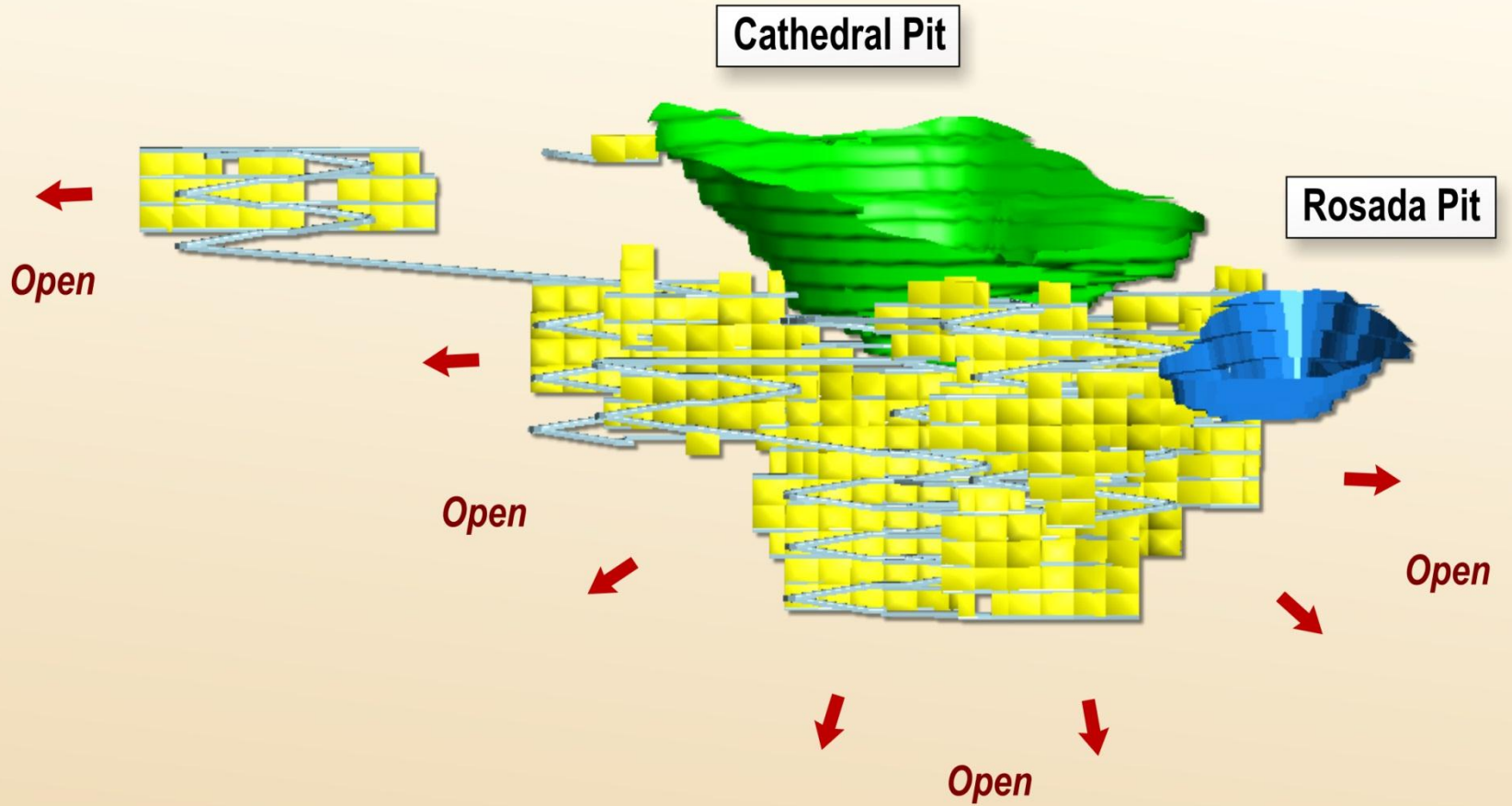


**Patricia Proposed Open Pits and Underground**  
Schematic Cross Section

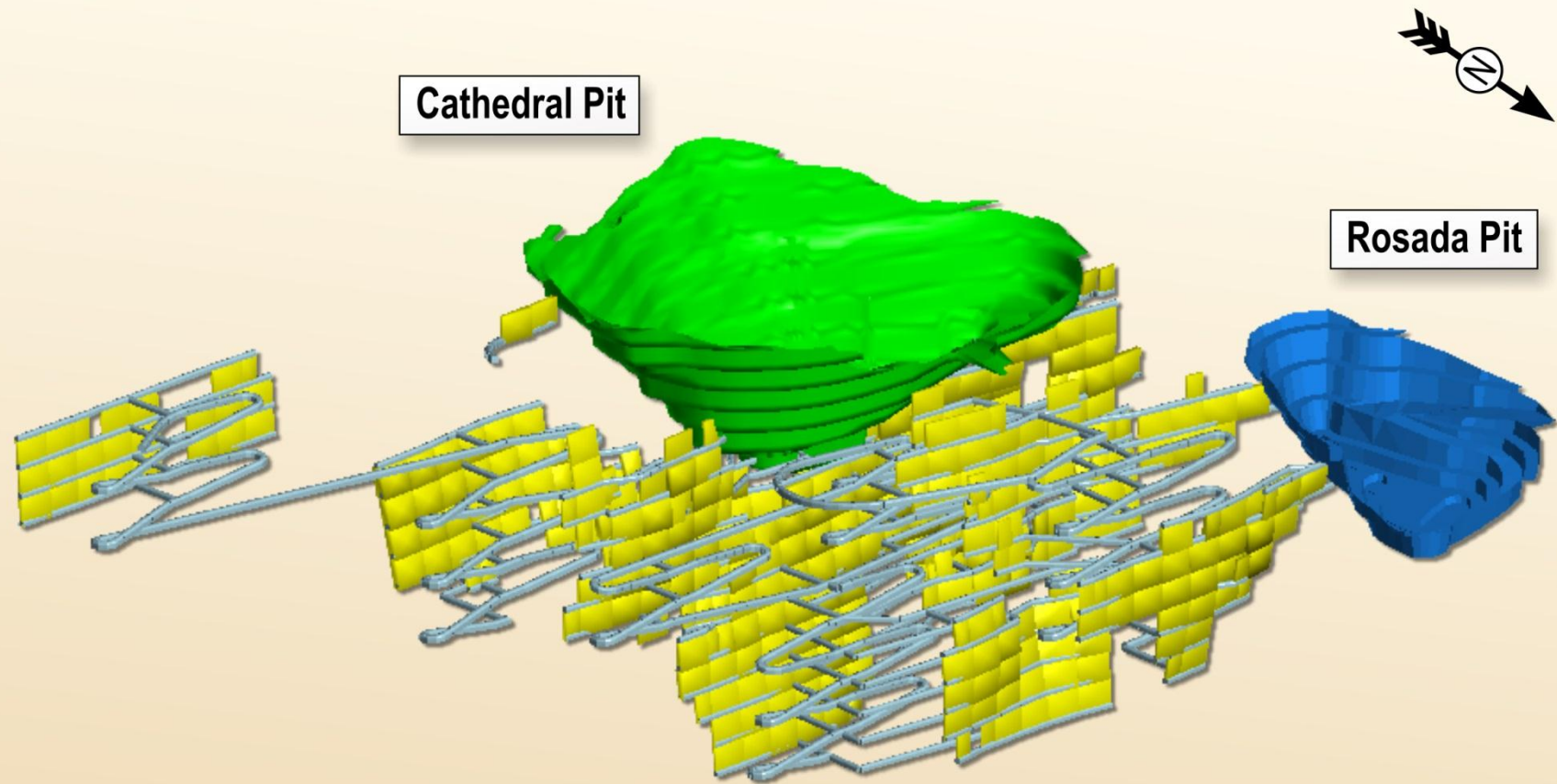


East

West



**Patricia Proposed Open Pits and Underground  
Schematic Long Section**



**Patricia Proposed Open Pits and Underground**  
Oblique View

0 250  
Metres