Herencia Resources plc

(“Herencia” or the “Company”)

Final results for the 12 months ended 31 December 2012
and
Notice of AGM

The Directors present the audited results of the Group (Herencia Resources plc and its subsidiary undertakings) and the Company for the 12 months ended 31 December 2012.

CHAIRMAN’S STATEMENT

It is with pleasure that I update shareholders on the activities undertaken by the Company during 2012, a very exciting period in the Company's short history.

Throughout the year the Company achieved a number of key milestones, including:

- the Patricia Feasibility Study was advanced with the aim of bringing Patricia into production to coincide with a forecast increase in the zinc price in 2015;
- the remaining assay results from the 2011 diamond drill programme were received with some of the highest grades ever returned at Paguanta, particularly near surface;
- an additional mineralised vein identified 50m south of the Carlos Vein (previously our most southerly vein at Patricia) in holes PTDD101 and PTDD073. These intersections continue to demonstrate the significant potential of the Patricia mineralised system, at depth, along strike and to the south;
- release an updated JORC-compliant Mineral Resource estimate in June 2012 that resulted in a 244% increase in the Measured and Indicated resource categories and a 29% increase in total tonnage when compared to the previous 2010 Resource Estimate (at 2% zinc cut-off);
- a comprehensive surface sampling programme and the re-sampling of selected near surface drill holes was undertaken that resulted in the identification of a near-surface silver mineralisation (or “silver-halo”) plus the discovery of several new drill targets that could add significantly to the existing resource;
- assays from a surface sampling and re-sampling programme were incorporated into an updated Mineral Resource estimate and in December 2012, a further 2.2 million ounces of silver was added bringing the total silver Resource to 15.69 million ounces (20g/t cut off);
- a geophysical survey (“IP survey”) extended the Patricia geophysical anomaly almost threefold to approximately 3km in length and up to 1km in width. Importantly the IP survey not only correlates well with the existing Patricia Mineral Resource but also identified adjacent targets that could potentially extend the resource to the south and east of the project area. In addition this large IP anomaly appears to increase with depth and is yet to be tested by deeper drilling;
- successful completion of a share placement to raise £1.2 million from the issue of 150,000,000 new ordinary shares. The funds raised were used to investigate the open pit potential at Patricia and to complete the IP geophysical survey mentioned above; and
- at Guamanga, a follow up drill program returned a number of very positive copper-gold intersections, including cobalt and molybdenum mineralisation. These results will be fully evaluated and a path forward mapped out during 2013.

One of the bigger challenges facing most junior mining and exploration companies today, is access to funds; however, I am pleased to report that in March 2013, the Company secured funding for up to US$15.0 million. These funds will be used to progress the development, permitting and resource-reserve expansion related work for the Paguanta Project (details of the funding package are contained in an RNS dated 11 March 2013).

Looking forward into 2013, the key aims for the Company are:

- complete the Patricia Feasibility Study and continue momentum toward mine development;
- lodge the necessary permitting applications with the relevant authorities;
- prioritise and advance the targets adjacent to the Patricia deposit that could add to the Patricia Resource;
- continue project financing initiatives with a key focus on debt financing, silver stream financing and concentrate off-take agreements associated with project development; and
- build on the excellent work completed during 2012.

In closing, I would like to welcome Graeme Sloan to the role as Managing Director and a very big thank you to our dedicated teams in Chile and Perth for their on-going commitment and dedication to the company. I would also like to extend a personal thank you to Mike Bohm, who stepped down from the MD role after six years. Mike has performed admirably during this time and has been an integral and important part of the Company growth over this period.

Finally, on behalf of the Herencia Board, I would like to thank each and every shareholder for their on-going support for the Company.

Hon. John Moore AO
Chairman
18 April 2013

The Company's Annual Report will be sent to shareholders on or around 20 May 2013 and will be available on the Company's website (www.herenciaresources.com) from that date.

The Company's Annual General Meeting (AGM) will be held on Wednesday, 26 June 2013 at 11.00am at the offices of SGH Martineau Company Secretarial LLP, One America Square, Crosswall, London, UK, EC3N 2SG.

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

For further information please contact:

Graeme Sloan, Herencia Resources plc	+61 8 9481 4204
Katy Mitchell, WH Ireland Limited	+44 161 832 2174
Simon Courtenay/Abigail Genis, Broker Profile	+44 207 448 3244

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors present their Directors' report together with the audited accounts of the Group ("Herencia Resources Plc and its subsidiary undertakings") and the Company ("Herencia Resources plc") for the year ended 31 December 2012.

Principal activity

The Company is registered in England and Wales, having been incorporated on 27 January 2005 under the Companies Act with registered number 05345029 as a public limited company.

The principal activity of the Group is mineral exploration and development and it owns a portfolio of zinc-silver-lead-copper-gold exploration properties in Chile, South America. The Group operates through its parent and subsidiary undertakings.

Results and dividends

The loss of the Group for the year ended 31 December 2012 was £2,479,909 (2011: £2,554,579), of which the amount attributable to the equity holders of the Company, was £2,047,566 (2011: £2,190,038).

The Directors do not recommend any distribution by way of a dividend for the year ended 31 December 2012.

Review of the business and future prospects

Review of the business

Herencia Resources Plc holds a 70% interest in the Paguanta Project in northern Chile and expanded its portfolio in 2011 by entering into an Agreement to earn a 51% controlling interest in the copper-gold Guamanga Project, also in northern Chile.

The Paguanta Project comprises the 'Patricia' zinc-silver-lead-gold Mineral Resource, the 'Doris' copper/silver prospect and the 'La Rosa' porphyry-copper prospect.

The Guamanga Project comprises the Paulina shallow oxide copper-gold target and several potential deeper porphyry targets.

The Company also has 100% interest in a number of key tenements in the La Serena area that have potential for large tonnage, IOCG and porphyry copper-gold systems.

At Paguanta, two updates to the Patricia Mineral Resource Estimate were announced during the year. The latest Patricia Resource Estimate forms the basis for the Patricia Feasibility Study. The addition of near surface mineralisation within the Patricia Resource may result in an open pit being incorporated into the mine plan. Should this occur, a number of important practical and economic benefits could be realised, which will ultimately help mitigate operational and capital risk during the crucial early stages of mine production.

An added benefit flowing from the Feasibility study has been the identification of areas adjacent to and within the Resource package potentially containing further mineralised veins to the south, along strike and down dip of the main Patricia mineralisation. The final Patricia Feasibility is expected to be distributed to the Board for review and announcement in May 2013.

At our Guamanga Project, the results of a shallow diamond drilling program conducted during December 2011 were received which identified a number of very encouraging near surface copper and gold intersections. An analysis of the results is underway and an exploration and development strategy will be finalised over the coming months.

Activities at both the Paguanta and Guamanga Projects have been largely funded by a £1.15 million (net of costs) capital raising in July 2012.

At this time the directors believe that the Company is well positioned given:

- The mineralisation at Patricia remains open along strike and down dip;
- Potential exists for further mineralised veins to be discovered;
- The Patricia Feasibility Study is nearing completion with early promising results;
- Baseline Environmental Studies are mostly complete and a final environmental impact statement will be submitted by June 2013; and
- We are supported by shareholders who we believe understand both the base metals industry and the Chilean operating environment.

Future Prospects

Herencia's goals for 2013 are to:

- Complete the Patricia Feasibility Study;
- Look to expand the Patricia Mineral Resource Estimate;
- Lodge permitting applications;
- Evaluate and develop a strategy surrounding the Guamanga copper-gold project; and
- Continue to seek new project opportunities in Chile.

Given the funding arrangements put in place subsequent to the end of the reporting period, the Company is well positioned to advance its work programs in 2013.

With the Patricia Feasibility Study nearing completion, the Directors' consider that no impairment provision is required, at this time, with respect to the goodwill, exploration and evaluation expenditure and investment associated with the Paguanta Project.

The Group's primary business remains mineral exploration and development which is subject to risks including discovery of economic mineral resources, delays in work programme plans and schedules, changes in market conditions affecting the resources industry or commodity price levels, the outcome of commercial negotiations and technical or operating factors, political, environmental and regulatory controls and approvals, and availability and retention of suitable employees and consultants. Any one or more of these risk factors could have a materially adverse impact on the value of the Company.

Due to the early stage of the development of the Group and the nature of its activities, it is not meaningful to consider a review of the key financial performance indicators in respect of the year.

Audit Committee

The Audit Committee meets twice each year to discuss the half yearly and annual results. For the annual results the independent auditors, UHY Hacker Young, are invited to discuss the results and their assessment of internal controls. The Chairman of the Audit Committee is John Russell and the other participating member of the committee is The Hon. John Moore AO.

The Company has adopted an Audit Committee Charter which addresses the mandate of the Committee, the composition, independence, expertise of the members, frequency of meetings, roles and responsibilities, external audit function, internal controls, financial reporting, annual and interim financial statements, release of financial information, non-audit services, delegation of authority, reporting responsibilities, resources and authority of the Committee, and compliance with laws and regulations.

Remuneration Committee

The Company does not, at present, have a Remuneration Committee.

Information to shareholders - Web site

The Company has its own web site (www.herenciaresources.com) for the purposes of improving information flow to shareholders as well as to potential investors.

Group structure and changes in share capital

Details of the movements in share capital during the year are set out in note 4 to these accounts.

Directors

The following Directors held office during or since the end of the year and until the date of this report. Directors were in office for this entire period unless otherwise stated.

Graeme Sloan	Managing Director (appointed 1 July 2012)
The Hon. John Moore AO.	Non-Executive Chairman
Michael Bohm	Non-Executive Director (resigned as Managing Director on 1 July 2012 and became a Non-Executive Director)
Christopher James	Non-Executive Director (appointed 5 March 2013)
John Russell	Non-Executive Director
Greg McMillan	Non-Executive (resigned 5 March 2013)

Directors' interests

The beneficial and non-beneficial interests in the Company's shares of the Directors and their families were as follows:

Name	**31 December 2012 Number of ordinary shares of £0.001**	**31 December 2011 Number of ordinary shares of £0.001**
Graeme Sloan [1]	2,888,905	-
The Hon. John Moore AO. [2]	8,074,080	5,666,667
Michael Bohm [3]	38,876,249	35,126,249
John Russell [4]	7,407,413	5,000,000
Greg McMillan	-	-

[1] 2,888,905 shares are held by Graeme Sloan.

[2,] 8,074,080 shares are held by Ralsten Pty Ltd as of 31 December 2011 (31 December 2011: 5,666,667). The Hon. John Moore AO. is a director and shareholder of that company.

[3] 38,426,249 shares are held by Michael Bohm's wife, Charmaine Lobo (31 December 2011: 34,676,249), 450,000 shares are held by Michael Bohm (31 December 2011: 450,000).

[4] 7,407,413 shares are held by John Russell (31 December 2011: 5,000,000).

The beneficial and non-beneficial interests in the Company's options of the Directors and their families were as follows:

Name	31 December 2012 Number of options over ordinary shares of £0.001	31 December 2011 Number of options over ordinary shares of £0.001
Graeme Sloan	20,000,000	-
The Hon. John Moore AO.	10,000,000	10,000,000
Michael Bohm	20,500,000	20,500,000
John Russell	10,000,000	10,000,000

Directors' service contracts

The service contracts of all the existing Non-Executive Directors are subject to a one month termination period.

Pensions

The Group does not operate a pension scheme for Directors or employees.

Directors' remuneration

Remuneration of Directors for the year was as follows:

31 December 2012	Fees/basic salary £	Employer's NI £	Pension costs £	Long service leave £	Share based payments £	2012 Total £
Executive						
Graeme Sloan	148,118	-	10,698	-	29,830	188,646
Michael Bohm	117,875	-	18,345	49,389	-	185,609
Non-Executive						
The Hon. John Moore AO.	25,000	-	-	-	-	25,000
Michael Bohm	10,456	-	941	-	-	11,397
John Russell	21,000	1,880	-	-	-	22,880
Greg McMillan	-	-	-	-	-	-
	322,449	1,880	29,984	49,389	29,830	433,532

Graeme Sloan was appointed Managing Director on 1 July 2012 and his fees/basic salary amount of £148,118 represents base salary together with annual leave entitlement (no bonus was paid during the year). Michael Bohm's executive fees/basic salary amount of £117,875 represents the period 1 January 2012 to 1 July 2012 following his step down from Managing Director to Non-Executive Director. Both Graeme Sloan and Michael Bohm's salary are paid in Australian dollars and converted to GBP£'s for the purposes of these accounts. The share based payments are non-cash payment, it is a 'calculated' fair value for share options granted during the year.

31 December 2011	Fees/basic salary £	Employer's NI £	Pension costs £	Share based payments £	2011 Total £
Executive					
Michael Bohm	374,738	-	17,059	74,808	466,605
Non-Executive					
The Hon. John Moore AO.	25,000	-	-	37,404	62,404
John Russell	21,428	1,989	-	37,404	60,821
Greg McMillan	-	-	-	-	-
	421,166	1,989	17,059	149,616	589,830

Value of options exercised by Directors

No options were exercised by the Directors during the year.

Supplier payment policy

The Company's policy is that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, providing that all trading terms and conditions have been complied with.

Substantial shareholders

The Company has been notified, in accordance with Section 792 of the Companies Act 2006, of the following interests in its ordinary shares as at 10 April 2013:

	Number of Ordinary shares	**% of Share Capital**
TD Direct Investing Nominees (Europe) Limited	200,503,096	11.80
Nyrstar International BV	170,447,468	10.03
Barclayshare Nominees Limited	133,323,545	7.85
Investor Nominees Limited	100,794,519	5.93
L R Nominees Limited	97,218,162	5.72

Political and charitable contributions

There were no political or charitable contributions made by the Company during the year ended 31 December 2012.

Subsequent events

The following subsequent events have arisen since the end of the reporting date to the date of this report:

On 8 March 2013, the Company executed an Equity Drawdown Agreement for up to US$14.25 million investment and issued a Convertible Security Instrument of US$0.75 million to the Australian Special Opportunity Fund, a New York-based institutional investor managed by The Lind Partners. As a first payment under these agreements, the Company has received a total of US$1.2 million in the form of the US$0.75 million Convertible Security and US$0.45 million towards the purchase of ordinary shares in the Company. Thereafter, monthly investments of US$0.3 million in shares subscriptions (which may be increased to US$0.6 million by mutual consent) for a maximum of 24 months, subject to the terms of the Agreement.

The Convertible Security issued by the Company has a face value of US$0.75 million and a term of 24 months at a zero % (0.0%) interest rate. Under the Agreement, the Company is required to pay an execution fee of US$0.35 million which has been satisfied by the issue of 24,071,407 ordinary shares in the Company on 11 March 2013 at a price of 0.96p. Furthermore, 25,000,000 options exercisable at 130% of the average daily VWAP per share for the twenty consecutive trading days immediately prior to the date of the execution of the Agreement have been issued.

- On 11 March 2013, 2,684,713 ordinary shares were issued at a price of 0.96p each to Nyrstar International B.V. who exercised their right in accordance with their original investment agreement with the Company dated 16 April 2010 to subscribe for sufficient shares to maintain their percentage shareholding in the Company.

- On 12 April 2013, in pursuant with the Equity Drawdown Agreement with The Australian Special Opportunity Fund (see above), the prepayment for the first tranche of ordinary shares of $0.45million was satisfied by the issue of 36,923,986 ordinary shares in the Company, at a price of 0.80p ("Tranche Shares").

- Following the above share issues, the number of ordinary shares in issue is 1,735,794,356.

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

Environment Policy Statement

The Group is an Operator of exploration projects. It closely monitors activities to ensure, to the best of its knowledge, there is no potential for any breach of environment's regulations. There have been no convictions in relation to breaches of the local Chilean regulations recorded against the Group during the reporting period.

Statement of responsibilities of those charged with governance

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards ("IFRS"), as adopted by the European Union. Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

a) select suitable accounting policies and then apply them consistently;
b) make judgements and estimates that are reasonable and prudent;
c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Group and hence for taking steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Statement of disclosure to auditors

So far as all of the Directors at the time of approval of this report are aware:

1. there is no relevant audit information of which the Company's auditors are unaware; and
2. the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that UHY Hacker Young be re-appointed as auditors of the Company and that the Directors be authorised to fix their remuneration will be put to the next Annual General Meeting.

By order of the board

Graeme Sloan
Director

18 April 2013

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HERENCIA RESOURCES PLC
FOR THE YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Herencia Resources plc for the year ended 31 December 2012 which comprise the Consolidated statement of comprehensive income, the Consolidated and Parent Company statements of financial position, the Consolidated and Parent Company statements of changes in equity, the Consolidated and Parent Company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of responsibilities of those charged with governance, set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young
Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

18 April 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administration expenses		(2,497,551)	(2,621,171)
Operating loss		(2,497,551)	(2,621,171)
Finance revenue		17,642	66,592
Loss before tax		(2,479,909)	(2,554,579)
Income tax expenses		-	-
Loss for the year		**(2,479,909)**	**(2,554,579)**
Other Comprehensive Income/(Loss)			
Exchange differences on translating foreign operations		417,357	(611,348)
Other comprehensive income for the year, net of tax		417,357	(611,348)
Total Comprehensive Loss for the year		**(2,062,552)**	**(3,165,927)**
Loss attributable to:			
Equity holders of the Company		(2,047,566)	(2,190,038)
Non-controlling interests		(432,343)	(364,541)
		(2,479,909)	**(2,554,579)**
Total Comprehensive Loss attributable to:			
Equity holders of the Company		(1,770,865)	(2,588,336)
Non-controlling interests		(291,687)	(577,591)
		(2,062,552)	**(3,165,927)**
Loss per share			
Loss per ordinary share – basic and diluted	2	(0.13)p	(0.16)p

The results shown above relate entirely to continuing operations.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Notes	Group 31 December 2012 £	Group 31 December 2011 £	Company 31 December 2012 £	Company 31 December 2011 £
ASSETS					
Non-current assets					
Receivables		358,138	-	13,001,105	10,121,415
Intangible assets and goodwill	3	15,768,018	11,807,867	-	-
Property, plant and equipment		183,036	210,680	7,975	11,332
Investments in subsidiaries		-	-	1,250,000	1,250,000
		16,309,192	12,018,547	14,259,080	11,382,747
Current assets					
Cash and cash equivalents		1,629,772	5,142,832	461,996	3,128,139
Trade and other receivables		194,865	1,525,414	48,268	95,669
Other assets		16,784	17,470	16,784	17,470
		1,841,421	6,685,716	527,048	3,241,278
Total assets		**18,150,613**	**18,704,263**	**14,786,128**	**14,624,025**
LIABILITIES					
Non current liabilities					
Provisions for liabilities		62,932	60,601	-	-
		62,932	60,601	-	-
Current liabilities					
Trade and other payables		358,450	992,321	18,335	102,029
Provisions for liabilities		14,579	39,157	14,579	39,157
		373,029	1,031,478	32,914	141,186
Total liabilities		**435,961**	**1,092,079**	**32,914**	**141,186**
Net Assets		**17,714,652**	**17,612,184**	**14,753,214**	**14,482,839**
EQUITY					
Share capital	4	1,672,114	1,520,114	1,672,114	1,520,114
Share premium		18,208,977	17,187,316	18,208,977	17,187,316
Share based payments reserve		593,850	560,633	593,850	560,633
Shares to be issued		-	24,000	-	24,000
Translation reserve		756,620	479,919	-	-
Retained losses		(7,887,756)	(5,840,190)	(5,721,727)	(4,809,224)
Capital and reserves attributable to equity holders		**13,343,805**	**13,931,792**	**14,753,214**	**14,482,839**
Minority interests in equity		4,370,847	3,680,392	-	-
Total equity and reserves		**17,714,652**	**17,612,184**	**14,753,214**	**14,482,839**

The financial statements of Herencia Resources plc, company number 05345029, were approved by the Board of Directors and authorised for issue on 18 April 2013. They were signed on its behalf by:

Graeme Sloan
Director

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Net cash outflow from operating activities	(2,134,405)	(1,991,488)	(950,266)	(1,081,368)
Cash flows from investing activities				
Interest received	17,642	66,592	16,956	30,965
Payments for property, plant and equipment	(28,604)	(191,366)	(3,066)	(1,093)
Cash calls to minority shareholder	982,142	2,248,909	-	-
Cash calls from subsidiary	-	-	(2,879,690)	(5,826,349)
Proceeds from sale of plant and equipment	262	-	262	-
Net funds used for investing in exploration	(3,499,758)	(5,612,585)	-	-
Net cash used by investing activities	(2,528,316)	(3,488,450)	(2,865,538)	(5,796,477)
Cash flows from financing activities				
Proceeds from issue of shares	1,200,000	5,517,907	1,200,000	5,517,907
Proceeds from shares to be issued	-	24,000	-	24,000
Issue costs	(50,339)	(180,674)	(50,339)	(180,674)
Net cash from financing activities	1,149,661	5,361,233	1,149,661	5,361,233
Net decrease in cash and cash equivalents	(3,513,060)	(118,705)	(2,666,143)	(1,516,612)
Cash and cash equivalents at the beginning of the year	5,142,832	5,261,537	3,128,139	4,644,751
Cash and cash equivalents at the end of the year	**1,629,772**	**5,142,832**	**461,996**	**3,128,139**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 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	271,558	5,246,349	-	-	-	-	5,517,907	2,248,909	7,766,816
Share issue costs	-	(180,674)	-	-	-	-	(180,674)	-	(180,674)
Shares to be issued	-	-	-	-	24,000	-	24,000	-	24,000
Share based payments	-	-	-	256,719	-	-	256,719	-	256,719
Total comprehensive income/(loss) for the year	-	-	(398,298)	-	-	(2,190,038)	(2,588,336)	(577,591)	(3,165,927)
Balance at 31 December 2011	1,520,114	17,187,316	479,919	560,633	24,000	(5,840,190)	13,931,792	3,680,392	17,612,184
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	152,000	1,072,000	-	-	(24,000)	-	1,200,000	982,142	2,182,142
Share issue costs	-	(50,339)	-	-	-	-	(50,339)	-	(50,339)
Share based payments	-	-	-	33,217	-	-	33,217	-	33,217
Total comprehensive income/(loss) for the year	-	-	276,701	-	-	(2,047,566)	(1,770,865)	(291,687)	(2,062,552)
Balance at 31 December 2012	1,672,114	18,208,977	756,620	593,850	-	(7,887,756)	13,343,805	4,370,847	17,714,652

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £	Share Premium £	Share-based payments reserve £	Shares to be issued £	Retained losses £	Total equity £
Balance at 1 January 2011	1,248,556	12,121,641	303,914	-	(3,443,362)	10,230,749
Issue of shares	271,558	5,246,349	-	-	-	5,517,907
Share issue costs	-	(180,674)	-	-	-	(180,674)
Shares to be issued	-	-	-	24,000	-	24,000
Share based payments	-	-	256,719	-	-	256,719
Total comprehensive income/(loss) for the year	-	-	-	-	(1,365,862)	(1,365,862)
Balance at 31 December 2011	1,520,114	17,187,316	560,633	24,000	(4,809,224)	14,482,839
Balance at 1 January 2012	1,520,114	17,187,316	560,633	24,000	(4,809,224)	14,482,839
Issue of shares	152,000	1,072,000	-	(24,000)	-	1,200,000
Share issue costs	-	(50,339)	-	-	-	(50,339)
Share based payments	-	-	33,217	-	-	33,217
Total comprehensive income/(loss) for the year	-	-	-	-	(912,503)	(912,503)
Balance at 31 December 2012	1,672,114	18,208,977	593,850	-	(5,721,727)	14,753,214

1. Accounting policies

The financial information set out in this announcement does not constitute the Group's statutory accounts for the year ended 31 December 2012 or the year ended 31 December 2011 under the meaning of s434 Companies Act 2006, but is derived from the 2012 annual report and audited accounts.

Statutory accounts for the year ended 31 December 2011 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2012 will be delivered to the Registrar in due course.

1.1. Basis of preparation and going concern

The financial statements have been prepared using the historical cost convention and are presented in UK pounds sterling. In addition, the financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") including IFRS 6 'Exploration for and Evaluation of Mineral Resources', as adopted by the European Union ("EU") and in accordance with the provisions of the Companies Act 2006.

In accordance with the provision of Section 408 of the Companies Act 2006, the Parent Company has not presented an Income Statement. The loss for the year ended 31 December 2011 of £912,503 (31 December 2011: £1,365,862 (loss)) has been included in the consolidated statement of comprehensive income.

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 Group completed only one capital raise during the year. On 10 July 2012, the Company completed a private placement raising a capital sum (net of costs) of £1,149,661 from the issue of 150,000,000 ordinary shares at a price of 0.8p per share.

On 8 March 2013, the Company executed an Equity Drawdown Agreement for up to US$14.25 million investment and issued a Convertible Security Instrument of US$0.75 million to the Australian Special Opportunity Fund, a New York-based institutional investor managed by The Lind Partners. As a first payment under these agreements, the Company has received a total of US$1.2 million in the form of the US$0.75 million Convertible Security and US$0.45 million towards the purchase of ordinary shares in the Company. Thereafter, monthly investments of US$0.3 million in shares subscriptions (which may be increased to US$0.6 million by mutual consent) for a maximum of 24 months, subject to the terms of the Agreement

This Equity Drawdown agreement and Convertible Note provides the Group with access of up to US$15.0 million in funding in regular tranches and importantly, does not restrict the Company's future ability to raise additional capital from private and public placings nor the ability to enter into strategic industry partnerships or off-take agreements.

The activities in the year and future prospects of the Group are discussed in the Directors' Report. The Group has not yet earned revenue as it is still in the exploration phase of its business.

The Directors have reviewed the Group's overall position and outlook and are of the opinion that the Group will be able 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.

1.2. Basis of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is capitalised as an intangible asset and in accordance with IFRS3 'Business Combinations' it is not amortised but tested for impairment on an annual basis. As such, goodwill is stated at cost less any provision for impairment in value. If a subsidiary undertaking is subsequently sold, goodwill arising on acquisition is taken into account in determining the profit and loss on sale.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

All the companies over which the Company has control, apply, where appropriate, the same accounting policies as the Company.

1.3. Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange gain or loss is dealt with in the profit and loss account.

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statement the assets and liabilities of the foreign subsidiary undertakings are translated into Sterling at the rates of exchange ruling at the year end and their results are translated at the average exchange rate for the year. Exchange differences resulting from the retranslation of net investments in subsidiary undertakings are treated as movements of reserves.

1.4. Cash and cash equivalents

The Company considers all highly liquid investments, with a maturity of 90 days or less to be cash equivalents, carried at the lower of cost or market value.

1.5. Property, plant and equipment

Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The depreciation rates used for each class of depreciable assets are:

Leasehold improvements	50%
Computers & office equipment	33.33%
Office furniture	25%
Motor vehicles	25%
Plant & equipment	25%

Impairment
The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Disposals
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

1.6. Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and expected to apply when the related deferred tax is realised or the deferred liability is settled. Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

1.7. Exploration and evaluation costs

All costs associated with mineral exploration and investments are capitalised on a project by project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general corporate overheads. If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished or project abandoned, the related costs are written off. Where the Group maintains an interest in a project, but the value of the project is considered to be impaired, a provision is made against the relevant capitalised costs.

The recoverability of all exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposition thereof.

Amounts recorded for these assets represent costs and are not intended to reflect present or future values.

1.8. Impairment of exploration and evaluation costs

The carrying value of exploration and evaluation is assessed on at least an annual basis or when there has been an indication that impairment in value may have occurred. The impairment of exploration and evaluation is assessed based on the Directors' intention with regard to future exploration and development of individual significant areas and the ability to obtain funds to finance such exploration and future development.

1.9. Share based payments

The Company made share-based payments to certain directors and employees by way of issue of share options. The fair value of these payments is calculated by the Company using the Black Scholes option pricing model. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the Company's best estimate of shares that will eventually vest. Where equity instruments are granted to persons other than directors or employees, the consolidated statement of comprehensive income is charged with the fair value of any goods or services received.

1.10. Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employees benefits to be settled within twelve months are measured at their nominal values using the remuneration rates expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within twelve months are measured at the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

2. Loss per share

The basic loss per ordinary share of (0.13)p (2011: (0.16)p) for the Group has been calculated by dividing the loss for the year attributable to equity holders of £2,047,566 (2011: £2,190,038) by the weighted average number of ordinary shares in issue of 1,593,354,687 (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 1,651,185,288 (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. Intangible assets

	Goodwill £	Exploration & evaluation costs £	Total £
Cost			
As at 1 January 2012	1,000,000	11,480,000	12,480,000
Additions	-	3,499,758	3,499,758
Effect of foreign currency exchange differences	-	460,393	460,393
At 31 December 2012	1,000,000	15,440,151	16,440,151
Impairment			
As at 1 January 2012	(125,000)	(547,133)	(672,133)
Impairment loss	-	-	-
At 31 December 2012	(125,000)	(547,133)	(672,133)
Carrying amount			
As at 31 December 2012	875,000	14,893,018	15,768,018
As at 31 December 2011	875,000	10,932,867	11,807,867

The goodwill and exploration and evaluation costs as at 31 December 2012 relate entirely to the Paguanta, Guamanga and La Serena projects located in Chile, South America.

Based on the progression of a Feasibility Study and the potential to further extend the mine life, 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 31 December 2012.

4. Share capital

	Company 2012 £	Company 2011 £
Authorised:		
10,000,000,000 ordinary shares of £0.001 each	10,000,000	10,000,000
Allotted, issued and fully paid:		
1,672,114,250 ordinary shares (2011: 1,520,114,250 ordinary shares)	1,672,114	1,520,114

Issued capital comprises:

	Number of shares	Share Capital £	Share Premium £
Issued and fully paid			
As at 1 January 2012	1,520,114,250	1,520,114	17,187,316
Allotments during the year			
13 January 2012 - 1.65p per share	1,000,000	1,000	15,500
13 January 2012 - 0.75p per share	1,000,000	1,000	6,500
10 July 2012 – 0.80p per share	150,000,000	150,000	1,050,000
Share issue costs	-	-	(50,339)
Balances as at 31 December 2012	1,672,114,250	1,672,114	18,208,977

The following shares in the Company were issued during the year:

- On 13 January 2012, 1,000,000 ordinary shares were issued following the exercise of options at a price of 1.65p and 1,000,000 ordinary shares were issued following the exercise of options at a price of 0.75p. Proceeds from the exercise of these options were received prior to 31 December 2011.
- On 10 July 2012, the Company completed a private placement raising a capital sum (net of costs) of £1,149,661 from the issue of 150,000,000 ordinary shares at a price of 0.80p per share.