

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

# **Picachos Project Update**

## **Toll Treatment Arrangements**

### **Highlights**

- ✓ *Herencia has confirmed the availability of toll treatment options at several existing processing facilities located close to its Picachos copper-silver project in Chile, including at the Tambillos processing plant, located less than 10km from Picachos.*
- ✓ *The Company has entered into a non-binding memorandum of understanding (MOU) with SCM Tambillos to negotiate a toll treatment arrangement for up to 1 million tonnes per annum (1Mtpa) of ore at the Tambillos processing plant for an initial 3-5 year term.*
- ✓ *These arrangements support Herencia's strategy to advance the Picachos copper-silver development.*
- ✓ *Field and test work also confirms porphyry-copper potential at Picachos.*

Herencia Resources plc (AIM:HER), the Chile-focussed mineral exploration and development Company, is pleased to announce that the Company has entered into a Memorandum of Understanding (MOU) in relation to negotiating a toll treatment agreement for its Picachos Copper Project ("Picachos" or the "Project"), located in northern Chile.

Herencia's Picachos Project is located within 10kms of the Tambillos Processing Plant and which is the closest of four ore treatment (processing) plants located in the immediate Picachos area (all of which are capable of processing future mine production from Picachos).

The owners of the Tambillos plant have confirmed the capacity of their plant to treat up to one million tonnes per year mined from Picachos. Negotiation to finalise a term sheet (which would set out agreed commercial and technical parameters), in relation to the toll treatment arrangement will commence immediately, with a likely initial term of 3 to 5 years.

In a further project development, a recent geological field mapping program at Picachos identified anomalous igneous rocks with potassic alteration and porphyritic texture in which copper anomalism was confirmed using the XRF handheld analyzer. As a result, eight petrographic samples were submitted to the Geology Department at the University of La Serena. Results from thin sections has confirmed that most of the dacite porphyry presents with slight to moderate potassic alteration, indicating there is potential for an underlying porphyry system at depth.

Managing Director Graeme Sloan commented on these very positive project developments, in particular the excellent progress made in relation to toll processing:

*"Our strategy has been to develop Picachos as a low capital cost project and signing the MOU with SCM Tambillos is a significant step forward.*

*Along with our local team, we have been working closely with the owners of the Tambillos treatment plant to reach this important stage of the process, with the next step a formal agreement outlining terms and conditions. Along with the technical and commercial discussions, we recently hosted the owners on a visit to Australia to advance the process and our local team has also conducted detailed inspections of the treatment plant.*

*The ability to commence mining and treatment at Picachos in a very short time-frame and without the need to build a processing plant or tailings dam has numerous advantages to the Company, including minimising up front capital requirements, low construction and commissioning risk when building any treatment plant, simpler permitting, less rehabilitation and importantly, time saving allowing a possible start date for a commercial operation as early as the 2H2015, subject to certain project milestones.*

*Given the shallow and outcropping high-grade copper mineralisation at Picachos, we believe this will lead to low strip ratios which ultimately will lead to lower mining costs and a low capital cost."*

### **About the Picachos Project**

The Picachos Project is located approximately 50km south east of the coastal city of La Serena, 8km west of both the existing Andacollo copper-gold project operated by Teck Resources and the mining town of Andacollo (population approximately 10,000 people), and approximately 10km south of the privately owned Tambillos copper mine. The Project is very well positioned for infrastructure with existing high voltage power located approximately 3km east of the Project area and serviced by two all-weather access roads.

Small scale mining is currently being undertaken by private miners via small open pit and underground mining operations. Ore is being trucked to a Chilean government owned processing plant (ENAMI plant) for processing. This mining will continue up until such time as the Option to fully acquire Picachos is exercised (at Herencia's discretion) and is seen by the Company as an excellent mechanism to achieve geological and grade data across many zones of mineralisation.

A review of available data and Herencia's own geological programs has confirmed multiple zones of mineralisation with a combined strike length of over 8km contained within the Project area. In some areas the close relationship of these zones coupled with multiple occurrences of outcropping wide zones of mineralisation, highlights the excellent potential for large scale open pit mining to take place at Picachos. Historic mining has focused mainly around the high grade structures, however in some areas the mantos have been mined up to 50m wide. Mineralisation generally commences from one to five metres below the surface and appears open at depth.

### **About Herencia**

Herencia Resources plc, is an AIM quoted exploration and development company operating in Chile. In addition to the Picachos Copper Project, the Company has a Joint Venture with OZ Minerals at the Guamanga Project where drilling is scheduled to commence this quarter and it has completed a Feasibility Study in relation to its 70% owned Paguanta Project, a high grade silver-zinc-lead project located in northern Chile. The Company's corporate office is located in Perth and the main technical and management office is located in Santiago, Chile where it has been operating for over eight years.

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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), who have more than 20 years relevant experience in the field of activity concerned. Mr Sloan is a Member of the Australasian Institute of Mining and Metallurgy. 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](http://www.herenciaresources.com)**

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