

3 August 2015

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

Herencia signs JV MoU
with
Chilean Copper Producer

Highlights:

- *Herencia Resources (Chile) S.A. (a 100% subsidiary of Herencia Resources plc) has signed a non-binding MoU with established Chilean copper producer, the Errazuriz Group, which owns and operates the nearby Tambillos copper project.*
- *Provides the framework to create a mid-tier copper-silver-gold production company processing ore from the existing Tambillos underground operations and Herencia's proposed Picachos open pit at the centralised Tambillos treatment plant.*
- *The Tambillos operation consists of two underground mines and a treatment plant with a nameplate capacity around 1.0 million tonnes per year.*
- *Herencia would also provide key technical and operating expertise to the new Joint Venture company that would optimise mill feed from both projects into the Tambillos plant.*
- *Both groups are undertaking their own due diligence and it is anticipated that if any agreement is to be executed, it would be finalised by December 2015.*

Herencia Resources plc (AIM:HER), the Chile-focussed mineral exploration and development Company, is pleased to advise that through its 100% owned Herencia Resources (Chile) SA, it has entered into a non-binding memorandum of understanding (MoU) with the Errazuriz Group of Chile ("Errazuriz") to evaluate the opportunity to merge Herencia's copper assets with Errazuriz's nearby operating Tambillos copper mine (Tambillos), to create a leading Chilean mid-tier copper-silver-gold production joint venture company.

The proposed Tambillos-Herencia Joint Venture ("THJV") will look to combine the current Tambillos mining operations with Herencia's proposed open pit Picachos Project. The THJV will consist of Tambillos' two underground mines and their nominal 1Mtpa Tambillos treatment plant and Herencia's proposed Picachos open pit operations. Ore from both projects will be fed to the centralised processing hub at Tambillos to achieve a multi-mine copper-silver-gold operation. The business combination would look to schedule and blend mill feed from both projects mining operations to optimise the production of copper, silver and gold from the existing Tambillos treatment plant. Due diligence by both companies has commenced with a view to agreeing final terms and executing a formal agreement, if any, by December 2015. The Company will provide further updates on the proposed joint venture as the due diligence process progresses, however there can be no guarantee that a transaction will be entered into as a consequence of this agreement.

Managing Director, Graeme Sloan, commented on the opportunity:

"We have been looking at ways to generate value for shareholders and during our discussions with the Errazuriz Group over toll treatment arrangements at Tambillos; it became clear that an opportunity for a broader relationship could provide a real win-win outcome for both groups.

The Errazuriz Group have existing mining operations and importantly an existing and operating processing plant that has spare capacity that can be readily expanded. It is currently being fed from their underground mines however the Joint Venture will aim to supplement this ore with additional lower cost ore from the proposed Picachos open pit which can be tailored to optimise throughput in the short term and underpin an expansion in the medium term.

During discussions the potential for synergies were immediately obvious to both groups with many opportunities existing to lower costs and increase production.

The Tambillos project has an excellent operating team that Herencia would look to complement and provide the latest operating technology from Australia.

The Errazuriz Group's association with copper mining in Chile extends over a long period and currently has direct and indirect involvement in a number of mining and development projects within Chile.

Whilst there is no guarantee that a formal binding agreement will be reached, both parties clearly see the opportunity for immediate value-add, and if the spirit and co-operation we have seen in recent discussions and due diligence is anything to go by, we are optimistic that an agreement can be achieved prior to the end of 2015."

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 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) where it is processed. 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 and drilling programs have confirmed multiple zones of copper 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 out-cropping 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 also has the Guamanga Copper Project and the 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) who has 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 has 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