

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

Herencia executes Binding Term Sheet to acquire second advanced Copper Project in Chile.

Herencia Resources plc (AIM:HER), the Chile-focussed mineral exploration and development Company, is pleased to announce that its 100% owned subsidiary Herencia Resources (Chile) SA ("HER Chile") has executed a Binding Term Sheet to acquire the advanced Pastizal Copper Project ("Pastizal" or the "Project") in central Chile, via an Option Agreement (the "Option"). This option will add to Herencia's portfolio of first class mining projects in Chile.

Highlights

- **Herencia Expands Footprint** - Herencia has executed a right to acquire 100% of the Pastizal tenement ("Pastizal") located immediately adjacent to Picachos (ie the next door neighbour with a shared tenement boundary)
- **Herencia's Cash Position Preserved** - Herencia has negotiated an option agreement that will only require minimum option payments in the first 12 months.
- **Excellent Tonnage, High Grade Potential** – Very similar mineralisation to Picachos with Pastizal confirmed by Company geologists as a continuation of the high-grade 40M Shaft Mineralisation
- **Proven Operating History** - Small scale artisanal mining is being operated on the site
- **Strategic Investment** -The acquisition is a strategic investment by the Company in that:
 - ✓ Pastizal is potentially a high grade source of open-pit ore targeted to supplement Herencia's production profile and which should provide operating flexibility and optionality
 - ✓ The western edge of the proposed 40M Shaft open pit is located close to the Picachos-Pastizal boundary thus providing additional area to allow depth extensions to the current designed 40M Shaft open pit
- **High Grade Surface Results** - Multiple high-grade XRF surface samples mirror the current mine grade and highlight the extent of the mineralisation throughout the tenement.
- **Synergy of Operations** – With Pastizal located immediately adjacent to Picachos it should potentially provide multiple operating synergies when in production.

The Pastizal Project

The Pastizal project [pronounced "Pas-tis-cell"] is situated on the south west boundary of the Picachos tenements and located approximately 50km south of the coastal city of La Serena, 10km west of the existing Carne de Andacollo copper-gold project operated by Teck Resources and the mining town of Andacollo (population approximately 10,000 people).

The owner of the Pastizal project is Consultoria y Servicios Mineros S.A. a small consultancy group with no assets other than Pastizal. The consideration to be paid by Herencia to the owner has been determined by reference to the value of the land and the potential upside to the project.

Small scale artisanal mining is presently being undertaken by private miners via small open pit and underground mining operations. This limited scale production will be permitted to continue until Herencia is ready to commence its own production however in the meantime this work should provide valuable geological and visual understanding of the mineralisation. This type of small scale mining is typical in Chile.

Herencia's geologists have confirmed that the high-grade mineralisation at Pastizal is a continuation of the 40M Shaft mineralisation where the Company intends to develop an open pit mine in the near future, with ore planned to be trucked to the nearby Tambillos processing plant.

In addition to the copper grades being mined, the directors believe that the Pastizal site is an excellent strategic fit for Herencia and its plans to develop an open pit mining operation at Picachos in the short term. Potential benefits include (but are not limited to):

- Opportunity to add to the project Resource base – both short and long term (and hence future reserves)
- Pastizal is a 'walk-up' start with immediate production potential
- Provides the opportunity to expand the planned 40M Shaft open pit
- Will provide additional area for locating the 40M Shaft waste dumps, allowing them to be located closer to the pit than currently designed hence providing opportunity for reduce mine operating costs
- Same management team to oversee both projects.

As part of the process of acquiring Pastizal the Company's geological staff undertook significant due diligence work including extensive surface sampling and mapping. Significant results from the sampling program are attached in Table 1 and a plan and section of the resulting XRF copper grades is attached (see Figure 1 showing the Pastizal tenement location relative to Picachos and the numerous areas of high grade copper mineralisation sampled and Figure 2 showing an east-west cross section of the Pastizal geology showing the current interpretation of the multiple stacked strata and outcropping mineralisation).

In addition to the known areas of mineralisation at Pastizal, the Company's geologists have already undertaken extensive geological and structural mapping at Pastizal that has identified a number of new areas that the private miners have yet to access, but which the Company views as having significant upside potential.

Pastizal Option Agreement

The terms of the proposed acquisition, which is by way of Option Agreement are as follows:

- Upon signing \$0
- 6 months \$50,000
- 12 months \$160,000
- 24 months \$250,000
- 36 months \$400,000

A royalty of US\$0.05 per pound of refined copper up to a total of four million tonnes of ore treated from Pastizal ("capped royalty") will also be paid as part of the transaction.

Upon completion of the payments, Herencia will have committed US\$860,000 to acquire 100% of the project. The Binding Option Agreement provides for the Option to be enforceable subject to Herencia completing its final due diligence ("DD"). The directors do not believe the acquisition will place a drain on the Companies funds with only minimum funds requiring to be spent on option payments in the first 12 months.

Managing Director, Graeme Sloan, commented:

"We believe this is a significant step in the Company's transitioning into the producer ranks in the very near term. It has taken some time to achieve this acquisition which is seen as critical from a commercial and strategic position."

Pastizal became somewhat of a priority following our last drill campaign where it appeared the 40M Shaft limestone mineralisation extended through to the Pastizal tenement, however it was only after our geologists conducted detailed geological and structural mapping over the two areas we were able to confirm that this was actually the case. It then became a priority to acquire before mining in the area commenced as almost certainly we would be paying a greater price.

In addition, it is our belief that in the long term the 40M Shaft pit may extend much deeper which ultimately requires more area to the west which Pastizal provides. The synergies of location, assets and proposed mine management are obvious.

This acquisition is another part of the overall plan that is targeting Herencia becoming a mid-tier mine operator and copper producer in the context of the Chilean mining scene”

About the Picachos Project

The Picachos Project is located approximately 50km south 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 recent site visits have identified up to six separate zones of mineralisation. 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 has 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

****ENDS****

Table 1: Significant sample results (+0.9% Cu) from preliminary geological surface program utilising the Niton XL2 XRF Instrument analyser and Company employed geologists.

| Pit | East | North | Elevation | Average %Cu |
|------------|-------------|--------------|------------------|--------------------|
| DJ | 292413 | 6647941 | 751 | 2.45 |
| DK | 292441 | 6647920 | 764 | 1.68 |
| DL | 292522 | 6647914 | 764 | 1.11 |
| DO | 292561 | 6647829 | 763 | 2.51 |
| DR | 292595 | 6647788 | 750 | 2.36 |
| DS | 292653 | 6647780 | 727 | 1.18 |
| EL | 292649 | 6647301 | 682 | 0.90 |
| FS | 292688 | 6647396 | 685 | 1.01 |
| EI | 292670 | 6647348 | 683 | 2.21 |
| DG | 292578 | 6648158 | 753 | 2.82 |
| DI | 292559 | 6648021 | 743 | 1.11 |
| DM | 292558 | 6647887 | 760 | 1.60 |
| DP | 292555 | 6647813 | 766 | 2.66 |
| DQ | 292563 | 6647803 | 763 | 1.03 |
| DZ | 292628 | 6647582 | 712 | 0.98 |
| EC | 292610 | 6647517 | 720 | 2.62 |
| EG | 292660 | 6647359 | 684 | 1.24 |
| EH | 292640 | 6647340 | 687 | 1.71 |
| EJ | 292586 | 6647293 | 691 | 2.33 |
| EN | 292566 | 6647223 | 698 | 2.29 |
| EO | 292571 | 6647207 | 694 | 2.25 |

- Semi-quantitative analysis with portable instrument - XRF Niton XL2
- Screening depths range up to ~0.375 inches
- The accuracy of the Niton XL2 XRF Analyser is claimed to be as accurate as any other analytical method, subject to sample homogeneity, consistency of sample/sample preparation
- Copper values correspond to average of several measurements of the same sample
- All sampling conducted by qualified Herencia geologists

Figure 1

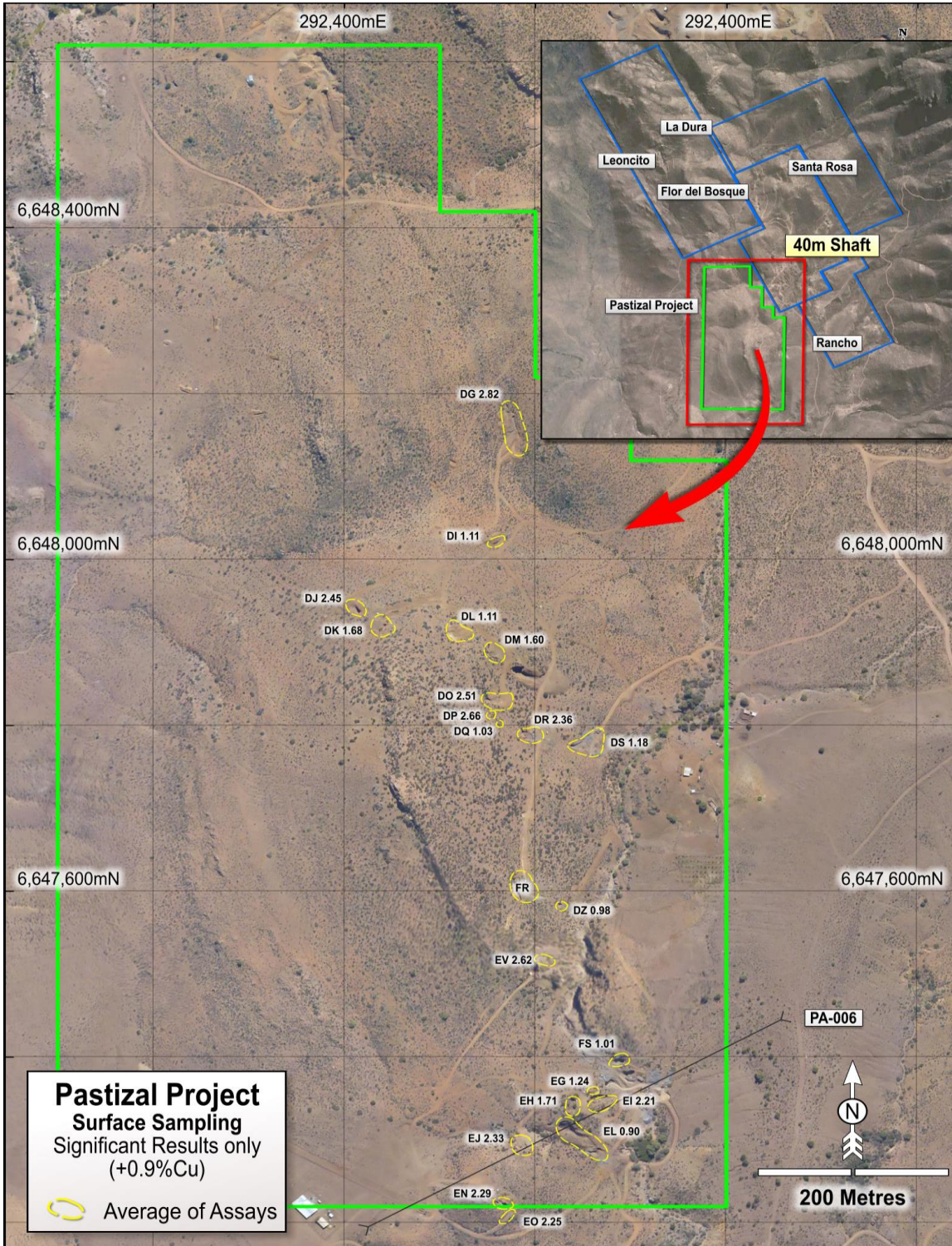


Figure 2

