

**Herencia Resources plc**  
**(“Herencia” or the “Company”)**  
**HALF-YEARLY FINANCIAL REPORT**  
**For the six months ended 30 June 2016**

Herencia Resources plc is pleased to announce the unaudited half-yearly accounts of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016.

**CHAIRMAN’S STATEMENT**

I am pleased to advise that following the period under review, on 28 July 2016, the Company announced the execution of a formal purchase agreement with Golden Rim Resources Limited (“GMR”) for the sale of its 70% ownership in the Paguanta zinc, silver and lead Project in northern Chile. The total consideration was US\$1.5 million in cash and US\$880k in GMR equity, and GMR agreeing to pay up to US\$2.1 million (approximately £1.5 million) towards various contingent liabilities. As announced on 16 September 2016, the Company has used these funds to repay the majority of its creditors which places substantial constraints on the Company's current working capital position, however the Company is in funding discussions with interested parties and remains open to explore other funding options.

Other activities during the period include:

- The approval by shareholders at the Annual General Meeting held on 29 June 2016 to subdivide each Ordinary Share into 1 ordinary share of 0.01p and a deferred share of 0.09p. This will allow the issue of shares as a source of funding which has otherwise been unavailable since the last equity raise in September 2015;
- Securing funding arrangements by way of Secured Convertible Facilities totalling US\$750,000 with two of our major shareholders, the Australian Special Opportunity Fund (“Lind Partners”) and Oriental Darius Co. Ltd (“Oriental”). The shareholders have been very supportive and a total of US\$350,000 has been drawn down under this facility to date with a further US\$400,000 that can be advanced at the discretion of the Shareholders;
- Undergoing a process of restructure including the Board to re-establish Herencia as a viable junior exploration and development company; and
- Continue to actively pursue opportunities for the Picachos Project.

Finally, I would like to thank my fellow directors and our small and dedicated team in Chile for their efforts in securing the successful sale of the Paguanta Project and also to our shareholders for their continued support.

**Hon. John Moore AO**  
**Chairman**  
**29 September 2016**

Please refer to the project announcements at the Company’s website ([www.herenciaresources.com](http://www.herenciaresources.com)) for further information on the Company operations.

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**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Notes	6 months ended 30 June 2016 (unaudited) £	6 months ended 30 June 2015 (unaudited) £	12 months ended 31 December 2015 (audited) £
<b>Revenue</b>		-	-	-
Cost of sales		-	-	-
<b>Gross profit</b>		-	-	-
Administration expenses		(424,907)	(1,052,305)	(2,173,197)
Impairment of exploration & evaluation assets		-	-	(10,908,123)
Foreign exchange gains/(losses)		2,924,686	(487,302)	(896,004)
<b>Operating profit/(loss)</b>		<b>2,499,779</b>	<b>(1,539,607)</b>	<b>(13,977,324)</b>
Finance revenue		4	173	227
<b>Income/(loss) before tax</b>		<b>2,499,783</b>	<b>(1,539,434)</b>	<b>(13,977,097)</b>
Income tax expenses		-	-	-
<b>Income/(loss) for the period</b>		<b>2,499,783</b>	<b>(1,539,434)</b>	<b>(13,977,097)</b>
<b>Other comprehensive income/(loss)</b>				
Exchange differences on translating foreign operations		(2,347,698)	117,341	81,414
Other comprehensive income/(loss), net of tax		(2,347,698)	117,341	(81,414)
<b>Total comprehensive income/(loss) for the period, net of tax</b>		<b>152,085</b>	<b>(1,422,093)</b>	<b>(13,895,683)</b>
<b>Income/(loss) attributable to:</b>				
Equity holders of the Company		2,478,140	(1,465,600)	(13,741,247)
Non-controlling interests		21,643	(73,834)	(235,850)
		<b>2,499,783</b>	<b>(1,539,434)</b>	<b>(13,977,097)</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company		128,291	(1,333,104)	(13,616,067)
Non-controlling interests		23,794	(88,989)	(279,616)
		<b>152,085</b>	<b>(1,422,093)</b>	<b>(13,895,683)</b>
<b>Income/(loss) per share</b>				
Income/(loss) per ordinary share – basic and diluted	2	0.06p	(0.04)p	(0.36)p

*The results shown above relate entirely to continuing operations.*

**STATEMENTS OF FINANCIAL POSITION  
AT 30 JUNE 2016**

	Notes	30 June 2016 (unaudited) £	30 June 2015 (unaudited) £	31 December 2015 (audited) £
<b>ASSETS</b>				
<b>Non current assets</b>				
Receivables		66,523	257,871	432,202
Intangible assets and goodwill	4	4,796,012	16,184,652	4,719,602
Property, plant and equipment	5	30,108	65,972	41,437
		<u>4,892,643</u>	<u>16,508,495</u>	<u>5,193,241</u>
<b>Current assets</b>				
Cash and cash equivalents		55,236	141,877	207,183
Trade and other receivables		83,219	273,622	253,272
Other assets		17,334	16,664	41,736
Assets held for resale	6	1,167,260	-	-
		<u>1,323,049</u>	<u>432,163</u>	<u>502,191</u>
<b>Total assets</b>		<b><u>6,215,692</u></b>	<b><u>16,940,658</u></b>	<b><u>5,695,432</u></b>
<b>LIABILITIES</b>				
<b>Non current liabilities</b>				
Provisions	7	-	48,739	46,566
Loans and borrowings	8	147,278	-	-
		<u>147,278</u>	<u>48,739</u>	<u>46,566</u>
<b>Current liabilities</b>				
Trade and other payables		855,119	641,697	1,290,721
Provisions	7	83,643	32,182	72,738
Loans and borrowings	8	499,623	150,000	250,000
Liabilities held for resale	6	390,646	-	-
		<u>1,829,031</u>	<u>823,879</u>	<u>1,613,459</u>
<b>Total liabilities</b>		<b><u>1,976,309</u></b>	<b><u>872,618</u></b>	<b><u>1,660,025</u></b>
<b>Net Assets</b>		<b><u>4,239,383</u></b>	<b><u>16,068,040</u></b>	<b><u>4,035,407</u></b>
<b>EQUITY</b>				
Share capital	10	4,266,609	3,634,982	4,266,609
Share premium	10	23,412,246	23,298,661	23,412,246
Share based payments reserve		761,360	761,360	761,360
Translation reserve		(3,843,319)	(1,486,154)	(1,493,470)
Shares to be issued		-	299,698	-
Other reserve	8	33,606	112,048	-
Retained losses		(23,903,277)	(14,217,818)	(26,381,417)
<b>Capital and reserves attributable to equity holders</b>		<b><u>727,225</u></b>	<b><u>12,402,777</u></b>	<b><u>565,328</u></b>
Minority interests in equity	9	3,512,158	3,665,263	3,470,079
<b>Total equity and reserves</b>		<b><u>4,239,383</u></b>	<b><u>16,068,040</u></b>	<b><u>4,035,407</u></b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Notes	6 months ended 30 June 2016 (unaudited) £	6 months ended 30 June 2015 (unaudited) £	12 months ended 31 December 2015 (audited) £
<b>Net cash outflow from operating activities</b>		<b>(477,681)</b>	<b>(732,550)</b>	<b>(1,089,785)</b>
<b>Cash flows from investing activities</b>				
Interest received		4	173	227
Part proceeds from sale of Paguanta	6	158,577	-	-
Payments for property, plant and equipment	5	-	-	(3,197)
Net funds used for investing in exploration	4	(348,002)	(325,262)	(445,722)
<b>Net cash used by investing activities</b>		<b>(189,421)</b>	<b>(325,089)</b>	<b>(448,692)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares		-	-	512,000
Proceeds from director loans	8	270,735	150,000	250,000
Proceeds from convertible loans	8	244,420	-	-
Issue Costs		-	-	(65,856)
<b>Net cash generated from financing activities</b>		<b>515,155</b>	<b>150,000</b>	<b>696,144</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(151,947)</b>	<b>(907,639)</b>	<b>(842,233)</b>
Cash and cash equivalents at the beginning of the period		207,183	1,049,516	1,049,516
<b>Cash and cash equivalents at the end of the period</b>		<b>55,236</b>	<b>141, 877</b>	<b>207,183</b>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Share capital £	Share premium £	Translation reserve £	Share-based payments reserve £	Other reserves £	Shares to be issued £	Retained losses £	Total £	Minority interest £	Total equity £
<b>Balance at 1 January 2016</b>	4,266,609	23,412,246	(1,493,470)	761,360	-	-	(26,381,417)	565,328	3,470,079	4,035,407
Other transactions with non- controlling interests	-	-	-	-	-	-	-	-	18,285	18,285
Compound instrument equity component	-	-	-	-	33,606	-	-	33,606	-	33,606
Total comprehensive income/(loss) for the period	-	-	(2,349,849)	-	-	-	2,478,140	128,291	23,794	152,085
<b>Balance at 30 June 2016</b>	<b>4,266,609</b>	<b>23,412,246</b>	<b>(3,843,319)</b>	<b>761,360</b>	<b>33,606</b>	<b>-</b>	<b>(23,903,277)</b>	<b>727,225</b>	<b>3,512,158</b>	<b>4,239,383</b>
<b>Balance at 1 January 2015</b>	3,239,627	23,298,661	(1,618,650)	761,360	112,048	299,698	(12,752,218)	13,340,526	3,967,394	17,307,920
Issue of shares	395,355	-	-	-	-	-	-	395,355	-	395,355
Adjustment to minority interest capital	-	-	-	-	-	-	-	-	(213,142)	(213,142)
Total comprehensive income/(loss) for the period	-	-	132,496	-	-	-	(1,465,600)	(1,333,104)	(88,989)	(1,422,093)
<b>Balance at 30 June 2015</b>	<b>3,634,982</b>	<b>23,298,661</b>	<b>(1,486,154)</b>	<b>761,360</b>	<b>112,048</b>	<b>299,698</b>	<b>(14,217,818)</b>	<b>12,402,777</b>	<b>3,665,263</b>	<b>16,068,040</b>

## NOTES TO THE UNAUDITED HALF-YEARLY ACCOUNTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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### 1. Accounting policies

The condensed half-year accounts have been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board as adopted for use in the EU. The condensed half-year accounts have been prepared using the accounting policies which have been applied in the Group's statutory financial statements for the year ending 31 December 2015

#### 1.1. Basis of preparation and going concern

Herencia Resources plc ('the Company') is incorporated in England and Wales. The half-yearly accounts for the six months ended 30 June 2016 is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The half-yearly accounts include unaudited comparative figures for the half year ended 30 June 2015. The comparatives for the year ended 31 December 2015 are not the Company's full statutory accounts for that period but have been extracted from the statutory accounts for that period which have been delivered to the Registrar of Companies.

The financial reports have been prepared using the historical cost convention and are presented in UK pounds sterling. The half-yearly accounts for the six months ended 30 June 2016 has been prepared in accordance with IAS 34 'Interim financial reporting'.

The half-yearly accounts for the six months ended 30 June 2016 has been prepared pursuant to AIM Rule 18, which states "An AIM company must prepare a half-yearly report in respect of the six month period from the end of the financial period for which financial information has been disclosed in its admission document and at least every subsequent six months thereafter (apart from the final period of six months preceding its accounting reference date for its annual audited accounts)."

At 30 June 2016 the Group had cash balances of £55,236 and despite further proceeds from the sale of 70% equity in the Paguanta project of USD\$1.26m, the Group will need to raise additional funds in 2016 in order to maintain sufficient cash resources for its working capital needs for the next twelve month and to this end, the following is noted:

- Due to the approval by shareholders at the Annual General Meeting held on 29 June 2016 to subdivide each Ordinary Share into 1 ordinary share of 0.01p and a deferred share of 0.09p, the issue of shares as a source of funding is a viable option which has otherwise been unavailable since the last equity raise in September 2015.
- As detailed in Note 8, the Company has entered into funding arrangements by way of Secured Convertible Facilities totalling US\$750,000 with two of our major shareholders, the Australian Special Opportunity Fund and Oriental Darius Co. Ltd. The Shareholders have been very supportive and a total of US\$350,000 has been drawn down under this facility to date with a further US\$400,000 that can be advanced at the discretion of the Shareholders.
- As with Paguanta, the Directors continue to actively seek new development opportunities for the other assets in La Serena, Guamanga and Picachos.

The Directors have a reasonable expectation that the Group has adequate access to resources to continue in operational existence for the foreseeable future and continue to meet, as and when they fall due, its planned exploration and development activities and other liabilities for at least the next twelve months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis in preparing these financial statements.

However, there can be no guarantee that the required funds will be raised within the necessary timeframe, consequently a material uncertainty exists that may cast doubt on the Group's ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report.

## 2. Income/(loss) per share

The basic income/(loss) per ordinary share of 0.06p (30 June 2015: (0.04)p; 31 December 2015: (0.36)p) for the Group has been calculated by dividing the income/(loss) for the period attributable to equity holders of £2,478,140 (30 June 2015: (£1,465,600); 31 December 2015: (£13,741,247) by the weighted average number of ordinary shares in issue of 3,770,137,684 (30 June 2015: 3,528,165,440; 31 December 2015: 3,770,137,684).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 3,815,137,684 (30 June 2015: 3,573,165,440; 31 December 2015: 3,815,137,684). 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. Segmental information

The activities of the Group are broken down into the operating segments of Mineral Exploration and Central Costs. Segment information by operating segment and by region is as follows:

Segment information by operating segment	Mineral Exploration £	Central Costs £	Total £
<b>6 months ended 30 June 2016 (unaudited)</b>			
Administration expenses (excluding non-cash items)	(199,271)	(210,496)	(409,767)
Finance revenue	-	4	4
Non-cash expenditure:			
Depreciation expense	(12,000)	(3,140)	(15,140)
Foreign exchange gain/(loss)	2,933,600	(8,914)	2,924,686
<b>Segment result</b>	<b>2,722,329</b>	<b>(222,546)</b>	<b>2499,783</b>
<b>As at 30 June 2016</b>			
Segment assets	5,308,985	906,707	6,215,692
Segment liabilities	(951,159)	(1,025,150)	(1,976,309)
<b>Net assets</b>	<b>4,357,826</b>	<b>(118,443)</b>	<b>4,239,383</b>
<b>Segment information by operating segment</b>			
	Mineral Exploration £	Central Costs £	Total £
<b>6 months ended 30 June 2015 (unaudited)</b>			
Administration expenses (excluding non-cash items)	(752,384)	(282,506)	(1,034,890)
Finance revenue	-	173	173
Non-cash expenditure:			
Depreciation expense	(16,022)	(1,393)	(17,415)
Foreign exchange gain/(loss)	(486,809)	(493)	(487,302)
<b>Segment result</b>	<b>(1,255,215)</b>	<b>(284,219)</b>	<b>(1,539,434)</b>
<b>As at 30 June 2015</b>			
Segment assets	15,949,610	991,048	16,940,658
Segment liabilities	(597,613)	(275,005)	(872,618)

<b>Net assets</b>	<b>15,351,997</b>	<b>716,043</b>	<b>16,068,040</b>
<b>12 months ended 31 December 2015 (audited)</b>			
Administration expenses (excluding non-cash items)	(1,614,406)	(518,779)	(2,133,185)
Finance revenue	-	227	227
Non-cash expenditure:			
Depreciation expense	(37,226)	(2,786)	(40,012)
Impairment of exploration	(10,908,123)	-	(10,908,123)
Foreign exchange gain/(loss)	(889,897)	(6,107)	(896,004)
<b>Segment result</b>	<b>(13,449,652)</b>	<b>(527,445)</b>	<b>(13,977,097)</b>
<b>As at 31 December 2015</b>			
Segment assets	4,749,541	945,891	5,695,432
Segment liabilities	(1,175,993)	(484,032)	(1,660,025)
<b>Net assets</b>	<b>3,573,548</b>	<b>461,859</b>	<b>4,035,407</b>

#### Segment information by region

	External Revenue			Non-current assets		
	30 June 2016 (unaudited) £	30 June 2015 (unaudited) £	31 December 2015 (audited) £	30 June 2016 (unaudited) £	30 June 2015 (unaudited) £	31 December 2015 (audited) £
Australia	-	-	-	-	4,533	3,140
Chile	-	-	-	4,892,643	16,503,962	5,190,101
Group	-	-	-	4,892,643	16,508,495	5,193,241

At the end of the financial period, the Group had not commenced commercial production from its exploration sites and therefore had no turnover in the period.

#### 4. Intangible assets and goodwill

	Goodwill £	Exploration & evaluation costs £	Total £
<b>Cost</b>			
As at 1 January 2016	1,000,000	15,299,858	16,299,858
Additions	-	348,002	348,002
Asset classified as held for sale	-	(11,779,525)	(11,779,525)
Effect of foreign currency exchange differences	-	599,810	599,810
At 30 June 2016	1,000,000	4,468,145	5,468,145
<b>Impairment</b>			
As at 1 January 2016	(125,000)	(11,455,256)	(11,580,256)
Asset classified as held for sale	-	10,908,123	10,908,123
As at 30 June 2016	(125,000)	(547,133)	(672,133)
<b>Carrying amount</b>			
As at 30 June 2016	875,000	3,921,012	4,796,012
As at 31 December 2015	875,000	3,844,602	4,719,602

The exploration and evaluation costs as at 30 June 2016 relate entirely to Guamanga (£1,652,120), La Serena (£223,859) and Picachos (£2,045,033) projects located in Chile, South America.

In respect of the Paguanta Project, due to pending sale for the 70% equity in the Paguanta project this asset



has been reclassified as assets held for sale.

<b>5. Property, plant and equipment</b>	<b>30 June 2016 (unaudited) £</b>	<b>30 June 2015 (unaudited) £</b>	<b>31 December 2015 (audited) £</b>
At cost	99,812	304,100	302,625
Accumulated depreciation	(69,704)	(238,128)	(261,188)
Total property and equipment	<u>30,108</u>	<u>65,972</u>	<u>41,437</u>

#### **Movements in carrying amounts**

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the financial period:

Balance at the beginning of the period	41,437	70,360	70,360
Additions at cost	-	-	3,197
Depreciation expense	(15,140)	(17,415)	(40,012)
Asset classified as held for sale	(1,879)	-	-
Effect of foreign currency exchange differences	5,690	13,027	7,892
Carrying amount at the end of the period	<u>30,108</u>	<u>65,972</u>	<u>41,437</u>

<b>6. Held for sale</b>	<b>30 June 2016 (unaudited) £</b>	<b>30 June 2015 (unaudited) £</b>	<b>31 December 2015 (audited) £</b>
<b>Assets held for sale</b>			
Receivables	293,979	-	-
Exploration & evaluation costs	871,402	-	-
Property, plant and equipment	1,879	-	-
	<u>1,167,260</u>	<u>-</u>	<u>-</u>
<b>Liabilities held for sale</b>			
Trade and other payables	335,360	-	-
Provisions	55,286	-	-
	<u>390,646</u>	<u>-</u>	<u>-</u>

On 28 July 2016, the Company announced that it had completed the sale with Golden Rim Resources Limited (“GMR”) to acquire Herencia’s wholly owned subsidiary Paguanta Resources (Chile) SA (“PRC”) for a total of up to US\$2.3 million in cash and GMR equity, and GMR agreeing to pay up to US\$2.1m towards various contingent liabilities. PRC holds 70% of Compania Minera Paguanta S.A. which holds mineral concessions at the Paguanta silver-lead-zinc-copper project in northern Chile. As at 30 June 2016, an amount of £158,577 which represents part proceeds from this sale has been received and included within Trade and other payables.

#### *Impairment losses relating to the disposal*

An impairment charge of £10,908,123 was booked 31 December 2015 following a review of the carrying value of the project and cash consideration to be received. The impairment loss has been applied to reduce the carrying amount of the Paguanta Project deferred exploration & evaluation costs.

<b>7. Provisions</b>	<b>30 June 2016 (unaudited) £</b>	<b>30 June 2015 (unaudited) £</b>	<b>31 December 2015 (audited) £</b>
<b>Decommissioning expenditure</b>			
Balance at the beginning of the period	46,566	51,672	51,672

Effect of foreign currency exchange differences	8,720	(2,933)	(5,106)
Provision classified as held for sale	(55,286)	-	-
Balance at the end of the period	-	48,739	46,566
<b>Employee benefits</b>			
Balance at the beginning of the period	72,738	37,926	37,926
(Utilised)/arising during the year	-	(3,156)	37,233
Effect of foreign currency exchange difference	10,905	(2,588)	(2,421)
Balance at the end of the period	83,643	32,182	72,738
<b>Comprising</b>			
Current	83,643	32,182	72,738
Non-current	-	48,739	46,566
	83,643	80,921	119,304

<b>8. Loans and borrowings</b>	<b>30 June 2016 (unaudited) £</b>	<b>30 June 2015 (unaudited) £</b>	<b>31 December 2015 (audited) £</b>
<b>Current</b>			
Convertible note	68,888	-	-
Director loans	430,735	150,000	250,000
	499,623	150,000	250,000
<b>Non-current</b>			
Convertible note	147,278	-	-

#### *Director Loans and Related Party Transactions*

During the six months ended 30 June 2016, the Directors advanced further loans of £270,735 to the Company for working capital purposes comprising of £240,735 advanced by John Moore and £30,000 advanced by John Russell. These loans are unsecured and non-interest bearing with the exception of £210,735 (USD\$300,000) which has an interest rate of 15% pa. Initial repayment terms provide that the loans be repayable within 12 months, however this can be extended if required. In addition, the total loans advanced by John Russell and Graeme Sloan have agreed to be reduced by 50% resulting in reduction of £90,000.

No other related party transactions have occurred during the period.

#### *Convertible Note*

During the six months ended 30 June 2016, the Company entered into the following funding arrangements with two of its major shareholders, the Australian Special Opportunity Fund (“Lind Partners”) and Oriental Darius Co. Ltd (“Oriental”).

These funding arrangements are by way of Secured Convertible Facilities totalling US\$750,000 of which US\$350,000 has been drawn down with a further US\$400,000 that can be advanced at the discretion of the Shareholders.

- On 26 February 2016 and 18 March 2016, the Company confirmed it had received US\$50,000 loan from the Lind Partners and Oriental respectively. The loans are interest free and repayable after 6 months and, subject to shareholder approval, will be convertible into ordinary shares at 0.01p.
- On 5 April 2016, Herencia announced that it executed a legally binding term sheets with the Shareholders to advance the Company up to US\$500,000 by way of a Secured Convertible Facility, subject to the satisfaction of certain conditions. The funds will be divided into two Tranches (Tranche 1 totalling US\$200,000 and Tranche 2 totalling US\$300,000). As at 30 June 2016, US\$200,000 has been fully drawn under Tranche 1.
- On 7 June 2016, the Company announced that it has entered into a further Secured Convertible Facility with the Shareholders to advance the Company up to US\$150,000. The funds will be divided into two

Tranches (Tranche 1 totalling US\$50,000 and Tranche 2 totalling US\$100,000). As at 30 June 2016, US\$50,000 has been fully drawn under Tranche 1.

Full details of the terms and conditions of the Secured Convertible Facilities including the conversion issue price and options are contained in the respective announcements.

As at 30 June 2016, the convertible note has a carrying value of £216,166 with £33,606 being classified as 'other reserve' in equity.

<b>9. Minority interest</b>	<b>30 June 2016 (unaudited) £</b>	<b>30 June 2015 (unaudited) £</b>	<b>31 December 2015 (audited) £</b>
Called up share capital	6,031,971	6,018,242	6,013,686
Accumulated losses	(1,795,052)	(1,654,680)	(1,806,024)
Translation reserve	(724,761)	(698,299)	(737,583)
	<u>3,512,158</u>	<u>3,665,263</u>	<u>3,470,079</u>

<b>10. Share capital</b>	<b>30 June 2016 (unaudited) £</b>	<b>30 June 2015 (unaudited) £</b>	<b>31 December 2015 (audited) £</b>
<i>Allotted, issued and fully paid :</i>			
4,266,609,563 ordinary shares of £0.01p each and			
4,266,609,563 deferred shares of £0.09p each			
(30 June 2015: 3,634,981,939 ordinary shares,			
31 December 2015: 4,266,609,563 ordinary shares)	<u>4,266,609</u>	<u>3,634,982</u>	<u>4,266,609</u>

<i>Movement in share capital during the period comprises:</i>	<b>Number of Ordinary Shares</b>	<b>Number of Deferred Shares</b>	<b>Share Capital £</b>	<b>Share Premium £</b>
<b>Issued and fully paid</b>				
As at 1 January 2016 shares	4,266,609,563	-	4,266,609	23,412,246
Subdivision of ordinary shares:				
Ordinary shares	-	-	(3,839,949)	-
Deferred shares	-	4,266,609,563	3,839,949	-
<b>Balances as at 30 June 2016</b>	<u>4,266,609,563</u>	<u>4,266,609,563</u>	<u>4,266,609</u>	<u>23,412,246</u>

At the Annual General Meeting of the Company held on 29 June 2016, shareholders approved the subdivision of each ordinary share of 0.1p into 1 ordinary share of 0.01p and 1 deferred share of 0.09p.

## **11. Control**

No one party is identified as controlling the Company.

## **12 Subsequent events**

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

- On 28 July 2016, the Company announced that it had completed the sale with Golden Rim Resources Limited ("GMR") to acquire Herencia's wholly owned subsidiary Paguanta Resources (Chile) SA ("PRC") for a total of up to US\$2.3 million in cash and GMR equity, and GMR agreeing to pay up to US\$2.1m towards various contingent liabilities. PRC holds 70% of Compania Minera Paguanta S.A.

which holds mineral concessions at the Paguanta silver-lead-zinc-copper project in northern Chile.

- On 26 August 2016, 380,662,352 shares were issued to the Australian Special Opportunity Fund, a New York-based institutional investor managed by The Lind Partners as satisfaction of conversion of the Short Term Loan of US\$50,000 at a share price of 0.01p per share.

Following the above share issue, the number of ordinary shares in issue is 4,647,271,915.

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

### **13. Contingent liabilities and capital commitments**

There have been no changes to the contingent liabilities capital commitments as disclosed in the most recent annual financial report.