

**Herencia Resources plc**

**(“Herencia” or the “Company”)**

**INTERIM FINANCIAL RESULTS**

**For the six months ended 30 June 2009**

Herencia Resources plc is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2009.

**CHAIRMAN’S STATEMENT**

The first six months of calendar 2009 has been a challenging period for many companies in the resources sector. Despite completing our 2008 drilling program on time and on budget, and delivering a Mineral Resource Estimate upgrade and a Scoping Study for our flagship Paguanta Project as promised, the commodity and equity markets were in free fall in late 2008 and early 2009. Matters were not improved by our major shareholder being placed in receivership in late 2008, effectively locking up that shareholding for much of the period, prior to Cape Lambert Iron Ore Pty Ltd acquiring a 46% interest in the Company at period end.

Despite the circumstances, the Company was quick to react to conserve cash in the uncertain economic times, and continued to advance progress on several fronts in relation to the Paguanta Project. This included managing the tenure process in relation to eventually securing ‘exploitation’ licences (mining licences) over the areas presently covered by ‘exploration’ licences. This work will prove beneficial in terms of reducing the future development time line.

The technical aspects of the Project remain robust - the mineralisation is open along strike and down dip (providing the potential to increase tonnages), drill assay grades at depth are higher than the mineral resource estimate grades and appear to be increasing, initial metallurgical recoveries seen in testwork are high, the mineralisation outcrops and is of a width that would support cost effective mechanised mining, we have a gold component to the project that has not as yet been factored into any of our economic models and the regional infrastructure (including roads and port access) in northern Chile is excellent.

In addition to the technical positives just listed, the ability to source second hand equipment has recently emerged (almost unheard of 12 months ago), providing significant opportunities for capital cost savings. Importantly, both zinc and lead prices have also recovered strongly in recent months, with many forecasters predicting this to continue over the next several years.

Complimenting our Paguanta Project, the La Rosa and La Serena porphyry-copper targets add another component to the Herencia story. With copper prices strengthening, the options for advancing these opportunities and unlocking their potential for the benefit of shareholders will be reviewed and implemented.

The Company continues to work diligently on advancing our Projects toward development as soon as possible. Our primary goal is to place the Company in a position to take advantage of predicted higher commodity prices as quickly as possible.

The board and management wish to thank our shareholders for their continued support.

Hon. John Moore AO  
Chairman  
7 September 2009

## **HERENCIA RESOURCES PLC**

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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HERENCIA RESOURCES PLC

**GROUP INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Notes	6 months ended 30 June 2009 (un-audited)	6 months ended 30 June 2008 (un-audited)	12 months ended 31 December 2008 (audited)
		£	£	£
Revenue		-	-	-
Cost of sales		-	-	-
<b>Gross profit</b>		-	-	-
Administration expenses		(189,892)	(560,005)	(440,006)
<b>Operating loss</b>		<b>(189,892)</b>	<b>(560,005)</b>	<b>(440,006)</b>
Finance revenue		468	40,648	46,907
<b>Loss before taxation</b>		<b>(189,424)</b>	<b>(519,357)</b>	<b>(393,099)</b>
Taxation		-	-	-
<b>Loss for the period</b>		<b>(189,424)</b>	<b>(519,357)</b>	<b>(393,099)</b>
<b>Attributable to:</b>				
Equity holders of the Company		(132,990)	(493,009)	(363,527)
Minority interest		(56,434)	(26,348)	(29,572)
		(189,424)	(519,357)	(393,099)
Loss per ordinary share – basic and diluted	3	(0.03)p	(0.09)p	(0.06)p

The results shown above relate entirely to continuing operations.

There are no recognised gains and losses other than those passing through the income statement.

HERENCIA RESOURCES PLC

**GROUP BALANCE SHEET  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Notes	30 June 2009 (un-audited) £	30 June 2008 (un-audited) £	31 December 2008 (audited) £
<b>ASSETS</b>				
<b>Non current assets</b>				
Intangible assets	8	4,892,203	3,089,150	4,575,574
Property, plant and equipment	9	100,225	118,915	111,698
		<u>4,992,428</u>	<u>3,208,065</u>	<u>4,687,272</u>
<b>Current assets</b>				
Cash and cash equivalents	5	395,281	2,065,577	925,471
Trade and other receivables	6	501,137	390,030	487,407
Other	7	2,150	3,367	5,720
		<u>898,568</u>	<u>2,458,974</u>	<u>1,418,598</u>
<b>Total assets</b>		<b><u>5,890,996</u></b>	<b><u>5,667,039</u></b>	<b><u>6,105,870</u></b>
<b>LIABILITIES</b>				
<b>Non current liabilities</b>				
Provisions	10	54,506	-	51,822
		<u>54,506</u>	<u>-</u>	<u>51,822</u>
<b>Current liabilities</b>				
Trade and other payables	11	6,275	163,400	82,532
		<u>6,275</u>	<u>163,400</u>	<u>82,532</u>
<b>Total liabilities</b>		<b><u>60,781</u></b>	<b><u>163,400</u></b>	<b><u>134,354</u></b>
<b>Net Assets</b>		<b><u>5,830,215</u></b>	<b><u>5,503,639</u></b>	<b><u>5,971,516</u></b>
<b>EQUITY</b>				
Called up share capital		607,400	607,400	607,400
Share premium account		6,006,645	6,006,645	6,006,645
Share based payments reserve		96,985	96,985	96,985
Translation reserve		42,877	38,151	62,170
Accumulated losses		(2,190,501)	(2,186,993)	(2,057,511)
<b>Capital and reserves attributable to equity holders</b>		<b><u>4,563,406</u></b>	<b><u>4,562,188</u></b>	<b><u>4,715,689</u></b>
<b>Minority interests in equity</b>	13	1,266,809	941,451	1,255,827
<b>Total equity and reserves</b>		<b><u>5,830,215</u></b>	<b><u>5,503,639</u></b>	<b><u>5,971,516</u></b>

**HERENCIA RESOURCES PLC**

**GROUP CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Notes	Six months ended 30 June 2009 (un-audited) £	Six months ended 30 June 2008 (un-audited) £	Twelve months ended 31 December 2008 (audited) £
<b>Net cash outflow from operating activities</b>		<b>(215,624)</b>	<b>(613,394)</b>	<b>(573,948)</b>
<b>Cash flows from investing activities</b>				
Interest received		468	40,648	46,907
Sale/(purchase) of property, plant and equipment		1,595	(63,139)	(81,235)
Cash acquired with subsidiary undertakings		-	404,864	-
Cash calls from minority shareholder		-	-	671,751
Net funds used for investing in exploration	8	(316,629)	(567,457)	(2,002,059)
<b>Net cash utilised by investing activities</b>		<b>(314,566)</b>	<b>(185,084)</b>	<b>(1,364,636)</b>
<b>Net increase decrease in cash and cash equivalents</b>		<b>(530,190)</b>	<b>(798,478)</b>	<b>(1,938,584)</b>
Cash and cash equivalents at the beginning of the period		925,471	2,864,055	2,864,055
<b>Cash and cash equivalents at the end of the period</b>	5	<b>395,281</b>	<b>2,065,577</b>	<b>925,471</b>

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**GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Share capital	Share premium	Translation reserve	Share based payments reserve	Accumulated losses	Total	Minority interest	Total equity
	£	£	£	£	£	£	£	£
<b>Balance at 1 January 2009</b>	607,400	6,006,645	62,170	96,985	(2,057,511)	4,715,689	1,255,827	5,971,516
Issue of shares	-	-	-	-	-	-	-	-
Issue costs	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	(19,293)	-	-	(19,293)	67,416	48,123
Net loss for the period	-	-	-	-	(132,990)	(132,990)	(56,434)	(189,424)
Movement in minority's interest in share capital of subsidiary	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2009</b>	607,400	6,006,645	42,877	96,985	(2,190,501)	4,563,406	1,266,809	5,830,215

**NOTES TO THE FINANCIAL REPORTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2009**

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**1. Accounting policies**

The principal accounting policies, all of which have been applied consistently to all the periods for which the financial reports have been presented are set out below.

**1.1. Basis of preparation**

The interim financial information for the six months ended 30 June 2009 is un-audited and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The financial reports have been prepared using the historical cost convention and are presented in UK pound sterling. In addition, the financial reports 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”).

The interim financial information for the six months ended 30 June 2009 has been prepared pursuant to AIM rule 18 and represents the half yearly report for the six months then ended. AIM rule 18 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).”

The Group financial statements are presented in UK pound sterling.

**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 when there are any indications that its carrying value is not recoverable. 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 period end and their results are translated at the average exchange rate for the period. 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. 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 interim financial information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are 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.

### 1.6. Exploration and development 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 development 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.



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### **1.7. Impairment of exploration and development costs**

The carrying value of unevaluated areas 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 unevaluated prospects 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 development.

### **1.8 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.

## **2. Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

### *Impairment of intangible assets*

Determining whether intangible assets are impaired requires an estimation of whether there are any indications that its carrying value is not recoverable.

## **3. Loss per share**

The basic loss per ordinary share of (0.03)p (30 June 2008; (0.09)p, 31 December 2008; (0.06)p) for the Group has been calculated by dividing the loss for the period of £189,424 (30 June 2007; £519,357, 31 December 2008; £393,099) by the weighted average number of ordinary shares in issue of 607,399,999 (30 June 2008; 607,399,999, 31 December 2008; 607,399,999).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 607,399,999 (30 June 2008; 607,399,999, 31 December 2008; 607,399,999). 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

## **4. Segmental information**

During the period, the Group was organised into its main business segment as mineral exploration.

The primary segmental reporting is determined to be geographical segment according to the location of the asset. There are two reporting geographical segments.

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### 4. Segmental information (continued)

Geographical segment	Australia	Chile	Total
<b>6 months ended 30 June 2009</b>	£	£	£
Administration expenses	(162,850)	(174,209)	(337,059)
Finance revenue	468	-	468
Foreign exchange loss	(1,188)	148,355	147,167
Loss before taxation	(163,570)	(25,854)	(189,424)
<b>As at 30 June 2009</b>			
Intangible assets	875,000	4,017,203	4,892,203
Property, plant and equipment	-	100,225	100,225
Trade and other receivables	2,150	501,137	503,287
Cash and cash equivalents	126,177	269,104	395,281
Provisions	-	(54,506)	(54,506)
Trade and other payables	(1,363)	(4,912)	(6,275)
Net assets	1,001,964	4,828,251	5,830,215
<b>6 months ended 30 June 2008</b>			
Administration expenses	(185,236)	(418,832)	(604,068)
Finance revenue	40,648	-	40,648
Foreign exchange loss	(8,634)	52,697	44,063
Loss before taxation	(153,222)	(366,135)	(519,357)
<b>As at 30 June 2008</b>			
Intangible assets	875,000	2,214,150	3,089,150
Property, plant and equipment	-	118,915	118,915
Trade and other receivables	3,415	389,982	393,397
Cash and cash equivalents	858,047	1,207,530	2,065,577
Trade and other payables	(54,593)	(108,807)	(163,400)
Net assets	1,681,869	3,821,770	5,503,639
<b>12 months ended 31 December 2008</b>			
Administration expenses	(301,563)	(56,568)	(358,131)
Impairment losses	-	(61,767)	(61,767)
Depreciation expense	-	(26,262)	(26,262)
Finance revenue	46,907	-	46,907
Foreign exchange loss	(3,224)	9,378	6,154
Loss before taxation	(257,880)	(135,219)	(393,099)
<b>As at 31 December 2008</b>			
Intangible assets	-	4,575,574	4,575,574
Property, plant and equipment	-	111,698	111,698
Trade and other receivables	5,720	487,407	493,127
Cash and cash equivalents	126,005	799,466	925,471
Provisions	-	(51,822)	(51,822)
Trade and other payables	(37,432)	(45,100)	(82,532)
Net assets	94,293	5,877,223	5,971,516

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.

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	<b>30 June 2009 (un-audited) £</b>	<b>30 June 2008 (un-audited) £</b>	<b>31 December 2008 (audited) £</b>
<b>5. Cash and cash equivalents</b>			
Cash at bank and in hand	395,281	2,065,577	925,471
<b>6. Trade and other receivables</b>			
Other receivables	501,137	390,030	487,407
<b>7. Other current assets</b>			
Prepayments	2,150	3,367	5,720
<b>8. Intangible assets</b>			
	<b>Goodwill</b>	<b>Exploration and development costs</b>	<b>Total</b>
<b>Cost</b>			
As at 1 January 2009	1,000,000	4,247,707	5,247,707
Additions	-	316,629	316,629
<b>At 30 June 2009</b>	<b>1,000,000</b>	<b>4,564,336</b>	<b>5,564,336</b>
<b>Impairment</b>			
As at 1 January 2009	(125,000)	(547,133)	(672,133)
Impairment during the period	-	-	-
<b>As at 30 June 2009</b>	<b>(125,000)</b>	<b>(547,133)</b>	<b>(672,133)</b>
<b>Carrying amount</b>			
<b>As at 30 June 2009</b>	<b>875,000</b>	<b>4,017,203</b>	<b>4,892,203</b>

The goodwill and exploration and development costs as at 30 June 2009 relate to the Paguanta project located in Chile, South America.

During the period ended 30 June 2006, the Company acquired the entire issued share capital of Tarapaca Resources (Bermuda) Limited ("Tarapaca") from Mineral Securities Limited. The initial purchase consideration gave rise to a goodwill of £500,000. The subsidiaries of Tarapaca have interest in two separate blocks of tenements over the Iquique Mineral Fields and one block at Paguanta Mineral Field. As the fair value of these tenements could not be measured reliably at the date of acquisition, the intangible assets purchased had been subsumed within the amount of purchase consideration attributed to that goodwill.

However, there was a further consideration of £500,000, comprising 50,000,000 shares at £0.01p each, to be issued in respect of this acquisition. This was contingent upon the Group's investing at least US\$2,000,000 in the projects owned by Tarapaca and its subsidiaries within thirty six months of the date of the acquisition. On satisfaction of this performance criterion during the period ended 31 December 2007, the contingent consideration was met, which gave rise to a further goodwill of £500,000 arising from this acquisition. For the same reasons as referred to above, the intangible assets purchased at the date of the acquisition also had been subsumed within the amount of this contingent consideration attributed to this goodwill.

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### 8. Intangible assets (continued)

As at 31 December 2007, the Directors assessed the value of goodwill and the exploration and development costs carried in the accounts as intangible fixed assets. An impairment provision of £547,133 on exploration and development costs and that of £125,000 on goodwill was made in respect of the Iquique Mineral Fields as the Directors decided to withdraw from the Iquique project to focus on the Group's 70% owned Paguanta project. Based on the Scoping Study completed in December 2008 and the expected zinc price, the Directors believe that there has not been any impairment of goodwill and exploration and development costs in respect of the Paguanta project.

	30 June 2009 (un-audited) £	30 June 2008 (un-audited) £	31 December 2008 (audited) £
<b>9. Property, plant and equipment</b>			
<b>Plant and equipment</b>			
At cost	143,541	125,823	155,014
Accumulated depreciation	(43,316)	(6,908)	(43,316)
<b>Total property and equipment</b>	<u>100,225</u>	<u>118,915</u>	<u>111,698</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	111,698	56,725	56,725
Additions at cost	617	63,139	100,437
Disposals	(6,546)	-	(19,202)
Depreciation expense	-	(949)	(26,262)
Exchange difference on translation of foreign operations	(5,544)	-	-
Carrying amount at the end of the period	<u>100,225</u>	<u>118,915</u>	<u>111,698</u>

### 10. Provisions

	30 June 2009 (un-audited) £	30 June 2008 (un-audited) £	31 December 2008 (audited) £
Decommissioning expenditure	54,506	-	51,822
	<u>54,506</u>	<u>-</u>	<u>51,822</u>

### 11. Trade and other payable

Other creditors and accruals	6,275	163,400	82,532
	<u>6,275</u>	<u>163,400</u>	<u>82,532</u>

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### 12. Fixed asset investments

Company name	Country of registration (incorporation)	Class	Shares held %
<b>Direct</b>			
Tarapaca Resources (Bermuda) Limited	Bermuda	Ordinary	100
<b>Indirect</b>			
Tarapaca Holdings (BVI) Ltd	British Virgin Islands	Ordinary	100
Iquique Resources (Chile) SA	Chile	Ordinary	100
Paguanta Resources (Chile) SA	Chile	Ordinary	100
Herencia Resources (Chile) SA	Chile	Ordinary	100
Compania Minera Paguanta SA	Chile	Ordinary	70

The principal activity of Iquique Resources (Chile) SA, Paguanta Resources (Chile) SA, Herencia Resources (Chile) SA and Compania Minera Paguanta SA was mineral exploration whereas Tarapaca Resources (Bermuda) Limited and Tarapaca Holdings (BVI) Ltd are holding companies.

### 13. Minority interest

	30 June 2009 (un-audited) £	30 June 2008 (un-audited) £	31 December 2008 (audited) £
Called up share capital	1,249,663	1,024,312	1,249,663
Accumulated losses	(85,007)	(25,349)	(28,573)
Translation reserve	102,153	(57,512)	34,737
	<u>1,266,809</u>	<u>941,451</u>	<u>1,255,827</u>

	30 June 2009 (un-audited) £	30 June 2008 (un-audited) £	31 December 2008 (audited) £
<b>14. Called up share capital</b>			
Authorised: 10,000,000,000 ordinary shares of £0.001 each	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, issued and fully paid: 607,399,999 ordinary shares (30 June 2008: 384,066,666 ordinary shares, 31 December 2008: 607,399,999)	<u>607,400</u>	<u>607,400</u>	<u>607,400</u>

### 15. Control

No one party is identified as controlling the Company.

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### **16. Subsequent events**

No 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.

### **17. Related party transactions**

John Bottomley, the secretary of the Company is an employee of Sprecher Grier Halberstam LLP, a firm of solicitors. During the last 6 months this partnership was paid a sum of £5,498 in respect of legal and secretarial services to the Company.

This related party transaction is based on independent third party commercial rates.

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

The Group had no contracted capital commitments at 30 June 2009.

The Group had no contingent liabilities at 30 June 2009.

### **19. Decommissioning expenditure**

The Directors have considered the environmental issues and the need for any necessary provision for the cost of rectifying any environmental damage, as might be required under local legislation. A provision of £54,506 has been made for any future costs of decommissioning or environmental damage.