

11 March 2013

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

## **Herencia Secures up to US\$15 million**

***Herencia Resources plc (AIM:HER) is pleased to announce it has secured up to US\$15 million in funds to progress the development, permitting and resource/reserve expansion related work at its 70%-owned Paguanta Silver-Zinc-Lead Project in Chile.***

On 8 March 2013, Herencia executed an Equity Drawdown Agreement for up to US\$14.25 million investment ("the Agreement") and issued a Convertible Security Instrument of US\$0.75m ("the Convertible Security") to The Australian Special Opportunity Fund, a New York-based institutional investor managed by The Lind Partners (together, "Lind").

As a first payment under these agreements, Herencia has received a total of US\$1.2 million in the form of the US\$0.75 million Convertible Security and US\$0.45 million towards the purchase of ordinary shares in Herencia. Thereafter, Lind will further invest US\$0.3 million in monthly share subscriptions, for a maximum of 24 months, subject to certain conditions.

### **Use of Funds**

The funds will be predominately utilised to advance the development of the Paguanta Project during 2013-14 including management of the Paguanta Project permitting process, continuing land and water access negotiations, extending local community relations initiatives, concluding port access negotiations, undertaking a surface work program to identify targeted resource drilling (for priority high grade mine areas) and selected exploration activities focussing on the recently identified potential porphyry targets around the Induced Polarisation ("IP") anomalies.

The funds will also provide the opportunity to continue other project financing initiatives with a key focus on debt financing, silver stream financing and concentrate off-take agreements associated with project development.

### **Key Benefits**

The funding structure has a number of key benefits for Herencia including:

#### **1. Certainty of funding**

The Equity Drawdown facility and Convertible Note provides Herencia with access to a base level of funding with up to US\$15 million available. The funds will be made available to Herencia in regular tranches as follows:

- i) Herencia has issued the Convertible Security with a face value of US\$0.75 million and a term of 24 months at a zero % (0%) interest rate. The Convertible Security cannot be converted for a minimum period of 120 days from the date of the Agreement;
- ii) Lind has advanced Herencia US\$0.45 million (together with the US\$0.75 million under the Convertible Security above), as a prepayment for a first tranche of ordinary shares in Herencia; and
- iii) Thereafter on a monthly basis, US\$0.3 million of shares will be purchased by Lind from Herencia (which may be increased to US\$0.6 million by mutual consent), subject to the terms of the Agreement.

## 2. Minimising dilution

The structure of the investment allows Herencia to issue shares at prices that are linked to prices prevailing at the time, potentially at premiums to the current share price. The price at which shares will be issued:

- i) for the initial US\$0.75 million Convertible Security - 100% of the average daily volume weighted average price ("VWAP") of the shares for three consecutive trading days during a specified period prior to the conversion; and
- ii) for the monthly tranches, the shares will be issued as follows:
  - o for one tranche only, at 130% of the average of the daily VWAP during the twenty consecutive trading days immediately prior to the execution of the Agreement; and
  - o for all others, at 91.5% of the average of three daily VWAPs per share during a specified period immediately prior to the relevant issuance notice date.

## 3. Maximising Flexibility

Significantly, the Agreement does not restrict the Company's ability to raise additional capital or the ability to enter into strategic industry partnerships or off-take arrangements.

## 4. Right to Pause

Herencia has the flexibility to pause the monthly purchases for defined periods as specified in the Agreement.

## 5. Right to Terminate

Herencia has the right to cancel the Agreement after six tranches at no penalty, or at any other time upon payment of US\$0.125 million.

## Other

Shareholder approval under sections 551 and 570 or 571 of the Companies Act is not required for the initial tranche of shares however to the extent that any subsequent tranches require approval the Agreement is conditional on that approval which will be sought if and when required.

As part of the Agreement Lind has today been granted 25,000,000 options exercisable at 130% of the average daily VWAP per share for the twenty consecutive trading days immediately prior to the date of the execution of the Agreement.

Under the Agreement, Herencia is required to pay an execution fee of US\$350,000, which it is agreed will be satisfied by the issue of 24,071,407 ordinary shares in the Company, at a price of 0.96p ("the Execution Shares"). Application has been made to admit the Execution Shares to trading on AIM, and it is anticipated that dealings in the Execution Shares will commence on 15 March 2013.

Following the issue of the Execution Shares the total number of shares in issue is 1,696,185,657. There are no shares held in treasury. Therefore, the total number of voting rights in the Company is 1,696,185,657. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest under the Disclosure and Transparency Rules.

Herencia's Managing Director, Graeme Sloan, stated:

*"This is an excellent outcome for the Company given challenges facing junior companies raising funds in today's market."*

*The Agreement with Lind allows Herencia to continue key Project development and permitting activities, and importantly to advance our understanding of the potential porphyry-*

*copper style mineralisation immediately surrounding the Patricia deposit. This funding will allow the Company to maintain the Project's considerable momentum along the path toward mine development.*

*Our key objective hasn't altered, that is, to position the Company to quickly transition through the construction phase and into production to take full advantage of the forecast upswing in commodity prices in 2015-2020.*

### **About Herencia**

Herencia Resources plc, an AIM quoted exploration and development company operating in Chile. The Paguanta Project ("the Project"), which is 70% owned and managed by Herencia, is a high grade Silver-Zinc-Lead deposit located in northern Chile. The Company is currently working toward completion of a Feasibility Study, reviewing both open pit and underground methods for the potential exploitation of the Patricia Mineral Resource.

### **About Lind Partners, LLC**

The Lind Partners, LLC is a New York-based asset management company and manager of the Australian Special Opportunity Fund, LP and the Canadian Special Opportunity Fund, LP. Lind selectively invests across a broad range of industries and economic environments with a focus on companies with market capitalisations ranging between US\$25 million and US\$1 billion having definable milestones and key inflection points that have the potential to create considerable shareholder value.

More information on The Lind Partners can be found at [www.thelindpartners.com](http://www.thelindpartners.com)

### **Project Location**

The Paguanta Project comprises a Silver-Zinc-Lead deposit (named "Patricia") with the additional potential for porphyry-style copper mineralisation at depth. The Project is located in the north of Chile approximately 190 kilometres north-east of the coastal city of Iquique and 30 kilometres west of the Chile-Bolivia border. The Project is in the Andes, 3,400 to 3,700 metres above sea level, on the north end of the Oligocene Porphyry Copper Belt of Chile that includes the world class deposits of Escondida, Chuquicamata, Collahuasi and Cerro Colorado. Cerro Colorado is a large operating copper mine, operated by BHP Billiton, and is located approximately 35 kilometres south of Paguanta.

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**Further background details on the Company can be found at [www.herenciaresources.com](http://www.herenciaresources.com)**

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