

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your ordinary shares in Herencia Resources plc, please forward this document, together with the accompanying form of proxy, as soon as practicable to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Herencia Resources plc

(incorporated in England and Wales with Registered Number 5345029)

Proposed disposal of Herencia Resources (Chile) SA and Fundamental Change of Business, Subdivision and Redesignation of Shares and Authority to Issue Further Shares

Notice of General Meeting

Notice of a General Meeting of Herencia Resources plc to be held at One America Square, Crosswall, London EC3N 2SG at 2.30 pm on 26 February 2016, to approve the Disposal, is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the General Meeting. **To be valid, Forms of Proxy should be completed in accordance with the instructions printed thereon and returned to Capita Asset Services as soon as practicable and, in any event, so as to be received by not later than 2.30 pm on 24 February 2016. Completion and return of a Form of Proxy will not preclude shareholders from attending the General Meeting and voting in person should they so wish.**

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Expected Timetable of Events

Latest time for receipt of Forms of Proxy for the GM	2.30 pm on 24 February 2016
General Meeting	2.30 pm on 26 February 2016
Completion of the Disposal	No later than 30 April 2016

Definitions

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise:

“AIM Rules”	the AIM Rules for Companies published by London Stock Exchange
“AIM”	the market of that name operated by London Stock Exchange
“Act”	the Companies Act 2006 (as amended)
“Company” or “Herencia”	Herencia Resources plc
“Directors” or “Board”	the board of directors of Herencia
“Disposal”	the proposed disposal by the Company of up to 100 per cent of its interest in Herencia Chile
“General Meeting”	the general meeting of the Company convened for 2.30 pm on 26 February 2016 (or any adjournment of it)
“Form of Proxy”	the form of proxy despatched with this document for use by Shareholders at the GM
“Group”	Herencia and its subsidiary undertakings at the date of this document
“Herencia Chile”	Herencia Resources (Chile) SA
“London Stock Exchange”	London Stock Exchange plc
“Next Minerals”	Next Minerals SA
“Ordinary Shares”	ordinary shares of 0.1p each in the capital of the Company
“Proposal”	the Disposal, subdivision and redesignation of shares and the authority to issue further shares and the disapplication of pre-emption rights.
“Registrar”	Capita Asset Services
“Shareholders”	holders of Ordinary Shares
“Tarapaca”	Tarapaca Resources (Bermuda) Limited and Tarapaca Holdings (BVI) Limited
“Term Sheet”	the conditional binding term sheet entered into between Tarapaca, Herencia Chile and Next Minerals dated 3 February 2016

Part I - Letter from the Chairman of Herencia Resources plc



Herencia Resources plc

Registered in England and Wales No. 5345029

Directors:

Hon J Moore AO (Non-executive chairman)
G Sloan (Managing Director)
J Russell (Non-Executive)

Registered Office:

One America Square, Crosswall,
London EC3N 2SG

10 February 2016

Dear Shareholder

Proposed Disposal of Herencia Resources (Chile) SA, Subdivision and Redesignation of Shares and Authority to Issue Further Shares

Introduction and Background to the Disposal

The Company announced on 3 February 2016 the signing of a conditional binding term sheet with Next Minerals, a private Chilean mining company. Pursuant to the Term Sheet, Herencia, through its wholly owned subsidiary Tarapaca, will dispose of up to 100 per cent of the Company's Picachos copper project (this is held by an intermediate wholly owned subsidiary Herencia Chile), and the Pastizal project (further details of the Company's Picachos and Pastizal projects are set out below). The Company is expecting to sign a formal option agreement with respect of the Pastizal project with the owner shortly. At its election, Next Minerals can ultimately acquire 100 per cent of Herencia Chile and therefore 100 per cent of the Picachos and Pastizal projects. The Agreement is conditional on, *inter alia*, shareholder approval and Next Minerals finalising their current due diligence.

The Disposal

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 Picachos 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.

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 the Pastizal Project

The Pastizal project is located immediately adjacent to the south-west boundary of the Picachos project. In late 2015, Herencia executed a binding Term Sheet to acquire 100% of the Pastizal tenement. The terms of the option agreement were outlined in RNS 29 October 2015. Since then work has indicated the Pastizal mineralisation could be within the same limestone unit that hosts the 40M Shaft mineralisation, highlighting the potential of the Pastizal tenement. Signing of the formal option agreement has been delayed whilst the Next Agreement was being finalised. Signing of the Pastizal option agreement is one of the condition precedents of the Next Minerals Agreement and the Company will look to complete formal signing during the due diligence period.

There is no turnover relating to the Picachos project and a current book value of £1.36m (as at 30 June 2015) although the Directors believe the actual value to be substantially higher.

Reasons for the Disposal and Other Proposals

The key reasons for the Disposal of the Picachos project can be attributed to the current poor state of the global markets, falling commodity prices, both of which have restricted the Company's ability to raise sufficient funds to meet ongoing expenditure and to develop the Picachos and Pastizal projects. Over a period of time the Company engaged in talks with several groups all of which expressed strong interest in partnering Herencia with Picachos however these were terminated as negotiations extended beyond what the Company deemed reasonable timing or their terms were unacceptable.

Notwithstanding the cost cutting measures the Company has put in place, its working capital position is constrained and the Directors believe that its current working capital position is sufficient to meet operating costs for approximately one month. The Disposal of the Picachos project is viewed by the Directors as being a critical step in managing the Company's working capital position, hence the Board's recommendation to shareholders to approve the Disposal.

The Company also has a number of fundraising options it is negotiating and it expects to be able to provide an update on these very shortly, although there can be no guarantee at this stage that any of these will be completed. The Directors therefore propose an authority to allow further shares to be issued if required.

Financial effects of the Disposal and Profits attributable to Herencia Chile

Even though the Disposal of the Picachos project may result in the Company selling off 100% of Herencia Chile, and therefore the Picachos Project, the proceeds from the sale will allow the Company to clear its balance sheet, provide ongoing working capital and provide sufficient funds to either re-focus on its remaining assets, such as

Paguanta (if zinc-silver prices continue to rise), or pursue other opportunities. The Company also has a number of other, larger projects including Paguanta and Guamanga, which it will be able to focus on going forward. There are no profits attributable to Herencia Chile.

Summary of the terms of the Disposal

The key terms of the binding Agreement are as follows:

- It is conditional upon, inter alia, :
 - the consent of shareholders of Herencia, to be given at a general meeting of the Company which will be convened by the notice contained in this circular;
 - a three (3) month due diligence process during which Next Minerals will meet most of Herencia Chile's in-country operational expenses on the Picachos project and the Company's team will assist with the due diligence process
- Next Minerals will initially pay Tarapaca US\$2 million for 35 per cent of Herencia Chile no later than 30 April 2016 and inject up to US\$2 million over a 15 month period into Herencia Chile for a further 35 per cent.
- After 6 months, Next Minerals can elect to pay Tarapaca a further US\$625,000 cash to acquire an additional 7.5 per cent of Herencia Chile.
- After a further 9 months, Next Minerals can elect to pay Tarapaca a further \$2.5 million to acquire the remaining 22.5 per cent of Herencia Chile.
- If Next Minerals makes the initial payments, but do not take up these additional amounts then the project will be operated as a joint venture with Herencia.

Should Next Minerals elect to acquire the entire issued share capital of Herencia Chile, the total consideration payable under the agreement to Tarapaca is US\$5.125 million (approximately £3.6 million).

Further details of the terms of the Disposal are set out in Part II of this document.

Current trading and future prospects

Should shareholder approval be received for the Disposal and if Next Minerals were to take up their right to acquire 100% of Picachos, the Company will receive US\$5.125 million in cash over an 18 month period (this includes the due diligence period). These funds will enable the Company to clear its balance sheet and have sufficient cash to invest in its current assets or an alternative projects. The directors believe the Company will then have cash, zero debt, existing assets such as Paguanta, La Serena and Guamanga, a strong established technical team, low operating costs and the possibility of adding an additional low cost near term or producing Chilean project to its asset base.

Application of Sale Proceeds

The Directors believe that this proposal represents a positive development for the Company. Assuming the transaction proceeds it intends to use the proceeds of the

disposal to assess a number of new opportunities the Company has been reviewing and to assist with development work on the Company's existing projects; for working capital purposes. The Picachos project and Pastizal project does not represent all or substantially all of Herencia's activities or assets, so that in the event that Next Minerals ultimately acquires 100% of Picachos, Herencia will initially focus its efforts on developing its other key assets – Paguanta and Guamanga, in addition to exploring other opportunities in the natural resources sector within Chile.

General Meeting

The disposal amounts to a fundamental change of business in accordance AIM Rule 15 of the AIM Rules. As such it requires shareholder approval. A notice of General Meeting is included in this Circular.

In addition, by law, a company cannot issue new shares at a price below the nominal value of those shares. Herencia's shares have a nominal value of 0.1p, but its share price has been below this for some time. As a result, Herencia has struggled to issue new shares to raise funds, because it would have to issue them for at least 0.1p - not an attractive proposal to investors when the market price is significantly below that. The Directors are proposing a subdivision of each Ordinary Share into 1 ordinary share of 0.01p ("**New Ordinary Share**") and a deferred share of 0.09p ("**Deferred Share**"), (together the "Reorganisation"). The deferred shares are essentially valueless and will not carry any voting or dividend rights - meaning the only significant change is the nominal value, allowing the Company to issue shares in the future at any price above 0.01p.

No shareholders stake will be affected by the restructuring, with the changes expected to take effect on 26 February 2016 if approved by shareholders at a general meeting to be held on the same day.

Immediately following the Reorganisation becoming effective, each Shareholder's holding of New Ordinary Shares will be the same as their number of existing Ordinary Shares. Therefore, each Shareholder's proportionate interest in the Company's issued ordinary share capital will, and thus the aggregate value of their holding should, remain unchanged as a result of the Reorganisation.

Following the Reorganisation, and assuming no further Existing Ordinary Shares are issued between the date of the Circular and the Reorganisation becoming effective, the issued share capital will comprise 4,266,609,563 New Ordinary Shares and 4,266,609,563 Deferred Shares.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Conditional on, inter alia, the passing of the Resolutions, it is expected that Admission will become effective and that dealings in the New Ordinary Shares on AIM will commence on 29 February 2016.

Further the Directors are also proposing to take an authority to issue ordinary shares over the equivalent of 10 per cent of the existing share capital and to dis-apply pre-emption rights in relation to any share issue under the authority.

Action to be taken

A Form of Proxy and a Form of Instruction for use at the General Meeting are enclosed with this Document.

Shareholders holding Ordinary Shares in certificated form should complete and sign the Form of Proxy and return it to Capita Asset Services at 54 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event to be received not later than 2.30 pm on 24 February 2016 or 48 hours before any adjourned meeting (excluding any part of the day which is not a working day).

The return of a Form of Proxy will not, however, prevent a Shareholder from attending the General Meeting and voting in person, should he/she wish to do so. Shareholders who wish to attend in person should bring photographic identification with you.

Further information

Your attention is drawn to the summary of the terms of the Disposal in Part II.

Recommendation

Your Directors consider the Proposals to be in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend you to vote in favour of the resolution to be proposed at the General Meeting as they intend to do in respect of their own beneficial shareholdings of 87,770,398 Ordinary Shares, representing 2.06 per cent, of Herencia Resources plc current issued share capital.

Yours faithfully

Hon J Moore AO
Chairman

Part II - Summary of the Terms of the Disposal

The Binding Term Sheet provides for the initial sale of 35 per cent of Herencia Chile for US\$2,000,000. It is conditional upon:

1. The disposal of Project La Serena and any other assets not relating to the Picachos and Pastizal projects;
2. Completion of the due diligence to Next Minerals' satisfaction;
3. The granting of all corporate or governmental approvals by Tarapaca Resources (Bermuda) Limited and Tarapaca Holdings (BVI) Limited;
4. Herencia Chile obtaining all necessary approvals, waivers and consents by any relevant authority and/or under third party agreements;
5. Shareholder consent; and
6. The execution of:
 - a. The Pastizal Option Agreement;
 - b. The amendment of the Picachos Option Agreement; and
 - c. The Plants Option Agreement

In each case to the satisfaction of Next Minerals.

There is a long stop date for completion of the initial purchase of 30 April 2016 (First Completion")

Following First Completion Next Minerals have the option to subscribe a further US\$2,000,000 to Herencia Chile for a further 35 per cent of Herencia Chile, diluting the Company's holding to 30 per cent.

Next Minerals have further options to purchase 7.5 per cent of Herencia Chile for US\$625,000 by 31 October 2016 and the final 22.5 per cent owned by Tarapaca for US\$2,500,000 exercisable by 31 July 2017.

Under the Term Sheet Tarapaca Resources, Tarapaca Holdings and Herencia Chile give certain warranties and representations to Next Minerals normal in a transaction of this type.

The agreement is governed by the laws of Chile.

Dated 10 February 2016

Notice of General Meeting

Notice is hereby given that a General Meeting of Herencia Resources plc will be held at One America Square, Crosswall, London EC3N 2SG at 2.30 pm on 26 February 2016 to consider and, if thought fit, pass the following resolutions 1, 2 and 3 as ordinary resolutions and resolutions 4 and 5 as special resolutions.

ORDINARY RESOLUTIONS

1. THAT the disposal by Tarapaca Resources (Bermuda) Limited and Tarapaca Holdings (BVI) Limited, the Company's subsidiaries, to Next Minerals SA of up to 100 per cent of the issued share capital of Herencia Resources (Chile) SA in accordance with the terms of the binding term sheet dated 3 February 2016 ("Term Sheet") be approved and that the Directors of the Company be authorised to take all such steps as any of them may consider necessary or desirable to implement and give full effect to the intentions of the parties under the Term Sheet (including by waiver or variation of the terms and conditions of the Term Sheet).
2. THAT each ordinary share of 0.1p be subdivided into 1 ordinary share of 0.01p and 1 deferred share of 0.09p with the rights set out in the Articles of Association as amended by resolution 5 below.
3. THAT, in accordance with section 551 of the Companies Act 2006 (**CA 2006**), the the directors of the Company (**Directors**) be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (**Rights**) up to an aggregate nominal amount of £426,660.00 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date of the Company's next Annual General Meeting save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares [or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
This authority revokes and replaces all unexercised authorities previously granted to the Directors but without prejudice to any allotment of shares or grant of Rights already made or offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTIONS

4. THAT, subject to the passing of resolution 3, the Directors be given the general power to allot equity securities (as defined by section 560 of the CA 2006) for cash, either pursuant to the authority conferred by resolution 3 or by way of a sale of treasury shares, as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall be limited to:
 - a. the allotment of equity securities in connection with an offer of equity securities by way of a rights issue only):
 - i. to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - ii. to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- b. the allotment (otherwise than pursuant to paragraph 4(a)(i) of this resolution) of equity securities to any person up to an aggregate nominal amount of £426,660.00,

provided that this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company to be held in 2016. The Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

5. THAT the Articles of Association be amended by the addition of a new Article 4.7 as follows:

“4.7.1 The Deferred Shares may be redeemed by the Company at any time at its option for £0.01 for all the Deferred Shares registered in the name of any holder without obtaining the sanction of the holder or holders and pending the transfer and/or purchase, retain the certificates (if any) in respect of them.

4.7.2 The creation or issue of Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time after that creation or issue to appoint any person to execute or give on behalf of the holder of those shares a transfer of them to such person or persons as the Company may determine.

4.7.3 The Deferred Shares shall carry no votes, no rights to a dividend and shall be entitled to an aggregate payment of £1 on a return of capital after the nominal value of the ordinary shares has been returned to them.”

By order of the Board

B Harber

**Registered Office
One America Square
Crosswall
London EC3N 2SG**

Date 10 February 2016

Notes:

Entitlement to attend and vote

1. Only those members registered on the Company’s register of members at 6.00pm on 24 February 2016 or if this Meeting is adjourned, at 6.00 pm on the

day two days prior to the adjourned meeting shall be entitled to attend and vote at the Meeting.

Attending in person

2. If you wish to attend the Meeting in person, please bring photographic identification with you to the meeting.

Appointment of Proxies

3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
4. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of Proxies" section. Please read the section "Nominated Persons" below.
5. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in a calculation of votes for or against the resolution. If no voting indication is given, our proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy using hard copy proxy form

8. The notes to the proxy form explain how to direct your proxy, how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and received by Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 2.30pm on 24 February 2016.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the Company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

When you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
 - a. By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
 - b. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of authority) must be included with revocation notice.

In either case, the revocation notice must be received by Capita Asset Services of PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 2.30 pm 24 February 2016.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

12. As at 5 pm on 9 February 2016, the Company's issued share capital comprised 4,266,609,563 ordinary shares of 0.01 p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total

number of voting rights in the Company as at 5 pm on 9 February 2016 is 4,266,609,563.