

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 the entire issued share capital of Paguanta Resources
(Chile) SA**

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 3.00 pm on 3 June 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 3.00 pm on 1 June 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	3.00 pm on 1 June 2016
General Meeting	3.00 pm on 3 June 2016
Completion of the Disposal	No later than 10 June 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)
“ASX”	Australian Securities Exchange
“Company” or “Herencia”	Herencia Resources plc
“Directors” or “Board”	the board of directors of Herencia
“Disposal”	the proposed disposal by the Company of 100 per cent of its interest in Paguanta Resources (Chile) SA
“General Meeting”	the general meeting of the Company convened for 3.00 pm on 3 June 2016 (or any adjournment of it)
“Form of Proxy”	the form of proxy despatched with this document for use by Shareholders at the GM
“GMR”	Golden Rim Resources Ltd
“Group”	Herencia and its subsidiary undertakings at the date of this document
“London Stock Exchange”	London Stock Exchange plc
“Ordinary Shares”	ordinary shares of 0.1p each in the capital of the Company
“Paguanta Resources”	Paguanta Resources (Chile) SA
“Proposal”	the Disposal
“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 the Company and GMR dated 9 May 2016

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

13th May 2016

Dear Shareholder

Proposed Disposal of Paguanta Resources (Chile) SA

Introduction and Background to the Disposal

The Company is pleased to announce that it has signed a conditional Term Sheet with Golden Rim Resources Limited, a public company listed on the Australian Securities Exchange, to acquire the Company's subsidiary Paguanta Resources (Chile) SA. Paguanta Resources holds 70% of Compania Minera Paguanta S.A. which, in turn, wholly owns the Paguanta Project.

The Agreement is conditional upon several condition precedents including, inter alia, successful due diligence by GMR, and both parties obtaining all necessary consents and approvals. It is agreed that the parties will negotiate in good faith to enter into a formal agreements within 28 days (or such later date as may be agreed by the parties in writing), otherwise the agreement will terminate.

The transaction as proposed is viewed as a fundamental change of business pursuant to AIM Rule 15 and accordingly is conditional on the consent of Shareholders being given in a general meeting of the Company.

The Disposal

About the Paguanta Project

The Paguanta 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. It is 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 the Paguanta project.

Reasons for the Disposal

The key reasons for the Disposal of the Paguanta 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 its projects. The Directors believe in the Paguanta project and a zinc price revival, but the timing of this revival continues to frustrate the Company and given its requirement for funds the Board has resolved to focus on Picachos and believe the Disposal is in the best interests of the Company and the Shareholders.

As part of the Company's cost management program, the Company has renegotiated payment terms for the Picachos option payment now due. The US\$290,000 option payment now due on the Picachos Licence will be paid in two tranches, Tranche 1 of US\$175,000 has been paid and a further US\$115,000 will be paid in approximately 3 weeks. The second payment is subject to the new Picachos Option payment terms being ratified by the court notary. A further announcement will be made shortly to advise shareholders of the new agreement being ratified along with the new terms.

With the revised Picachos Option payment schedule and Tranche 1 Deposit, referred to below, from GMR the Company will have sufficient working capital to last until approximately the end of May 2016. There can be no guarantee that the Company will be able to continue to trade after that time.

If the Tranche 2 Deposit from GMR is drawn down from GMR the Company will have sufficient working capital to last until approximately the middle of June 2016. Further updates will be provided in due course.

The Company continues to explore other funding options and is currently in discussions with a number of other parties.

Financial effects of the Disposal and Profits attributable to Paguanta Resources

Even though the Disposal of the Paguanta project will result in the Company disposing of 100% of Paguanta Resources, and therefore the Paguanta project, the proceeds from the sale will allow the Company to clear its balance sheet, provide ongoing working capital and provide sufficient funds to focus on its remaining assets, such as Picachos, and to pursue other opportunities. There are no profits or turnover attributable to Paguanta Resources, it has a current book value of £12.3 million.

Summary of the terms of the Disposal

The key terms of the transaction, subject to condition precedents, are as follows:

- The consideration for the sale and purchase of Paguanta Resources Shares, being free of any encumbrance.
 - A cash consideration of US\$1.5 million;
 - GMR will pay all taxes associated with the transaction not to exceed US\$50,000.
- GMR will agree to pay up to US\$2.1 million towards certain contingent

liabilities.

- In addition, GMR will agree to issue (subject to obtaining all necessary approvals including shareholder approval) US\$800,000 worth of fully paid ordinary shares issued in the capital of GMR (Share Consideration) at a 20-Day VWAP upon GMR making a “decision to mine” at the Paguanta project within 5 years from completion of the transaction. If a “decision to mine” is not made within 5 years from the date of Completion, the Share Consideration will not be payable. A “decision to mine” is defined as “resolving to commence commercial mining operations over any of the area that is currently comprised of the Paguanta concessions”.

From the execution of the Term Sheet, until the earlier of execution of the formal agreements or 28 days following, the Company will provide GMR an exclusivity period where it will not look to entertain offers from other parties for the Paguanta project. In consideration for the exclusivity period, GMR will agree to pay the Company a US\$220,000 deposit, payable as follows:

- (a) US\$120,000 payable immediately (Tranche 1 Deposit); and
- (b) US\$100,000 upon execution of the formal agreement (Tranche 2 Deposit).

Tranche 1 Deposit is only refundable to GMR if the proposed transaction is not completed for any reason other than as a result of the conditions precedent relating to GMR not being satisfied or waived (for example, if Herencia withdraws from the transaction). However, the Directors are not aware of any reason why the Tranche 1 Deposit would need to be refunded.

Tranche 2 Deposit is refundable to GMR if the proposed transaction is not completed for any reason other than as a result of the due diligence being unsuccessful or GMR Board approval is not forthcoming.

The conditions precedent to completion of the proposed transaction will be set out in the formal agreements. It is proposed that the transaction will be subject to a number of conditions precedent, including the following material ones:

- (a) GMR completing all commercial, operating, technical, taxation, legal and other due diligence to its satisfaction in its sole and absolute discretion;
- (b) GMR obtaining all necessary approvals (including shareholder approvals) under the Corporations Act 2001 and/or the ASX Listing Rules for the transaction; and
- (c) the receipt of GMR board approval for the transaction.

Current trading and future prospects

Should shareholder approval be received for the Disposal and if the Disposal were to complete, the Company will receive US\$1.5 million in cash on completion. These funds will enable the Company to clear its balance sheet and have sufficient cash to invest in its current assets and alternative projects. In this market a Company with cash, zero debt, existing assets such as Picachos, 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, should provide current shareholders and new investors a strong investment opportunity, even at this time of low commodity prices and market uncertainty.

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 Paguanta project does not represent all or substantially all of Herencia's activities or assets so Herencia will initially focus its efforts on developing its other key assets – Picachos 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 and related party transaction in accordance with Rule 15 of the AIM Rules for Companies. As such it requires shareholder approval. A notice of General Meeting is included in this Circular.

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 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event to be received not later than 3.00 pm on 1 June 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.

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

13th May 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 3.00 pm on Friday 3rd June 2016 to consider and, if thought fit, pass the following resolution as an ordinary resolution.

ORDINARY RESOLUTION

THAT the disposal by Tarapaca Resources (Bermuda) Limited and Tarapaca Holdings (BVI) Limited, the Company's subsidiaries, to Golden Rim Resources Limited of the entire issued share capital of Paguanta Resources (Chile) SA in accordance with the terms of the conditional term sheet dated 9 May 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).

By order of the Board

B Harber

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

Date 13th May 2016

Notes:

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at 6.00pm on 1 June 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 3.00 pm on 1 June 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 3.00 pm 1 June 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 12 May 2016, the Company's issued share capital comprised 4,266,609,563 ordinary shares of 0.1 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 12 May 2016 is 4,266,609,563.