

Herencia Resources plc

("the Company")

Proposed subdivision of shares, amendment of Articles of Association, authorisation to allot shares and disapplication of pre-emption rights Notice of Annual General Meeting

The Company confirms that is dispatched a notice to convene its Annual General Meeting be held at One America Square, Crosswall, London EC3N 2SG at 2.30 pm on 29 June 2016, further details of which are set out below.

Introduction and Background to the Proposals

The Company announced on 5 April 2016 that it had entered into binding term sheets with the Australian Special Opportunity Fund and Oriental Darius Co. Ltd to advance to the Company up to US\$500,000 convertible into ordinary shares of the Company at the lenders option. The conversion was subject to shareholder approval and the Company undertook to seek such approval.

The Company further announced on 10 May 2016 that it was proposing to dispose of Paguanta Resources (Chile) SA in order to realise funds that could be used to repay existing indebtedness and to invest in the Company's other assets. The proposed disposal is subject to a number of conditions, however as this disposal is a fundamental disposal pursuant to AIM Rule 15 of the AIM Rules for Companies it is also conditional on shareholder approval. On 10 May 2016, the Company dispatched a circular convening the General Meeting to approve the disposal.

Given the Company's working capital position, also set out in the announcement dated 10 May 2016, the Company is seeking opportunities to raise funds for the Company, including through the issue of further equity. However with the share price currently being 0.03p which is below the nominal value of the Ordinary Shares in issue this is not possible under the Companies Act 2016. It is proposed therefore at the Annual General Meeting to approve the subdivision of each Ordinary Share into one 0.01p ordinary share and one 0.09p deferred share with limited rights. This will involve amendments to the Company's Articles of Association.

The Company is also seeking sufficient authorities to allow the conversion of the Lenders' loans and to allow the placing of further shares, if required.

The Proposals and Annual General Meeting

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 would not be able to issue new shares to raise funds, because it would have to issue them for at least 0.1p. The Directors are proposing a subdivision of each Ordinary Share into 1 ordinary share of 0.01p and a deferred share of 0.09p. 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. The subdivision of shares will require certain changes to the Company's Articles of Association to insert the new deferred share rights.

No shareholders stake will be affected by the restructuring, with the changes expected to take effect on 29 June 2016 if approved by shareholders. 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 30 June 2016.

Further the Directors are also proposing to take an authority to issue ordinary shares up to £426,660 in nominal value which equates to 100% of the existing share capital and to dis-apply pre-emption rights in relation to any share issue under the authority.

It was announced on 15 April 2016 that Graeme Sloan would be stepping down as a director on 30 June 2016. The Company continues to seek a Chief Executive Officer to replace Mr Sloan but in the absence of a replacement he has agreed to remain until such person can be found. As such he retires by rotation as a director in accordance with the Articles of Association of the Company and offers himself for reelection.

The reports of the directors and the financial statements for the year ended 31st December 2015 will be circulated to shareholders shortly together with a Notice of General Meeting to receive the financial statements and to re-appoint the Company's auditors.

For further information please contact:

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References in this announcement to exploration results and potential have been approved for release by Mr Graeme Sloan (BAppSc Mining Engineering WASM) who has more than 20 years relevant experience in the field of activity concerned. Mr Sloan is a Member of the Australasian Institute of Mining and Metallurgy. Mr Sloan has consented to the inclusion of the material in the form and context in which it appears.

Further background details on the Company can be found at www.herenciaresources.com

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