

**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.

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## **Herencia Resources plc**

*(incorporated in England and Wales with Registered Number 5345029)*

**Proposed subdivision of shares, amendment of Articles of Association,  
authorisation to allot shares and disapplication of pre-emption rights**

**Notice of Annual General Meeting**

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Notice of the Annual General Meeting of Herencia Resources plc to be held at One America Square, Crosswall, London EC3N 2SG at 2.30 pm on 29 June 2016, to approve the Proposals, is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the Annual 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 27 June 2016. Completion and return of a Form of Proxy will not preclude shareholders from attending the Annual 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 AGM	2.30 pm on 27 June 2016
Annual General Meeting	2.30 pm on 29 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 plc
“AIM”	the market of that name operated by London Stock Exchange plc
“Act”	the Companies Act 2006 (as amended)
“Company” or “Herencia”	Herencia Resources plc
“Directors” or “Board”	the board of directors of Herencia
“Annual General Meeting” or “AGM”	the annual general meeting of the Company convened for 2.30 pm on 29 June 2016 at One America Square, Crosswall, London EC3N 2SG (or any adjournment of it)
“Form of Proxy”	the form of proxy despatched with this document for use by Shareholders at the AGM
“Lenders”	Australian Special Opportunity Fund and Oriental Darius Co. Ltd
“Ordinary Shares”	ordinary shares of 0.1p each in the capital of the Company
“Proposal”	the subdivision of shares, amendment to the Articles of Association and the authority to issue further shares and the disapplication of pre-emption rights
“Shareholders”	holders of Ordinary Shares

## 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

3 June 2016

Dear Shareholder

### **Notice of Annual General Meeting**

#### **Proposed subdivision of shares, amendment of Articles of Association, authorisation for the allotment of shares and disapplication of pre-emption rights**

#### **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 re-election.

The reports of the directors and the financial statements for the year ended 31<sup>st</sup> 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.

### **Action to be taken**

A Form of Proxy and a Form of Instruction for use at the Annual 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 2.30 pm on 27 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 Annual 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 Annual 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*

3 June 2016

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Herencia Resources plc will be held at the One America Square, Crosswall, London EC3N 2SG at 2.30 pm on 29 June 2016 to consider and, if thought fit, pass the following resolutions, resolutions 1, 2 and 3 as ordinary resolutions and resolutions 4 and 5 as special resolutions.

### ORDINARY RESOLUTIONS

1. To re-elect Graeme Sloan as a director who retires by rotation in accordance with the Company's Articles of Association and offers himself for re-election.
2. THAT the Directors be authorised to subdivide each ordinary share of 0.1p 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 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 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 3(a)(i) and (ii) of this resolution) of equity securities to any person up to an aggregate nominal amount of £426,660.

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 2017. 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, subject to and conditional upon the passing of Resolution 2, 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 3 June 2016

Notes:

**Entitlement to attend and vote**

1. Only those members registered on the Company's register of members at 6.00pm on 27 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 2.30 pm on 27 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 2.30 pm 27 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 2 June 2016, the Company's issued share capital comprised 4,266,609,563 ordinary shares of 0.1p 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 2 June 2016 is 4,266,609,563.