

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

Herencia Completes Paguanta Sale

Summary

- *The Company has executed a formal purchase agreement ("**Agreement**") with Golden Rim Resources Limited ("**GMR**") for the sale of its 70% ownership in the Paguanta zinc, silver and lead Project in northern Chile.*
- *As previously announced (see the announcement dated 10 May 2016), the total consideration is US\$2.3 million in cash and GMR equity, and GMR agreeing to pay up to US\$2.1 million (approximately £1.5 million) towards various contingent liabilities.*
- *To-date GMR has paid Herencia a total of US\$0.227 million, being US\$0.127 million upon execution of the initial conditional term sheet and US\$0.1 million upon execution of formal documentation (as set out in the announcement dated 15 June 2016).*
- *The consideration will be paid in tranches, with:*
 - *US\$0.8 million paid today;*
 - *US\$0.413 million to be paid within 30 days of execution of the Agreement, subject to the payment of specified creditors; and*
 - *US\$0.05 million to be paid within 60 days of execution of the Agreement,*
- *A final amount US\$0.8 million in GMR equity in the event that a decision to mine is made at Paguanta.*
- *GMR will pay all taxes associated with the transaction not to exceed US\$0.05 million.*
- *Golden Rim Resources Limited is a public company quoted on the Australian Securities Exchange ("**ASX**").*

Herencia Resources plc (AIM: HER) is pleased to announce that it has completed the sale of its 70% equity in the Paguanta Project. On 10 May 2016, the Company announced they had entered into a transaction ("**Proposed Transaction**") with Golden Rim Resources (ASX: GMR) under which the Company would sell all of the issued shares in Paguanta Resources (Chile) SA ("**PRC**"), a wholly owned subsidiary of Herencia to GMR. PRC holds 70% of the shares in Compania Minera Paguanta S.A. ("**CMP**") which holds mineral concessions at the Paguanta silver-lead-zinc-copper project in northern Chile.

Completion under the Proposed Transaction was due to take place prior to 4 July 2016, however due to delays with the flow of information; the parties agreed to extend the date of completion to no later than 29 July 2016. On 15 June 2016, the Company made a further announcement with the execution of formal documentation following which GMR provided Herencia with the second tranche of the deposit, totalling US\$0.1 million.

Transaction Details

As previously announced (–see announcement dated 10 May 2016), the total consideration for the sale of the Paguanta Project is US\$2.3 million, with GMR agreeing to pay up to an additional US\$2.1 million (approximately £1.5 million) towards various contingent liabilities.

The US\$2.3 million is payable in \$1.5 million cash and a total of US\$0.8 million in fully paid ordinary GMR shares (**Shares**) to Herencia at an issue price equal to the 20 day volume weighted average price, in the event a decision to mine is made at Paguanta.

The cash consideration under the transaction is payable in instalments and at the signing of the Agreement, Golden Rim has paid a total of US\$1.027 million (including the two deposits previously paid). Prior to the next instalment of

US\$0.423 million, payable within 30 days of execution of the Agreement, all outstanding creditors in PRC and CMP are required to be paid. A final amount of US\$0.05 million is payable within 60 days of execution of the Agreement. The Directors believe these funds will be sufficient to satisfy the Company's working capital requirements for the foreseeable future and these funds will be used to repay creditors, to advance the Company's remaining assets and for working capital purposes.

A full outline of the transaction terms and disclosures relating to this transaction were detailed in the announcement dated 10 May 2016.

Managing Director, Graeme Sloan, commented:

"The sale of Paguanta is an important step forward for the Company given our requirements for funds and our need to focus 100% focus on our Picachos copper project in central Chile. Even though the Board believes the Paguanta Project has a great deal of upside, they also believed that the decision to divest of Paguanta at this time is the right one for shareholders.

Over the past few weeks, the price of copper has improved and markets in general appear a little more open to investing in resource stocks, although still very challenging at the moment. The Picachos Project has enormous potential as demonstrated in our two drilling campaigns and surface and underground geological work completed to date. Given this, our aim is to continue negotiations with parties around our Picachos project whilst developing a feasible production strategy to meet current market conditions and commodity prices.

Finally, on behalf of all Herencia shareholders we wish Golden Rim Resources every success with Paguanta and if an opportunity should present itself we would look forward to working with them in the future".

About Herencia

Herencia Resources plc, is an AIM quoted exploration and development company operating in Chile. In addition to the Picachos Copper Project, the Company also has the Guamanga Copper Project. The Company's corporate office is located in Perth and the main technical and management office is located in Santiago, Chile where it has been operating for over eight years.

About Paguanta

Paguanta 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 Paguanta.

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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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