

Regulatory Story

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Herencia Resources PLC - HER Pastizal and Prodigia Agreed Share Placement
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Herencia Resources plc

("Herencia" or "HER" or the "Company")

Pastizal and Prodigia agreed share placement

As announced on 24 October 2017, Herencia executed an agreement with Consultoria y Servicios Mineros SA for the exploration of Pastizal ("Pastizal Agreement") As part of the terms of that agreement 1,250,000,000 Ordinary Shares were to be issued of which it has been agreed that 580,000,000 ordinary shares will be issued to CSA at a price of 0.03p, and the balance will be issued as set out in the summary below.

Accordingly the Company has today issued 580,000,000 Ordinary Shares to CSA ("CSA Shares"), which represents approximately 6.03% of the enlarged share capital following admission. CSA do not hold any other shares in the Company.

Application has been made for 580,000,000 new Ordinary Shares to be admitted to trading on AIM (the "Admission"), and dealings in the new Ordinary Shares are expected to commence on or around 20 December 2017.

Following the issue of the new Ordinary Shares the total number of Ordinary Shares in issue is 9,611,001,360. There are no Ordinary Shares held in treasury. Therefore, the total number of voting rights in the Company is 9,611,001,360. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest under the Disclosure and Transparency Rules.

The remaining terms of the Pastizal Agreement are summarised below:

Pastizal and 50% Prodigia Purchase Agreement

1. A further 670 million HER shares to CSA conditional upon HER shares averaging at least 0.12 pence for a minimum of 90 days, and on achieving other mutual conditions;
2. 30 months US\$150,000;
3. 42 months US\$200,000;
4. Milestone payments up to US\$2m based on the following timeline and conditions. If the Company decides to proceed with the project subject to combined JORC 2012 Mineral Resource at Picachos and Pastizal exceeding 10 million tonnes grading average copper grade of 1%;
 - 18 months US\$600,000
 - 36 months US\$400,000
 - If 20 million tonnes grading 1% copper identified then maximum payment is US\$2m.
5. Debt payments to CSA of US\$1.2m over 54 months.

The Pastizal Project and Prodigia Tenement

The Pastizal project [pronounced "Pas-tis-cell"] is situated on the south west boundary of the Picachos tenements and located approximately 50 kilometres (km) south of the coastal city of La Serena, 10km west of the existing Carmen de Andacollo copper-gold project operated by Teck Resources and the mining town of Andacollo (population approximately 10,000 people).

The Prodigia tenement is part of the Picachos project and represent 18.61% of the total mining property.

The owner of the Pastizal project and 50% Prodigia Tenement was Consultoria y Servicios Mineros S.A. a small local consultancy group based in Santiago. The consideration to be paid by Herencia to the owner has been determined by reference to the value of the land and the potential upside to the project.

Small scale artisanal mining is presently being undertaken by private miners via small open pit and underground mining operations. The miners sell the copper ore to a government plant some 25 km south of the area.

This limited scale production will be permitted to continue until Herencia is ready to commence its own production however in the meantime this work should provide valuable geological and visual understanding of the mineralisation. This type of small scale mining is typical in Chile.

In addition to the copper grades being mined, the Directors believe that the Pastizal site is an excellent strategic fit for Herencia and its plans to the Picachos

project.

About the Picachos and Pastizal Projects

The Picachos and Pastizal projects are 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 Projects are 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.

Small scale mining is currently being undertaken by private miners via small open pit and underground mining operations. Ore is being trucked to a Chilean government owned processing plant (ENAMI plant) where it is processed. This tribute (private) mining will continue up until the Company acquires 100% of the projects.

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.

Non-Executive Chairman Mr Peter Reeve commented:

"The acquisition of the Pastizal project is a significant step forward for Herencia and expands its footprint in this strongly mineralised copper belt. It is complimentary to Herencia's Picachos tenements and will help the company achieve critical mass in its search for a large copper resource".

Pastizal has had very little formally geological evaluation however small-scale mining currently undertaken on site by the currently owner is recovering high grade copper ore from the mantos structures the company has previously alluded to. It is these high-grade zones which will now become the focus of the company's activity.

Herencia has commence da 3000 metre Reverse Circulation drill program which includes drilling on Pastizal and follows the overall positive geological assessment recently completed by the experienced Geologist John Holliday.

Highlighting the significance of this transaction Mr Reeve also commented that; "Pastizal is adjacent to the Picachos tenements which containing high grade intercepts including amongst others, 117 metres grading 1.14% copper. Both sites are mined by tribute private mining companies down to 50 metres and it is the results coming from this activity which is providing the most promise".

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 in northern Chile and La Serena Copper Project north of Picachos. The Company's main technical and management office is in Santiago, Chile where it has been operating for over eleven years.

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