

Regulatory Story

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Herencia Resources PLC - HER Convertible Notes, Drilling & Working Cap. Update
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**Herencia Resources plc
("Herencia" or the "Company")

Drawdown of Convertible Notes
Drilling Update
Working Capital Update**

Herencia wishes to advise shareholders that it has drawdown US\$400,000 in funding from its two major shareholders, Australian Special Opportunity Fund ("ASOP") and Oriental Darius Co. Ltd ("Oriental"). On 1 April 2016 and 6 June 2016, the Company entered into convertible note facilities which granted ASOP and Oriental the right to invest additional funds at their discretion. Under the 1 April 2016 facility, ASOP and Oriental had a right to invest US\$150,000 each and under the 6 June 2016, ASOP and Oriental had a right to invest US\$50,000 each..

ASOP and Oriental have provided US\$200,000 each to the Company under these two facilities.

The drill program of 22 holes of around 2,400 metres at the Pastizal lease was completed on 29 December 2017. The program was below the planned 3,000 metres as the limestone and chert containing copper mineralization was closer to the surface than assumed.

Herencia is awaiting copper assay results.

Convertible notes

The US\$400,000 provided to the Company by ASOP and Oriental under the above-mentioned convertible note facilities have a Face Value of \$480,000 ("Face Value") and are convertible into ordinary shares no later than 24 months from the date of drawdown.

The convertible notes have the same conversion terms as the original facilities. Under these terms, ASOP and Darius will each have rights to conversion as follows:

1. US\$150,000 of convertible loan notes with a face value of US\$180,000 into shares at an exercise price of £0.0001 ("Conversion Price") from the 1 April 2016 facility. Pursuant to the conversion at a later date, new ordinary shares of 0.01 pence each ("Ordinary Shares"), will be admitted to trading on AIM; and
2. US\$50,000 of convertible loan notes with a face value of US\$60,000 into shares at an exercise price of £0.0003 ("Conversion Price") from the 6 June 2016 facility. Pursuant to the Conversion at a later date, new ordinary shares of 0.03 pence each ("Ordinary Shares"), will be admitted to trading on AIM.

On conversion of the convertible notes set out above, an additional 2,958,597,882 Ordinary Shares will be issued for the face value for the face value of US\$480,000 (subject to the USD/GBP exchange rates at the date of conversion).

Notification of ASOP Interest

As set out on 19 October 2016, if ASOP was to convert all its convertible interests in the Company, including those interests set out in this announcement, its shareholding will increase from 2,519,392,831 to 4,064,309,731 Ordinary Shares representing 38.13% of the enlarged issued share capital of the Company and the Concert Party will hold 40.08% of the total issued share capital of the Company.

Notification of Oriental Interest

As set out on 19 October 2016, if Oriental was to convert all its convertible interests in the Company, including those interests set out in this announcement, its shareholding will increase from 2,371,298,341 to 3,894,547,313 Ordinary Shares representing 36.58% of the enlarged issued share capital of the Company.

Drilling Update at Pastizal Lease

Herencia commenced the proposed 3,000 metre Reverse Circulation (RC) drill program on 6th December 2017 at the prospective Pastizal copper lease adjacent to the Picachos tenement near Andacollo in central Chile.

The drilling program consisting of 22 holes for some 2,400 metres of RC drilling tested the newly acquired Pastizal tenement abutting the Picachos lease. The program was below the planned 3,000 metres and completed earlier than expected on 29 December 2017 as the limestone and chert containing copper mineralization was closer to the surface than assumed.

Herencia is awaiting assay results.

Following the recent geological review of the copper properties, the Company planned the drilling program to test under the current mine workings at Pastizal, Montenegro and Pastizal Norte.

Previous drilling conducted in 2015 on the adjoining Picachos tenements, which hosts the same mantos mineralisation as Pastizal, intercepted mineralisation in 28 of the 29 drillholes with broad zones of medium grade copper interspersed with high grade copper intercepts within the mantos zones. The full details of the 2015 drill program are set out in the announcement dated 26 August 2015.

One of the most interesting results of this style was drilled at the '40m Shaft' prospect (See Figure 1) where significant copper was intersected with; PP 14019 returning:

**91 metres @ 1.42% copper and 13.5 g/t silver
(Including 20 metres @ 3.10% copper and 25.4 g/t silver)**

Herencia expects this type of mineralised pattern to be found over several distinct areas in the tenement block. (See announcements dated 5 December 2017 and 18 December 2017 for more details on Pastizal.)

Working capital update

The Directors estimate that the funding provided under the convertible note facility will provide the Company with sufficient working capital until approximately the end of March 2018; and accordingly the working capital position of the Company remains severely constrained.

Following the release of assays from the drilling program, the board of directors will provide shareholders with an update on new funding initiatives that the Company will look to undertake during the course of this year.

About Herencia

Herencia Resources plc, is an AIM quoted exploration and development company operating in Chile. In addition to the Picachos/Pastizal 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.

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

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