



Herencia Resources PLC - HER Herencia Secures up to US\$200,000 Funding
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Herencia Resources PLC
19 October 2016

Herencia Resources plc

("Herencia" or "the Company")

Herencia Secures up to US\$200,000 Funding

Summary

Herencia is pleased to announce that today it has executed legally binding term sheets with two of its shareholders, the Australian Special Opportunity Fund ("Lind Partners") and Oriental Darius Co. Ltd ("Oriental") or the "Shareholders", to advance the Company up to US\$200,000. The funds will be provided by the Shareholders and will be divided into two Tranches (Tranche 1 totalling \$100,000 and Tranche 2 totalling \$100,000).

Funding - Tranche 1

Tranche 1 funding totalling US\$100,000 will be provided to the Company by the Shareholders by way of a secured convertible facility ("Tranche 1 Facility") with a Face Value of \$120,000 ("Face Value"), the agreed amount to be repaid by the Company over the term of the agreement. Tranche 1 will be drawn down on or before 19th October 2016. The Tranche 1 Facility will have a 0% interest rate per annum, a 24 month term and will be secured against the Company's assets. Subject to the Company receiving all necessary shareholders consents, it is also agreed that the Shareholders will be given the option to convert any outstanding Face Value amounts into ordinary shares in the Company at a price per Share equal to the lower of 0.02 pence or, in the event that the nominal value per Share is reduced in the future, 90% of the average of three daily VWAP's, chosen by the Investor, during the 20 trading days before the conversion ("Conversion Price").

Upon funding the Tranche 1 Facility, the Company has agreed, subject to obtaining all necessary shareholder approvals and consents, to issue the Shareholders options to acquire shares equal to 100% coverage at the time of funding (the "Options"). If granted the Options will be exercisable for 36 months with an exercise price equal to 0.04 pence.

Funding - Tranche 2

The Tranche 2 funds can only be advanced at the discretion of the Shareholders. Subject to receiving all necessary shareholder approvals and consents, it is agreed that the Shareholders will have the option to convert the Tranche 2 funds into ordinary shares, on the same terms as the Tranche 1 funds are converted. In addition, it is agreed that subject to receiving all necessary shareholder consents and approvals the Company will also issue the Shareholders options equal to 100% of the total value of the Tranche 2 face value, which is US\$100,000 (the "Additional Options"). If granted the Additional Options will be exercisable for 36 months with an exercise price exercise price equal to 0.04 pence.

Further updates will be provided when the Tranche 2 monies are drawn down. The additional terms of the loan are set out below.

Shareholder Interest

If Oriental was to convert all its convertible interests in the Company, including those interests set out in this announcement then, in addition to its current shareholding it will hold 6,773,426,573 Ordinary Shares in the Company representing 38.76% of the total issued share capital in the Company.

In addition, if Lind Partners was to convert all its convertible interests in the Company, including those interests set out in this announcement, then in addition to its current shareholding it will hold 7,175,491,784 Ordinary Shares representing 41.06% of the total issued share capital of the Company.

Working Capital Update

The Tranche 1 and Tranche 2 funds will be used to support the Company's working capital position. Following on from the RNS announcement of 16 September 2016 ("General Update"), the new Facility will allow the Company to progress the Board restructure and Corporate Reinvigoration strategy as announced 1 September 2016 and to meet its short term working capital requirements until approximately end of November 2016. There can be no guarantee that the Company will be able to continue trading after this date.

The Company is continuing to explore other funding options including working closely with a number of its major shareholders.

Related Party Approval

As Lind Partners is a substantial shareholder, the agreement with Lind Partners is a Related Party Transaction under AIM Rule 13 to the AIM Rules for Companies, and the directors of the Company, having consulted with its Nominated Adviser, WH Ireland Limited, consider that the terms of the agreement with Lind Partners is fair and reasonable insofar as its shareholders are concerned.

Additional Conditions

The receipt of the Tranche 1 monies is subject to the following conditions:

1. If required by the Shareholders, the Company will, subject to receiving all necessary shareholder approvals and consents, execute and deliver a secured convertible loan note instrument, option agreement and fixed and floating charge with respect to the Face Value of the relevant convertible securities.
2. If required by the Shareholders, the Company will execute a Securities Purchase Agreement.

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 and the La Serena Project. As part of an ongoing cost reduction program, the Company's office located in Perth has been closed and its Chilean office and workforce restructured. The Company still maintains a strong technical and management team in Santiago, Chile where it has been operating for over eight years.

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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