



Herencia Resources PLC - HER Funding Draw Down & Working Capital Update
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Herencia Resources PLC
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Herencia Resources plc

("Herencia" or "the Company")

Funding Draw Down Working Capital Update

Summary

Herencia is pleased to announce that today it received a further US\$50,000 from the Australian Special Opportunity Fund ("Lind Partners") as part of the Convertible Note facility ("being Tranche 2") announced 19 October 2016. The Tranche 2 funding totalling US\$50,000 will be provided to the Company by Lind Partners by way of a secured convertible facility ("Tranche 2 Facility") with a Face Value of \$60,000 ("Face Value"), the agreed amount to be repaid by the Company over the term of the agreement.

Use of Funds and Future Funding

The above funds form part of a larger funding package currently being negotiated with Lind and other investors. The funds draw down will be used to support the Company's working capital position until the larger funding package is in place which is expected to happen around month end. The larger funding package will allow the Company to complete the Board restructure and corporate reinvigoration strategy announced 1 September 2016.

A further update will be provided upon the successful completion of the larger funding negotiations.

The Company confirms that, following the receipt of these funds, it believes its working capital position remains satisfactory until approximately the end of March 2017. However, if the larger funding package referenced above is not advanced, and if no further source of funds can be found, it is unlikely that the Company will be able to continue to trade after this time.

Funding - Tranche 2

As announced 19 October 2016, Tranche 2 funds will have the same conditions as Tranche 1 which was 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 2 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. 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. The Tranche 2 funds are subject to receiving all necessary shareholder approvals and consents. The additional terms of the loan are set out below.

Additional Conditions

The receipt of the Tranche 2 monies is subject to the following condition:

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.

Shareholder Interest

As set out on 19 October 2016, 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.

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 albeit much smaller 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

****ENDS****

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