



Herencia Resources PLC - HER Herencia Secures up to US\$150,000 Funding
Released 07:00 07-Jun-2016

RNS Number : 3690A
Herencia Resources PLC
07 June 2016

Herencia Resources plc

("Herencia" or "the Company")

Herencia Secures up to US\$150,000 Funding

Working Capital

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" and, together with Lind Partners, the "Shareholders") to advance the Company up to US\$150,000. The funds will be provided by the Shareholders and will be divided into two Tranches (Tranche 1 totalling \$50,000 and Tranche 2 totalling \$100,000).

Funding - Tranche 1

Tranche 1 funding totalling US\$50,000 will be provided to the Company by the Shareholders by way of a secured convertible facility ("Tranche 1 Facility") with a Face Value of \$60,000 ("Face Value"), the agreed amount to be repaid by the Company over the term of the agreement. Tranche 1 will be drawn down today. The Tranche 1 Facility will have a 0% interest rate per annum and a 24 month term. 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 0.03 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 0.05 pence.

Funding - Tranche 2

The Tranche 2 funds (US\$100,000) 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\$120,000 (the "Additional Options"). If granted the Additional Options will

be exercisable for 36 months with an exercise price equal to 0.05 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 5,934,265,734 Ordinary Shares in the Company representing 37.02% 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 6,259,306,940 Ordinary Shares representing 39.2% of the total issued share capital of the Company.

Working Capital Update

The directors believe that the funds from Tranche 1 will support the Company's working capital position until approximately the middle of June 2016 and Tranche 2 will support the Company's working capital position until approximately mid-late June 2016. In the event Tranche 2 funds are not received there can be no guarantee that the Company will be able to continue trading after the middle of June 2016. The Company is continuing to explore other funding options.

The Golden Rim Resources ("GMR") transaction to purchase the Company's 70% equity in the Paguanta Project, announced to the market on 10 May 2016, is well advanced. Pursuant to an agreement with GMR, the Company has agreed subject, *inter alia*, to completion of satisfactory due diligence by GMR to dispose of the Company's Paguanta interest for a consideration of up to US\$2.3 million in cash and GMR equity, and GMR agreeing to pay up to US\$2.1m towards various contingent liabilities. To date GMR have paid a total of US\$120,000 with a further US\$100,000 to be paid on signing a formal agreement expected to occur 13 June 2016. Although the due diligence is progressing well, there can be no guarantee that the GMR transaction will proceed. Further updates will be provided in due course.

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.
3. The Company providing an undertaking it will not utilise the authority granted to Directors by shareholders pursuant to Ordinary Resolution 3 and Special Resolution 4 at the upcoming General Meeting (if the Investor requires the Company to call for a General Meeting to vote on the remaining resolutions) or Annual General Meeting (if the Investor requires the Company to add the remaining resolutions at the next AGM), other than with respect to the allotment and issue of the Convertible Security, the Second Convertible Security or the Options (or the convertible security pursuant to the February 2016 Term Sheet) (and the allotment and issue of freely tradable Shares to be issued upon conversion and/or exercise of such securities)(Investor's Securities) and the Company will utilise this authority solely for the allotment and issue of Investor's Securities.

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 70% owned Paguanta Project, a high grade silver-zinc-lead project located in northern Chile. 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.

For further information please contact:

Graeme Sloan, Herencia Resources plc
Katy Mitchell/Nick Prowting WH Ireland Limited (NOMAD)
Jon Belliss, Beaufort Securities Limited (UK)

+61 8 9481 4204
+44 161 832 2174
+44 207 382 8300

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****

This information is provided by RNS
The company news service from the London Stock Exchange

END

MSCEAXKKEFDKEFF

CLOSE

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2014 London Stock Exchange plc. All rights reserved

Herencia Secures up to US\$150,000 Funding - RNS