

12 May 2014

Hunter Resources PLC
("Hunter" or the "Company")
(AIM: HUN)

Update and Increase in Convertible Loan Facilities and Reverse Takeover discussions

Update and Increase in Convertible Loan Facilities

The Company announces that it has agreed an increase in its financing facility previously announced on 30 December 2013 (the "Second Loan") with Marine Investments (WA) Pty Limited ("Marine"), its largest shareholder and holder of the Company's existing convertible loan notes to provide interim funding in connection with the potential transaction referred to below (the "New Tranche"). The terms of the New Tranche are as follows:

- Amount: £100,000, all of which has been drawn down.
- Interest rate: 8% per annum on all drawn balances.
- Security: Unsecured.
- Repayment Date: 30 June 2014 (unless converted into Ordinary Shares).

The New Tranche also includes the right for Marine to convert the outstanding balance of the loan into Ordinary Shares in the Company ("Ordinary Shares") at a conversion price equal to the price that any new Ordinary Shares are issued for cash in relation to the potential transaction that would constitute a reverse takeover ("RTO") under the AIM Rules for Companies, which is outlined below (the "Potential Transaction"). If no such new Ordinary Shares are issued the conversion price will be £0.001p per share

The Company has also agreed revisions to the terms of the £25,868 convertible loan from Marine previously announced on 7 January 2013 (the "First Loan"); the term of the First Loan has been extended to 31 December 2014.

In return for the granting of the New Tranche and the extension of the term of the First Loan, Marine will be issued warrants to subscribe for new Ordinary Shares on the basis of one warrant for every 1.25 Ordinary Shares converted from the Second Loan including the New Tranche. These warrants to be exercisable until 3 after the date of grant, at a price equivalent to a 15% premium to the price that any new Ordinary Shares are issued for cash in relation to the potential RTO (the "Warrants").

The granting of the Facility and the Warrants constitutes a related party transaction under the AIM Rules, as Marine is a substantial shareholder in the Company (as defined in the AIM Rules for Companies). The Board consider, having consulted with Allenby Capital Limited, the Company's nominated adviser, that the terms of the Facility are fair and reasonable insofar as the Company's shareholders are concerned.

Potential Transaction

The potential RTO (as announced on 30 December 2013) involving the acquisition of Gold Hunter SAC and its interest in Project Pampamali, the high to medium grade gold – silver and base metal credits project in Peru, is progressing well. The Board hopes to send out shortly a notice of a general meeting of shareholders, including the full information required under the AIM Rules for Companies for a RTO.

Chairman's comment

Simon Hunt, Executive Chairman of Hunter said "I am pleased to report that we have received this additional financial support from Marine in anticipation of completing the RTO as soon as possible. This shows a significant further commitment to the very interesting potential reverse takeover transaction we are pursuing. We look forward to completing the RTO and to progressing the project".

ENDS**For further information, please contact:**

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