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Paternoster Resources PLC  
02 February 2016

**Paternoster Resources plc**  
("Paternoster" or the "Company")

**Announcement by MX Oil plc**  
**And**  
**Change of name of Nominated Adviser and Broker**

**Announcement by MX Oil plc**

Paternoster notes the announcement by MX Oil plc ("MX Oil") this morning, an investee company of Paternoster, which is set out below without revision:

"Further to its announcement on 25 January 2016, MX Oil is pleased to provide an update in connection with the proposal it has received for its Nigerian investment in the proven Aje Field offshore Nigeria.

The Directors believe a sale of its Nigerian investment is an attractive option for the Company and they have today signed a term sheet with the proposed purchaser who is part of an established international oil and gas group.

Under the terms of the proposal, the Company will receive US\$18 million for the sale of its investment upon meeting certain conditions as set out below. Initially up to US\$3.5 million will be advanced to the Company in two stages after the signing of binding legal documentation. These funds will be used to finance the remaining cash calls expected to be required for the investment in order to bring the underlying asset into production.

The proposed purchaser will then have the right to acquire the investment, which is most likely to be when initial oil production commences. On exercise of this acquisition right, the Company will receive one payment of US\$5.75 million and then a second payment of US\$5.75 million six months later. The balance of US\$3 million will then be paid in three annual US\$1 million instalments from the date of the exercise of the acquisition right, although these payments may be accelerated in the event that the oil price exceeds US\$45 per barrel for a three month period.

If, for whatever reason, the purchaser decides not to exercise its acquisition right then the amount initially advanced will either be repaid, converted into a convertible loan in the company holding the investment or become a secured loan to be repaid from the cash flow generated from oil production.

Clearly, whilst good progress has been made so far and the Company is moving towards the signing of legal documentation within the next few weeks, the transaction is still subject to contract and the completion of due diligence and therefore there can be no guarantee that a transaction will either be completed at all or on the above terms.

The Company is also pleased to announce that it has raised £560,000 from a placing (the "Placing") of 44.8 million ordinary shares at a price of 1.25 pence per share (the "Placing Shares"). Application will be made for the Placing Shares to be admitted to trading on AIM ("Admission") and it is expected that Admission will become effective on or around 8 February 2016. The Placing Shares will rank pari passu with the existing ordinary shares of the Company (the "Ordinary Shares"). The Placing does not require shareholder approval as it is at a price above the nominal value of the Ordinary Shares.

In accordance with the terms of the convertible loan notes the Company issued in December 2015, certain of the loan note holders have the right to convert their notes at the price of the first placing that takes place subsequent to their issue but prior to redemption. The loan note holders therefore have 20 business days to decide whether to convert their convertible loan notes at a price of 1.25 pence per share.

Following the Placing but before the conversion of any convertible loan notes, the Company will have 424,095,737 Ordinary Shares in issue, each share carrying the right to one vote. The Company does not hold any Ordinary Shares in treasury. The above figure of 424,095,737 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

Against this background, the Company will continue to review all of its financing options and in order to maintain maximum flexibility, it intends to proceed with a reorganisation of its share capital. It has therefore today posted a circular to shareholders convening a general meeting for 18 February 2016 in order to seek shareholder consent for this capital reorganisation which would permit the Company to issue new Ordinary Shares at a price below 1 pence, the nominal value of each Ordinary Share. This circular will be available on the Company's website, [www.mxoil.com](http://www.mxoil.com).

Further announcements will be made in due course."

### **Change of name of Nominated Adviser and Broker**

The Company also notifies that its Nominated Adviser and Joint Broker has changed its registered name from Westhouse Securities Limited to Stockdale Securities Limited.

For more information please contact:

Paternoster Resources plc:

Nicholas Lee, Chairman

+44 20 7580 7576

Matt Lofgran, Non-Executive Director

+1 480 993 8933

Nominated Advisor and Joint Broker:

Stockdale Securities

Antonio Bossi/David Coaten

+44 20 7601 6100

Joint Broker:

Peterhouse Corporate Finance

Lucy Williams

+44 20 7562 3351

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