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Paternoster Resources PLC
12 June 2017

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PATERNOSTER RESOURCES PLC

"Paternoster" or the "Company"

Quarterly Update to 31 March 2017

Paternoster Resources plc, the AIM quoted investing company focused on the natural resources sector, is pleased to provide a quarterly update for the three months to 31 March 2017.

Highlights

· Net asset value per share was 1.8 times the share price as at 31 March 2017

· Total cash held was equivalent to 32% of market capitalisation at the period end

· Listed investments and cash represented 1.4 times market capitalisation at the period end

· Around 83% of the investment portfolio, which is currently worth around £3 million, now comprises cash and listed investments

· GAEA Resources Limited became a major shareholder

Nicholas Lee, Chairman of Paternoster, commented:

"Since 31 December 2016, the Company's net assets have decreased, principally due to the fall in the Plutus PowerGen plc ("Plutus") share price as a result of uncertainty surrounding the statement by OFGEM with respect to TRIAD payments to local embedded power generators. Plutus, however, is confident in its business model going forward and, since the period end, its share price has already recovered significantly, increasing by over 25%. Furthermore, Alecto Minerals plc is expected to come back to the market shortly having made a transformational acquisition. Also, through its investment in Glenwick plc, the Company is expected to receive shares in i3 Energy Limited when it completes its listing on AIM. We are therefore looking forward to an uplift in net assets in the short term. Also, during the first quarter, we welcomed a new major shareholder and expect this relationship to provide significant benefits to the Company going forward."

The key unaudited performance indicators are set out below.

COMPANY STATISTICS	31 March 2017	31 December 2016	Change
Net asset value	£3,057,678	£3,657,304	(16.4)%
Net asset value - fully diluted per share	0.301p	0.361p	(16.6)%
Closing share price	0.17p	0.18p	(5.6)%
Share price premium/(discount) to net asset value	(44%)	(50%)	-
Market capitalisation	£1,728,234	£1,829,894	(5.6)%

Category	Principal investments	Cost or valuation (£) at 31 March 2017
Listed investments	Metal Tiger plc, MX Oil plc, Plutus PowerGen plc, Shumba Coal Limited, Pires	1,924,441

	Investments, Ortac Resources Limited, Polemos plc and Alecto Minerals plc	
Cash resources		555,450
Cash and listed investments		2,479,891
Unlisted investments		522,149
Total		3,002,040

Details of some of the developments during the period at certain of the Company's investments are set out below:

Plutus PowerGen plc

During Q4 2016, the Plutus share price increased from 1.5 pence to 2.6 pence, however, in Q1 2017 it fell significantly as a result of the uncertainly surrounding the OFGEM statement regarding TRIAD payments to local embedded power generators. Given that Plutus benefits from multiple earnings streams, it believes that its business model going forward continues to be attractive. It also has a number of projects in the pipeline that are expected to deliver additional fees and revenues. Since the period end, the company's share price has already recovered by over 25%.

Alecto Minerals plc

The company continues to progress the proposed acquisition of the Mowana Copper Mine in Botswana ("Mowana"). As this constitutes a reverse takeover under the AIM Rules for Companies, the company's shares continue to be suspended.

Production at Mowana is now ongoing on a full-time basis following completion of the first blast on 29 April 2017 and a successful trial period which saw the company produce saleable concentrate comprising up to 28% copper ("Cu"). To date, over 1,900 tonnes of copper concentrate have been produced and sold to Alecto's offtake partner Fujax Minerals and Energy Limited.

A Competent Persons Report ("CPR") on Alecto's African assets and Mowana has now been completed by Wardell Armstrong International, representing an important milestone towards the publication of the admission document required to enable Alecto to recommence trading on AIM.

The CPR reports a current resource of circa 172Mt at 0.84% Cu, of which 26Mt sits within two existing pre-stripped 350 metre deep pits. These pits represent the main areas of current operation. The company intends to increase production to an annualised rate of 12,000 tonnes Cu in Q3 2017. Production costs are expected to average US$1.5/ lb over the mine life based on an average metallurgical recovery of 91%. The CPR reports an NPV of US$87.5 million for the initial 12,000 tonnes Cu production scenario based on an average copper price of US$2.8/ lb and a discount rate of 10%.

Alongside its current mining activities at Mowana, the company intends to undertake additional test work over the coming months to finalise its decision on the installation of a Dense Media Separation ("DMS") unit. If pursued, this technology is anticipated to facilitate a significant increase in throughput to 2.6Mtpa to produce around 23,000 tonnes of Cu per annum by Q3 2018. This will dramatically enhance the mine economics and increase the project's NPV to US$245 million. As the company announced in December 2016, it has conditional funding for a DMS of US$20m. Additional upside potentially exists by developing an underground operation in the future to access the rest of the resource, which is located down dip and along strike from the open pits currently being mined. An underground operation has the potential to increase the life of mine to 20 years.

Ortac Resources Limited

In April 2017, the company announced that it has entered into an agreement to form a joint venture with a Slovakian company to jointly develop the Sturec Gold Project at Kremnica. The Sturec project has a reserve of just under 900,000 oz gold equivalent which has progressed to pre-feasibility stage. Meanwhile, the process for final validation of the underground mining license, as announced on 17 March 2017, continues on track.

In May 2017, the company raised £2 million before expenses and invested US$2 million in a convertible loan note issued by Casa Mining Limited ("CASA"). Following conversion and, including its existing investment, the company would become CASA's largest shareholder with around 45%. CASA is a private company that holds prospective gold mining and exploration licences in the Democratic Republic of Congo. CASA holds three contiguous mining licenses (covering a total 133km^2), issued in March 2015 and valid for 30 years. At CASA's most advanced project, the Akyanga Deposit, SRK has reported a Mineral Resource within a $1,200/oz gold selling price and 0.5 g/t Au cut-off grade optimised pit shell. This comprises an Inferred oxide gold Mineral Resource of 5.5 Mt at a grade of 1.5 g/t Au for approximately 272 koz of contained metal. SRK has further reported an Inferred transition gold Mineral Resource of 16.2 Mt at a grade of 1.8 g/t Au for approximately 927 koz of contained metal.

MDM, in conjunction with SRK, completed a scoping feasibility study for the Akyanga deposit resulting in an ungeared NPV (8%) and IRR of $171m and 35% respectively at a $1,300/oz gold price. This assumes a contract mining scenario with an initial capital cost estimate of $87.4m and a total operating cost of $628/oz.

Pires Investments plc

Pires Investments plc continues to actively review various investment opportunities and other strategies to deliver value to shareholders.

Polemos plc

Polemos plc has recently invested in Oyster Oil and Gas Limited ("Oyster"), a company already listed on the TSX. Oyster currently operates four blocks in the Republic of Djibouti (100% interest) of which three blocks are located onshore and one block offshore. It also operates a 100% working interest in a large onshore block in the Republic of Madagascar. Oyster is expected to seek a listing on AIM in the coming months.

Glenwick plc

Glenwick plc ("Glenwick") is continuing to progress the acquisition of 100% of the share capital of Cora Gold Limited which would constitute a reverse takeover ("RTO") under the AIM Rules. Glenwick is not currently listed and so as part of any transaction would seek admission to AIM.

Furthermore, i3 Energy Limited ("i3") in which it holds £1.1 million of pre-IPO convertible loan notes, is seeking to complete an IPO by the end of Q2. It is expected that once the IPO of i3 is complete, the convertible loan note will be converted and shares in i3 will be passed through to the shareholders of Glenwick. Paternoster will receive a pro-rata entitlement to the i3 shares on distribution to Glenwick shareholders. The conversion price is expected to be at a significant discount to the price at which any new shares in i3 are subscribed for by investors at the time of the IPO.

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