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Paternoster Resources PLC
15 June 2016

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

Final results for the year ended 31 December 2015

Paternoster Resources plc (AIM: PRS), an investment company focused on the natural resources sector, is pleased to announce its audited final results for the year ended 31 December 2015.

Nicholas Lee, Chairman of Paternoster, commented: "The Company has made good progress this year in building its net asset value. We are now well positioned to continue this growth and have made a very strong start to 2016"

For more information please visit www.paternosterresources.com or contact:

Paternoster Resources plc:

Nicholas Lee, Chairman +44 20 7580 7576

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

INTRODUCTION

During the year ended 31 December 2015, the Company has continued to build its investment portfolio and this growth has continued strongly into 2016.

FINANCIAL

During 2015, the Company made a loss from continuing operations of £308,873 (2014: loss of £120,372). The net asset value of the Company as at 31 December 2015 was £2,948,406 (2014: £2,758,784).

The Company's investment portfolio at 31 December 2015, is divided into the following categories:

Category	Principal investments	Cost or valuation (£)
Unlisted/pre IPO	Bison Energy Services Limited, Andiamo Exploration Limited, Elephant Oil Limited, MX Oil plc and Alecto Minerals plc	947,221

Listed special situations	Metal Tiger plc, MX Oil plc, Plutus Powergen plc, Shumba Energy Limited and New World Oil and Gas plc	1,455,438
Investment portfolio		2,402,659
Cash resources		464,570
Total		2,867,229

At 31 December 2015, the Company had cash balances amounting to £464,570 (2014: £359,094).

REVIEW OF THE YEAR

Details of the investments made in the year, together with development of investments during the year and significant developments since the year end are set out in the Strategic Report.

In November 2015, Paternoster raised gross proceeds of £300,000 via a placing of 150,000,000 new ordinary shares at a price of 0.2 pence per share. Also in November 2015, the Company issued 100,000,000 new ordinary shares for the purchase of US\$495,365 (£325,000) nil coupon convertible unsecured loan stock ("CULs") in Alecto Minerals plc.

OUTLOOK AND STRATEGY

The Company has made good progress with its current portfolio, whilst adding more interesting and attractive investments. At the same time, given the current market environment, the Company is keen to ensure that it maintains a healthy cash balance or cash equivalents in order to take advantage of new opportunities as they arise.

The current portfolio represents an exciting mix of investments, a number of which are poised for significant further growth. This potential has already been demonstrated in the first half of 2016 with the value of the Company's investment portfolio having now increased to around £3.4 million, comprising mainly cash and listed investments.

Since Paternoster was restructured in April 2011, it has focused on investing in opportunities within the natural resources sector that provide scope to make significant gains through the provision of funding and/or active management. This strategy has been successful and has yielded some significant returns. The natural resources sector, whilst starting to recover, is still not an easy market for companies seeking investment and expansion capital. Indeed, as a result of the downturn in the sector, it has been necessary for certain of the Company's investments to pursue opportunities in new sectors. For example, both Plutus PowerGen plc and New World Oil and Gas plc were originally natural resources companies but have now moved or are expected to move into the power generation and market research industries, respectively.

Against this background, considering the particular opportunities that we are now seeing and given the skills and experience of the board, we have concluded that we should expand the Company's investment strategy to include opportunities in the financial services sector as well as continuing to invest in the natural resources sector. The financial services sector is attractive due to its cash generative nature and relatively low cost scalability. Furthermore, given our current level of cash resources, we believe that we are very well placed to make some new and exciting investments. We believe that the expansion of our current strategy will help create additional value for Paternoster shareholders and, to this end, we are seeking shareholder approval for this expansion at our upcoming AGM.

STRATEGIC REPORT

The Directors present their Strategic Report on the Company for the year ended 31 December 2015.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

LISTED INVESTMENTS

NEW WORLD OIL AND GAS PLC

On 22 September 2015, Paternoster acquired 366,618,383 shares in New World Oil and Gas plc ("New World") at a price of 0.07 pence per share, for an aggregate consideration of £256,688, amounting to a shareholding in the company of 8.0%. New World's principal assets comprised, at the time, the Blue Creek Project in Belize and around US\$4.5 million (£2.9 million) of cash. This investment provided Paternoster with a significant interest in a listed company with a

substantial cash balance at an attractive valuation. Since then, Adam Reynolds and Nicholas Lee have become directors of the company and have worked on reducing the company's cost base and reviewing various investment opportunities.

The company has recently announced that it has entered into a non-binding agreement to acquire a business called Big Sofa Limited which operates in the market research sector. As this acquisition would be classified as a reverse takeover, the company's shares have been suspended pending the publication of an admission document or a decision not to proceed with the acquisition.

ALECTO MINERALS PLC

On 24 November 2015, Paternoster acquired US\$495,365 of CULs in Alecto Minerals plc ("Alecto") in exchange for the issue of 100,000,000 new ordinary shares in Paternoster. Alecto, which is listed on AIM, is an Africa-focused exploration and development company involved in gold and base metals. In particular, it has gold and copper interests in four countries in Africa and six projects covering exploration to near term production.

The issue of CULs was in connection with Alecto's acquisition of the Matala and Dunrobin gold mines in Zambia which have, in aggregate, 760,000 oz Au JORC code compliant resource estimate in the Measured, Indicated and Inferred categories at an average grade of 2.3g/t Au. Over US\$20 million has been invested to date in these mines, principally on drilling and test work.

On 5 April 2016, Paternoster decided to convert its CULs at a price of 0.08 pence per share into 434 million shares in the company. This currently represents a shareholding in the company of 9.7%. The company has been making good progress in putting in place the necessary financing in order to bring the 400,000 tonnes per annum open-pit Matala mine into low-cost production in the near to mid-term. In particular, it is at an advanced stage with regard to securing vendor financing with regard to plant and infrastructure costs and it recently raised around £665,000 by way of a placing.

PLUTUS POWERGEN PLC

Plutus PowerGen is continuing to make good progress in developing flexible energy generation capacity in the UK. In January 2015, the company raised £500,000 in new funding and in February 2015 it closed a £3.4 million direct equity financing with Rockpool Investments LLP ("Rockpool") to fund the development of its first power generation site. In May 2015, the company received planning permission for its first 20MW flexible stand-by power generation plant in Plymouth which is expected to be generating power in 2016. The company has also now secured connection agreements for 260MW of capacity which exceeds the company's three-year target set out at the time of its re-listing. It also now has five management contracts for the construction and operation of 20MW flexible stand-by electricity plants which will generate income for the company in the short term. The company has also entered into a partnership with the newly established funding provider, Reliance Energy Limited, a developer of renewable energy and flexible generation projects in the UK, for the development of further individual 20MW flexible power generation sites. This is complementary to its existing arrangements with Rockpool.

In December 2015, the company was awarded capacity mechanism contracts for three 20MW sites in the UK meaning that each site will receive £360K per annum for 15 years from 2019. In February 2016, it was awarded two further management contracts for the construction and operation of 20MW of flexible stand-by electricity plants, by SelectGen Limited and Reliance Generation Limited being two major customers of Rockpool. This agreement brings the total number of management contracts granted to Plutus Powergen to nine, equivalent to 180MW. Under these agreements, Plutus will be paid £150,000 per annum by each company for these services in addition to an equity stake of 45% in the capital of each company. The company has also signed a memorandum of understanding with UK based Green Biofuels Limited for the supply of its proprietary renewable fuel 'Green D+' for use across the company's power generation projects, enabling Plutus to become a low carbon renewable power generator.

On 1 December 2015, Paternoster announced the sale of 25 million shares in Plutus PowerGen at a price of 1.1 pence per share for a total consideration of £275,000 before expenses. This represented a 4.4 times return on Paternoster's original investment made at the time when Paternoster was involved in the establishment of the precursor company to Plutus PowerGen. The proceeds from just this sale alone exceed the cost of the Company's entire investment in Plutus PowerGen, whilst still continuing to hold 69.3 million shares. Within this holding, 20 million shares were subject to an option in favour of certain members of the company's management team at a price of 0.75 pence per share. This option has recently been exercised resulting in the Company realising another £150,000 from its investment or a 3 times multiple on its original investment. Since 31 March 2016, the Plutus PowerGen share price has been recovering and is currently trading at 1.32 pence. The Company still owns 49.3 million shares or 7.1% of the company.

NORTH AMERICAN PETROLEUM/NORTHCOTE ENERGY PLC

In January 2015, North American Petroleum agreed to sell all of its assets to Northcote Energy plc ("Northcote") in exchange for new shares in Northcote. Paternoster finally received its shares in Northcote in December 2015 and these shares have now been sold.

MX OIL PLC

During 2015, MX Oil plc ("MX Oil") and its consortium partner, Geo Estratos, were actively seeking to secure onshore conventional acreage in Mexico, by participating in Bid Round 1, for mature onshore conventional fields in the states of Tabasco, Veracruz and Tamaulipas.

The consortium was successful in bidding for four onshore licences in December 2015. Given the funding obligations associated with the development of four licences, the company then agreed to assign three of these licences to its consortium partner, Geo Estratos, whilst retaining a 66% share in the fourth licence, subject to a satisfactory outcome from a Competent Person Report that had been commissioned. This assignment was expected to take place in May 2016. Unfortunately, at the last minute, due to certain funding issues in Mexico, this assignment could not take place. Furthermore, the outcome of the CPR was unsatisfactory so the company decided not proceed with the fourth licence.

In July 2015, MX Oil invested indirectly in a Nigerian oil and gas licence, OML 113, which includes the Aje Field. This asset is offshore Lagos with production scheduled to commence in early 2016. At that stage, the drilling of the first well in a two well first phase programme was in progress. As part of the investment, the company raised around £6 million before expenses, principally for capital expenditure. Since then, the company has raised additional funding by way of both equity and debt in order to fund this investment against the background of a sharply deteriorating oil price. Funding for the development to first oil has now been completed. In February 2016, the company agreed in principle, subject to certain conditions, to sell this asset for US\$18 million which is significantly above the company's current market value. On 4 May 2016, the company announced that the Aje Field had commenced production. The initial production phase is progressing as planned and the company may decide to retain this investment rather than to sell it, particularly against the background of an increasing oil price. On 31 May 2016, the company announced an additional fund raising of £3.4 million.

METAL TIGER PLC

Metal Tiger plc ("Metal Tiger") comprises two distinct investment divisions: the Asset Trading Division; and the Metal Projects Division. The Asset Trading Division is focused on taking advantage of the low valuations of many listed junior resource companies. During 2015, this division has made investments in companies such as Kibo, Eurasia, Ariana and New World Oil and Gas and has already realised some significant profits.

The Metal Projects Division is focused on the company's key projects in Botswana, Spain and Thailand. In Botswana, Metal Tiger has a growing interest in the large and highly prospective Kalahari copper/silver belt in joint venture with ASX listed MOD Resources Limited. In Spain, the company has tungsten and gold interests in the highly mineralised Extremadura region. In Thailand, Metal Tiger has expanding interests over licences, applications and critical historical data covering antimony, copper, gold, silver, lead and zinc opportunities.

The company has also raised new funds through placings and the exercise of warrants and so is well funded.

Since 31 December 2015, the company's share price has increased very significantly and Paternoster has now sold over 15 million shares in Metal Tiger at an average price of 4.2 pence per share for a total consideration of over £650,000 before expenses. This represents a 4.6 times return on Paternoster's investment in Metal Tiger. Paternoster continues to retain a holding of Metal Tiger shares, although this is now below the 3% disclosure threshold.

SHUMBA ENERGY LIMITED

During the year Shumba Coal Limited changed its name to Shumba Energy Limited in order to better reflect the strategic objectives of the company. It is focused on developing two independent power plant projects. The first is Mabesekwa, where it is partnered with Mulilo Thermal, a South African company with significant experience of power plant development and financing. Coal will be supplied by the company from its Mabesekwa coal project in Botswana, where, the estimated JORC in-situ coal resource is over 800 million tonnes, predominately contained in one coal seam, with an average seam thicknesses of greater than 18 metres with a flat and consistent profile with the coal found at average depths of 50-60 metres. The second is Sechaba, where the company is the sole developer. Here coal will be supplied from within the company's Sechaba coal licence in Botswana where the JORC in-situ coal resource is estimated to be around 1.1 billion tonnes. The company is listed on the Stock Exchange of Mauritius as well as on the Botswana Exchange, although liquidity is low. Consequently, during 2015 when the opportunity arose, 1 million shares were sold returning a small profit on the Company's investment. Since the year end, a further 1 million shares have been sold, again generating a small profit, leaving the Company with a shareholding of 500,000 shares.

UNLISTED INVESTMENTS

ANDIAMO EXPLORATION LIMITED

Andiamo Exploration Limited ("Andiamo"), together with its joint venture partner Environminerals East Africa Ltd ("EEA"), has now completed a 2,000m diamond drilling programme on the Hoba prospect, located in the northern part of the Haykota Exploration License area in Eritrea. This drilling work has confirmed the presence of a volcanic massive sulphide deposit. The massive sulphide intersections display very high concentrations of sulphur and iron (often around 50% each) which support the analysis of this being a typical massive sulphide lens. These results follow a successful 2015 programme of stream sediment sampling, ground mapping, surface sampling, a hand-dug trenching program and an initial 1,000m scout diamond drill programme. The agreement with EEA means that EEA can earn a 50% interest in discoveries in the northern part of this area by spending a total of US\$2.0m. Under the terms of the original agreement between the companies, EEA may then earn a 75% interest in projects in the joint venture license area by completing a technical and economic assessment of an equivalent standard required for a mining licence application.

In addition to the work carried out at Hoba, Denny Jones Pty Ltd of Brisbane, Australia has also provided the company with an estimate of the Yacob Dewar mineral resource in compliance with JORC standards for the surface oxide gold and the adjacent copper resources.

ELEPHANT OIL LIMITED

Elephant Oil Limited, is an oil and gas exploration company focused on West Africa, which holds a 100% interest in Block B, onshore Benin, on the prolific West Africa Transform Margin. Elephant Oil Limited continues to progress its work programme on Block B in Bénin. The company has now begun the Environmental Impact Assessment covering the area of interest where future surveys and drilling are to be targeted. This assessment is a prerequisite to the new seismic acquisition programme planned to be carried out as part of the first phase of development. The company has also identified further potential acquisitions in West Africa and due diligence is being carried out on selected assets.

BISON ENERGY SERVICES LIMITED

This company is currently in the process of being restructured in order to be better positioned to explore the various options available to it in order to capitalise on its deposit of frac sand and associated permits in the US. It is expected to raise some additional funding for this process in the near future.

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

COMPANY STATISTICS	31 December 2015	31 December 2014	Change %
Net asset value	£2,948,406	£2,758,784	+7%
Net asset value - fully diluted per share	0.32p	0.40p	-20%
Closing share price	0.185p	0.245p	-24%
Share price discount to net asset value - fully diluted	(42%)	(39%)	
Market capitalisation	£1,707,000	£1,648,000	+4%

KEY RISKS AND UNCERTAINTIES

Early stage investments in the natural resources sector carry a high level of risk and uncertainty, although the rewards can be outstanding. At this stage there can be no certainty of outcome and, in addition, there is often a lack of liquidity in the Company's investments that are either unquoted or quoted on AIM, such that the Company may have difficulty in realising the full value in a forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target company. Details of other financial risks and their management are given in Note 16 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies are set out in Note 16 to these financial statements.

GOING CONCERN

The Company's assets comprise mainly cash and quoted securities and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore, the directors believe that as at the date of this report it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
CONTINUING OPERATIONS:			
Consultancy income		2,000	4,000
Net (loss)/gain on investments	4	(23,162)	91,981

NON-CURRENT ASSETS			
Investments held for trading	10	2,402,659	2,291,761
		2,402,659	2,291,761
CURRENT ASSETS			
Trade and other receivables	11	167,846	172,626
Cash and cash equivalents	12	464,570	359,094
		632,416	531,720
TOTAL ASSETS		3,035,075	2,823,481
CURRENT LIABILITIES			
Trade and other payables	13	86,669	64,697
		86,669	64,697
NET ASSETS		2,948,406	2,758,784
EQUITY			
Share capital	14	4,175,796	3,925,796
Share premium account	14	3,135,007	2,901,507
Capital redemption reserve	15	27,000	27,000
Share option reserve	15	92,407	77,412
Retained losses		(4,481,804)	(4,172,931)
TOTAL EQUITY		2,948,406	2,758,784

STATEMENT OF CASH FLOWS		2015	2014
FOR THE YEAR ENDED 31 DECEMBER 2015			
	Note	£	£
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax - continuing operations		(308,873)	(120,372)
Share based payment expense		14,995	13,230
Investment income		(6,084)	(25,263)
Net losses/(gains) on investments		23,162	(91,981)
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		(276,800)	(224,386)
Decrease in trade and other receivables		4,780	12,855
Increase in trade and other payables		21,972	33,922
NET CASH USED BY OPERATING ACTIVITIES		(250,048)	(177,609)
INVESTING ACTIVITIES			
Purchase of investments		(463,828)	(722,826)
Disposal of investments		529,768	552,030
Repayment of loans and receivables		–	60,000
Investment income received		6,084	25,263

NET CASH GENERATED/(USED) BY INVESTING ACTIVITIES		72,024	(85,533)
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FINANCING ACTIVITIES			
Gross proceeds of share issues		300,000	242,250
Share issue expenses		(16,500)	(20,592)
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NET CASH FROM FINANCING ACTIVITIES		283,500	221,658
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NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		105,476	(41,484)
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Cash and cash equivalents at the beginning of the year		359,094	400,578
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CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	464,570	359,094
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 GENERAL INFORMATION

Paternoster Resources plc is a public limited company incorporated in the United Kingdom. The shares of the Company are listed on the AIM stock exchange. The address of its registered office is 30 Percy Street, London W1T 2DB. The Company's principal activities are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

As in prior periods, the Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements are presented in pounds sterling (£) which is the functional currency of the Company.

At the year-end Paternoster Resources plc had one wholly owned subsidiary, Viridas Brasil Agronegocios Ltd, a company incorporated in Brazil which has not traded since incorporation and which has no material assets or liabilities. As such, no consolidated financial statements have been prepared on the basis that in accordance with section 405 of the Companies Act 2006 the inclusion of this company is not material for the purpose of giving a true and fair view.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Company are presented below under 'Statement of Compliance'.

GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and

assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In certain circumstances, where fair value cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

SHARE BASED PAYMENTS

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company holds investments that have been designated as held for trading on initial recognition. Where practicable the Company determines the fair value of these financial instruments that are not quoted (Level 3), using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

STATEMENT OF COMPLIANCE

The financial statements comply with IFRS as adopted by the European Union. The following new and revised Standards and Interpretations have been adopted in the current period by the Company for the first time and do not have a material impact on the group.

IFRS 12 Disclosures of interests in other entities

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and not early adopted. None of these are expected to have a significant effect on the financial statements of the Company.

REVENUE RECOGNITION

INVESTMENT INCOME

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income on an ex-dividend basis. Interest on fixed interest debt securities is recognised using the effective interest rate method. Bank deposit interest is recognised on an accruals basis.

CONSULTANCY INCOME

Consultancy fees are recognised over the period that the services are provided.

CURRENT TAX

Current taxation is the taxation currently payable on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Company controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

DEFERRED TAX

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

SEGMENTAL REPORTING

The accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors.

In identifying its operating segments, management generally follows the Company's service lines which represent the main products and services provided by the Company. The Directors believe that the Company's continuing investment operations comprise one segment.

FINANCIAL ASSETS

The Company's financial assets comprise investments held for trading, associated undertakings, cash and cash equivalents and loans and receivables, and are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

INVESTMENTS HELD FOR TRADING

All investments determined upon initial recognition as held at fair value through profit or loss were designated as investments held for trading. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

ASSOCIATED UNDERTAKINGS

Associated undertakings are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Company's investment portfolio are carried in the statement of financial position at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28 "Investment in Associates", which requires investments held by a company as a venture capital provider to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of the change. The Company has no interests in associates through which it carries on its business.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

LOANS AND RECEIVABLES

Loans and receivables from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

FINANCIAL LIABILITIES

The Company's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instruments.

TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

SHARE-BASED PAYMENTS

All share based payments are accounted for in accordance with IFRS 2 - "Share-based payments". The Company issues equity-settled share based payments in the form of share options to certain directors and employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is estimated using the Black-Scholes valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

DIVIDENDS

Dividend distributions payable to equity shareholders are included in "current financial liabilities" when the dividends are approved in general meeting prior to the statement of financial position date.

EQUITY

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Capital redemption reserve" represents the nominal value of shares repurchased or redeemed by the Company.
- "Option reserve" represents the cumulative cost of share based payments.
- "Retained losses" represents retained losses.

3 SEGMENTAL INFORMATION

The Company is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being the investment in the natural resources sector.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

4	NET (LOSS)/GAIN ON INVESTMENTS	2015	2014
		£	£
	Net realised (losses)/gains on disposal of investments	(126,021)	124,383
	Movement in fair value of investments	102,859	(32,402)
	Net (loss)/gain on investments	(23,162)	91,981

5	INVESTMENT INCOME	2015	2014
		£	£
	Dividends from investments	4,874	6,975
	Deposit interest receivable	60	–
	Other interest receivable	1,150	18,288
		6,084	25,263

6	OPERATING EXPENSES	2015	2014
		£	£
	Operating expenses include:		
	Wages and salaries	135,054	126,504
	Share based payment expense	14,995	13,230

AUDITOR'S REMUNERATION

During the year the Company obtained the following services from the Company's auditor:

	2015	2014
	£	£
Fees payable to the Company's auditor for the audit of the parent company and the Company financial statements	12,000	10,000
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation	2,250	2,000
	14,250	12,000

7	EMPLOYEE INFORMATION	2015	2014
		£	£
	Wages and salaries	127,000	118,400
	Social security costs	8,054	8,104
	Share based payment expense	14,995	13,230

	150,049	139,734
<hr/>		
Average number of persons employed:		
	2015	2014
	Number	Number
<hr/>		
Office and management	3	2
<hr/>		

COMPENSATION OF KEY MANAGEMENT PERSONNEL

There are no key management personnel other than the Directors of the Company.

8 INCOME TAX EXPENSE

	2015	2014
	£	£
<hr/>		
Current tax - continuing operations	-	-
<hr/>		

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to profits of the Consolidated entities as follows:

	2015	2014
	£	£
<hr/>		
Loss before tax from continuing operations	(308,873)	(120,372)
Loss before tax multiplied by rate of corporation tax in the UK of 20% (2014: 20%)	(61,775)	(24,074)
Expenses not deductible for tax purposes	4,615	523
Unrelieved tax losses carried forward	57,160	23,551
<hr/>		
Total tax	-	-
<hr/>		

Unrelieved tax losses of £3,867,000 (2014: £3,582,000) remain available to offset against future taxable trading profits. No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

9 EARNINGS PER SHARE

The basic earnings per share is based on the loss for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2015	2014
	£	£
<hr/>		
Loss attributable to equity holders of the Company:		
Loss from continuing operations	(308,873)	(120,372)
Loss for the year attributable to equity holders of the Company	(308,873)	(120,372)
<hr/>		
Weighted average number of ordinary shares in issue for basic earnings	698,200,422	579,940,148
Weighted average number of ordinary shares in issue for fully diluted earnings*	698,200,422	579,940,148
<hr/>		

LOSS PER SHARE

BASIC AND FULLY DILUTED:

- Basic and fully diluted loss per share from continuing and total operations

(0.044p) (0.021p)

For 2015 and 2014 the share options in issue are anti-dilutive in respect of the loss per share calculation and have therefore not been included.

10 INVESTMENTS HELD FOR TRADING

	2015	2014
	£	£
At 1 January - fair value	2,291,761	2,028,984
Acquisitions	663,828	722,826
Disposal proceeds	(529,768)	(552,030)
Net gain on disposal of investments	(126,021)	124,383
Movement in fair value of investments	102,859	(32,402)
.At 31 December - fair value	2,402,659	2,291,761
Categorised as:		
Level 1 - Quoted investments	1,455,438	1,617,069
Level 2 - Unquoted investments	-	-
Level 3 - Unquoted investments	947,221	674,692
	2,402,659	2,291,761

The table of investments sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the company are explained in the accounting policy note, "Investments held for trading".

LEVEL 2 FINANCIAL ASSETS

Level 2 financial assets comprise a convertible instrument valued by reference to the bid price of the underlying equity and taking into account the contractual arrangements in place regarding the asset.

LEVEL 3 FINANCIAL ASSETS

Reconciliation of Level 3 fair value measurement of financial assets

	2015	2014
	£	£
Brought forward	674,692	374,692
Purchases	406,017	300,000
Movement in fair value	(133,488)	-
Carried forward	947,221	674,692

ASSOCIATED UNDERTAKINGS

MX OIL PLC

At the year end, the Company held 2.3% of the issued share capital of MX Oil plc, a company of which Nicholas Lee is a director.

ELEPHANT OIL LIMITED

At the year end, the Company held 5.2% shareholding in Elephant Oil Limited, a company of which Matt Lofgran (a director of the Company who has resigned since the year end) is a director and a significant shareholder.

NEW WORLD OIL & GAS PLC ("NWOG")

At the year end the Company held 7.7% of the issued share capital of NWOG, a company of which Nicholas Lee is a director.

11 TRADE AND OTHER RECEIVABLES

	2015	2014
	£	£
Other receivables	106,078	108,630
Prepayments and accrued income	61,768	63,996
	167,846	172,626

Other receivables include short term loans made on normal market terms. The Directors consider that the carrying amount of short term loans and other receivables is approximately equal to their fair value.

12 CASH AND CASH EQUIVALENTS

	2015	2014
	£	£
Cash and cash equivalents	464,570	359,094

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

13 TRADE AND OTHER PAYABLES

	2015	2014
	£	£
Trade payables	36,219	29,278
Social security and other taxes	3,086	–
Other creditors	5,168	–
Accrued expenses	42,196	35,419
	86,669	64,697

The Directors consider that the carrying amount of trade payables approximates to their fair value.

14 SHARE CAPITAL

	Number of shares		Share capital		Share premium
	Deferred	Ordinary	Deferred	Ordinary	£
			£	£	£

ISSUED AND FULLY PAID:

At 1 January 2014:

Deferred shares of 9.9p each	32,857,956		3,252,938		
Ordinary shares of 0.1p each		577,857,956		577,858	2,774,849
At 1 January 2014	32,857,956	577,857,956	3,252,938	577,858	2,774,849
Issue of shares		95,000,000		95,000	147,250
Share issue costs					(20,592)
At 31 December 2014	32,857,956	672,857,956	3,252,938	672,858	2,901,507
Issue of shares		250,000,000		250,000	250,000
Share issue costs					(16,500)
At 31 December 2015	32,857,956	922,857,956	3,252,938	922,858	3,135,007

On 24 November 2015 the Company issued 150,000,000 new ordinary shares for cash at 0.2p per share, raising £300,000 before expenses, and issued 100,000,000 new ordinary shares for the purchase of US\$495,365 (£325,000) nominal amount of zero coupon convertible loan stock in Alecto Minerals plc.

15 OTHER RESERVES

	Capital redemption reserve £	Share option reserve £	Total Other reserves £
Balance at 1 January 2014	27,000	64,182	91,182
Share based payment costs	–	13,230	13,230
Balance at 31 December 2014	27,000	77,412	104,412
Share based payment costs	–	14,995	14,995
Balance at 31 December 2015	27,000	92,407	119,407

16 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Company is exposed to through its financial instruments are credit risk, foreign currency risk, liquidity risk and market price risk.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

CREDIT RISK

The Company's financial instruments that are subject to credit risk are cash and cash equivalents and loans and receivables. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions. The credit risk for loans and receivables is mainly in respect of short term loans, made on market terms, which are monitored regularly by the Board.

The Company's maximum exposure to credit risk is £570,648 (2014: £467,724) comprising cash and cash equivalents and loans and receivables.

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through maintaining a positive cash balance and controlling expenses and commitments. The Directors are confident that adequate resources exist to finance current operations.

FOREIGN CURRENCY RISK

The Directors do not consider the Company has significant exposure to movements in foreign currency in respect of its monetary assets.

MARKET PRICE RISK

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Company's equity investments were to experience a rise or fall of 10% in their fair value, this would result in the Company's net asset value and statement of comprehensive income increasing or decreasing by £240,000 (2014: £229,000).

17 FINANCIAL INSTRUMENTS

The Company uses financial instruments, other than derivatives, comprising cash to provide funding for the Company's operations.

CATEGORIES OF FINANCIAL INSTRUMENTS

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	2015	2014
	£	£
FINANCIAL ASSETS:		
Cash and cash equivalents	464,570	359,094
Loans and receivables	106,078	108,630
Investments held for trading	2,402,659	2,291,761

FINANCIAL LIABILITIES AT AMORTISED COST:

The IAS 39 categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2015	2014
	£	£
Trade and other payables	44,473	29,278

18 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2015 or 31 December 2014.

19 POST YEAR END EVENTS

There have been no significant post year end events.

20 ULTIMATE CONTROLLING PARTY

The Directors do not consider there to be a single ultimate controlling party.

A copy of the annual report and of the notice of AGM to be held at the offices Adams & Remers LLP, Quadrant House, 55-58 Pall Mall, London SW1Y 5JH on 8 July 2016 at 10.30 am is available from the Company's website at www.paternosterresources.com and is being posted to shareholders today.

This information is provided by RNS
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