

23 May 2018

Paternoster Resources plc

("Paternoster" or the "Company")

**Increase in share allotment authorities
Investment advisory agreement
Notice of General Meeting**

The Company is pleased to announce that it has posted a circular and notice of a General Meeting (the "Document"), to be held at the offices of Keystone Law, 48 Chancery Lane, London, WC2A 1JF at 11.00 am (BST) on 8 June 2018. The Document will shortly be posted on the Company's website www.paternosterresources.com

Introduction

On 18 January 2018, the Board of Paternoster Resources plc announced that it had entered into an arrangement with RiverFort Global Capital Ltd, the specialist provider of capital to junior companies ("**RiverFort**"), whereby Paternoster would have the opportunity to invest in transactions arranged by RiverFort alongside other co-investors.

On 20 April 2018, the Board announced that, as a first step in the development of this arrangement, it had agreed to invest around £250,000 in a portfolio of income-yielding investments arranged by RiverFort which comprise investments in the form of both senior and convertible debt. This portfolio represented, on average, around 2.8% of the total investment amounts originally arranged by RiverFort and therefore demonstrates the scope for Paternoster to scale-up the size of its investments as it develops its relationship with RiverFort. This should enable the Company to quickly grow its portfolio with investments that can generate both attractive cash returns whilst providing downside protection.

Increase in share allotment authorities

Given, the investment opportunities that the Board believe are available and the increase in the level of investor interest, both as a result of the arrangement with RiverFort, the Company is now seeking the necessary authorities from shareholders to be in a position to raise additional investment funds from investors to deploy in these investment situations should opportunities arise. In the event that the Company decides to raise new funds, these are likely to be raised at or around the prevailing market share price which is currently slightly above nominal value of the Company's ordinary shares. Based on the latest quarterly update published by the Company, this would represent a 41 percent. discount to the Company's underlying net asset value per share. In the event that such funds are raised, an appropriate opportunity such as the provision of an open offer, would also be made available to existing shareholders to enable them to subscribe for new shares in the Company on similar terms.

Investment advisory agreement

As a further development of the Company's evolving strategy, Paternoster is proposing to enter into an investment advisory agreement ("**Investment Agreement**") with RiverFort. The Investment Agreement will secure Paternoster's access to RiverFort's investment pipeline and enable it to utilise RiverFort's investment infrastructure. This infrastructure will provide services such as investment structuring, due diligence and sector expertise. This arrangement will also enable costs to be reduced within the listed company. As a result of this arrangement, Paternoster will be the only company listed on AIM or the London Stock Exchange that will have exclusive access to this range of RiverFort services and its investment pipeline. Investors wishing to obtain exposure to RiverFort's investment opportunities via a company listed on AIM or the London Stock Exchange will only be able to do so by investing in Paternoster.

The Investment Agreement will be for an initial period of two years after such time either party can terminate the agreement by giving one year's notice. RiverFort will receive an annual retainer fee equivalent to two per cent. of the Company's net assets and a performance fee equivalent to 20 per cent. of the profits generated on each new investment. The performance fee shall only be payable on the cash profits received by Paternoster from these investments. Paternoster shall also receive 60 per cent. of its pro rata share of any deal related fees generated from such investments. Going forward, it is the intention that at least 75 per cent. of investment funds available for investment will be invested in RiverFort arranged opportunities and no more than ten per cent. will be invested in pure equity investments. The ultimate investment decision with regard to any investment opportunity will, however, still remain with the Board of Paternoster.

Whilst, the entering into of the Investment Agreement is simply an additional means by which the Board intends to pursue the development of Paternoster's existing investing policy, the Board believes that it is appropriate that shareholders be asked to approve this arrangement.

RiverFort is a highly-respected provider of specialist financing to the natural resources sector, providing equity, convertible debt and senior project finance solutions. RiverFort is the investment director of Cuart Investments PCC Limited, a Gibraltar Experienced Investor Fund. Since its formation, RiverFort has been able to arrange very attractive returns for its investors. In 2016, its first year of operation, Cuart Investments PCC Limited - Cuart Growth Capital Fund I achieved an increase in its audited NAV of over 15% between July and December 2016. , The increase in NAV for 2017, on an unaudited basis, is expected to be over 20%. From the date of its formation to 31 March 2018, RiverFort, on behalf of Cuart Growth Capital Fund I, its co-investors and other investment partners, has arranged over US\$76 million of investments. The RiverFort team has an international footprint and a range of financial, entrepreneurial and industrial expertise. Riverfort is authorised and regulated by the Financial Conduct Authority.

Resolutions

To increase the authorities to issue new ordinary shares in the Company should the opportunity arise and to enter into an investment advisory agreement with RiverFort as set out in the notice of General Meeting included at the end of this document.

Resolution 1: Investment advisory agreement

This resolution authorises the directors to enter into an investment advisory agreement with RiverFort.

Resolution 2: Authority to allot shares

This resolution grants the directors authority to allot shares in the capital of the Company and rights to subscribe for shares up to an aggregate nominal value of £6,000,000, representing approximately 335% of the nominal value of the issued ordinary share capital of the Company as at 21 May 2018, being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 15 months from the passing of the resolution, whichever is the earlier.

Resolution 3: Resolution to disapply pre-emption rights

This resolution authorises the directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £6,000,000, representing approximately 335% of the nominal value of the issued ordinary share capital of the Company as at the date of this letter. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 15 months from the passing of the resolution, whichever is the earlier.

General Meeting

A notice of General Meeting of Paternoster Resources plc to be held at the offices of Keystone Law at 48 Chancery Lane, London WC2A 1JF on 8 June 2018 at 11:00 am is set out at the end of the Document. At the General Meeting, the Resolutions will be proposed.

Recommendation

Given Mr Andrew Nesbitt's role as a consultant to RiverFort, the Board considers him non-independent for the purposes of the resolution with regard to the Investment Agreement and therefore he has excused himself from that aspect of the recommendation below.

The Directors (other than as described above) believe that all of the Resolutions will promote the success of the Company for the benefit of its shareholders as a whole, and unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their shareholdings, representing in aggregate, 0.9 percent. of the Company's issued share capital.

For more information, please contact:

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APPENDIX ONE

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of the Document	22 May 2018
Latest time and date for receipt of Forms of Proxy in respect of the General Meeting	11.00 am on 6 June 2018
General Meeting	11.00 am on 8 June 2018

All times in this announcement refer to London time (BST).

APPENDIX TWO

DEFINITIONS

The following definitions apply throughout this announcement, unless the context requires otherwise:

"AIM"	the market of that name operated by the London Stock Exchange
"Company"	Paternoster Resources plc
"Directors" or "the Board"	the directors of the Company at the date of this announcement
"Document"	the document dated 22 May 2018
"General Meeting" or "GM"	the general meeting of the Company (or any adjournment of such meeting) convened for 11.00 am on 8 June 2018 to be held at the offices of Keystone Law at 48 Chancery Lane, London WC2A 1JF for which the notice is set out at the end of the Document
"Form of Proxy"	the form of proxy enclosed with the Document for use by Shareholders in connection with the General Meeting
"Ordinary Shares" or "Shares"	ordinary shares of £0.001 each in the capital of the Company
"Resolutions"	the resolutions set out in the Notice of General Meeting at the end of the Document

"Shareholders"

holders of Ordinary Shares

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