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Paternoster Resources PLC
28 February 2017

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PATERNOSTER RESOURCES PLC
"Paternoster" or the "Company"

Quarterly Update to 31 December 2016

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 December 2016.

Highlights

- Net asset value per share was double the share price as at 31 December 2016
- Total cash held was equivalent to 35% of market capitalisation at the period end
- Listed investments and cash represented 175% of market capitalisation at the period end
- Net asset value increased by 2.1% during Q4 2016
- Net assets increased by 24% during 2016
- Share price up 10% since 30 September 2016

Nicholas Lee, Chairman of Paternoster, commented:

"The value of Paternoster's portfolio has continued to increase during the fourth quarter of 2016. Around 90% of its investment portfolio, which is currently worth around £3.65 million, now comprises cash and listed investments."

The key unaudited performance indicators are set out below.

COMPANY STATISTICS	31 December 2016	30 September 2016	Change
Net asset value	£3,657,304	£3,581,184	2.1%
Net asset value - fully diluted per share	0.36p	0.353p	2.0%
Closing share price	0.18p	0.163p	10.4%
Share price premium/(discount) to net asset value	(50%)	(54%)	-
Market capitalisation	£1,829,894	£1,661,137	10.2%

Category	**Principal investments**	**Cost or valuation (£) at 31 December 2016**

Unlisted/pre-IPO	Bison Energy Services Limited, Elephant Oil Limited and New World Oil and Gas plc	392,149
Listed	Metal Tiger plc, MX Oil plc, Plutus PowerGen plc, Shumba Coal Limited, Pires Investments, Ortac Resources Limited, Polemos plc and Alecto Minerals plc	2,564,493
Investment portfolio		**2,956,642**
Cash resources		633,890
Total		**3,590,532**

Since 30 September 2016, the Company's net assets have increased by a further 2.1%, making a total increase of 24% for 2016. During Q4, the Company has made new investments in Pires Investments plc, with an additional investment in Glenwick plc since the year end.

Plutus PowerGen plc

During the period, the company has been very active. It has secured debt financing for one of its sites as well as planning permission for additional sites. Also, the company announced both the commissioning of its first site and revenue from its first sales of power; these are significant developments. The company has also started discussions with a Big Six utility company with a view to potentially funding new projects. Furthermore, it has also secured capacity mechanism contracts for three of its sites whereby each site will receive an additional £450,000 of revenue per annum for 15 years, starting in 2020. The company's recent interim results showed a profit for the six months to 31 October 2016 - this represents a milestone in the company's development.

The company's share price has continued to perform well, increasing from 1.5 pence to 3.0 pence during Q4, albeit finishing the quarter at 2.6 pence.

Alecto Minerals plc

Alecto Minerals plc ("Alecto") has continued to make progress towards bringing the 400,000 tonnes per annum open-pit Matala Gold Project in south-central Zambia into low-cost production in the near to mid-term. Presidential elections in Zambia in September 2016 resulted in delays to putting in place the requisite vendor financing with the company's Chinese funding partners, although commissioning is still expected to take place in 2017. In addition, some pre-development activities have also started, including ground clearance for the process plant area, fencing and security gate construction.

The company has now agreed the final terms of its joint venture partnership with Ashanti Gold Corp ("Ashanti"), a Toronto Venture Exchange listed public company, with respect to its Kossanto East Gold Project in western Mali. Ashanti is now the operator of the Kossanto East gold project and will fund all exploration and development works up to and including a preliminary feasibility study. Kossanto East comprises a single exploration permit covering 66.4 km^2 located in the felsic volcanic rocks between the two major regional structures, the Main Transcurrent Shear Zone ("MTZ") and the Senegal-Malian Fault ("SMF"). The project already has an independent JORC-code compliant inferred mineral resource estimate of 6.72 Mt grading at 1.14 g/t for an aggregate of 247,000 oz Au (at a cut-off grade of 0.5 g/t).

Randgold Resources (Mali) Limited's exploration teams have commenced their new field season activities at Kossanto West. This includes pitting to check regolith profile and test further anomalous zones alongside the generation of regional targets that present potential structure (alteration, lithology and mineralisation) for a multimillion ounce discovery.

More significantly, on 21 December 2016, the company announced the proposed acquisition of the Mowana Copper Mine in Botswana ("Mowana"). This constitutes a reverse takeover under the AIM Rules for Companies and, as a result, the company's shares have been suspended. The board believes that this will be a transformational transaction for the company as Mowana is a former producing copper mine that can be brought back into production at relatively low cost.

Mowana has a mineral resource inventory of 683,000 tonnes copper ("Cu") in the Measured and Indicated categories (JORC-code compliant) with an additional 945,000 tonnes Cu in the Inferred category. It was commissioned in 2008 at a cost of US$60 million. It operated successfully between 2008-2015, processing an average of 775,406 tonnes per annum ("tpa") of ore at an average grade of 1.72% copper. In 2013/14, Mowana produced 43,301 tonnes of concentrate, representing 9,724 tonnes of Cu. A mining contractor, Giant Transport Holdings Limited, has recently been appointed to commence mining operations.

The company and its partners have re-modelled the mine to ensure that it can produce with a much lower cost base to generate profit, even at depressed commodity prices. At a copper price of US$2.50 per lb, the company's internal estimate for the project's NPV is US$245 million. Alecto intends to perform process route upgrades, including the installation of a Dense Media Separation plant to increase throughput from 1.2 million tpa to 2.6 million tpa to achieve an average copper production of 22,000 tonnes saleable Cu per annum. The process route upgrades, which are expected to cost US$20 million, will be funded through an agreement with Fujax Minerals and Energy Limited and Northern Heavy Industries Group Company Limited. Alecto has agreed a 10-year management contract for Mowana with its partners and will receive management fees equal to 1.5% of revenue. A £1 million convertible loan note has been issued to raise part of the consideration funding.

New World Oil and Gas plc

This company's shares were cancelled from admission to AIM in November 2016. The company has a significant investment in the form of a convertible loan to Big Sofa Technologies Group plc ("Big Sofa") along with cash resources. Big Sofa was listed on AIM on 19 December 2016 and its share price has performed strongly since then. The company is currently working on a revised strategy to deliver a return to shareholders.

Ortac Resources Limited

Since the Company's investment, Ortac Resources Limited ("Ortac") has increased its shareholding in Casa Mining Limited ("CASA") to around 21.25%. 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. These licences, encompassing a 60km strike length of the Tanganyika graben within the Rusizian belt or Misisi Corridor, include the Akyanga deposit along with the Lubitchako, Tulongwe, Kilombwe and Mutshobwe prospects. It is expected that the Misisi Gold Project, with over 1 million ounces of gold discovered so far, has the scope to become a low cost, open pit operation that can be brought into production quickly.

The company has increased its shareholding in Andiamo Exploration Limited ("Andiamo") to around 27%, with Andiamo now anticipating an active 2017 exploration season, subject to the conclusion of its refinancing which is currently taking place. Andiamo has recently extended its exploration licence by nearly 100sq km to the south, increasing its land holding over the western VMS trend. This is where certain VMS targets have already been identified by the former licence holder, along with a number of historic targets in the Haykota licence that merit further investigation. Andiamo has a JORC mineral resource of just under 85,000 near surface gold ounces and 21,000 tonnes of copper at the Yacob Dewar project. It is in a good location to the South of the highly successful Bisha mine - which now holds the immediately adjacent licence to the north of the Haykota licence, where the Ashelli discovery has been made. Andiamo remains one of the few independent exploration companies working in this highly prospective territory.

In Zambia, the company holds an option over 19.35% of Zamsort Limited, the holder of the Kalaba small-scale mining licence. This highly prospective large scale exploration licence is located on the

Kabopo Dome, which also hosts First Quantum's Trident Project. Zamsort is aiming to become a producer of copper and cobalt from its commercial scale demonstration plant, which is still under construction. It is anticipated that commissioning of this plant will take place during the first half of 2017.

In Slovakia, the company continues to pursue the validation of its licence through existing and new small scale mining applications. Although the local court has recently revoked an underground mining permit issued to the company by the Central Mining Bureau in 2014, Ortac is confident that the Mining Bureau and Ministry of Economy will reverse this decision. Meanwhile, the company continues to engage with potential local partners and assess the alternative gold leaching technologies that are coming to the market.

Pires Investments plc

Pires Investments plc is an investment company listed on AIM with a specific focus on the natural resources sector. The company has recently raised £675,000 by way of a placing, and is now well placed to consider investment opportunities as they arise. Paternoster currently has a 24.6% shareholding in the company.

Polemos plc

Polemos plc is an investment company listed on AIM with a specific focus on the natural resources sector. The company has recently raised £495,000 by way of a placing. Going forward, it is therefore well placed to consider investment opportunities as they arise. Paternoster will have a 12.8% shareholding in the company post the issue of new shares as part of the recent placing.

Glenwick plc

Glenwick plc ("Glenwick") is an investment company listed on AIM, focused on the natural resources sector. The company has recently entered into a non-binding heads of terms to acquire 100% of the share capital of Cora Gold Limited ("Cora Gold"), which will constitute a reverse takeover ("RTO") under the AIM Rules. Cora Gold was established in 2016 by Hummingbird Resources plc ("Hummingbird") and Kola Gold Limited ("Kola") to consolidate certain of Hummingbird's non-core gold exploration permits in Mali, together with Kola's permits in Mali and Senegal (the "Gold Portfolio"). The Gold Portfolio comprises 10 highly prospective gold exploration properties covering more than 1,600 km2 located in two significant gold areas, the Kenieba Window in Mali and Senegal and the Yanfolila Gold Belt in Mali.

Currently, Glenwick's principal investment comprises £1.1 million of pre-IPO convertible loan notes in i3 Energy Limited ("i3"), an oil and gas company in the process of completing an IPO. i3 has just acquired a 100% operated interest in the Liberator field, an oil discovery situated within Block 13/23d of the North Sea, immediately adjacent to the Blake field and situated 2 kilometres from Blake's producing drill centre. 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 set to be at a 50% discount to the price at which any new shares in i3 are subscribed for by investors at the time of the IPO. Paternoster will have a 10.6% shareholding in the company once the new shares have been issued.

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