

RNS Number : 2337C
Paternoster Resources PLC
18 January 2018

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION EU 596/2014 ("MAR"). IN ADDITION, MARKET SOUNDINGS (AS DEFINED IN MAR) WERE TAKEN IN RESPECT OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF SUCH INSIDE INFORMATION AS PERMITTED BY MAR. THAT INSIDE INFORMATION IS SET OUT IN THIS ANNOUNCEMENT AND HAS BEEN DISCLOSED AS SOON AS POSSIBLE IN ACCORDANCE WITH PARAGRAPH 7 OF ARTICLE 17 OF MAR. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THE INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION IN RELATION TO THE COMPANY AND ITS SECURITIES

Paternoster Resources plc

("Paternoster" or the "Company")

Agreement with RiverFort Global Capital and share placing

Paternoster is pleased to announce that it has entered into an agreement with RiverFort Global Capital Ltd ("RiverFort"), the specialist provider of financing to the natural resources sector, whereby Paternoster will work closely with and co-invest alongside RiverFort in a range of opportunities within the natural resources sector.

RiverFort is a highly-respected provider of specialist financing to the natural resources sector, providing equity, convertible debt and senior project finance solutions. As a participating co-investor with Cuart Investments PCC Limited, a Gibraltar Experienced Investor Fund to which RiverFort is the investment director, Paternoster will gain access to an exciting pipeline of investment opportunities. Furthermore, investors wishing to obtain exposure to RiverFort's investment opportunities will have the opportunity to do so through a listed vehicle by investing in Paternoster. This initiative is both in line with the Company's existing investing policy and will enable it to significantly increase its level of activity.

Since its formation, RiverFort has been able to generate very attractive returns for its investors. In 2016, its first year of operation, Cuart Investments PCC Ltd - Cuart Growth Capital Fund I achieved an increase in its audited NAV of over 15% between July and December 2016 with a similar level of performance expected for 2017. Over this period, RiverFort, in conjunction with its co-investors, have arranged investments of over US\$74 million. The RiverFort team has an international footprint and a range of financial, entrepreneurial and industrial expertise.

Paternoster is also pleased to announce that, as part of this strategy, the Company has, through Shard Capital Partners LLP, placed (subject to admission to trading on AIM)

772,727,270 new ordinary shares of 0.1 pence each (the "Placing Shares") at a price of 0.11 pence per share with institutional and private investors to raise gross proceeds of £850,000. The funds raised will be used by the Company to pursue opportunities in line with its existing investing policy that it expects to arise as a result of the agreement with RiverFort.

Furthermore, to strengthen the Board with additional relevant expertise, it is intended that, Andrew Nesbitt, a member of the RiverFort team, will join the Board as a non-executive director subject to compliance with the AIM Rules. Andrew is a mining specialist and a qualified mining engineer. He has over 20 years of experience in the natural resources sector and is an experienced investor as a result of working as a partner and portfolio manager for Craton Capital, a global precious metals fund with over US\$400 million of assets under management.

Further to the issue of Placing Shares, Shard Capital Partners LLP has been appointed as Joint Broker to the Company.

Nicholas Lee, Chairman said:

"I am delighted that we have agreed to work closely with RiverFort. This will significantly assist the Company in pursuing its investment strategy and enable it to increase further the return on its investment portfolio. This is a very significant development for Paternoster, providing a clear strategy for the Company going forward, building on what has already been established but then taking it to the next level. This initiative is also expected to provide the Company with access to additional capital in the future which will allow the Company to grow and develop further. I am also very pleased with the quality of the new investors that have now come on board and who are very supportive of this approach. Furthermore, the Board will clearly be strengthened by the addition of Andrew to the team."

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 22 January 2018. The Placing Shares will rank *pari passu* with the existing ordinary shares of 0.1 pence par value each ("Ordinary Shares").

Following the Placing, the Company will have 1,789,335,226 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 1,789,335,226 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 Guidance and Transparency Rules.

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