

RNS Number : 8152M
Paternoster Resources PLC
02 May 2018

2 May 2018

Paternoster Resources plc

("Paternoster" or the "Company")

Quarterly Update as at 31 March 2018

Paternoster Resources plc is pleased to provide a quarterly update as at 31 March 2018.

Key points

- Partnership announced with RiverFort Global Capital and new funds raised of £850,000 gross
- Development of institutional shareholder base with Miton Group now the largest shareholder
- Listed investments and cash represented 136% of market capitalisation at the period end
- Investment portfolio de-risked with over 94% of the portfolio now comprising cash and listed investments
- Significant cash balance of around £1.1 million available for investment
- Cost structure already reduced
- Post period end, £250,000 was invested in an £8.8 million portfolio of income generating investments arranged by RiverFort Global Capital

Chairman's review

Nicholas Lee, Chairman of Paternoster, commented:

"Paternoster has had a very busy start to the year. We have announced a partnership with RiverFort Global Capital, the specialist funding provider and we have already invested in a number of investments arranged by them thereby demonstrating the value of this partnership. This will enable us to grow our portfolio significantly and quickly going forward with investments that provide both a cash yield and downside protection. We have also strengthened the board with the addition of Andrew Nesbitt who brings a wealth of technical and investment expertise and we continue to focus on reducing costs.

Two of our suspended/delisted investments, Cradle Arc plc and Polemos plc have come back to the market and we have also realised some of our investments in order to secure gains and increase our cash balance. Consequently, whilst the Company's investment portfolio has reduced on an overall basis, the unlisted part of our portfolio has reduced significantly and our cash balance has increased substantially which means that the vast majority of our portfolio now comprises cash and listed investments."

The key unaudited performance indicators are set out below.

COMPANY STATISTICS	31 March 2018	31 December 2017	Change
Net asset value	£3,076,367	£2,465,156	24.8%
Net asset value - fully diluted per share	0.172p	0.242p	-28.9%
Closing share price	0.120p	0.130p	-7.7%
Share price discount to net asset value	(30.2%)	(46.3%)	
Market capitalisation	£2,147,000	£1,322,000	62.4%

The Company's principal investments are summarised below:

Category	Principal investments	Cost or valuation at
		31 March 2018
		(£)
Listed investments	Metal Tiger plc, MX Oil plc, Plutus PowerGen plc, Shumba Energy Limited, Pires Investments plc, Arc Minerals Limited, I3 Energy plc, Cora Gold and Polemos plc	1,843,762

Cash resources	1,085,640
Cash and listed investments	2,929,402
Unlisted investments	177,235
Total	3,106,637

Recent developments with regard to certain of the Company's investments are described below:

Plutus PowerGen plc ("Plutus")

Plutus has recently commissioned two new 20MW flexible energy generation sites in Stowmarket, Suffolk and has energised two sites in Ipswich. The company now has 120MW of flexible energy generation sites in operation with a further three 20MW sites expected to come into operation in 2018. More generally, the company is focused on moving into gas powered energy generation, energy storage and hybrid generation sites during 2018. Gas powered sites offer significantly more attractive returns compared to diesel powered sites and hybrid sites allow power generation sites of various types to partner with storage technologies giving the company access to additional revenue streams. Since the last quarterly update, the Plutus share price has, however, decreased by around 15% which has impacted the valuation of the Company's investment portfolio.

Cradle Arc plc ("Cradle Arc")

Cradle Arc re-listed on 24 January 2018, raising a total of £5.7 million, principally to support the increase in production at its Mowana Copper Mine in Botswana. It also recently announced a maiden JORC (2012) mineral resource estimate for Mowana of 75 million tonnes at 1.15%Cu of 861,000 tonnes of contained copper. The company is also implementing an accelerated development plan to increase mine production and has secured US\$10 million of debt funding to provide additional working capital to support this plan.

Arc Minerals Limited ("Arc Minerals")

Arc Minerals has been seeking to increase its holding in Casa Mining Limited ("Casa") to 100% as part of its strategy to focus on its core assets. Its shareholding in Casa has now increased to 95.9%. Further work has been carried out on the Akanga deposit, including additional drilling and the initiation of a soil sampling programme. The company has also now extinguished a significant liability in connection with the original purchase of its Slovakian asset.

Polemos plc ("Polemos")

In September 2017, Polemos announced the potential acquisition of a cyber security business SecurLinx Corporation, a US based cyber security company. As this would constitute a reverse takeover, its shares were suspended pending the publication of an admission document. This transaction, however, could not be completed and so the company came back to the market on 9 March 2018 as an AIM Rule 15 cash shell which effectively means that it needs to secure an alternative reverse takeover transaction within six months of this date.

I3 Energy plc ("I3 Energy")

During Q1, the company has raised additional funds and also announced that it was in advanced discussions with various possible partners regarding a potential joint venture relating to its 100% owned Liberator Oil Field and its 30th Offshore Licencing Round application. I3 Energy's share price has increased significantly in Q1 2018, reaching a peak of 80.5 pence in March 2018, an increase of some 350%. Paternoster has realised some significant gains on this investment.

Pires Investments plc ("Pires")

Pires recently published its results for the year to 31 October 2017. As a result of its successful investment in ECO (Atlantic) Oil and Gas Limited, its net assets had increased to around £628,000 as at its year end and that as a result of further increases in the value of this investment, its net assets were currently around 30% higher equating to approximately £820,000. Pires is seeking an appropriate candidate for a potential reverse takeover transaction and so its improved net asset position should make the company a more attractive partner for such a transaction.

Eridge Capital Limited ("Eridge")

Eridge has now completed its migration from Jersey to the British Virgin Islands and is now in the process of further developing its strategy.

N Lee

Chairman

2 May 2018

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