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Paternoster Resources PLC
19 September 2018

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PATERNOSTER RESOURCES PLC
("Paternoster" or the "Company")

Unaudited interim results for the 6 months ended 30 June 2018

Paternoster Resources plc is pleased to announce its unaudited interim results for the six months ended 30 June 2018.

Highlights

- Partnership announced with RiverFort Global Capital
- £5.4 million of new capital raised to support RiverFort-arranged opportunities
- New shareholders including institutional investors
- Over £600,000 invested in RiverFort-arranged opportunities by the period end, increasing to over £1 million to date
- Cash and income already being generated
- Significantly improved financial performance with a profit achieved in Q2
- Majority of investment portfolio expected to be in debt and equity linked debt investments in Q4
- Substantial cash balance available for further investment

Chairman's review

During the first half of 2018, the Company has made very significant progress in terms of its development as an investment company. In early 2018, it entered into a partnership with RiverFort Global Capital Limited ("RiverFort"), the specialist arranger of funding solutions, primarily to the natural resources sector. A substantial amount of new capital has been raised, from both new and institutional investors and good progress has been made in deploying this new capital in investments that provide both income and downside protection. The Board of the Company has also been added to and the Company is now well-positioned to become a leading investor in junior listed companies.

This evolution in the Company's strategy is clearly beginning to make a positive impact on its financial performance. As a result, the Company has been able to significantly reduce its loss after tax for the six months ended 30 June 2018 to £97,482 compared to a loss after tax of £793,959 for the same period in 2017. As at 30 June 2018, the Company's net assets amounted to £7,416,437 compared to £2,448,769 as at 31 December 2017.

The Company's net income now comprises both unrealised and realised gains/losses from its equity portfolio, along with income from the RiverFort-arranged investments that principally comprise fees and interest. The analysis of income for the period is set out below and clearly demonstrates the success of the Company's new partnership with RiverFort:

		£
Existing equity portfolio		(121,601)

RiverFort-arranged investments		181,241
Total net income		59,640

Whilst the first half of 2018, does not fully reflect all of the various initiatives that have recently been undertaken, good progress is clearly being made, such that, during the second quarter of 2018, the Company recorded a profit after tax.

The key unaudited performance indicators are set out below:

Performance indicator	30 June 2018	31 December 2017	Change
Net investment income/(loss)	£59,640	£(799,533)	
Net asset value	£7,416,437	£2,448,769	+202.9%
Net asset value - fully diluted per share	0.118p	0.242p	-51.2%
Closing share price	0.100p	0.130p	-23.1%
Net asset value premium to the share price	18.0%	86.2%	
Market capitalisation	£6,289,335	£1,321,590	+475.9%

The Company's principal investment portfolio categories are summarised below:

Category	**Description**	**Cost or valuation at 30 June 2018**
Listed equity investments	Equity portfolio	1,696,793
Debt and equity-linked debt investments	Arranged by RiverFort	620,930
Cash resources	Includes cash proceeds from the placing completed prior to the period end and received in July	5,171,602
Unlisted equity investments		177,235
Total		**7,666,560**

The Company is now generating significant investment income from its new RiverFort arranged investments, principally from interest and fees. At the same time, gains have been realised from certain of its existing equity investments such as I3 Energy plc and Arc Minerals plc; these companies have performed very strongly during this period. These gains, however, have been offset, by the weakness in the share price of one of the Company's largest equity investments, Plutus PowerGen plc.

Given the evolution in the Company's investment strategy, the Company's equity portfolio is now less than 25% of the overall portfolio and so developments during the period are set out below just for the larger holdings in that portfolio.

I3 Energy plc ("I3 Energy")

During the period, the company 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 licence award in the 30th Offshore Licencing Round. The I3 Energy's share price has increased significantly during this interim period and Paternoster has realised some significant gains from this investment.

Pires Investments plc ("Pires")

When Pires announced its results for the year to 31 October 2017, it indicated that its year end net assets had increased by around 30% from £628,000 to approximately £820,000. Since then, the share price of two of its investments, ECO (Atlantic) Oil and Gas Limited and SalvaRx Group plc have continued to perform strongly.

Arc Minerals Limited ("Arc Minerals")

During the period, Arc Minerals increased its holding in both Casa Mining Limited ("Casa") and Zamsort Limited ("Zamsort"). It has also disposed of its shareholding in Andiamo Exploration Limited and extinguished a significant liability in connection with the original purchase of its Slovakian asset. This is all very much in line with its strategy to focus on its core assets. Further work has now been carried out on both the Casa and Zamsort licences. In particular, the company has reported an increase in Akyanga's JORC mineral resource, part of its Casa project, from 1.6 million ozs to 3 million ozs. During the period, the company's share price has performed strongly.

Plutus PowerGen plc ("Plutus")

During the period, Plutus commissioned two new 20MW flexible energy generation sites in Stowmarket, Suffolk and 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 currently focused on moving into gas powered energy generation, energy storage and hybrid generation sites. 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. During the period, the performance of Plutus share price has, however, been disappointing, which, given that it is one of the Company's larger investments, has negatively impacted the valuation of the Company's equity portfolio.

Since the period end, the deployment of capital has been accelerated and, to date, a total of over £1million has now been deployed in RiverFort-arranged investments. At the same time, the Company's equity exposure has been reduced and the majority of the Company's investment portfolio is expected to comprise debt and equity-linked debt investments by Q4 2018. The liquidity in the Company's shares has improved significantly with the majority of the Company's shares now being held by investors that are supportive of the Company's investment strategy.

The Company has a substantial cash balance left to invest which continues to grow as cash is regularly received back from the RiverFort-arranged investments made earlier in the year. The Company is therefore focused on deploying this cash during the remainder of 2018. During this phase of building its investment portfolio, it has been agreed with RiverFort that they will waive their investment adviser fees for 2018. In consideration for this, the Company has agreed to extend the current term of the investment adviser agreement with RiverFort by an additional year. Under the AIM Rules, RiverFort, as the Company's investment adviser, is regarded as a Related Party so the variation of the investment agreement is a Related Party Transaction under the AIM Rules. To that end, the Independent Directors (being all the Directors with the exception of Mr Andrew Nesbitt who is a consultant to RiverFort) who have consulted with the Company's nomad, believe that this variation of the investment agreement is fair and reasonable in so far as the shareholders are concerned.

The Company is currently reviewing a number of attractive investment opportunities so that, going forward, I am confident that we will be able to continue to deploy our cash and continue to improve the financial performance of the Company.

N Lee
Chairman
19 September 2018

For more information, please contact:

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Lucy Williams

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Unaudited 6 months ended 30 June 2018 £	Unaudited 6 months ended 30 June 2017 £	Audited Year ended 31 December 2017 £
Net (losses)/gains on investments	(110,119)	(627,081)	(811,467)
Fees and investment income	169,759	1,871	11,934
Total income	59,640	(625,210)	(799,533)
Administration expenses	(157,122)	(168,749)	(336,152)
(Loss)/profit before taxation	(97,482)	(793,959)	(1,135,685)
Taxation	–	–	–
(Loss)/profit for the period and total comprehensive income	(97,482)	(793,959)	(1,135,685)

Basic (loss)/earnings per share			
Continuing and total operations	(0.005)p	(0.078)p	(0.112)p

Fully diluted (loss)/earnings per share			
Continuing and total operations	(0.005)p	(0.078)p	(0.112)p

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Called up share capital £	Share premium account £	Other reserves £	Retained deficit £	Total equity £
Balance at 1 January 2017	4,269,546	3,191,257	100,150	(3,976,499)	3,584,454
Loss for the year and total comprehensive expense	–	–	–	(1,135,685)	(1,135,685)
Balance at 31 December 2017	4,269,546	3,191,257	100,150	(5,112,184)	2,448,769
Loss for the period and total comprehensive income	–	–	–	(97,482)	(97,482)
Share issue	5,272,727	77,273	–	–	5,350,000
Share issue expenses	–	(77,273)	–	(207,577)	(284,850)
Transactions with owners	5,272,727	–	–	(207,577)	5,065,150
Balance at 30 June 2018	9,542,273	3,191,257	100,150	(5,417,243)	7,416,437

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Unaudited 6 months ended 30 June 2018 £	Unaudited 6 months ended 30 June 2017 £	Audited Year ended 31 December 2017 £
ASSETS			
Current assets			
Investments held for trading	2,494,958	2,490,218	2,252,373
Trade and other receivables (note 1)	4,424,824	37,009	37,863
Cash and cash equivalents	871,452	327,228	211,795
Total current assets	5,296,276	364,237	249,658

Total assets	**7,791,234**	**2,854,455**	**2,502,031**
LIABILITIES			
Current liabilities			
Trade and other payables	374,797	63,960	53,262
Total current liabilities	374,797	63,960	53,262
Net assets	**7,416,437**	**2,790,495**	**2,448,769**
EQUITY			
Share capital	9,542,273	4,269,546	4,269,546
Share premium account	3,191,257	3,191,257	3,191,257
Capital redemption reserve	27,000	27,000	27,000
Share option reserve	73,150	73,150	73,150
Retained losses	(5,417,243)	(4,770,458)	(5,112,184)
Total equity	**7,416,437**	**2,790,495**	**2,448,769**

Note 1:
Trade and other receivables includes cash proceeds from the placing completed but not received prior to the period end.

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Unaudited 6 months ended 30 June 2018 £	Unaudited 6 months ended 30 June 2017 £	Audited Year ended 31 December 2017 £
Cash flows from operating activities			
Loss before tax	(97,482)	(793,959)	(1,135,685)
Net losses on investments	110,119	627,081	811,467
Investment income	(169,759)	(1,871)	(11,934)
	(157,122)	(168,749)	(336,152)
Increase in trade and other receivables	(86,812)	(7,868)	(8,721)
Increase in trade and other payables	321,535	21,590	10,892
Net cash used by operating activities	77,601	(155,027)	(333,981)
Cash flows from investing activities			
Purchase of investments	(609,199)	(280,800)	(321,167)
Proceeds from disposal of investments	256,496	113,019	206,844
Investment income received	169,759	1,871	11,934
Net cash used in investing activities	(182,944)	(165,910)	(102,389)
Financing activities			
Net proceeds of share issues	765,000	–	–
Net cash from financing activities	765,000	–	–

Net increase/(decrease) in cash and cash equivalents	659,657	(320,937)	(436,370)
Cash and cash equivalents at beginning of period	211,795	648,165	648,165
Cash and cash equivalents at end of period	871,452	327,228	211,795

NOTES TO THE INTERIM REPORT

1. The financial information set out in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The group's statutory financial statements for the period ended 31 December 2017, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

   The interim financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and on the same basis and using the same accounting policies as used in the financial statements for the year ended 31 December 2017. The interim financial statements have not been audited or reviewed in accordance with the International Standard on Review Engagement 2410 issued by the Auditing Practices Board.

   The financial statements have been prepared on a going concern basis under the historical cost convention.

   The Directors believe that the going concern basis is appropriate for the preparation of the financial statements as the Company is in a position to meet all its liabilities as they fall due.

2. The calculation of basic and fully diluted earnings per share is based on the loss for the 6 months to 30 June 2018 of £97,482 (2017: Loss £793,959) and a weighted average number of ordinary shares of 1,811,936,934 (2017: 1,016,607,956).

3. No interim dividend will be paid.

4. Copies of the interim report can be obtained from: The Company Secretary, Paternoster Resources plc, 30, Percy Street, London W1T 2DB and are available to view and download from the Company's website : www.paternosterresources.com