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Paternoster Resources plc

("Paternoster" or the "Company")

Investment in Shumba Coal Limited ("Shumba")

Paternoster is pleased to announce that it has invested US\$250,000 as part of a financing for Shumba, an exploration company focused on the acquisition and development of highly prospective coal exploration licences in Botswana. Shumba is majority-owned by Botswana nationals and will shortly list on the Botswana Stock Exchange. It is also in the process of seeking a listing on the Stock Exchange of Mauritius.

Shumba's most advanced project is Sechaba which has approximately 1 billion tonnes of JORC compliant thermal coal resources. A positive scoping study has been completed over this area, confirming the potential to produce coal by 2016. This coal will be used both to supply a nearby power producer and for export. Sechaba is located close to Morupule Colliery which is owned and operated by Debswana, a partnership between the government of Botswana and De Beers and is believed to have resources of 5 billion tonnes of coal. The government of Botswana is very focused on becoming self sufficient in power generation - in 2010 some 84% of the country's power was imported, mainly from South Africa.

The proceeds of the financing will principally be used to complete a full preliminary feasibility study over the next 15 months, including a full environmental impact assessment and further resource delineation drilling and to progress the project towards a viable mining operation and also to potentially secure other assets.

Botswana has a stable and democratic political environment and is one of Africa's most attractive locations for mining investment. It has no foreign exchange controls and has excellent trading access to a number of other African countries. Local private and government finance is readily available and the country has established relationships with a number of international partners including the UK, South Africa, India and Russia. The Botswana Stock Exchange was established in 1989 and has grown rapidly since that date. A number of private and institutional investors from Botswana are supporting Shumba's current fund raising.

The Stock Exchange of Mauritius was established in 1989 and is a growing international exchange. It currently has a market capitalisation of around US\$7.5 billion and is a member

of the World Federation of Exchanges. It therefore attracts a significant level of foreign investor interest as it provides emerging market exposure in a well-regulated environment that adheres to international best practice. It is a particularly attractive market for Southern African and Indian investors.

Mashale Phumaphi, Managing Director of Shumba, stated:

"This transaction further strengthens our company by bringing on board a strategic long term investor. We look forward to working with Paternoster to maximise value for all shareholders".

Nicholas Lee, Chairman said

"Shumba already owns a very interesting asset in Botswana which it is developing rapidly against the background of Botswana seeking to become self sufficient in power generation. It also has excellent access to other interesting opportunities in a country that is very supportive of the development of natural resource assets. The forthcoming listings will significantly enhance Shumba's access to capital and enable it to accelerate its growth"

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