

PATERNOSTER RESOURCES PLC
“Paternoster” or the “Company”

Unaudited results for the 6 months ended 30 June 2012

Paternoster is pleased to announce its unaudited interim results for the six months ended 30 June 2012.

Chairman’s review

Paternoster has made an excellent start to the year recording a profit before taxation of £1,856,334 for the six months to 30 June 2012 (30 June 2011: loss of £308,810). Net assets as at 30 June 2012 amounted to £3,092,265 (30 June 2011: £690,614). Of the Company’s net assets, £2,433,734 were represented by cash as a result of the successful realisation of investments.

Despite the recent increase in the Company’s share price, I do not believe it reflects these outstanding results and the Company continues to trade at a significant discount to its underlying net assets, the majority of which comprise cash.

The reasons for this seem to be a general lack of liquidity in the small company sector and the absence of a constant deal flow that seems to be a requirement of certain investors. Paternoster is in an extremely enviable position having an excellent track record of investment and realisation and significant cash balances.

We are constantly reviewing a range of opportunities but are only prepared to invest in those that have scope for very significant upside and a level of downside protection – this requirement necessarily slows the rate of investment but for good reason.

The Company has made two investments in the last six months. Astar Minerals plc has a strong position in the North American aggregates market and represents an excellent platform for future expansion. Bison Energy Services Limited owns deposits of frac sand which are extremely sought after in the fast growing North American fracking industry as there is limited supply of such material that is key to the industry. We are also actively working with the Company’s other two investments, Brady Exploration plc and Leed Resources plc in order to deliver value to shareholders.

We are very confident that the successes to date can be replicated going forward and that your Company has a very exciting future ahead.

The key performance indicators are set out below.

COMPANY STATISTICS	30 June 2012	31 December 2011	Change %
Net asset value	£3,092,265	£2,168,091	+43%
Net asset value – fully diluted per share	0.499p	0.355p	+41%
Closing share price	0.28p	0.50p	-44%
Share price premium to net asset value	-	41%	-
Market capitalisation	£1,618,000	£3,054,000	-47%

N Lee
Chairman
20 August 2012

For more information please contact:

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**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Unaudited 6 months ended 30 June 2012 £	Unaudited 6 months ended 30 June 2011 £	Audited Year ended 31 December 2011 £
Profit on disposal of investments	1,962,124	-	-
Administration expenses	(106,886)	(305,240)	(392,423)
Operating profit/(loss)	1,855,238	(305,240)	(392,423)
Finance income	1,096	-	876
Profit/(loss) before taxation	1,856,334	(305,240)	(391,547)
Taxation	-	-	1,391
Profit/(loss) for the period from continuing operations	1,856,334	(305,240)	(390,156)
Loss for the period from discontinued operations	-	(3,570)	(3,570)
Profit/(loss) for the period	1,856,334	(308,810)	(393,726)
Basic earnings/(loss) per share			
Continuing operations	0.32p	(0.87p)	(0.11p)
Discontinued operations	0.00p	(0.01p)	0.00p
Total basic earnings/(loss) per share	0.32p	(0.88p)	(0.11p)
Diluted earnings/(loss) per share			
Continuing operations	0.30p	(0.87p)	(0.11p)
Discontinued operations	0.00p	(0.01p)	0.00p
Total diluted earnings/(loss) per share	0.30p	(0.88p)	(0.11p)

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Unaudited 6 months ended 30 June 2012 £	Unaudited 6 months ended 30 June 2011 £	Audited Year ended 31 December 2011 £
Profit/(loss) for the period	1,856,334	(308,810)	(393,726)
Movement in investment reserve	(951,370)	-	1,085,573
Exchange differences on translating foreign operations	-	(370)	-
Total comprehensive income/(expense) for the period	904,964	(308,440)	691,847

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Called up share capital £	Share premium account £	Investment reserve	Other reserves £	Retained deficit £	Total equity £
Balance at 1 January 2011	3,285,796	1,852,339	–	27,000	(5,161,091)	4,0744
Loss for the year	–	–	–	–	(393,726)	(393,726)
Other comprehensive income:						
Movement in investment reserve	–	–	1,085,573	–	–	1,085,573
Total comprehensive income for the year	–	–	1,085,573	–	(393,726)	691,847
Issue of share capital	545,000	1,005,000	–	–	–	1,550,000
Share issue costs	–	(82,490)	–	–	–	(82,490)
Share based payment costs	–	–	–	4,690	–	4,690
Transactions with owners	545,000	922,510	–	4,690	–	1,472,200
Balance at 31 December 2011	3,830,796	2,774,849	1,085,573	31,690	(5,554,817)	2,168,091
Profit for the period	–	–	–	–	1,856,334	1,856,334
Other comprehensive income:						
Movement in investment reserve	–	–	(951,370)	–	–	(951,370)
Total comprehensive income for the year	–	–	(951,370)	–	1,856,334	904,964
Share based payments costs	–	–	–	19,210	–	19,210
Balance at 30 June 2012	3,830,796	2,774,849	134,203	70,109	(3,698,483)	3,092,265

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Unaudited 6 months ended 30 June 2012 £	Unaudited 6 months ended 30 June 2011 £	Audited Year ended 31 December 2011 £
ASSETS			
Non-current assets			
Available for sale investments	629,447	-	1,760,086
Total non-current assets	629,447	-	1,760,086
Current assets			
Trade and other receivables	94,533	18,867	85,170
Cash and cash equivalents	2,433,734	730,693	375,659
Total current assets	2,528,267	749,560	460,829
Total assets	3,157,714	749,560	2,220,915
LIABILITIES			
Current liabilities			
Trade and other payables	65,449	58,946	52,824
Total current liabilities	65,449	58,946	52,824
Net assets	3,092,265	690,614	4,044
EQUITY			
Share capital	3,830,796	452,858	3,830,796
Share premium account	2,774,849	2,427,349	2,774,849
Capital redemption reserve	27,000	27,000	27,000
Investment reserve	134,203	-	1,085,573
Share option reserve	23,900	-	4,690
Translation reserve	-	370	-
Retained losses	(3,698,483)	(5,469,901)	(5,554,817)
Total equity	3,092,265	690,614	2,168,091

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Unaudited 6 months ended 30 June 2012 £	Unaudited 6 months ended 30 June 2011 £	Audited Year ended 31 December 2011 £
Cash flows from operating activities			
Profit/(loss) before taxation – continuing operations	1,856,334	(305,240)	(391,547)
Loss before taxation – discontinued operations	(3,570)	(3,570)	(3,570)
Profit on disposal of investments	(1,962,124)	-	-
Share based payment expense	19,210	-	4,690
Interest receivable	(1,096)	-	(876)
Increase in trade and other receivables	(9,363)	(10,289)	(76,592)
Increase in trade and other payables	12,625	11,951	5,829
	(84,414)	(306,778)	(462,066)
Tax received	-	-	1,391
Net cash used by operating activities	(84,414)	(306,778)	(460,675)
Cash flows from investing activities			
Purchase of investments	(300,000)	-	(674,513)
Proceeds from disposal of investments	2,441,393	-	-
Interest received	1,096	-	876
Net cash from investing activities	2,142,489	-	(673,637)
Cash flows from financing activities			
Issue of shares	-	1,050,000	1,550,000
Share issue expenses	-	(54,990)	(82,490)
Net cash generated from financing activities	-	995,010	1,467,510
Net increase in cash and cash equivalents	2,058,075	688,232	333,198
Cash and cash equivalents at beginning of period	375,659	42,461	42,461
Cash and cash equivalents at end of period	2,433,734	730,693	375,659

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 2011, 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 2011. 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 diluted earnings per share is based on the profit for the period of £1,837,125 (2011: loss £308,810) and a weighted average number of ordinary shares of 577,857,956 (2011: 35,080,331).
3. No interim dividend will be paid.
4. Copies of the interim report can be obtained from: The Company Secretary, Paternoster Resources plc, 31, Harley Street, London W1G 9QS and are available to view and download from the Company's website : www.paternosterresources.com