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Paternoster Resources PLC
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Paternoster Resources plc

("Paternoster" or the "Company")

Investment in Andiamo Exploration Limited ("Andiamo")

Paternoster announces that it has subscribed for 640,000 new ordinary shares in Andiamo at a price of US\$ 50 cents per share, as part of a fund raising of up to US\$ 3 million, representing an investment, in aggregate, of US\$ 320,000. This would value Andiamo at US\$ 12 million on a pre-investment basis.

Andiamo is a private company based in London, exploring for base and precious metal deposits in Eritrea, on the Arabian-Nubian shield in North East Africa. It has already invested over US\$ 8 million to date in carrying out an extensive programme of work in its licence area, the results of which have been extremely encouraging as regards the presence of significant deposits of gold and copper. The company has a strong management team with a wealth of technical, financial and in-country experience.

Andiamo is well advanced in terms of the preparation of the necessary documentation, including a competent person's report, in order to effect the IPO of the company in the short term. The current fund raising is principally to finance some additional drilling, the costs of the IPO and for general working capital purposes.

The State of Eritrea gained its independence from Ethiopia in 1993 and is a similar size to England with a 1,250 km coastline on the Red Sea. The country hosts a rapidly developing mining industry, including the Bisha mine, which is a large precious and base metal volcanogenic

massive sulphide deposit that went into commercial production in February 2011. The Bisha mine, with 12 years of current reserves, ranks as one of the highest grade open pit mines in the world and, in 2012, produced 313,000 ounces of gold. In 2013, the Bisha mine will transition into a low cost copper, gold, and silver producer. A second gold mine is also under construction at the 840,000 ounce Zara gold project (the Koka deposit) located in Northern Eritrea, and further mining operations for gold, copper and zinc are expected to be developed close to the capital Asmara. Andiamo's Haykota exploration licence is located approximately 40 kilometres along trend and in similar geology to the Bisha mine.

More generally, Paternoster is actively pursuing the creation of value for shareholders from its existing portfolio of investments whilst maintaining a comfortable level of cash resources. The preparation of the accounts for 2012 is underway and a further trading update including details of the company's financial position will be announced shortly.

Nicholas Lee, Chairman said

"The quality of the operation at Andiamo is seldom seen in companies of this size. The potential of the deposits within the licence area are significant and it is expected that production can be achieved within the short to medium term with relatively low levels of investment.

Paternoster is making good progress on a number of its other investments and I expect to be able to update shareholders further in the near future"

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