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If you have sold or otherwise transferred your shares in Paternoster Resources plc (the “Company”), please forward this Document and the accompanying documents to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **Paternoster Resources plc**

(registered in England and Wales with company number 22269566)

### **Increase in share allotment authorities, investment advisory agreement and Notice of General Meeting**

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**Notice of a General Meeting of the Company, to be held at the offices of Keystone Law, 48 Chancery Lane, London, WC2A 1JF at 11.00 am (BST) on 8 June 2018 is set out at the end of this Document.**

In case you are unable to attend and vote at the General Meeting, a Form of Proxy for use at the meeting is enclosed. To be valid, Forms of Proxy should be completed, signed and returned so as to be received by the Company’ registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR as soon as possible, but in any event so as to be received not later than 48 hours before the time of the General Meeting, being 11.00 am (BST) on 6 June 2018. Please refer to the detailed notes contained in the notice of General Meeting and Form of Proxy. Completion and return of the Form of Proxy will not preclude a shareholder from attending in person and voting at the General Meeting.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|  |                         |
|--|-------------------------|
| Publication of this Document   | 22 May 2018             |
| Latest time and date for receipt of Forms of Proxy in respect of the General Meeting | 11.00 am on 6 June 2018 |
| General Meeting  | 11.00 am on 8 June 2018 |

*All times in this Document refer to London time (BST).*

## DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

|                                      |   |
|--------------------------------------|---|
| <b>“AIM”</b>                         | the market of that name operated by the London Stock Exchange   |
| <b>“Company”</b>                     | Paternoster Resources plc   |
| <b>“Directors” or “the Board”</b>    | the directors of the Company at the date of this document, whose names are set out on page 3 of this document   |
| <b>“Document”</b>                    | this document dated 22 May 2018   |
| <b>“General Meeting” or “GM”</b>     | the general meeting of the Company (or any adjournment of such meeting) convened for 11.00 am on 8 June 2018 to be held at the offices of Keystone Law at 48 Chancery Lane, London WC2A 1JF for which the notice is set out at the end of this Document |
| <b>“Form of Proxy”</b>               | the form of proxy enclosed with this Document for use by Shareholders in connection with the General Meeting  |
| <b>“Ordinary Shares” or “Shares”</b> | ordinary shares of £0.001 each in the capital of the Company  |
| <b>“Resolutions”</b>                 | the resolutions set out in the Notice of General Meeting at the end of this Document  |
| <b>“Shareholders”</b>                | holders of Ordinary Shares  |

## LETTER FROM THE CHAIRMAN

### **Paternoster Resources plc**

(Incorporated and registered in England and Wales under the Companies Act 1985, Company number 00269566)

Directors

Nicholas Lee (Chairman)  
Amanda van Dyke  
Andrew Nesbitt

Registered Office  
30 Percy Street  
London  
W1T 2DB

22 May 2018

To the holders of Ordinary Shares

Dear Shareholders

#### **Increase in share allotment authorities, investment advisory agreement and Notice of General Meeting**

##### **1. Introduction**

On 18 January 2018, the Board of Paternoster Resources plc announced that it had entered into an arrangement with RiverFort Global Capital Ltd, the specialist provider of capital to junior companies (“**RiverFort**”), whereby Paternoster would have the opportunity to invest in transactions arranged by RiverFort alongside other co-investors.

On 20 April 2018, the Board announced that, as a first step in the development of this arrangement, it had agreed to invest around £250,000 in a portfolio of income-yielding investments arranged by RiverFort which comprise investments in the form of both senior and convertible debt. This portfolio represented, on average, around 2.8% of the total investment amounts originally arranged by RiverFort and therefore demonstrates the scope for Paternoster to scale-up the size of its investments as it develops its relationship with RiverFort. This should enable the Company to quickly grow its portfolio with investments that can generate both attractive cash returns whilst providing downside protection.

##### **2. Increase in share allotment authorities**

Given, the investment opportunities that we believe are available and the increase in the level of investor interest, both as a result of the arrangement with RiverFort, we are seeking the necessary authorities from shareholders to be in a position to raise additional investment funds from investors to deploy in these investment situations should opportunities arise. In the event that the Company decides to raise new funds, these are likely to be raised at or around the prevailing market share price which is currently slightly above nominal value of the Company’s ordinary shares. Based on the latest quarterly update published by the Company, this would represent a 41 per cent. discount to the Company’s underlying net asset value per share. In the event that such funds are raised, an appropriate opportunity such as the provision of an open offer, would also be made available to existing shareholders to enable them to subscribe for new shares in the Company on similar terms.

### 3. Investment advisory agreement

As a further development of the Company's evolving strategy, Paternoster is proposing to enter into an investment advisory agreement ("**Investment Agreement**") with RiverFort. The Investment Agreement will secure Paternoster's access to RiverFort's investment pipeline and enable it to utilise RiverFort's investment infrastructure. This infrastructure will provide services such as investment structuring, due diligence and sector expertise. This arrangement will also enable costs to be reduced within the listed company. As a result of this arrangement, Paternoster will be the only company listed on AIM or the London Stock Exchange that will have exclusive access to this range of RiverFort services and its investment pipeline. Investors wishing to obtain exposure to RiverFort's investment opportunities via a company listed on AIM or the London Stock Exchange will only be able to do so by investing in Paternoster.

The Investment Agreement will be for an initial period of two years after such time either party can terminate the agreement by giving one year's notice. RiverFort will receive an annual retainer fee equivalent to two per cent. of the Company's net assets and a performance fee equivalent to 20 per cent. of the profits generated on each new investment. The performance fee shall only be payable on the cash profits received by Paternoster from these investments. Paternoster shall also receive 60 per cent. of its pro rata share of any deal related fees generated from such investments. Going forward, it is the intention that at least 75 per cent. of investment funds available for investment will be invested in RiverFort arranged opportunities and no more than ten per cent. will be invested in pure equity investments. The ultimate investment decision with regard to any investment opportunity will, however, still remain with the Board of Paternoster.

Whilst, the entering into of the Investment Agreement is simply an additional means by which the Board intends to pursue the development of Paternoster's existing investing policy, the Board believes that it is appropriate that shareholders be asked to approve this arrangement.

RiverFort is a highly-respected provider of specialist financing to the natural resources sector, providing equity, convertible debt and senior project finance solutions. RiverFort is the investment director of Cuart Investments PCC Limited, a Gibraltar Experienced Investor Fund. Since its formation, RiverFort has been able to arrange very attractive returns for its investors. In 2016, its first year of operation, Cuart Investments PCC Limited - Cuart Growth Capital Fund I achieved an increase in its audited NAV of over 15% between July and December 2016. The increase in NAV for 2017, on an unaudited basis, is expected to be over 20%. From the date of its formation to 31 March 2018, RiverFort, on behalf of Cuart Growth Capital Fund I, its co-investors and other investment partners, has arranged over US\$76 million of investments. The RiverFort team has an international footprint and a range of financial, entrepreneurial and industrial expertise. Riverfort is authorised and regulated by the Financial Conduct Authority.

### 4. Resolutions

To increase the authorities to issue new ordinary shares in the Company should the opportunity arise and to enter into an investment advisory agreement with RiverFort as set out in the notice of General Meeting included at the end of this document.

#### *Resolution 1: Investment advisory agreement*

This resolution authorises the directors to enter into an investment advisory agreement with RiverFort.

#### *Resolution 2: Authority to allot shares*

This resolution grants the directors authority to allot shares in the capital of the Company and rights to subscribe for shares up to an aggregate nominal value of £6,000,000, representing approximately 335% of the nominal value of the issued ordinary share capital of the Company as at 21 May 2018, being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 15 months from the passing of the resolution, whichever is the earlier.

*Resolution 3: Resolution to disapply pre-emption rights*

This resolution authorises the directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £6,000,000, representing approximately 335% of the nominal value of the issued ordinary share capital of the Company as at the date of this letter. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 15 months from the passing of the resolution, whichever is the earlier.

**5. General Meeting**

A notice of General Meeting of Paternoster Resources plc to be held at the offices of Keystone Law at 48 Chancery Lane, London WC2A 1JF on 8 June 2018 at 11:00 am is set out at the end of this Document. At the General Meeting, the Resolutions will be proposed.

**6. Action to be taken by Shareholders**

A Form of Proxy is enclosed for use at the General Meeting. **Whether or not you intend to be present at the Meeting you are requested to complete, sign and return the Form of Proxy to Share Registrars Limited, as soon as possible but in any event so as to arrive not later than 11:00 am on 6 June 2018 in accordance with the notes to the Form of Proxy.** The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you subsequently wish to do so. Your attention is drawn to the detailed notes to the Notice of General Meeting and Form of Proxy.

**7. Recommendation**

Given Mr Andrew Nesbitt's role as a consultant to RiverFort, the Board considers him non-independent for the purposes of the resolution with regard to the Investment Agreement and therefore he has excused himself from that aspect of the recommendation below.

The Directors (other than as described above) believe that all of the Resolutions will promote the success of the Company for the benefit of its shareholders as a whole, and unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their shareholdings, representing in aggregate, 0.9 per cent. of the Company's issued share capital.

Yours faithfully

Nicholas Lee  
Chairman

## Paternoster Resources plc (the “Company”)

### Notice of General Meeting

Notice is given that a General Meeting of Paternoster Resources plc will be held at 11:00 am on 8 June 2018 at the offices of Keystone Law at 48 Chancery Lane, London WC2A 1JF to consider, and if thought fit, pass the following resolutions:

#### Ordinary resolutions

1. THAT, the proposed investment advisory agreement to be entered into between the Company and RiverFort, Global Capital Ltd the key terms of which are as summarised in the letter accompanying this Notice be approved.
2. THAT, in accordance with section 551 of the Companies Act 2006 (the “Act”), the directors of the Company (“**Directors**”) be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (“**Rights**”) up to an aggregate nominal amount of £6,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next annual general meeting of the Company or (if earlier) 15 months from the date of passing this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the Act.

#### Special Resolution

3. THAT, subject to the passing of resolution 2, the Directors be given the general power to allot equity securities (as defined by section 560 of the Act) for cash, either pursuant to the authority conferred by resolution 2 or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
  - 3.1 The allotment of equity securities in connection with an offer of equity securities by way of a rights issue:
    - 3.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
    - 3.1.2 to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,  
  
but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange.
  - 3.2 The allotment (otherwise than pursuant to paragraphs 3.1 above) of equity securities up to an aggregate nominal amount of £6,000,000.

The power granted by this resolution will unless renewed, varied or revoked by the Company, expire at the conclusion of the next annual general meeting of the Company or (if earlier) 15 months

from the date of passing this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

By order of the Board  
Miles Nicholson  
Secretary

*Registered Office:*  
30 Percy Street  
London  
W1T 2DB

22 May 2018

## Notes:

- 1 As a member of the Company, you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. You should have received a proxy form (the “Proxy Form”) with this notice of meeting. You can only appoint a proxy using the Proxy Form and the procedures set out in the notes to the Proxy Form.
- 2 You may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise the rights attached to any one share. To appoint more than one proxy, please follow the instructions set out in the notes to the Proxy Form.
- 3 To be effective, the Proxy Form must be:
  - completed and signed;
  - sent or delivered to Share Registrars Limited at: The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719232;
  - alternatively, the completed Proxy Form can be scanned and emailed to proxies@shareregistrars.uk.com; and
  - received by Share Registrars Limited no later than 48 hours prior to the Meeting, excluding non-working days, or any adjournment thereof, together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or, where the Proxy Form has been signed by an officer on behalf of a corporation, a notarially certified copy of the authority under which it is signed.
- 4 Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
- 5 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Register of Members 48 hours before the meeting, excluding non-working days, (or if the meeting is adjourned, those members registered on the Register of Members of the Company 48 hours before the adjourned meeting, excluding non-working days) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Subsequent changes to entries on the register after this time shall be disregarded in determining the rights of any persons to attend or vote at the meeting.
- 6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the most senior).
- 7 You may not use any electronic address provided either:
  - 7.1 in this notice of meeting; or
  - 7.2 any related documents (including the Proxy Form and the notes to the Proxy Form);to communicate with the Company for any purposes other than those expressly stated.