



## **First Quarter 2012 Update**

Beowulf (AIM: BEM; Aktietorget: BEO), the AIM and Aktietorget traded mineral exploration company which owns several exploration projects in Sweden, announces an unaudited operational and financial update for the three months ended 31 March 2012.

**Clive Sinclair-Poulton, Executive Chairman of Beowulf, commented:**

“Beowulf currently has ten exploration projects in Northern Sweden primarily prospecting for iron, copper, gold and uranium. Reflecting our ongoing exploration activities and higher cost base, the unaudited consolidated results for the three month period ended 31 March 2012 show nil revenue (2011: nil), loss before and after taxation of £191,000 (2011: £125,000) and basic loss per share of 0.091p (2011: 0.078p).

During the first quarter of 2012, the Company and its wholly owned Swedish subsidiary, Jokkmokk Iron Mines AB (“JIMAB”), have endeavoured to resolve the Swedish regulatory issues in respect of drilling on our Kallak iron ore project and I am pleased to report that, by the end of May, these operational matters had been addressed with drilling now back underway.

The technical infringement of the Swedish Minerals Act concerned drilling activities taking place without valid work plans being in place due to an inadvertent administrative oversight. Accordingly, our new drilling programme on Kallak was suspended in December 2011 to rectify the situation and whilst the relevant landowners consented to the duly filed and notified work plans for our Kallak nr1 and Parkijaure nr2 permit areas, objections were raised by the local Saami community, seeking to delay the campaign to May due to seasonal reindeer herding. Drilling operations therefore remained suspended whilst the Company consulted with the Mining Inspector and the local community to seek an acceptable resolution to the objections raised.

In late April 2012, the group learnt that it would not be prosecuted by either The Prosecutors Office in Luleå or the Local Prosecutor in Gällivare in respect of historic drilling conducted on the Kallak project areas without valid work plans being in place and, in early May, the Mining Inspector at Bergsstaten formally reminded the relevant group entities of the provisions and requirements of the Swedish Minerals Act and potential consequences of any future breaches, but decided to take no further action or investigation into the historic work plan infringements.

The group is fully cognisant of its regulatory responsibilities and the importance of developing and maintaining a good working relationship with the local communities and landowners. We have now implemented procedures to more effectively manage our drilling activities and avoid any repetition, by both redefining internal responsibilities and policy and appointing an experienced consultant from GeoVista AB (“GeoVista”) to assist us, in particular, with all work plan related matters.

In addition, we have reorganised the group to better recognise the location and focus of our Swedish operations. Accordingly, Beowulf Mining AB, the holding company of our Kallak and Ruotevare iron ore licences, was renamed Jokkmokk Iron Mines AB, whilst our other natural resource projects (save



for the Ballak JV project licences held by Wayland Copper Limited) are currently intended to be transferred to another wholly owned Swedish subsidiary, Beowulf Developments AB, which is also intended to be renamed Norrbotten Mines AB. The renaming of our Swedish subsidiaries more closely reflects our local presence and identity in the Jokkmokk region and Norrbotten County respectively.

Our intention is to grow these Swedish entities with predominantly Swedish staff concentrating on the development and exploitation of Swedish resources. To further this strategy, we are currently establishing a regional office in Jokkmokk and have continued our efforts to liaise with all of the relevant local authorities and other affected stakeholders to maximise awareness of, and support for, the group's development plans.

A series of meetings have been held with the principal municipal authorities of Jokkmokk and locally affected organisations, such as Saami village boards, local landowners and the local small business association, to enable us to outline our development plans for the Kallak project and address any concerns arising. The latest public information and consultation meeting took place in April, with the local community in Jokkmokk, in respect of the ongoing Environmental Impact Study, being prepared for our proposed test mining at the Kallak project, where we sought to demonstrate our commitment to minimising the impact of our exploration activities. This meeting was very well attended and we wish to work more closely with the local community going forwards.

On 16 May 2012, we received approval from the Mining Inspectorate for the work plan filed and notified in respect of our Kallak nr1 permit area, subject to certain conditions, and the initial phase of our infill drill programme recommenced in that area on 29 May 2012 following due advance notice of the planned operations having been provided to the local Saami community.

Further to meetings held with the principal local land owner and representatives of the local Saami community on 24 and 25 May 2012 respectively, JIMAB will shortly be filing a new work plan in respect of the southern part (Parkijaure nr2 licence area) of its Kallak project and plans to hold further meetings with the representatives of the local Saami community in due course.

In addition to resolving the work plan issues, we have also been progressing our preparations for the future. In January 2012, we appointed Micon International Co. Limited as a technical consultant to JIMAB to work alongside GeoVista on the Kallak project and help combine further definition of the project's estimated resource, through more targeted additional drilling, with the commencement of an initial design plan for an envisaged open pit mine.

More recently, further consultants have been appointed to advise on, inter alia, the alternative locations for the potential ore treatment plant, the tailings facility, the mining waste rock dumps and its management, a metallurgical test works, a preliminary flow sheet and a preliminary layout and design of an ore treatment facility for the Kallak deposit areas. Consultations are also ongoing with the state transport authority to discuss potential transport options in northern Sweden.



We remain positive on the outlook for the global iron ore market, as the EU still needs to import more than 80 per cent. of its demand requirements. Although global markets continue to be extremely volatile and uncertain, we are taking a longer term view, in the order of a five year plus timeframe.

We are also committed to the Jokkmokk region, demonstrated by our continued desire to prove up our existing Kallak licence areas as well as the recent registration of an application for a further exploration licence area, Kallak nr3, covering an area of approximately 5.6km<sup>2</sup> as a small direct extension to the west of the iron deposit within the Kallak nr1 licence area. We believe there is great potential and will continue to focus our resources on Kallak's further development.

The group is now well placed to progress over the rest of the year with solid preparations underway for 2013 and beyond.

We would like to thank all those who work with us for their advice, our shareholders for their continued patience and the Jokkmokk community for both their questions and support.

Without the combined support of all our stakeholders we simply will not be able to realise our ambitious growth aspirations."

London, 2012-06-01

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**UNAUDITED CONSOLIDATED INCOME STATEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2012**

	<b>Unaudited</b> <i>3 months ended</i> <i>31 March 2012</i> £000's	<b>Unaudited</b> <i>3 months ended</i> <i>31 March 2011</i> £000's
<b>Continuing operations</b>		
Revenue	-	-
Administrative expenses	(204)	(125)
<b>Operating loss</b>	(204)	(125)
Finance costs	-	-
Finance income	13	-
	(191)	(125)
<b>Loss before and after taxation</b>	(191)	(125)
Loss per share:		
Basic loss per share	(0.091)p	(0.078)p
Diluted loss per share	(0.089)p	(0.076)p



**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2012**

	<b>Unaudited</b> As at 31 March 2012 £000's	<b>Unaudited</b> As at 31 March 2011 £000's
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	2,468	1,395
Property, plant and equipment	1	1
Investments	117	175
Loans and other financial instruments	270	20
	<u>2,856</u>	<u>1,591</u>
<b>Current assets</b>		
Trade and other receivables	162	278
Cash and cash equivalents	5,574	94
	<u>5,736</u>	<u>372</u>
<b>TOTAL ASSETS</b>	<u><u>8,592</u></u>	<u><u>1,963</u></u>
<b>EQUITY</b>		
<b>Shareholders' equity</b>		
Called up share capital	2,104	1,598
Share premium account	10,859	3,904
Revaluation reserve	(8)	50
Capital contribution reserve	46	46
Share scheme reserve	68	29
Translation reserve	(1)	-
Retained earnings	(4,620)	(3,737)
<b>TOTAL EQUITY</b>	<u>8,448</u>	<u>1,890</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	144	73
Taxation	-	-
	<u>144</u>	<u>73</u>
<b>TOTAL LIABILITIES</b>	<u>144</u>	<u>73</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>8,592</u></u>	<u><u>1,963</u></u>