



Subscription and Proposed Subscription to raise £4.125m gross, Equity Swaps and General Meeting

Beowulf (AIM: BEM; Aktietorget: BEO), the mineral exploration company focused on developing its Kallak North and Kallak South iron ore deposits in northern Sweden, is pleased to announce that it has raised, in aggregate, £4.125m (before expenses) from new shareholders by way of a subscription for 28,694,000 new ordinary shares of 1p each in the capital of the Company (“Ordinary Shares”) (the “Initial Subscription Shares”) at a price of 6.25p per share (the “Subscription”) and a conditional subscription for a further 37,306,000 new Ordinary Shares (the “Second Subscription Shares”) at a price of 6.25p per share (the “Proposed Subscription”).

Use of Proceeds

The net proceeds raised will be used to augment the Company’s existing cash resources and assist with funding:

- the planned 3,000m additional drill programme later this year at its Ballek copper-gold joint venture project;
- to further progress its Kallak iron ore project;
- for general working capital purposes; and
- potentially, for the acquisition of additional assets to complement its existing attractive exploration portfolio.

Details of the Subscription, Proposed Subscription and Equity Swaps

The Company has issued the Initial Subscription Shares under its existing share capital authorities and is proposing to issue the Second Subscription Shares under new authorities to be sought at a General Meeting to be convened shortly (the “General Meeting”), notice of which will be included in a circular expected to be posted shortly to those shareholders who have elected to receive hardcopy shareholder communications from the Company and which, once posted, will also be made available to download from the Company’s website at www.beowulfmining.net.

Lanstead Capital L.P. (“Lanstead”), a new institutional investor in the Company, has subscribed for all of the Initial Subscription Shares and 35,306,000 of the Second Subscription Shares, together being 64,000,000 new Ordinary Shares (the “Lanstead Subscription Shares”), for an aggregate consideration of £4m. The balance of the Second Subscription Shares has been subscribed by Cantor Fitzgerald Europe, the Company’s broker. In addition, the Company has entered into Equity Swap Agreements with Lanstead which allow the Company to retain much of the economic interest in the Lanstead Subscription Shares. The Equity Swap Agreements enable the Company to secure much of the potential upside arising from anticipated near term news flow.

The Equity Swap Agreements provide that the Company’s economic interest will be determined and payable in 24 monthly settlement tranches as measured against a benchmark price of 8.33p per share (the “Benchmark Price”). If the measured share price exceeds the Benchmark Price, for that month, the



Company will receive more than 100 per cent. of the monthly settlement due on a pro rata basis. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements. Should the measured share price be below the Benchmark Price, the Company will receive less than 100 per cent. of the expected monthly settlement on a pro rata basis. Of the aggregate proceeds of £4m from the issue of the Lanstead Subscription Shares, the Company will use £0.8m (20 per cent.) for working capital and £3.2m (80 per cent.) for investment in the Equity Swap Agreements as described above. In no event would a decline in the Company's share price result in any increase in the number of Ordinary Shares received by Lanstead or any other advantage accruing to Lanstead.

The Company has agreed to make a value payment to Lanstead of 6,400,000 Ordinary Shares in consideration for the Equity Swap Agreements of which 2,869,400 Ordinary Shares (the "Initial Value Shares") have been issued in connection with the Subscription and 3,530,600 Ordinary Shares (the "Second Value Shares") will be issued in connection with the Proposed Subscription.

The mid-market price of an Ordinary Share at the close of business on 9 July 2013 (being the latest practicable date prior to this announcement) was 7.00p. Application has been made to the London Stock Exchange for the Initial Subscription Shares and the Initial Value Shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and that dealings in the Initial Subscription Shares and Initial Value Shares will commence at 8.00 a.m. on 10 July 2013.

Application will be made to the London Stock Exchange for the Second Subscription Shares and the Second Value Shares, to be issued under the new authorities, to be admitted to trading on AIM shortly after the forthcoming General Meeting.

The new Ordinary Shares will be fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares. The total number of Ordinary Shares in issue following completion of the Subscription and issue of the Initial Value Shares, and the total number of voting rights, will be 241,990,765. Beowulf does not hold any Ordinary Shares in treasury and accordingly there are no voting rights in respect of any treasury shares.

Following completion of the Subscription, the aforementioned figure of 241,990,765 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, Beowulf under the FCA's Disclosure and Transparency Rules.

Following completion of the Subscription, Lanstead will be interested in 31,563,400 Ordinary Shares and following completion of the Proposed Subscription Lanstead will be interested, in aggregate, in 70,400,000 Ordinary Shares representing approximately 13.04 per cent. and 24.89 per cent. respectively of Beowulf's enlarged issued share capital.

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

"We are delighted to welcome these new investors in Beowulf.

In summary, the structure of the fundraising and associated swap arrangements is designed to provide additional financing to accelerate our planned exploration work programmes and further progress the



development of our promising iron ore and copper/gold projects in northern Sweden, whilst allowing the Company to secure much of the potential upside arising from anticipated near term news flow. As a result of these transactions, Beowulf will benefit from £0.8m in additional working capital for immediate deployment with further amounts receivable over 24 months subject to the outcome of its investment in the equity swap agreements.”

Notes to editors:

The Kallak Iron Ore Project

The Kallak iron ore project is located in the Jokkmokk municipality north of the Arctic Circle approximately 40km west of Jokkmokk city centre and approximately 80km southwest of the major iron ore mining centre of Malmberget in the Norrbotten County in northern Sweden. The project area covers 174.64km² over eight separate permits and comprises forested, low hilly ground close to a main paved road with excellent local infrastructure.

Two iron ore deposits, Kallak North and Kallak South, are present, separated by only a few hundred metres in distance which may be connected at depth. The deposits are up to 300m wide at surface outcrop. The northern deposit has a confirmed length extension of more than one kilometre and the southern deposit has a total length of more than two kilometres. Drilling has confirmed, in single drillholes, mineralised vertical depth extensions to more than 300 metres at both deposits.

Kallak North currently has an independent JORC Code compliant resource estimate of 88.8Mt Indicated Resources, grading at 27.7% Fe, and 55.3Mt Inferred Resources, grading at 28.2% Fe, modelled and reported by GeoVista AB in April 2013 at a 20% iron (Fe) cut-off and down to a vertical depth of 200m to 350m. GeoVista AB considers that there is potential for further tonnage to be discovered at depth in the southern and northern parts of the deposit and has recommended that further drilling be conducted.

The currently ongoing Kallak South drill campaign is principally targeting a maiden JORC Code compliant resource estimate for the Kallak South deposit as well as seeking to determine whether the Kallak South and Kalla North deposits are geologically connected.

Ballek Copper-Gold Project

The Ballek copper-gold project area in the Arjeplog municipality of the Västerbotten County in northern Sweden, comprises two exploration permits, Ballak nr2 and nr3, covering 13.59km² and 4.69km² respectively. The permits are held by Wayland Copper Limited, owned jointly and equally by Beowulf and its joint venture partner, Energy Ventures Limited, with Beowulf assuming operatorship in February 2011.

The project area contains the Lulepotten deposit on which a maiden JORC Code compliant Inferred Resource estimate was compiled and reported in September 2008 of 5.4Mt, grading at 0.8% Cu and 0.3g/t Au (cut-off value of 0.3% for copper). A number of further registered minor copper deposits are also known within the area.

The planned additional 3,000m drill programme will primarily seek to test previously indicated copper targets at increased depths. In particular, it will be targeting some pronounced deep lying Induced



Polarisation (IP) targets located close to the previously identified copper-gold targets of Kvarnbäcken and Sågberget in the central parts of the project area.

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