Operational Update re Kallak Iron Ore Project January 2014

Encouraging assay results received for a further 10 drillholes at Kallak South and an initial 4 drillholes at Kallak North

Metallurgical studies for pilot scale test work progressing as planned

Beowulf (AIM: BEM; Aktietorget: BEO), the mineral exploration company focused on developing the group's Kallak North and Kallak South iron ore deposits in northern Sweden, announces an operational update in respect of the group's Kallak iron ore project. The Kallak project is wholly owned by Beowulf's operating subsidiary, Jokkmokk Iron Mines AB ("JIMAB"), and is located within the municipality of Jokkmokk in the Norrbotten County.

Highlights:

- Approximately 4,124m of drilling completed on Kallak South in 2013, covering 16 holes, with encouraging assay results received for the latest 10 holes. Significant results include one inclined drill hole with an intercept of 17.40m at 31.35 per cent. average iron content.
- The new work plan notified and disseminated for Kallak South, for up to a total of 18,000m of drilling through to 31 December 2015, is now valid with similar conditions to the previous plan. A work permit for drilling is currently awaited from the County Administrative Board before commencing the 2014 drill campaign.
- Promising assay results received for the first four holes from the 1,546m phase of drilling on Kallak North completed in August 2013. Significant results include one inclined hole with a long intercept of 90.20m at 41.37 per cent. iron. A 7.36m section in the same hole returned a result of 46.86 per cent. average iron content.
- A further 615m of drilling completed on Kallak North in late 2013 and early 2014 prior to the local Sami community requesting a temporary suspension of works in accordance with their entitlement under the work plan. The existing work plan remains valid until 31 October 2015 for up to a total of 11,000m of drilling.
- Metallurgical studies progressing well in respect of the first stage of pilot scale test work on material from the test mining sampling programme completed at Kallak North in autumn 2013.

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

"The remaining assay results received from our 2013 drill programme at Kallak South are once again encouraging, with significant average grades of iron mineralisation recorded for a number of analysed drill core sections. A new work plan for Kallak South has now been secured, covering the period to 31 December 2015, and we look forward to progressing our 2014 drill campaign at the earliest opportunity.

"The initial assay results from our 2013 drill programme at Kallak North are most promising, with nine of the sections analysed to date recording average iron content in excess of 40 per cent. We are also pleased that the metallurgical studies are progressing well in respect of the first stage of pilot scale test work on material from the test mining sampling programme completed last year at Kallak North."

Kallak South drill programme

As announced previously, JIMAB is undertaking a significant drilling campaign on the Kallak South deposit which is principally targeting a maiden JORC Code compliant resource estimate for this deposit as well as seeking to confirm whether the Kallak South and Kallak North deposits are geologically connected.

The initial phase of drilling completed on Kallak South during 2013 comprised a total of 4,124m over 16 holes and focused on the northernmost and central parts of the deposit. Assay results for the first six holes were announced in August 2013 and results for the remaining ten holes have now been received with further encouraging average iron grades encountered over long intercepts.

Details of the assay results received for the ten outstanding holes are set out in the table below.

Hole No.	Total hole length (m)	Sections analysed with significant grades (m)			Assay results Fe (%)
		from	to	Total	
KAL 13 059	**294.80**	**77.20**	**109.98**	**32.78**	**29.64**
includes		*78.20*	*87.00*	*8.80*	*38.31*
includes		*103.03*	*109.98*	*6.95*	*37.51*
KAL 13 060	**158.50**	**33.14**	**41.75**	**8.61**	**23.11**
KAL 13 062	**211.19**	**116.52**	**137.50**	**20.98**	**29.66**
includes		*116.52*	*125.53*	*9.01*	*37.57*
KAL 13 063	**210.53**	**23.80**	**42.65**	**18.85**	**23.82**
includes		*23.80*	*30.38*	*6.58*	*36.98*
KAL 13 065	**198.80**	**96.70**	**106.23**	**9.53**	**21.27**
KAL 13 066*	**150.00**	**24.50**	**42.60**	**18.10**	**16.89**
KAL 13 067	**337.80**	**153.00**	**162.05**	**9.05**	**20.79**
		270.38	**287.78**	**17.40**	**31.35**
includes		*270.38*	*279.00*	*8.62*	*35.86*
		297.06	**302.24**	**5.18**	**35.24**
KAL 13 068	**289.05**	**211.69**	**244.14**	**32.45**	**25.91**
includes		*211.69*	*221.12*	*9.43*	*37.19*
KAL 13 069	**283.49**	**120.10**	**129.60**	**9.25**	**25.27**
KAL 10 039B*^	**262.40**	**52.75**	**104.45**	**51.70**	**22.35**
		109.15	**139.25**	**30.10**	**26.33**

Notes:

** - hole KAL 13 066 has an azimuth of 90 degrees and hole KAL 10 039B has an azimuth of 289 degrees . All other holes have an azimuth of 270 degrees.*

^ - the letter suffix/label is for internal management reporting purposes only. Pre-existing drill hole number remains unchanged.

The latest drill results confirm the presence of high grade sections of iron mineralisation over significant widths in all drill tested sections across the northerly part of the Kallak South deposit. However, as noted in the initial results announced in August 2013, the iron mineralisation appears to be split up and intersected by abundant sections of barren intrusions of pegmatites and granitic zones of varying widths. This makes geological interpretation more difficult with respect to connecting the individual mineralised sections between each drillprofile. The iron mineralisation encountered is similar to that previously reported being mostly comprised of fine grained magnetite, partly associated with hematite, in quartz banded gneissic hostrock. Several sections reported contain average iron grades of between 25 to 30 per cent. with a number of significant sections containing grades of 35 per cent. or more of iron. For example, drillhole KAL 13 067 had an intercept of 17.40m at 31.35 per cent. average iron content including 8.62m at 35.86 per cent. iron.

It is noted that within drill profile 7412675N drillhole KAL 13 062 cuts the iron mineralisation with an average grade of approximately 30 per cent. iron over 20.98m length from 116.52m. A significant section includes 9.01m with 37.57 per cent. iron. This mineralised section can be connected with that of 18.85m in length in hole KAL 13 063 collared 100m west of hole KAL 13 062. At this location, iron mineralisation is encountered almost at bedrock surface at 24m depth with an average of approximately 24 per cent. iron and containing a 6.58m long, high grade section of 36.98 per cent. iron. It is important to note is that the iron mineralised body encountered in these drillholes, KAL 13 062 and KAL 13 063, widens significantly at depth as noted in the earlier reported drillhole KAL 13 061 which lies in the same drillhole profile, 7412675N, but collared about 100m east of hole KAL 13 062. In hole KAL 13 061, iron mineralisation with an average of 32 per cent. iron is more than 90m wide, but includes a significant high grade section of 41m with 39 per cent. iron. This cuts the iron mineralised body in this drillprofile more than 50m below that of hole KAL 13 062. This drillhole also contains the extreme high grade section of 55 per cent. iron content.

It appears that by drilling the profile at 7412675N we have confirmed the presence of an iron mineralised N-S extending structure with an average dip towards east of about 60 degrees which increases in width with increasing depth. Further significant widths of high grade iron mineralisation are to be expected below at depths of about 200m and east of hole KAL 13 061.

Further detailed interpretation of the results obtained is ongoing with a view to better defining the drilling planned for the Kallak South area.

The areas drilled to date cover approximately 30 per cent. of the Kallak South anomaly. The remaining 70 per cent. undrilled areas are the subject of the new work plan which was notified and disseminated to the Mining Inspectorate and the relevant land owners and users in November 2013. As no

objections were received within the statutory time period, the new plan is now legally effective/valid and covers up to a total of 18,000m of drilling in the period to 31 December 2015. The plan contains similar conditions to the previous plan which expired at the end of October 2013 such that between 1 November and 30 April the local Sami community is entitled to request the temporary suspension of works for a period of up to eight weeks.

The plan envisages a drilling density of approximately 100m (north-south) between profiles and there is approximately a 100m (east-west) interval between the holes along each of the profiles. Approximately three to four holes are planned in each profile, with some holes located in wet areas thereby requiring drilling in the winter season, whilst other holes situated in drier terrain can be drilled all year round.

JIMAB is currently awaiting the renewal of its work permit for drilling from the County Administrative Board before commencing its planned 2014 drill campaign and, in light of the Sami community's abovementioned suspension entitlement, it is currently expected that drilling will recommence at Kallak South either later this quarter or in early Q2 2014. It is currently intended that oriented drilling be used for the 2014 programme in order to obtain a more detailed understanding of the structural control within the mineralisation.

Kallak North Drill Programme

An additional infill drilling programme of up to approximately 11,000m commenced on the Kallak North deposit in late May 2013, which is seeking to further define the extent of this deposit, particularly at depth and towards the south, and to further upgrade the existing JORC Code compliant resource estimate.

The initial phase of drilling completed on Kallak North in August 2013 comprised a total of 1,546m over nine holes. The second phase commenced in late 2013, following completion of certain preparatory work, and to date an additional 615m of drilling has been completed.

Assay results have now been received for four drill holes completed during the initial phase with promising average iron grades encountered over long intercepts. Sample selection and analysis, and in some cases logging, is pending for a further four holes with a further two holes to be extended via further drilling.

Details of the ten holes completed on the drill programme to date, including the initial assay results, are set out in the table below.

Hole No.	Total hole length (m)	Sections analysed with significant grades (m)			Assay results Fe (%)
		from	to	Total	
KAL 13 119*	**365.13**	*Selection and analysis pending*			
KAL 13 122	**149.70**	**28.50**	**118.70**	**90.20**	**41.37**
includes		*30.50*	*35.66*	*5.16*	*41.68*
includes		*38.00*	*66.00*	*28.00*	*45.78*
includes		*75.80*	*85.40*	*9.60*	*45.32*
includes		*87.14*	*94.50*	*7.36*	*46.86*
includes		*104.35*	*111.40*	*7.05*	*45.21*
Includes		*115.60*	*118.70*	*3.10*	*41.63*
KAL 13 123	**150.90**	*No intersects to be reported*			
KAL 13 124	**235.38**	*Logging, selection and analysis pending*			
KAL 13 126	**100.82**	**4.00**	**63.09**	**59.09**	**36.20**
includes		*40.52*	*49.85*	*9.33*	*43.30*
Includes		*56.92*	*59.00*	*2.08*	*41.70*
KAL 13 127*	**149.70**	*Hole to be extended*			
KAL 13 128*	**250.32**	**2.80**	**18.50**	**15.70**	**27.66**
		20.62	**66.57**	**45.95**	**26.66**
		77.80	**102.50**	**24.70**	**26.79**
		108.70	**124.00**	**15.30**	**26.25**
		125.18	**138.00**	**12.82**	**29.20**
KAL 13 132	**131.12**	*Hole to be extended*			
KAL 13 133	**248.13**	*Selection and analysis pending*			
KAL 14 001	**379.80**	*Logging, selection and analysis pending*			

Notes:

** - hole KAL 13 119 has an azimuth of 250 degrees, hole 13 127 has an azimuth of 70 degrees and hole KAL 13 128 has an azimuth of 100 degrees. All other holes have an azimuth of 90 degrees.*

Drilling to date has principally been focused on the southern part of Kallak North at depth, where little drilling has been performed previously. It is intended that the infill programme will subsequently continue on the central and northern parts of the deposit and again target mineralisation at depth.

The initial results confirm the presence of very high grades of iron over significant widths as noted in hole KAL 13 122 which contains a 90.20m section from 28.50m depth with an average grade of 41.37 per cent. iron. Notably, the inclined drill hole KAL 13 123 contains no significant iron sections. This hole is collared just outside the southwestern limit of the Kallak North deposit. With an easterly plunge of the drillhole showing no presence of iron mineralisation from the results obtained, it also defines at the surface zone the western limit of iron mineralisation at this drillhole profile. We also know that there are faults and crush zones present such that final interpretation of the results will be obtained only once all drilling on this campaign is complete.

The existing work plan for up to a total of approximately 11,000m of drilling is valid until 31 October 2015 with, in aggregate, 2,161m of drilling completed to date. Since 8 January 2014, drilling operations at Kallak North have been temporarily suspended further to a request received from the local Sami community. As announced previously, in accordance with the conditions of the work plan the local Sami community is entitled to request such a suspension between 1 November and 30 April for a period of up to eight weeks. Accordingly, the drill programme will remain suspended until notified otherwise by the local Sami community or the eight week period has been fully utilised. It is currently intended that oriented drilling will be utilised on the 2014 programme in due course in order to obtain a more detailed understanding of the structural control within the mineralisation.

JIMAB continues to seek to maintain a regular and open dialogue with the local Jokkmokk community, officials and Sami representatives in respect of its operations on, and future plans for, the Kallak iron ore project.

Metallurgical studies in respect of Kallak North test mining sample material

Further to the Company's announcement of 28 November 2013, the pilot scale test work on material from the test mining sampling programme completed on a defined area of the Kallak North deposit last year, has continued to make good progress with the first stage now substantially completed.

In late 2013, a total of approximately 500 tonnes of ore samples from test mining at Kallak North was transported to a test facility in Outokumpu city, owned by the Geological Survey of Finland ("GTK"). The main portion of the material was a general composite bulk sample, representing all of the test mined sections at Kallak North in proportion to their respective occurrence.

The principal purpose of the pilot test work is to demonstrate, by replicating production scale conditions and using large, representative batches of test material, that recovery levels will be sufficient to produce marketable products. In addition, the pilot enables batches of products to be produced for additional downstream test work by, for example, potential clients. If successful, pilot test work is typically followed by more detailed test work to further address points of significance for the final tailoring of a process for the ore.

Initial pilot operations are currently being finalised and mineralogical studies are progressing well to allow final evaluation of the test work in due course. Although a preliminary metallurgical balance cannot yet be stated, the main findings of the initial pilot test work performed to date are summarised as follows:

- Magnetite is clearly the dominating iron mineral, with hematite as a minor iron carrier;
- A magnetite concentrate, meeting the preliminary target grade of 69-70 per cent. Fe, is able to be produced at high recovery levels by a simple and straightforward process; and
- A hematite concentrate, exceeding the preliminary target grade of 65 per cent. Fe, is capable of being produced via a simple and straightforward process using gravity separation. The

maximum recovery level is still to be assessed via additional studies, including the use of a combination of separation methods.

- An initial report from GTK is still expected to be received by JIMAB at the end of March 2014. In light of the success of the initial pilot test work, it is currently anticipated that further analysis will be undertaken later this year with sufficient test material remaining in storage at the test facility for such additional analysis.

Dr Jan Ola Larsson (Fil. Kand, PhD, DIC), has reviewed and approved the technical information contained within this announcement in his capacity as a qualified person, as required under the AIM rules. Dr Larsson is Technical Director of the Company and has over 40 years relevant experience within the natural resources sector.

Notes to Editors:

All drill cores are being scanned in the field at the drill sites by a highly sensitive hand held magnetic susceptibility meter with automatic average registrations over the separate core lengths, before being transported to the ALS laboratory based in Piteå, Sweden, for geological logging and analytical preparation. One half of the core is left in the core box and the other half is prepared for analysis and analysed with methods XRF21n and Fe-VOL05. The samples are 1 - 2.5m long (along core) and every eighth sample is a Quality Assurance - Quality Control sample, either standard, duplicate or blank.

The group is in the process of establishing a logging facility in Jokkmokk, with the objective of logging being completed directly following drilling. This will include geotechnical logging, magnetic susceptibility measurements, geological logging and sectioning for analyses. Accordingly, drilling conducted during 2014 will involve oriented drill core that will be logged in this facility to obtain a better and timelier understanding of the structural control in the Kallak North and Kallak South deposits.

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