First Quarter 2014 Update

Beowulf (AIM: BEM; Aktietorget: BEO), the mineral exploration and development company principally focused on the group's Kallak North and Kallak South iron ore deposits in northern Sweden, announces an unaudited operational and financial update for the three months ended 31 March 2014.

Highlights:

Operational:

- Substantial drill campaigns on Kallak North and Kallak South recommenced in March 2014. To date, approximately 1,191m of drilling across four holes completed on the second phase of the drill programme at Kallak North and 5,051m across sixteen holes completed, since 12 March 2014, on Kallak South. Initial assay results for both campaigns anticipated to be received in Q3 2014.
- Approximately 2,039m drilled across eight holes at Ballek prior to the scheduled expiry of the work plan on 30 April 2014. The objective of the drill programme was to test previously indicated copper targets at increased depths. Initial assay results are expected from the ALS laboratory in Öjebyn in Q3 2014.
- Encouraging initial results reported by the Geological Survey of Finland ("GTK") in relation to its pilot scale test work on material from the test mining sampling programme conducted last year on a defined area of the Kallak North deposit. Excellent grade and recovery levels from the magnetite beneficiation circuit tested, with further test work by GTK to be conducted later this year to assist with the design of the requisite future processing facilities for Kallak.
- Group's licenced acreage in the Kallak region enhanced via the grant of a new exploration permit, Ågåsjiegge nr2, covering 6,836 hectares adjacent to the existing Kallak project area.
- Revised and expanded exploitation concession application for the Kallak North deposit submitted to the Swedish Mining Inspectorate in April 2014.

Financial:

- Nil revenue (2013: Nil), loss before and after taxation of £263,507 (2013: £220,000) and basic loss per share of 0.093p (2013: 0.105p).
- Approximately £1.4m in cash held at the period end.

Clive Sinclair-Poulton, Executive Chairman of Beowulf, commented: *"There has been good overall progress achieved on our substantial drilling campaigns at both Kallak North and Kallak South, and at our Ballek project, in spite of the adverse weather conditions experienced.*

We have also received excellent pilot scale test results from our Kallak North test mining sampling programme which shows that we have the potential to produce a premium quality product. This will assist us in advancing Kallak and enables us to start discussing our potential future products with iron and steel market participants.

These are all positive developments and augur well for the remainder of 2014."

Enquiries:

Beowulf Mining Plc	
Clive Sinclair-Poulton, Chairman	Tel: +353 (0)85 739 2674
Strand Hanson Limited	
Matthew Chandler / Rory Murphy	Tel: +44 (0)20 7409 3494
Cantor Fitzgerald Europe	
Stewart Dickson / Julian Erleigh / Jeremy Stephenson	Tel: +44 (0)20 7894 7000
Blytheweigh	
Tim Blythe / Halimah Hussain / Eleanor Parry	Tel: + 44 (0)20 7138 3204
or visit http://www.beowulfmining.net	

Executive Chairman's Statement

Beowulf currently has six exploration projects in northern Sweden primarily prospecting for iron, copper and gold. Reflecting our significant on-going work programmes and exploration activities, corporate costs and the fair value loss on our derivative financial assets, the unaudited consolidated results for the three month period ended 31 March 2014 show nil revenue (2013: nil), a loss before and after taxation of £263,507 (2013: £220,000) and basic loss per share of 0.093p (2013: 0.105p).

Despite experiencing storms and snow in northern Sweden during the winter season, Beowulf has continued to advance its fieldwork activities on, inter alia, its flagship Kallak iron ore project, with the group's extensive drilling campaigns on both the Kallak North and Kallak South deposits recommencing in March 2014.

At Kallak North, where a valid work plan for up to a total of approximately 11,000m of drilling is in place until 31 October 2015, the Company's wholly owned Swedish operating subsidiary, Jokkmokk Iron Mines AB ("JIMAB"), recommenced the second phase of its drill programme on 8 March 2014 following the expiry of the local Sami community's eight week suspension entitlement. To date, approximately 1,191 metres of drilling across four holes has been completed on the second phase, reflecting the severe weather conditions and, more recently, less conducive boggy ground conditions serving to hinder the rate of drilling.

At Kallak South, drilling recommenced on 12 March 2014 further to JIMAB renewing the requisite drilling work permit. The existing work plan, for up to a total of approximately 18,000m of drilling, remains valid until 31 December 2015. Approximately 4,124m of drilling over sixteen holes was completed to the end of October 2013 under the previous work plan and, to date, a further 5,051m has been drilled across a further sixteen holes since the campaign recommenced with progress again being affected to an extent by the adverse weather and ground conditions encountered.

Further assay results for our ongoing drill campaigns on both Kallak North and Kallak South are anticipated to be received in Q3 2014.

As reported previously, in late 2013 approximately 500 tonnes of ore from JIMAB's test mining sampling programme completed on a defined area of the Kallak North deposit was transported to a test facility in Outokumpu city, owned by the Geological Survey of Finland ("GTK"). The initial pilot scale test results received from GTK and reported in March 2014 were extremely encouraging, with testing on approximately 60 tonnes of the general composite bulk sample principally focused on establishing recovery and product quality parameters for the magnetite content.

The magnetite beneficiation circuit was conventional and straightforward and the grade and recovery levels achieved were excellent. The amount of dry magnetite concentrate produced for downstream test work was approximately 2.7 tonnes, grading at 69.4 per cent. iron (Fe) at a magnetite recovery of approximately 95 per cent. with low levels of contaminants. We believe that these are commercially very attractive results and comfortably in excess of the typical average commercial grade of 62% Fe. JIMAB has commissioned GTK to proceed with a second stage of pilot testing, focussing on the different ore comminution options and enhancement of the hematite recovery, which is now scheduled to take place later this year.

With the potential to produce a premium product clearly established and independent data now in-hand, we are well positioned to start marketing to potential counterparties and will be actively doing so during the remainder of 2014.

From a regulatory perspective, considerable work and consultation has been undertaken as we seek to move Kallak North closer to future production. In 2013, JIMAB submitted an application to the Swedish Mining Inspectorate for an exploitation concession (mining licence) for Kallak North. Further to the Swedish Mining Inspectorate's consultation process, in late November 2013 the County Administrative Board of Norrbotten ("CAB") raised a number of queries and additional information requests on certain aspects of the Environmental Impact Assessment ("EIA") component of JIMAB's application, as is usual and expected for an application of this nature. JIMAB consequently worked diligently with its appointed expert consultants to address these queries and in late April 2014 submitted an updated and enhanced application.

The revised and expanded submission, with a number of supplements to the EIA along with further technical description and commentary, is nearly 400 pages long and, we believe, provides comprehensive responses to CAB's queries and presents a strong case for the granting of the concession. We look forward to receiving a response and a formal decision from the Swedish Mining Inspectorate in due course.

The assessment of logistics options will be a key component in bringing Kallak North into future production with thousands of tonnes of ore needing to be transported daily. Work has therefore continued with respect to considering how best to transport the ore, with further updates and a formal report having been received recently from our appointed consultants. Further work is planned in this area and discussions are ongoing with Traffikverket, the Swedish Transport Commission, and the ports of Narvik and Lulea.

We continue to believe in the considerable mineral potential of the wider Kallak region and during the quarter were pleased to confirm that JIMAB had been granted the Ågåsjiegge nr2 exploration permit. The licence area covers 6,836 hectares and the Geological Survey of Sweden ("SGU") has historically estimated that the area may contain 74-75 million tonnes of magnetite iron ore. We firmly believe that there is a strong likelihood that the geological structures hosting the iron mineralisation at our Kallak project is repeated in the Ågåsjiegge area. To date, no JORC Code compliant or equivalent international standard of resource estimate has been established and we therefore intend to drill on Ågåsjiegge nr2 in due course in order to prove up the licence area and seek to establish such a resource estimate.

JIMAB now has, in aggregate, approximately 24,000 hectares (58,000 acres) under licence in the Kallak area and we are mindful of the need to carefully manage our work programmes to ensure that appropriate work plans are submitted and sufficient work is undertaken to retain and maintain the good standing of these licences.

It is currently envisaged that our more advanced Kallak North deposit, which is the subject of the abovementioned exploitation concession application, will serve as a precedent for our Kallak South deposit, which is expected to eventually serve as a reserve / feeder resource to the future mining facilities planned for Kallak North.

Work has also taken place at the group's Ballek copper-gold joint venture project, where our Swedish operating subsidiary, Wayland Sweden AB, acting as operator, has completed approximately 2,039 metres of drilling over eight holes prior to the scheduled expiry of the work plan on 30 April 2014 with progress again being hampered by poor ground conditions and severe weather conditions. Initial assay results are now expected to be received from the ALS laboratory in Öjebyn in Q3 2014 and the remainder of the previously envisaged 3,000m campaign will be the subject of a future work plan, subject to review and analysis of the results when received.

We have also been active from an investor relations perspective with representatives from the Company attending and presenting at two all-day investment shows in London. At these events, as well as highlighting the strengths of our flagship Kallak project, we also outlined the benefits of operating in Sweden, with its stability, well established infrastructure and government support which are fundamental pre-requisites for a successful long term mining project. The merits of operating in Sweden were recognised in the Fraser Institute's Annual Survey of Mining Companies 2013, where Sweden was ranked first by mining companies with respect to policy perception.

The Swedish regulatory framework and procedures for mining activities may well not be the fastest, but it is a transparent and objective system and seeks to gauge the benefits of mining for Sweden based on the country's more than 1,000 years of experience. A key benefit of future mining at the Kallak project would be the additional employment opportunities which are clearly needed in the north of Sweden. We currently estimate that a producing mining operation at Kallak North could create between 1,500 and 1,600 new direct and indirect jobs.

We have continued to robustly present the benefits of mining in Jokkmokk and Norrbotten and seek opportunities to discuss our plans with all members of the community. While we have established very good relations with the local Sami community at Ballek, we endeavour to find ways to engage with the local Sami communities at Kallak and establish a similar harmonious working relationship. All our attempts to date have been rebuffed, but we continue to seek to discuss our plans and address their concerns.

The global economy appears to be slowly returning to steady growth; growth in many of the key Eurozone economies is generally still fairly depressed, but there are more encouraging signs from the US, UK and India. The conundrum is China, where GDP growth in 2014 is currently expected to be in the order of 7.5 per cent. While some commentators regard this as disappointing, it does nevertheless imply that their economy will double in a decade if such a rate of growth continues. In the short term, there are clearly concerns about the state of the Chinese economy, but I believe that such concerns have been over exaggerated. In addition, there has been much discussion of a potential glut in the supply side of the market from the pipeline of planned West African iron ore projects.

In my view, the key question to be addressed is what happens to the Chinese iron ore mining companies, whose marginal cost of production is approximately US$125 per tonne, if the global iron ore price falls back to the circa US$100 levels experienced recently. This is no idle question as China produces at least 50 per cent. more iron ore than the second largest producer, Australia.

We believe that at the point when Kallak North achieves potential future production the iron ore price will have stabilised such that it will represent an attractive market for Beowulf. We envisage our target markets as being predominantly Europe, but also the Middle East and Asia.

The group continues to maintain and enhance a strong portfolio of quality assets in Sweden which we believe are well situated in relation to demonstrable markets. We remain funded to progress and develop such assets and our fieldwork activities continue in earnest.

We again give thanks to all our employees, consultants, contractors, advisers, shareholders and other stakeholders for their valued support and guidance as we endeavour to pursue our strategy to move closer towards future production.

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2014

	Unaudited 3 months ended 31 March 2014 £000's	Unaudited 3 months ended 31 March 2013 £000's
Continuing operations		
Revenue	-	-
Administrative expenses	(194)	(234)
Operating loss	(194)	(234)
Finance costs	-	-
Fair value loss on derivative financial assets (*see note*)	(78)	-
Finance income	8	14
	(264)	(220)
Loss before and after taxation	(264)	(220)
Loss attributable to:		
Owners of the parent	(264)	(220)
	(264)	(220)
Loss per share:		
- Basic	(0.093p)	(0.105p)
- Diluted	(0.092p)	(0.103p)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Unaudited As at 31 March 2014 £000's	Unaudited As at 31 March 2013 £000's
ASSETS		
Non-current assets		
Intangible assets	5,429	3,870
Property, plant and equipment	49	2
Investments	17	24
Derivative financial assets (*see note*)	1,004	-
Loans and other financial assets	-	135
Financial fixed assets	115	64

	6,614	4,095
Current assets		
Trade and other receivables	416	227
Derivative financial assets (*see note*)	381	-
Cash and cash equivalents	1,402	3,175
	2,199	3,402
TOTAL ASSETS	8,813	7,497
EQUITY		
Shareholders' equity		
Called up share capital	2,828	2,104
Share premium account	14,079	10,859
Revaluation reserve	(134)	(101)
Capital contribution reserve	46	46
Share scheme reserve	68	68
Translation reserve	(253)	194
Retained earnings	(8,162)	(5,943)
Total equity	8,472	7,227
LIABILITIES		
Current liabilities		
Trade and other payables	341	270
Total liabilities	341	270
TOTAL EQUITY AND LIABILITIES	8,813	7,497

Note:

Derivative financial asset

In July 2013, as part of a two stage subscription to raise, in aggregate, £4.125m (before expenses) from certain new shareholders, the Company initially issued 28,694,000 new ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") at a price of 6.25p per share to Lanstead Capital L.P. ("Lanstead") for £1,793,375. The Company simultaneously entered into an equity swap with Lanstead for a notional 75 per cent. of these shares with a reference price of 8.3333p per share (the "Reference Price"). The equity swap is for a 24 month period. All 28,694,000 Ordinary Shares were allotted with full rights on the date of the transaction.

In August 2013, following the receipt of shareholders' approval at a duly convened general meeting, the Company issued a further 35,306,000 new Ordinary Shares at a price of 6.25p per share to Lanstead for £2,206,625. The Company entered into a further equity swap on the same basis and with the same Reference Price as that outlined above. All 35,306,000 shares were allotted with full rights on the date of the transaction.

Accordingly, pursuant to the above arrangements, of the aggregate subscription proceeds of £4m received from Lanstead, £3.2m (80 per cent.) was invested by the Company in the equity swap agreements with the remaining £0.8m (20 per cent.) available for general working capital purposes.

To the extent that the Company's volume weighted average share price is greater or lower than the Reference Price at each swap settlement, the Company will receive greater or lower consideration calculated on a pro-rata basis i.e. volume weighted average share price / Reference Price multiplied by the monthly transfer amount. As the amount of the effective consideration receivable by the Company from Lanstead under the swap agreements will vary subject to the movement in the Company's share price and will be settled in the future, the receivable is treated for accounting purposes as a derivative financial asset and has been designated at fair value through profit or loss.

The Company also issued, in aggregate, a further 6,400,000 Ordinary Shares to Lanstead as a value payment in connection with the equity swap agreements.

The fair value of the derivative financial assets as at 31 March 2014 has been determined by reference to the Company's then prevailing share price and has been estimated as follows:

	Share price	Notional Number of shares outstanding	Fair value £
Value recognised on inception (notional)	8.3333p	48,000,000	3,200,000
Consideration received to 31 December 2013		(8,896,690)	(445,362)
Loss on revaluation of derivative financial asset at 31 December 2013			(1,109,028)
Value of derivative financial asset at 31 December 2013	5.8750p	39,103,310	1,645,610
Consideration received to 31 March 2014		(6,000,000)	(183,037)
Loss on revaluation of derivative financial asset recognised in period			(77,729)
Value of derivative financial asset at 31 March 2014	5.8500p	33,103,310	1,384,844

** Ends **