



Capital Raise of up to £2 million

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR PUBLICATION, RELEASE OR DISSEMINATION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN THE UNITED STATES, AUSTRALIA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH IT WOULD BE UNLAWFUL TO DO SO. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OF SUCH JURISDICTIONS

Beowulf (AIM: BEM; Aktietorget: BEO), the mineral exploration and development company principally focused on the Kallak North and Kallak South iron ore projects in northern Sweden, is pleased to announce a conditional capital raise of up to £2 million, comprising a Placing, Subscription and Open Offer (together, the “Capital Raising”).

The Company has placed 20,000,000 new ordinary shares (the “Placing Shares”) to raise approximately £0.6 million (before expenses) with institutional and other investors at a price of 3 pence per new ordinary share (the “Issue Price”).

The Company has also raised £1 million (before expenses) from its largest shareholder, Lanstead Capital L.P. (“Lanstead”) by way of a subscription for 17,924,000 new ordinary shares (the “Initial Subscription Shares”) at the Issue Price (the “Initial Subscription”) and a conditional subscription for 15,409,333 new ordinary shares (the “Second Subscription Shares”) at the Issue Price (the “Proposed Subscription”) (together, the “Subscription”).

The Board recognises and is grateful for the continued support received from Shareholders and has therefore decided to offer all Shareholders the opportunity to participate in the further issue of new equity in the Company by launching an Open Offer to issue up to 13,333,333 further New Ordinary Shares to Qualifying Shareholders at the Issue Price (the “Open Offer Shares”). Qualifying Shareholders may subscribe for Open Offer Shares on the basis of 1 Open Offer Share for every 21 Existing Ordinary Shares held on the Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional New Ordinary Shares through the Excess Application Facility.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of up to £0.4 million for the Company and the gross proceeds of the Capital Raising would increase to £2.0 million.

The completion of the Proposed Subscription and the Open Offer is conditional upon, inter alia, the approval of Shareholders in a general meeting of the Company (the “General Meeting”) and admission to trading on AIM. The completion of the Placing and Initial Subscription is conditional upon, inter alia, admission to trading on AIM.

Highlights:

- **£1.6 million raised pursuant to the Placing and Subscription;**
- **Up to an additional £0.4 million to be raised by way of an Open Offer, enabling existing shareholders not participating in the Placing or Subscription to participate in the Capital Raising on the same terms;**



- **The Issue Price of 3 pence per share represents a discount of 14 per cent. to the closing mid-market price of 3.5 pence per share on 20 August 2014;**
- **The net proceeds of the Capital Raising will be used to augment the Company's existing cash resources and assist with funding further progress with the development of the Kallak iron ore project and for general working capital purposes;**
- **Proposed changes to the Board of Directors at the General Meeting; and**
- **Cantor Fitzgerald Europe appointed as Nominated Adviser to the Company**

Clive Sinclair-Poulton, Executive Chairman of Beowulf, commented: *"Amid a challenging environment for financing junior mining companies I am pleased to announce the capital raising today, coupled with intended board and advisory changes. In particular we are pleased to have secured the continued support of our major shareholder, Lanstead Capital. We are committed to respond positively to uncertain markets and re-position the Company to continue its development. I look forward to presenting further updates in due course as we look to move our projects into the development phase. We are grateful for the continued support of shareholders and I hope that the inclusion of an Open Offer is viewed favourably".*

Background to and Reasons for the Capital Raising

As a pre-production company, Beowulf Mining, like many other natural resource exploration companies, does not generate cash flow. As such, it relies on external financing for the development of its projects in delivering its growth strategy.

Structure of the Capital Raising

The Directors have considered the best way to structure the proposed equity fundraising, having regard to, *inter alia*, current market conditions and access to capital, the level of the Company's share price and the importance of pre-emption rights to Shareholders.

After considering these factors, the Directors have concluded that the structure of the Capital Raising to comprise the Placing, Subscription and the Open Offer is the most suitable option available to the Company and its Shareholders as a whole.

The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by acquiring Open Offer Shares pro rata to their current holdings of Existing Ordinary Shares with the option for subscribing for more pursuant to the Excess Application Facility. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

The Issue Price of 3 pence per New Ordinary Share represents a 14 per cent. discount to the closing mid-market price of 3.5 pence per Existing Ordinary Share on 20 August 2014, the last Business Day before this announcement.

Trading Update

The Company also announces today, an operational update, including assay results derived from the results of a recent drilling campaign in respect of the Kallak iron ore project and the Ballek copper project (the



“Operational Update”). Shareholders are encouraged to read the Operational Update in conjunction with this announcement.

Board Changes

The Company announces proposed changes to the composition of the Board of Directors.

Mr. Anthony Scutt and Mr. Edward Taylor have indicated their intention to retire as Non-Executive Directors of the Company at the General Meeting. It is intended that Mr. Kurt Budge and Mr. Bevan Metcalf (the “New Directors”) will join the Board as Non-Executive Directors immediately following the General Meeting.

Both Mr. Budge and Mr. Metcalf have recently held senior managerial positions in AIM-listed iron ore companies. The Company is extremely grateful for the loyal service from Mr. Scutt and Mr. Taylor. As the Company evolves from an exploration company the composition of the Board will continue to be enhanced with Directors having the necessary experience to continue the development of the Company’s projects and to maximise shareholder value where possible. A further announcement in connection with the appointment of the New Directors, as required by the AIM Rules for Companies, will be made in due course.

The New Directors have participated in the Placing and are each interested in approximately 333,333 Ordinary Shares representing less than 1 per cent. of the Company’s enlarged share capital following the Placing and the Initial Subscription.

Change of Nominated Adviser

The Company also wishes to announce the appointment of Cantor Fitzgerald Europe as the Company’s Nominated Adviser with immediate effect.

The Placing

The Company has raised gross proceeds of £0.6 million (before expenses) through the issue of 20,000,000 Placing Shares with institutional and other investors at the Issue Price. It is expected that Admission will become effective and dealings in the Placing Shares will commence at 8 a.m. on 22 August 2014 and will be eligible to vote on the Resolutions at the General Meeting.

The Placing will be effected by way of the Company entering into a placing agreement with Cantor Fitzgerald Europe (the “Placing Agreement”) under which Cantor Fitzgerald Europe was appointed as agent of the Company to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement contains customary warranties and indemnities given by the Company to Cantor Fitzgerald Europe as to matters relating to the Company and its business; Cantor Fitzgerald Europe is entitled to terminate the Placing Agreement in certain limited circumstances prior to admission of the Placing Shares to trading on AIM, including circumstances where any of the warranties are found to be untrue or inaccurate or misleading in any material respect or upon the occurrence of certain force majeure events.

All of the Placing Shares have been placed with institutions and other investors and are not, therefore, being offered to existing Shareholders pursuant to the Open Offer. There will be no ability to “claw back” New Ordinary Shares from the Placing into the Open Offer. The Placing Shares will, upon issue, rank *pari passu* with the Existing Ordinary Shares, Subscription Shares, Value Shares and the Open Offer Shares in issue following the Capital Raising. Existing Shareholders who participated in the Placing have agreed not to take part in the Open Offer.



The Placing is not conditional in any way upon the Resolutions at the General Meeting.

The Subscription

The Company has raised £1 million (before expenses) from Lanstead by way of a subscription for 17,924,000 Initial Subscription Shares at the Issue Price via the Initial Subscription and a conditional subscription for 15,409,333 Second Subscription Shares also at the Issue Price via the Proposed Subscription.

In addition, the Company has entered into certain equity swap agreements (the "Equity Swap Agreements") with Lanstead which allow the Company to retain much of the economic interest in the Subscription Shares. The Equity Swap Agreements enable the Company to secure much of the potential upside arising from a rising share price.

The Equity Swap Agreements provide that the Company's economic interest will be determined and payable in 12 monthly settlement tranches as measured against a benchmark price of 4 pence per Ordinary 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 £1.0 million from the issue of the Subscription Shares, the Company will use £0.15 million for working capital and £0.85 million 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 and Lanstead have mutually agreed to defer settlements under the existing Equity Swap Agreements announced on 10 July 2013 until the completion of the new Equity Swap Agreements announced today.

The Company has provided certain warranties to Lanstead in respect of its investment in the Subscription Shares, relating to, inter alia, the incorporation and legal status of the Company, the nature of the Subscription Shares and the Company's ability to enter into the subscription agreements and, subject to Shareholder approval, allot and issue 15,409,333 Second Subscription Shares. Such warranties are in a form common for an agreement of this type.

The Company has agreed to make a value payment to Lanstead of 4,500,000 new Ordinary Shares (the "Value Shares") in consideration for the Equity Swap Agreements. It is expected that Admission will become effective and dealings in the Initial Subscription Shares and the Value Shares will commence at 8 a.m. on 22 August 2014 and will be eligible to vote on the Resolutions at the General Meeting.

The Initial Subscription Shares and Value Shares will be fully paid and will rank *pari passu* in all respects with the Company's existing Ordinary Shares. Lanstead is currently interested in 64,115,421 Ordinary Shares representing approximately 22.67 per cent. of the Company's existing issued share capital. Following the Initial Subscription and the issue of the Value Shares, Lanstead will be interested, in aggregate, in 86,539,421 Ordinary Shares representing approximately 26.61 per cent. of the Company's enlarged issued share capital.

The Open Offer

The Board is grateful for the continued support received from Shareholders and has therefore decided to offer all Shareholders the opportunity to participate in a further issue of new equity in the Company by making an Open Offer to all Shareholders.



The Company proposes to make the Open Offer for an aggregate of up to 13,333,333 Open Offer Shares at the Issue Price to raise up to £0.4 million. Only qualifying shareholders on the register as at the Record Date of 20 August 2014 (“the Record Date”) (“Qualifying Shareholders”) may participate in the Open Offer. The Ex-Entitlement Date is 22 August 2014.

Subject to the fulfilment of the terms and conditions referred to in the Circular and, where relevant, set out in the accompanying Application Form, Qualifying Shareholders will be given the opportunity to apply for Open Offer Shares at the Issue Price per Open Offer Share, free of expenses, payable in full, in cash on application, on the basis of:

1 Open Offer Share for every 21 Existing Ordinary Shares

registered in the name of each Qualifying Shareholder at the Record Date and so on in proportion for any other number of Existing Ordinary Shares then held. The Open Offer will not be underwritten.

The total consideration under the Open Offer will be less than €5.0 million (or equivalent amount) in aggregate so as to fall within an exemption from the requirement to publish a prospectus.

Qualifying Shareholders may apply for more or less Open Offer Shares than they are entitled to under the Open Offer and applications in excess of the Open Offer Entitlements will be dealt with under an excess application facility (“the Excess Application Facility”). Once subscriptions under the Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all. To the extent that additional Open Offer Shares are not subscribed by existing Shareholders, Open Offer Entitlements will lapse. Further details of the Open Offer and the Excess Application Facility will be set out in the Circular. A further announcement will be made on publication of the Circular.

Subject to the Resolutions being passed at the General Meeting, application will be made for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission of the Open Offer Shares will become effective and that dealings will commence in the Open Offer Shares on or around 8.00 a.m. on or around 26 September 2014.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, will be set out in the Circular and where applicable the accompanying Application Form, which shareholders should read in full.

The Open Offer is conditional, amongst other things, upon shareholder approval and Admission of the Open Offer Shares becoming effective, if such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed and any Open Offer Entitlements admitted to CREST will thereafter be disabled.

Related Party Transaction

Lanstead currently has a shareholding of 64,115,421 Ordinary Shares representing 22.67 per cent. of the Company’s existing issued share capital. Accordingly, Lanstead is therefore considered a related party of the Company and Lanstead’s subscription for 17,924,000 Initial Subscription Shares, a conditional subscription for 15,409,333 Second Subscription Shares and the issue of 4,500,000 Value Shares is considered a related party transaction under the AIM Rules. Accordingly, the Independent Directors consider, having consulted with Cantor Fitzgerald Europe, the Company’s nominated adviser, that the terms of Lanstead’s subscription are fair and reasonable insofar as Shareholders are concerned.



Issue of Circular & Notice of General Meeting

A circular convening the General Meeting and setting out further details of the Open Offer (the “Circular”) is expected to be sent to Shareholders shortly.

London, 2014-08-21

For further information please contact:

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

Blythe Weigh Communications

Tim Blythe / Halimah Hussain / Eleanor Parry

Tel: +44 (0)20 7138 3204

or visit <http://www.beowulfmining.net>