

29 February 2012

## **Beowulf Mining Plc** ("Beowulf" or the "Company")

### **Unaudited Preliminary Results for the Year Ended 31 December 2011**

Beowulf (AIM: BEM, Aktietorget: BEO), the AIM and Aktietorget traded mineral exploration company which owns several exploration projects in Sweden, announces its unaudited preliminary results for the year ended 31 December 2011.

#### **Highlights:**

##### ***Kallak iron ore project:***

- Maiden independent JORC compliant Inferred Resource estimate completed by GeoVista AB ("GeoVista") for the Company's Kallak North iron ore deposit of 131.6 million tonnes ("Mt") grading at 28% iron (Fe). Exploration target identified for Kallak South of 200Mt to 230Mt grading at 31% iron (Fe).
- Additional extensive two phase infill drilling programme of up to approximately 57,000m scheduled for Kallak. Initial plans are for 7,000m of drilling at Kallak North, principally seeking to confirm whether Kallak North and South are a single ore body.
- Environmental Impact Study progressing on the Kallak iron ore deposits.
- 2012 drilling campaign at Kallak currently suspended pending receipt of formal approval of the Company's work plans from the Swedish Mining Inspectorate. Consultation process with the local Saami community ongoing.

##### ***Ballek joint venture copper-gold project:***

- Letter of intent signed with Dala Prospektering AB to undertake approximately 3,000m of drilling at the Ballek copper-gold project, preliminarily scheduled for late 2012.

##### ***Corporate:***

- Nil revenue (2010: Nil), loss before and after taxation of £690,818 (2010: £474,395), basic loss per share of 0.41p (2010: 0.34p) and nil dividend (2010: Nil).
- Successful placings and subscription completed in May and November 2011 raising approximately £1 million (gross) and £6.7 million (gross) respectively from new and existing investors.
- Approximately £6.05 million in cash held at the year end.

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

*"Throughout 2011 we have again concentrated our efforts on our flagship iron ore deposits at Kallak, which we believe offer the best near term development opportunity for the Company and its shareholders. Completion of our largest ever fundraising of £6.7 million (gross) in November 2011 will assist us in implementing an ambitious two phase infill drilling campaign of up to 57,000m seeking to improve our maiden JORC compliant resource estimate for Kallak North and establish a JORC resource estimate for Kallak South, which has proved to be a much more substantial deposit than originally envisaged."*

*We are actively consulting with the Swedish Mining Inspector and the local Saami community to seek a swift resolution to their work plan objections and look forward to recommencing our 2012 drilling campaign at the earliest opportunity.”*

**Enquiries:**

**Beowulf Mining Plc**

Clive Sinclair-Poulton, Chairman

Tel: +353 (0)85 739 2674

**Strand Hanson Limited**

Matthew Chandler / Simon Raggett

Tel: +44 (0)20 7409 3494

**Alexander David Securities Limited**

David Scott

Tel: +44 (0)20 7448 9820

**Lothbury Financial Services Limited**

Gary Middleton / Michael Padley

Tel: +44 (0)20 7868 2010

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

**Chairman's Statement**

I am pleased to present the Company's unaudited preliminary results for the year ended 31 December 2011. Beowulf currently has ten exploration projects in Northern Sweden primarily prospecting for iron, copper, gold and uranium. The unaudited results show that the group incurred a loss before and after taxation for the year of £690,818 (2010: loss of £474,395) reflecting our significant drilling programmes and ongoing exploration activities. Accordingly, no dividend is proposed for the year ended 31 December 2011.

Although 2011 began well for the natural resource sector, the sizeable indebtedness problems and economic woes of a number of European states coupled with fears of a prolonged return to recession, led to a sharp retracement in the share price performance of a large number of AIM listed resource stocks by the year end. Against a backdrop of extremely challenging global macroeconomic conditions, the Company endeavoured throughout the year under review to clearly convey its strategy and demonstrate the quality and breadth of its asset portfolio. Notable achievements were a virtual doubling of the Company's independently assessed JORC code compliant iron ore resources to approximately 270Mt and successful fundraisings of, in aggregate, approximately £7.7 million (gross) to facilitate the ongoing exploration and development of the Company's key projects and provide additional working capital.

***Kallak iron ore project***

With the initial drilling at Kallak last year proving up an interesting prospect, Beowulf focused its funds and work programme efforts on progressing both of the Kallak iron ore deposits in 2011. The Company remains confident of the sizeable potential tonnage present in its Kallak project area and, in October 2011, outlined plans for an extensive two phase infill drilling programme of up to, in aggregate, 57,000 metres in order to further define the size of the deposits and seek to move the project towards JORC Measured status as quickly as possible.

Further to the completion of a successful drilling campaign at the Kallak project during the first half of 2011, the Company announced, in early November 2011, a maiden independent

JORC compliant Inferred Resource estimate of 131.6Mt grading at 28% iron (Fe) completed by GeoVista on the northern part of Kallak, together with an exploration target, from geomagnetic data modeling, for the southern area of approximately 200Mt to 230Mt grading at 31% iron (Fe). As a consequence, the Company approximately doubled its pre-existing JORC compliant Inferred Resource of iron ore of 140Mt grading at 39.1% iron (Fe) in respect of its Ruotevare deposit completed by Runge Limited in August 2008.

Regrettably, due to insufficient data being available, GeoVista was unable to prepare a JORC compliant resource estimate for the southern part of Kallak which is now expected to be compiled following completion of the next comprehensive two phase infill drilling programme referred to above. The new drilling programme will include denser spacing between individual drill sections and drill holes and cover the entire extension and width of the Kallak deposits.

The year under review has not been without its challenges and setbacks. Due to an inadvertent administrative oversight, the Company's new 2011/2012 work plan for the Kallak project was not filed with the Swedish Mining Inspectorate prior to drilling, by its wholly owned subsidiary, Jokkmokk Iron Mines AB (formerly named Beowulf Mining AB), commencing in early December 2011, which constituted a technical infringement of the Swedish Minerals Act. Accordingly, the Company subsequently duly filed the requisite work plan to rectify the situation and voluntarily suspended its new drilling campaign in late December 2011 pending completion of the required consultation process with the local communities and the Mining Inspector.

Whilst all the relevant landowners consented, objections were raised by the local Saami community to the work plans notified in respect of the Company's Kallak nr 1 and Parkijaure nr 2 permit areas seeking to delay the new drilling campaign to May 2012 due to seasonal reindeer herding. No such objections have been raised in the past. Drilling operations at both Kallak North and Kallak South have therefore remained suspended pending completion of the Company's ongoing consultation process with the local Saami community and the Mining Inspector. This situation is not unique to the Company with the Board being aware of plans filed by several other mineral exploration companies in Northern Sweden being similarly affected, as well as orchestrated campaigns against other industries, such as wind farming, seeking to prevent or reduce economic development in Northern Sweden. The Company is using its best endeavours to reach a satisfactory resolution with the affected Saami tribes to enable drilling activity to re-start as soon as practicable. In the mean time, Beowulf is continuing with its efforts to liaise with all the relevant local authorities, communities and affected stakeholders in order to maximise awareness of the Company's plans, clearly communicate the anticipated benefits of its Kallak development proposals and address any concerns arising.

The Company is also in contact with the relevant Swedish Governmental authorities, responsible for the planning and development of new infrastructure projects, and work continues on Beowulf's Environmental Impact Study, which is a key component of the expert studies required for obtaining an exploitation (mining) licence for development of the Kallak project in due course.

Most recently, in January 2012, the Company appointed Micon International Co. Limited ("Micon") as a technical consultant to work alongside GeoVista on the Kallak project and provide, *inter alia*, recommendations for future drilling to seek to upgrade the resource, generation of a preliminary mineral resource model and compilation of operating parameters and costs to facilitate a Whittle pit analysis of a preliminary Kallak North block model. We are seeking to combine further definition of the project's estimated resource with the commencement of an initial design plan for an open pit mine. Micon has subsequently

visited the project site in Sweden and reviewed the available data, and a programme of additional metallurgical testing is anticipated to commence in due course.

### ***Ballek joint venture copper-gold project***

Beowulf remains the operator of the Ballek copper-gold project, alongside our joint venture partner, Energy Ventures Limited. In October 2011, the Company announced that it had signed a letter of intent with Dala Prospektering AB to carry out additional drilling, subject to the requisite funding being available, at the project site. A total of approximately 3,000m of drilling is planned to test deep lying sourced iron oxide copper gold ("IOCG") targets of Olympic Dam type, as previously defined by deep sensing geophysical surveys carried out by GeoVista. This drill programme is preliminarily scheduled to commence in late 2012.

### ***Other projects***

As the Company has continued to concentrate its resources on its wholly owned key iron ore assets, its remaining portfolio awaits further development. Other attractive portfolio assets include the Grundträsk gold project, the Geddaur uranium, gold and silver permits, the Manakjaure uranium permit and the Munka licence area in Northern Sweden, which covers approximately 800 hectares and hosts Sweden's largest, drill confirmed deposit of molybdenum. The Company's sizeable and diverse asset portfolio serves to reduce its risk exposure to any single class of commodity, but necessitates a disciplined approach to allocate management's time to those projects where the Board believes that it can deliver the best potential returns for the Company's shareholders.

The Board nevertheless plans to develop more of the Company's portfolio in the future, and continues to look for additional assets to complement and extend the existing attractive portfolio and to seek potential joint venture development partners.

### ***Corporate***

Despite a challenging and volatile economic backdrop, the Company successfully raised approximately £1 million (gross) in early May 2011 and, on 16 November 2011, announced the successful completion of its largest fundraising to date, raising approximately a further £6.7 million (gross) via a placing and subscription with new UK and Swedish institutions and other investors. The net proceeds of these fundraisings will, *inter alia*, enable the Company to progress its planned additional drilling campaign at Kallak and, later in 2012, at its Ballek copper-gold joint venture project. The Board believes that capital markets will continue to prove difficult in 2012 and that it was therefore prudent to secure funding when the opportunity arose and was delighted with the continued interest shown in the Company and its future potential.

In late June 2011, the Company subscribed for £250,000 of additional secured convertible loan notes due 2017 in PLUS quoted Agricola Resources Plc ("Agricola"), a mining exploration company, to assist in meeting its general working capital requirements. Agricola's ordinary shares currently remain suspended from trading on PLUS, pending completion of ongoing negotiations and the availability of funding to implement a potential reverse takeover of certain overseas mineral assets.

The Company's extremely volatile share price performance during the year has been disappointing, however the Board continues to believe in Beowulf's fundamental strengths and the future economic potential of its high quality and diverse project portfolio, and will continue to endeavour to create long term shareholder value and unlock the full potential of the Company's assets. We place great importance on our investor relations strategy and have spent considerable time and effort to ensure that Beowulf's potential is communicated

to existing and potential new investors in both the UK and Sweden. A number of investor presentations have taken place in both countries during 2011 with further presentations planned for 2012.

### ***Outlook***

2011 proved to be a difficult and challenging year for the Company. The Board nevertheless continues to maintain a positive outlook for the potential of Beowulf's flagship iron ore projects, whilst recognising the constraints of the current global macroeconomic environment and other external factors beyond its control.

Beowulf has an enviable pipeline of development opportunities spanning a whole spectrum of different commodities. Our strategy remains to principally focus our efforts and work programmes on iron ore and we look forward to recommencing our ambitious drilling campaign on Kallak at the earliest opportunity to further demonstrate its considerable potential.

I would like to take this opportunity to once again thank all of our employees, contractors, advisers and shareholders for their continuing support and look forward to reporting progress over the remainder of 2012.

Clive Sinclair-Poulton  
*Executive Chairman*

29 February 2012

**CONSOLIDATED INCOME STATEMENT**  
For the year ended 31 December 2011

	2011 (Unaudited) £	2010 (Audited) £
<b>Continuing operations</b>		
Revenue	-	-
Administrative expenses	<u>(704,035)</u>	<u>(468,901)</u>
<b>Operating loss</b>	(704,035)	(468,901)
Finance costs	-	(6,585)
Finance income	<u>13,217</u>	<u>1,091</u>
<b>Loss before tax</b>	(690,818)	(474,395)
Tax	-	-
<b>Loss for the year</b>	<u><u>(690,818)</u></u>	<u><u>(474,395)</u></u>
Earnings per share expressed in pence per share:		
- Basic	(0.41)	(0.34)
- Diluted	<u>(0.41)</u>	<u>(0.33)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2011

	2011 (Unaudited) £	2010 (Audited) £
<b>Loss for the year</b>	(690,818)	(474,395)
<b>Other comprehensive income</b>		
Revaluation of listed investments	(51,406)	(3,760)
Equity-settled share-based payments	53,924	23,520
Exchange translation difference	<u>(193)</u>	<u>-</u>
<b>Other comprehensive income for the year, net of income tax</b>	<u>2,325</u>	<u>19,760</u>
<b>Total comprehensive income for the year</b>	<u><u>(688,493)</u></u>	<u><u>(454,635)</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2011**

	<b>2011</b> <b>(Unaudited)</b> £	<b>2010</b> <b>(Audited)</b> £
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	2,304,347	1,327,892
Property, plant and equipment	607	810
Investments	109,858	161,264
Loans and other financial assets	270,000	20,000
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	2,684,812	1,509,966
<b>Current assets</b>		
Trade and other receivables	197,470	342,760
Cash and cash equivalents	6,050,960	232,589
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	6,248,430	575,349
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<b>Total assets</b>	<b>8,933,242</b>	<b>2,085,315</b>
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<b>Equity</b>		
<b>Shareholders' equity</b>		
Called up share capital	2,104,273	1,597,966
Share premium	10,717,488	3,904,399
Revaluation reserve	(15,142)	36,264
Capital contribution reserve	46,451	46,451
Share scheme reserve	68,317	28,871
Translation reserve	(193)	-
Retained earnings	(4,287,946)	(3,611,606)
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<b>Total equity</b>	<b>8,633,248</b>	<b>2,002,345</b>
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<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	299,994	82,970
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<b>Total liabilities</b>	<b>299,994</b>	<b>82,970</b>
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<b>Total equity and liabilities</b>	<b>8,933,242</b>	<b>2,085,315</b>
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2011**

	<b>2011</b> <b>(Unaudited)</b> £	<b>2010</b> <b>(Audited)</b> £
<b>Cash flows from operating activities</b>		
Cash generated from operations	(582,442)	(590,118)
Interest paid	-	(9,085)
Exchange rate fluctuation on cash held	(193)	-
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<b>Net cash from operating activities</b>	<b>(582,635)</b>	<b>(599,203)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(932,350)	(664,484)
Purchase of fixed asset investments	-	(10,000)
Sale of intangible fixed assets	-	40,660
Loans to related parties	(70,386)	(150,888)
Funding of Joint venture	(16,213)	-
Related party loans repaid	250,000	-
Convertible loan note issued	(250,000)	(20,000)
Interest received	3,142	508
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<b>Net cash from investing activities</b>	<b>(1,015,807)</b>	<b>(804,204)</b>
<b>Cash flows from financing activities</b>		
New loans in year	-	100,000
Loan repayments in year	-	(250,000)
Share issue	7,964,333	1,675,664
Cost of share issue	(547,520)	(80,000)
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<b>Net cash from financing activities</b>	<b>7,416,813</b>	<b>1,445,664</b>
<b>Increase in cash and cash equivalents</b>	<b>5,818,371</b>	<b>42,257</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>232,589</b>	<b>190,332</b>
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<b>Cash and cash equivalents at end of year</b>	<b>6,050,960</b>	<b>232,589</b>
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**NOTES TO THE FINANCIAL INFORMATION**  
**For the year ended 31 December 2011**

**1. Basis of preparation and accounting policies**

The financial information contained in this preliminary results announcement does not constitute the Company's statutory financial statements for the years ended 31 December 2011 or 31 December 2010. The financial information for the year ended 31 December 2010 is derived from the statutory financial statements for that year which have been approved by the board of directors and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified.



The financial information for the year ended 31 December 2011 is unaudited and has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") including IFRS 6 'Exploration for and Evaluation of Mineral Resources', as adopted by the European Union. Statutory audited financial statements for that year will be finalised on the basis of the financial information presented by the directors in this preliminary results announcement and will be delivered to the Registrar of Companies and filed at Companies House following the Company's forthcoming annual general meeting.

The principal accounting policies used in preparing the preliminary results announcement are those that the Company will apply in its financial statements for the year ended 31 December 2011 and are unchanged from those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2010.

## 2. Loss per share

The basic and diluted loss per share have been calculated using the loss for the 12 months ended 31 December 2011 of £690,818 (2010: £474,395). The basic loss per share was calculated using a weighted average number of shares in issue of 166,800,076 (2010: 141,019,677).

The diluted loss per share has been calculated using an additional weighted average number of shares in issue and to be issued of 170,376,295 (2010: 144,497,896).

## 3. Called up share capital

	2011 (Unaudited) £	2010 (Audited) £
<b><i>Allotted, called up and fully paid</i></b>		
210,427,365 (2010: 159,796,689) ordinary shares of 1p each	<u>2,104,273</u>	<u>1,597,966</u>

2,422,221 ordinary shares of 1p each were allotted as fully paid at a premium of 44p per share during the year.

44,638,890 ordinary shares of 1p each were allotted as fully paid at a premium of 14p per share during the year.

400,000 ordinary shares of 1p each were allotted as fully paid at a premium of 1.5p per share during the year in respect of the exercise of warrants.

2,500,000 ordinary shares of 1p each were allotted as fully paid at a premium of 4p per share during the year in respect of the exercise of share options.

69,565 ordinary shares of 1p each were allotted as fully paid at a premium of 4.75p per share during the year in respect of the exercise of warrants.

250,000 ordinary shares of 1p each were allotted as fully paid at a premium of 5p per share during the year in respect of the exercise of share options.

350,000 ordinary shares of 1p each were allotted as fully paid at a premium of 6p per share during the year in respect of the exercise of share options.

The number of shares in issue is reconciled as follows:

	<b>2011 No.</b>	<b>2010 No.</b>
At 1 January 2011	159,796,689	105,898,247
Issued during the year	47,061,111	53,898,442
Share options exercised	3,569,565	-
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At 31 December 2011	<u>210,427,365</u>	<u>159,796,689</u>

#### 4. Statement of movement on reserves

	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Share scheme reserve £</b>	<b>Revaluation reserve £</b>
At 1 January 2011	(3,611,606)	3,904,399	28,871	36,264
	<hr/>	<hr/>	<hr/>	<hr/>
Deficit for the year	(690,818)	-	-	-
Cash share issue	-	7,458,026	-	-
Revaluation in year	-	-	-	(51,406)
Cost of share issue	-	(644,937)	-	-
Equity-settled share-based payment transactions	-	-	53,924	-
Share options exercised	14,478	-	(14,478)	-
Exchange translation difference	-	-	-	-
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At 31 December 2011	<u>(4,287,946)</u>	<u>10,717,488</u>	<u>68,317</u>	<u>(15,142)</u>

	<b>Capital contribution reserve £</b>	<b>Translation reserve £</b>	<b>Totals £</b>
At 1 January 2011	46,451	-	404,379
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Deficit for the year	-	-	(690,818)
Cash share issue	-	-	7,458,026
Revaluation in year	-	-	(51,406)
Cost of share issue	-	-	(644,937)
Equity-settled share-based payment transactions	-	-	53,924
Share options exercised	-	-	-
Exchange translation difference	-	(193)	(193)
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At 31 December 2011	<u>46,451</u>	<u>(193)</u>	<u>6,528,975</u>

#### 5. Reconciliation of movements in shareholders' funds

<b>2011</b>	<b>2010</b>
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	<b>(Unaudited)</b> £	<b>(Audited)</b> £
Loss for the financial year	(690,818)	(474,395)
Proceeds of share issue	7,964,333	1,675,664
Equity-settled share-based payment transactions	53,924	23,520
Revaluation of listed investments	(51,406)	(3,760)
Cost of share issue	(644,937)	(80,000)
Exchange translation difference	(193)	-
<b>Net addition to shareholders' funds</b>	<b>6,630,903</b>	<b>1,141,029</b>
Opening shareholders' funds	2,002,345	861,316
<b>Closing shareholders' funds</b>	<b>8,633,248</b>	<b>2,002,345</b>

#### 6. Reconciliation of loss before tax to cash outflow from operations

	<b>2011</b> <b>(Unaudited)</b> £	<b>2010</b> <b>(Audited)</b> £
Loss before tax	(690,818)	(474,395)
Depreciation charges	203	269
Profit on disposal of fixed assets	-	(40,660)
Equity-settled share-based payment transactions	53,924	23,520
Impairment of exploration costs	5,171	9,051
Finance costs	-	6,585
Finance income	(13,217)	(1,091)
	<b>(644,737)</b>	<b>(476,721)</b>
Decrease/(Increase) in trade and other receivables	28,151	(168,694)
Increase in trade and other payables	34,144	55,297
<b>Cash outflow from operations</b>	<b>(582,442)</b>	<b>(590,118)</b>

#### 7. Availability of Annual Report and Financial Statements

Copies of the Company's full Annual Report and Financial Statements are expected to be posted to shareholders in due course and, once posted, will also be made available to download from the Company's website at [www.beowulfmining.net](http://www.beowulfmining.net).

The Annual Report and Financial Statements will also be made available for inspection at the Company's registered office during normal business hours on any weekday. Beowulf Mining Plc is registered in England and Wales with registered number 02330496. The registered office is at Richmond House, Broad Street, Ely, Cambridgeshire CB7 4AH.