

# Beowulf Mining

## ■ BEOWULF MINING

Status	AIM
Code	BEM.L
Recent Price	1.88p (1.75p-2.00p)
High	4.50p
Low	1.63p
Market Cap	£1.5m

**When selecting small cap situations to recommend, most of our research time is taken up with poring over annual reports and past company announcements, in addition to meeting management face-to-face during investor roadshows in London. It can also be useful to conduct site visits to get a feel for a business, or as is the case with resource companies, gain an understanding of an exploration or mining project. To this end, a recent site tour of Beowulf's interests in Northern Sweden was undertaken.**

Most of the visit involved a look at the Group's key Ruoutevare interest, which has an estimated JORC Inferred figure of 140m tonnes of ore at a grade of 39.1% iron and 5.7% titanium. This was outlined by new joint venture (JV) partner WAG Limited and based upon old drilling data from the 1970s, along with more recent mapping work performed by Beowulf. Evidence from previous exploration campaigns on the deposit could be seen, such as old drill caps, as noted in the picture. We also observed several outcropping rocks, illustrating the obvious point about how close the mineralisation is to surface and potential for an open pit mining operation.

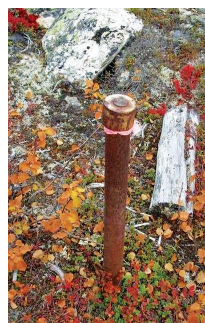
It was also quite clear that Ruoutevare is located in a very remote region, being 13 km from the nearest village of Kvikkjokk, with a population of 8 people at the time of our visit, which itself is 120 km from the town of Jokkmokk. Given the location, there is little infrastructure at the moment in place. However, there are good quality local roads, which seemed in remarkable condition, considering the extreme arctic weather faced here each winter and appeared in a much better state than typical potholed country roads found in Britain. A tarmac road, some 11km from the deposit, provides access to the network, although a potential road-rail re-loading site is a distant 180km away. There are also several hydroelectric dams in the region, including Europe's largest hydroelectric station, located 15km away. Ruoutevare's location may be remote, but it's in a country with low sovereign risk, a highly skilled workforce and strong mining

culture. Sweden is also the largest iron-ore producer in the European Union. Underlying what can be achieved, the Kiruna iron ore mine, located 150km northeast of Ruoutevare, is currently the second largest underground mine in the world.

Our visit with Beowulf's technical director Jan-Ola Larsson was just an inspection; the real exploration work starts next month in November, when a team led by Australian Stock Exchange listed WAG Limited intends to conduct an exploration programme to move towards earning 50% of the project, by spending A\$1m on up to 5,000 metres of drilling. The campaign will focus on testing for extensions to the known mineralisation, with the objective of producing a new tonnage and perhaps, improved grading. The hope is with new information gathered, a metallurgical report and scoping study can be produced in early 2009. If positive, this should help improve the economics of the project, as the original conceptual study completed over two years ago was based upon resources prices then, and old 1970s drilling data. However, this must be balanced against what may now be higher mining costs.

Originally, we intended to visit Ruoutevare during the November drill programme, but then learnt that temperatures can plunge below minus 20c (-4f) at this time of the year. Therefore the trip was brought forward to September, when we experienced a more ambient plus 3c (37f), without the risk of losing any fingers or toes from frostbite! Nevertheless, the more acclimatised local led drilling team will have to experience these temperatures, but at the same time benefit from being able to move the rig around the site more easily than getting bogged down in Autumn mud. Results from the Ruoutevare campaign may drive the price in the short term, along with news from the other Beowulf-WAG JV at Kallak. Sentiment towards the stock has been dampened in the last few years due to disappointments from other JV pursuits, which may soon reverse if positive news is received.

**JASON ROBERTSON, RESEARCHER.**



**Far left:** Ruoutevare deposit.  
**Left:** Former drilling work.