



(Incorporated and Registered in England and Wales under the Companies Act 1985 with registered number 02330496)

Directors:

Bevan Metcalf (*Non-Executive Chairman*)

Kurt Budge (*Chief Executive Officer*)

Registered Office:

201 Temple Chambers

3-7 Temple Avenue

London

EC4Y 0DT

15 January 2016

Dear Shareholder,

General Meeting to be held at 11a.m. (London time) on 5th February 2016 (the “General Meeting”)

1. Introduction

On 11th January 2016, Beowulf Mining plc (the “**Company**” or “**Beowulf**”) announced (the “**Announcement**”) that it had acquired Oy Fennoscandian Resources AB (“**Fennoscandian**”), a privately owned graphite exploration company in Finland, (the “**Acquisition**”) from Rasmus Blomqvist for up to 6.75 million ordinary shares of 1p each in the Company (“**Ordinary Shares**”).

Shareholders will find accompanying this letter a copy of the Announcement together with a notice of General Meeting and a Form of Proxy for use at the General Meeting.

The Directors are convening the General Meeting in order to enable the shareholders in the Company (“**Shareholders**”) to grant the Directors the necessary authority and power required to issue Ordinary Shares for the purposes of the Acquisition and to issue further Ordinary Shares for the reasons explained below.

2. Reasons for the General Meeting

Under the terms of the agreement for the Acquisition of Fennoscandian made between the Company and Mr Blomqvist (the “**Acquisition Agreement**”), the Company may be required to issue to Mr Blomqvist up to 4.65 million Ordinary Shares in addition to the 2.1 million Ordinary Shares issued to him by the Company on completion of the Acquisition.

The Directors do not have the authority and power that is required under the Companies Act 2006 to allot and issue such Ordinary Shares. Accordingly, the General Meeting is being convened in order to pass the requisite resolutions to give the Directors such authority and power.

As well as the issue of Ordinary Shares to Mr. Blomqvist, under the terms of its engagement with its joint broker, Beaufort Securities Limited (“**Beaufort**”) the Company has agreed to issue 279,329 Ordinary Shares to Beaufort in lieu of payment of the second half of its annual retainer fee.

The Company will also need to raise further funds to continue its efforts to obtain a favourable decision on the Exploitation Concession for Kallak North and, subject to obtaining a favourable decision, advance the development of Kallak and to attract a strategic partner and investor into the project.

Further, the Company needs to raise funds to develop its newly acquired graphite division by virtue of the Acquisition, including the four graphite projects in Finland. As explained in the Announcement, the Company’s work plan for graphite in 2016 includes ranking the projects in the Company’s portfolio, before prioritising funds for exploration activities. The immediate priority is the selection of the most favourable project for generating a maiden resource statement and, based on current knowledge, Viistola would be top of the list.

In addition, Beowulf will be working with its partners in the FennoFlake project, which is a collaborative group, with partners representing the entire graphite value chain, from identification to exploration and mining, processing to end products and market applications.

As a pre-production company, Beowulf, like many other exploration and development companies, does not generate cash flow. As such, it relies on share issues to raise the finance required for the development of its projects and for general working capital purposes. The resolutions to be proposed at the General Meeting will enable the Directors to issue Ordinary Shares to raise these funds.

3. Resolutions

There are two resolutions to be proposed at the General Meeting (the “**Resolutions**”). Resolution 1 authorises the Directors to allot up to 86.5 million Ordinary Shares, which amounts to approximately 20% of the Company’s existing issued Ordinary Shares. Resolution 2 empowers the Directors to allot the same number of Ordinary Shares for cash other than on a pre-emptive basis, so that existing Shareholders will have no right to participate in any fund raising involving the issue of such number of Ordinary Shares.

The Resolutions together will enable the Directors to issue the Ordinary Shares as required pursuant to the Acquisition Agreement and to raise the further funds as explained in paragraph 2 above, without having to seek any further approvals from Shareholders. Such resolutions are not unusual and similar resolutions are proposed at the Company’s Annual General Meeting each year.

4. Notice of General Meeting

The accompanying notice of General Meeting, which is to be held at the offices of One Advisory Group, 201 Temple Chamber, 3-7 Temple Avenue, London EC4Y 0DT on 5 February 2016 at 11a.m. (London time), sets out the Resolutions to be proposed at the General Meeting as follows:

- Resolution 1: to authorise the Directors to allot (or to grant the right to subscribe for or convert into) Ordinary Shares up to £865,000 in aggregate nominal amount; and

- Resolution 2: to empower the Directors to allot (or to grant the right to subscribe for or convert into) Ordinary Shares for cash other than on a pre-emptive basis up to £865,000 in aggregate nominal amount.

5. Action to be taken by Shareholders

Whether or not Shareholders intend to be present at the General Meeting, they are requested **to complete, sign and return the Form of Proxy** in accordance with the instructions printed on it **to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA** as soon as possible and, in any event, **so as to arrive no later than 11a.m. (London time) on 3 February 2016.** Completion and return of the Form of Proxy will not affect Shareholders' right to attend and vote in person at the General Meeting if they so wish. Further information regarding the appointment of proxies can be found in the notes to the notice of General Meeting and on the Form of Proxy itself.

In the case of non-registered Shareholders who receive these materials through their broker or other intermediary, they should complete and send a letter of direction in accordance with the instructions provided by their broker or other intermediary.

In order for the Company to be able to issue the further 4.65 million Ordinary Shares which it may be required to issue to Rasmus Blomqvist in accordance with the terms of the Acquisition Agreement and to be able to raise the money to fund its graphite development plan and the development of Kallak and for general working capital purposes, Shareholders will need to pass the Resolutions.

If the Resolutions are not passed, the Company may breach the terms of the Acquisition Agreement and may not be able to fund its proposed upcoming expenditure and to achieve the objectives set by the Board. The Company's business plan and growth prospects may be materially adversely affected as a result and no assurance can be given that the Company will be able to continue as a going concern.

Accordingly, it is important that Shareholders vote in favour of the Resolutions.

6. Swedish Depositary Receipts

Holders of Swedish Depositary Receipts will be notified of the General Meeting and of the requirements and procedures to be followed if they wish to attend and / or vote at the General Meeting through the arrangements made by the Company with Skandinaviska Enskilda Banken AB, the custodian bank for the Swedish Depositary Receipts, who will contact them through Euroclear Sweden AB. Guidance on the action that holders of Swedish Depositary Receipts will need to take in relation to the General Meeting is set out in the notes to the notice of General Meeting.

7. Responsibility

The Company and the Directors accept responsibility for the information contained in this letter. To the best of the knowledge and belief of the Company and the Directors (which has and who have taken all reasonable care to ensure that such is the case) the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information.

8. Recommendation

The Directors consider the passing of the Resolutions at the General Meeting to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that Shareholders vote in favour of the Resolutions as they intend so to do or procure to be done in respect of their own beneficial and other connected interests, amounting in aggregate to 4,415,400 existing Ordinary Shares which represent approximately 1 per cent. of the Company's existing issued share capital.

Yours faithfully

Bevan Metcalf
Chairman