



9 May 2016

**Beowulf Mining plc**  
("Beowulf" or the "Company")

**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED  
31 DECEMBER 2015**

Beowulf (AIM: BEM; Aktietorget: BEO), the mineral exploration and development company focused on the Kallak magnetite iron ore project in northern Sweden and its graphite projects in Finland, announces its audited financial results for the year ended 31 December 2015. The chairman's statement, review of operations and activities, and financial information has been extracted from the Company's Annual Report for the year ended 31 December 2015.

The financial information included in this announcement does not constitute the Group's statutory financial statements as defined in section 434 of the Companies Act 2006, but is derived from those accounts. The financial information for the year ended 31 December 2015 has been extracted from the audited accounts of Beowulf Mining plc which will be delivered to the Registrar of Companies in due course. The auditors reported on those accounts and their report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The financial information for the year ended 31 December 2014 has been extracted from the audited accounts of Beowulf Mining plc which have been delivered to the Registrar of Companies. The auditors reported on those accounts and their report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Annual General Meeting of the Company will be held at the offices of One Advisory Group, 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT, United Kingdom on 29 June 2016 at 10.30 a.m. (BST).

The 2015 Annual Report will be posted to those shareholders who have requested a copy and will be available on the Company's website ([www.beowulfmining.com](http://www.beowulfmining.com)). A further news release will be made when the Notice, Form of Proxy and Annual Report are posted to shareholders.

**Beowulf Mining plc**

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## **Cautionary Statement**

Statements and assumptions made in this document with respect to the Company's current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Beowulf. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where Beowulf operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) Beowulf's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential joint ventures and alliances, if any; (v) metal prices, particularly as regards iron ore. In the light of the many risks and uncertainties surrounding any mineral project at an early stage of its development, the actual results could differ materially from those presented and forecast in this document. Beowulf assumes no unconditional obligation to immediately update any such statements and/or forecasts.

## CHAIRMAN'S STATEMENT

### *Introduction*

I am very pleased to present my second Chairman's Statement to shareholders, stakeholders and employees of the Company. First I would like to take this opportunity to thank Jan Ola Larsson who retired during 2015, for his contribution to the development of the Company over many years. It was with great sadness that we reported, in our Q3 interims, the passing of Dr. Robert ("Bob") Douglas Young. I didn't personally know Bob, but he was Executive Chairman of Beowulf when the Company was admitted to AIM on 9 May 2005, and one of its founders.

I don't say this lightly but your Company has been transformed over the past year. A year ago we were suffering from a low share price, difficult image, weak cash position, limited project portfolio, and the fact that our key project, Kallak, had a lack of support from Swedish stakeholders. A year on we are in a much stronger position. We have worked hard to rebuild the Company's reputation in Sweden to one which is based on respect and to ensure Beowulf is seen as a responsible local partner. I stress the word local as your Chief Executive Officer ("CEO") Kurt Budge has spent much of his time in Sweden, engaging with stakeholders, listening to their concerns and working hard to move Kallak forward.

What helped us during the more challenging times was our knowledge that in Kallak we have a great project – a project recognised by the Swedish Geological Society ("SGU") as an Area of National Interest ("ANI") that can produce a super high grade magnetite concentrate, with over 71 per cent iron content and with low levels of deleterious elements. We have strengthened our cash position with the fundraisings announced in late February and early March 2016, delivered in challenging market conditions. We have reviewed the exploration portfolio that we inherited from the previous management, rationalised these projects, and looked for additional value creating opportunities for our shareholders. We have also added five early stage graphite projects with the acquisition of Fennoscandian announced in January 2016 and have made two applications for exploration licences in Sweden, for which we await a decision. We have also won the support of the County Administrative Board ("CAB") and the recommendation of the Mining Inspectorate of Sweden for our application for an Exploitation Concession at Kallak.

2016 is a new year with new challenges. The key milestone remains the award of the Exploitation Concession for Kallak. We are confident about the quality of our application but frustrated with the time it is taking for the Government of Sweden to reach a decision as we have tried to make it as easy as possible for the Government to say 'yes' to our application. However, we are definitely not sitting idle while we wait. We engaged a Swedish public relations firm in August 2015 to ensure that we left no stone unturned, we have been communicating with Swedish members of parliament, the British Embassy in Stockholm and we have continued discussions with the CAB, Mining Inspectorate and Jokkmokks Kommun. We have also met with representatives of the Sami villages and will continue our efforts to create an ongoing dialogue as we are confident that mining, reindeer herding and tourism can all co-exist for the betterment of the lives of those in and around Jokkmokk, the County of Norrbotten and the country of Sweden.

I would like to take you through some of the key events that have shaped Beowulf during the year, give you my observations on these events and discuss the financial performance in 2015 and the outlook for the Company. Last year I discussed iron ore prices in general and the difficulties of the AIM market. I do not intend to touch on these again as nothing has really changed – iron ore, like many commodities is still facing difficult times, as is the AIM market with fewer listings and limited secondary funding opportunities for junior mining companies. However, despite challenges on several fronts, your Company has gained in strength over the last year.

### ***Lanstead Capital LLP ("Lanstead")***

The year began with the announcement on 7 January 2015, that we had accelerated the settlement of our outstanding equity swap agreements with Lanstead, receiving a final settlement of £150,000. We took this course of action to bring funds into the Company.

The accelerated settlement left Lanstead with a significant shareholding, which in May last year was 78.4 million shares (approximately 21 per cent of the Company). However, Lanstead proved themselves to be a responsible shareholder, disposing of the majority of their shareholding between September and December 2015, with most of their shares being sold into the Swedish AktieTorget to meet local demand. We are very grateful to our Swedish shareholders for their support.

## **Shareholder base**

Beowulf is 100 per cent owned by retail shareholders in Sweden and the UK. In current market conditions it is difficult to bring institutions onto your share register if you are a junior exploration and development company meaning that our retail shareholders have a greater influence on resolutions proposed to them. We had our AGM in June 2015 and a general meeting in February 2016 and there was an excellent turnout at both meetings. The meetings gave our shareholders the opportunity to pose questions, on the state of our business and our future plans, directly to the management team.

The major change in our shareholder base over the last 12 months is the growth in the number of Swedish shareholders. Today our Swedish shareholders account for approximately 46 per cent of our shares in issue whereas at 31 December 2014 the figure was only 14 per cent. Having strong support in Sweden will hopefully make the Government of Sweden sit up and take notice of the growing number of Swedes that believe that a mine at Kallak is good for Jokkmokk, the County of Norrbotten and the country of Sweden. We will be continuing to make determined efforts in 2016 to engage with our Swedish shareholders.

## **Raising Finance**

Having sufficient funding is the biggest challenge for exploration and development companies like Beowulf and the adage that 'cash is king' remains. The market for secondary fundraisings is very difficult on AIM and has been for some years now which is why, when Kurt and I joined the Company, one of our first jobs was to review the Company's overheads and identify where cost savings could be made. Since then we have operated a lean board and focused our efforts on what mattered most - Kallak. We also took a salary sacrifice from October 2014 until May 2015 which was invested in the Company's shares in July 2015 which demonstrated to shareholders that we believe in the future prospects of the Company.

We raised funds in 2015 in March at 1.20p (£350,000 before expenses) and July at 1.25p (£650,000 before expenses) and in 2016 in late February and early March at 3.25p (£1,500,000 before expenses). Due to the challenging market conditions, we are exposed to what the market is prepared to pay for our shares when we fundraise and as such we have been disappointed that despite the turnaround and expanded business interests, we have been faced with significant discounts and consequential dilution. We have fought 'tooth and nail' for shareholder interests, but have had limited success in influencing the price expectations of the market. The Directors will consider the best way to structure the Company's future fundraisings, and introduce competitive tension into the process, having regard to, inter alia, prevailing market conditions and access to capital, the level of the Company's share price and the importance of pre-emptions rights to shareholders. The Directors are grateful for the support they have received from shareholders.

## **Kallak Exploitation Concession**

On 8 July 2015, the Company announced that the CAB commented on the national economic assessment of Kallak North. They found that mining is economically relevant and that the Kallak North project generates economic benefits at local, regional and national levels. In addition, the CAB stated that the Concession area applied for by the Company creates no conflicts where national interests are considered.

In a letter dated 9 October 2015, the Mining Inspectorate of Sweden wrote to the Government of Sweden and recommended that the Exploitation Concession for Kallak North be granted. The recommendation was delivered in response to the Department of Enterprise and Innovation's invitation for the Mining Inspectorate to give its views on the findings made by the CAB when commenting on the national economic assessment for Kallak North.

The Company has always maintained that its application satisfies the requirements of the Swedish regulations, and that the Environmental Impact Assessment for Kallak North has comprehensively studied all aspects of a future mining operation, including mining, waste rock handling, processing, tailings management, water management and transport, and their associated environmental impacts.

Since Beowulf received notification in February 2015 that the Mining Inspectorate had referred the decision regarding the Exploitation Concession to the Government of Sweden the process has lacked transparency and been very frustrating for shareholders and the management team. The Company has written on two occasions, to the Minister of Enterprise and Innovation once in November and more recently in March 2016 for an update on the process for awarding our Exploitation Concession. We have received no response to either letter. Our advisors have told us that this is not unusual, however, it is disappointing.

In terms of partner identification, the strategic process for Kallak has started, but a credible and disciplined process can only be run once the Company has been awarded the Exploitation Concession, as the Company

can then approach key targets from a position of strength and therefore deliver the best possible deal for shareholders.

### ***Fennoscandian – Graphite Acquisition***

On 11 January 2016, post the year end, the Company announced the acquisition of Fennoscandian, a privately owned Finnish company with a portfolio of four early-stage graphite exploration projects located in Finland. The Company has subsequently been awarded a fifth Claim Reservation, so now has five projects.

Graphite, a naturally formed polymer of carbon, is an excellent conductor of electricity and heat. It is mostly used for refractories, in foundry facings, steel making and as lubricants. More recently, however, the use of graphite in lithium - ion - batteries has seen a surge in the global demand for graphite, in particular, for the use in electric powered vehicles, mobile technology and utility storage.

Beowulf acquired 100 per cent of the share capital of Fennoscandian in consideration for a total of 2.55 million ordinary shares in the capital of the Company. In addition, two equal tranches of shares will be issued on achievement of certain performance milestones. The total number of ordinary shares that may be issued, if all performance milestones are achieved, is 6.75 million ordinary shares.

I believe this is a good deal for shareholders as it diversifies our exploration risk into a strong mining jurisdiction, namely Finland, and strengthens the management team with the appointment of an experienced geologist in Rasmus Blomqvist. It also has the potential to be value accretive in the near term, if we can develop our resource position and prove the commercial prospects of our graphite assets. Management believe the potential value of the graphite portfolio is not currently reflected in our share price.

Workplans for 2016 include desktop studies and fieldwork across all projects. Geophysical surveys have already begun on Piippumäki and Haapamäki, with the purpose of defining targets for drilling which will be undertaken later in the year.

The Fennoscandian transaction was the culmination of an active M&A workstream in 2015, during which we reviewed several opportunities and undertook due diligence on one other target, only for that transaction to fail because of unrealistic valuation expectations. We will continue to look for M&A opportunities in a highly disciplined way.

### ***Financial Performance***

Loss before and after taxation attributable to the owners of the parent company at £1.48 million is significantly down on the loss recorded in 2014 of £3.06 million while the basic loss per share of 0.38p also improved over last year (2014: loss per share of 1.00p). The lower level of loss in the year was due to reduced administrative overheads (£0.38 million below 2014) especially directors' remuneration and professional fees. There was an allocation in the year of executive director salaries and fees to Jokkmokk Iron Mines AB ("JIMAB"), Beowulf's wholly owned subsidiary, for Kallak exploration costs of approximately £68,000 (2014: Nil).

There were nil losses on derivative financial assets (2014: £2.03 million) following the accelerated settlement of Equity Swap Agreements in January 2015. However, these reductions were partly offset by higher impairment charges of £1.12 million (£3,187 in 2014) as the exploration portfolio was rationalised. The main projects impaired were Ballek (£0.84m) and Grundträsk (£0.28 million). The decision to fully impair these projects followed a detailed review of all available data by independent consultants. The review confirmed that further exploration work could be undertaken, but there was no certainty that either project could deliver the scale to support a standalone mine. No work is planned on either project during the next 12 months. The Company still maintains the licences and will look at ways of monetising the work carried out to-date. For the right partner these projects may provide an interesting opportunity.

Approximately £0.35 million in cash was held at the year end. This was before the fundraising in late February and early March 2016 where the Company raised £1.50 million (before expenses). Total assets at £6.11 million are £0.93 million below 2014. This is principally due to the reduction in intangible assets to £5.59 million following the impairment of projects mentioned above. Equity reduced by £0.85 million at the 31 December 2015 to £5.89 million. This included share capital and share premium +£1.03 million; accumulated losses -£1.44 million; translation reserves -£0.16 million; and non-controlling interest -£0.29 million. The non-controlling interest was impacted by the impairment of Ballek.

## **Corporate**

On 11 January 2016, it was announced that the founder of Fennoscandian Rasmus Blomqvist had joined the Company as Exploration Manager and will be responsible for the development of Beowulf's graphite projects. Since 2012, Rasmus has been exploring for flake graphite within the Fennoscandian shield and is one of the most experienced graphite geologists in the Nordic region. Rasmus holds a MSc in Geology and Mineralogy and is a member of the Australasian Institute of Mining and Metallurgy.

On 4 April 2016, post the year end, Chris Davies joined the Company as a Non-Executive Director and I would like to take this opportunity to welcome him to the Board. Chris, who has many years' experience in the exploration sector, is a geologist by training and has international experience in graphite and base metals. He brings with him a wealth of experience which is relevant to Beowulf's ambitions, and his skill set complements the current management team.

## **Outlook**

The Company is in a stronger position than it was 12 months ago, but for your management team the journey is only beginning. Kallak is our prime focus and we continue to engage at all levels to ensure a positive decision is forthcoming. Additionally, whilst we are looking to develop organically we are also identifying potential M&A targets, but we will only strike on an opportunity if these targets can deliver shareholder value.

The key milestones in 2016 for your Company are:

- (i) The granting of the Kallak North Exploitation Concession;
- (ii) Advancing the strategic partner process for Kallak once the Exploitation Concession is awarded;
- (iii) Developing the resource position and the commercial prospects of our graphite portfolio; and
- (iv) The award of a large exploration permit in a mining district in central Sweden and commencement of exploration.

Bevan Metcalf  
Non-Executive Chairman  
6 May 2016

## **REVIEW OF OPERATIONS AND ACTIVITIES**

### **SWEDEN**

#### **Introduction**

Sweden continues to be a prominent mining country and it is the largest iron ore (mostly magnetite) producer in the European Union. It provides modern, efficient and well-established infrastructure, excellent power accessibility and affordability, a highly skilled mining and exploration workforce, extremely low sovereign risk and a very strong mining culture.

Beowulf has been active in northern Sweden for more than ten years, focussing its activities on areas with high exploration potential for iron, copper and gold. The Kallak project, in the County of Norrbotten, has been the principal focus of the Group's exploration and development work in recent years.

The application for exploration permits and exploitation concessions are governed by the Swedish Minerals Act (1991:45) (the "Act"), which was subject to amendments in 1993, 1998 and 1999. The Act accords that an exploration permit is granted for an initial period of three years from the date of issue and can be subsequently extended for up to a further three years by way of annual extensions. The longest possible period of validity for any one permit is 15 years, after which an application for an exploitation concession must be made.

## Current exploration permits

Beowulf, via its subsidiaries, currently holds 13 exploration permits together with one registered application for an exploitation concession (Kallak North), in northern Sweden, as set out in the table below:

Permit Name/Mineral(s)	Permit ID	Area (km <sup>2</sup> )	Valid from	Valid until
<b>Arjeplog Region:</b>				
Ballek nr2 (Cu)*	2005:69	5.57	21/04/2005	21/04/2017
Ballek nr6 (Cu) *	2015:45	3.15	23/03/2015	23/03/2018
<b>Jokkmokk Region:</b>				
Parkijaure nr3 (Fe)**	2011:135	4.17	11/08/2011	11/08/2017
Parkijaure nr2 (Fe)**	2008:20	2.85	18/01/2008	18/01/2018
Kallak nr1 (Fe)**μ	2006:197	5.00	28/06/2006	28/06/2016
Kallak nr2 (Fe)**	2011:97	22.19	22/06/2011	22/06/2017
Kallak nr3 (Fe)**	2012:100	5.56	09/08/2012	09/08/2018
Parkijaure nr4 (Cu)**+	2012:59	7.60	04/05/2012	04/05/2017
Parkijaure nr5 (Fe)**	2013:36	12.97	Lodged 24/2/2016	Awaiting grant of licence
Nautijaure nr1 (Cu)**+	2012:57	8.80	04/05/2012	04/05/2017
Ågåsjegge nr2 (Fe)**+	2014:10	11.14	24/02/2014	24/02/2017
<b>Malå Mining District:</b>				
Grundträsk nr6 (Au)^+	2010:161	4.17	04/11/2010	04/11/2016
Grundträsk nr7 (Au)^	2015:91	4.13	05/08/2015	05/08/2018
<b>TOTAL:</b>		<b><u>97.31</u></b>		

### Notes:

\* the Ballek permits are held by Wayland Sweden AB which is a wholly owned subsidiary of Wayland Copper Limited ("Wayland Copper"). Beowulf has a 65.25 per cent ownership interest in Wayland Copper, which is a subsidiary of Beowulf, and is the operator of the Ballek project.

\*\*held by the Company's wholly owned subsidiary, Jokkmokk Iron Mines AB ("JIMAB").

^ held by the Company's wholly owned subsidiary, Norrbotten Mining AB ("Norrbotten Mining").

μ an application for an exploitation concession was originally lodged on 25 April 2013 (Mines Inspector Official Diary nr 559/2013) and an updated, revised and expanded application was submitted in April 2014. The Chief Mining Inspectorate has found that the prerequisites for an Exploitation Concession are fulfilled, but leaves the Government to make a decision regarding Chapters 3 and 4 of the Environmental Code, since the County of Administrative Board has not developed their opinion on this in a satisfactory way.

+ areas have been reduced on renewal.

The Company has reduced the total licence area held to 97.31 km<sup>2</sup>. The area has reduced by approximately 65 per cent since January 2015. This reduction has enabled the Company to focus on the most prospective areas and reduce overall holding costs.

***An overview of Beowulf's principal projects and exploration activities is provided below.***

## **Kallak Iron Ore Project**

### **Introduction**

The Kallak project is located in the Jokkmokk municipality north of the Arctic Circle, approximately 40 km west of Jokkmokk city centre and 80 km southwest of the major iron ore mining centre of Malmberget in Norrbotten County, northern Sweden. LKAB's Kiruna iron ore mine, the world's second largest underground mine, is located approximately 120 km to the northeast.

Iron mineralisation was first discovered in the Kallak area by the SGU in 1947/48. Between 1968 and 1970, detailed ground geophysical surveys were carried out by the SGU over the entire area of interest including closely grid spaced magnetic, gravimetric and electromagnetic measurements. Some limited diamond drilling was also carried out. This led to the discovery of the Kallak North and Kallak South deposits which are separated by only a few hundred metres in distance and, as the deposits are located in the same geological structures, the deposits may well be connected at depth. Data from these surveys has now been compiled and interpreted.

Kallak is located within the Svecofennian shield, consisting of metamorphic, sedimentary and volcanic rocks that are commonly between 1900 and 1870 million years old.

The area around Kallak and the villages of Björkholmen and Randijaur is dominated by mafic to intermediate volcanics and metavolcanics as well as gabbro, diorite, ultramafic rocks and their metamorphic equivalents. The bedrock of the area is thus predominantly mafic. Only smaller areas with felsic rocks are found in the northeast, northwest and southwest. These areas consist of granites, syenites and their metamorphic equivalents, pegmatites and other felsic to intermediate rocks.

The deposits are outcropping and consist of quartz banded magnetite haematite iron ore, comprised of fine grained banded magnetite and minor haematite, interlayered with quartz, feldspar and some hornblende. The dominant host rock is a grey, altered volcanic unit. The deposits occur in a north-south oriented syncline of altered sediments and felsic volcanic rocks of early Proterozoic age within granitic gneisses. The deposits are up to 300m wide at surface outcrop and located on topographically high ground. The northern deposit has a confirmed length extension of more than one kilometre and the southern deposit has a total length of more than 2 km. Drilling has confirmed, in single drillholes, mineralised vertical depth extensions to more than 300m at both deposits. The mineralised structures at both Kallak North and Kallak South are almost vertically dipping, generally covered by only shallow (<2m) glacial overburden and, as such, are highly amenable to potential open pit mining. Some sections of the Kallak South deposit have, however, been found to be covered by more extensive glacial overburden covering the outcropping mineralised structures.

The project area now covers approximately 80 km<sup>2</sup>, comprising nine separate licences (Kallak nr1, Kallak nr2, Kallak nr3, Parkijaure nr2, Parkijaure nr3, Parkijaure nr4, Parkijaure nr5). The project area has steadily been rationalised in 2015, cutting back areas to focus on targets and reduce licence holding costs.

### **Area description and accessibility**

The Kallak project area comprises forested, low hilly ground close to a main paved road between Kvikkjokk and Jokkmokk.

The principal land use is forestry, with the majority of the ground area being owned by a large local forestry company. Regional vegetation is generally comprised of mature pine, birch and spruce trees. The ground elevation varies between 300m and 450m above sea level in an area of undulating forested or logged ground forming a peninsula surrounded by Lake Parkijaure. The highest point is the Råvvåive hill at 481m located in the south east part of the project area.

Local infrastructure is excellent with all-weather gravel roads passing through the project area and all parts are easily reached by well used forestry tracks. A major hydroelectric power station with associated electric power-lines is located only a few kilometres to the south east. There are no settlements within the project area, with the closest villages being Björkholmen, approximately 2 km to the northwest, and Randijaur approximately 3 km the east. The nearest railway (the 'Inland Railway Line') passes approximately 40 km to the east. This railway line is connected at Gällivare with the 'Ore Railway Line', which is used by LKAB for delivery of its ore material to the Atlantic harbour at Narvik (Norway) or to the Botnian Sea harbour at Luleå (Sweden).



## Kallak Resource

The Kallak North and Kallak South orebodies are centrally located and cover an area approximately 3,700m in length and 350m in width, as defined by drilling. The mineral resource estimate for Kallak North and South is based on drilling conducted between 2010-2014, a total 27,895m drilled, including 131 drillholes.

The latest resource statement for the Kallak project was finalised on 28 November 2014, following the guidelines of the JORC Code 2012 edition, summary as follows:

Project	Category	Tonnage Mt	Fe %	P %	S %
Kallak North	Indicated	105.9	27.9	0.035	0.001
	Inferred	17.0	28.1	0.037	0.001
Kallak South	Indicated	12.5	24.3	0.041	0.003
	Inferred	16.8	24.3	0.044	0.005
Global	Indicated	118.5	27.5	0.036	0.001
	Inferred	33.8	26.2	0.040	0.003

### Notes:

1. The effective date of the Mineral Resource Estimate is 28 November 2014.
2. Resources have been classified as Indicated or Inferred, following the guidelines of the JORC Code, 2012 edition.
3. Cut-off grade of 15% Fe has been used.
4. Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.
5. An exploration target of 90-100Mt at 22-30% Fe represents potential ore below the pit shells modelled for this resource statement, and in the gap between drilling defined Kallak South mineralised zones.
6. The resource statement has been prepared and categorised for reporting purposes by Mr. Thomas Lindholm, of GeoVista AB, Fellow of the MAusIMM, following the guidelines of the JORC Code, 2012 edition.

The mineralised area at Kallak North is approximately 1,100m long, from south to north, and, at its widest part in the center, approximately 350m wide.

The deepest drillhole intercept is located some 350m below the surface in the central part of the mineralisation. In the southern and northern parts, the intercepts are shallower at 150-200m. However, in the northern part, there are no barren holes below them, so the mineralisation could continue at depth.

The investigations in Kallak South have been divided into two parts, the northern and southern ends respectively. In the northern part the mineralisation extends approximately 750m from north to south and has an accumulated width of 350m. The deepest drillhole intercept is located some 350m below the surface in the southernmost part of the mineralisation. In the southern part the mineralisation extends approximately 500m from north to south and has a maximum width of just over 300m. The deepest drillhole intercept is located some 200-250m below the surface in the central part of the mineralisation.

Approximately 800m in between the southern and northern parts of Kallak South has not been investigated by systematic drilling. An exploration target of 90 million tonnes ("Mt") to 100Mt at 22-30 per cent iron has been assigned to the area between the southern and northern parts.

Further to the south, within the Parkijaure exploration permits controlled by JIMAB, there are further known magnetite occurrences, but the current level of investigation does not permit the estimation of mineral resources.

## Operations in 2015

### 2015 Testwork

The impetus for the 2015 programme was the belief that even higher grade magnetite concentrate could be produced through the application of reverse flotation, and that the results would prove the suitability of the Kallak North magnetite concentrate for use in Direct Reduction Iron ("DRI") facilities and as chemical grade raw material. Kallak North has three main ore types, classified as follows:

- 'Blue' ore - magnetite rich;
- 'Green' ore - magnetite rich with haematite; and
- 'Red' ore - haematite rich.

The work at GTK (Geological Survey of Finland) applied reverse flotation on two of the three ore types, Blue and Green.

Head assays for the samples used were performed using X-Ray Fluorescence (“XRF”) analysis for Green, Blue and Red samples. The main elements of interest are shown below:

Element	Green	Blue	Red
Fe %	31.9	36.5	37.9
SiO <sub>2</sub> %	47.7	40.6	40.8
Al <sub>2</sub> O <sub>3</sub> %	2.92	2.41	1.84
CaO %	1.2	2.51	1.05
MgO %	2.37	2.58	2.59
P <sub>2</sub> O <sub>5</sub> %	0.068	0.096	0.081
MnO %	0.229	0.51	0.296

This work was carried out by Labtium, who have a geo-analytical laboratory in Outokumpu City and are accredited according to ISO/IEC 17025 by FINAS (Finnish accreditation service).

Concentrate product results:

The table below shows detailed product specifications for concentrates produced in 2015, and in italics the results from the previous programme in 2014:

	Fe %	SiO <sub>2</sub> %	S %	CaO %	MgO %	Al <sub>2</sub> O <sub>3</sub> %	TiO <sub>2</sub> %	Na <sub>2</sub> O %	K <sub>2</sub> O %	P <sub>2</sub> O <sub>5</sub> %	MnO %
Magnetite (SGS certified, 2015)	71.5	0.62	<0.01	0.03	0.03	0.10	<0.01	<0.01	0.01	<0.01	0.48
<i>Magnetite (GTK, 2014)</i>	69+	3.9	0.003	0.109	0.11	0.24	0.010	0.03	0.19	0.009	0.444
Haematite (GTK, 2015)	68.3	2.03	0.005	0.15	0.25	0.20	0.26	0.02	0.019	0.04	0.023
<i>Haematite (GTK, 2014)</i>	66.6	3.29	0.016	0.45	0.39	0.37	n/r	0.03	0.022	0.081	0.165

Key: Fe – Iron, SiO<sub>2</sub> – Silica, S – Sulphur, CaO – Calcium Oxide, MgO – Magnesium Oxide  
Al<sub>2</sub>O<sub>3</sub> - Alumina, TiO<sub>2</sub> – Titanium Dioxide, Na<sub>2</sub>O – Sodium Oxide, K<sub>2</sub>O – Potassium Oxide, P<sub>2</sub>O<sub>5</sub> – Phosphorous,  
MnO – Manganese Oxide, n/r – not replaced

### Earlier metallurgical testing

#### 2010

Metallurgical bench scale tests, including Davis Tube Recovery (DTR) tests were completed in 2010 by MINPRO AB (“MINPRO”) of Stråssa, Sweden ([www.minpro.se](http://www.minpro.se)) on ore grade material from drill holes on the Kallak North deposit. The tests were directed towards the production of a high grade magnetite pellet feed product. Traditional treatment of the ore material by fine grinding and wet magnetic separation resulted in a clean magnetite pellet feed product containing 68.0 per cent iron corresponding to a recovery of 85.1 per cent. The head grade ore material contained 39.8 per cent iron, 33.1 per cent silica, 0.57 per cent manganese, 0.09 per cent phosphorous, 0.10 per cent titanium and 0.007 per cent sulphur. Further testing by MINPRO, using flotation techniques combined with wet magnetic separation, resulted in a final, high grade pellet feed product containing 70.4 per cent iron with low levels of contaminants such as phosphorous, manganese, sulphur and titanium.

#### 2012

In 2012, JIMAB, Beowulf’s Swedish subsidiary, commissioned MINPRO to perform further DTR tests, as well as bench scale grinding and magnetic separation, on composite samples extracted from six separate sections across the Kallak North deposit guided by advice from consultants Micon. The main scope of the test work was to establish a variability pattern in the mineral processing versus standardised test work, with the results obtained used to plan for JIMAB’s test mining and sampling programme in 2013 and the subsequent mineral processing tests, laboratory and pilot scale, conducted in early 2014.

The 2012 DTR tests, grinding to liberation and using wet low-intensity magnetic separation techniques (“WLIMS”) produced high grade concentrate, 68.9-70.3 per cent iron suitable for pellets.

### **2013/2014 - Pilot scale test work on Kallak North material**

In late 2013, approximately 500 tonnes of ore from the test mining sampling programme completed on a defined area of the Kallak North deposit in summer 2013 was transported to a test facility in Outokumpu City, owned by GTK. The main portion of the material was a general composite bulk sample, representing all of the test mined sections at Kallak North in proportion to their respective occurrence.

GTK’s initial report in respect of its test work was received in Q1 2014. Approximately 60 tonnes of the general composite bulk sample were tested during a two-week pilot campaign, primarily focusing on establishing recovery and product quality parameters for the magnetite content. Average iron content for the submitted sample was 29.5 per cent. The proportion of magnetite to haematite in the sample was established to be approximately 3.4:1.

The magnetite beneficiation circuit was conventional and straightforward consisting of rod milling with rougher-scavenger cobbing low-intensity magnetic separation (“LIMS”) pre-concentration, followed by ball mill re-grinding together with six cleaner LIMS stages to achieve the final magnetite product. The grade and recovery levels were excellent. The amount of dry magnetite concentrate produced for downstream testwork was approximately 2.7 tonnes, grading at 69.4 per cent iron at a magnetite recovery of approximately 95 per cent. Average silica content in the final product was 3.9 per cent and the levels of sulphur and phosphorous were insignificant, being below 0.01 per cent. The end product fineness was 80 per cent passing 25 microns.

The secondary objective, to produce a concentrate of the haematite content, was successful in respect of the quality aspect. A sample of 0.36 tonnes of dry haematite iron concentrate was produced, at an average grade of 66.6 per cent iron, containing 3.3 per cent silica, 0.08 per cent phosphorous and less than 0.02 per cent sulphur. The fineness was 80 per cent passing 175 microns. Several different flow sheet options were tested in order to maximise the haematite recovery, without fully reaching optimised levels. The best beneficiation result was achieved using a combination of spiral separators, supported by SLon High-Gradient Intensity Magnetic Separator (“HGIMS”), recovery remained at below 30 per cent. The short test work programme did not enable optimisation of the haematite beneficiation section. Process mineralogy studies proved that the haematite losses were mostly occurring in the very fine particle sizes.

### **Application for an Exploitation Concession for Kallak North**

#### **History**

In April 2013, JIMAB submitted an application to the Swedish Mining Inspectorate for an Exploitation Concession for Kallak North located in the Kallak nr1 permit area. Further to the Swedish Mining Inspectorate’s consultation process, in late November 2013 the CAB raised a number of queries and additional information requests on certain aspects of the Environmental Impact Assessment (“EIA”) component of JIMAB’s application. In April 2014 an updated and enhanced application dealing with the CAB’s queries was submitted to the Mining Inspectorate.

JIMAB added certain supplements to the EIA, along with further technical description and commentary. The enhanced report comprised 164 pages, including various figures and tables, with an additional 16 appendices of more than 200 pages in length covering various technical and specialist aspects based on work performed by the Company’s expert team of Swedish consultants.

The EIA was supplemented in the following principal areas:

- The reindeer husbandry section was complemented by further analysis commissioned from consultants Swedish Geological AB. It was also supplemented and revised based on certain comments and information received from the local Sami villages.
- Additional investigations regarding safety aspects for hydroelectric power dams were conducted by Ramboll Sweden AB.
- Questions raised regarding security issues surrounding any tailings dams for the project were further investigated and addressed by Tailings Consultants Scandinavia AB.
- Various comments received on the socio-economic aspects were responded to by Luleå University of Technology.
- Additional investigations concerning local hunting and fishing activity and specialist environmental aspects, including water ecology and water chemistry, were conducted by Pelagia Miljökonsult AB based in Umeå.

- Additional information was gathered regarding Areas of National Interest and other interests of importance in respect of general water management and military defence aspects.
- Additional studies and inventories on the existing natural water sources in the project area were compiled by Hifab International AB, together with reports on dust and air quality issues.
- Further information was obtained on the Laponia World Heritage site located more than 40 km away from the Kallak North deposit, as well as on the general tourism industry in the Jokkmokk region sourced from the Destination Jokkmokk organisation.

The methodologies utilised in the enhanced EIA report were developed and conducted in accordance with the comments received from the CAB, and reflected the feedback from a constructive meeting held with representatives of Norrbotten County in March 2014.

In a letter to the Chief Mining Inspector, dated 1 October 2014, the CAB expressed the belief that the effects of possible transport routes, from the future mine through areas used for reindeer husbandry could be detrimental and that the Exploitation Concession should therefore not be granted by the Mining Inspectorate at that time. In response to the CAB's concern the Company eliminated a specific route passing in a north/north-easterly direction through the Jelka-Rimakåbbå Natura 2000 area and any future interaction with important reindeer herding business in that area. This change was communicated in a written submission to the Mining Inspectorate in November 2014.

### **Activities and Developments in 2015**

In February 2015, after further investigation, the Chief Mining Inspector concluded as follows:

- The Exploitation Concession which has been applied for covers an area which is deemed suitable in light of the discovery, purpose, and other circumstances.
- The Company has shown that a discovery of iron ore has been found, and is likely to be commercially viable.
- In the Chief Mining Inspector's opinion, the environmental impact study, with the supplements which have been made, meets the requirements set forth in Chapter 6 of the Environmental Code.
- However, in the view of the Chief Mining Inspector, as the CAB has not developed their arguments sufficiently regarding the scope of the encroachment on reindeer herding which will be caused by the concession area, the Chief Mining Inspector has decided to refer the issue to the Government.

Since the notification on 13 February 2015 that the Mining Inspectorate had referred the decision regarding the Exploitation Concession for Kallak North to the Swedish Government, Kurt Budge has visited Sweden regularly to meet with officials at the CAB, the municipality (Jokkmokks Kommun) and other key stakeholders, including the landowners' association in Jokkmokk, the Mining Inspectorate and representatives of the Sami villages.

During these meetings Kurt Budge has explained the changes that have taken place within Beowulf and its subsidiary JIMAB since October 2014, in terms of leadership and approach to stakeholders. He has also provided an update on the Company's understanding of the process being followed by the Swedish Government, and provided supporting arguments for the award of the Exploitation Concession, including:

- Kallak's designation, in February 2013, by the Swedish Geological Society as an ANI for minerals, affording it protection against competing land use and measures that may hinder future potential mineral extraction.
- The Chief Mining Inspectorate finding, in February 2015, that the prerequisites for an Exploitation Concession have been fulfilled.
- The definition of a high quality resource at Kallak, including an Indicated Resource of 118.5Mt at 27.5 per cent iron and an Inferred Resource of 33.8Mt at 26.2 per cent iron (JORC, 2012 edition), plus an exploration target of 90-100Mt at 22-30 per cent iron.
- Jokkmokk Kommun's independent socio-economic study on Kallak, completed in April 2014, shows that a mining development will create direct and indirect jobs, increase tax revenues and slow down population decline, demonstrating that mining at Kallak can provide a much needed economic stimulus for the region. The Company has, and continues to, demonstrate its commitment to Jokkmokk's economic future as a direct investor in the mining project, with SEK 67 million having been spent to date, and through its partnership with the landowners' association, Jokkmokks Allmänning, to support the development of small and medium enterprises in the wider community, to which the Company has, to date, funded SEK 300,000.

In July 2015, the CAB was asked by the Swedish Government to provide comments on the national economic assessment of Kallak North. The CAB's findings were that:

- Mining is economically relevant and that the Kallak North project generates economic benefits at local, regional and national levels, including direct and indirect jobs, tax revenues, and more broadly across mining equipment and services sectors in Sweden.
- The Concession area applied for by the Company creates no conflicts where national interests are considered.
- The Concession is designated as an Area of National Interest ("ANI") for minerals.
- The Company should work with communities that could be affected by the development of a mining project, in order to eliminate or mitigate any impacts, including reindeer herders and Sami villages.
- The Company should consider in its ongoing studies the potential impact of its mining activities on tourism and transport infrastructure.

In October 2015, the Mining Inspectorate wrote to the Swedish Government and recommended that the Exploitation Concession for Kallak North be granted, letter dated 9 October 2015.

The recommendation was delivered in response to the Department of Enterprise and Innovation's invitation for the Mining Inspectorate to give its views on the findings made by the CAB on Kallak North, as published in the CAB's announcement dated 7 July 2015.

### **Post reporting period end events**

The Company has written two letters to the Government on 18 November 2015 and on 16 March 2016 to get an update on the process and the timeline to a final decision, but to date no response has so far been received.

On 15 April 2016, JIMAB responded to a letter from the Government of Sweden, requesting our opinion on the judgement of the Supreme Administrative Court of Sweden ("SAC"), dated 22 February 2016, regarding Tasman Metal's ("Tasmin") Norra Kärr project (Case 2047-14), and how it relates to the Company's Kallak North application for an Exploitation Concession.

On 23 February 2016, Tasman announced that it had been notified of a decision by the SAC to cancel its Norra Kärr Mining Lease ("ML"). The ML was granted to Tasman in May 2013 by the Mining Inspectorate of Sweden and has remained in force since that time.

On the basis of a review of the process of granting of the ML, the SAC determined that the decision by the Mining Inspectorate was incorrect, as the decision to grant the ML was not adequately supported by environmental studies into a future mining operation. As a result, the Norra Kärr ML was cancelled and the project reverts to an Exploration Licence. The SAC decision to cancel the ML cannot be appealed, but Tasman is free to re-apply for a ML.

Working practice in Sweden up until the SAC judgement has been to focus on the concession area and activities within it, with aspects of a future mining operation outside of the concession area being dealt with under Environmental Permitting.

With respect to our response to the Government we have stated that our exploitation concession application has been completed in accordance with the recent SAC judgement, comprehensively studying all aspects of a future mining operation and their associated environmental impacts, with a detailed technical description and site plan. We also suggested to the Government that the Kallak North application should be returned to the Mining Inspectorate, such that a review of the EIA in the context of the SAC judgement can be made.

### **Other Swedish Projects in the Portfolio**

#### **Ballek Copper-Gold Project**

The Ballek project, where Beowulf acts as operator, is in the Arjeplog municipality in northern Sweden. The Group has an interest of 65.25 per cent in Wayland Copper Limited ("Wayland"), further to the terms of a joint venture agreement with Energy Ventures Limited. Wayland became a subsidiary of Beowulf on 1 October 2014.

The project area contains the Lulepotten deposit on which a maiden independent JORC Code compliant Inferred Resource estimate was compiled and reported in September 2008 of 5.4Mt, grading at 0.8 per cent copper and 0.3g/t gold, representing a total of 43,000 tonnes of contained copper metal and 52,000 ounces of contained gold at a cut-off value of 0.3 per cent for copper.

The latest drill programme commenced in December 2013, and a total of 2,039m of drilling across eight holes, was completed in April 2014. This was solely funded by the Company. Five drillholes all located within one of the selected targets, show abundant, mostly fracture type copper mineralisation present in quartz veins at relatively shallow levels with assays ranging up to 3.70 per cent of copper over a one metre section and 0.5 per cent of copper over a 13.2m section. The copper mineralisation identified at this target is located on the Lulepotten trend less than 3 km to the north east directly along strike and with similar geological structures as those of the Lulepotten deposit.

A desktop review of all historical data, including significant geophysical work, was completed in August 2015 by independent consultants. Based on the findings of the review, discussions with Energy Ventures, and, in light of market conditions, it was decided to keep the project on care and maintenance and to fully impair the carrying value of the asset. No additional work was carried out during the year and no budget has been prepared for 2016. The Company will look at ways to monetise this project.

### **Grundträsk Gold Project**

The Grundträsk Project, focused solely on gold is located in the Skellefteå Mining District of northern Sweden. There is little outcrop and the land is currently used for forestry. There is good infrastructure in place, with the area being served by a network of forest roads, including the paved main road from Skellefteå to Malå, which passes through the licence area. Water and electricity supplies are also both available locally. Grundträsk has potential for a shallow depth gold resource, with gold bearing sulphide mineralisation starting at shallow depths of less than 12m, suggesting that any deposit will most likely be amenable to open pit mining.

Exploration results to date indicate the presence of sigmoidal gold bearing structures in a mineralised corridor over a strike length of 800m. Historic drilling from 20 holes has returned gold grades of up to 5.2m at 4.28g/t, 4.62m at 2.8g/t, 5.7m at 2.53g/t and 16.9m at 1.86g/t.

A desktop review of all historical data was completed in August 2015 by independent consultants. Based on the findings of the review and in light of market conditions, it was decided to keep the project on care and maintenance and fully impair the carrying value of the asset. No additional work was carried out during the year. An approach was received during the year and interest remains, which the Company will consider if and when a firm offer is made.

### **Nautijaure IOCG (“Iron Oxide Copper Gold”) Project**

Nautijaure lies directly north of and adjacent to Kallak. Based on regional geological and geophysical evidence, Nautijaure shows exploration potential for IOCG style mineralisation. We have defined large volumes of iron present at Kallak, and there could be associated copper mineralisation in close proximity. Fieldwork during the 2014 season identified several copper sulphide rich boulders. No work was undertaken during 2015.

### **Ågåsjegge Iron Ore Project**

Ågåsjegge lies in close proximity to the northeast of Kallak, and shows exploration potential to host the same geological structures for iron mineralisation as those seen at Kallak. The SGU has a historic resource estimate of 74-75Mt of magnetite, grading 30 per cent iron and almost free of impurities. Historic logs on two holes show mineralisation in drill hole 72601 (west position) from a depth of 16m, and in drill hole 72602 (east position) from a depth of 8.5m. Logging of the drill holes revealed quartz-feldspar-amphibole magnetite iron formation intersected with pegmatite. The holes are 202.5m and 214m in length respectively. No work was undertaken during 2015.

## **POST REPORTING PERIOD END EVENTS**

### **FINLAND**

#### **Overview**

On 11 January 2016 the Company announced the acquisition of Fennoscandian, a privately owned graphite exploration company with projects in Finland. Graphite is a strategic mineral declared supply-critical by both the US and the EU, and it is an important ingredient in advanced technology manufacturing. There is potential long term growth in demand for large flake graphite in the electric car battery, aerospace, sensor and solar industries.

Throughout 2015, the Company assessed various acquisition targets, looking beyond solely delivering exploration success and towards production. The acquisition of Fennoscandian was the end-result, providing the Company with assets that can be put into production in a shorter timeframe than Kallak, given their smaller scale and lower order of complexity and capital requirements.

Beowulf has acquired 100 per cent of the share capital of Fennoscandian in consideration for a total of 2.55 million ordinary shares in the capital of the Company. In addition, two equal tranches of shares will be issued on achievement of certain performance milestones. The total number of ordinary shares that may be issued, if all performance milestones are achieved, is 6.75 million ordinary shares.

Through the acquisition, the Company acquired a portfolio of four early-stage graphite exploration projects located in Finland, with all projects being held by Fennoscandian under 100 per cent owned Claim Reservations. A fifth Claim Reservation has been awarded since the acquisition. The graphite projects include:

- Haapamäki – A high grade graphitic carbon (“Cg”) project with attractive flake sizes. Historic studies have reported visually estimated flake sizes ranging 0.1-2.0 millimetres in length.
- Viistola – A potentially high grade deposit with historical results indicating a grade in the region of 20-35 per cent Cg.
- Piippumäki – Has shown evidence of high quality graphite flakes with visible hexagonal growth, and physical characteristics reportedly comparable with synthetic graphite.
- Kolari – A single diamond drillhole R1 intersected 170m of mineralisation starting from surface, with an average grade of 8.9 per cent Cg. The graphite at the project has been described as very fine to fine microcrystalline.
- Saarenpudas – Situated in the prospective Kolari graphite district, immediately to the west of the Kolari Claim Reservation already held by the Company. Previous exploration work in the 1970s identified an electromagnetic (“EM”) conductor over 1.5 km in length, associated with graphitic schist. Based on a combination of drilling and EM data, Mattila (1978) estimated an exploration target of 3Mt ranging 15-30 per cent Cg.

Each of the projects has been explored historically, with exploration data readily available, especially for the Viistola project. The FennoFlake project, a collaborative group with partners representing the entire graphite value chain, from identification to exploration and mining, processing to end products and market applications, has carried out additional exploration. Fennoscandian is a partner in FennoFlake and will continue to play an important role in the project, which will in turn provide the Company with access to market insight, and will help the Company allocate resources to projects that demonstrate the greatest commercial potential.

Beowulf’s workplan for its graphite projects in 2016 will include ranking projects in the portfolio, before the prioritisation of exploration funds. An immediate priority is the selection of the most favourable project(s) for generating a maiden resource statement. In addition, the Company will be working with its partners in FennoFlake to generate sample material from each of the projects for testwork and assessment against applications in potential end-markets.

Beowulf has also signed a Memorandum of Understanding (“MoU”) with Oy Fennoscandian Investment Group, a Finnish company which is wholly owned by Mr. Blomqvist to evaluate nickel and polymetallic exploration assets across the Nordic region for which Mr. Blomqvist has secured exploration rights.

**BOWULF MINING PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

		2015	2014
	Note	£	£
<b>CONTINUING OPERATIONS</b>			
Administrative expenses		(647,268)	(1,029,168)
Impairment of exploration costs		(1,123,892)	(3,187)
		<u>                    </u>	<u>                    </u>
<b>OPERATING LOSS</b>		<b>(1,771,160)</b>	<b>(1,032,355)</b>
Share of post-tax losses of equity accounted joint venture		-	(2,552)
Finance costs		(139)	(2,032,835)
Finance income		1,982	6,397
		<u>                    </u>	<u>                    </u>
<b>LOSS BEFORE INCOME TAX</b>		<b>(1,769,317)</b>	<b>(3,061,345)</b>
Income tax expense		-	-
		<u>                    </u>	<u>                    </u>
<b>LOSS FOR THE YEAR</b>		<b>(1,769,317)</b>	<b>(3,061,345)</b>
		<u>                    </u>	<u>                    </u>
Loss attributable to:			
Owners of the parent		(1,477,109)	(3,060,482)
Non-controlling interests		(292,208)	(863)
		<u>                    </u>	<u>                    </u>
		<b>(1,769,317)</b>	<b>(3,061,345)</b>
		<u>                    </u>	<u>                    </u>
Loss per share attributable to the ordinary equity holder of the parent:			
Basic and diluted (pence)	2	(0.38)	(1.00)
		<u>                    </u>	<u>                    </u>



**BEOWULF MINING PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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	2015	2014
	£	£
<b>LOSS FOR THE YEAR</b>	(1,769,317)	(3,061,345)
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
Exchange losses arising on translation of foreign operations	(157,900)	(758,807)
Share of other comprehensive income of equity accounted joint venture	-	(8,021)
Revaluation of investments	(20,550)	986
	<hr/>	<hr/>
	(178,450)	(765,842)
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME</b>	(1,947,767)	(3,827,187)
	<hr/>	<hr/>
Total comprehensive income attributable to:		
Owners of the parent	(1,660,172)	(3,819,849)
Non-controlling interests	(287,595)	(7,338)
	<hr/>	<hr/>
	(1,947,767)	(3,827,187)
	<hr/>	<hr/>

**BEOWULF MINING PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015	2014
		£	£
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	3	5,588,270	6,538,752
Property, plant and equipment		31,551	42,394
Investments		-	20,550
Loans and other financial assets		51,938	53,262
		<hr/>	<hr/>
		5,671,759	6,654,958
<b>CURRENT ASSETS</b>			
Trade and other receivables		82,330	42,445
Derivative financial assets	4	-	150,000
Cash and cash equivalents		352,914	186,889
		<hr/>	<hr/>
		435,244	379,334
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>6,107,003</b>	<b>7,034,292</b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	4,303,138	3,452,598
Share premium		15,187,112	15,009,812
Revaluation reserve		(30,000)	(9,450)
Capital contribution reserve		46,451	46,451
Share Based Payment reserve		97,796	69,318
Translation reserve		(1,090,348)	(927,835)
Accumulated losses		(12,466,046)	(11,025,834)
		<hr/>	<hr/>
Non-controlling interests		6,048,103	6,615,060
		(158,461)	129,134
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>5,889,642</b>	<b>6,744,194</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		217,361	290,098
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>217,361</b>	<b>290,098</b>
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,107,003</b>	<b>7,034,292</b>
		<hr/>	<hr/>

**BEOWULF MINING PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Share premium £	Revaluation reserve £	Capital contribution reserve £	Share based payments reserve £	Translation reserve £	Accumulated losses £	Total £	Non controlling interest £	Total equity £
<b>Balance at 1 January 2014 as restated</b>	2,828,273	14,078,466	(10,436)	46,451	67,760	(167,482)	(7,965,352)	8,877,680	-	8,877,680
Loss for the year	-	-	-	-	-	-	(3,060,482)	(3,060,482)	(863)	(3,061,345)
Foreign exchange translation	-	-	-	-	-	(760,353)	-	(760,353)	(6,475)	(766,828)
Revaluation of listed investments	-	-	986	-	-	-	-	986	-	986
Total comprehensive income	-	-	986	-	-	(760,353)	(3,060,482)	(3,819,849)	(7,338)	(3,827,187)
<b>Transactions with owners</b>										
Issue of share capital	624,325	1,248,650	-	-	-	-	-	1,872,975	-	1,872,975
Costs associated with the issue of new shares	-	(317,304)	-	-	-	-	-	(317,304)	-	(317,304)
Equity-settled share-based payment transactions	-	-	-	-	1,558	-	-	1,558	-	1,558
Acquisition of subsidiary	-	-	-	-	-	-	-	-	136,472	136,472
<b>Balance at 31 December 2014</b>	3,452,598	15,009,812	(9,450)	46,451	69,318	(927,835)	(11,025,834)	6,615,060	129,134	6,744,194
Loss for the year	-	-	-	-	-	-	(1,477,109)	(1,477,109)	(292,208)	(1,769,317)
Foreign exchange translation	-	-	-	-	-	(162,513)	-	(162,513)	4,613	(157,900)
Revaluation of listed investments	-	-	(20,550)	-	-	-	-	(20,550)	-	(20,550)
Total comprehensive income	-	-	(20,550)	-	-	(162,513)	(1,477,109)	(1,660,172)	(287,595)	(1,947,767)
<b>Transactions with owners</b>										
Issue of share capital	850,540	232,757	-	-	-	-	-	1,083,297	-	1,083,297
Costs associated with the issue of new shares	-	(55,457)	-	-	-	-	-	(55,457)	-	(55,457)
Equity-settled share-based payment transactions	-	-	-	-	65,375	-	-	65,375	-	65,375
Release of charge for lapsed options	-	-	-	-	(36,897)	-	36,897	-	-	-
<b>Balance at 31 December 2015</b>	4,303,138	15,187,112	(30,000)	46,451	97,796	(1,090,348)	(12,466,046)	6,048,103	(158,461)	5,889,642

**BEOWULF MINING PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	£	£
<b>Cash flows from operating activities</b>		
Loss before income tax	(1,769,317)	(3,061,345)
Depreciation charges	9,553	8,227
Equity-settled share-based transactions	65,375	1,558
Impairment of exploration costs	1,123,892	3,187
Share of post-tax losses of equity accounted joint venture	-	2,552
Gain on asset acquisition arising on reclassifying joint venture as a subsidiary	-	(59,891)
Expenses financed by issue of shares	58,298	-
Finance costs	139	2,032,835
Finance income	(1,982)	(6,397)
	<hr/>	<hr/>
(Increase)/decrease in trade and other receivables	(514,042)	(1,079,274)
Decrease in trade and other payables	(39,803)	200,747
	<hr/>	<hr/>
Net cash used in operating activities	(630,885)	(1,121,480)
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(323,545)	(1,375,121)
Purchase of property, plant and equipment	-	(48,631)
Sale of investments	119	49,205
Funding of joint venture	-	(294,639)
Acquisition of subsidiary cash	-	1,168
Interest received	1,838	6,397
	<hr/>	<hr/>
Net cash used in investing activities	(321,588)	(1,661,621)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	1,024,999	887,975
Payment of share issue costs	(55,457)	(182,304)
Settlement of derivative financial asset	150,000	312,775
	<hr/>	<hr/>
Net cash from financing activities	1,119,542	1,018,446
	<hr/>	<hr/>
<b>Increase/(decrease) in cash and cash equivalents</b>	167,069	(1,764,655)
Cash and cash equivalents at beginning of year	186,889	1,983,616
Effect of foreign exchange rate changes	(1,044)	(32,072)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<hr/> <hr/>	<hr/> <hr/>
	352,914	186,889

**BEOWULF MINING PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. ACCOUNTING POLICIES**

**Nature of operations**

Beowulf Mining plc (the "Company") is domiciled in England. The Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT. The Group is engaged in the acquisition, exploration and evaluation of natural resources assets and has not yet generated revenues.

The principal accounting policies applied are set out below:

**Going concern**

In common with many exploration companies, the Group raises finance for its operations in discrete tranches. At 31 December 2015 the Company had a cash balance of £352,914. In addition to this the Company announced on the 25 February 2016 and 2 March 2016 that it had raised a total of £1.5 million before expenses.

The Directors have prepared cash flow forecasts for the Group covering a period through to the end of April 2017. The cash flow forecasts indicate that whilst the Group has sufficient cash to cover its anticipated working capital requirements for the next twelve months, the Group will need to raise further funds shortly after the period of review.

On this basis the Directors have concluded it is appropriate to prepare the financial statements on a going concern basis. However, whilst the Directors are confident they are taking all necessary steps to ensure that the required finance will be available, there can be no certainty that this will be the case. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's and the Company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any statements that would result if the company was unable to continue as a going concern.

**Basis of preparation**

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union ("IFRS") and with those parts of the UK Companies Act 2006 applicable to companies reporting under IFRS as adopted by the European Union. The financial statements are presented in GB Pounds Sterling. They are prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets and liabilities has been applied.

**New standards, interpretations and amendments issued not yet effective**

It is not anticipated that the adoption in the future of the new or revised standards or interpretations that have been issued by the International Accounting Standards Board but are not yet effective will have a material impact on the Group's earnings or shareholders' funds. The Company has not adopted any new standards in advance of the effective dates.

**Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for income and expenses during the year and the amounts reported for assets and liabilities at the balance sheet date. However, the nature of estimation means that the actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of any impairment of intangible assets, and the estimation of share-based payment costs. In respect of these items:

- (i) The Group determines whether there are any indicators of impairment of intangible assets on an annual basis (see note 8); and

**BEOWULF MINING PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (*Continued*)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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.1. **ACCOUNTING POLICIES** (*continued*)

- (ii) The estimation of share-based payments requires the selection of an appropriate model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest.

**Basis of consolidation**

(i) **Subsidiaries and acquisitions**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is recognised where an investor is expected, or has rights, to variable returns from its investment with investee, and has the ability to affect these returns through its power over the investee.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

Non-controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent company. When changes in ownership in a subsidiary do not result in a loss of control, the non-controlling shareholders' interests are initially measured at the non-controlling interests' proportionate share of the subsidiaries net assets. Subsequent to this, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(ii) **Transactions eliminated on consolidation**

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

**Intangible assets – deferred exploration costs**

All costs incurred prior to the application for the legal right to undertake exploration and evaluation activities on a project are expensed as incurred.

Exploration and evaluation costs arising following the application for the legal right, are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical and administrative overheads.

Exploration and evaluation activity includes:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Administration costs that are not directly attributable to a specific exploration area are expensed as incurred.

Deferred exploration costs are carried at historical cost less any impairment losses recognised. When a project is deemed to no longer have commercially viable prospects to the Group, deferred exploration costs in respect of that project are deemed to be impaired and written off to the statement of comprehensive income.

1. **ACCOUNTING POLICIES** (*continued*)

**Impairment**

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred exploration and evaluation expenditure are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise such as:

- (i) unexpected geological occurrences that render the resource uneconomic;
- (ii) title to the asset is compromised;
- (iii) variations in mineral prices that render the project uneconomic;
- (iv) substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned; and
- (v) the period for which the Group has the right to explore has expired and is not expected to be renewed.

**Property, plant and equipment**

Items of property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 25% on reducing balance

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

**Investments**

Investments in listed companies are classified as available for sale. The revaluation adjustment is taken to the revaluation reserve and reclassified to the income statement for objective evidence of impairment.

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised at cost less any provision for impairment.

Fixed asset investments in subsidiary undertakings and joint venture interests are stated at cost less provision for any impairment in value.

**Financial instruments**

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

*Trade and other receivables*

Trade and other receivables are recorded at their nominal amount less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Bad debts are written off when identified.

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

*Trade payables*

Trade payables are stated at amortised cost using the effective interest method.

1. **ACCOUNTING POLICIES** (*continued*)

*Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Where equity instruments are issued as part of an acquisition they are recorded at their fair value on the date of acquisition.

*Financial assets and liabilities at fair value through profit or loss*

Financial assets and liabilities at fair value through profit or loss comprise derivative financial instruments. Subsequent to initial recognition financial assets at fair value through profit or loss are stated at fair value. Movements in fair values are recognised in profit or loss, unless they relate to derivatives designated and effective as hedging instruments, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. The Group does not currently have any such hedging instruments.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Current and deferred tax is recognised in the profit or loss, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised directly in equity.

**Foreign currencies**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in GB Pounds Sterling which is the presentation currency for the Group and Company financial statements. The functional currency of the Company is the GB Pounds Sterling.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items is included in the statement of comprehensive income for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in GB Pounds Sterling using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as other comprehensive income and are transferred to the Group's translation reserve.



**BEOWULF MINING PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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1. **ACCOUNTING POLICIES** (continued)

Foreign currency movements arising from the Group's net investment, which comprises equity and long-term debt, in subsidiary companies whose functional currency is not the GB Pounds Sterling are recognised in the translation reserve, included within equity until such time as the relevant subsidiary company is sold, whereupon the net cumulative foreign exchange difference relating to the disposal is transferred to profit and loss.

**Share-based payment transactions**

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of all options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement or share premium account if appropriate, are charged with the fair value of goods and services received.

2. **LOSS PER SHARE**

**Basic loss per share**

The calculation of basic loss per share at 31 December 2015 was based on the loss attributable to ordinary shareholders of £1,477,109 (2014: £3,060,482) and a weighted average number of Ordinary Shares outstanding during the period ended 31 December 2015 of 392,759,984 (2014: 304,755,824) calculated as follows:

**Loss attributable to ordinary shareholders**

	2015 £	2014 £
Loss attributable to ordinary shareholders	1,477,109	3,060,482

**Weighted average number of ordinary shares**

	Number	Number
Number of shares in issue at the beginning of the year	304,755,824	282,827,365
Effect of shares issued during year	88,004,070	21,928,459
Weighted average number of ordinary shares in issue for the year	<u>392,759,894</u>	<u>304,755,824</u>

Subsequent to the year ended 31 December 2015, the Company has issued 48,983,174 Ordinary Shares. There is no difference between the basic and diluted loss per share.

**BEOWULF MINING PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**3. INTANGIBLE ASSETS - Group**

	Exploration costs £
<b>COST</b>	
At 1 January 2014	4,948,978
Additions for the year	1,375,499
Acquisition of subsidiary	838,216
Impairments recognised	(3,187)
Foreign exchange movements	(620,754)
	<hr/>
At 31 December 2014	6,538,752
	<hr/>
At 1 January 2015	6,538,752
Additions for the year	323,545
Impairments recognised	(1,123,892)
Foreign exchange movements	(150,135)
	<hr/>
At 31 December 2015	5,588,270
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2015	5,588,270
	<hr/> <hr/>
At 31 December 2014	6,538,752
	<hr/> <hr/>

The net book value of exploration costs is comprised of expenditure on the following projects:

	2015 £	2014 £
Kallak	5,565,328	5,416,587
Nautijaur	22,942	-
Grundtrask	-	285,543
Munka	-	6,836
Ballek	-	829,786
	<hr/>	<hr/>
	5,588,270	6,538,752
	<hr/>	<hr/>

Total Group exploration costs of £5,588,270 are currently carried at cost in the financial statements. The Group will need to raise funds and/or bring in joint venture partners to further advance exploration and development work. An amount of £68,292 was invoiced to the Kallak project during the year for services provided by Kurt Budge and Jan Ola Larsson.

During the year an impairment provision of £1,123,892 (2014: £3,187) was made against costs incurred on Ballek (£838,493), Grundträsk (£278,948) and on Munka (£6,451) on the basis that no further exploration would be carried out on those projects. The impairment is charged as an expense and included within the consolidated income statement.

**BEOWULF MINING PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**4. DERIVATIVE FINANCIAL ASSETS**

In August 2014, as part of a two stage subscription to raise, in aggregate, £1.738 million (before expenses) from certain new shareholders, the Company issued 17,924,000 Ordinary Shares at a price of 3p per share to Lanstead with a value of £537,720. The Company simultaneously entered into an equity swap price mechanism with Lanstead for 75 per cent of these shares with a reference price of 4p per share. All 17,924,000 Ordinary Shares were allotted with full rights on the date of the transaction.

In September 2014, following the receipt of shareholders' approval at a duly convened general meeting, the Company issued a further 15,409,333 Ordinary Shares at a price of 3p per share to Lanstead with a value of £462,280. The Company entered into an equity swap price mechanism on the same basis as in August 2014. All 15,409,333 shares were allotted with full rights on the date of the transaction.

Accordingly, pursuant to the above arrangements, of the aggregate subscription proceeds of £1 million received from Lanstead, £850,000 (85 per cent) was invested by the Company in the equity swap agreements with the remaining £150,000 (15 per cent) available for general working capital purposes.

The Company also issued, in aggregate, a further 4,500,000 Ordinary Shares to Lanstead as a value payment in connection with the equity swap agreements.

On 7 January 2015, it was mutually agreed to accelerate all settlements under the Equity Swap Agreements between Lanstead and the Company for an amount of £150,000 which equated to the approximate total fair value of the derivative financial asset at 31 December 2014.

**5. SHARE CAPITAL**

	2015 Number	2015 £	2014 Number	2014 £
Allotted, called up and fully paid				
At 1 January	345,259,849	3,452,598	282,827,365	2,828,273
Issued during the year	85,053,975	850,540	62,432,484	624,325
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	430,313,824	4,303,138	345,259,849	3,452,598
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The par value of all Ordinary Shares in issue is £0.01.

The Company has removed the limit on the number of shares that it is authorised to issue in accordance with the Companies Act 2006.

*Shares issued in 2015*

In March 2015, the Company raised £350,000 before fees and expenses by way of a subscription of 29,166,666 new ordinary shares of 1p each at a premium of 0.2p per share. This was fully paid in cash.

In June 2015, the Company issued 2,035,457 new ordinary shares of 1p each at a premium of 1.25p per share in accordance with a salary sacrifice arrangement with Directors. The total value of these shares was £45,798.

In July 2015, the Company raised £650,000 before fees and expenses by way of a subscription of 52,000,000 new ordinary shares of 1p each at a premium of 0.25p per share. This was fully paid in cash.

In July 2015, the Company issued 617,284 ordinary shares of 1p at a premium of 1.025p to its joint broker in lieu of their broker fees for six months.

**BEOWULF MINING PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (*Continued*)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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In October 2015, the Company received notification from its joint broker that it wanted to exercise 617,284 warrants at an exercise price of 2.025p for which the Company received proceeds of £12,500 and issued 617,284 new ordinary shares.

In December 2015, the Company received notification from its joint broker that it wanted to exercise 617,284 warrants at an exercise price of 2.025p for which the Company received proceeds of £12,500 and issued 617,284 new ordinary shares.

*Shares issued in 2014*

In August 2014, the Company raised £1,600,000 before fees and expenses by way of a subscription of 53,333,333 new Ordinary Shares of 1p each at a premium of 2p per share. £850,000 of the proceeds was satisfied by the issue of derivative financial instruments with the balance of £750,000 being issued for cash.

In August 2014, the Company issued 4,500,000 new Ordinary Shares of 1p each allotted as fully paid at a premium of 2p per share, in settlement of fees in respect of the above subscription.

In September 2014, the Company raised £137,974 before fees and expenses by way of a subscription of 4,599,151 new Ordinary Shares of 1p each allotted as fully paid for cash at a premium of 2p per share.

**6. EVENTS AFTER THE REPORTING DATE**

**Acquisition of Fennoscandian**

On 11 January 2016, the Company announced it had acquired 100% of the share capital of Fennoscandian, a privately owned company based in Finland with a portfolio of four early-stage graphite exploration projects. The total consideration for the acquisition is 2.55 million ordinary shares in the capital of the Company. The transaction will consist of an initial payment of 2.1 million shares with a deferred payment of 450,000 shares. In addition, two equal tranches of shares will be issued on achievement of certain performance milestones. The total number of ordinary shares that may be issued, if all performance milestones are achieved, is 6.75 million ordinary shares.

**Share Issues post year end**

On 11 February 2016, the Company issued 729,329 new ordinary shares of 1p each. This included the issue of 450,000 new ordinary shares being the deferred payment in connection with its acquisition of Fennoscandian and 279,329 new ordinary shares in satisfaction of the professional fees due to our joint broker.

**Subscription to raise £1.25 million**

On 25 February 2016, the Company announced that it had raised £1.25 million before expenses and issued 38,461,538 new ordinary shares at a price of 3.25 pence per new ordinary share.

**Exercise of over-allotment option**

On 2 March 2016, the Company announced that the over-allotment option announced on 25 February 2016, was exercised on 29 March by the Company in respect of 7,692,307 new ordinary shares at a price of 3.25 pence per new ordinary share raising £0.25 million before expenses.

**Appointment of Non-Executive Director**

On 4 April 2016, Chris Davies joined the Company as a Non-Executive Director. Details of Chris' background can be found under Board and Management on the Company's website ([www.beowulfmining.com](http://www.beowulfmining.com)).