



29 November 2016

Beowulf Mining plc
(“Beowulf” or the “Company”)

**Unaudited Interim Statement and Management Update for the Period
Ended 30 September 2016**

Beowulf (AIM: BEM; Aktietorget: BEO), the mineral exploration and development company, focused on the Kallak magnetite iron ore project and the Åtvidaberg polymetallic exploration licence in Sweden, and its graphite portfolio in Finland, announces its unaudited consolidated financial results for the nine months ended 30 September 2016 and provides a management update.

The unaudited preliminary financial results for twelve months ending 31 December 2016 and the next management update will be released on or before 28 February 2017.

Overview of Activities in the Quarter

- During the week of 4 July 2016, Kurt Budge, Chief Executive Officer (“CEO”) of Beowulf, attended Almedalen, an annual event in Sweden, and met with representatives of the Swedish mining industry, unions, politicians, local government representatives from mining areas in Sweden and regulators. During these meetings, the CEO presented Beowulf, the Kallak project and our Åtvidaberg exploration licence to key influencers and stakeholders.
- On 2 August 2016, the Company provided an exploration update for its Haapamäki and Piippumäki graphite projects in Finland, and the discovery of an additional prospective area in the eastern part of Haapamäki, named Pitkäjärvi.
- On 3 August 2016, the Company provided an exploration update for its Åtvidaberg exploration licence, providing details on the very positive findings from several reconnaissance field excursions. To date, two main areas have been visited, Bersbo and Mormor, where old mine workings, waste dumps and exploration pits have been examined, showing evidence of zinc and copper mineralisation.
- On 4 August 2016, the Company provided an update on the Kallak North Exploitation Concession stating that since the Government’s request to the Mining Inspectorate, to conduct a further review of the Company’s application for an Exploitation Concession, the Company has continued its dialogue with key stakeholders, with some interruption caused by the summer holidays.

In all discussions, the Company has stated that it believes it is in the best interests of its stakeholders in Sweden, and its Swedish and non-Swedish shareholders, that the Company’s application be further reviewed by the Mining Inspectorate, so that any future award of the Exploitation Concession is consistent with the Supreme

Administrative Council (“SAC”) judgement in the case of the Norra Kärr project.

- On 30 August 2016, the Company announced that it had been awarded the Sala nr 10 exploration licence, in the Västmanland County, southern Sweden, and covers an area of 1,049 hectares. The licence is prospective for lead-zinc-silver mineralisation and is situated 200 metres west of the former Sala silver mine.
- On 21 September 2016, the Company submitted a letter to the Mining Inspectorate of Sweden, revising its application boundary to encompass both the Concession Area, delineated by the Kallak North orebody, and the activities necessary to support a modern and sustainable mining operation.

The revised boundary accounts for the judgement made by the SAC of Sweden in the Norra Kärr case, which stated that activities associated with a mining operation, but outside of the previously considered Concession Area, need to be studied as part of an application for an Exploitation Concession.

In the letter, the Company also reaffirmed the commitment it made back in November 2014, in response to the concerns raised by the County Administrative Board (“CAB”) in October 2014 about a specific transport corridor under consideration, to eliminate the transport corridor that passes in a north-north-easterly direction through the Jelka-Rimakåbbå Natura 2000 area.

- On 30 September 2016, the Company provided an exploration update for its graphite projects in Finland, detailing ‘grab’ sampling and geological mapping undertaken at Haapamäki, and at two newly discovered prospective areas, Pitkäjärvi and Aitolampi.
- Loss after taxation attributable to the owners of the parent company is £489,379 which is significantly below the loss for the corresponding period last year (2015: loss of £1,111,171). The loss in Q3 2016 of £156,327 is approximately 6 per cent below the loss recorded in Q2 2016.
- Cash and cash equivalents at 30 September 2016 of £978,999, are £432,680 above the corresponding period last year and £626,085 above the level at 31 December 2015.

Post Period End

- On 7 October 2016, the Company provided an exploration update for its Ätvidaberg exploration licence, including assays from ‘grab’ sampling. To date, only a small part of the licence area has been studied, with resources focused on areas close to former mines, and areas with known mineralisation and/or geophysical anomalies.
- On 14 October 2016, the Company announced the divestment of its Grundträsk nr 6 and nr 7 gold exploration licences to Erris Resources Limited, a private exploration and development company.
- On 24 October 2016, the Company provided an update on the Kallak North Exploitation Concession, informing shareholders that the Mining Inspectorate of Sweden, in conducting a further review of the Kallak North application as directed by the Government of Sweden, and in the light of the SAC judgement in February 2016 in the case of Norra Kärr, had written to the CAB for Norrbotten County. The CAB was asked

to respond by 16 December 2016.

- On 24 October 2016, the Company announced the establishment of a Swedish Advisory Board, and the appointment of two members, Mr Per G. Broman and Mr Jan-Olof Hedström. The Swedish Advisory Board has been established, to support the development of Beowulf's projects in Sweden, first and foremost for Kallak, to provide expert advice as the Company seeks an Exploitation Concession for Kallak North, and thereafter the environmental permitting of that project.
- On 16 November 2016, the Company announced that the CAB had granted an extension of time, from 16 December 2016 to 28 February 2017, by the Mining Inspectorate of Sweden, to respond to the Inspectorate's questions as detailed in our 24 October release.
- Between 22-25 November 2016, the Board visited Stockholm, conducted a business review and board meeting, met key advisers, and attended SveMin's autumn meeting (SveMin is an industry association of mines, mineral and metal producers).
- On 24 November 2016, Kurt Budge CEO presented at Avanza Bank's Börsdag. The presentation can be viewed by following the link below:

<https://wonderland.videosync.fi/beowulf-mining>

Kurt Budge, CEO, commented:

"During the last three months, we have continued to engage with our stakeholders in Sweden, and I have visited Jokkmokk and Luleå several times, most recently supported by our Swedish Advisory Board, to conduct meetings in person, to assess if there is anything further we can do as we seek the award of the Kallak North Exploitation Concession.

"In September 2016, we submitted a revised plan for Kallak North, showing both the Concession Area and the area required for necessary supporting activities, and reaffirmed our commitment, made back in November 2014, to eliminate the transport corridor that passes in a north-north-easterly direction through the Jelka-Rimakåbbå Natura 2000 area.

"More recently the Company's expert Swedish team has been preparing a paper, which analyses the formal statements made since October 2014, by different parties involved in the Kallak North application process. The main objective of this analysis is to demonstrate that the Company's application has satisfied the requirements of Swedish law. The legal framework over the last two years, for assessing our application, has not changed. The perspective of the reviews completed, covering the Concession Area, those activities necessary to support a modern and sustainable mining operation, included in our Environmental Impact Assessment, and transport options, is entirely consistent with the SAC judgement in the case of Norra Kärr.

"This analysis is helping us to advance our thinking and prioritise our stakeholder engagement for the next stage of Kallak's development and environmental permitting, as we continue to design into our plans the coexistence of mining activity and reindeer herding, and seek a partnership which benefits the Saami reindeer herding communities.

"In addition to Kallak, we have continued to provide updates on our exploration activities in Finland and Sweden, for our graphite assets and our polymetallic Åtvidaberg licence. Still early

days, but we will continue to fill out the picture for these business areas, with further news flow in the coming weeks, results from composite samples for our graphite and till sampling from Ätvidaberg. This new information will be fed into our planning and budgeting for 2017 work programmes.

"I look forward to updating shareholders on our progress in due course."

Operational

Kallak North Exploitation Concession

The Company believes that the further review being conducted by the Mining Inspectorate is in the best interests of our stakeholders in Sweden, and our Swedish and non-Swedish shareholders, so that any future award of the Exploitation Concession is consistent with the SAC judgement in the case of the Norra Kärr project.

The CAB has a deadline of 28 February 2017 to respond to the Mining Inspectorate of Sweden. The Company maintains it has satisfied the requirements of Swedish law for this stage of permitting.

Swedish Exploration Portfolio

Ätvidaberg – Recent Highlights

- To date, only a small part of the licence area has been studied, with resources focused on areas in proximity to former mines, and areas with known mineralisation and/or geophysical anomalies. The licence is split into two main areas: Bersbo to the north-east; Mormors to the south-west.
- In the Bersbo area, 'grab' samples from road fill of sphalerite (zinc ore) have yielded up to 19.7 per cent zinc, while samples from waste dumps of chalcopyrite (copper ore) have yielded up to 1.7 per cent copper.
- In the Mormor area, two waste dump samples have yielded 4.42 per cent and 8.46 per cent copper.
- In addition, waste dump samples from Mormorsgruvan, with quartz-veined mineralisation, have yielded up to 2.05 ppm gold.
- 'Grab' samples were collected in isolation and therefore cannot be considered representative of the grade of mineralisation over a deposit, but nevertheless give a range of values, that are indicative of the potential for the targets being investigated, and which have assisted the Company's exploration team in planning future work. All samples have been assayed for the Company by ALS Minerals ("ALS") in Sweden.
- Magnetic interpretation has given us a further 26 targets to investigate, for which we are planning geological mapping and ground geophysics to be carried out in 2017.

Overview of 2016 Work Programmes

Following a 'first impressions' visit to the area in May 2016, a three-week fieldwork programme was conducted during mid-summer. The programme included reconnaissance geological mapping, evaluation of the mineral potential, ground magnetic surveys and 'grab' sampling from

waste dumps and outcrops. The Company has also completed a review and interpretation of a series of magnetic datasets over the licence area. A structural framework, focussed geological interpretation of the district, has been compiled from a combination of detailed and regional aero-magnetic data.

Overall, the work completed has given the Company's exploration team a better understanding of the geology of the area and the setting of different types of mineralisation. This has led to the definition of several 'blind' exploration targets i.e. limited outcrops because of glacial till cover, and the identification of promising areas for further exploration.

The licence area is divided in two by the north-northwest south-southeast striking Loftahammer-Linköping deformation zone. In both lithotectonic domains the geology consists of a sequence of metavolcanic rocks that are intruded by several granitic suites. Mineralisation in the Bersbo mine area is characterised by copper-zinc mineralisation, with some evidence of gold and silver, together with pyrrhotite, that is stratabound in interlayered felsic and mafic volcanic rocks. The mines in this area are marked by narrow aeromagnetic anomalies.

In the western Mormors area, there are four former mines where mineralisation occurs in deformation zones in potassium-altered gneisses. The host rocks are altered to quartz-biotite-garnet schists in which chalcopyrite occurs as veins and lenses. The Mormor-type mineralisation is not obviously associated with aeromagnetic anomalies.

Beowulf's exploration team has recently completed a till sampling programme, for which we are awaiting assay results.

So far, our findings for the Ätvidaberg licence continue to be positive. Below is a summary for the main prospects:

Bersbo

- Former mines in the Bersbo area, including the Grönhög mine, show evidence of high grade zinc mineralisation, that seems to have been previously classed as waste, which is found in both waste dumps and as road fill.
- 'Grab' samples of sphalerite have yielded up to 19.7 per cent zinc, while waste samples with chalcopyrite, have yielded up to 1.7 per cent copper.
- The Bersbo ore occurs stratabound within interlayered felsic and mafic metavolcanic rocks.
- The ore is often associated with pyrrhotite, which means that aeromagnetic data can be used to trace potential mineralisation.

Mormor

- Mineralisation in the Mormors area appears to contain predominantly copper, and no zinc.
- Two waste dump samples from the area have yielded 4.42 per cent and 8.46 per cent copper.
- Quartz-veined samples from dumps at Mormorsgruvan have yielded up to 2.05 ppm gold.

- The Company will continue to explore for copper ore and quartz-veined gold mineralisation.
- The ore in the Mormors area is not consistently linked to high magnetic susceptibility minerals, with aeromagnetic data for the area showing that former mines do not lie on magnetic high anomalies, but rather on the gradients.
- In contrast, electromagnetic data shows that the former mines lie on high conductivity zones, possibly resulting from the presence of conductive copper mineralisation, together with abundantly evident pyrite.
- Mineralisation occurs in retrograde shear zones in potassium-altered felsic rocks. The host rocks are often enriched in biotite and quartz, are garnet-bearing, and often show intense deformation.
- Intense alteration by silification in metavolcanics, west of the Mormors mine area, appears to be accompanied by an increase in magnetite, but no significant mineralisation has been identified.

Finnish Graphite

Haapamäki - Recent Highlights

- Sampling and geological mapping have been undertaken at Haapamäki, and at two newly discovered prospective areas, Pitkäjärvi and Aitolampi.
- The previously identified airborne electromagnetic (“EM”) anomaly from Pitkäjärvi to Aitolampi extends more than 16 kilometres (“km”) in length and up to 0.6 km in width, with the EM conductive zone being associated with outcrops of graphite schist, together with numerous graphitic boulders in glacially transported till.
- For the 13 “grab” samples taken at Pitkäjärvi, assays ranged between 1.61 per cent and 13.4 per cent graphitic carbon (“Cg”).
- Two assays for “grab” samples taken from the Käärmerinne area of Haapamäki, yielded 44.8 per cent and 45.2 per cent Cg.

Overview of 2016 Work Programmes

- Sampling and geological mapping have been undertaken over an area that has several historic workings, which correspond to ground and airborne EM anomalies, identified by the Company’s geophysical survey with Slingram horizontal loop electromagnetic (“HLEM”), completed in March 2016, and by historic airborne survey work undertaken by Geological Survey of Finland (“GTK”).
- Identified conductive zones were located on the ground, in most cases glacial till obscured possible graphite mineralisation, but in some locations graphite mineralisation was located, mapped and sampled; these included road cuttings, old quarries and pits, outcrops and mineralised boulders.
- 28 samples were assayed at Activation Laboratories (“Actlabs”) in Canada. 15 samples taken at Haapamäki and 13 samples taken at Pitkäjärvi.

- The results shown in this announcement are from reconnaissance “grab” samples (of approximately 1.5 to 2 kilograms each in weight) collected from mineralised outcrops and boulders.
- The samples were collected in isolation and therefore cannot be considered representative of the grade of the mineralisation over a deposit, but nevertheless give a range of values, some with high Cg content, that are indicative of the potential at Haapamäki and Pitkäjärvi, and which have assisted the field teams to determine areas for further investigation.
- Four composite samples for different areas have also been prepared from the ‘grab’ samples collected for those areas, and despatched to SGS Minerals Services in Canada for preliminary metallurgical test-work, to evaluate graphite flake size and distribution, and provide an indication of graphite concentrate Cg grade.
- The Company will wait for these results before finalising the next stage of exploration work, which will likely include trenching, and potentially, drilling.

Financials

- Loss after taxation attributable to the owners of the parent company is £489,263 which is significantly below the loss for the corresponding period last year (2015: loss of £1,111,171). Last year’s results were negatively impacted by an impairment charge of £851,613 because of the Company rationalising its project portfolio. The loss in Q3 2016 of £156,327 is approximately 6 per cent below the loss recorded in Q2 2016.
- Basic/diluted loss per share for the period of £0.10 showed a significant improvement over the loss per share for the corresponding period last year (Sept 2016: £0.29) and the 2015 full year loss per share of £0.38.
- Cash and cash equivalents at 30 September 2016 of £978,999, are £432,680 above the corresponding period last year and £626,085 above the level at 31 December 2015.
- Intangible assets of £6,972,553, includes £311,812 for the acquisition of Fennoscandian as detailed in note 5 in the financial statements.
- Share capital and share premium increased over the position at 31 December 2015 mainly due to the fundraising in February and March 2016 which raised net £1,432,500, and the initial shares issued as part of the consideration for the Fennoscandian acquisition (£25,500).
- The merger reserve of £137,700 is in relation to the Fennoscandian acquisition which was announced on 11 January 2016.
- The translation reserve losses reduced from £1,090,348 at 31 December 2015 to £397,900 at 30 September 2016. This is mainly due to further weakening of the pound following the Brexit vote. A major proportion of the Company’s exploration costs are in Swedish Krona which has strengthened against the pound by approximately 11 per cent since 31 December 2015.

Corporate

- The total number of ordinary shares in circulation at the date of this announcement is 479,296,998 ordinary shares of £0.01 each, with each share carrying the right to one vote. The Company does not hold any ordinary shares in treasury.

Competent Person Review

The information in this announcement has been reviewed by Mr Rasmus Blomqvist, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Rasmus Blomqvist has sufficient experience, that is relevant to the style of mineralisation and type of deposit taken into consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr Rasmus Blomqvist is a full-time employee of Oy Fennoscandian Resources AB, a 100 per cent owned subsidiary of Beowulf.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Enquiries:

Beowulf Mining plc

Kurt Budge, Chief Executive Officer

Tel: +44 (0) 20 3771 6993

Cantor Fitzgerald Europe

(Nominated Advisor & Broker)

David Porter / Phil Davies

Tel: +44 (0) 20 7894 7000

Blytheweigh

Tim Blythe / Megan Ray

Tel: +44 (0) 20 7138 3204

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.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the 9 months ended 30 September 2016

| | Notes | (Unaudited) 9 months to 30 Sept 2016 £ | (Unaudited) 9 months to 30 Sept 2015 £ | (Audited) Year ended 31 Dec 2015 £ |
|--|-------|---|---|---|
| Continuing operations | | | | |
| Administrative expenses | | (493,870) | (554,457) | (647,268) |
| Impairment of exploration costs | | - | (851,613) | (1,123,892) |
| OPERATING LOSS | | <u>(493,870)</u> | <u>(1,406,070)</u> | <u>(1,771,160)</u> |
| Finance costs | | - | - | (139) |
| Finance income | | 4,549 | 1,325 | 1,982 |
| LOSS BEFORE TAX | | <u>(489,321)</u> | <u>(1,404,745)</u> | <u>(1,769,317)</u> |
| Tax | | - | - | - |
| LOSS FOR THE PERIOD | | <u>(489,321)</u> | <u>(1,404,745)</u> | <u>(1,769,317)</u> |
| Loss attributable to: | | | | |
| Owners of the parent | | (489,263) | (1,111,171) | (1,477,109) |
| Non-controlling interests | | (58) | (293,574) | (292,208) |
| | | <u>(489,321)</u> | <u>(1,404,745)</u> | <u>(1,769,317)</u> |
| Loss per share attributable to the owners of the parent: | | | | |
| Basic and diluted (pence) | 3 | (0.10) | (0.29) | (0.38) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2016

| | Notes | (Unaudited) As at 30 Sept 2016 £ | (Unaudited) As at 30 Sept 2015 £ | (Audited) As at 31 Dec 2015 £ |
|-------------------------------------|-------|---|---|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 6 | 6,972,553 | 5,632,180 | 5,588,270 |
| Plant, property and equipment | | 26,646 | 33,495 | 31,551 |
| Loans and other financial assets | | 5,540 | 51,197 | 51,938 |
| | | <u>7,004,739</u> | <u>5,716,872</u> | <u>5,671,759</u> |
| Current assets | | | | |
| Trade and other receivables | | 44,950 | 70,506 | 82,330 |
| Cash and cash equivalents | | 978,999 | 546,319 | 352,914 |
| | | <u>1,023,949</u> | <u>616,825</u> | <u>435,244</u> |
| TOTAL ASSETS | | <u>8,028,688</u> | <u>6,333,697</u> | <u>6,107,003</u> |
| EQUITY | | | | |
| Shareholder's equity | | | | |
| Share capital | 4 | 4,792,969 | 4,290,792 | 4,303,138 |
| Share premium | | 16,167,782 | 15,174,459 | 15,187,112 |
| Revaluation reserve | | (30,000) | (30,000) | (30,000) |
| Capital contribution reserve | | 46,451 | 46,451 | 46,451 |
| Share-based payment reserve | | 224,954 | 104,370 | 97,796 |
| Translation reserve | | (397,900) | (1,158,719) | (1,090,348) |
| Merger reserve | | 137,700 | - | - |
| Accumulated losses | | (12,955,309) | (12,137,004) | (12,466,046) |
| | | <u>7,986,647</u> | <u>6,290,349</u> | <u>6,048,103</u> |
| Non-controlling interest | | (157,508) | (167,696) | (158,461) |
| TOTAL EQUITY | | <u>7,829,139</u> | <u>6,122,653</u> | <u>5,889,642</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 199,549 | 211,044 | 217,361 |
| TOTAL LIABILITIES | | <u>199,549</u> | <u>211,044</u> | <u>217,361</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>8,028,688</u> | <u>6,333,697</u> | <u>6,107,003</u> |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

1. 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. This consolidated financial information comprises the Company and its subsidiaries (collectively the ‘Group’ and individually ‘Group companies’). The Group is engaged in the acquisition, exploration and evaluation of natural resources assets and has not yet generated revenues.

2. Basis of preparation

The condensed consolidated financial information has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) and implemented in the UK. The accounting policies, methods of computation and presentation used in the preparation of the interim financial information are the same as those used in the Group’s audited financial statements for the year ended 31 December 2015.

The financial information in this statement does not constitute full statutory accounts within the meaning of Section 434 of the UK Companies Act 2006. The financial information for the nine months ended 30 September 2016 is unaudited, and has not been reviewed by the auditors. The financial information for the year ended 31 December 2015 has been derived from the Group’s audited financial statements for the period. The auditor’s report on the statutory financial statements for the year ended 31 December 2015 was unqualified and did not contain any statement under sections 498 (2) or (3) of the Companies Act 2006.

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.

3. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary owners of the parent by the weighted average number of ordinary shares of 469,331,096 (30 September 2015: 380,296,673 and 31 December 2015: 392,759,894) outstanding during the period. There is no difference between the basic and diluted loss per share.

4. Called up share capital

| | (Unaudited) 30 Sept 2016 £ | (Unaudited) 30 Sept 2015 £ | (Audited) 31 Dec 2015 £ |
|--|----------------------------------|----------------------------------|-------------------------------|
| Allotted, issued and fully paid | | | |
| Ordinary shares of 1p each | 4,792,969 | 4,290,792 | 4,303,138 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

4. Called up share capital (continued)

The number of shares in issue was as follows:

| | Number of shares |
|-------------------------------------|---------------------|
| Balance at 1 January 2015 | 345,259,849 |
| Issued during the period | <u>83,819,407</u> |
| Balance at 30 September 2015 | 429,079,256 |
| Issued during the period | <u>1,234,568</u> |
| Balance at 31 December 2015 | 430,313,824 |
| Issued during the period | <u>48,983,174</u> |
| Balance at 30 September 2016 | <u>479,296,998</u> |

5. Acquisition of Oy Fennoscandian Resources AB ("Fennoscandian")

On 11 January 2016, the Company announced it had acquired 100 per cent of the share capital of Fennoscandian, a privately owned company based in Finland with a portfolio of four early-stage graphite exploration projects. The transaction consisted of an initial payment of 2.1 million shares with a deferred payment of 450,000 shares. Beowulf has paid for the 100 per cent of the share capital of Fennoscandian by issuing 2.55 million ordinary shares in the Company. On 11 January 2016, one Beowulf share was worth 6.4p, valuing the initial part of the transaction at £163,200.

In addition, two further tranches of ordinary shares will be issued on achievement of certain performance milestones. The first tranche of ordinary shares will be issued on the production of a maiden resource statement on one of the graphite projects in the portfolio, or on the anniversary 24 months following completion of the acquisition, subject to Mr. Blomqvist having worked for the Company as a full-time employee during that period. The second tranche of shares will be issued on completion of a bankable feasibility study on one of the graphite projects in the portfolio. The total number of ordinary shares that may be issued, if all performance milestones are achieved, is 6.75 million ordinary shares. Beowulf will issue up to a further 4.2 million additional consideration shares in the form of a share-based payment transaction to the former owner, Rasmus Blomqvist. The share-based payments fall within the scope of IFRS 2 and are fair valued at the grant date based on the estimated number of shares that will vest. The fair value has been prepared using a Black-Scholes pricing model including a share price of 6.4p, option life of two years, volatility of 49.79 per cent and a risk free rate of 0.698 per cent. The share-based charge is £268,800 bringing the total consideration including transaction costs of £45,094 to £477,094, if all additional shares are issued.

The consideration recognised in the financial statements as at 30 September 2016 is £311,812 and has been recorded in intangible assets evenly across the four acquired graphite projects. The share based payment charge is spread over the two-year option life, therefore, in the nine months ended 30 September 2016 only £97,076 (of the £268,800) has been recognised under intangibles.

At a group level, the Company have considered whether the acquisition meets the definition of a business combination and therefore falls within the scope of IFRS 3. The conclusion is that due to the early stage of the projects acquired and because Fennoscandian does not have the inputs, processes and outputs required to meet the conditions of a business combination the acquisition shall be treated as an acquisition of assets at a group level and is therefore outside the scope of IFRS 3.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

6. Closing value of intangible assets

| | | | As at 30 September 2016 | As at 31 December 2015 |
|----------------------|----------------|-------------------------|----------------------------------|---------------------------------|
| Project names | Country | Minerals | £ | £ |
| Ågåsjegge | Sweden | Iron ore | 7,337 | - |
| Åtvidaberg | Sweden | Lead-zinc-copper-silver | 99,893 | - |
| Kallak | Sweden | Iron ore | 6,405,110 | 5,565,328 |
| Nautijaure | Sweden | Copper | 25,184 | 22,942 |
| Sala | Sweden | Lead-zinc-silver | 2,389 | - |
| Haapamäki | Finland | Graphite | 117,715 | - |
| Kolari | Finland | Graphite | 87,876 | - |
| Piippumäki | Finland | Graphite | 99,915 | - |
| Viistola | Finland | Graphite | 95,813 | - |
| Pitkäjärvi | Finland | Graphite | 31,321 | - |
| | | | <u>6,972,553</u> | <u>5,588,270</u> |
| Total | | | <u>6,972,553</u> | <u>5,588,270</u> |

7. Availability of interim report

A copy of these results will be made available for inspection at the Company's registered office during normal business hours on any weekday. The Company's registered office is at 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT. A copy can also be downloaded from the Company's website at www.beowulfmining.com. Beowulf Mining plc is registered in England and Wales with registered number 02330496.