

28 February 2017

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

Unaudited Financial Results for year ended 31 December 2016

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.

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 preliminary financial results for the year ended 31 December 2016 (see Appendix 1).

Overview

- The Company’s focus during 2016 has been on the award of the Kallak North Exploitation Concession and Beowulf continues to engage with the Mining Inspectorate of Sweden, the County Administrative Board (“CAB”) for the County of Norrbotten and local stakeholders.
Beowulf maintains that its application for the Exploitation Concession has satisfied the requirements of the Swedish Mining Act and Environmental Code, and that the work done by the Company, and the reviews by the CAB, to date, are in alignment with the Supreme Administrative Court of Sweden (“SAC”) judgement in the Norra Kärr case.
- The Company acquired Oy Fennoscandian Resources AB (“Fennoscandian”), a privately-owned graphite exploration company with projects in Finland.
- Exploration programmes were carried out at the Haapamäki and Piippumäki graphite projects and two new prospective areas at Haapamäki East, called Pitkäjärvi and Aitolampi, were discovered.
- Exploration work has been undertaken at the Åtvidaberg licence in Sweden which resulted in high grade “grab” sample assays and the identification of 26 magnetic targets for further investigation.
- A Swedish Advisory Board was established to support the permitting and development of projects.
- The Company divested its Grundträsk gold exploration licences to Erris Resources Limited (“Erris”).
- Mr. Christopher Davies was appointed to the Board as Non-Executive Director.
- At 31 December 2016, 51.5 per cent of the Company’s ordinary shares were held by Swedish shareholders.
- Loss before and after taxation attributable to the owners of the parent at £0.58 million (“m”) is significantly down on the loss recorded in 2015.
- Basic loss per share of 0.12 pence showed a 68 per cent improvement over last year and approximately £1.61m in cash was held at the year end.

Post Period Overview

- On two occasions, the Company has written to the Mining Inspectorate, regarding its application for an Exploitation Concession, providing comments on the CAB’s statement, 1 February 2017, and summarising arguments that support its case for the

award of a Concession. The Company has maintained its application has met the requirements of the Swedish Mining Act and Environmental Code, and is in accordance with the prescribed application process.

- The Company announced testwork results for composite samples taken from its Haapamäki, Pitkäjärvi and Aitolampi graphite prospects in Finland.
- Drilling commenced at the Aitolampi graphite prospect, part of Beowulf's 100 per cent owned Exploration Permit, Pitkäjärvi 1.

Kurt Budge, Chief Executive Officer of Beowulf, commented:

“Following a turnaround year in 2015, during which we stabilised the Company, 2016 has seen Beowulf acquire new prospective assets in Sweden and Finland, deliver positive exploration results from our graphite and Åtvidaberg licences, and maintain a solid balance sheet. The year ended on a high, with a fundraise of SEK10m in Sweden, taking the Swedish ownership of the Company to over 51.5 per cent.

“Despite the progress made with the Kallak North Exploitation Concession in 2015, we were frustrated with the Norra Kärr judgement, in February 2016, and the further review stage that was introduced, and more recently, on 1 February 2017, the CAB's latest statement, that provided no answers to questions put to it, as part of the review, by the Mining Inspectorate.

“We believe it is in the best interests of our stakeholders in Sweden, and our Swedish and non-Swedish shareholders, that our application be further reviewed by the Mining Inspectorate, so that any future award of the Concession is consistent with the judgement of the SAC, and we do so, confident that we have met the requirements of the Swedish Mining Act and Environmental Code.

“We trust the Mining Inspectorate, as adjudicators of the review process, to ensure that our application is dealt with fairly and in accordance with the prescribed process. While the Company remains hopeful of an award of the Exploitation Concession, there can be no guarantee if, or when, the Concession might be awarded.

“In the last few weeks, I have been sharing our vision for a modern and sustainable mining operation, and innovation centre, at Kallak, with local entrepreneurs, Jokkmokks Kommun and the landowners' association Jokkmokks Allmänning, and received an enthusiastic response.

“Kallak has the potential to transform Jokkmokk, and give the community the thriving, diversified and sustainable economy the town is seeking. We continue to make a strong case for being awarded the Exploitation Concession, now with growing support from the community.

“We look forward to 2017 being a pivotal year for the Company, still with the expectation of an Exploitation Concession for Kallak North, but also advancing with exploration programmes on our graphite projects in Finland, where we are drilling now, and our Åtvidaberg licence in Sweden.

“We would like to take this opportunity to thank our shareholders, both old and new, for their continued support during the year.”

Please use the following link to hear an interview with Kurt Budge CEO, where he provides an update on the Company's activities, the process for the Kallak North Concession, recent meetings in Jokkmokk, the start of graphite drilling in Finland, and the Company's plans for

its Åtvidaberg exploration licence in Sweden: <https://www.brrmedia.co.uk/broadcasts-embed/58b434860e2c472842e98e83/event/?livelink=true&popup=true>

Financial

- Loss before and after taxation attributable to the owners of the parent at £0.58 million (“m”) is significantly down on the loss recorded in 2015 of £1.48m. There were no impairment costs in 2016, compared with £1.12m in 2015. General and administrative costs of £0.58m were kept to a minimum and were 10 per cent below last year (2015: £0.65m).
- Basic loss per share of 0.12 pence showed a 68 per cent improvement over last year (2015: loss per share of 0.38 pence).
- Approximately £1.61m in cash was held at the year end. During the year £0.62m was spent on exploration and capitalised.

Operational

Sweden

- The Company’s focus during 2016 has been on the award of the Kallak North Exploitation Concession. This followed positive support from the CAB for our application in July 2015, and in October 2015 the recommendation of the Mining Inspectorate to the Government of Sweden that the Concession be awarded. However, progress in the first half of 2016, was very slow. The Company kept the momentum going behind the application, writing letters to the Government of Sweden, and continuing to engage with the Mining Inspectorate, the CAB and with local stakeholders.
- In April 2016, the Company responded to a letter, dated 22 February 2016, from the Government of Sweden, requesting our opinion on the judgement of the SAC regarding Tasman Metal’s Norra Kärr project. In response, the Company stated that the Environmental Impact Assessment (“EIA”) for the Kallak North application had been completed in accordance with the SAC judgement, but suggested that the Government of Sweden return the Company’s application to the Mining Inspectorate for further review.
- In July 2016, the Government of Sweden asked the Mining Inspectorate to review the Company’s application in the context of the SAC judgement. The Mining Inspectorate then wrote to the CAB, in October 2016, asking the CAB several questions about the Company’s EIA, and allowing them an extended deadline, of 28 February 2017, to respond.

Previously, on 21 September 2016, the Company provided a plan to the Mining Inspectorate, with a revised application boundary for Kallak North, encompassing both the 103-hectare Concession Area, delineated by the Kallak North orebody, and the area to be used for activities supporting the mining operation, all previously included in the EIA.

The Company remains of the opinion that the EIA for the Kallak North has met the requirements of the Swedish Mining Act and Environmental Code, is consistent with the SAC judgement in the case of Norra Kärr, and comprehensive in its assessment of a future mining operation at Kallak North, and associated environmental effects.

- On 7 October 2016, the Company provided an update on the Åtvidaberg licence, reporting positive findings, high grade assays for “grab” sample taken from former mine sites on the licence, and the identification of 26 magnetic targets for further investigation. The work to date 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 for example, limited outcrops because of glacial till cover, and the identification of promising areas for further exploration.
- On 14 October 2016, the Company divested its Grundträsk gold exploration licences to Erris. Grundträsk was a non-core asset for Beowulf and, in Erris, we have found a company with the ambition and requisite expertise to advance it and potentially realise value from these licences.
- On 2 December 2016, the Company provided the CAB with a paper on the interaction of Kallak and Laponia, matters regarding Laponia’s World Heritage Status and Heritage Impact Assessments. The purpose of the paper was to address matters raised by interested parties with respect to the Company’s application, since the CAB’s statement in October 2014. The paper directed the CAB to where matters raised are addressed in the Company’s EIA, where the Company believes matters should be addressed under environmental permitting, and where the Company believes matters fall outside of the prescribed process for being awarded an Exploitation Concession.

Finland

- On 11 January 2016, the Company announced it had acquired Fennoscandian, a privately-owned graphite exploration company with projects in Finland. On 22 March 2016, the Company announced it had completed Slingram electromagnetic (“EM”) surveys at the Haapamäki and Piippumäki projects. Follow-up exploration discovered new prospective areas at Haapamäki East, called Pitkäjärvi and Aitolampi, where graphitic schists on a fold limb are coincidental with an extensive EM anomaly. 28 samples taken from fieldwork at Haapamäki, Pitkäjärvi and Aitolampi were sent for total carbon graphite, total sulphur and multi-element analysis. The results can be seen in the announcement made on 30 September 2016.

Corporate

- On 11 January 2016, 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. The transaction consisted of an initial payment of 2.1 million shares with a deferred payment of 450,000 shares. In addition, two equal tranches of ordinary 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 shares.
- On 11 February 2016, the Company announced it was issuing 729,329 ordinary shares of 1p each. This included the issue of 450,000 ordinary shares to Mr. Blomqvist being the deferred payment for the acquisition of Fennoscandian and 279,329 ordinary shares in satisfaction of professional fees.

- On 25 February 2016, the Company announced a subscription for ordinary shares of 1p each to raise £1,250,000 (before expenses). Pursuant to the subscription, the Company issued 38,461,538 ordinary shares at an issue price of 3.25 pence per share. In addition, an over-allotment option was granted by the Company in respect of 7,692,307 ordinary shares in the Company, representing 20 per cent of the subscription shares. On 2 March 2016, the Company announced that the overallotment option had been exercised.
- On 4 April 2016, the Company announced that Mr. Christopher Davies had been appointed to the Board as Non-Executive Director. Chris, who is a Fellow of the Australasian Institute of Mining and Metallurgy, is an exploration/economic geologist with more than 30 years' experience in the mining industry. He has substantial knowledge of graphite and base metals.
- On 24 October 2016, the Company established a Swedish Advisory Board, to support the permitting and development of Beowulf's projects in Sweden, primarily Kallak.
- On 21 December 2016, the Company announced a subscription for approximately £1.0m (before expenses). Pursuant to the subscription, the Company issued, to Swedish investors, 20,000,000 ordinary shares of 1 pence each to raise approximately £860,000 (before expenses) at a price of 0.5 SEK per new ordinary share and, to UK investors, 3,333,333 ordinary shares of 1 pence each to raise approximately £140,000 (before expenses) at a price of 4.2 pence per new ordinary share.
- At 31 December 2016, 51.5 per cent of the Company's ordinary shares were held by Swedish shareholders. The figure of 502,630,331 ordinary shares may be used by shareholders in the Company as the denominator for calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

Post Period

- On 25 January 2017, the Company announced testwork results for composite samples taken from its Haapamäki, Pitkäjärvi and Aitolampi graphite prospects. Testwork on composite samples for Pitkäjärvi and Aitolampi has produced concentrate grades of 94.5 per cent and 94.7 per cent Total Carbon, respectively. Flake size analysis for Pitkäjärvi concentrate showed 83 per cent fine (<150 micron), 5.6 per cent medium (150-180 micron) and 11.4 per cent large/jumbo (+180 micron) flakes. Flake size analysis for Aitolampi concentrate showed 78.3 per cent fine, 8.8 per cent medium and 12.9 per cent large/jumbo flakes.
- On 26 January 2017, options over 4,500,000 ordinary shares of 1 pence each, representing approximately 0.9 per cent of the issued share capital of the Company were awarded to Mr. Christopher Davies and Mr. Rasmus Blomqvist. The exercise price of the options is 12 pence per share, which is equal to the closing mid-market price of the shares on 25 January 2017, the date immediately preceding the date of grant. The options vest over a two-year period with 50 per cent vesting on the first anniversary of grant and 50 per cent on the second anniversary of grant. The options are valid for five years from the date of grant.
- On 15 February 2017, the Company sent a letter to the Mining Inspectorate with comments on the statement made by the CAB on 1 February 2017. At that time the

CAB announced it had referred the Company's application for an Exploitation Concession for Kallak North back to the Mining Inspectorate, with respect to matters regarding the effects of a future mining operation at Kallak on Laponia. In the Company's letter to the Mining Inspectorate, it stated that:

- the Company's application includes a technical description, covering the Concession Area, the actual deposit to be mined, and the operational facilities necessary to support mining. It also includes a comprehensive EIA, where all activities and their potential effects have been described;
 - the EIA and other relevant documents have already been reviewed by the CAB, and other stakeholders, during the period from April 2013 to October 2014, and the Company has responded to all comments made;
 - on 1 October 2014, the CAB confirmed that the Company's EIA was sufficient with respect to Chapters 3, 4 and 6 of the Environmental Code and on 7 July 2015, the CAB wrote to the Government of Sweden indicating that the Company's EIA application could be permissible with respect to Chapters 3 and 4 of the Environmental Code;
 - the CAB's statements must be interpreted as if the CAB has no objections to the granting of an Exploitation Concession;
 - the Company does not understand the legal basis for any process involving United Nations Educational, Scientific and Cultural Organisation ("UNESCO"), when considering the Company's application for an Exploitation Concession. The interaction between Kallak and Laponia, which is 33.8 kilometres away at its closest point, is something that should be assessed under environmental permitting; and
 - within the Concession Area, there are no conflicts where national interests are considered, a fact stated by the CAB in July 2015, and for the areas taken by operational facilities necessary to support mining, there are also no conflicts where national interests are considered. Since February 2013, Kallak has been designated an Area of National Interest for its minerals and metals only, affording it protection against competing land use, and measures that may hinder future potential mineral extraction.
- On 22 February 2017, the Company announced that drilling had started at its Aitolampi graphite prospect in Finland, part of its 100 per cent owned Exploration Permit, Pitkäjärvi 1. The Company plans an approximate 2,000 metre drill programme, up to 30 drill holes, split in two phases. The first phase will drill 1,150 metres, taking two to three weeks to complete and samples for testwork will be shipped concurrently with drilling. The second phase of drilling will start in summer 2017, after all information from the first phase has been analysed in full.
 - On 24 February 2017, further to an announcement on 22 February 2017 regarding the Kallak North Exploitation Concession application, the Company announced that it had written to the Mining Inspectorate of Sweden, stating that it does not agree with the Mining Inspectorate on consulting with the Swedish National Heritage Board (Riksantikvarieämbetet, "RAÄ") and the Swedish Environmental Protection Agency (Naturvårdsverket, "NV"), as both these agencies have already reviewed the Company's application for an Exploitation Concession for Kallak North and provided comments.

The Company stated that it is for the CAB to answer the Mining Inspectorate's questions and to give an opinion on the Company's application. The CAB has stated on more than one occasion that the Company's EIA is sufficient for an assessment, and in July 2015, the CAB detailed a robust economic case for Kallak.

The Company summarised arguments that support its case for the award of a Concession, and stated that it will not be making any further detailed submission before the Mining Inspectorate consults with RAÄ and NV.

The Company understands that the Mining Inspectorate has asked the RAÄ and NV to respond by 20 March 2017.

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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.

APPENDIX 1 – PRELIMINARY FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2016

	Notes	2016 (Unaudited) £	2015 (Audited) £
Continuing operations			
Administrative expenses		(582,909)	(647,268)
Impairment of exploration costs		-	(1,123,892)
		<hr/>	<hr/>
Operating loss		(582,909)	(1,771,160)
Finance costs		-	(139)
Finance income		5,344	1,982
		<hr/>	<hr/>
Loss before tax		(577,565)	(1,769,317)
Tax		-	-
		<hr/>	<hr/>
Loss for the year		(577,565)	(1,769,317)
		<hr/>	<hr/>
Loss attributable to:			
Owners of the parent		(576,461)	(1,477,109)
Non-controlling interests		(1,104)	(292,208)
		<hr/>	<hr/>
		(577,565)	(1,769,317)
		<hr/>	<hr/>
Loss per share expressed in pence per share:			
- Basic and diluted	2	(0.12)	(0.38)
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	2016 (Unaudited) £	2015 (Audited) £
Loss for the year	(577,565)	(1,769,317)
Other comprehensive income		
Revaluation of listed investments	-	(20,550)
Exchange translation difference	611,804	(157,900)
Other comprehensive income for the year, net of income tax	<u>611,804</u>	<u>(178,450)</u>
Total comprehensive income for the year	<u>34,239</u>	<u>(1,947,767)</u>
Total comprehensive income attributable to:		
Owners of the parent	34,371	(1,660,172)
Non-controlling interests	<u>(132)</u>	<u>(287,595)</u>
	<u>34,239</u>	<u>(1,947,767)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	2016 (Unaudited) £	2015 (Audited) £
ASSETS			
Non-current assets			
Intangible assets		7,186,576	5,588,270
Property, plant and equipment		23,511	31,551
Loans and other financial assets		5,503	51,938
		<u>7,215,590</u>	<u>5,671,759</u>
Current assets			
Trade and other receivables		51,766	82,330
Cash and cash equivalents		1,609,219	352,914
		<u>1,660,985</u>	<u>435,244</u>
Total assets		<u><u>8,876,575</u></u>	<u><u>6,107,003</u></u>
EQUITY			
Shareholders' equity			
Share capital	3	5,026,302	4,303,138
Share premium		16,879,241	15,187,112
Revaluation reserve		(30,000)	(30,000)
Merger reserve	4	137,700	-
Capital contribution reserve		46,451	46,451
Share based payments reserve		237,803	97,796
Translation reserve		(479,516)	(1,090,348)
Accumulated losses		(13,011,499)	(12,466,046)
		<u>8,806,482</u>	<u>6,048,103</u>
Non-controlling interests		<u>(158,593)</u>	<u>(158,461)</u>
Total equity		<u><u>8,647,889</u></u>	<u><u>5,889,642</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables		<u>228,686</u>	<u>217,361</u>
Total liabilities		<u>228,686</u>	<u>217,361</u>
TOTAL EQUITY AND LIABILITIES		<u><u>8,876,575</u></u>	<u><u>6,107,003</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	2016 (Unaudited) £	2015 (Audited) £
Cash flows from operating activities		
Loss before income tax	(577,565)	(1,769,317)
Depreciation charge	12,097	9,553
Equity-settled share-based transactions	40,109	65,375
Impairment of exploration costs	-	1,123,892
Expenses financed by issue of shares	36,375	58,298
Finance costs	-	139
Finance income	(5,344)	(1,982)
	<u>(494,328)</u>	<u>(514,042)</u>
Decrease/(increase) in trade and other receivables	31,646	(39,803)
Decrease in trade and other payables	<u>(15,557)</u>	<u>(77,040)</u>
Net cash used in operating activities	<u>(478,239)</u>	<u>(630,885)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(622,817)	(323,545)
Purchase of tangible fixed assets	(862)	-
Acquisition of subsidiary	(50,482)	-
Disposal of fixed asset investments	50,444	119
Interest received	<u>5,344</u>	<u>1,838</u>
Net cash used in investing activities	<u>(618,373)</u>	<u>(321,588)</u>
Cash flows from financing activities		
Share issue	2,505,530	1,024,999
Payment of share issue costs	(152,114)	(55,457)
Settlement of derivative financial assets	<u>-</u>	<u>150,000</u>
Net cash from financing activities	<u>2,353,416</u>	<u>1,119,542</u>
Increase/(Decrease) in cash and cash equivalents	1,256,804	167,069
Effect of exchange rate changes on cash	(499)	(1,044)
Cash and cash equivalents at beginning of year	352,914	186,889
Cash and cash equivalents at end of year	<u>1,609,219</u>	<u>352,914</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Share Capital	Share premium	Revaluation reserve	Merger reserve	Capital Contribution reserve
	£	£	£	£	£
At 1 January 2015	3,452,598	15,009,812	(9,450)	-	46,451
Loss for the year	-	-	-	-	-
Foreign exchange translation	-	-	-	-	-
Revaluations on listed investments	-	-	(20,550)	-	-
Total comprehensive income	-	-	(20,550)	-	-
Transactions with owners					
Issue of share capital	850,540	232,757	-	-	-
Cost of issue	-	(55,457)	-	-	-
Equity settled share based transactions	-	-	-	-	-
Release of charge for lapsed options	-	-	-	-	-
At 31 December 2015	4,303,138	15,187,112	(30,000)	-	46,451
Loss for the year	-	-	-	-	-
Foreign exchange translation	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Transactions with owners					
Issue of share capital	723,164	1,844,243	-	-	-
Cost of issue	-	(152,114)	-	-	-
Equity settled share based transactions	-	-	-	-	-
Release of charge for lapsed options	-	-	-	-	-
Acquisition of subsidiary	-	-	-	137,700	-
At 31 December 2016	5,026,302	16,879,241	(30,000)	137,700	46,451

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Share based payments reserve £	Translation reserve £	Accumulated losses £	Totals £	Non – controlling interest £	Totals £
At 1 January 2015	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)
Revaluations on listed investments	-	-	-	(20,550)	-	(20,550)
Total comprehensive income	-	(162,513)	(1,477,109)	(1,660,172)	(287,595)	(1,947,767)
Transactions with owners						
Issue of share capital	-	-	-	1,083,297	-	1,083,297
Cost of issue	-	-	-	(55,457)	-	(55,457)
Equity settled share based transactions	65,375	-	-	65,375	-	65,375
Release of charge for lapsed options	(36,897)	-	36,897	-	-	-
At 31 December 2015	97,796	(1,090,348)	(12,466,046)	6,048,103	(158,461)	5,889,642
Loss for the year	-	-	(576,461)	(576,461)	(1,104)	(577,565)
Foreign exchange translation	-	610,832	-	610,832	972	611,804
Total comprehensive income	-	610,832	-	34,371	(132)	34,239
Transactions with owners						
Issue of share capital	-	-	-	2,567,407	-	2,567,407
Cost of issue	-	-	-	(152,114)	-	(152,114)
Equity settled share based transactions	171,015	-	-	171,015	-	171,015
Release of charge for lapsed options	(31,008)	-	31,008	-	-	-
Acquisition of subsidiary	-	-	-	137,700	-	137,700
At 31 December 2016	237,803	(479,516)	(13,011,499)	8,806,482	(158,593)	8,647,889

NOTES TO THE FINANCIAL INFORMATION
For the year ended 31 December 2016

1. Basis of preparation and accounting policies

The financial information contained in this preliminary results announcement does not constitute the Company's statutory financial statements for the years ended 31 December 2016 or 31 December 2015. The financial information for the year ended 31 December 2015 is derived from the statutory financial statements for that year which have been approved by the board of directors and delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified.

The financial information for the year ended 31 December 2016 is unaudited and has been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. Statutory audited financial statements for that year will be finalised on the basis of the financial information presented by the directors in this preliminary results announcement and will be delivered to the Registrar of Companies and filed at Companies House following the Company's forthcoming annual general meeting.

The principal accounting policies used in preparing the preliminary results announcement are those that the Company will apply in its financial statements for the year ended 31 December 2016, are unchanged from those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2015.

2. Loss per share

The basic and diluted loss per share have been calculated using the loss attributable to owners of the parent for the 12 months ended 31 December 2016 of £576,461 (2015: Loss £1,477,109). The basic loss per share was calculated using a weighted average number of shares in issue of 472,525,290 (2015: 392,759,984).

3. Share capital

	2016 (Unaudited) £	2015 (Audited) £
<i>Allotted, called up and fully paid</i>		
502,630,331 (2015: 430,313,824) ordinary shares of 1p each	<u>5,026,302</u>	<u>4,303,138</u>

The number of shares in issue is reconciled as follows:

	2016 No.	2015 No.
At 1 January 2016	430,313,824	345,259,849
Issued during the year	72,316,507	85,053,975
	<u>502,630,331</u>	<u>430,313,824</u>

4. 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 6.4 pence, 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

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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 6.4 pence, 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 £46,000 to £478,000, if all additional shares are issued.

The consideration recognised in the financial statements as at 31 December 2016 is £346,547 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 12 months ended 31 December 2016 only £130,907 (of the £268,800) has been recognised under intangibles.

At a group level, the Company has 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.

5. Intangible Assets: Group

Exploration costs	2016 (Unaudited)	2015 (Audited)
	£	£
Cost		
At 1 January	5,588,270	6,538,752
Additions for the year	968,460	323,545
Impairments recognised	-	(1,123,892)
Foreign exchange movements	629,846	(150,135)
	<hr/>	<hr/>
At 31 December	7,186,576	5,588,270
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Additions for the year includes consideration recognised on the acquisition of Fennoscandian of £346,547.

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

			2016 (Unaudited)	2015 (Audited)
	Country	Commodity	£	£
Kallak	Sweden	Iron ore	6,438,283	5,565,328
Nautijaur	Sweden	Copper	24,912	22,942
Ätvidaberg	Sweden	Lead-zinc-copper-silver	153,927	-
Ågåsjegge	Sweden	Iron ore	7,257	-
Sala	Sweden	Lead-zinc-silver	2,372	-
Haapamäki	Finland	Graphite	141,944	-
Kolari1	Finland	Graphite	99,554	-
Piippumäki	Finland	Graphite	119,087	-
Viistola	Finland	Graphite	107,369	-
Pitkäjärvi	Finland	Graphite	91,871	-
			<hr/>	<hr/>
			7,186,576	5,588,270
			<hr/>	<hr/>

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For the year ended 31 December 2016

Kallak Exploitation Concession Application

Accounting estimates and judgements are continually evaluated and are based on other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions that have a significant risk of causing a material adjustment within the next financial year.

The most significant risk currently facing the Group is that it does not receive an Exploitation Concession for its Kallak North iron ore project. The Company originally applied for the Exploitation Concession in April 2013 and throughout 2016, and since the year end, management have actively sought to progress the application, engaging with the various government bodies and other stakeholders. These activities are summarised in the operational and post period end reports and comments by the Chief Executive Officer included at the start of this condensed financial information. However, as described in these sections the Group has continued to receive questions from the government bodies.

The Kallak project is included in the financial statements as an intangible exploration licence with a carrying value of £6,438,283 at the year end. Management are required to consider whether there are events or changes in circumstances that indicate that the carrying value of this asset may not be recoverable. Management have considered the status of the application for the Exploitation Concession and in their judgement, they believe it is appropriate to be optimistic about the chances of being awarded the Exploitation Concession and thus have not impaired the project.

6. Going Concern

At the year end the Company has cash and cash equivalents of £1.61 million. The Directors have prepared cash flow forecasts for the Group covering a 12 month period from the anticipated date of signing off the Annual Report and Accounts. The forecasts indicate that whilst the Group has sufficient cash to cover its anticipated working capital requirements it 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.

7. Post balance sheet events

On 26 January 2017, options over 4,500,000 ordinary shares of 1 pence each, representing approximately 0.9 per cent of the issued share capital of the Company were awarded to Mr. Christopher Davies and Mr. Rasmus Blomqvist. The exercise price of the options is 12 pence per share, which is equal to the closing mid-market price of the shares on 25 January 2017, the date immediately preceding the date of grant. The options vest over a two year period with 50 per cent vesting on the first anniversary of grant and 50 per cent on the second anniversary of grant. The options are valid for five years from the date of grant.

8. Availability of Annual Report and Financial Statements

Copies of the Company's Annual Report and Financial Statements are expected to be posted to shareholders in due course, and once posted, will also be made available to download from the Company's website at www.beowulfmining.com.

The Annual Report and Financial Statements will also be made available for inspection at the Company's registered office during normal business hours on any weekday. Beowulf Mining plc is registered in England and Wales with registered number 02330496.

**** Ends ****