

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

**For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of Kurt Budge, Chief Executive Officer.**

**28 February 2017**

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

**Unaudited Preliminary Financial Results for the year ended 31 December 2017**

Beowulf (AIM: BEM; AktieTorget: BEO), the mineral exploration and development company, focused on the Kallak magnetite iron ore project and the Ätvidaberg polymetallic exploration licence in Sweden, and its graphite portfolio in Finland, announces its unaudited preliminary financial results for the year ended 31 December 2017 (see Appendix 1).

**Overview**

- During 2017, the Company remained focused on the Kallak North Exploitation Concession process. The Company maintains that its application has fully satisfied the requirements of the Swedish Mining Act and Environmental Code.
- On 29 June 2017, the Mining Inspectorate returned the Company’s application to the Government and confirmed that the Kallak North Environmental Impact Assessment (“EIA”) is consistent, in the detail provided, in meeting the requirements of the Supreme Administrative Court’s (“SAC”) Norra Kärr judgement.
- On 30 November 2017, the County Administrative Board (“CAB”) for the County of Norrbotten responded to questions from the Government and recommended that an Exploitation Concession for Kallak North is not granted.

The CAB’s latest statement contradicts its July 2015 position, when it supported the economic case for Kallak. In the Company’s opinion, the CAB has failed to use the socio-economic assessment criteria set out in the Environmental Code, which put emphasis on safeguarding investment and job creation, and giving consideration for the municipalities’ financial health. It has presented a scenario of State investment in infrastructure being necessary to support the mine, which has never been proposed or suggested by the Company. It is the Company’s opinion that the analysis by the CAB is flawed, and its conclusions are biased and cannot be supported.

- Despite the continuing delays and lack of any final decision, the Company initiated several studies during the year, including:
  - Heritage Impact Analysis (“HIA”) of the indirect effects of a mining operation at Kallak on Lapponia with respect to reindeer herding, and the effects of transport on Lapponia.

- A project study with Copenhagen Economics, titled 'Kallak - A real asset, and a real opportunity to transform Jokkmokk', which demonstrated the 'Bigger Picture' positive impact of the Kallak project, both in Jokkmokk and the region of Norrbotten, and how it can be successfully realised.
- A Scoping Study with SRK Consulting (UK) Ltd ("SRK"). SRK has undertaken a significant number of technical studies for companies operating in the Nordic Region, and it has the relevant expertise to work with the Company on designing and engineering a modern and sustainable mining project at Kallak North, as well as assessing the broader potential of the Kallak South deposit. Work on the Scoping Study has been slowed down, while the Company waits for clarity from the Government on what happens next in the process.
- During the year, the CEO attended Almedalen for the second time, and met with representatives of the Swedish mining industry, politicians, and government agencies. During these meetings, the CEO detailed the chronology of the application process for an Exploitation Concession for Kallak North, and presented the case that the Company's application, and recent supplementary documentation, including a Heritage Impact Assessment, have more than satisfied the requirements of the prescribed permitting process. The CEO shared the Company's 'big picture' vision of Jokkmokk's economic transformation, that could be delivered by a mining operation at Kallak, and explained the Company's development philosophy towards designing, engineering, and building a modern and sustainable mining operation.
- In Southern Sweden, the Company explored its Ätvidaberg licence. At the end of April 2017, the Company held a three-day field workshop, which brought together the Company's exploration team, and a handful of external experts with major mining company exploration experience, relevant to Bergslagen. The output of the workshop was an exciting exploration programme, with work planned on brownfield and greenfield targets at Bersbo (prospective for zinc and copper), Mormor (prospective for copper), and Könserum (prospective for molybdenum, tungsten, bismuth, and rhenium).
- In Finland, the Company focused its graphite exploration efforts on the Aitolampi project, completing a 1,197 metre ("m") drill programme, and then two rounds of testwork, first with SGS Mineral Services in Canada to prove attainable concentrate grades, and second with ProGraphite GmbH in Germany to determine possible market applications and end-uses of Aitolampi concentrate products.
- On 31 October 2017, Mr. Göran Färm was appointed to the Board as Non-Executive Chairman, replacing Bevan Metcalf who retired.
- Loss before and after taxation attributable to the owners of the parent was £1.04 million (2016: £0.63 million).
- Basic loss per share was 0.20 pence (2016: 0.13 pence).
- The Company had £1.59 million in cash at the year end.

## Post Period Overview

- Further to a request from the Government of Sweden, both the Mining Inspectorate and the Company submitted comments, separately, regarding the CAB's statement dated 30 November 2017. Other interested parties submitting comments included Jokkmokks Kommun, Region Norrbotten, and the Sami reindeer herding communities of Jåhkågasska Tjiellde and Sirges sameby.

The Mining Inspectorate commented that it is not possible to estimate the exact production life of Kallak, but the potential for the discovery of additional resources, that support an extended production life, as evidenced by other mines in Sweden, should be taken into consideration, when assessing which national interest should take precedence. The Mining Inspectorate maintains that it is the Government that should decide on the Company's application for an Exploitation Concession.

Subsequently, the Government circulated all comments, and the Company has another opportunity to make a further submission by the 5 March 2018.

- Findings were shared from the Company's 2017 work programme at Ätvidaberg, and the Company announced its plan to complete a ground Fixed Loop Electromagnetic ("FLEM") survey, intended to provide additional information to support drill target selection in the Bersbo area, focused on copper and zinc mineralisation
- For the Aitolampi graphite project, the Company announced metallurgical testwork results, indicating the market potential of the graphite concentrate products that could be produced from Aitolampi, and that a new drilling campaign had started in the middle of February 2017.
- At 31 January 2018, there were 312,543,135 Swedish Depository Receipts issued representing 58.51 per cent of the issued share capital of the Company. The remaining issued share capital of the Company is held in the UK as AIM securities.
- On 19 February 2018, the CEO participated in a meeting in Stockholm, to discuss land use, and the engagement processes between Sami reindeer herding communities and mining companies, as part of the OECD's project 'Linking Indigenous Communities with Regional Development', supported by the Government.
- On 22 February 2018, the Company announced that it had issued 2.1 million ordinary shares of one pence each to Rasmus Blomqvist, the Company's Exploration Manager, as the first tranche of deferred consideration pursuant to the acquisition of Oy Fennoscandian Resources AB ("Fennoscandian") as announced via RNS on 11 January 2016 (the "Further Consideration Shares").

Application was made for the Further Consideration Shares to be admitted to trading on AIM and it is expected that admission will take place on 28 February 2018 ("Admission"). The Further Consideration Shares will rank pari passu with the existing ordinary shares of the Company. Following Admission of the Further Consideration Shares, the Company's enlarged issued share capital will comprise 536,307,254 ordinary shares with voting rights.

**Kurt Budge, Chief Executive Officer of Beowulf, commented:**

“With so much attention on the Kallak process, it’s easy to overlook how much the Company’s exploration team has achieved at both our Aitolampi graphite project and our Ätvidaberg licence during the year. We are currently in a good position for a busy and productive 2018.

“We are already back drilling at Aitolampi. The driller is making rapid progress, and we have therefore decided to drill the full 2,000m programme in a single campaign, giving ourselves a head-start with resource development and study work.

“With Ätvidaberg, a short geophysics programme will get underway in March 2018, and we hope to use the findings to define drill targets for copper and zinc mineralisation at Bersbo. Our 3-D modelling last year and the analysis of historic mining records, showed us that miners previously stopped at around 350m in high-grade zinc ore which they could not process. The orebody is seemingly open at depth and has reported zinc grades of over 30 per cent in places.

“Returning to Kallak, we have been given another opportunity by the Government to provide final comments in support of our application, with a deadline of 5 March 2018. After this date, the Company will be seeking clarification on timing and next steps in the process.

“It is difficult to attach any credibility to the CAB’s statement from last November, which not only contradicts its July 2015 position on the economic case for a mine at Kallak, but also seems to ignore the Swedish Environmental Code socio-economic assessment criteria for evaluating whether to conserve or utilise natural resources, such as the Kallak deposit, which references the need to safeguard investment and employment, and give consideration for a municipality’s financial situation. The CAB gives the impression that it knows better than the municipality of Jokkmokk, on what’s best for Jokkmokk and its future, and it has chosen not to listen to local voices who want investment and job creation.

“Since October 2014, the CAB has, on numerous occasions, stepped outside the prescribed process for an Exploitation Concession. The system in Sweden has never challenged nor corrected it. This has cost the Company and, with the latest rankings from the Fraser Institute, published 22 February 2018, it appears to be costing Sweden, as the country has fallen eight places to 16th on Investment Attractiveness.

“In January 2017, I spoke in Stockholm on the comparative advantage of doing business in Sweden. What should be a real advantage to Sweden, is being damaged by uncertain application processes, a distinct lack of respect shown by Swedish authorities for mining companies and their permit applications, scant regard for the significant investments being made and the potential job opportunities being created.

“We hope that the Government now looks objectively at the facts, the Company’s investment of SEK77 million, its commitment to developing a modern and sustainable mining operation, its comprehensive application, and the words and actions of the authorities involved in this application process, including the Mining Inspectorate who recommended that the Concession be awarded in October 2015.

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

Please use the following link to see an interview with Kurt Budge CEO:  
<https://www.brrmedia.co.uk/broadcasts/5a8fcaa3d601f43ad0181f59/event>

## **Financial**

- Loss before and after taxation attributable to the owners of the parent at £1.04 million is higher than the loss recorded in 2016 of £0.63 million, this increase is largely attributable to impairment costs incurred of £0.18 million and a share-based payment expense of £0.2 million. The impairment costs assessed relate to projects Nautijaur (£27,621) and Piippumäki (£155,510). The share-based payment expense relates predominately to new share options awarded in the year.
- Basic loss per share of 0.20 pence increased by 54 per cent on last year (2016: loss per share of 0.13 pence).
- Approximately £1.59 million in cash was held at the year end. During the year £0.94 million (2016: £0.62 million) was spent on exploration and capitalised.

## **Operational**

### **Sweden**

#### ***Kallak – Exploitation Concession***

During 2017, the Company remained focused on the Kallak North Exploitation Concession process. Beowulf continued to engage with the Mining Inspectorate of Sweden, the CAB, Jokkmokks Kommun, local stakeholders, and the Government. The Company maintains that its application for the Exploitation Concession has satisfied the requirements of the Swedish Mining Act and Environmental Code.

On 28 March 2017, the Mining Inspectorate wrote to the Company and gave the Company the opportunity to respond to comments and opinions made by the Swedish National Heritage Board (Riksantikvarieämbetet, "RAÄ") and the Swedish Environmental Protection Agency (Naturvårdsverket, "NV"), with respect to the Company's application, and the interaction of Kallak and Laponia.

On 29 March 2017, the Company met with the Mining Inspectorate in Luleå to discuss the next steps in the process. During this meeting, the Company outlined its interpretation of the NV and RAÄ's comments, as follows:

- the focus of the response is the effect of Kallak on Laponia;
- it is acknowledged that Kallak does not directly affect Laponia;
- it is suggested that the Company should provide more details, to describe the possible indirect effects of a mining operation at Kallak on Laponia, the interaction of mining and reindeer herding, and matters related to transport; and
- the agencies have failed to be specific, as requested by the Mining Inspectorate, as to where the Company's EIA is insufficient in the detail it provides.

On 28 April 2017, the Company presented an analysis of the indirect effects of a mining operation at Kallak on Laponia with respect to reindeer herding, and the effects of transport on Laponia.

The analysis followed UNESCO guidelines for conducting a HIA. Typically, a HIA is not required with an application for an Exploitation Concession, but the Company voluntarily produced one, with the support of its expert Swedish technical team and Swedish Advisory Board.

It had already been concluded by NV and RAÄ that a mining operation at Kallak will have no direct impact on Laponia. Kallak is 13.6 square kilometres ("km<sup>2</sup>") compared to Laponia's 9,400km<sup>2</sup> and, at its closest point, Kallak is approximately 34 kilometres ("km") away from Laponia.

The Company maintained that its studies into reindeer herding support the case, that mining and reindeer herding can cooperate, and prosper side by side and, to the Company's knowledge, there is no evidence to suggest that they cannot. Kallak's area of 13.6km<sup>2</sup> compares to Jåhkågaska reindeer herding community's 2,640km<sup>2</sup> of grazing land or approximately 0.5 per cent, as a percentage.

With regards to transport, the Company stated that solutions will be optimised, and sensibly controlled by the environmental permitting process, such that there should be no material effect on Laponia, and planning will involve other parties, including Trafikverket and Inlandsbanan. It is the Company's ambition to seek environmentally sensitive solutions with respect to all aspects of the Kallak project.

On 16 June 2017, the CAB responded to the Mining Inspectorate. In its response, the CAB suggested the Company needs to provide more information, to further assess the potential impact of a mining operation at Kallak on Laponia, it did not say what information needs to be provided. The CAB has made no request to the Company at any time to provide further information, nor has it provided feedback on the Company's submission to the CAB in December 2016 and the HIA.

The Company's submission in December 2016 analysed the formal statements made since October 2014, by interested parties involved in the application process. The objective of the analysis was to demonstrate that the Company's application has satisfied all the requirements of Swedish law, and that the work done by the Company, and the reviews by the CAB, to date, were in alignment with the SAC judgement in the Norra Kärr case.

On 29 June 2017, the Mining Inspectorate returned the Company's application back to the Government, asking the Government to decide who should determine what, if any, impact a mining operation at Kallak could have on Laponia. This occurred 12 months after the Government asked the Mining Inspectorate to conduct a further review in respect of the Norra Kärr judgement, and matters relating to Laponia. The Mining Inspectorate returned the application to the Government confirming that the Kallak EIA is consistent, in the detail provided, in meeting the requirements of the SAC's Norra Kärr judgement.

On 10 October 2017, the Government wrote to the CAB requesting additional information, including a statement of the CAB's position on whether the Company's EIA meets the requirements of the Environmental Code, and on whether mining is an appropriate land use for Kallak, with reference to Chapters 3 and 4 of the Environmental Code. Within its statement, the CAB was asked to consider matters regarding Laponia

and national interests.

Despite the continuing back and forth, and lack of decision making on the Company's application, two major studies were initiated during the year.

In September 2017, the Company announced the findings of a project study with Copenhagen Economics, titled 'Kallak - A real asset, and a real opportunity to transform Jokkmokk'. The study demonstrated the 'Bigger Picture' positive impact of the Kallak project, both in Jokkmokk and the region of Norrbotten, and how it can be successfully realised.

The Project built on the work carried out to date, by the Company and others, including the 2015 independent socio-economic study initiated by Jokkmokks Kommun, completed by consultants Ramböll, which in its findings concluded that a mining development at Kallak would create direct and indirect jobs, increase tax revenues and slow down population decline, and the 2010 study by the Economics Unit of Luleå University of Technology, 'Mining Investment and Regional Development: A Scenario-based Assessment for Northern Sweden'.

#### Highlights of the Project:

- A mining operation at Kallak has the potential to create 250 direct jobs and over 300 indirect jobs in Jokkmokk, over the period that a mine is in operation.
- These jobs could be sustained over a period of 25 years or more, if the Kallak South deposit is mined after the Kallak North deposit, and further deposits at Parkijaure can be defined.
- The Company will seek to establish a 'Task Force' with Jokkmokks Kommun and local employment agencies, so that between now and the start of operations, plans are developed and implemented to make sure as many as possible jobs are available to people living in Jokkmokk.
- Kallak has the potential to generate SEK 1 billion in tax revenues, considering the case where 70 per cent of the mine's workforce are based locally, with annual tax revenues of SEK 40 million over a 25 years mine life.
- These tax revenues would help to develop and sustain public services and infrastructure in Jokkmokk, which are at risk due to a lack of new investment and job creation in the community, a declining population, and an ageing population.

In October 2017, the Company awarded a Scoping Study to SRK. SRK has undertaken a significant number of technical studies for companies operating in the Nordic Region, and it has the relevant expertise to work with the Company on designing and engineering a modern and sustainable mining project at Kallak North, as well as assessing the broader potential of the Kallak South deposit.

The Scoping Study and associated work streams are a significant investment for the Company, made in the belief that Beowulf has satisfied the Swedish requirements to be granted an Exploitation Concession for the Kallak North deposit.

On 30 November 2017, the CAB responded to the Government recommending that an Exploitation Concession for Kallak North is not granted.

On 30 January 2017, the Mining Inspectorate provided its comments on the CAB's statement to the Government. The Mining Inspectorate maintains that it is the Government that should decide on the Company's application for an Exploitation Concession.

In its comments, the Mining Inspectorate highlighted that the CAB's assessment of which national interest should take precedence under Chapter 3 of the Environmental Code, is based on the CAB's assumption that the estimated production life of the Kallak mine is approximately 14 years.

The Mining Inspectorate remarked that the mineral resource underlying any Exploitation Concession application is the known part of the mineralisation which makes a mine likely to be economically profitable, such that a Concession can thereby be granted.

The Mining Inspectorate stated that after the start of a mine, further exploration is typically carried out, with the aim of gradually increasing the resource base, thereby extending the production life of a mine. Additional resources that are found are benefited by the infrastructure and operational facilities that already exist, improving the economic conditions for continued production.

The Mining Inspectorate gave examples of existing mines in Sweden, which have done just this, applying for separate Exploitation Concessions over time, thereby extending their production lives. These include Boliden's Aitik mine, in operation since 1968, the Garpenberg mine, in operation since the thirteenth century, and the Kristineberg mine, in operation since 1940.

The Mining Inspectorate concluded that it is not possible to estimate the exact production life of Kallak, but that the Mining Inspectorate's comments on the potential for the discovery of additional resources, that support an extended production life, as evidenced by other mines in Sweden, should be taken into consideration, when assessing which national interest should take precedence.

On 1 February 2018, the Company provided its comments, as requested by the Government, on the CAB's statement.

In its response, the Company summarised chronologically the CAB's handling of the Company's application, and the involvement of other authorities. Also, the Company detailed its interpretation of the Swedish Mining Act, the Environmental Code, and the roles of each authority, in assessing the Company's application for an Exploitation Concession

The CAB has argued that the estimated 14-year production life of Kallak, as included in the original application, is of such short duration, that it does not justify State investment in infrastructure, it does not support a socio-economic case, and it is not a reasonable use of natural resources. In addition, given the 14-year production life, the CAB views reindeer herding as the best use of land. Finally, that risks to the World Heritage Status of Lapponia remain unclear.



The Company summarised the main points used by the CAB to support its latest position.

#### *Mine Production Life*

The Company has argued that a mine at Kallak is likely to be in production for much longer than 14 years, based on existing knowledge of the orebodies at Kallak North and Kallak South; a fact acknowledged by the CAB in its July 2015 statement, when it supported both the economic case for Kallak, and the Company's application.

In addition, the Company argues that mining projects, in general, add to their resource inventories, and apply for permits over time, extending their production lives. There are examples of mines in Sweden, which have been in production for decades, and in some cases centuries.

#### *Infrastructure Investment*

The CAB asserts the State may have to invest in infrastructure to facilitate a mine at Kallak, and by using a 14-year mine life the CAB states that there is no case to support this. The Company has never proposed, nor suggested, that the State needs to invest in infrastructure associated with Kallak.

It is fact, that potential infrastructure partners in the region have their own expansion and investment plans, including Inlandsbanan and the Port of Luleå. Additionally, LKAB, with Trafikverket, is working on increasing the capacity of the Ore Railway Line.

The Company also notes that the prescribed process for handling the Kallak application, referring to the Mining Act and Environmental Code, and the SAC's judgement in the Norra Kärr case, does not require full assessment of matters regarding transport at this stage of permitting.

#### *Reindeer Herding*

The Company has reminded the Government that for four years since February 2013, when Kallak was designated by the Swedish Geological Unit ("SGU") as an Area of National Interest ("ANI"), there were no competing national interests.

Before February 2017, when Sametinget placed national interest for reindeer herding directly on top of Kallak, there were no conflicting national interests for the Concession Area, or for those areas taken by operational facilities necessary to support mining. A fact recognised by the CAB in its July 2015 statement, when it supported both the economic case for Kallak, and the Company's application.

In the CAB's latest statement, it has given no consideration to the years since the Company submitted its original application, in April 2013, the Company's engagement with the CAB, and continued investment in Kallak, when there were no conflicting national interests. The CAB now argues in favour of national interest for reindeer herding.

The CAB has not acknowledged that mining and reindeer herding can prosper side by side, despite providing no evidence to the contrary. Previously, the Company has stated that there are no examples in Sweden of any reindeer herding community being closed

by any form of industrial activity, not just mining. Yet, there are many examples of companies reaching agreements with reindeer herding communities, as projects progress towards eventual operation, which benefit all parties concerned.

In the Kallak application, the Company has included preventative, precautionary, and compensatory frameworks, to be developed into management plans in consultation with the reindeer herding communities, at the appropriate time, and when details are available to have meaningful discussions and make definitive agreements.

The Company has restated key numbers, that Kallak's area of 13.6km<sup>2</sup> compares to Jåhkågaska tjellde's 2,640km<sup>2</sup> of grazing land or 0.5 per cent, and that reindeer herding in Sweden covers 220,000 km<sup>2</sup>, representing almost half of the country.

### *Laponia*

Kallak is situated, at the closest point, approximately 34km away from Laponia.

Laponia's boundary has been established to protect what lies within the boundary, and not to restrict development, such as Kallak, which is located far beyond any conceivable 'buffer zone'.

It is the Company's view that suggesting Kallak could have such an impact on Laponia as to threaten Laponia's World Heritage Status is not a reasonable argument. The Company's ambition, to develop a modern and sustainable mining operation, in partnership with the community, protecting all interests, will further ensure that Laponia is unaffected.

The Kallak application and the Company's HIA have comprehensively assessed the direct and indirect effects of Kallak on Laponia. The Company maintains that mining and reindeer herding can prosper side by side, and there should be no material impact on reindeer herding in Laponia, and when it comes to transport, environmental permitting will safeguard the interests of Laponia.

The application is now with the Government, with all interested parties having a final opportunity to make comments by 5 March 2018.

### **Åtvidaberg**

At the end of April 2017, the Company held a three-day field workshop at Åtvidaberg, which brought together the Company's exploration team, and a handful of external experts with major mining company exploration experience, relevant to Bergslagen, volcanogenic massive sulphide mineralisation and modern exploration technologies.

The workshop produced the exploration programme for the year, with work planned on brownfield and greenfield targets at Bersbo (prospective for zinc and copper), Mormor (prospective for copper), and Könserum (prospective for molybdenum, tungsten, bismuth and rhenium).

Highlights from the work carried out last year:

- Studies of historic records, and the development of a 3-D model of underground mining areas and orebodies, show that mines around Bersbo appear to have been

shut while still mining zinc mineralisation, in the form of massive sphalerite (zinc iron sulphide mineral). The exploration hypothesis is that zinc ore, and some mixed with chalcopyrite (copper iron sulphide mineral), may still be present below 350m depth in sufficient quantities to support renewed mining.

- At Bersbo, historic mines are positioned on the eastern limb of a syncline, plunging to the northwest. Mine production ceased with a transition out of 'wanted' copper ore, chalcopyrite.
- The 3-D model, and existing geophysics, show prospective targets:
  - at the hinge of the syncline;
  - for the eastern limb, eastwards, with potential for additional mineralised width, or bodies of parallel mineralisation; and
  - to the northwest, potential continuation of mineralisation along the eastern limb.

There is no evidence of mining around the western limb, and this will be investigated further.

In Q1 2018, a ground FLEM survey will be carried out. The survey will include seven fixed loops across former mining areas: Bersbo; Bersbo West; Gruvsjöhöjden; and Grönhög. The FLEM data will provide much better resolution, for areas previously covered by VTEM, and known aeromagnetic anomalies. Using the results of the FLEM survey, the Company intends to select targets for drilling.

In 2016, "grab" samples taken from road fill in the Bersbo area, made up of sphalerite, yielded up to 19.7 per cent zinc, while samples from waste dumps of chalcopyrite yielded up to 1.7 per cent copper.

"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 work.

All samples were assayed for the Company by ALS Minerals ("ALS") in Sweden.

## ***Finland***

On 27 March 2017, the Company announced the completion of drilling at Aitolampi, eight holes, approximately 1,197 metres in total, with the first four drill holes, AITDD17001-004, extending 350 metres along strike for the main conductive zone.

Drill holes AITDD17005-008 tested the extent of mineralisation down-dip of the main conductive zone.

Substantial graphite mineralisation intersections in all holes, including up to 113.5 metres down-hole width for the longest drill hole AITDD17006, which correspond with identified electromagnetic ("EM") conductors. It should be noted that the mineralisation intercept is the down-hole width and may not be the true width.

Drill holes AITDD17005-006 tested two parallel conductors to the main conductive zone and intersected graphite mineralisation for both conductors.

The Company's geologists completed core logging for all holes and sent samples to ALS Minerals in Finland for assay.

On 24 May 2017, the Company presented assays for the intersected mineralisation. Highlights as follows:

- Drilling confirmed that EM anomalies identified at Aitolampi are associated with wide zones of graphite mineralisation, with a mineralised strike length of at least 350 metres along the main conductive zone drill-tested, dipping between 40 and 50 degrees to the southwest. The main EM zone extends for 700 metres.
- Drill hole AITDD17006 intercepted 202.98 metres at 3.09 per cent Total Graphite Carbon ("TGC") from 19.2 metres depth (this includes some barren zones with no assays and calculated as zero per cent TGC), and higher-grade zones of 18.95m at 6.33 per cent TGC, and 14 metres at 6.26 per cent TGC.
- Drill hole AITDD17001 intercepted 141.86 metres at 3.72 per cent TGC from 19.67 metres depth, including a higher-grade zone of 39.48 metres at 5.02 per cent TGC.
- Drill hole AITDD17008 intercepted 60.29 metres at 4.01 per cent TGC from 8.71 metres depth, including 12m at 5.79 per cent TGC.
- Drill hole AITDD17005 intercepted 41.1 metres at 4.39 per cent TGC from start of hole, including 28.4 metres at 5.1 per cent TGC and 4m at 7.71 per cent TGC.

It should be noted that the mineralisation intercepts are the down-hole widths and are not the true width of mineralisation. All samples were prepared and analysed by ALS Finland Oy's laboratory in Outokumpu.

Composite samples for metallurgical testwork were dispatched to SGS Mineral Services in Canada, including an average grade composite for the main conductive zone, a higher-grade composite for the main conductive zone/near-surface mineralisation, and a higher-grade composite for the parallel conductive zones.

On 2 October 2017, the Company announced high-grade concentrate results from metallurgical testwork, highlights as follows:

- Superior metallurgical response from all three samples compared with grab samples from outcrops analysed earlier in the year.
- The process flowsheet used was simple, yet it proved to be very efficient.
- The combined grades ranged from 96.8 per cent to 97.5 per cent Total Carbon ("C(t)") across the three samples.
- All three samples responded similarly in terms of concentrate grades of the various size fractions.

On 30 January 2018, the Company announced metallurgical testwork results for graphite

samples from Aitolampi. Highlights were as follows:

- Alkaline purification produced 99.86 per cent Total Carbon ("C(t)") for +100-mesh concentrate and 99.82 per cent C(t) for -100-mesh concentrate.
- Results from acid purification were also promising and reached 99.6 per cent C(t) for the +100-mesh and 99.41 per cent for the -100-mesh concentrate.
- The alkaline and acid purification results indicate that, with some process optimisation, Aitolampi concentrates may meet the purity specification of 99.95 per cent C(t) required for the lithium ion battery market.
- Aitolampi graphite shows high crystallinity, with the degree of graphitisation measuring approximately 98 per cent, which is almost perfect crystallinity, an important prerequisite for high tech applications, such as lithium ion batteries.
- Volatiles are low, which is an attractive product attribute in many applications, including refractories, lubricants, crucibles, and foundries.
- Specific Surface Area ("SSA") is comparable to that of high quality flake graphite from China.
- Oxidation behaviour is comparable with Chinese graphite of the same flake size, used for refractories, and other high temperature applications.

The Company awarded a contract for 2,000m drilling to Oy Northdrill, a Finnish company, and drilling started again in the middle of February 2018.

## **Corporate**

- On 27 January 2017, the Company announced that options have been granted on 26 January 2017 over a total of 4,500,000 ordinary shares of 1 pence each.
- On 17 May 2017, the Company announced a subscription for new ordinary shares raising £1.5 million before expenses.
- On 10 October 2017, an exercise notice was received from Bevan Metcalf (Non-Executive Chairman at the time), a person discharging managerial responsibilities ("PDMR"), over 8,500,000 new ordinary shares of 1p per share in the Company (the "Option Shares"). Of the Option Shares 8,000,000 were exercised at 1.66p and 500,000 were exercised at 4p for a total consideration of £152,800. The 8,500,000 shares were sold on 16 October 2017.
- On 1 September 2017, Bevan Metcalf notified the Board of his intention to retire from his role with the Company once his successor has been appointed. Bevan had served as Non-Executive Chairman of the Company since 8 May 2015, and prior to that as Non-Executive Director from 23 September 2014.
- On 30 October 2017, the Company announced the appointment of Mr. Per Göran Färm (known as Göran) as Non-Executive Chairman of the Company with immediate effect.

Göran was born in 1949 and has been an elected Member of European Parliament

("MEP") from 1999 to 2004 and, then again, from 2007 to 2014. Göran was also Deputy Mayor of Norrköping during the 1990s.

Göran has experience in industrial policy as a former Head of the Swedish Trade Union Confederation's unit for economic policy and investigation, as head of business issues in the City of Norrköping and as former MEP of the Committee of Industry, Research, and Energy of the European Parliament.

Göran has extensive experience in communications as a former journalist, Director of Information at Riksbyggen, and as a public affairs advisor.

In 2015, Göran was elected as Chairman of Kommuninvest, a public development bank owned by Swedish municipalities, cities, and regions.

### **Post-Period**

- On 22 February 2018, the Company announced that it has issued 2.1 million ordinary shares of 1 pence each to Rasmus Blomqvist, the Company's Exploration Manager, as the first tranche of deferred consideration pursuant to the acquisition of Oy Fennoscandian Resources AB ("Fennoscandian") as announced via RNS on 11 January 2016 (the "Further Consideration Shares"). The second, and final, tranche of 2.1 million deferred consideration shares will be issued subject to completion of a bankable feasibility study on one of the graphite projects in the Fennoscandian portfolio.

## APPENDIX 1 – PRELIMINARY FINANCIAL RESULTS

### CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2017

	Notes	2017 (Unaudited) £	2016 (Audited) £
<b>Continuing operations</b>			
Administrative expenses		(658,610)	(598,464)
Share based payment expense		(203,059)	(40,109)
Impairment of exploration costs	5	(183,131)	-
<b>Operating loss</b>		(1,044,800)	(638,573)
Finance costs		-	-
Finance income		5,234	5,344
<b>Loss before tax</b>		(1,039,566)	(633,229)
Tax		-	-
<b>Loss for the year</b>		(1,039,566)	(633,229)
Loss attributable to:			
Owners of the parent		(1,038,248)	(632,125)
Non-controlling interests		(1,318)	(1,104)
		(1,039,566)	(633,229)
Loss per share expressed in pence per share:			
- Basic and diluted	3	(0.20)	(0.13)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2017**

	<b>2017</b> <b>(Unaudited)</b> <b>£</b>	<b>2016</b> <b>(Audited)</b> <b>£</b>
<b>Loss for the year</b>	(1,039,566)	(633,229)
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Reclassification of revaluation reserve	-	55,664
Exchange gains arising on translation of foreign operations	67,862	626,438
<b>Other comprehensive (loss) / income for the year, net of income tax</b>	(971,704)	682,102
<b>Total comprehensive (loss)/ income for the year</b>	(971,704)	48,873
Total comprehensive income attributable to:		
Owners of the parent	(970,426)	49,005
Non-controlling interests	(1,278)	(132)
	(971,704)	48,873



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2017**

	Notes	2017 (Unaudited) £	2016 (Audited) £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		8,191,232	7,186,576
Property, plant and equipment		28,580	23,511
Loans and other financial assets		5,530	5,503
		<u>8,225,342</u>	<u>7,215,590</u>
<b>Current assets</b>			
Trade and other receivables		65,032	51,766
Cash and cash equivalents		1,589,897	1,609,219
		<u>1,654,929</u>	<u>1,660,985</u>
<b>TOTAL ASSETS</b>		<u><u>9,880,271</u></u>	<u><u>8,876,575</u></u>
<b>EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital	4	5,342,072	5,026,302
Share premium		18,141,271	16,879,241
Revaluation reserve		25,664	25,664
Capital contribution reserve		46,451	46,451
Share based payments reserve		575,078	237,803
Translation reserve		(397,060)	(464,882)
Merger reserve		137,700	137,700
Accumulated losses		(14,105,411)	(13,067,163)
		<u>9,765,765</u>	<u>8,821,116</u>
Non-controlling interests		<u>(159,871)</u>	<u>(158,593)</u>
<b>Total equity</b>		<u><u>9,605,894</u></u>	<u><u>8,662,523</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		274,377	214,052
<b>Total liabilities</b>		<u>274,377</u>	<u>214,052</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>9,880,271</u></u>	<u><u>8,876,575</u></u>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2017**

	<b>2017</b> <b>(Unaudited)</b> £	<b>2016</b> <b>(Audited)</b> £
<b>Cash flows from operating activities</b>		
Loss before income tax	(1,039,566)	(633,229)
Depreciation charge	15,971	12,097
Equity-settled share-based transactions	203,059	40,109
Impairment of exploration costs	183,131	-
Expenses financed by issue of shares	-	29,375
Reclassification of revaluation reserve	-	55,664
Finance income	(5,234)	(5,344)
	<u>(642,639)</u>	<u>(501,328)</u>
 (Increase)/ decrease in trade and other receivables	 (12,760)	 31,646
Increase /(decrease) in trade and other payables	<u>15,673</u>	<u>(15,557)</u>
<b>Net cash used in operating activities</b>	<u>(639,726)</u>	<u>(485,239)</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(943,599)	(622,817)
Purchase of tangible fixed assets	(20,448)	(862)
Acquisition of subsidiary	-	(50,482)
Disposal of fixed asset investments	14	50,444
Interest received	5,234	5,344
	<u>(958,799)</u>	<u>(618,373)</u>
<b>Net cash used in investing activities</b>	<u>(958,799)</u>	<u>(618,373)</u>
<b>Cash flows from financing activities</b>		
Share issue	1,652,800	2,505,530
Payment of share issue costs	(75,000)	(145,114)
	<u>1,577,800</u>	<u>2,360,416</u>
<b>Net cash from financing activities</b>	<u>1,577,800</u>	<u>2,360,416</u>
 (Decrease)/(increase) in cash and cash equivalents	 (20,725)	 1,256,804
<b>Cash and cash equivalents at beginning of year</b>	<b>1,609,219</b>	<b>352,914</b>
Effect of exchange rate changes on cash	1,403	(499)
	<u>1,589,897</u>	<u>1,609,219</u>
<b>Cash and cash equivalents at end of year</b>	<u>1,589,897</u>	<u>1,609,219</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2017**

	Share Capital	Share premium	Revaluation reserve	Merger reserve	Capital Contribution reserve
	£	£	£	£	£
<b>At 1 January 2016</b>	<b>4,303,138</b>	<b>15,187,112</b>	<b>(30,000)</b>	<b>-</b>	<b>46,451</b>
Loss for the year	-	-	55,664	-	-
Foreign exchange translation	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
<b>Transactions with owners</b>					
Issue of share capital	697,664	1,837,243	-	-	-
Cost of issue	-	(145,114)	-	-	-
Equity settled share based transactions	-	-	-	-	-
Acquisition of subsidiary	25,500	-	-	137,700	-
<b>At 31 December 2016</b>	<b>5,026,302</b>	<b>16,879,241</b>	<b>25,664</b>	<b>137,700</b>	<b>46,451</b>
Loss for the year	-	-	-	-	-
Foreign exchange translation	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
<b>Transactions with owners</b>					
Issue of share capital	315,770	1,337,030	-	-	-
Cost of issue	-	(75,000)	-	-	-
Equity settled share based transactions	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-
<b>At 31 December 2017</b>	<b>5,342,072</b>	<b>18,141,271</b>	<b>25,664</b>	<b>137,700</b>	<b>46,451</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2017**

	Share based payments reserve £	Translation reserve £	Accumulated losses £	Totals £	Non – controlling interest £	Totals £
<b>At 1 January 2016</b>	<b>97,796</b>	<b>(1,090,348)</b>	<b>(12,466,046)</b>	<b>6,048,103</b>	<b>(158,461)</b>	<b>5,889,642</b>
Loss for the year	-	-	(632,125)	(576,461)	(1,104)	(577,565)
Foreign exchange translation	-	625,466	-	625,466	972	626,438
Total comprehensive income	-	625,466	(632,125)	49,005	(132)	48,873
<b>Transactions with owners</b>						
Issue of share capital	-	-	-	2,534,907	-	2,534,907
Cost of issue	-	-	-	(145,114)	-	(145,114)
Equity settled share based transactions	40,109	-	-	40,109	-	40,109
Release of charge for lapsed options	(31,008)	-	31,008	-	-	-
Acquisition of subsidiary	130,906	-	-	294,106	-	294,106
<b>At 31 December 2016</b>	<b>237,803</b>	<b>(464,882)</b>	<b>(13,067,163)</b>	<b>8,821,116</b>	<b>(158,593)</b>	<b>8,662,523</b>
Loss for the year	-	-	(1,038,248)	(1,038,248)	(1,318)	(1,039,566)
Foreign exchange translation	-	67,822	-	67,822	40	67,862
Total comprehensive income	-	67,822	(1,038,248)	(970,426)	(1,278)	(971,704)
<b>Transactions with owners</b>						
Issue of share capital	-	-	-	1,652,800	-	1,652,800
Cost of issue	-	-	-	(75,000)	-	(75,000)
Equity settled share based transactions	203,059	-	-	203,059	-	203,059
Acquisition of subsidiary	134,216	-	-	134,216	-	134,216
<b>At 31 December 2017</b>	<b>575,078</b>	<b>(397,060)</b>	<b>(14,105,411)</b>	<b>9,765,765</b>	<b>(159,871)</b>	<b>9,605,894</b>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**For the year ended 31 December 2017**

**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 2016.

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 twelve months ended 31 December 2017 is unaudited and has not been reviewed by the auditors. The financial information for the year ended 31 December 2017 has been derived from the Group's unaudited financial statements for the period. The auditor's report on the statutory financial statements for the year ended 31 December 2016 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 518,728,856 (31 December 2016: 472,525,290) outstanding during the period. There is no difference between the basic and diluted loss per share.

#### 4. Called up share capital

	(Unaudited) 31 Dec 2017 £	(Audited) 31 Dec 2016 £
<b>Allotted, issued and fully paid</b>		
Ordinary shares of 1p each	5,342,072	5,026,302

The number of shares in issue was as follows:

	Number of shares
<b>Balance at 1 January 2016</b>	430,313,824
Issued during the period	72,316,507
<b>Balance at 31 December 2016</b>	502,630,331
Issued during the period	31,576,923
<b>Balance at 31 December 2017</b>	534,207,254

## 5. Closing value of intangible assets

<b>Exploration costs</b>	<b>As at 31 Dec 2017 (Unaudited) £</b>	<b>As at 31 Dec 2016 (Audited) £</b>
<b>Cost</b>		
At 1 January	7,186,570	5,588,270
Additions for the period	1,077,815	968,460
Impairment	(183,131)	-
Foreign exchange movements	109,978	629,846
	<u>8,191,232</u>	<u>7,186,576</u>

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

<b>Project</b>	<b>Country</b>	<b>Minerals</b>	<b>As at 31 Dec 2017 (Unaudited) £</b>	<b>As at 31 Dec 2016 (Audited) £</b>
Kallak	Sweden	Iron ore	6,979,844	6,438,283
Nautijaur	Sweden	Copper	-	24,912
Åtvidaberg	Sweden	Lead-zinc-copper-silver	253,778	153,927
Ågåsjege	Sweden	Iron ore	7,365	7,257
Sala	Sweden	Lead-zinc-silver	2,634	2,372
Haapamäki	Finland	Graphite	231,132	141,944
Kolari1	Finland	Graphite	151,706	99,554
Piippumäki	Finland	Graphite	-	119,087
Viistola	Finland	Graphite	147,784	107,369
Pitkäjärvi	Finland	Graphite	414,372	91,871
Joutsijärvi	Finland	Graphite	2,617	-
			<u>8,191,232</u>	<u>7,186,576</u>

Total Group exploration costs of £8,191,232 are currently carried at cost in the financial statements. During the period, an impairment provision was recognised against costs incurred on Nautijaur (£27,621) and Piippumäki (£155,510). No impairment provision was recognised 2016.

Accounting estimates and judgements are continually evaluated and are based on a number of factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most significant risk currently facing the Group is that it does not receive an Exploitation Concession for Kallak. The Company originally applied for the Exploitation Concession in April 2013 and throughout 2017, 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 above under the Operational section.

Kallak is included in condensed financial statements as at 31 December 2017 as an intangible exploration licence with a carrying value of £6,979,844. 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 £1.59 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 22 February 2018, 2,100,000 million shares of 1 pence each, were issued to Rasmus Blomqvist, the Company's Exploration Manager, as the first tranche of deferred consideration pursuant to the acquisition of Oy Fennoscandian Resources AB.

## **8. 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](http://www.beowulfmining.com). Beowulf Mining plc is registered in England and Wales with registered number 02330496.

**\*\* Ends \*\***