



**31 May 2016**

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

**Unaudited Interim Statement and Management Update for the Period Ended  
31 March 2016**

Beowulf (AIM: BEM; Aktietorget: BEO), the mineral exploration and development Company focused on the Kallak magnetite iron ore project in northern Sweden and its graphite portfolio in Finland, announces its unaudited financial results for the three months ended 31 March 2016 and provides a management update.

The unaudited financial results for six months ending 30 June 2016 and the next management update will be released on or before Wednesday 31 August 2016.

**Overview of Activities in the First Quarter**

- On 11 January 2016, the Company announced the acquisition of Oy Fennoscandian Resources AB (“Fennoscandian”), a privately owned Finnish company with a portfolio of four early-stage graphite exploration projects located in Finland. The Company added a fifth project to the portfolio in March 2016, Saarenpudas, located within the prospective Kolari graphite district and immediately to the west of the Kolari Claim Reservation already held.

The Company began fieldwork on two of its graphite projects in March 2016, conducting geophysical surveys at Piippumäki and Haapamäki. The data from the surveys has been interpreted by consultants GeoVista AB, based in Luleå, Sweden, and the results of the analysis are being used by the Company’s field team, who were back on site on 23 May 2016, to visibly check identified conductors. The team is also conducting geological and structural mapping, and assessing the potential to undertake trenching to generate sample material for testwork. The results of this second fieldwork programme will be used to define targets for drilling later in 2016.

The Company’s approach with regards to its graphite assets is to, in parallel, define resource scale and to demonstrate, through testwork, the commercial prospects of the different types of graphite in the portfolio.

- On 5 February 2016, the Company published an Open Letter to the Chairmen of the Jähkågasska and Sirges Sami Villages, which are situated in the vicinity of the Kallak project. The letter was in response to questions put to the Company by the Chairmen of the Sami Villages relating to the Company progressing its application for an Exploitation Concession at Kallak. The Company made the letter public to demonstrate its willingness to work together in partnership with the Sami Villages.
- On 21 March 2016, the Company announced that it had written a second letter to the Minister for Enterprise and Innovation, The Government of Sweden. The Company has

maintained that its application for an Exploitation Concession for Kallak North satisfies the requirements of the Swedish regulations, and that the Environmental Impact Assessment ("EIA") for Kallak North has comprehensively studied all aspects of a future mining operation and their associated environmental impacts.

- During the period the Company raised £1.5 million before expenses. The funding will cover working capital to finance project expenditure in Sweden and Finland, and fund corporate overheads for a 12-month period.

### **Post Period End**

- On 4 April 2016, the Company announced that Mr. Christopher Davies had been appointed to the Board as Non-Executive Director. Chris is an exploration/economic geologist with more than 30 years' experience in the mining industry, and he has significant knowledge of graphite and base metals, a particular skill set which will be complementary to Beowulf's existing team.
- On 18 April 2016, the Company's 100 per cent owned subsidiary, Jokkmokk Iron Mines AB ("JIMAB"), responded to a letter from The Government of Sweden, requesting our opinion on the judgement of the Supreme Administrative Court of Sweden ("SAC"), dated 22 February 2016, regarding Tasman Metal's Norra Kärr project (Case 2047-14), and how it relates to the Company's application for an Exploitation Concession at Kallak North.

In response, JIMAB stated that the EIA for its application has been completed in accordance with the recent SAC judgement. However, the Company has suggested to the Government that the Kallak North application should be returned to the Mining Inspectorate, such that a review of the EIA in the context of the SAC judgement can be made.

### **Kurt Budge, CEO, commented:**

*"We are now five months into the year and we have already carried out a great deal of work, both at the corporate and operational level.*

*Our Finnish graphite assets are fully incorporated into the Beowulf portfolio, and geophysical surveys, completed on two of our graphite projects in March 2016, have already delivered numerous, and in some instances extensive, conductive bodies indicative of sub-surface graphite mineralisation. The exploration team is now back on site working on the second stage of our exploration programme, visibly checking conductors, and has already found several new graphite occurrences.*

*A regional geophysical desktop study of Kallak and our surrounding licences has been undertaken and has identified new exploration targets for further investigation, and Beowulf has applied for two new exploration prospects in Sweden, reaffirming our commitment to doing business in the country. We have also successfully raised £1.5 million before expenses.*

*Further delay in getting an Exploitation Concession for Kallak is a frustration for our supporters in Jokkmokk who want to see continuing investment and the project moving forward, and for our Swedish and UK shareholders who have funded the Company's work to date.*

*It is important that all our stakeholders recognise that our application has met the requirements of the Swedish regulations for this stage of permitting, and if that means a further review to demonstrate this, given the recent Swedish court decision, then we are fit to meet that*

*challenge. Widening the scope of review now, is bringing forward aspects that would have previously been considered during environmental permitting, but which have already been reviewed in full by the County Administrative Board for Norrbotten. The extra time taken now to award the Concession, provides us with an opportunity to further demonstrate our responsible approach to the development of Kallak.*

*Our ambition in the Nordic region is to build a modern and sustainable mining company, working in partnership with communities wherever we operate. Successful mining companies only achieve success when they work in partnership with the communities they interact with. That is what I learnt first-hand managing operations in the UK, earlier in my career, and that's the way we've carried out our business in Jokkmokk, reaching out to engage with, and listen to our stakeholders.*

*In January this year we began the process of relaying our messages to a wider audience by conducting interviews with the Swedish media, TV and newspapers. From the coverage Beowulf received, it seems our respectful approach is being recognised, and we are getting very different headlines to those the Company used to be associated with.*

*While securing the Exploitation Concession for Kallak remains the main focus of management, we are creating a diversified, Nordic focused exploration and development company, with new projects being added to the portfolio, providing additional value creation opportunities.*

*I look forward to updating the market in due course on our Kallak application, our graphite activities and our applications for new exploration ground in Sweden."*

Please use the following link to hear an interview with Kurt Budge, CEO:

<http://www.brrmedia.co.uk/broadcasts-embed/5748153b99e52bfd76bd871e/event/?popup=true>

## **Operational**

### ***Exploitation Concession***

The Company understands that the Government is working on the Kallak North application, but timescales for a decision remain unspecified. The coalition nature of the Swedish Government has meant that the Company's application is viewed differently and attracts varied support depending on the party involved. We continue to make it clear that Beowulf has done everything required to satisfy the permitting requirements in Sweden, and that, even with the recent SAC judgement in the Norra Kärr case, any further review will prove this to be the case and should result in the award of the Concession.

As communicated in our announcement on 18 April 2016, the time taken to again review aspects of our application will not be significant in the overall timeline for Kallak, and we welcome the opportunity to further demonstrate our responsible approach to the project's development.

While the support and recommendations of the County Administrative Board ("CAB") for Norrbotten and the Mining Inspectorate, respectively, were limited to the Concession Area delineated by the Kallak North orebody, all activities associated with a future mining operation and contained within a wider area, were included within the EIA, detailed technical description and site plan, which has been reviewed in full by the CAB.

JIMAB submitted an updated Exploitation Concession application for Kallak North to the Mining Inspectorate of Sweden in April 2014. The updated application was a revised and expanded

version of the original submission made in April 2013, following the CAB's request in late November 2013 for further information and clarification on certain aspects of the EIA.

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

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

The EIA was supplemented in the following principal areas:

- The reindeer husbandry section was complemented by further analysis commissioned from consultants Swedish Geological AB. It was also supplemented and revised based on certain comments and information received from the local Sami villages.
- Additional investigations regarding safety aspects for hydroelectric power dams were conducted by Ramboll Sweden AB.
- Questions raised regarding security issues surrounding any tailings dams for the project were further investigated and addressed by Tailings Consultants Scandinavia AB.
- Various comments received on the socio-economic aspects were responded to by Luleå University of Technology.
- Additional investigations concerning local hunting and fishing activity and specialist environmental aspects, including water ecology and water chemistry, were conducted by Pelagia Miljökonsult AB based in Umeå.
- Additional information was gathered regarding Areas of National Interest and other interests of importance in respect of general water management and military defence aspects.
- Additional studies and inventories on the existing natural water sources in the project area were compiled by Hifab International AB, together with reports on dust and air quality issues.
- Further information was obtained on the Laponia World Heritage site located more than 40 kilometres away from the Kallak North deposit, as well as on the general tourism industry in the Jokkmokk region sourced from the Destination Jokkmokk organisation.

### ***Swedish Exploration Portfolio***

#### **Kallak Area**

The Company has completed a desktop review of the regional geoscientific data for its exploration licences in and around Kallak, undertaken by consultants GeoVista AB. The aim of the work was to characterise the physical properties of the bedrock in and around the Company's permit areas Kallak nr 2 and 3, Parkijaure nr 2, 3, and 4, and Nautijaur nr 1. The work has been carried out by interpreting the existing Swedish Geological Unit ("SGU") airborne geophysical data.

The characterisation was focused on identifying areas (or zones) with anomalous magnetisation, electric conductivity, gravity and radiometric signature. The work was supported by petrophysical and geochemical data (SGU database) and geological data from the geological mapping of JIMAB's own exploration work in 2014.

The results indicate that there are several combined geophysical and geological anomalies within (or close to) all of the licence areas that are worth investigating further. These are mainly characterised by a combination of electrical conductors and magnetic banding with an orientation that deviates from the general brittle fracture orientation of the bedrock in this area. Some of the anomalies are also spatially related with significantly increased radiation levels. In the case of Parkijaure, the area has shown a high potential for iron ore, which is indicated by widespread significantly increased magnetisation and gravity highs.

In light of the report, the Company is developing plans for fieldwork during 2016/2017 to further investigate the anomalies identified. In addition, the Company will investigate further the prospect of copper mineralisation at Nautijaur. In the short term, the priority remains to drill the exploration target on Kallak South and work towards converting it to resource, with the potential for additional iron ore resources in Parkijaure. In April and May 2016, the Company received positive decisions from the Mining Inspectorate for 3-year time extensions of its Exploration Licences for Parkijaure nr 2 and nr 5.

### **Applications for Additional Licences**

After rationalising the exploration portfolio in 2015, impairing assets and reducing the areas held by 65 per cent during the year, in April 2016 we made two applications for new ground in southern Sweden. The applications are for Åtvidaberg nr 1, an area covering 225 square kilometres ("km<sup>2</sup>"), and Sala nr 10, an area covering 10.5km<sup>2</sup>, both for polymetallic exploration, and located in established or former mining districts. We await a decision on our applications.

### **Finnish Graphite**

Horizontal Loop Electromagnetic ("HLEM" or "Slingram") surveys were completed at the Haapamäki and Piippumäki projects in March 2016, and the data was sent to consultants GeoVista AB for analysis.

The interpretation of data for Piippumäki has identified an EM conductor over 1.5 kilometres ("km") in length, with anomalies showing strong conductance indicating widths up to 60 metres ("m") in the western part of the survey area. Historic grab samples along the same conductors have produced grades ranging 4.6-9.8 per cent graphitic carbon ("Cg") (analysis performed by Actlabs Ltd. and Sintef Molab AS).

The survey at Piippumäki covered an area of circa 85 hectares ("ha"). 22 conductors on 13 profiles have been identified, delineated, interpreted and described; of which 15 have strong conductance, two have moderate-strong conductance and five have moderate conductance.

The interpretation of data from Haapamäki has identified a total of 46 conductors on 28 profiles within two areas measuring 3.8km in the north west ("NW") and 3.5km in the south east ("SE"), along strike respectively. The anomalies showing the strongest conductance and maximum width, up to 68m, occur in the central and southern part of the SE survey area. Mapping and sampling by Fennoscandian and Åbo Akademi during 2015 identified both the NW and SE areas to have potential for coarse flake graphite mineralisation.

The Haapamäki survey covered two major areas of approximately 267ha for the SE area and 216ha for the NW area. For the SE area, 23 conductors on 14 profiles have been identified,

delineated, interpreted and described; of which 7 have strong conductance, 8 moderate-strong conductance and 8 moderate conductance. For the NW area, 23 conductors on 14 profiles have been identified, delineated, interpreted and described; of which 1 has strong conductance, 7 moderate-strong conductance and 15 moderate conductance.

## **Financials**

- Loss before and after taxation attributable to the owners of the parent company is £167,000 which is £13,000 above last year (2015: loss of £154,000). The loss is 8% up on Q1 last year due to higher share-based option charge (+£8k), foreign exchange losses (+£10k), conference fees (+£4k) and legal fees (+£6k), partly off-set by lower travel (-£5k), salaries (-£3k) and professional fees (-£6k).
- Basic/diluted loss per share for the period of £0.037 shows an improvement versus a loss per share last year of £0.044.
- Cash of £1,493,000 was held at the period end.
- Intangible assets of £6,292,000 includes consideration of £238,079 for the acquisition of Fennoscandian as detailed in note 4 below.
- Share capital and share premium increased over the position at 31 December 2015 following the fundraising which raised net £1,432,000, shares issued to our dual broker (£12,500) and the initial shares issued as part of the consideration for the Fennoscandian acquisition.
- The merger reserve of £138,000 is in relation to the Fennoscandian acquisition.
- The translation reserve reduced from £1,090,348 to £724,000 due to the strengthening of the Swedish Krona since 31 December 2015.

## **Corporate**

- In February and March 2016, the Company raised £1,500,000 before expenses through a subscription and over-allotment for new ordinary shares. This represented working capital to finance project expenditure in Sweden and Finland, and fund corporate overheads for a 12-month period.
- On 11 February 2016, the Company issued 729,329 new ordinary shares, which included the issue of 450,000 new ordinary shares being the deferred payment in connection with its acquisition of Fennoscandian and 279,329 new ordinary shares in satisfaction of the professional fees due to Beaufort Securities Limited ("Beaufort") under the terms of a letter of engagement between Beaufort and the Company dated 17 June 2015.
- 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 report is based on Exploration Results compiled 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 has conducted a desktop review of source documents and data which underpins the technical statements disclosed herein and approves the disclosure of technical information in the form and context in which it appears in this announcement, in his capacity as a Competent Person, as required under the AIM rules. It should be noted that the technical disclosure herein, for which the Competent Person takes responsibility, is based on desk-top review of historical documents only, and no data verification works or project inspections have been carried out by the Competent Person at this time.

Mr. Rasmus Blomqvist is a full-time employee of Fennoscandian.

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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.

**BEOWULF MINING PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE THREE MONTHS TO MARCH 2016**

	(Unaudited) 3 months ended 31 March 2016	(Unaudited) 3 months ended 31 March 2015
	£000's	£000's
<b>Continuing operations</b>		
Administrative expenses	<u>(168)</u>	<u>(154)</u>
<b>Operating loss</b>	(168)	(154)
Finance income	<u>1</u>	<u>-</u>
<b>Loss before and after taxation</b>	<u>(167)</u>	<u>(154)</u>
Loss attributable to:		
Owners of the parent	(167)	(154)
Non-controlling interests	<u>-</u>	<u>-</u>
	<u>(167)</u>	<u>(154)</u>
Loss per share attributable to the ordinary equity holder of the parent:		
Basic and diluted (pence)	(0.037)	(0.044)



**BEOWULF MINING PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	(Unaudited) As at 31 March 2016	(Unaudited) As at 31 December 2015
	£000's	£000's
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	6,292	5,588
Property, plant and equipment	16	32
Loans and other financial assets	52	52
	<u>6,360</u>	<u>5,672</u>
<b>Current assets</b>		
Trade and other receivables	85	82
Cash and cash equivalents	1,493	353
	<u>1,578</u>	<u>435</u>
<b>TOTAL ASSETS</b>	<u><u>7,938</u></u>	<u><u>6,107</u></u>
<b>EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	4,793	4,303
Share premium	16,168	15,187
Revaluation reserve	(30)	(30)
Merger Reserve	138	-
Capital contribution reserve	46	46
Share based payment reserve	138	98
Translation reserve	(724)	(1,090)
Accumulated losses	(12,633)	(12,466)
	<u>7,896</u>	<u>6,048</u>
Non-controlling interests	<u>(158)</u>	<u>(158)</u>
<b>TOTAL EQUITY</b>	<u><u>7,738</u></u>	<u><u>5,890</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	<u>200</u>	<u>217</u>
<b>TOTAL LIABILITIES</b>	<u><u>200</u></u>	<u><u>217</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>7,938</u></u>	<u><u>6,107</u></u>

## **NOTES:**

### **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 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 three months ended 31 March 2015 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. It does not constitute the financial statements for that 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 shareholders by the weighted average number of ordinary shares of 449,289,778 (2015: 349,472,812). There is no difference between the basic and diluted loss per share.

### **4. ACQUISITION OF OY FENNOSCANDIAN RESOURCES AB ("FENNOSCANDIAN")**

On 11 January 2016, the Company announced it had acquired 100% of the share capital of Fennoscandian, a privately owned company based in Finland with a portfolio of four early-stage graphite exploration projects. The transaction will consist of an initial payment of 2.1 million shares with a deferred payment of 450,000 shares. Beowulf has paid for the 100% 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 equal 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% and a risk free rate of 0.698%. 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 31 March 2016 is £238,079 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 Q1 2016 only £29,785 (of the £268,800) has been recognised under intangibles.

At a group level, the Company have given consideration to whether or not 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.