BEOWULF MINING PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Company Number 02330496

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COMPANY PROFILE

Beowulf Mining plc ("Beowulf" or the "Company") is listed on London's Alternative Investment Market ("AIM") (Ticker: BEM) and Stockholm's Spotlight exchange (Ticker: BEO).

The Company's most advanced project is the Kallak magnetite iron ore deposit located approximately 40 kilometres ("km") west of Jokkmokk in the County of Norrbotten, Northern Sweden, 80km southwest of the major iron ore mining centre of Malmberget, and approximately 120km to the southwest of LKAB's Kiruna iron ore mine.

The Company is currently going through the process of obtaining an Exploitation Concession for Kallak North (the "Exploitation Concession"). Testwork on Kallak ore has proved that a 'super' high grade magnetite concentrate can be produced, yielding over 71 per cent iron content, with low levels of deleterious elements, including phosphorous and sulphur, lending itself to pelletisation and consumption in Direct Reduction Iron ("DRI") facilities in Europe and the Middle East, and attracting a potential price premium.

Local infrastructure is excellent, with all-weather gravel roads passing through the project area, and all parts are easily reached by well used forestry tracks. A major hydroelectric power station with associated electric powerlines is located only a few kilometres to the south east. The nearest railway (the Inlandsbanan or 'Inland Railway Line') passes approximately 40km to the east. This railway line is connected at Gällivare with the 'Ore Railway Line', used by LKAB for delivery of its iron ore material to the Atlantic harbour at Narvik (Norway) or to the Botnian Sea harbour at Luleå (Sweden).

In southern Sweden, the Company has its Åtvidaberg nr 1 ("Åtvidaberg") exploration licence, which is prospective for polymetallic discoveries, mainly copper and zinc.

The Company has a portfolio of graphite exploration prospects in Finland, which are controlled by its wholly owned subsidiary Oy Fennoscandian Resources AB ("Fennoscandian"). In August 2018, the Company produced a Maiden Resource Estimate ("MRE") for its Aitolampi project and is pursuing a strategy to develop a 'resource footprint' of natural flake graphite prospects that can provide 'security of supply' to Finland's emerging lithium ion battery sector.

In November 2018, the Company made an initial investment in Vardar Minerals Ltd ("Vardar"). Vardar is a UK registered exploration company with a focus on the metal endowed Balkan region and one of the first companies to be awarded exploration licences in Kosovo. To date, the Company has invested £1,000,000 in Vardar and has a 37.55 per cent interest in the company. The funds invested have been used to complete exploration activities in 2018 and for exploring Vardar's Mitrovica and Viti licences in 2019.

The management team's approach is to build strong working relationships and work in partnership with local communities and key stakeholders wherever it operates, and this strategy is encapsulated in the following mission statements:

"Visar respekt för alla intressenter"
"Vill samverka lokalt"
"Står för ansvarsfull utveckling"

"Kunnioittaa kaikkia sidosryhmiä"
"Toimia yhteistyössä paikallisten kanssa"
"Vastuullisuus"

"Showing respect to all our stakeholders"
"Becoming a local partner"
"Delivering responsible development''

COMPANY STRATEGY

Beowulf's strategy is to build a sustainable and innovative mining company, which creates shareholder value by developing mining assets, delivering production and generating cash flow, and in so doing meets society's ongoing need for minerals, metals and economic prosperity.

Beowulf is developing a high-quality asset base, which is diversified by geography and commodity, enabling it to simultaneously advance several projects up the mining value curve and create shareholder value.

Additionally, the Board of Directors continues to look beyond the Company for value creation opportunities.

The Company's first priority remains the award of the Exploitation Concession for Kallak North, and thereafter completing the Scoping Study. The introduction of a strategic partner/investor who understands the value of Kallak as a high-quality asset, which could be in production within four to five years, is an ongoing consideration, but does not preclude the Company from continuing to add value to Kallak in the meantime.

Fennoscandian, the Company's graphite business, is pursuing a strategy to develop a 'resource footprint' of natural flake graphite prospects that can provide 'security of supply' and enable Finland to achieve its ambition of self-sufficiency in battery manufacturing. The Company is a recipient of Business Finland funding, which is supporting Fennoscandian to move downstream, and develop its know-how in processing and manufacturing value-added graphite products.

In November 2018, the Company invested in Vardar, a UK registered exploration company with a focus on the metal endowed Balkan region and one of the first companies to be awarded exploration licences in Kosovo. Based on the geological setting and analysis of historical archive data, Vardar holds exploration licences for the Mitrovica and Viti projects. Both projects are located within the Tethyan Belt, a major orogenic metallogenic province for gold and base metals which extends from the Alps (Carpathians/Balkans) to Turkey, Iran and Indochina, and contains several world class discoveries. The Tethyan Belt of south-east Europe can be regarded as Europe's chief copper-gold (lead-zinc-silver) province.

Dear Shareholders

Introduction
During the year, we have made good progress in developing our various business areas.

Most importantly, delivering a Mineral Resource Estimate ("MRE") for our Aitolampi graphite project, and strengthening our position as a future supplier of natural flake graphite to Finland's emerging battery sector.

We have also widened the Company's geographical and commodity reach, investing in Vardar Minerals, a base and precious metals exploration company with assets in Kosovo. We believe this to be an exciting opportunity for Beowulf that allows exposure to highly prospective exploration licences in the Tethyan Belt, and the chance to work with a highly regarded management team.

For Kallak, it seems we are finally approaching a decision point on our application for an Exploitation Concession. In 2018, progress was thwarted, first by preparations for a Swedish general election, and second by the protracted negotiations to form a new Government. The Government is now back to business and we are assured that our application is being prioritised.

It is the Board's opinion, that the Company's Kallak application fully satisfies the requirements of the Swedish Mining Act and Environmental Code and should be granted an Exploitation Concession, therefore enabling the Company to advance the project in partnership with all sections of the community in Jokkmokk.

Kallak
Throughout 2018 and in the months prior to the Swedish general election, the Company continued to communicate with the Swedish Government. Now that a new Government has been formed, the Company believes that an Exploitation Concession should be awarded for Kallak North without further delay. It is now over 3.5 years since, in October 2015, the Mining Inspectorate recommended to the Government that the Concession be awarded.

In February 2018, the CEO participated in a meeting in Stockholm to discuss land use and engagement processes between Sami reindeer herding communities and mining companies, as part of the Organisation for Economic Cooperation and Development's ("OECD") project 'Linking Indigenous Communities with Regional Development in Sweden', supported by the Swedish Government. In March 2019, the CEO attended the seminar launching the report of the OECD's Review. The Company is extremely proud that it participated in the Review and that we attended the seminar in Luleå. We are studying the report in detail and, as we develop our Kallak project, we will seek to find ways in which we can implement the report's findings in our operations and build cooperative working relationships with Sami reindeer herders.

So far, Kallak's potential impact on Sami culture and reindeer herding rather than jobs and finances has dominated the debate. Our view, which has been shared by past Ministers in the Government, is reindeer herding and mining can prosper side-by-side, which has proven to be the case across Sweden.

In October 2018, the Company re-published, in Swedish, the Copenhagen Economics study of Kallak's potential economic benefits that was completed in September 2017 and drawing attention to the 'big picture' economic opportunity that Kallak represents to Jokkmokk and Norrbotten; that it is 'not just about a mine', with Kallak's direct economic influence extending to rail, port, power and other industries, supporting mutual investments and economic growth.

Highlights of the study include:

- 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 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 jobs as possible are available to people living in Jokkmokk

- 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 its November 2017 statement, the County Administrative Board ("CAB") for the County of Norrbotten recommended that an Exploitation Concession for Kallak North is not awarded, but failed to use the socio-economic assessment criteria set out in the Environmental Code for applications such as ours, which put emphasis on safeguarding investment and job creation, and giving consideration for the municipalities' financial health. The CAB also contradicted its July 2015 position, when it supported the economic case for Kallak.

Today Jokkmokk municipality struggles with a deteriorating economy and, in March 2019, declared a need for drastic budget cuts of SEK 28 million over the coming two years. A major mining investment would contribute to turning around that trend.

During the early part of 2019, the mining industry in Sweden has been in renewed focus, with other mining companies, the industry association SveMin and the union IF Metall, raising the issues of uncertain permitting processes for mining projects and unacceptable delays in decision making by authorities.

In April 2019, I wrote to the new Minister for Enterprise and Innovation, Mr. Ibrahim Baylan, to highlight these issues and the problems that Beowulf has faced.

The mining industry is crucial for Sweden's future. Mines contribute to growth, strengthen local communities and are an engine for development, especially in northern Sweden. Swedish mining companies', LKAB and Boliden long-standing businesses prove this.

Many therefore received LKAB's warning, in October 2018, that the ore in the Kiruna mine will be depleted earlier than expected, with astonishment and concern. The media spotlight put on the future of LKAB's operations, and with this the attention paid to the importance of iron ore to Sweden, has highlighted the absurdity of the Kallak North situation. Swedish authorities have found themselves unable to permit Europe's largest drill defined iron ore deposit, having issued exploration permits and watched the Company invest SEK 77 million, drill 27,895 metres ("m"), define a significant resource, and develop the Kallak project to where it is today.

Taking all this into consideration, new Ministers, a debate on the importance of mining and iron ore to Sweden, and Sweden wishing to portray itself as an attractive destination for mining investors, we have renewed optimism that a Concession for Kallak North will be forthcoming, without further delay.

Graphite Portfolio
During 2018, we made significant progress at Fennoscandian.

Starting the year, in January 2018, we announced metallurgical testwork results showing that graphite concentrates from Aitolampi could meet the purity specification of 99.95 per cent Total Graphitic Carbon ("TGC") required for the lithium ion battery market, using alkaline and acid purification with some process optimisation.

In April 2018, the Company published its involvement in a Cooperation Network of existing and new entrant raw materials suppliers to the emerging battery manufacturing industry in Finland.

The Cooperation Network includes the cities of Vaasa and Kokkola; Freeport Cobalt, the world's largest cobalt refinery and producer of battery chemicals; Nornickel, the producer of world-class nickel metals and nickel chemicals in Harjavalta; Terrafame Group, the parent company of Terrafame, producing nickel, zinc, cobalt and copper in Sotkamo; Keliber, which is preparing to start lithium production in Kaustinen and Kokkola; as well as Beowulf, the 100 per cent owner of the Aitolampi graphite deposit.

In addition, Fennoscandian was granted Euros 161,000 by Business Finland for a research project entitled "Green Minerals - Graphite, Exploration to Products". The project runs from 1 January 2018 to 31 December 2019 and has a total budget of Euros 323,750. The Company will contribute the balance of the funding.

In May 2018, the Company presented assays for intersected mineralisation at Aitolampi, and followed this in August 2018, announcing a maiden MRE for Aitolampi, highlights as follows:

- A global Indicated and Inferred Resource (JORC Code, 2012 edition) of 19.3 million tonnes ("Mt") at 4.5 per cent TGC for 878,000 tonnes ("t") of contained graphite, comprising eastern and western lenses above a 3.0 per cent TGC cut-off grade
- A higher-grade Western Zone with an Indicated and Inferred Resource of 9.8 Mt at 5.0 per cent TGC for 490,000 t of contained graphite
- An Eastern Zone with an Indicated and Inferred Resource of 9.5 Mt at 4.1 per cent TGC for 388,000 t of contained graphite.

Further drilling at Aitolampi has taken place in 2019, targeting both higher-grade mineralisation and high-priority geophysical anomalies, with full results yet to be received.

Vardar Minerals ("Vardar")
Vardar is a private UK registered exploration company with a focus on the metal endowed Balkan region and one of the first companies to be awarded exploration licences in Kosovo.

On 6 November 2018, Beowulf announced that it had acquired a 14.1 per cent interest in Vardar for the consideration of £250,000, satisfied in cash. The Company's investment enabled Vardar to complete its 2018 exploration programme.

Vardar is exploring the Mitrovica and Viti projects, both of which are located within the Tethyan Belt, a major orogenic metallogenic province for gold and base metals which extends from the Alps (Carpathians/Balkans) to Turkey, Iran and Indochina, and contains several world class discoveries.

Stepping into a new geography, like Kosovo, only makes sense if you are collaborating with a competent team, which we have in Vardar's founders, with experienced technical and support personnel in Kosovo.

Shareholder Base
Beowulf is approximately 99 per cent owned by retail shareholders in Sweden and the UK. The number of Swedish shareholders on the share register continued to grow during the year end, at 30 April 2019, approximately 62.36 per cent of the Company was owned by Swedish shareholders. I would like to take the opportunity to thank our existing and new shareholders for their continued support.

Raising Finance
Maintaining sufficient funding to continue to invest in projects is the biggest challenge for any mining exploration and development company, and without investment funds we cannot create shareholder value.

During the year we undertook a single fundraising. On 17 May 2018, Beowulf completed a subscription for new ordinary shares to raise £1.5 million before expenses.

Post year-end, the Company announced two fundraisings, on 1 April 2019 and 16 April 2019, raising a total amount of £1.25 million before expenses.

Financial Performance

Loss before and after taxation attributable to the owners of the parent at £1.37 million is higher than the loss recorded in 2017 of £1.04 million, this increase is largely attributable to impairment costs incurred of £0.57 million. The impairment costs assessed relate to projects Haapamäki (£249,646), Kolari1 (£158,727) and Viistola (£163,083).

Basic loss per share of 0.25 pence increased by 25 per cent on last year (2017: loss per share of 0.20 pence).

Approximately £1.53 million in cash was held at the year end (2017: £1.59 million). During the year £0.78 million (2017: £0.94 million) was spent on exploration and capitalised.

Corporate

On 22 February 2018, the Company announced that it had issued 2.1 million ordinary shares of 1.0 pence each to Rasmus Blomqvist, the Company's Exploration Manager, as the first tranche of deferred consideration pursuant to the acquisition of 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.

On 16 May 2018, the Company announced that it had completed a subscription for new ordinary shares to raise £1.5 million before expenses, with the funds being used for general working capital purposes and to support activities across Beowulf's three main business areas, which are graphite exploration, the Åtvidaberg exploration license, and Kallak.

On 1 October 2018, the Company appointed SP Angel as Nominated Adviser and Broker.

Staff

On behalf of the Board, I would like to express my sincere thanks to our staff in Sweden and Finland for their hard work and continued support during the past 12 months.

Outlook

2019 will be a busy year for the Company, as we push forward with Kallak, our graphite business, and see what Vardar can deliver.

Since January 2019, Sweden has a new Government, and the Company believes that an Exploitation Concession should be awarded for Kallak North without further delay. In that scenario, the Company will restart and complete the Scoping Study for Kallak and work with Jokkmokks Kommun to establish the 'Development Taskforce', essential for maximising the benefits that will come from a mine at Kallak and flow to the community.

With Fennoscandian, we will continue to pursue a strategy of developing a 'resource footprint' of natural flake graphite prospects that can provide 'security of supply' and enable Finland to achieve its ambition of self-sufficiency in battery manufacturing. Fennoscandian's exploration team continues to evaluate and build our knowledge for each graphite prospect in the portfolio, and we are putting Business Finland's funding to good use, conducting testwork, as we seek to move downstream, and develop know-how in processing and manufacturing value-added graphite products.

Already in 2019, the Company has increased its commitment to Vardar Minerals with a further £750,000 investment, satisfied in cash, taking its interest in Vardar to 37.55 per cent. This will finance intensive exploration programmes at the Mitrovica and Viti licences over the course of the year and produce what we hope is exciting newsflow for shareholders.

Göran Färm
Non-Executive Chairman
30 May 2019

SWEDEN

Permits

Beowulf, via its subsidiaries, currently holds seven exploration permits, together with one registered application for an Exploitation Concession, as set out in the table below:

Permit Name/Minerals	Permit ID	Area (km^2)	Valid from	Valid until
Kallak nr2 (Fe)[1,4]	2011:97	22.19	22/06/2011	22/06/2017
Parkijaure nr3 (Fe)[1,4]	2011:135	4.17	11/08/2011	11/08/2017
Åtvidaberg nr1 (Pb,Zn,Cu, Ag)[2]	2016:51	125.32	30/05/2016	30/05/2019
Sala nr10 (Pb,Ag,Zn)[2]	2016:64	10.49	29/06/2016	29/06/2019
Ågåsjiegge nr2 (Fe)[1]	2014:10	11.14	24/02/2014	24/02/2020
Kallak nr1 (Fe)[1,3]	2006:197	5.00	28/06/2006	28/06/2021
Parkijaure nr2 (Fe)[1]	2008:20	2.85	18/01/2008	18/01/2023

Notes:

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

(2) held by the Company's wholly owned subsidiary, Beowulf Mining Sweden AB.

(3) an application for the Exploitation Concession was lodged on 25 April 2013 (Mines Inspector Official Diary nr 559/2013) and an updated, revised and expanded application was submitted in April 2014. On 21 September 2016, the Company submitted a letter to the Mining Inspectorate of Sweden, revising its application boundary to encompass both the Concession Area, delineated by the Kallak North orebody, and the activities necessary to support a modern and sustainable mining operation.

(4) JIMAB has appealed the Mining Inspectorate's decision not to extend these licences. The legal process is ongoing.

Introduction
The Company's most advanced project is the Kallak magnetite iron ore deposit located approximately 40 kilometres ("km") west of Jokkmokk in the County of Norrbotten, Northern Sweden, 80km southwest of the major iron ore mining centre of Malmberget, and approximately 120km to the southwest of LKAB's Kiruna iron ore mine.

The Company is currently going through the process of obtaining an Exploitation Concession for Kallak North (the "Exploitation Concession"). Testwork on Kallak ore has proved that a 'super' high grade magnetite concentrate can be produced, yielding over 71 per cent iron content, with low levels of deleterious elements, including phosphorous and sulphur, lending itself to pelletisation and consumption in Direct Reduction Iron ("DRI") facilities in Europe and the Middle East, and attracting a potential price premium.

Local infrastructure is excellent, with all-weather gravel roads passing through the project area, and all parts are easily reached by well used forestry tracks. A major hydroelectric power station with associated electric powerlines is located only a few kilometres to the south east. The nearest railway (the Inlandsbanan or 'Inland Railway Line') passes approximately 40km to the east. This railway line is connected at Gällivare with the 'Ore Railway Line', used by LKAB for delivery of its iron ore material to the Atlantic harbour at Narvik (Norway) or to the Botnian Sea harbour at Luleå (Sweden).

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

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

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

Notes:
(1) The effective date of the Mineral Resource Estimate is 28 November 2014.

(2) Resources have been classified as Indicated or Inferred, following the guidelines of the JORC Code, 2012 edition.

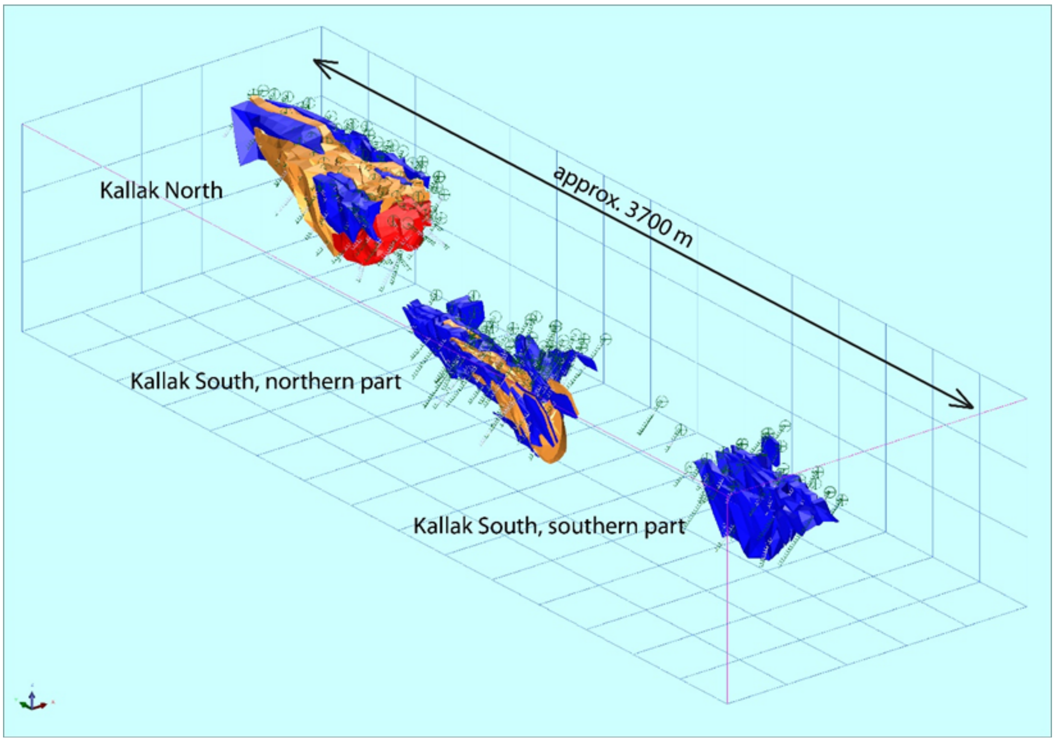
(3) Cut-off grade of 15 per cent Fe has been used.

(4) Mineral Resources, which are not Mineral Reserves, have no demonstrated economic viability.

(5) An exploration target of 90-100 Mt at 22-30 per cent Fe represents potential ore below the pit shells modelled for this resource statement, and in the gap between drilling defined Kallak South mineralised zones.

(6) The resource statement has been prepared and categorised for reporting purposes by Mr. Thomas Lindholm, of GeoVista AB, Fellow of the MAusIMM, following the guidelines of the JORC Code, 2012 edition.

An overview of the interpreted mineralisation is shown in the diagram below.



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

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

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

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

2018 Update

Throughout 2018 and in the months prior to the Swedish general election, the Company continued to communicate with the Swedish Government.

In February 2018, the CEO participated in a meeting in Stockholm to discuss land use and 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 Swedish Government.

On 16 May 2018, the Company learnt that the Administrative Court in Luleå had rejected the Jokkmokk Iron Mine's AB ("JIMAB") appeal of the Mining Inspectorate's decision not to extend Kallak nr 2 and Parkijaure nr 3 exploration licences, in a judgement dated 7 May 2018 and sent to JIMAB by regular post. The two licences are not part of the Kallak Exploitation Concession application.

JIMAB applied to the Administrative Court of Appeal in Sundsvall for its case to be heard, arguing that the court judgement is wrong, and that JIMAB's decision not to invest in further exploration of these two licences, while the Kallak application is being handled, is valid, given the time taken and the performance of the authorities involved. JIMAB has an approved workplan for Parkijaure nr 3, and intends to drill, with one objective being to identify an exploration target for iron ore mineralisation. Proceedings are ongoing.

In July 2018, Almedalen again provided an excellent opportunity for the CEO to engage with Swedish Government ministers, members of the Swedish Parliament, regional politicians from Norrbotten and its new Governor.

In its interactions in Sweden, the Company is ensuring that the Kallak project stays front-of-mind, that key decision makers are cognisant of the facts, the handling of the Company's application by the Swedish authorities, and principally that the Company has fully satisfied the Swedish legal requirements to be granted an Exploitation Concession.

On 22 October 2018, the Company re-published, in Swedish, the Copenhagen Economics study of Kallak's potential economic benefits that was completed in September 2017. It can be found on the Company's website:

https://beowulfmining.com/wp-content/uploads/2018/10/Copenhagen-Economics_Presentation_SEP17_Swedish.pdf

Post-Year end
Now that a new Government has been formed, the Company remains positive that an Exploitation Concession for Kallak North will be awarded, even more so given that the Mining Inspectorate recommended to the Government that the Concession be awarded over three years ago in October 2015.

On 1 April 2019, Göran Färm wrote to Mr. Ibrahim Baylan, the Minister for Enterprise and Innovation. A copy of letter and an English translation can be found on the Company’s website:

https://polaris.brighterir.com/public/beowulf_mining_plc/news/rns/story/xq4on2w

Åtvidaberg nr 1 Exploration Licence
The exploration licence for Åtvidaberg nr 1 is in southern Sweden, to the southern end of Bergslagen, one of Europe’s oldest mining areas. Bergslagen contains one of the world’s main volcanogenic massive sulphide (“VMS”) districts with deposits characterised by high contents of zinc, lead, copper, and sometimes silver and gold, the majority of which are small deposits. Bergslagen yielded a substantial portion of Sweden’s mineral wealth during the 1800s to 1900s, with several large mines and hundreds of smaller mines producing copper, zinc, lead, gold, and silver. Current operating mines in the area include Boliden’s Garpenberg and Lundin Mining’s Zinkgruvan mines.

Bergslagen has seen little modern exploration, yet it hosts Bersbo, one of Sweden’s largest early copper mines, and Zinkgruvan, Sweden’s most important zinc mine. Other than at Zinkgruvan, exploration activity in Bergslagen has predominantly focused on finding new outcropping ore bodies, with some historic mining areas not being explored since the 1900s.

Åtvidaberg represents early stage exploration, but offers real potential for Beowulf, as signified by past discoveries and historic mines.

FINLAND

Finnish Exploration Permits
Beowulf, via its wholly-owned subsidiary, Fennoscandian, currently holds one exploration permit and has applied for a further two exploration permits. The Company has relinquished permits for Viistola 1, Kolari 1 and Haapamäki 1, and made appropriate impairments.

Permit Name	Permit ID	Area (km^2)	Valid from	Valid until
Approved Exploration Permits				
Pitkäjärvi 1	2016:0040	10.00	07/12/2016	07/12/2020
Applied for Exploration Permits				
Rääpysjärvi 1	2017:0104	7.16	Applied for 08/08/2017	
Joutsjärvi 1	2017:0122	5.79	Applied for 16/10/2017	

Aitolampi/Pitkäjärvi – Graphite

Introduction
The Aitolampi and Pitkäjärvi graphite prospects were discovered in 2016 and are eastern extensions to the Haapamäki prospect. Aitolampi and Pitkäjärvi are areas of graphitic schists on a fold limb, coincidental with an extensive electro-magnetic (“EM”) anomaly. Many of the EM zones are obscured by glacial till, but graphite observations in road cuttings and outcrops are also associated with abundant EM anomalies. Haapamäki is in eastern Finland approximately 40km southwest of the well-established mining town of Outokumpu.

2018 Summary
The Company made significant progress with Fennoscandian in 2018, specifically with its Aitolampi project, part of the Company's 100 per cent owned Exploration Permit, Pitkäjärvi 1. Metallurgical testwork has demonstrated the potential to produce battery grade graphite products and further to completing a second drilling campaign, the Company announced a Maiden Mineral Resource Estimate ("MRE").

Drilling confirmed wide graphite lenses extending along strike, at least 350m along the main conductive zone (EM anomaly extends for 700m), and at depth.

For the two parallel higher-grade zones previously identified, mineralisation has a strike length of at least 150m (the two parallel conductive zones extend for 300m and 250m), and these zones seem to merge to form one body of mineralisation.

Metallurgical Testwork/Market Assessment
Concentrates from the SGS testwork conducted in 2017 were sent to ProGraphite Gmbh ("ProGraphite") based in Germany. ProGraphite specialises in the processing and evaluation of graphite materials. The results 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 C(t) 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.

Highlights of the MRE are as follows:

- A global Indicated and Inferred Mineral Resource (reported in accordance with the JORC Code (2012 edition)) of 19.3 Mt at 4.5 per cent Total Graphitic Carbon ("TGC") for 878,000 t of contained graphite, reported from all material within the eastern and western lenses which are interpreted above a nominal 3.0 per cent TGC cut-off grade;
- A higher-grade Western Zone with an Indicated and Inferred Mineral Resource of 9.8 Mt at 5.0 per cent TGC for 490,000 t of contained graphite;
- An Eastern Zone with an Indicated and Inferred Mineral Resource of 9.5 Mt at 4.1 per cent TGC for 388,000 t of contained graphite;
- Reporting above a 4.0 per cent TGC cut-off grade based on the grade-tonnage curve for Aitolampi, gives an Indicated and Inferred Mineral Resource of 12.8 Mt at 5.0 per cent TGC for 639,000 t; and
- The Mineral Resource was estimated by CSA Global PTY Ltd ("CSA Global") of Australia.

Other Developments
In April 2018, Beowulf signed a Graphite Collaboration Agreement between Fennoscandian, and Åbo Akademi University ("Åbo"), located in Turku, Finland and joined a Cooperation Network of existing and new entrant raw materials suppliers to the emerging battery manufacturing industry in Finland.

The Cooperation Network includes the cities of Vaasa and Kokkola; Freeport Cobalt, the world's largest cobalt refinery and producer of battery chemicals; Nornickel, the producer of world-class nickel metals and nickel chemicals in Harjavalta; Terrafame Group, the parent company of Terrafame, producing nickel, zinc, cobalt and copper in Sotkamo; Keliber, which is preparing to start lithium production in Kaustinen and Kokkola; as well as Fennoscandian.

Also, Fennoscandian was granted Euros 161,000 by Business Finland for a research project entitled "Green Minerals - Graphite, Exploration to Products". The project runs from 1 January 2018 to 31 December 2019 and has a total budget of Euros 323,750. The Company will contribute the balance of the funding.

Post-Year End
In March 2019, the Company announced that Fennoscandian is to receive additional funding from Business Finland, 50 per cent contribution to a budget of Euros 224,900, for graphite purification and spheroidization testwork, and the further assessment of Fennoscandian's graphite for battery applications. Business Finland has been granted Euro 10 million funding for a project titled "BATCircle - the development of a Finland-based Circular Ecosystem of Battery Metals".

A new drilling campaign at Aitolampi also got underway, targeting both higher-grade mineralisation and high-priority geophysical anomalies.

The drill plan includes seven holes for an approximate total of 1,040m. Four holes, 620m of drilling, are planned to test potential higher-grade mineralised zones to the south-east of drill hole AITDD18018 (completed in 2018 and which intersected 92.5m at 6.19 per cent TGC. The three remaining holes will target high-priority geophysical anomalies untested by previous drilling.

The drilling programme will also generate sample material to support baseline environmental studies for Aitolampi, for graphite purification and spheroidization testwork, and the further assessment of Aitolampi graphite for battery applications as part of the Business Finland funded BATCircle Project.

The Company's exploration team continues to evaluate each prospect in the Company's portfolio, with the objective of establishing a 'resource footprint' of graphite, that could support the developing battery manufacturing sector in Finland and satisfy the country's ambition to be self-sufficient in the production of battery minerals.

KOSOVO

Vardar Minerals Limited
During the year, Beowulf announced an initial investment of 14 per cent in Vardar Minerals Limited ("Vardar"), a UK registered private exploration company with interest in the Balkans, for the consideration of £250,000, satisfied in cash. The Company's investment enabled Vardar to complete its 2018 exploration programme, including geological mapping, specifically hydrothermal alteration, the presence of which is an indicator of possible porphyry-related metal deposition, and reconnaissance rock chip and geochemical soil sampling.

Overview
Based on the geological setting and analysis of historical archive data, Vardar has previously identified the Mitrovica and Viti projects as attractive. Both projects are located within the Tethyan Belt, a major orogenic metallogenic province for gold and base metals which extends from the Alps (Carpathians/Balkans) to Turkey, Iran and Indochina, and contains several world class discoveries.

The Tethyan Belt of south-east Europe can be regarded as Europe's chief copper-gold (lead-zinc-silver) province. Mitrovica and Viti occur within calc-alkaline magmatic arc(s) which developed during the closure of the Neotethys Ocean, primarily targeting epithermal gold, lead-zinc-silver replacement deposits and porphyry related copper-gold mineralisation.

The lack of modern-day exploration in the Balkans presents a real opportunity for new discoveries, such as the Kiseljak porphyry copper deposit in the Lece magmatic complex in neighbouring Serbia, 459 Mt at 0.22 per cent copper, 0.2 grammes per tonne ("g/t") gold, acquired by Dundee Precious Metals in February 2016.

Mitrovica
The Mitrovica project is situated in northern Kosovo, covers 55 square kilometres ("km^2"), and lies immediately to the west and northwest of the Stan Terg lead-zinc-silver mine which dates back to the 1930's (34 Mt) at 3.45 per cent lead, 2.30 per cent zinc and 80 g/t silver).

The licence area exhibits lead, zinc, silver and copper anomalies associated with iron stockworks and gossans, anomalous gold and silver associated with advanced argillic alteration zones, and alteration typical of epithermal gold systems. The project is prospective for both high sulphidation gold mineralisation and vein/replacement related base metal targets.

On a regional scale, the area is located within the late Alpine Tethyan Orogenic Belt and more specifically within the External Vardar Sub-zone of the Vardar Zone. The basement is comprised of ophiolites and a metasedimentary mélange affected by a polymetamorphic overprint (not exceeding greenschist facies conditions). A series of felsic to intermediate sub-volcanic and pyroclastic rocks of Oligocene to Early Miocene age represents the cover sequence.

In early 2018, mapping identified an extensive lead-zinc mineralised gossan, Wolf Mountain target, in the central part of Mitrovica, with associated hydrothermal breccias and silicification on the central-eastern margin of the licence area, along with copper mineralisation associated with trachyte dykes intruding into basement rocks.

In November 2018, fieldwork continued with trenching/channel sampling, geological mapping and ground magnetic geophysical surveys over Wolf Mountain. In addition, detailed geological mapping and sampling were carried out in the Mitrovica South and Majdan Peak areas in the southern part of the licence area, targeting potential porphyry copper and epithermal gold mineralisation.

Highlights

- The Wolf Mountain lead-zinc target (Vllahi Zone) forms a prominent outcropping gossan, with strike length of more than 4km and width ranging from approximately 20m to greater than 300m. The target is located approximately 4km from the Stan Terg mine, highlighting the potential for significant lead-zinc mineralisation;

- All assays from the exposed gossan zone have returned anomalous metal contents averaging 0.71 per cent zinc and 0.73 per cent lead;

- Channel samples show continuity of mineralisation and zones of intense silicification and hydrothermal breccias;

- Highest combined lead-zinc assays from channel sampling returned 2.8 per cent over 26m. Other samples returned lead-zinc assays of 2.34 per cent over 27m, 1.4 per cent over 11m and 0.6 per cent over 22m;

- Elevated silver content averaging 6.0 g/t across the mineralised zone, with individual samples returning up to 93 g/t; and

- Elevated nickel content averaging of 0.15 per cent across the mineralised zone.

Discovery of potential porphyry-epithermal related mineralisation in the southern part of the Mitrovica licence including:

- A large hydrothermal breccia associated with trachyte sills with significant metal anomalies, including consistent zinc values in excess of 1.0 per cent, along with elevated gold of 1.25 g/t and silver of 57 g/t;

- Copper mineralisation, up to 3500 ppm, associated with altered trachyte dykes; and

- Significant gold recoveries from advanced argillic samples (up to 7.0 g/t) on Majdan peak in the south-eastern portion of the licence area.

Wolf Mountain

The Wolf Mountain target forms a prominent outcropping feature, with strike length of more than 4km and width ranging from almost 20m to greater than 300m. It represents a hydrothermal breccia zone with stockworks, which outcrop as a gossan, with iron-manganese oxides and hydroxides. The peripheral parts of the zone are characterised by intense silicification corresponding to fold structures which control the development of the hydrothermal breccia.

The mineralisation is structurally controlled, and for most of the target mineralisation is developed in the basement, broadly following a tectonic contact between ultramafic rocks and phyllite, with the bulk of mineralisation developed within the ultramafic units. Mineralisation is likely vein/replacement-type related to Oligocene magmatic activity responsible for the hydrothermal systems mapped in the southern portion of the licence area.

202 samples have been analysed over the extent of the area, including 118 composite channel samples, and rock grab samples that were cut along traverses perpendicular to the strike of the outcropping gossan. All samples were analysed using 48 element ICP-MS with gold fire assay ICP-AES at ALS Global ("ALS") in Serbia and Ireland.

Mitrovica South
Detailed alteration mapping and sampling have been carried out across the southern half of the licence area. Of interest is a sub-volcanic sill like body of trachytic composition associated with a hydrothermal breccia zone and with abundant iron oxides. Several samples collected from the breccia zone returned significant metal anomalies including consistent zinc values in excess of 1.0 per cent, along with gold (1.25 g/t) and silver (57 g/t) anomalies.

One kilometre south of the above target, interpretation of magnetic airborne geophysical data has led to the identification of a prominent circular magnetic anomaly with magnetised and demagnetised concentric rings, displaying a typical signature of porphyry targets. Geological mapping in this area has identified hydrothermal breccias which have returned significant copper assays in grab samples (0.21 per cent and 0.35 per cent). The presence of the magnetic anomaly and associated copper mineralisation is of interest as it may suggest the potential for porphyry style mineralisation at a deeper structural level in basement rocks.

Higher up in the system, at Madjan Hill, also in the southern part of the licence area, several historic gold workings/pits have been discovered, thought to be of Saxon or Roman age. Rock chip sampling on the slopes of the hill, in an area of advanced argillic alteration, has returned significant gold anomalies of up to 7.0 g/t, suggesting potential for epithermal gold mineralisation.

Viti
The Viti project is situated in south-eastern Kosovo and is made up of three adjacent licences covering 213 km^2. The licences cover an interpreted circular intrusive from regional airborne magnetic data. There is evidence of intense alteration typically associated with porphyry systems, with several copper occurrences and stream sample anomalies in proximity to, and within the project area. In addition, Viti is prospective for lithium-boron mineralisation, with a geological setting like Rio Tinto's Jadar deposit in Serbia.

In the south-east of the project area, reconnaissance mapping identified several zones of intense argillic alteration, hydrothermal breccias and iron oxide stockworks. The interpretation of regional magnetic data suggests that alteration is located on the margin of a large caldera structure, which supports the case for porphyry mineralisation. Recent geological mapping has identified prominent silicified gossans, breccias and iron oxide stockworks with intense argillic alteration, often associated with trachyte dykes.

The target area includes a gossanous zone, approximately 300m by 200m, surrounded by a zone of intense argillic alteration, approximately 1.5km in diameter. Sampling over the gossan has returned encouraging results, with anomalous copper (0.99 per cent) and gold (0.16 g/t), along with elevated molybdenum and zinc, potentially related to the deeper part of an uplifted porphyry system with associated phyllic alteration.

Post-Year End
In April 2019, Beowulf announced a follow-on investment in Vardar of £750,000, increasing Beowulf's stake in the company from 14.1 per cent to 37.55 per cent. The investment will fund Vardar's 2019 Kosovan exploration programme, diamond drilling, geophysical surveys and other activities, at the Mitrovica project, targeting lead-zinc-silver, copper and gold mineralisation, and at the Viti project, targeting copper-gold, lithium-boron mineralisation.

BOARD OF DIRECTORS

Göran Färm – Non-Executive Chairman

Mr Färm joined Beowulf as Non-Executive Chairman in October 2017.

Göran, born in 1949, was 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.

Kurt Budge - Chief Executive Officer, MBA, MEng ARSM

Mr Budge was appointed Chief Executive Officer of Beowulf Mining in October 2014 after joining the Company as a Non-Executive Director in September 2014.

Kurt has over 20 years' experience in the mining sector, during which he spent five years as a Business Development Executive in Rio Tinto's Business Evaluation Department. Here he was engaged in mergers and acquisitions, divestments and evaluated capital investments. He has also been an independent advisor to junior mining companies on acquisitions and project development as well as a General Manager of Business Development, where he developed strategic growth and merger and acquisition options for iron ore assets.

Kurt was Vice President of Pala Investments AG, a mining focused private equity firm based in Switzerland, and has worked as a mining analyst in investment research.

During the earlier part of his career he held several senior operations and planning roles in the UK coal industry with RJB Mining (UK Coal plc) and worked as a Venture Capital Executive with Schroder Ventures.

Kurt holds an M. Eng (Hons) degree in Mining Engineering from The Royal School of Mines, Imperial College London, and an MBA from London Business School.

Christopher Davies - Non-Executive Director, BSc Hons Geology, MSc DIC Mineral Exploration

Mr Davies joined the board of Beowulf as a Non-Executive Director in April 2016. 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, a particular skill set which will be complimentary to Beowulf's existing team. He was Manager for the exploration and development of a graphite deposit in Tanzania and has been involved with due diligence studies on graphite deposits in East Africa and Sri Lanka.

Chris has worked as a geologist in many different parts of the world including Africa, Australia, Yemen, Indonesia, and Eastern Europe. His most recent role was as a Consultant to an Australian Group seeking copper-gold assets in Africa where he carried out technical due diligence and negotiated commercial terms for joint venture partnerships. Chris was Operations Director of African Eagle until March 2012 and Country Manager for SAMAX Resources in Tanzania, which was acquired by Ashanti Goldfields in 1998 for US$135 million.

SENIOR MANAGEMENT

Liam O'Donoghue - Company Secretary

Mr O'Donoghue is a qualified corporate lawyer and director of the AIM specialist advisory and administration firm, ONE Advisory Group Limited.

Rasmus Blomqvist - Exploration Manager

Mr. Blomqvist, the founder of Fennoscandian, was appointed Exploration Manager in January 2016. Mr. Blomqvist has been working in exploration and mining geology for over 11 years and holds an MSc in Geology and Mineralogy from Åbo Akademi University, Turku Finland.

Since 2012, Mr. Blomqvist has been exploring for flake graphite within the Fennoscandian shield and is one of the most experienced graphite geologists in the Nordic region. Prior to Fennoscandian, Mr. Blomqvist was Chief Geologist for Nussir ASA, managing its exploration team and achieving significant exploration success for the company.

Prior to Nussir, Mr. Blomqvist worked as an independent consultant for several international mining companies including Mawson Resources, Tasman Metals and Agnico Eagle and has experience in graphite, gold, base metals and iron ore, within the Nordic region.

Mr Blomqvist is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM").

The Directors present their strategic report for the year ended 31 December 2018.

PRINCIPAL ACTIVITY
The principal activities of the Group are the exploration and development for iron ore, graphite and other prospective minerals in the Nordic Region and Kosovo. A detailed review of the mining activities can be found under Review of Operations and Activities. The Group is controlled, financed and administered within the United Kingdom which remains the principal place of business.

REVIEW OF THE BUSINESS
The results of the Group for the year are set out in the consolidated income statement and show a loss after taxation attributable to the owners of the parent for the year of £1,373,936 (2017: Loss of £1,038,248). A comprehensive review of the business is given under the Chairman's Statement and Review of Operations and Activities.

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks and uncertainties facing the Group are detailed below:

Description	Risk	Risk rating pre-mitigation	Mitigating action	Risk rating post-mitigation
Not obtaining an Exploitation Concession at Kallak North	The Company does not meet the requirements of the prescribed process for an Exploitation Concession	HIGH	In July 2015, the CAB supported the Company's application, and in October 2015 the Mining Inspectorate recommended that the concession be awarded. In its November 2017 statement, the CAB recommended that a Concession is not awarded, but failed to use the socio-economic assessment criteria set out in the Environmental Code for applications such as ours, which put emphasis on safeguarding investment and job creation, and giving consideration for the municipalities' financial health. The CAB also contradicted its July 2015 position, when it supported the economic case for Kallak. It is the Board's opinion that the Company has fully met the requirements of the prescribed application process, Swedish Minerals Act and Environmental Code. The Company has the support of the Mayor of Jokkmokk, landowners' association and local entrepreneurs who have lobbied the Government for the award of the Concession. Kallak would have a positive transformational economic effect on Jokkmokk, the importance of which the Government has acknowledged.	MEDIUM
Revocation of licences	Licences are subject to conditions which, if not satisfied, may lead to the revocation of the licence	MEDIUM	The Company diligently manages its licences to ensure full compliance. A monthly status report is generated for monitoring purposes and action.	LOW

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The principal risks and uncertainties facing the Group are detailed below:

Unable to raise sufficient funds	Unable to raise sufficient funds to invest in project portfolio and cover corporate costs	MEDIUM	Effectively communicate to the market. Raise capital in a timely manner, as record of accomplishment shows. Ensure forecasting is accurate, and expenditure controls are in place to optimise cash resources.	MEDIUM
Long term adverse changes in Commodity prices	Prices for iron ore, graphite, and other commodities may affect the viability of the Company's projects	MEDIUM	The Company identifies and invests in high quality projects that are attractive to the market. The Company will manage capital and operating expenditures to maximise shareholder returns.	MEDIUM
Not discovering an economic mineral deposit	Very few projects go through to be developed into mines	HIGH	Early studies and testwork give confidence that the Company is allocating capital appropriately. In Kallak and Aitolampi we have potential quality resources, benefitted by excellent local infrastructure, and established low-risk mining countries.	MEDIUM TO LOW
Revocation of licences	Licences are subject to conditions which, if not satisfied, may lead to the revocation of the licence	MEDIUM	The Company diligently manages its licences to ensure full compliance. A monthly status report is generated for monitoring purposes and action.	LOW

PERFORMANCE MEASUREMENT

The ongoing performance of the Company is managed and monitored using a number of key financial and non-financial indicators ("KPIs") on a monthly basis:

Financial:

i. ***Administration Expenses***
Overheads are managed versus budget and forecast on a monthly basis. The Company has a history of tightly managing its expenses. The underlying group overhead expenses decreased in the year to £794,851 (2017: £861,669), which was comparable to managements overall forecasts for the year.

ii. ***Cash position***
Cash is vital for an exploration company and it must be managed accordingly. Monthly, the Company, analyses the expenditure of each subsidiary. It also manages monthly cash flow for the Group versus budget and forecast. The financial strategy is to ensure that wherever possible there are sufficient funds to cover corporate overheads and exploration expenditure for a 12-month period. The Group demonstrates a commitment to financial stability as shown by a year end cash position of £1.53 million (2017: £1.59 million) and fundraises subsequent to year end that have raised £1.25 million before expenses.

iii. ***Exploration expenditure by project***
The Company controls its exploration spend by project versus budget and in relation to its available cash resources. If the results of exploration do not meet expectations, then budgeted activities are re-evaluated or even cancelled. Evaluation of early stage projects is approached in a cost-effective way. The Group determines whether there are any indicators of impairment of its exploration assets on an annual basis. This approach is best evidenced through the decision to impair several early stage projects in the current year, in order to preserve resources.

Non-financial:

iv. ***Licence renewal compliance***
It is important from a risk management perspective that the Company monitors the expiry dates of its exploration permits. This is managed internally for its Finnish graphite permits while, in Sweden, the Company uses an external service provider to report on the status of its permits and assist with renewal applications.

ON BEHALF OF THE BOARD:

Mr K Budge
Director
30 May 2019

The Directors present their report, together with the audited financial statements of the Group, for the year ended 31 December 2018.

DIRECTORS

Since 1 January 2018 the following Directors have held office:

Mr K R Budge
Mr Christopher Davies
Mr G Färm

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018 (2017: £nil).

GOING CONCERN

At 31 December 2018, the Group had a cash balance of £1.53 million (2017: £1.59 million)

Management have prepared cash flow forecasts which indicate that although there is no immediate funding requirement, the Group will need to raise further funds in the next 12 months for corporate overheads and to advance its projects. Subsequent to year end, the Company has raised £1.25 million (before expenses) cumulatively through two successful subscriptions.

The Directors are confident they are taking all necessary steps to ensure that the required finance will be available and they have successfully raised equity finance in the past. They have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis. However, while they are confident of being able to raise the new funds as they are required, there are currently no agreements in place, and there can be no certainty that they will be successful in raising the required funds within the appropriate timeframe.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's and the Company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

SIGNIFICANT SHAREHOLDINGS

The Directors are aware of the following interests, directly or indirectly, in three per cent or more of the Group's ordinary shares on 31 December 2018:

Shareholders	Shares	%
Interactive Investor Services Nominees Limited – A/C SMKTNOMS	30,968,094	5.47
Hargreaves Lansdown (Nominees) Limited	24,003,244	4.24
HSDL (Nominees) Limited	23,467,074	4.14
Interactive Investor Services Nominees Limited – A/C SMKTISAS	18,353,009	3.24

AUTHORITY TO ISSUE SHARES

Each year at the AGM the Directors seek authority to allot shares. The authority, when granted, lasts until the next AGM (unless renewed, varied or revoked by the Company prior to, or on, such date). At the AGM held on 29 June 2018, shareholders gave authority for the Directors to allot equity securities for cash up to an aggregate nominal value of £1,340,768 (2017: £1,314,268).

SIGNIFICANT AGREEMENTS

The Companies Act 2006 requires the Company to disclose any significant agreements which take effect, alter or terminate upon a change of control of the Company. The Company is not aware of, or party to, any such agreement.

EVENTS AFTER THE REPORTING PERIOD

Information relating to events since the end of the year is given in Note 23 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management policies and objectives for capital management are provided within Note 19 to the financial statements.

FUTURE DEVELOPMENTS WITHIN THE BUSINESS

Beowulf's strategy is to build a sustainable and innovative mining company, which creates shareholder value by developing mining assets, delivering production and generating cash flow, and in so doing meets society's ongoing need for minerals, metals and economic prosperity.

Beowulf is developing a high-quality asset base, which is diversified by geography and commodity, enabling it to simultaneously advance several projects up the mining value curve and create shareholder value.

Additionally, the Board of Directors continues to look beyond the Company for value creation opportunities.

The Company's first priority remains the award of the Exploitation Concession for Kallak North, and thereafter completing the Scoping Study. The introduction of a strategic partner/investor who understands the value of Kallak as a high-quality asset, which could be in production within four to five years, is an ongoing consideration, but does not preclude the Company from continuing to add value to Kallak in the meantime.

Fennoscandian, the Company's graphite business, is pursuing a strategy to develop a 'resource footprint' of natural flake graphite prospects that can provide 'security of supply' and enable Finland to achieve its ambition of self-sufficiency in battery manufacturing. The Company is a recipient of Business Finland funding, which is supporting Fennoscandian to move downstream, and develop its know-how in processing and manufacturing value-added graphite products.

The Company's investment in Vardar Minerals provides diversification, in geography and commodity exposure, to prospective exploration opportunities in the Balkan region in Kosovo. Mitrovica and Viti projects are both located within the Tethyan Belt, a major orogenic metallogenic province for gold and base metals which extends from the Alps (Carpathians/Balkans) to Turkey, Iran and Indochina, and contains several world class discoveries. The Tethyan Belt of south-east Europe can be regarded as Europe's chief copper-gold (lead-zinc-silver) province.

The Company's investment priorities across its portfolio remain subject to funding being available.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy, at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM and the rules of the Spotlight Exchange in Sweden.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITOR

BDO LLP has extensive experience of working with AIM companies in the Natural Resources sector. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Group's forthcoming Annual General Meeting.

ANNUAL GENERAL MEETING

The Group's Annual General Meeting will be held at 11.00 a.m. (BST) on 28 June 2019 at the offices of BDO, 55 Baker Street,W1U 7EU, London. The Notice of Meeting including details of the proposed resolutions will be posted to shareholders in due course and will appear on the Company's website.

ON BEHALF OF THE BOARD:

Mr K Budge
Director
30 May 2019

The Directors have chosen to voluntarily present an audited remuneration report although is not required by the Companies Act 2006. Details of the Remuneration Committee's composition and responsibilities are set out in the Corporate Governance Report on page 27 and its terms of reference can be found on the Group's website: beowulfmining.com

Executive Directors' terms of engagement
Mr Budge is the sole Executive Director and Chief Executive Officer. His annual salary was increased from £130,000 to £138,000 on 27 December 2018. Mr Budge has a notice period of 12 months.

Non-Executive Directors' terms of engagement
The Non-Executive Directors have specific terms of engagement under a letter of appointment. Their remuneration is determined by the Board. In the event that a Non-Executive Director undertakes additional assignments or work for the Company, this is covered under a separate consultancy agreement.

Mr Davies annual fee was increased from £25,000 to £30,000 per annum. Mr Davies has a consultancy agreement with the Company for the provision of exploration advice over and above his Non-Executive duties. Mr Davies has a one month notice period under his letter of appointment.

Mr Färm was appointed as Non-Executive Chairman on 30 October 2017. Under Mr Färm's letter of appointment, he is paid an equivalent fee in Swedish Krona of £33,975 per annum. Mr Färm has a one month notice period under his letter of appointment.

Indemnity Agreements
Pursuant to the Companies Act 2006 and the Company's articles of association, the Board may exercise the powers of the Company to indemnify its Directors against certain liabilities, and to provide its Directors with funds to meet expenditure incurred, or to be incurred, in defending certain legal proceedings or in connection with certain applications to the court. In exercise of that power, and by resolution of the Board on 26 July 2016, the Company has agreed to enter into this Deed of Indemnity with each Director.

Aggregate Directors' Remuneration
The remuneration paid to the Directors in accordance with their agreements, during the years ended 31 December 2018 and 31 December 2017, was as follows:

Name	Position	Salary & Fees[1]	Share-based Payments[2]	Benefits[4]	Pension[5]	2018 Total	2017 Total
		£	£	£	£	£	£
Mr B Metcalf[3]	Non-Executive Chairman	-	-	-	-	-	439,682
Mr K R Budge	Chief Executive Officer	130,667	-	720	13,000	144,387	151,750
Mr C Davies	Non-Executive Director	31,417	109,144	-	-	140,561	133,669
Mr G Färm	Non-Executive Chairman	27,351	-	-	-	27,351	4,674
Total		189,435	109,144	720	13,000	312,299	729,775

Notes:
(1) Does not include expenses reimbursed to the Directors.
(2) In relation to options granted in year ended 31 December 2017.
(3) Mr Metcalf retired on 30 October 2017. Remuneration includes gain on exercise of options of £378,450 in the year ended 31 December 2017.
(4) Personal life insurance policy
(5) Employer contributions to personal pension.

Each Director is also paid all reasonable expenses incurred wholly, necessarily and exclusively in the proper performance of his duties.

The beneficial and other interests of the Directors holding office on 31 December 2018 in the issued share capital of the Company were as follows:

ORDINARY SHARES	**31 December 2018**	**31 December 2017**
Mr K R Budge	2,249,759	2,249,759

As 31 December 2018, 2,250,000 options have not yet vested.

ORDINARY SHARES UNDER OPTION	**NUMBER**	**EXERCISE PRICE**	**EXPIRY DATE**
Mr K R Budge	500,000	4 pence	9 October 2019
Mr K R Budge	9,000,000	1.66 pence	17 July 2020
Mr C Davies	2,500,000	12 pence	26 January 2022

ON BEHALF OF THE REMUNERATION COMMITTEE

Göran Färm
Non-Executive Chairman
30 May 2019

Corporate Governance Statement

It is the responsibility as Chairman of the Board of Directors of the Company to ensure that the Group has both sound corporate governance and an effective Board. The Chairman's principal responsibilities are to ensure that the Group and the Board are acting in the best interests of shareholders, and by making sure that the Board discharges its responsibilities appropriately. This includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The Company formally adopted the Quoted Companies Alliance Corporate Governance ("QCA Code") in September 2018, in line with the London Stock Exchange's changes to the AIM Rules earlier in the year. This report follows the QCA Code guidelines and explains how we have applied the guidance. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company. The Board recognises that the Company does not fully comply with the 10 principles and general provisions of the QCA Code but does use it as a benchmark in assessing its corporate governance standards. Areas of non-compliance are disclosed in the text below. Details of the Company's compliance with the QCA code can be found below and in the Corporate Governance section of the Company's website.

The Board believes that application of the QCA Code supports the Company's medium to long-term development whilst managing risks, as well as providing an underlying framework of commitment and transparent communications with stakeholders. It also seeks to develop the knowledge shared between the Company and its stakeholders.

During the year, the Company decided to adopt the QCA Code and save this there have been no other changes to the Company's governance arrangements.

Strategy, Risk Management and Responsibility

A description of the Company's business model and strategy can be found on pages 2 and 3, and the key challenges in their execution can be found on page 19.

The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of the Company's principal risks. The Audit Committee (see page 29) has delegated responsibility for the oversight of the Company's risk management and internal controls and procedures and for determining the adequacy and efficiency of internal control and risk management systems. The Board continuously monitors and upgrades its internal control procedures and risk management mechanisms and conducts an annual review, when it assesses both for effectiveness. This process enables the Board to determine if the risk exposure has changed during the year and these disclosures are included on page 19.

In setting and implementing the Company's strategies, the Board, having identified the risks, seeks to limit the extent of the Company's exposure to them having regard to both its risk tolerance and risk appetite.

Directors

The Board comprises the Independent Non-Executive Chairman, Göran Färm; the CEO, Kurt Budge; and Independent Non- Executive Director, Chris Davies.

Chris Davies holds no Ordinary Shares and holds 2,500,000 options over Ordinary Shares. Chris Davies has a consultancy agreement in place with the Company. Neither Chris Davies nor the other Directors believe his options are significant in assessing his independence.

All Directors are encouraged to challenge and to bring independent judgement to bear on all matters, both strategic and operational. Biographical details of the Directors can be found on the Group's website www.beowulfmining.com .

As a Non-executive Director, Chris Davies commits approximately between two to four days per month.

As the Independent Non-Executive Chair, Göran Färm dedicates approximately between two and four days per month.

The Board is satisfied that each of the Directors are able to allocate sufficient time to the Group to discharge their responsibilities effectively. The number of meetings of the Board and its Committees are outlined below:

Attendance by directors	**Board (8 meetings held)**	**Audit (1 meeting held)**	**Remuneration (1 meeting held)**
Mr K R Budge	8	-	-
Mr C Davies	8	1	1
Mr G Färm	8	1	1

The Directors believe that the Board, as a whole, has a broad range of commercial and professional skills, enabling it to discharge its duties and responsibilities effectively and that the Non-Executive Directors have a sufficient range of experience and skills to enable them to provide the necessary guidance, oversight and advice for the Board to operate effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Board annually reviews the appropriateness and opportunity for continuing professional development, whether formal or informal. The Directors also endeavour to ensure that their knowledge of best practices and regulatory developments is continually up to date by attending relevant seminars and conferences.

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. Therefore, the Board accepts that the Company does not comply with this aspect of the QCA Code, although in the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would be beneficial for the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it intends to expand the Board and, with expansion, re-consider the need for a formal Board evaluation.

Advisers
ONE Advisory Limited has been contracted by the Company to act as Company Secretary and has been given the responsibility for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, including assistance with Board and shareholder meetings and Market Abuse Regulations (“MAR”) compliance. ONE Advisory Limited also supports the Board in its development of the Company’s corporate governance responsibilities, assisting with the Company’s application of the QCA Code and amendments in relation to AIM Rule 26.

The Company’s Nomad is consulted on all matters and all Directors have access to independent professional advice, if required.

Neither the Board nor it’s Committees have sought external advice on a significant matter.

Culture
The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Company’s activities are centred upon an open and respectful dialogue with shareholders, contractors, regulators and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

In addition, the Company makes a point of meeting with local communities including local tribes and adjacent landowners. Furthermore, in the last year the Board supported a research paper exploring mining best practice, engagement with local people and natural resource development.

Audit Committee
Audit Committee comprises Chris Davies and Göran Färm, who chairs the committee. The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditor and reviewing audit reports relating to the accounts. Meetings of the Audit Committee are held at least twice a year, at appropriate times in the reporting and audit cycle. The Audit Committee is required to report formally to the Board on its proceedings after each meeting on all matters for which it has responsibility.

The Board notes that additional information supplied by the Audit Committee has been disseminated across the whole of this Annual Report, rather than included as separate Committee Reports.

Remuneration Committee
The Remuneration Committee comprises Chris Davies and Göran Färm, is chaired by Göran Färm, and meets as required each year. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of shareholders and the performance of the Company. A Remuneration Committee Report is included on page 25 and 26.

Nominations Committee
The Board has not established a Nominations Committee as the Board considers that a separately established committee is not yet necessary, as its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole.

The Board assesses the experience, knowledge and expertise of potential Directors before any appointment is made and adheres to the principle of establishing a Board comprising Directors with a blend of skills, experience and attributes appropriate to the Group and its business. The main criterion for the appointment of Directors is an ability to add value to the Group and its business.

All Directors appointed by the Board are subject to election by shareholders at the next Annual General Meeting of the Company following their appointment.

The Board will review the need for a Nominations Committee as the Company evolves and one will be established if, and when, it is considered appropriate.

ON BEHALF OF THE BOARD OF DIRECTORS

Göran Färm
Non-Executive Chairman
30 May 2019

Opinion
We have audited the financial statements of Beowulf Mining PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards to the Parent Company financial statements as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:
- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which explains that the group will need to raise further funds in the next twelve months to enable it to meet its corporate overheads and to advance its projects.

The matters explained in note 1 indicate that a material uncertainty exists that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the conditions and uncertainties noted above we considered going concern to be a Key Audit Matter. We critically assessed management's financial forecasts and the underlying key assumptions, including operating and capital expenditure. In doing so, we considered factors such as commitments under licences, historical operating expenditure and the group's ability to raise funding in the near future. Our assessment also included:

- Making enquiries of management of the future financing plans and options and considered this in the light of management's track record of raising funds.
- Assessing the reasonableness of key assumptions underpinning the forecasts by referencing to current expenditure and commitments.
- We evaluated the adequacy of disclosure made in the financial statements in respect of going concern.

We found the key underlying assumptions to be within an acceptable range and the disclosures in the financial statements in respect of going concern to be appropriate.

Key audit matters

In addition to the matter described in the material uncertainty related to going concern section, key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of exploration assets

Key Audit Matter	The group's exploration assets represent its most significant assets and amount to £8.3 million as at 31 December 2018. Of this £7.1m relates to the Kallak North project, for which the application for the exploitation concession is currently being reviewed by the Swedish government. As explained in note 1 to the financial statements the assessment of whether there are indicators of impairment in relation to the exploration assets requires the exercise of significant judgement by management. Given the significance of the carrying value of the Kallak North project, the delays in the grant of the exploitation concession and the decision in November 2017 by the County Administrative Board ("CAB") not to support the grant of the concession, the assessment of whether there are indicators of impairment for exploration assets and in particular the Kallak North project represented a key audit matter for our audit. The directors have assessed whether there is an indicator of impairment for the Kallak North project and have concluded that this is not the case. Refer to note 7 for details of Management's assessment.
Audit Response	• We reviewed and challenged Management's assessment and consideration of the evidence to support the grant of exploitation concession for Kallak North, the delays in the grant and the decision by the CAB not to support the grant of the concession. This included review of correspondence with the various Swedish authorities involved in the process and assessment of their views and conclusions, review of CAB's points raised during the application process and Management's response and actions thereof and critical assessment of Management's views on CAB's decision to not support the award of the concession. • In addition, we made inquiries of management, reviewed minutes of meetings, RNS announcements and press releases to identify any additional information on the Kallak North concession application and any other factors which may indicate a potential indictor of impairment. • We reviewed Management's assessment of indicators of in respect of each of the licence areas, including the validity of all licences, planned expenditure on each area and management's intention to continue exploration work on each licence area. • We evaluated the adequacy and appropriateness of the disclosures provided within the financial statements in notes 1 and 7.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider total assets to be the most significant determinant of the group's financial performance used by shareholders, as the group is engaged in exploration activities and the principal focus of the users is likely to be the gross assets of the group. The benchmark percentage for calculating materiality has remained consistent in the current year at 1.5% of total assets.

Whilst materiality for the financial statements as a whole was £150,000 (2017: £150,000) (2017: £10m), each significant component of the group was audited to a lower level of materiality. The parent company materiality was £100,000 (2017: £112,500) with the other significant components' materiality set at £100,000 (2017: £85,000). These materiality levels were used to determine the financial statement areas that are included within the scope of our audit work and the extent of sample sizes during the audit.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at 75% (2017: 75%) of the above materiality levels.

We agreed with the Audit Committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £3,500. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

No revisions were made to materiality levels during the course of the audit.

An overview of the scope of our audit

Our group audit scope focussed on the group's principal operating locations and legal structure. The group has operating entities based in the UK, Sweden and Finland. We assessed there to be two significant components being the Parent Company, Beowulf Mining Plc, with operations in UK and Jokkmokk Iron Mines AB with operations in Sweden.
The parent Company was subject to a full scope audit by the group auditor.

A full scope audit for group reporting purposes was performed by a non-BDO network firm on the significant component in Sweden, Jokkmokk Iron Mines AB. Specific procedures were completed by a non-BDO network firm in Finland on Oy Fennoscandian Resources AB, which holds the Finnish assets. Detailed group reporting instructions for the testing of the significant areas were sent to the component auditors. For Jokkmokk Iron Mines AB we have reviewed the audit files and we discussed the findings with the component audit partner. We also reviewed the audit testing performed in respect of Oy Fennoscandian Resources AB. In addition, the group audit team also performed audit procedures over the significant risk areas and the consolidation. The remaining non-significant subsidiaries of the group were subject to analytical review procedures.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Barnsdall (Senior Statutory Auditor)
For and on behalf of BDO LLP,
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

	Note	2018	2017
		£	£
CONTINUING OPERATIONS			
Administrative expenses		(794,851)	(861,669)
Impairment of exploration costs		(571,456)	(183,131)
Share of loss in associates		(19,880)	-
OPERATING LOSS		(1,386,187)	(1,044,800)
Finance income	3	11,603	5,234
LOSS BEFORE INCOME TAX	4	(1,374,584)	(1,039,566)
Income tax expense	5	-	-
LOSS FOR THE YEAR		(1,374,584)	(1,039,566)
Loss attributable to:			
Owners of the parent		(1,373,936)	(1,038,248)
Non-controlling interests		(648)	(1,318)
		(1,374,584)	(1,039,566)
Loss per share attributable to the ordinary equity holder of the parent:			
Basic and diluted (pence)	6	(0.25)	(0.20)

The notes on pages 44 to 70 form part of these financial statements

	Note	2018 £	2017 £
LOSS FOR THE YEAR		(1,374,584)	(1,039,566)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses arising on translation of foreign operations		(123,265)	67,862
		(123,265)	67,862
TOTAL COMPREHENSIVE LOSS		(1,497,849)	(971,704)
Total comprehensive loss attributable to:			
Owners of the parent		(1,497,133)	(970,426)
Non-controlling interests	13	(716)	(1,278)
		(1,497,849)	(971,704)

The notes on pages 44 to 70 form part of these financial statements

	Note	2018	2017
		£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	8,285,547	8,191,232
Property, plant and equipment	8	16,083	28,580
Investment in associate	9	230,120	-
Loans and other financial assets	10	5,462	5,530
		8,537,212	8,225,342
CURRENT ASSETS			
Trade and other receivables	11	62,956	65,032
Cash and cash equivalents	12	1,533,232	1,589,897
		1,596,188	1,654,929
TOTAL ASSETS		10,133,400	9,880,271
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	14	5,663,072	5,342,072
Share premium	16	19,266,271	18,141,271
Capital contribution reserve	16	46,451	46,451
Share based payment reserve	16	612,465	575,078
Merger reserve	16	137,700	137,700
Translation reserve	16	(520,257)	(397,060)
Accumulated losses	16	(15,311,933)	(14,079,747)
		9,893,769	9,765,765
Non-controlling interests	13	(160,587)	(159,871)
TOTAL EQUITY		9,733,182	9,605,894
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	208,013	274,377
Deferred income	18	192,205	-
TOTAL LIABILITIES		400,218	274,377
TOTAL EQUITY AND LIABILITIES		10,133,400	9,880,271

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2019 and were signed on its behalf by:

Mr K Budge - Director
Company Number 02330496

The notes on pages 44 to 70 form part of these financial statements

	Note	2018	2017
		£	£
ASSETS			
NON-CURRENT ASSETS			
Investments	9	732,988	479,311
Loans and other financial assets	10	8,222,217	8,953,625
		8,955,205	9,432,936
CURRENT ASSETS			
Trade and other receivables	11	24,401	40,101
Cash and cash equivalents	12	1,470,087	1,508,321
		1,494,488	1,548,422
TOTAL ASSETS		10,449,693	10,981,358
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	14	5,663,072	5,342,072
Share premium	16	19,266,271	18,141,271
Capital contribution reserve	16	46,451	46,451
Share based payment reserve	16	612,465	575,078
Merger reserve	16	137,700	137,700
Accumulated losses	16	(15,535,429)	(13,384,494)
TOTAL EQUITY		10,190,530	10,858,078
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	66,958	123,280
Deferred income	18	192,205	-
TOTAL LIABILITIES		259,163	123,280
TOTAL EQUITY AND LIABILITIES		10,449,693	10,981,358

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £609,186 (2017: Loss £704,470).

These financial statements were approved and authorised for issue by the Board of Directors on 30 May 2019 and were signed on its behalf by:

Mr K Budge - Director
Company Number 02330496

The notes on pages 44 to 70 form part of these financial statement

BEOWULF MINING PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Share capital	Share premium	Revaluation reserve	Merger reserve	Capital contribution reserve
		£	£	£	£	£
At 1 January 2017		5,026,302	16,879,241	25,664	137,700	46,451
Loss for the year		-	-	-	-	-
Reclassification of revaluation reserve		-	-	-	-	-
Foreign exchange translation		-	-	-	-	-
Total comprehensive income		-	-	-	-	-
Transactions with owners						
Issue of share capital		315,770	1,337,030	-	-	-
Cost of issue		-	(75,000)	-	-	-
Equity settled share-based transactions		-	-	-	-	-
Issues of shares	9	-	-	-	-	-
Transfer to accumulated losses		-	-	(25,664)	-	-
At 31 December 2017		5,342,072	18,141,271	-	137,700	46,451
Loss for the year		-	-	-	-	-
Foreign exchange translation		-	-	-	-	-
Total comprehensive income		-	-	-	-	-
Transactions with owners						
Issue of share capital	14	300,000	1,200,000	-	-	-
Cost of issue	14	-	(75,000)	-	-	-
Equity settled share-based transactions		-	-	-	-	-
Issues of shares		21,000	-	-	-	-
At 31 December 2018		5,663,072	19,266,271	-	137,700	46,451

The notes on pages 44 to 70 form part of these financial statements

	Note	**Share based payments reserve**	**Translation reserve**	**Accumulated losses**	**Totals**	**Non – controlling interest**	**Totals**
		£	**£**	**£**	**£**	**£**	**£**
At 1 January 2017		237,803	(464,882)	(13,067,163)	8,821,116	(158,593)	8,662,523
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)
Transactions with owners							
Issue of share capital	14	-	-	-	1,652,800	-	1,652,800
Cost of issue	14	-	-	-	(75,000)	-	(75,000)
Equity settled share-based transactions	15	203,059	-	-	203,059	-	203,059
Issue of shares	9	134,216	-	-	134,216	-	134,216
Transfer to accumulated losses		-	-	25,664	-	-	-
At 31 December 2017		575,078	(397,060)	(14,079,747)	9,765,765	(159,871)	9,605,894
Loss for the year		-	-	(1,373,936)	(1,373,936)	(648)	(1,374,584)
Foreign exchange translation		-	(123,197)	-	(123,197)	(68)	(123,265)
Total comprehensive income		-	(123,197)	(1,373,936)	(1,497,133)	(716)	(1,497,849)
Transactions with owners							
Issue of share capital	14	-	-	-	1,500,000	-	1,500,000
Cost of issue	14	-	-	-	(75,000)	-	(75,000)
Equity settled share-based transactions	15	196,460	-	-	196,460	-	196,460
Issue of shares	9	(159,073)	-	141,750	3,677	-	3,677
At 31 December 2018		612,465	(520,257)	(15,311,933)	9,893,769	(160,587)	9,733,182

The notes on pages 44 to 70 form part of these financial statements

	Note	Share capital £	Share premium £	Merger reserve £	Capital contribution reserve £	Share based payment reserve £	Accumulated Losses £	Totals £
At 1 January 2017		5,026,302	16,879,241	137,700	46,451	237,803	(12,680,024)	9,647,473
Loss for the year		-	-	-	-	-	(704,470)	(704,470)
Reclassification of revaluation reserve		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	(704,470)	(704,470)
Transactions with owners								
Issue of share capital	14	315,770	1,337,030	-	-	-	-	1,652,800
Cost of issue	14	-	(75,000)	-	-	-	-	(75,000)
Equity settled share-based transactions	15	-	-	-	-	203,059	-	203,059
Issue of shares	9	-	-	-	-	134,216	-	134,216
At 31 December 2017		5,342,072	18,141,271	137,700	46,451	575,078	(13,384,494)	10,858,078
Restatement of opening balances		-	-	-	-	-	(1,521,643)	(1,521,643)
At 1 January2018 (restated)		5,342,072	18,141,271	137,700	46,451	575,078	(14,906,137)	9,336,435
Loss for the year		-	-	-	-	-	(771,042)	(771,042)
Foreign exchange translation		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	(771,042)	(771,042)
Transactions with owners								
Issue of share capital	14	300,000	1,200,000	-	-	-	-	1,500,000
Cost of issue	14	-	(75,000)	-	-	-	-	(75,000)
Equity settled share-based transactions	15	-	-	-	-	196,460	-	196,460
Issue of shares	9	21,000	-	-	-	(159,073)	141,750	3,677
At 31 December 2018		5,663,072	19,266,271	137,700	46,451	612,465	(15,535,429)	10,190,530

The notes on pages 44 to 70 form part of these financial statements

	Note	2018	2017
		£	£
Cash flows from operating activities			
Loss before income tax		(1,374,584)	(1,039,566)
Depreciation charges	8	14,696	15,890
Equity-settled share-based transactions		196,460	203,059
Impairment of exploration costs	7	571,456	183,131
Finance income	3	(11,603)	(5,234)
Share of loss in associate		19,880	-
		(583,695)	(642,720)
Decrease/(increase) in trade and other receivables		2,603	(12,760)
(Increase)/decrease in trade and other payables		(72,740)	15,673
Net cash used in operating activities		(653,832)	(639,807)
Cash flows from investing activities			
Purchase of intangible assets	7	(778,495)	(943,599)
Purchase of property, plant and equipment	8	(2,515)	(20,367)
Sale of investments	9	13	14
Acquisition of associate	9	(250,000)	-
Grant receipt		192,205	-
Interest received		11,603	5,234
Net cash used in investing activities		(827,189)	(958,718)
Cash flows from financing activities			
Proceeds from issue of shares	14	1,500,000	1,652,800
Payment of share issue costs	14	(75,000)	(75,000)
Net cash from financing activities		1,425,000	1,577,800
Decrease in cash and cash equivalents		(56,021)	(20,725)
Cash and cash equivalents at beginning of year		1,589,897	1,609,219
Effect of foreign exchange rate changes		(644)	1,403
Cash and cash equivalents at end of year		1,533,232	1,589,897

The notes on pages 44 to 70 form part of these financial statements

BEOWULF MINING PLC
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss before income tax		(609,186)	(704,472)
Depreciation charges	8	-	139
Equity-settled share-based transactions		196,460	203,059
Finance income	3	(11,603)	(5,234)
		(424,329)	(506,508)
Decrease/(increase) in trade and other receivables		15,700	(5,524)
Decrease in trade and other payables		135,883	17,251
Net cash used in operating activities		(272,746)	(494,781)
Cash flows from investing activities			
Loans to subsidiaries		(952,091)	(1,147,702)
Acquisition of associate	9	(250,000)	-
Interest received		11,603	5,234
Net cash used in investing activities		(1,190,488)	(1,142,468)
Cash flows from financing activities			
Proceeds from issue of shares	14	1,500,000	1,652,800
Payment of share issue costs	14	(75,000)	(75,000)
Net cash from financing activities		1,425,000	1,577,800
Decrease in cash and cash equivalents		(38,234)	(59,449)
Cash and cash equivalents at beginning of year		1,508,321	1,567,770
Cash and cash equivalents at end of year		1,470,087	1,508,321

The notes on pages 44 to 70 form part of these financial statements

1. ACCOUNTING POLICIES

Nature of operations
Beowulf Mining plc (the "Company") is domiciled in England. The Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT. These consolidated financial statements comprise 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.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

Going concern
At 31 December 2018, the Group had a cash balance of £1.53 million and the Company had a cash balance of £1.47 million. Subsequent to year end, the Company has raised £1.25 million (before expenses) cumulatively through two successful subscriptions.

Management have prepared cash flow forecasts which indicate that although there is no immediate funding requirement, the Group will need to raise further funds in the next twelve months for corporate overheads and to advance its projects.

The Directors are confident they are taking all necessary steps to ensure that the required finance is available, and they have successfully raised equity finance subsequent to year end. They have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis. However, while they are confident of being able to raise the new funds as they are required, there are currently no agreements in place, and there can be no certainty that they will be successful in raising the required funds within the appropriate timeframe.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's and the Company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the Group and Company were unable to continue as a going concern.

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

New and amended standards, and interpretations issued and effective for the financial year beginning 1 January 2018
IFRS 15 Revenue from Contracts with Customers (effective in accounting periods beginning 1 January 2018) is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. The Company has reviewed this standard and consider this to have no material impact on the financial statements.

1. ACCOUNTING POLICIES

New and amended standards, and interpretations issued and effective for the financial year beginning 1 January 2018 (continued)
IFRS 9 replaces all phases of the financial instruments project and IAS 39 'Financial Instruments: Recognition and Measurement'. The standard is effective from periods beginning on or after January 2018 and introduces new requirements for the classification and measurement of financial assets and financial liabilities; and a new model for recognising provisions based on expected credit losses ("ECLs"). The impact of IFRS 9 has been assessed at a Group level, and there is no material impact on the consolidated results of the Group, as assets other than cash are immaterial and the ECL impairment is minimal.

The adoption of IFRS 9 has impacted the Parent company. This is a result of the existing incurred loss approach under IAS 39 being replaced by the forward-looking ECL model approach of IFRS 9. The ECL model is required to be applied to the intercompany loan receivable which is classified as held at amortised cost. Please refer to note 22 for the detail on the impact and the financial assets accounting policy included in this note on page 46.

The Company has opted to transition method requires a retrospective application for the first time adoption of IFRS 9, however the standard allows the Company a policy choice to not restate the comparative information with differences being recorded in opening retained earnings, these changes have been processed at the date of initial application (i.e. 1 January 2018), and presented in the statement of changes in equity as at 31 December 2018.

New and amended standards, and interpretations issued but not yet effective for the financial year beginning on or after 1 January 2018 and not early adopted
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective. Unless stated below, there are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Standard	**Effective Date**
IFRS 16 Leases	01-Jan-19

The impact of adopting IFRS 16 is not expected to have a material effect on the Group at this stage of the Group's operations.

Amendments to Existing Standards	**Effective Date**
Annual Improvements to IFRS's	01-Jan-19
Amendments to References to the conceptual framework in IFRS standards	01-Jan-20
Definition of Material – Amendments to IAS 1 and IAS 8	01-Jan-20

1. ACCOUNTING POLICIES (continued)

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

The principal source of risk and judgement is that the exploitation concession for Kallak North will not be awarded. The board has considered the impairment indicators as outlined in the Company's accounting policies and having done so is of the opinion that the current situation does not qualify as an impairment indicator and therefore no impairment provision is required for this permit (see note 7).

The other key areas of judgement and sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the assessment of any impairment of intangible assets and the estimation of share-based payment costs.

(i) The Group determines whether there are any indicators of impairment of intangible assets on an annual basis (see note 7);

The Parent Company in applying the ECL model under IFRS 9 must make assumptions when implementing the forward-looking ECL model. This model is required to be used to assess the intercompany loans receivable from subsidiaries for impairment.

Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary licences to be awarded, the Company's ability to raise finance, and ability to sell the project.

Basis of consolidation

(i) Subsidiaries and acquisitions

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

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

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

1. ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(i) Subsidiaries and acquisitions (continued)

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

(ii) Equity accounted investees

Associates
Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not the ability to control or jointly control those policies. Investments in Associates are accounted for using the equity method of accounting.

Equity method of accounting – Associates
Under the equity method of accounting, interests in Associates are initially recognised at cost. The Group's share of Associates post acquisition profits or losses after tax are recognised in the 'Share of results of Equity accounted investees' in the Group income statement. The Group's share of Associates post acquisition movement in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment less any impairment in value. Where indicators of impairment arise, the carrying amount of the Associate is tested for impairment by comparing its recoverable amount against its carrying value. Unrealised gains arising from transactions with Associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are similarly eliminated to the extent that they do not provide evidence of impairment of a transferred asset. When the Group's share of losses in an Associate equal or exceeds its interest in the Associate, the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the or Associate. When the Group ceases to have or significant influence, any retained interest in the entity is re-measured to its fair value at the date when or significant influence is lost with the change in carrying amount recognised in the income statement. The Group also reclassifies any movements previously recognised in other comprehensive income to the income statement.

(iii) Transactions eliminated on consolidation

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

1. ACCOUNTING POLICIES (continued)

Intangible assets – deferred exploration costs
All costs incurred prior to the application for the legal right to undertake exploration and evaluation activities on a project are expensed as incurred. Each asset is evaluated annually at 31 December, to determine whether there are any indications that impairment exists.

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

Exploration and evaluation activity includes:

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

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

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

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

Plant and machinery - 25 per cent on reducing balance

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

Investments in subsidiaries
Fixed asset investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

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

Financial assets
The Group classifies all of its financial assets at amortised cost. Management determines the classification of its financial assets at initial recognition.

Amortised cost

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime ECLs. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

1. ACCOUNTING POLICIES (continued)

Financial liabilities
The Group classifies its financial liabilities in the category of financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortised cost include:

- Trade payables and other short-dated monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.
- Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

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

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

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

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

1. ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

Government grant
Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income or netted against the asset purchased.

2. EMPLOYEES AND DIRECTORS

	2018	2017	2018	2017
	Group		Company	
	£	£	£	£
Wages and salaries	356,719	395,252	189,435	229,602
Social security costs	29,111	112,520	20,149	75,842
Other benefits	18,843	18,203	13,720	11,133
	404,673	525,975	223,304	316,577

Directors' remuneration is as follows:

	2018	2017
	£	£
Directors emoluments, including salary and fees	203,155	229,602
Share-based payments	109,144	121,723
Gain in exercise of share options	-	378,450
	312,299	729,775

The remuneration of the highest paid Director who served during the year was £130,667 (2017: £439,682)

The average monthly number of employees and Directors during the year was as follows:

	2018 Group Number	2017 Group Number	2018 Company Number	2017 Company Number
Directors	3	3	3	3
Employees	3	2	-	-

3. FINANCE INCOME AND COSTS

	2018	2017
	£	£
Finance income:		
Deposit account interest	11,603	5,234
	11,603	5,234

4. LOSS BEFORE TAX AND AUDITOR'S REMUNERATION

a. The loss before tax is stated after charging/ (crediting):

	2018	2017
	£	£
Depreciation - owned assets (note 8)	14,696	15,890
Foreign exchange differences	2,088	(8,015)
Impairment of exploration costs (note 7)	571,456	183,131

b. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the Group's auditor for the audit of the consolidated financial statements	28,970	26,675
Fees payable to the Group auditor for other services:		
- audit of subsidiaries pursuant to legislation	5,000	5,000
- tax compliance services	5,300	4,851
	39,270	36,526

5. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2018 or for the year ended 31 December 2017.

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Loss on ordinary activities before income tax	(1,374,584)	(1,039,566)
Tax thereon at a UK corporation tax rate of 19% (2017 – 19.25%)	(261,171)	(200,116)
Effects of:		
Expenses not deductible for tax purposes	145,903	77,213
Tax losses not recognised	80,841	95,693
Share of loss of associates	3,777	-
Losses of overseas subsidiaries carried forward	30,650	27,210
	-	-

The main rate of UK corporation tax during the year ended 31 December 2018 was 19.00 per cent (2017: 19.25 per cent). The Group has estimated UK losses of £10,632,410 (2017: £10,206,937) and foreign losses of £1,522,939 (2017: £870,263) available to carry forward against future trading profits. The value of unrecognised deferred tax assets in respect of the UK losses amounts to £2,020,157 (2017: £1,964,835). The Directors believe that it would not be prudent to recognise such tax assets before such time as the Group generates taxable income.

6. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share at 31 December 2018 was based on the loss attributable to ordinary shareholders of £1,373,936 (2017: £1,038,248) and a weighted average number of Ordinary Shares outstanding during the period ended 31 December 2018 of 554,716,045 (2017: 518,728,856) calculated as follows:

	2018	2017
	£	£
Loss attributable to ordinary shareholders	(1,373,936)	(1,038,248)

Weighted average number of ordinary shares

	Number	Number
Number of shares in issue at the beginning of the year	534,207,254	502,630,331
Effect of shares issued during year	20,508,791	16,098,525
Weighted average number of ordinary shares in issue for the year	554,716,045	518,728,856

The diluted earnings per share is identical to the basic earnings per share as the exercise of warrants and options would be anti-dilutive.

7. INTANGIBLE ASSETS - Group

	Exploration Costs £
COST	
At 1 January 2017	7,186,576
Additions for the year	1,077,815
Foreign exchange movements	109,972
Impairment	(183,131)
At 31 December 2017	8,191,232
At 1 January 2018	8,191,232
Additions for the year	782,437
Foreign exchange movements	(116,666)
Impairment	(571,456)
At 31 December 2018	8,285,547
NET BOOK VALUE	
At 31 December 2018	8,285,547
At 31 December 2017	8,191,232

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

	2018 £	2017 £
Kallak	7,079,806	6,979,844
Åtvidaberg	303,565	253,778
Ågåsjiegge	17,121	7,365
Sala	8,444	2,634
Haapamäki	-	231,132
Kolari1	-	151,706
Viistola	-	147,784
Pitkäjärvi	817,986	414,372
Joutsijärvi	25,002	2,617
Karhunmaki	13,685	-
Rääpysjärvi	19,938	-
	8,285,547	8,191,232

Total Group exploration costs of £8,285,547 are currently carried at cost in the financial statements. The Group will need to raise funds and/or bring in joint venture partners to further advance exploration and development work. An amount of £139,594 was recorded against the projects for services provided by the Directors during the year (2017: £156,862).

7. INTANGIBLE ASSETS - Group (continued)

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.

In accordance with its accounting policies and processes, each asset is evaluated annually at 31 December, to determine whether there are any indications impairment exist, the Board considers the indications as outlined in IFRS 6.

On 30 November 2017, the County Administrative Board ("CAB") for the County of Norrbotten made the decision to not recommend that an Exploitation Concession for Kallak North be awarded. It should be noted that the CAB does not have the final decision, that rests with the Government. The CAB's decision included information not based on fact, flawed analysis, and biased conclusions that contradicted its previous representations provided in July 2015. The key biases include:

- Operating outside their mandate with respect to assessing transport matters at this stage of permitting and suggesting the need for State investment should Kallak be built. The Company has never stated that State support would be needed. The CAB ignored infrastructure projects that are already under consideration e.g. Inlandsbanan Railway, the Ore Railway and the Port of Luleå, all of which will bring additional capacity to regional infrastructure, which could be utilised by Kallak.
- Disregarding Kallak's designation as an Area of National Interest ("ANI") awarded by the SGU in February 2013.
- Disregarding the strong economic case for Kallak that the CAB presented in July 2015, that a mine would have local, regional and national benefits.

The Directors considered that the CAB's November 2017 statement was not an impairment indicator, as the comments and findings of the CAB represent a recommendation to Government that should have limited to no persuasive impact due to the inaccuracies, flawed analysis and biased conclusions the CAB has presented. At the date of approval of the financial statements the Government's consideration of the application was ongoing.

The most significant risk is that an Exploitation Concession is declined for Kallak North. The Directors have considered the impairment indicators as outlined in the Company's accounting policies and having done so are of the opinion that the current situation does not qualify as an impairment indicator and hence no impairment provision is required for the Kallak permitting situation. In addition, no other impairment indicators per IFRS 6 have been identified.

Kallak is included in financial statements as at 31 December 2018 as an intangible exploration licence with a carrying value of £7,079,806. 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.

In the year an impairment provision of £571,456 (2017: £183,131) was made against costs incurred on Haapamäki (2018: £249,646), Kolari 1 (2018: £158,727) and Viistola (2018: £163,083) on the basis that no further exploration would be carried out on those projects. In respect of the other license areas, no impairment indicators have been identified. The impairment is charged as an expense and included within the consolidated income statement.

8. PROPERTY, PLANT AND EQUIPMENT

	Group £	Company £
COST		
At 1 January 2017	59,183	6,383
Additions	20,367	-
Foreign exchange movements	1,044	-
At 31 December 2017	80,594	6,383
At 1 January 2018	80,594	6,383
Additions	2,515	-
Foreign exchange movements	(667)	-
At 31 December 2018	82,442	6,383
DEPRECIATION		
At 1 January 2017	35,672	6,244
Charge for year	15,890	139
Foreign exchange movements	452	-
At 31 December 2017	52,014	6,383
At 1 January 2018	52,014	6,383
Charge for year	14,696	-
Foreign exchange movements	(351)	-
At 31 December 2018	66,359	6,383
NET BOOK VALUE		
At 31 December 2018	16,083	-
At 31 December 2017	28,580	-

9. INVESTMENTS

	Group Shares in associates	Company Shares in subsidiaries	Shares in associates	Total
		£		
COST				
At 1 January 2017	-	345,015	-	345,015
Acquisitions	-	134,296	-	134,296
At 31 December 2017	-	479,311	-	479,311
At 1 January 2018		479,311	-	479,311
Acquisitions	250,000	3,677	250,000	253,677
Shares of loss of associates	(19,880)	-	-	-
At 31 December 2018	230,120	482,988	250,000	732,988

Investments in associates is initially recorded at cost plus any equity share of post-acquisition profit or loss after-tax. An investment in an associate is largely determined as an associate based on voting interests and presence on the investee's board of directors.

In the year ended 31 December 2018, the Company acquired a 14 per cent interest in Vardar Minerals Ltd, a private exploration company with interest in the Balkans, for the consideration of £250,000, settled in cash. The Company also has an option to make a further investment and increase its ownership in Vardar.

The remaining investment represents 100 per cent of the share capital of Fennoscandian, that was acquired during the year ended 31 December 2016 and holds a portfolio of four early-stage graphite exploration projects. At the time of acquisition, Beowulf paid for 100 per cent of the share capital of Fennoscandian by issuing 2.55 million ordinary shares in the Company, with two further tranches of 2.1 million ordinary shares to be issued on achievement of certain performance milestones.

The first tranche of 2 million ordinary shares was issued on the anniversary of 24 months from the date of the acquisition, in accordance and 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 2.1 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 consideration recognised in the financial statements as at 31 December 2018 is £484,441, (2017: £480,764) 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 2018, £3,677 (31 December 17: £134,216) has been recognised under intangibles.

9. INVESTMENTS (continued)

Name	Incorporated	Activity	2018 % holding	2017 % holding
Oy Fennoscandian Resources AB	Finland	Mineral exploration	100%	100%
Jokkmokk Iron Mines AB	Sweden	Mineral exploration	100%	100%
Beowulf Mining Sweden AB	Sweden	Mineral exploration	100%	100%
Wayland Copper Limited	UK	Holding company	65.25%	65.25%
Wayland Sweden AB	Sweden	Mineral exploration	(1)(2)65.25%	(1)(2)65.25%
Vardar Minerals Ltd	UK	Mineral Exploration	14%	-

The Group consists of the following subsidiary undertakings:

Name	Registered office
Oy Fennoscandian Resources AB	Plåtslagarevägen 35 A 1, 20320 Turku, Finland
Jokkmokk Iron Mines AB	Storgatan 36, 921 31, Lycksele, Sweden
Beowulf Mining Sweden AB	Storgatan 36, 921 31, Lycksele, Sweden
Wayland Copper Limited	201 Temple Chambers, 3-7 Temple Avenue, London
Wayland Sweden AB	Storgatan 36, 921 31, Lycksele, Sweden

(1) Indirectly held
(2) Effective interest

Details on the non-controlling interest in subsidiaries is given in note 13.

10. LOANS AND OTHER FINANCIAL ASSETS - Group

	Financial Fixed Assets
	£
At 1 January 2017	5,503
Foreign exchange movements	41
Disposals	(14)
At 31 December 2017	5,530
At 1 January 2018	5,530
Foreign exchange movements	(55)
Disposals	(13)
At 31 December 2018	5,462

10. LOANS AND OTHER FINANCIAL ASSETS (continued) - Company

	Loans to group undertakings £	Financial Assets £	Totals £
At 1 January 2017	7,803,139	2,784	7,805,923
Advances made in the year	1,147,702	-	1,147,702
At 31 December 2017	8,950,841	2,784	8,953,625
At 1 January 2018	8,950,841	2,784	8,953,625
Opening ECLs restated through opening retained earnings	(1,521,643)	-	(1,521,643)
Restated balances at 1 January 2018	7,429,198	2,784	7,431,982
Advances made in the year	952,091	-	952,091
ECLs in year	(161,856)	-	(161,856)
At 31 December 2018	8,219,433	2,784	8,222,217

Details of the calculation of ECLs on the loans to group undertakings can be found in note 22. Further details of the transactions in the year are shown within related parties disclosure note 21.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Other receivables	29,437	22,189	-	-
VAT	20,210	15,006	11,092	12,264
Prepayments and accrued income	13,309	27,837	13,309	27,837
	62,956	65,032	24,401	40,101

Included in other receivables is a deposit of £18,027 held by Finnish regulatory authorities (2017: £19,017).

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Bank accounts	1,533,232	1,589,897	1,470,087	1,508,321
	1,533,232	1,589,897	1,470,087	1,508,321

13. NON-CONTROLLING INTERESTS

Wayland Copper Limited, a 65.25 per cent owned subsidiary of the Company that has material non-controlling interests ("NCI").

Summarised financial information reflecting 100 per cent of the underlying subsidiary's relevant figures is set out below:

	2018 £	2017 £
Administrative expenses	(1,863)	(3,793)
Loss after tax	(1,863)	(3,793)
Loss allocated to NCI	(648)	(1,318)
Other comprehensive income allocated to NCI	68	40
Total comprehensive loss allocated to NCI	(580)	(1,278)
Current assets	6,599	8,922
Current liabilities	(468,718)	(468,982)
Net liabilities	(462,119)	(460,060)
NCI at 34.75 per cent	(160,587)	(159,871)

14. SHARE CAPITAL

	2018 Number	2018 £	2017 Number	2017 £
Allotted, called up and fully paid				
At 1 January	534,207,254	5,342,072	502,630,331	5,026,302
Issued for cash	30,000,000	300,000	23,076,923	230,770
Issued in option exercise	-	-	8,500,000	85,000
Issued for acquisition of subsidiary	2,100,000	21,000	-	-
At 31 December	566,307,254	5,663,072	534,207,254	5,342,072

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

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

14. SHARE CAPITAL (continued)

Shares issued in 2018

On 22 February 2018, the Company announced that it has issued 2,100,000 ordinary shares of £0.01 to Rasmus Blomqvist, the Company's Exploration Manager, as the first tranche of deferred considerations pursuant to the acquisition of Oy Fennoscandian Resources AB.

On 16 May 2018, the Company announced to issue 30,000,000 new ordinary shares to raise approximately £1.5 million at a price of £0.05 per new ordinary share.

Shares issued in 2017

On 17 October 2017, the Company announced that Bevan Metcalf a Director, had been issued 8,500,000 new ordinary shares, as a result of the exercise of options.

On 17 May 2017, the Company announced a subscription to raise £1.5m (before expenses) through the issue of 23,076,923 new ordinary shares of 6.5 pence each.

15. SHARE-BASED PAYMENTS

During the year ended 31 December 2018, no options were granted (2017: 4,500,000). The options outstanding as at 31 December 2018 have an exercise price in the range of 1.66 pence to 12.00 pence (2017: 1.66 pence to 12.00 pence) and a weighted average remaining contractual life of 2 years (2017: 3 years).

The equity-settled share-based payments expense for the options for the year ended 31 December 2018 was £196,460 (2017: £203,059).

Reconciliation of options in issue	Number	Weighted average exercise price(£'s)
Outstanding at 31 December 2018	14,000,000	0.051
Exercisable at 31 December 2018	11,750,000	0.037

No warrants were granted during the year (2017: Nil).

16. RESERVES

The following is a description of each of the reserve accounts that comprise equity shareholders' funds:

Share capital	The share capital comprises the issued ordinary shares of the Company at par.
Share premium	The share premium comprises the excess value recognised from the issue of ordinary shares above par value.
Revaluation reserve	Gains/losses arising on the revaluation of the Group's listed investments. Prolonged declines in value at transferred to profit and loss.
Capital contribution reserve	The capital contribution reserve represents historic non-cash contributions to the Company from equity holders.
Share-based payments reserve	Cumulative fair value of options charged to the consolidated income statement net of transfers to the profit or loss reserve on exercised and cancelled/lapsed options.
Translation reserve	Cumulative gains and losses on translating the net assets of overseas operations to the presentation currency.
Merger reserve	The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares where the transaction qualifies for merger relief under the Companies Act 2006.
Accumulated losses	Accumulated losses comprise the Group's cumulative accounting profits and losses since inception.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Current:				
Trade payables	122,892	165,775	11,997	53,263
Social security and other taxes	8,968	4,321	6,457	6,393
Other payables	9,761	7,614	1,758	1,725
Accruals	66,392	96,667	46,746	61,899
	208,013	274,377	66,958	123,280

18. DEFERRED INCOME

	2018	2017
	£	£
Grants	192,205	-

Deferred income is recognised from both capital and revenue grants from government bodies.

19. FINANCIAL INSTRUMENTS

The Group and Company's financial instruments comprise cash and cash equivalents, loans and investments, trade receivables and trade payables that arise directly from its operations.

The Group and Company hold the following financial instruments:

	Group		**Company**	
At 31 December 2018	Held at amortised cost	Total	Held at amortised cost	Total
	£	£	£	£
Financial assets				
Cash and cash equivalents	1,533,232	1,533,232	1,470,087	1,470,087
Trade and other receivables	29,437	29,437	-	-
Loans to group undertakings	-	-	9,902,932	9,902,932
Other financial assets	5,462	5,462	2,784	2,784
	1,568,131	1,568,131	11,375,803	11,375,803
Financial liabilities				
Trade and other payables	199,046	199,046	60,499	60,499

19. FINANCIAL INSTRUMENTS

	Group		Company	
At 31 December 2017	Held at amortised cost	Total	Held at amortised cost	Total
	£	£	£	£
Financial assets				
Cash and cash equivalents	1,589,897	1,589,897	1,508,321	1,508,321
Trade and other receivables	22,189	22,189	-	-
Loans to group undertakings	-	-	8,950,841	8,950,841
Other financial assets	5,530	5,530	2,784	2,784
	1,617,616	1,617,616	10,461,946	10,461,946
Financial liabilities				
Trade and other payables	270,056	270,056	116,887	116,887

The main purpose of these financial instruments is to finance the Group's and Company's operations. The Board regularly reviews and agrees policies for managing the level of risk arising from the Group's financial instruments as summarised below.

a) Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Group's and Company's income or the value of its holdings in financial instruments.

i) Foreign Exchange Risk

The Group operates internationally and is exposed to currency risk arising on cash and cash equivalents, receivables and payables denominated in a currency other than the respective functional currencies of the Group entities, which are primarily Swedish Krona, Euro and Sterling. The Group's and Company's net exposure to foreign currency risk at the reporting date is as follows:

	Group		Company	
Net foreign currency financial (liabilities)/assets	2018 £	2017 £	2018 £	2017 £
Swedish Krona	10,355	(9,784)	9,450	24,636
Euro	107,160	19,543	126,838	15,476
Total net exposure	117,515	9,759	136,288	40,112

19. FINANCIAL INSTRUMENTS (continued)

i) Foreign Exchange Risk (continued)

Sensitivity analysis

A 10 per cent strengthening of sterling against the Swedish Krona at 31 December 2018 would have increased/(decreased) equity and profit or loss by the amounts shown below:

Group

	Profit or loss		Equity	
	2018	2017	2018	2017
	£	£	£	£
Swedish Krona	(1,035)	978	(1,035)	978
Euro	(10,716)	(1,954)	(10,716)	(1,954)
Total	(11,751)	(976)	(11,751)	(976)

Company

	Profit or loss		Equity	
	2018	2017	2018	2017
	£	£	£	£
Swedish Krona	(945)	(2,464)	(945)	(2,464)
Euro	(11,966)	(1,548)	(11,966)	(1,548)
Total	(12,911)	(4,012)	(12,911)	(4,012)

A 10 per cent weakening of sterling against the foreign currencies at 31 December 2018 would have an equal but opposite effect on the amounts shown above.

19. FINANCIAL INSTRUMENTS (continued)

ii) Commodity Price Risk

The principal activity of the Group is the exploration for iron ore in Sweden and graphite in Finland, and the principal market risk facing the Group is an adverse movement in the price of such commodities/industrial minerals. Any long-term adverse movement in market prices would affect the commercial viability of the Group's various projects.

iii) Interest Rate Risk

The Group's and Company's policy is to retain its surplus funds on the most advantageous term of deposit available up to a 12-month maximum duration. Given that the Directors do not consider that interest income is significant in respect of the Group's and Company's operations no sensitivity analysis has been provided in respect of any potential fluctuations in interest rates.

b) Credit Risk

The Group's principal financial assets are the cash and cash equivalents and loans and receivables, as recognised in the statement of financial position, and which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group and Company policy for managing its exposure to credit risk with cash and cash equivalents is to only deposit surplus cash with financial institutions that hold a Standard & Poor's, BBB- rating as a minimum.

The Company has made unsecured interest-free loans to its subsidiaries. Although they are repayable on demand, they are unlikely to be repaid until the projects becomes successful and the subsidiaries start to generate revenues. An assessment of the expected credit loss arising on intercompany loans is detailed in note 22.

The amounts used by the subsidiaries are as follows:

	2018	2017
	£	£
Jokkmokk Iron Mines AB	8,349,344	8,006,577
Beowulf Sweden AB	361,657	243,535
Wayland Copper Ltd	-	-
Oy Fennoscandian Resources AB	1,191,931	700,728
Gross	9,902,932	8,950,840

c) Liquidity Risk

To date the Group and Company have relied on shareholder funding to finance operations. As the Group and Company have finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure and cash resources. In addition, the Group and Company do not have any borrowings and only have trade and other payables with a maturity of less than one year. The rationale for the preparation of the accounts on a going concern basis is detailed in the Report of the Directors.

Reconciliation of liabilities arising from ECLs.

	31 December 2017	*Restated amount at 1 January 2018*	*Current year movement*	*31 December 2018*
	£	*£*	*£*	*£*
ECLs	-	1,521,643	161,856	1,683,499
Total liabilities arising from ECLs	-	1,521,643	161,856	1,683,499

19. FINANCIAL INSTRUMENTS (continued)

d) Capital Management
The Groups capital structure consists of issued capital and reserves, accumulated losses and non-controlling interest. The Board's policy is to preserve a strong capital base in order to maintain investor, creditor and market confidence and to safeguard the future development of the business, whilst balancing these objectives with the efficient use of capital.

Net debt **Group**	2018	2017
	£	£
Cash and cash equivalents	1,533,232	1,589,897
Trade payables	(208,014)	(274,377)
Grant income	(192,205)	-
Net cash	1,133,013	1,315,520
Total equity	9,733,182	10,858,078
Net cash to equity ratio	11.64%	12.12%

20. SEGMENT REPORTING

The Group's only reportable segment is the exploration for, and the development of iron ore, graphite and other mineral deposits. The Group also reports by geographical reportable segment in the countries in which it operates. The Group's exploration and development activities are focused on two countries, Sweden and Finland, with support provided from the UK headquarters. In presenting information on the basis of geographical reportable segments, the loss for the year, key statement of financial position data, property, plant and equipment additions and deferred exploration additions is based on the geographical location of the assets. The Group has adopted IFRS 8 'Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker to allocate resources and assets.

2018	Sweden	Finland	Kosovo	UK	Total
	£	£	£	£	£
Licence and Exploration	7,408,275	877,272	-	-	8,285,547
Other non-current assets	4,986	13,775	-	2,784	21,545
Current assets	51,536	49,334	-	1,495,318	1,596,188
Liabilities	(50,530)	(76,188)	-	(273,500)	(400,218)
Expenses	(124,908)	(607,862)	(19,880)	(633,537)	(1,386,187)
Loss for the year	(124,908)	(607,862)	(19,880)	(621,934)	(1,374,584)
Other comprehensive income	(258,997)	(597,040)	(19,880)	(621,934)	(1,497,851)
2017					
Licence and Exploration	7,243,622	947,610	947,610	-	8,191,232
Other non-current assets	15,745	15,581	15,581	2,784	34,110
Current assets	47,978	57,639	57,639	1,549,312	1,654,929
Liabilities	(83,286)	(67,961)	(67,961)	(123,130)	(274,377)
Expenses	(136,073)	(188,409)	(188,409)	(720,318)	(1,044,800)
Loss for the year	(136,073)	(188,409)	(188,409)	(715,084)	(1,039,566)
Other comprehensive income	91,353	(23,493)	(23,493)	-	67,860

21. RELATED PARTY DISCLOSURES

Transactions with subsidiaries

During the year, cash advances of £259,192 (2017: £369,390) were made to Jokkmokk Iron Mines AB and incurred costs of £96,167 that were paid on behalf by the Company (2017: £236,938). The advances are held on an interest free inter-group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £8,352,377 (2017: £8,006,577).

Beowulf Sweden AB received cash advances of £88,221 (2017: £13,192) and incurred costs of £29,901 (2017: £67,379) that were paid on behalf by the Company. The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £361,657 (2017: £243,535).

OY Fennoscandian AB received cash advances of £457,103 (2017: £433,181) and incurred costs of £41,275 (2017: £29,923) that were paid on behalf by the Company. The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £1,199,107 (2017: £700,728).

In accordance with its service agreement, Fennoscandian charges Beowulf Mining plc for time incurred by its staff on exploration projects held by other entities in the Group. In turn Beowulf Mining plc recharges the other entities involved. In addition, Beowulf Mining plc charges entities in the Group for time and expenses spent by Directors on providing services. An arm's length margin has been included, but subsequently eliminated on consolidation.

Transactions with other related parties

The aggregate compensation paid to key management personnel of the Company is set out below:

	2018	2017
	£	£
Short-term employee benefits (including employers' national insurance contributions)	298,288	362,985
Post-retirement benefits	29,710	26,782
Share based payments	200,137	337,275
Insurance	720	300
	528,855	727,342

Mr Rasmus Blomqvist, who currently acts as Exploration Manager is included within key management personnel and incurred a share-based payment charge of £3,677 (2017: £134,216) as a result of the fair valuing of shares to be issued in respect of the acquisition of Fennoscandian.

Mr Blomqvist incurred a separate charge of £87,316, with respect to the 2,000,000 options granted during the year (2017: £81,335, with respect to the 2,000,000 options granted during the year).

Mr Rasmus Blomqvist is the Managing Director of Oy Fennoscandian Investment Group AB ('FIG'), which during the year, the Company paid £Nil (2017: £16,775), in accordance with a memorandum of understanding between FIG and the Company, that the Company would have the right of first refusal to develop several assets under investigation by FIG.

Mr Budge, a Director who served during the year had no amounts outstanding in relation to reimbursement, (2017: £Nil).

22. EFFECTS OF CHANGES IN ACCOUNTING POLICY – Company

The Parent adopted IFRS 9 with a transition date of 1 January 2018. The Parent has chosen not to restate comparatives on adoption of IFRS 9 and, therefore, are not reflected in the restated prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2018) and recognised in the opening equity balances. The increase in loss allowance resulted in a reduction to opening reserves, at 1 January 2018, as follows:

Accounts affected	
	£
At 1 January 2018	
Loans from group undertakings (opening balances as presented under IAS 39)	8,950,840
Total current assets	8,950,840
Cumulative transition adjustment	(1,521,643)
Retained earnings	(1,521,643)
At 31 December 2018	
Restated total current assets balance (in accordance with IFRS 9)	7,429,197

The increase in the loss allowance is only as a result of the application of the ECL model. This is a result of the existing incurred loss approach under IAS 39 being replaced by the forward-looking ECL model approach of IFRS 9. No loss allowance had previously been recognised, as no loss event had previously occurred.

The impairment assessment of the loan has been performed using a lifetime ECL model.

The loan to group undertakings are classified as repayable on demand. IFRS 9 requires consideration of the expected credit risk associated with the loan. As the subsidiary companies do not have any liquid assets to sell to repay the loan, should it be recalled, the conclusion reached was that the loan should be categorised as stage 3.

The Directors have also assessed the cash flow scenarios of the above considerations. Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary licences to be awarded, the Company's ability to raise finance, and ability to sell the project. The credit risk of the intercompany loan was assessed at the date of initial application of IFRS 9, being 1 January 2018, and again at the current year-end. There had been no change in the significant credit risk at year-end.

23. EVENTS AFTER THE REPORTING DATE

On 14 January 2019, Beowulf granted 9,250,000 options to the directors and employees of the Company. The exercise price of the options are 7.35 pence per share, with a vesting period of one year. The options are valid for five years from the date of grant.

On the 1 April 2019, the Company announced a subscription to issue 13,636,364 new ordinary shares to raise approximately £750,000 (before expenses) at a price of 5.5 pence per new ordinary share. The funds were used to increase the investment in Vardar Minerals Ltd by exercising the option to acquire additional shares in the company, increasing its share in Vardar from 14.1 per cent to 31.3 per cent for cash consideration of £500,000. On the 15 April 2019, a further investment was committed to increase the Company's holding 31.3 per cent to 37.55 per cent for cash consideration of £250,000. The Company has an option to invest a further £115k, bring the Company's ownership to 40.1 per cent.

On 16 April 2019, Beowulf announced a subscription of 8,695,652 new ordinary shares of £0.01 each at 5.75p per share to raise £500,000 before expenses.

Company Information

Directors	Secretary	Registered Number & Office
Mr K R Budge Mr Christopher Davies Mr G Färm	Mr L O'Donoghue	Incorporated in England and Wales 02330496 (England & Wales) Beowulf Mining plc 201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
Finnish Office	**Swedish Registered Address**	**Registrars**
Oy Fennoscandian Resources AB Akademigatan 1, 20500 Åbo Finland	All subsidiary companies Storgatan 36, 921 31 LYCKSELE Sweden	Neville Registrars Ltd Neville House,18 Laurel Lane Halesowen West Midlands B63 3DA
Auditors	**Nominated Adviser & Broker**	**Swedish Custodian Bank**
BDO LLP 55 Baker Street London W1U 7EU	SP Angel Prince Frederick House 35-39 Maddox Street London W1S 2PP	Skandinaviska Enskilda Banken AB ST M7 106 40 Stockholm Sweden
UK Bank	**Public Relations UK**	**Public Relations Sweden**
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