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

30 July 2020

Beowulf Mining plc

("Beowulf" or the "Company")

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Beowulf (AIM: BEM; Spotlight: BEO), the mineral exploration and development company, announces its audited financial results for the year ended 31 December 2019. The Chairman's statement, review of operations and activities, and financial information have been extracted from the Company's Annual Report for the year ended 31 December 2019.

The Annual General Meeting of the Company will be held at the offices of One Advisory, 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT, 10 September 2020 at 11.00 a.m. (BST).

The 2019 Annual Report will be posted to those shareholders who have requested a copy and will be available on the Company's website today (www.beowulfmining.com). A further news release will be made in mid-August when the Notice, Form of Proxy and Annual Report are posted to shareholders.

Enquiries:

Beowulf Mining plc	
Kurt Budge, Chief Executive Officer	Tel: +44 (0) 20 3771 6993
SP Angel	
(Nominated Adviser & Broker)	
Ewan Leggat / Soltan Tagiev	Tel: +44 (0) 20 3470 0470
Blytheweigh	
Tim Blythe / Megan Ray	Tel: +44 (0) 20 7138 3204

Cautionary Statement

Statements and assumptions made in this document with respect to the Company's current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Beowulf. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to , (i) changes in the economic, regulatory and political environments in the countries where Beowulf operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) Beowulf's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential joint ventures and alliances, if any; (v) metal prices, particularly as regards iron ore. In the light of the many risks and uncertainties surrounding any mineral project at an early stage of its development, the actual results could differ materially from those presented and forecast in this document. Beowulf assumes no unconditional obligation to immediately update any such statements and/or forecasts.

CHAIRMAN'S STATEMENT

Dear Shareholders

Introduction

In 2019, while our frustrations continued with Kallak and still no decision from the Swedish Government, the Company continued to advance projects in Kosovo and Finland.

In Kosovo, the Company increased its investment in Vardar Minerals, funding exploration programmes across two base and precious metals licences situated in the attractive Tethyan Belt, and, in Finland, the Fennoscandian Resources' team produced an upgraded Mineral Resource Estimate ("MRE") for the Aitolampi graphite project and continued to play an important role in Finland's emerging battery sector.

Despite the formation of a new Swedish Government in January 2019, no progress with regards to the Exploitation Concession for Kallak was made during the year. While the Minister talked of transparency and predictability, neither of these were evident in the handling of the Company's application, nor it being prioritised, as suggested by the Government and talk of a 'forthcoming decision' did not materialise.

Kallak provides the foundation asset of the Company, but with Vardar Minerals and Fennoscandian Resources, Beowulf has a diversified portfolio of assets, each business area displaying strong prospects and offering investors optionality.

Vardar Minerals ("Vardar")

During 2019, significant progress was made in Kosovo. The Vardar team delivered 'big company' geoscience on a junior's budget. Exploration results developed our understanding of the copper-gold porphyry potential at both the Mitrovica and Viti projects. Porphyry deposits are exceptionally large, low grade, polymetallic systems, that typically contain copper along with other metals, such as gold, silver, zinc and lead.

On 1 April, the Company announced that it had increased its ownership in Vardar to approximately 37.6 per cent for the consideration of £750,000, satisfied in cash, funding exploration activities in 2019. As a result, the Company obtained control over the Vardar Group and consolidated it into the Company's financials. Later in the year, Beowulf followed its money, investing two further instalments, £115,000 announced on 14 October and £100,000 announced on 6 November taking the Company's ownership to 41.5 per cent.

At Mitrovica, located immediately to the west and northwest of the world class Stan Terg lead-zinc-silver mine, potential not only exists for the discovery of additional lead-zinc-silver deposits, but also for the discovery of high-level epithermal gold deposits and for copper-zinc deposits. Vardar believes all the targets are related to a potentially much larger porphyry style mineralised system.

At Viti, initial stratigraphic holes, intersected the correct alteration type, returning gold and visible copper mineralisation, and indicating potential for the discovery of a mineralised copper-gold porphyry in a hitherto unexplored area.

In February 2020, Vardar identified an additional copper-zinc exploration target at Mitrovica, and Beowulf invested a further £50,000, increasing the Company's ownership to 42.2 per cent. Then, in March, Beowulf co-invested another £30,000, alongside existing and founding shareholders, as part of a £70,000 total fundraise for soil sampling over the gold target at Madjan Peak, part of the Mitrovica licence.

In June 2020, results from the soil sampling programme completed across Madjan Peak were announced. An extensive gold anomaly has been identified over an area approximately 1400 metres x 700 metres, with individual soil samples returning up to 0.36 grammes per tonne ("g/t") gold. Furthermore, a new lead-zinc-copper-gold target has been identified to the south of Madjan Peak, of significance given its proximity to the Stan Terg mine.

Fennoscandian Resources ("Fennoscandian")

Fennoscandian had another strong year. Further drilling at Aitolampi supporting an upgraded MRE, with an 81 per cent increase in contained graphite (compared to the 2018 MRE) for the higher-grade western zone, and an updated global Indicated and Inferred Mineral Resource of 26.7 million tonnes ("Mt") at 4.8 per cent Total Graphitic Carbon ("TGC") for 1,275,000 tonnes of contained graphite.

Fennoscandian continues to develop a 'resource footprint' of natural flake graphite to provide 'security of supply' to Finland's emerging battery sector and to benefit from Business Finland funding, as it seeks to establish its battery grade anode material credentials.

Kallak

Throughout 2019, Beowulf continued to push for a decision from the Swedish Government on its application for an Exploitation Concession for Kallak. The Company continued to work with the Mayor in Jokkmokk, Norrbotten Regional Council Members and Norrbotten Members of Parliament to lobby the Government.

In late January 2019, Kurt Budge CEO delivered a presentation titled 'Sustainability in the heart - partnership, the lifecycle of mining projects, balancing the interest of stakeholders' at the Future Mine and Mineral Conference in Stockholm.

The CEO spoke of the damage the permitting process for Kallak and other mining cases is having on Sweden's reputation as a destination for mining investors. The CEO presented Beowulf's approach to sustainable mining and outlined how the Company can play its part in ensuring that Sweden continues to lead in this area, by developing a modern and sustainable mining operation at Kallak in partnership with the community in Jokkmokk, which includes Sami reindeer herders.

Beowulf continued to support the OECD's work in Sweden, attending the launch of the report on its Rural Policy Review 'Linking the Indigenous Sami People with Regional Development in Sweden', having previously participated in the OECD's land-use workshop in early 2018.

Later in the year, the CEO attended the third OECD Meeting for Mining Regions and Cities, organised to enable knowledge sharing, with a focus on developing policy recommendations and standards that can help maximise the benefits that mining can bring to a region or city.

In April 2019, I wrote to Minister Baylan, Minister for Business, Industry, and Innovation for The Government of Sweden regarding the Kallak application. I reminded the Minister that since the Company first submitted its application in 2013, the case has been sent back and forth between Swedish authorities, and still the Government, finds itself unable to award an Exploitation

Concession for one of Europe's largest drill defined iron ore deposits, a potential global resource of 250 million tonnes.

The first exploration permit for Kallak was granted by the Mining Inspectorate in 2006, and, since that time, Swedish authorities have permitted the Company to invest over SEK 80 million. While the Kallak project suffers delay after delay, LKAB, the state iron ore company, warned in October 2018 that the ore in the Kiruna mine will be depleted earlier than expected. This placed the media spotlight on the future of LKAB's operations and the strategic importance of iron ore to Sweden. Further highlighting the absurdity of the situation with Kallak.

In communication with the Government, it was confirmed that the Kallak application was being prioritised and acknowledged that the Company had been waiting an excessive period of time for a decision. On this basis, the Company reasonably expected that a decision would be taken by the Government before the summer of 2019.

In May 2019, I and the CEO met with Mr. Emil Högberg, State Secretary to the Minister, to again make a case for the Concession being awarded. The State Secretary closed the meeting acknowledging the importance of the Kallak project to Jokkmokk. After the summer, the Company followed up again with the State Secretary to ensure the Government had all the information it needed with respect to our application.

Following Almedalen in July, the Company outlined its immediate three-step plan for advancing the Kallak project, in the event the Swedish Government awards the Concession:

1) Scoping Study - completion within 12 months of the Concession being awarded - and in parallel develop a roadmap for environmental permitting.
2) Formation of a 'Development Taskforce' with Jokkmokks Kommun and other key partners with an interest in Kallak, such that the development of Kallak and the opportunity to regenerate Jokkmokk can be fully coordinated.
3) To advance discussions with the Sami reindeer herding communities, to listen to their concerns, find solutions together to problems that might exist, working towards reaching mutually beneficial agreements that ensure Sami reindeer herding, livelihoods and culture are protected, and that Sami communities benefit from the development of a mine at Kallak.

In September 2019, the CEO wrote to Minister Baylan, following meetings with advisors, including legal advisors, and the new CEO at SveMin, asking for clarity on the process and timeline to a decision by the Government. In response, Minister Baylan explained that the CEO's request for a meeting "concerns a forthcoming Government decision - a dossier that is currently under preparation", and that the Government is unable to meet or comment with regard to its "ongoing review".

Also, the Company engaged legal firm Mannheimer Swartling to work with Fröberg & Lundholm to review its Kallak application. Specifically, to review statements by the County Administrative Board for the County of Norrbotten ("CAB"), including the CAB's statement made in November 2017, and the Company's comments to the Government criticising that statement. The findings of the legal analysis were unequivocal, that the Company has robustly argued its case for a Concession to be awarded.

In November 2019, the Company submitted a concluding statement (the "Statement") for Kallak, prepared by Mannheimer Swartling and Fröberg & Lundholm, to the Government. The Statement stressed that, as has previously been demonstrated by the Company, and acknowledged by the CAB, the establishment of a mine at Kallak would have significant positive effects on the local economy: creating jobs, generating tax revenues for Jokkmokk municipality, and stimulating and diversifying the business sector in Jokkmokk. In so doing, Kallak would help solve the problems Jokkmokk is facing, a lack of investment in new enterprise and job creation, and a declining and ageing population, which is placing a financial burden on Jokkmokks Kommun that it cannot afford to bear.

The Statement noted that neither the Company's Reindeer Herding Impact Assessment, nor the Environmental Impact Assessment have concluded that mining operations at Kallak would threaten the existence and livelihoods of local Sami reindeer herding communities. Furthermore, the Statement highlighted the similarities between Kallak and available case law, which support the approval of the Concession.

The Statement did not contain new facts in the Kallak case, as all necessary and relevant facts have already been established as part of the application process, now lasting over 7 years. Rather, the Statement summarised the circumstances relevant to a judicial review of whether Beowulf should be awarded the Exploitation Concession for Kallak, concluding that the Concession should be awarded.

In December, the CEO wrote again to Minister Baylan. The CEO requested that the Government provide Beowulf with details on when the Company can expect the decision on Kallak to be taken. A response to the CEO's letter arrived in February 2020, in which the State Secretary stated that the Government was not able to comment on when a decision is expected to be taken, however, the Government had taken careful note of information provided.

In February 2020, the CEO participated in a meeting discussing the 'Mining industry and indigenous peoples: regulations, best practice and social innovation'. On this subject, the inclusion of Sami in regional development in Sweden, permitting, sustainable mining, supply chain transparency, the Green Economy and the Fossil Free Economy, Beowulf is an active participant and contributor to the debate.

In May 2020, the Company awarded a drilling contract for up to 1,650 metres diamond drilling, targeting additional potential iron ore mineralisation at Kallak South. The work programme will determine if a 3D seismic model can be constructed, using the established seismic characteristics of the Kallak deposit. If successful, the set-up could then be applied to the Parkijaure nr 6 Exploration Licence, awarded by the Mining Inspectorate in October 2019.

In June 2020, the CEO wrote again to Minister Baylan, after a Parliamentary Question had been put to the Minister by a member of Parliament asking when a decision will be taken on Kallak. The CEO reminded Minister Baylan, that when the Minister spoke at the Mining Nordic Day in Toronto in early March, he saved his biggest welcome for investors and said that the CEO was welcome to do business in Sweden. In the letter, the CEO stated that Beowulf is unable to do business in Sweden, because the Company cannot get a decision on Kallak from the Government.

The Swedish Geological Survey ("SGU") a Government Office, which first discovered Kallak in the 1940s, designated it an Area of National Interest in 2013, produced its latest study in May 2020, headlined 'New light on iron ore at Kallak'. Kallak has been on the SGU's radar for 80 years! The Mining Inspectorate, part of the SGU, recommended to the Government in October 2015, that the Concession for Kallak should be awarded, and last October awarded an Exploration Permit for Parkijaure nr 6.

On the evidence, the authorities are happy for Beowulf to continue to invest in iron ore exploration, which in the context of LKAB's announcement, in October 2018, on diminishing reserves at Kiruna and the need to replenish, recent seismic activity disrupting production at Kiruna, while thankfully sparing lives, and Government statements on a sustainable mining industry, makes sense. Yet, over 4.5 years after the Mining Inspectorate recommended to the Government that the Concession for Kallak be awarded, with the application sitting on the Government's desk for the last 3 years and Beowulf planning to drill the 90-100 million tonnes Exploration Target at Kallak South, the Company still has no decision.

In the CEO's letter, Minster Baylan was reminded, that Beowulf has several thousand Swedish shareholders, who own over 67 per cent of the Company. Shareholders have witnessed the Government's unacceptable mishandling of the Kallak application and false promises, the opportunity cost of which is incalculable, and they are demanding the Government be fully transparent now and remove all uncertainty as to when a decision on Kallak will be taken.

With benchmark iron ore prices above US$100 per tonne, investors with cash are looking for investment opportunities, such as Kallak, and towards mining jurisdictions that function effectively.

Jokkmokk's need for investment and jobs is acute, and, with the added pressure of COVID-19, it would seem logical that a project such as Kallak, which has the potential to bring billions of SEK in investment and hundreds of jobs to northern Sweden, should finally gain approval. The CEO has not received a response from the Minister to his latest letter.

Shareholder Base

Beowulf is over 98 per cent owned by retail shareholders in Sweden and the UK. The proportion of shares owned by Swedish shareholders continued to grow during the year.

At 31 May 2020, there were 403,904,279 Swedish Depository Receipts representing 67.07 per cent of the issued share capital of the Company. The remaining issued share capital of the Company is held in the UK.

I would like to thank our existing and new shareholders for their steadfast support.

Raising Finance

Maintaining sufficient funding to sustain the business is a significant challenge for an exploration and development company in the natural resources sector.

During the year, the Company raised £2.0 million before expenses, through subscriptions for new ordinary shares of £0.01 each, with funds being invested in Vardar, Fennoscandian and for working capital purposes.

The Board continues to adopt the going concern basis to the preparation of the financial statements and is confident of the Company continuing to operate into the foreseeable future. This assessment has been arrived at after the Board has considered various alternative operating strategies should these be necessary in the light of the current macro-economic conditions, and is satisfied that such revised operating strategies could be adopted, if and when necessary. Specific attention needs to be drawn to the comments made in respect of the impact the COVID-19 pandemic on going concern and the approaches being taken by the Group to manage and mitigate the additional operational and financial challenges being faced at present.

The financial statements at 31 December 2019 show that the Group generated an operating loss for the year of £428,707 (2018: £1,374,584); with cash used in operating activities of £959,742 (2018: £653,832) and a net decrease in cash and cash equivalents of £404,099 in the year (2018: decrease of £56,021). The Group balance sheet showed cash reserves at 31 December 2019 of £1,124,062 (2018: £1,533,232).

The Group is dependent on further equity fundraising to operate as a going concern for at least twelve months from the date of approval of the financial statements. Although the Group has had past success in fundraising and continues to attract interest from investors, making the Board confident that such fundraising will be available to provide the required capital, there can be no guarantee that such fundraising will be available and as such this constitutes a material uncertainty over going concern.

2019 Financial Performance

As of 1 April 2019, following an increase in Beowulf's investment in Vardar and ownership from 14.1% to 31.3% the Company obtained control of the Vardar Group and as result of this control the Vardar Group has been consolidated into the Company effective of this date.

At the year-end, further investments in Vardar increased the Company's holding to 41.5% with a resulting carrying value gain to 31 December 2019 of £563,431.

The consolidated loss fell in the year from £1,374,58 to £428,707. This decrease is primarily attributable to a £563,431 fair value gain on the investment in Vardar and lower impairment charge on Sala (£10,720) compared to the impairment charges in the prior year (£571,456).

A further contribution to the decrease was a lower share-based payment charge relating to employees and Directors options of £119,720 for the year compared to £194,460 incurred in the year to 31 December 2018.

The administration expenses increased in the year from £598,391 to £904,666, due largely to the inclusion of Vardar's administration expenses from 1 April 2019 to 31 December 2019 of £247,493.

Consolidated basic and diluted loss per share for the 12 months ended 31 December 2019 was 0.04 pence (2018: loss of 0.25 pence).

The cash held at the year-end was £1,124,062 (2018: £2,071,748).

The translation reserve losses attributable to the owners of the parent increased from £520,257 at 31 December 2018 to £1,287,678 at 31 December 2019. Much of the Company's exploration costs are in Swedish Krona which has weakened further against the pound since 31 December 2018.

Corporate

The Company announced, on 14 January 2019, that options were granted to Directors and a senior manager over a total of 8,000,000 ordinary shares of £0.01 each in the capital of the Company, representing approximately 1.41 per cent of the issued share capital of the Company.

Options were last awarded to Kurt Budge in July 2015, and to Christopher Davies and Rasmus Blomqvist in January 2017.

The Share Options are exercisable at a price of 7.35 pence per share, being a 30 per cent premium to the closing mid-price of 5.65 pence per share on 11 January 2019. The Share Options fully vest one year from the date of grant or fully vest immediately if the individual leaves the Company. The Share Options are valid for five years from the date of grant.

Staff and Employees

On behalf of the Board, I would like to express my sincere thanks to our staff and employees in Sweden and Finland, and also to the staff and employees of Vardar, for their significant efforts throughout the past 12 months to drive our Company forwards.

Outlook

The Company has acted to face the ongoing threat posed by COVID-19, as best we can, including 30 percent salary cuts for the CEO and Board, and sought to maintain a 'business as usual' attitude. Despite the economic shock, mines in the Nordic region have largely continued to operate and Vardar has been able to work in Kosovo.

As governments bring COVID-19 under control, their focus should shift to restarting economies and enabling investment, job creation and supporting communities. A modern and sustainable mine at Kallak, developed in partnership with the community, has the potential to generate hundreds of jobs in northern Sweden and deliver a much needed economic resurgence in Jokkmokk.

The Government has had the Kallak application on its desk for the last 3 years. Minister Baylan wrote last September of a ‘forthcoming decision’, yet another 10 months has passed and the Company is still waiting. Minister Baylan speaks of transparency and predictability in permitting processes, but the Company has no information on what process the Government is following or when a decision will be made. If Minister Baylan is genuine in welcoming investors to Sweden, then he needs to act now and end the 12-year drought for a new mine being permitted in Sweden. How else can exploration companies consider Sweden a low-risk mining jurisdiction, if after significant investment and finding resources, you are stopped from advancing a project.

I would like to take this opportunity to highlight that, although we are being frustrated in Sweden and facing difficult times with COVID-19, fundamentally, as a business, Beowulf is in a strong position. We have a diversified asset base, supportive shareholders, in both Sweden and the UK, and excellent liquidity in the trading of the Company's shares.

To finish, Kallak remains the foundation of the Company, on which we are building an exciting future. The Mining Journal ran the headline 'Tethyan Belt a strong draw at PDAC' and so our investments in Vardar's developing potential over the last 18-months seem to have been well-timed and Fennoscandian is well-positioned in Finland's emerging battery sector as a local supplier of natural flake graphite.

Göran Färm
Non-Executive Chairman
28 July 2020

REVIEW OF OPERATIONS AND ACTIVITIES

KOSOVO

Vardar Minerals Limited

During the year, Beowulf increased its ownership in Vardar Minerals Limited ("Vardar"), a UK registered private exploration company with exploration licences in Kosovo, to 41.5 per cent. The Company funded Vardar's 2019 works programme including diamond drilling, geophysical surveys, and other activities. Results helped develop our understanding of the copper and gold porphyry potential at both the Mitrovica and Viti projects.

Porphyry deposits are exceptionally large, low grade, polymetallic systems, that typically contain copper along with other metals, such as gold, silver, zinc, and lead. Examples in the region include the Kiseljak deposit in Serbia (Inferred Resource: 459 million tonnes at 0.22 per cent copper, 0.2 grammes per tonne gold. Source: Dunav Resources' announcement, June 2014) and the Skouries high grade gold-copper deposit in Greece (Measured and Indicated Resource: 289 million tonnes at 0.43 per cent copper and 0.58 grammes per tonne gold. Inferred Resource: 170 million tonnes at 0.34 per cent copper and 0.31 grammes per tonne gold. Source: Eldorado Gold).

In April, the Company announced that it had exercised its option to increase its ownership in Vardar to approximately 37.6 per cent for the consideration of £750,000, satisfied in cash, funding exploration activities at the Mitrovica and Viti projects. Then later in the year, Beowulf followed its money, investing a further £215,000, taking the Company's ownership to 41.5 per cent.

At Mitrovica, located near to the world class Stan Terg lead-zinc-silver mine, potential not only exists for the discovery of additional lead-zinc-silver deposits, but also for the discovery of high-level epithermal gold deposits and for copper-zinc deposits.

It is simplistic to think of these targets, which occur along a seven-kilometre trend, in isolation. However, Vardar believes the targets are all related to a potentially much larger porphyry style mineralised system, based on meticulous geological mapping of hydrothermal alteration and interpretation of trench, drill and soil geochemical exploration data.

At Viti, initial stratigraphic holes, drilled in 2019, intersected the correct alteration type, returning gold and visible copper mineralisation, that indicates potential for the discovery of a mineralised copper-gold porphyry in a hitherto unexplored area.

Exploration Overview

Both Mitrovica and Viti 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.

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 1930s (historical production records: 34 Mt at 3.45 per cent lead, 2.30 per cent zinc and 80 g/t silver).

The licence is prospective for a range of porphyry-related mineralisation types, including the Madjan Peak high-sulphidation epithermal gold target, the Wolf Mountain low-sulphidation lead-zinc-silver target and primary porphyry copper mineralisation in the southern part of the licence area.

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.

Wolf Mountain

The Wolf Mountain target forms a prominent outcropping feature, with strike length of more than 4 km and width ranging from almost 20 metres ("m") to greater than 300 m. 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.

In June, the Company reported that in the northern part of Wolf Mountain, Vardar had completed 651 m of drilling and a total of 278.5 m of trenching, carried out over outcropping stockwork and hydrothermal breccia mineralisation. In the southern part of the licence, a soil sampling programme was undertaken

Exploration results were reported in September 2019. Drilling and trenching results confirmed extensive lead-zinc-silver mineralisation over an area of 800 m in length and 400 m in width in its northern part, with significant potential for high-grade feeder structures.

Vardar is planning to conduct Direct Current - Induced Polarisation ("DC-IP") surveys, the results of which, when combined with detailed magnetic data, will be used for targeting high-grade sulphide-dominant lead-zinc-silver mineralisation associated with both mineralised breccia and feeder structures.

- Trenching highlights include:

  - Trench WM-T01 returned 1.43 per cent lead, 1.87 per cent zinc and 11 g/t silver over 51.0 m, including 2.01 per cent lead, 3.17 per cent zinc and 18 g/t silver over 12.5 m; and
  - Trench WM-T02 returned 2.7 per cent lead, 0.55 per cent zinc and 10 g/t silver over 18.0 m and 3.6 per cent lead, 0.64 per cent zinc and 14 g/t silver over 8 m.
  - WM-T01, T02 and T03 all returned anomalously high lead-zinc-silver concentrations for intersected zones.

- Drilling highlights include:

  - Hole WM001 returned 1.2 per cent lead, 0.36 per cent zinc and 10 g/t silver over 14.1 m;
  - Hole WM003 returned 1.4 per cent zinc over 4.15 m;
  - Hole WM004 returned 1.27 per cent lead, 0.91 per cent zinc and 8 g/t silver over 8.9 m; and 1.4 per cent zinc over 20.9 m;
  - Hole WM006 returned 1.38 per cent zinc over 19.3 m;
  - Hole WM007 returned 2.69 per cent lead, 0.4 per cent zinc and 16 g/t silver, over 4.3 m;
  - Hole WM009 returned 1.29 per cent lead over 3.0 m;
  - Hole WM010 returned 2.45 per cent zinc over 2.0 m; and
  - Hole WM014 returned 2.14 per cent zinc over 1.0 m.

Mitrovica South

Soil sampling results for the southern half of Mitrovica have identified three target areas:

- Mitrovica South exhibits potential for a large mineralised system - soil sampling results have identified distinctive zinc, copper, lead, silver, and gold anomalies in the southern part of the license, extending laterally from known mineralisation, suggesting that the system may be larger than indicated by initial geological mapping.

- Madjan Peak Gold target - anomalous gold and silver assays have been returned for the eastern margin of the license, corresponding with previously mapped advanced argillic alteration, identified historic gold workings/pits and anomalous rock chip samples (up to 7.2 g/t gold).

- Madjan Peak Lower Slopes - displays elevated copper, zinc and silver in soil results possibly correlating with structurally controlled mineralisation

Vardar is planning to conduct DC-IP surveys, the results of which, when combined with detailed magnetic data, will be used for defining drill targets.

Viti

The Viti project is situated in south-eastern Kosovo and is made up of three adjacent licences covering 213 km^2. The licences encompass an interpreted circular intrusive, indicated by 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 similar to Rio Tinto's Jadar deposit in Serbia.

During the year, orientation drilling at Viti intersected the upper part of a copper-gold porphyry system. Drilling also identified highly altered trachyte porphyry dykes with associated copper and gold mineralisation.

Drill testing was designed to test the extent and type of alteration associated with an extensive three-kilometre gossanous outcrop, which had previously returned anomalous copper and gold concentrations in rock grab samples. In addition, soil samples were collected to determine the extent of possible anomalous metal concentrations over the target area.

Future work will focus on copper-gold target delineation using a combination of detailed magnetic and DC-IP surveys, and with new targets drilling should follow.

Post-Year End

In February 2020, Vardar identified an additional copper-zinc exploration target at Mitrovica, and Beowulf invested a further £50,000, increasing the Company's ownership to 42.2 per cent. Then, in March, Beowulf co-invested alongside existing and founding shareholders another £30,000, as part of a £70,000 total fundraise for soil sampling over the gold target at Madjan Peak.

June 2020, results from the soil sampling programme completed across the Madjan Peak gold target at Mitrovica were announced, an extensive gold anomaly, identified over an area approximately 1400 metres x 700 metres, with individual soil samples returning up to 0.36 g/t gold. Furthermore, a new lead-zinc-copper-gold target has been identified to the south of Madjan Peak, of significance given its situation, approximately 3 kilometres from the Stan Terg mine.

FINLAND

Finnish Exploration Permits

Beowulf, via its wholly owned subsidiary, Fennoscandian, currently holds two exploration permits, although one approval is being appealed at the time of writing and has applied for a further two exploration permits.

The Company also holds three Claims Reservations, Merivaara 1, Tammijärvi 1 and Polvela 1, on which it is allowed to conduct basic prospecting work in advance of an application for an exploration permit.

Permit Name	Permit ID	Area (km^2)	Valid from	Valid until
Approved Exploration Permits				
Pitkäjärvi 1	2016:0040	10.00	07/12/2016	10/01/2021
Rääpysjärvi 1	2017:0104	7.16	25/04/2019	See note (1)
Applied for Exploration Permits				
Joutsjärvi 1	2017:0122	5.79	Applied for 16/10/2017	
Karhunmäki 1	2019:0113	10.00	Applied for 31/12/2019	

Notes:

1. Application approved by TUKES 25/04/2019. Administrative Court of Eastern Finland rejected an appeal on 27/03/20. Further appeal now lodged with Supreme Administrative Court.

Aitolampi (Pitkäjärvi 1 Exploration Permit) – Graphite

Introduction

The Aitolampi and Pitkäjärvi graphite prospects, located in eastern Finland approximately 40km southwest of the well-established mining town of Outokumpu, were discovered in 2016 and 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.

2019 Summary

During the year, the Company made significant progress with Fennoscandian, specifically with its Aitolampi project, part of the Company's 100 per cent owned Exploration Permit, Pitkäjärvi 1.

In June, drilling at Aitolampi extended the higher-grade Western Zone, and, in October 2019, Beowulf announced an upgraded MRE for the project.

Additionally, the drilling programme generated sample material to support baseline environmental studies, for graphite purification and spheroidization test work, and the further assessment of Aitolampi graphite for battery applications as part of the Business Finland funded BATCircle Project.

Highlights of the upgraded MRE are as follows:

- An 81 per cent increase in contained graphite (compared to the 2018 MRE) for the higher-grade western zone with an Indicated and Inferred Mineral Resource of 17.2 Mt at 5.2 per cent TGC containing 887,000 t of contained graphite.

- An unchanged Indicated and Inferred Mineral Resource of 9.5 Mt at 4.1 per cent TGC for 388,000 t of contained graphite for the eastern lens.

- Updated global Indicated and Inferred Mineral Resource of 26.7 Mt at 4.8 per cent Total Graphitic Carbon TGC for 1,275,000 t of contained graphite. All material is contained within eastern and western graphite mineralised lenses, interpreted above a nominal three per cent TGC cut-off grade.

- An augmented global Indicated and Inferred Mineral Resource of 11.1 Mt at 5.7 per cent TGC for 630,000 t of contained graphite, reporting above a five per cent TGC cut-off, based on the grade-tonnage curve for the resource.

Other Developments

In March, the Company announced that Fennoscandian received additional funding from Business Finland, a 50 per cent contribution to a budget of Euros 224,900. The funds will be used for graphite purification and spheroidization test work, and the further assessment of Fennoscandian's graphite for battery applications.

Business Finland has been granted Euros 10 million funding for a project titled "BATCircle - the development of a Finland-based Circular Ecosystem of Battery Metals". BATCircle is part of the European Union ("EU") Strategic Energy Technology Programme, where Finland, under the leadership of Aalto University and Outotec, will coordinate research into battery recycling.

The national BATCircle consortium includes a total of 22 companies, four universities, two research institutes and two cities.

SWEDEN

Permits

Beowulf, via its subsidiaries, currently holds five 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
Åtvidaberg nr1 (Pb,Zn,Cu, Ag)[2]	2016:51	125.32	30/05/2016	30/05/2019
Ågåsjiegge nr2 (Fe)[1,4]	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
Parkijaure nr6 (Fe)[1]	2019:81	2.85	10/10/2019	10/10/2022

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) Renewal application submitted.

Introduction

The Company's most advanced project is the Kallak magnetite iron ore deposit located approximately 40 km west of Jokkmokk in the County of Norrbotten, Northern Sweden, 80 km southwest of the major iron ore mining centre of Malmberget, and approximately 120 km 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 showed 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 DRI facilities in Europe and the Middle East, and attracting a potential price premium.

Local infrastructure is excellent. A major hydroelectric power station with associated electric powerlines is located only a few kilometres to the south east of the project area. The nearest railway (the Inlandsbanan or 'Inland Railway Line') passes approximately 40 km 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 m in length and 350 m 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 131 holes and 27,895m

A 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 Resource, which is not Mineral Reserves, has 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.

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

The deepest drill hole intercept is located some 350 m below the surface in the central part of the mineralisation. In the southern and northern parts, the intercepts are shallower at 150-200 m. 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 750 m from north to south and has an accumulated width of 350 m. The deepest drill hole intercept is located some 350 m below the surface in the southern-most part of the mineralisation. In the southern part, the mineralisation extends approximately 500 m from north to south and has a maximum width of just over 300 m. The deepest drill hole intercept is located some 200 m to 250 m below the surface in the central part of the mineralisation.

Approximately 800 m 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.

2019 Update

Throughout 2019, Beowulf continued to push for a decision from the Swedish Government on its application for an Exploitation Concession, while demonstrating its approach to developing an innovative, modern, and sustainable mining operation at Kallak. We continued to work with the Mayor in Jokkmokk, Norrbotten Regional Council Members and Norrbotten Members of Parliament to lobby the Government.

In late January, Kurt Budge CEO delivered a presentation titled 'Sustainability in the heart - partnership, the lifecycle of mining projects, balancing the interest of stakeholders' at the Future Mine and Mineral Conference in Stockholm.

The CEO spoke of the damage Kallak and other mining cases are having on Sweden's reputation as a destination for mining investors. On a more positive note, the CEO presented Beowulf's approach to sustainable mining and outlined how the Company can play its part in ensuring that Sweden continues to lead in this area, by developing a modern and sustainable mining operation at Kallak in partnership with the community in Jokkmokk.

Beowulf continued to support the OECD’s work in Sweden, attending the launch of the report on its Rural Policy Review 'Linking the Indigenous Sami People with Regional Development in Sweden', having previously participated in the OECD’s land-use workshop in early 2018.

Later in the year, the CEO attended the third OECD Meeting for Mining Regions and Cities, organised to enable knowledge sharing, with a focus on developing policy recommendations and standards that can help maximise the benefits that mining can bring to a region or city.

At the meeting, learnings from past situations and experiences, what works and what does not work, and ongoing challenges, such as gaining acceptance by communities when it comes to mining development and the importance of engaging with indigenous communities, were discussed. In addition, global trends were presented, including the 'Circular Economy' and the adoption of 'Clean Energy', and the impacts that these could have on the future demand for minerals and metals.

In the context of all these ideas, the Company's Kallak project is an ideal candidate for bringing together the best of thinking into the development of a modern and sustainable mining project, that could transform a community and a region, while leveraging the mining heritage and harnessing the innovation that Norrbotten and Sweden possess.

Following Almedalen in July, the Company outlined its immediate three-step plan for advancing the Kallak project, in the event the Swedish Government awards the Concession:

1) Scoping Study - completion within 12 months of the Concession being awarded - and in parallel develop a roadmap for environmental permitting.
2) Formation of a 'Development Taskforce' with Jokkmokks Kommun and other key partners, intended to coordinate the activities of interested parties in Kallak, such that project development of Kallak and the development of Jokkmokk can be fully coordinated.
3) To advance discussions with the Sami reindeer herding communities, to listen to their concerns, find solutions together to problems that might exist, working towards reaching mutually beneficial agreements that ensure Sami reindeer herding, livelihoods and culture are protected, and that Sami communities benefit from the development of a mine at Kallak.

During the year, Beowulf continued to support SME development in Jokkmokk and, in the event that the Concession for Kallak is awarded, has pledged an additional SEK 300,000 to the Collaboration Agreement (the "Agreement") it has with Jokkmokks Allmänning ("Allmänning"). Beowulf has previously invested SEK 500,000 in the partnership Agreement with Allmänning and is pleased to continue to support SME development in Jokkmokk.

The main purpose of the existing Agreement is to invest funds and support the development of SMEs in Jokkmokk. The funds will match Allmänning's investment in Jokkmokks Log, a sustainable construction company, which uses Allmänning timber production for wooden building construction. Jokkmokks Log, which is adding value to locally produced raw materials, could provide opportunities for training local apprentices, and thereafter employment as its business grows.

Exploring Iron Ore Potential at Parkijaure

Beowulf is a partner in the European Union ("EU") funded PACIFIC Project ("PACIFIC"), launched in June 2018. The project has received €3.2 million from the EU's Horizon 2020 research and innovation programme and has a 36-month programme of activities being coordinated by Université Grenoble Alpes.

The aim of PACIFIC is to develop a new low-cost and environmentally friendly tool for exploring for sub-surface mineral deposits. The PACIFIC consortium is conducting fundamental and applied research to develop two radically new and complementary mineral exploration techniques, both based on passive seismic imagery.

Kallak, including Kallak North, Kallak South and the Parkijaure licence, has been chosen as one of two PACIFIC test sites.

In September, Phase 1 work was carried out at Kallak, which included testing the multi-array method, using an array of receivers at surface, over the known magnetite ore at Kallak South to provide background data, the seismic properties for the iron ore and to correlate findings with the geological model for Kallak.

In Autumn 2020, Phase 2 work will commence testing the multi-array method in parallel with drilling at Kallak South, with noise from drilling providing a passive seismic source. Testwork will determine if a 3D seismic model can be constructed, using the established seismic characteristics of the Kallak deposit, and whether the 3D model can be used to identify previously undiscovered magnetite mineralisation for the Kallak South Exploration Target areas and for Parkijaure. The Company would then consider further drilling.

In October, the Company was awarded an Exploration Licence for Parkijaure nr 6, covering almost 1,000 hectares immediately to the south of the Kallak deposits, and similarly prospective for magnetite iron ore.

Communications with the Swedish Government

During the year, the Company communicated with the government on numerous occasions, regarding the Company’s application for an Exploitation Concession.

In April, Göran Färm Chairman wrote to Minister Baylan regarding the Kallak application. The letter reminded the Minister that since the Company first submitted its application in 2013, the case has been sent back and forth between Swedish authorities and the Government, finding themselves unable to award an Exploitation Concession for Europe's largest drill defined iron ore deposit, a potential global resource of 250 million tonnes of iron ore.

The first exploration permit for Kallak was granted by the Mining Inspectorate in 2006, and, since that time, Swedish authorities have permitted the Company to invest over SEK 80 million to date. While the Kallak project suffers delay after delay, LKAB, the state iron ore company, warned in October 2018 that the ore in the Kiruna mine will be depleted earlier than expected. This placed the media spotlight on the future of LKAB's operations and the strategic importance of iron ore to Sweden. Further highlighting the absurdity of the Kallak situation.

In communication with the Government, it was confirmed that the Kallak application was being prioritised and acknowledged that the Company had been waiting an excessive period of time for a decision. On this basis, the Company reasonably expected, that a decision would be taken, by the Government, before the summer or 2019.

In May, the Chairman and the CEO met with Mr. Emil Högberg, State Secretary to the Minister, to again make a case for the Concession being awarded. The State Secretary closed the meeting acknowledging the importance of the Kallak project to Jokkmokk. After the summer, the Chairman followed up again with the State Secretary to ensure the Government had all the information it needed with respect to our application.

In September, the CEO wrote to Minister Baylan, following meetings with advisors, including legal advisors, and the new CEO at SveMin, asking for a meeting and clarity on the process and timeline to a decision by the Government. In response, Minister Baylan explained that the CEO's request for a meeting at the time "concerns a forthcoming Government decision - a dossier that is currently under preparation", and that the Government is unable to meet or comment with regard to its "ongoing review".

The Company engaged legal firm Mannheimer Swartling to work with Fröberg & Lundholm to review its Kallak application. Specifically, to review statements by the County Administrative Board for the County of Norrbotten ("CAB"), including the CAB's statement made in November 2017, and the Company's comments to the Swedish Government criticising that statement. The findings of the legal analysis were unequivocal, that the Company has robustly argued its case for a Concession to be awarded.

In November, the Company submitted a concluding statement (the "Statement") for Kallak, prepared by Mannheimer Swartling and Fröberg & Lundholm, to the Government. The Statement stressed that, as has previously been demonstrated by the Company, and acknowledged by the CAB, the establishment of a mine at Kallak would have significant positive effects on the local economy: creating jobs, generating tax revenues for Jokkmokk municipality, and stimulating and diversifying the business sector in Jokkmokk. In so doing, Kallak would help solve the problems Jokkmokk is facing, a lack of investment in new enterprise and job creation, and a declining and ageing population, which is placing a financial burden on Jokkmokks Kommun that it cannot afford to bear.

The Statement notes that neither the Reindeer Herding Impact Assessment, nor the Environmental Impact Assessment have concluded that mining operations at Kallak would threaten the existence and livelihoods of local Sami reindeer herding communities. Furthermore, the Statement highlights the similarities between Kallak and available case law, which support the approval of the Concession.

In December, the CEO wrote again to Minister to Minister Baylan. The CEO requested that the Government provide Beowulf with details on when the Company can expect the decision on Kallak to be taken. No response was received before the year-end.

Post-Year end

In January 2020, the CEO contributed to a 'Roundtable on mining in northern Sweden' hosted by Länsstyrelsen Norrbotten, Länsstyrelsen Västerbotten, Boliden and LKAB. At the meeting in Luleå, the Government was represented by the State Secretary, who was unable to shed any light on the handling of the Company's application by the Government, nor the timing of a decision. At the meeting, the CEO made the Company's viewpoint clear, that any review by the Government of Swedish legislation should have no impact on permit applications in the system that have been waiting years for a decision.

A response to the CEO's letter sent in December 2019 to Minister Baylan arrived in February 2020, in which the State Secretary stated that the Government was not able to comment on when a decision is expected to be taken, however, the Government had taken careful note of information provided.

During the month, the CEO participated in a meeting discussing the 'Mining industry and indigenous peoples: regulations, best practice and social innovation'. On this subject, the inclusion of Sami in regional development in Sweden, permitting, sustainable mining, supply chain transparency, the Green Economy and the Fossil Free Economy, Beowulf is an active participant and contributor to the debate

Also, the Board met in Stockholm to discuss the continuing and unacceptable delays in getting a decision form the Swedish Government for Kallak. The Board was already in receipt of a paper detailing options, prepared by the Company's lawyers, and actively considering ring-fencing funds for legal action. All options to take legal action remain under active consideration.

In May 2020, the Company awarded a drilling contract for up to 1,650 metres diamond drilling, targeting additional potential iron ore mineralisation at Kallak South. The work programme will determine if a 3D seismic model can be constructed, using the established seismic characteristics of the Kallak deposit. The work is being undertaken as part of the European Union funded PACIFIC Project.

In June 2020, the CEO wrote again to Minister Baylan, after a Parliamentary Question had been put to the Minister by a member of Parliament, asking when a decision will be taken on Kallak. The CEO reminded Minister Baylan, that when the Minister spoke at the Mining Nordic Day in Toronto in early March, he saved his biggest welcome for investors and said that the CEO was welcome to do business in Sweden. In the letter, the CEO stated that Beowulf is unable to do business in Sweden, because the Company cannot get a decision on Kallak from the Government.

The SGU, a Government Office, first discovered Kallak in the 1940s, designated it an Area of National Interest in 2013 and produced its latest study, headlined 'New light on iron ore at Kallak', in May 2020. Kallak has been on the SGU's radar for 80 years! Bergsstaten (the "Mining Inspectorate"), part of the SGU, recommended to the Government in October 2015, that the Concession for Kallak should be awarded, and last October awarded an Exploration Permit for Parkijaure nr 6.

REMUNERATION REPORT

The Directors have chosen to voluntarily present an unaudited 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 34 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 £138,000 to £150,000 on 1 January 2019. 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 is £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 2019 and 31 December 2018, was as follows:

Name	Position	Salary & Fees[1]	Share-based[2] Payments	Share settled expense[3]	Benefits[4]	Pension[5]	2019 Total (audited)	2018 Total (audited)
		£	£	£	£	£	£	£
Mr K R Budge	Chief Executive Officer	151,000	40,208	10,417	809	13,000	215,434	144,387
Mr C Davies	Non-Executive Director	40,750	36,195		-	-	76,945	140,561
Mr G Färm	Non-Executive Chairman	49,596	-		-	-	49,596	27,351
Total		241,346	76,403	10,417	809	13,000	341,975	312,299

Notes:

(1) Does not include expenses reimbursed to the Directors.
(2) In relation to options granted in year ended 31 December 2019 and 31 December 2017
(3) In relation to shares awarded 31 October 2019 in lieu of option exercise (refer note 23).
(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 2019 in the issued share capital of the Company were as follows:

ORDINARY SHARES	**31 December 2019**	**31 December 2018**
Mr K R Budge	2,416,426	2,249,759

As 31 December 2019, all options have vested.

ORDINARY SHARES UNDER OPTION	**NUMBER**	**EXERCISE PRICE**	**EXPIRY DATE**
Mr K R Budge	9,000,000	1.66 pence	17 July 2020
Mr K R Budge	3,500,000	7.35 pence	14 January 2024
Mr C Davies	2,500,000	12 pence	26 January 2022
Mr C Davies	2,500,000	7.35 pence	14 January 2024

ON BEHALF OF THE REMUNERATION COMMITTEE

Göran Färm
Non-Executive Chairman
28 July 2020

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
CONTINUING OPERATIONS			
Administrative expenses		(904,666)	(598,391)
Impairment of exploration costs		(10,720)	(571,456)
Share based payment expense		(119,720)	(196,460)
Share of loss in associates		-	(19,880)
Gain on step acquisition		563,431	-
OPERATING LOSS		(471,675)	(1,386,187)
Finance costs		(410)	-
Finance income		6,298	11,603
Grant income		37,080	-
LOSS BEFORE INCOME TAX		(428,707)	(1,374,584)
Income tax expense		-	-
LOSS FOR THE YEAR		(428,707)	(1,374,584)
Loss attributable to:			
Owners of the parent		(267,000)	(1,373,936)
Non-controlling interests		(161,707)	(648)
		(428,707)	(1,374,584)
Loss per share attributable to the ordinary equity holder of the parent:			
Basic and diluted (pence)	2	(0.04)	(0.25)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
LOSS FOR THE YEAR		(428,707)	(1,374,584)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses arising on translation of foreign operations		(794,299)	(123,265)
		(794,299)	(123,265)
TOTAL COMPREHENSIVE LOSS		(1,223,006)	(1,497,849)
Total comprehensive loss attributable to:			
Owners of the parent		(1,037,811)	(1,497,133)
Non-controlling interests		(185,195)	(716)
		(1,223,006)	(1,497,849)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019	2018
		£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	3	10,011,494	8,285,547
Property, plant and equipment		86,998	16,083
Investment in associate		-	230,120
Loans and other financial assets		5,212	5,462
Right-of-use asset		7,324	-
		10,111,028	8,537,212
CURRENT ASSETS			
Trade and other receivables		167,261	62,956
Cash and cash equivalents		1,124,062	1,533,232
		1,291,323	1,596,188
TOTAL ASSETS		11,402,351	10,133,400
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		6,022,446	5,663,072
Share premium		20,824,009	19,266,271
Capital contribution reserve		46,451	46,451
Share based payment reserve		732,185	612,465
Merger reserve		137,700	137,700
Translation reserve		(1,291,068)	(520,257)
Accumulated losses		(15,781,161)	(15,311,933)
		10,690,562	9,893,769
Non-controlling interests		326,555	(160,587)
TOTAL EQUITY		11,017,117	9,733,182
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		242,885	208,013
Grant Income		134,877	192,205
Lease liability		7,472	-
TOTAL LIABILITIES		385,234	400,218
TOTAL EQUITY AND LIABILITIES		11,402,351	10,133,400

The financial statements were approved and authorised for issue by the Board of Directors on 28 July 2020 and were signed on its behalf by:

Mr K Budge - Director
Company Number 02330496

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium £	Merger reserve £	Capital contribution reserve £	Share based payments reserve £	Translation reserve £	Accumulate d losses £	Totals £	Non – controlling interest £	Totals £
At 1 January 2018	5,342,072	18,141,271	137,700	46,451	575,078	(397,060)	(14,079,747)	9,765,765	(159,871)	9,605,894
Loss for the year	-	-	-	-	-	-	-	(1,373,936)	(648)	(1,374,584)
Foreign exchange translation	-	-	-	-	-	(123,197)	(1,373,936)	(1,497,133)	(716)	(1,497,849)
Total comprehensive income	-	-	-	-	-					
Transactions with owners										
Issue of share capital	300,000	1,200,000	-	-	-	-	-	1,500,000	-	1,500,000
Cost of issue	-	(75,000)	-	-	-	-	-	(75,000)	-	(75,000)
Share based payment expense	-	-	-	-	196,460	-	-	196,460	-	196,460
Issues of shares	21,000	-	-	-	(159,073)	-	141,750	3,677	-	3,677
At 31 December 2018	5,663,072	19,266,271	137,700	46,451	612,465	(520,257)	(15,311,933)	9,893,769	(160,587)	9,733,182
Loss for the year	-	-	-	-	-	-	(267,000)	(267,000)	(161,707)	(428,707)
Foreign exchange translation	-	-	-	-	-	(770,811)	-	(770,811)	(23,488)	(794,299)
Total comprehensive income	-	-	-	-	-	(770,811)	(267,000)	(1,037,811)	(185,195)	(1,223,006)
Transactions with owners					-					
Issue of share capital	357,707	1,642,293	-	-	-	-	-	2,000,000	-	2,000,000
Cost of issue	-	(93,305)	-	-	-	-	-	(93,305)	-	(93,305)
Share based payment expense	1,667	8,750	-	-	119,720	-	-	130,137	-	130,137
Step acquisition of Subsidiary	-	-	-	-	-	-	(202,228)	(202,228)	672,337	470,109
At 31 December 2019	6,022,446	20,824,009	137,700	46,451	732,185	(1,291,068)	(15,781,161)	10,690,562	326,555	11,017,117

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		£	£
Cash flows from operating activities			
Loss before income tax		(428,707)	(1,374,584)
Depreciation charges		20,971	14,696
Share based payment expense		130,137	196,460
Impairment of exploration costs		10,720	571,456
Finance income		(6,298)	(11,603)
Finance cost		410	-
Grant income		(37,080)	-
Gain on step acquisition		(563,431)	-
Amortisation of right -of -use asset		4,615	-
Share of loss in associate		-	19,880
		(868,663)	(583,695)
(Increase) / decrease in trade and other receivables		(106,009)	2,603
Decrease / (increase) in trade and other payables		14,930	(72,740)
Net cash used in operating activities		(959,742)	(653,832)
Cash flows from investing activities			
Purchase of intangible assets	3	(1,304,896)	(778,495)
Purchase of property, plant and equipment		(77,615)	(2,515)
Sale of investments		7	13
Acquisition of subsidiary / associate		(500,000)	(250,000)
Cash acquired with subsidiary		530,031	-
Grant receipt		-	192,205
Interest received		6,298	11,603
Net cash used in investing activities		(1,346,175)	(827,189)
Cash flows from financing activities			
Proceeds from issue of shares		2,000,000	1,500,000
Payment of share issue costs		(93,305)	(75,000)
Lease principal and interest paid		(4,877)	-
Net cash from financing activities		1,901,818	1,425,000
Decrease in cash and cash equivalents		(404,099)	(56,021)
Cash and cash equivalents at beginning of year		1,533,232	1,589,897
Effect of foreign exchange rate changes		(5,071)	(644)
Cash and cash equivalents at end of year		1,124,062	1,533,232

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:

The financial information included in this announcement does not constitute the Group's statutory financial statements as defined in section 434 of the Companies Act 2006, but is derived from those accounts. The financial information for the year ended 31 December 2019 has been extracted from the audited accounts of Beowulf Mining plc which will be delivered to the Registrar of Companies in due course. The auditors reported on those accounts and their report was unqualified, but did contain a material uncertainty relating to going concern, and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The financial information for the year ended 31 December 2018 has been extracted from the audited accounts of Beowulf Mining plc which have been delivered to the Registrar of Companies. The auditors reported on those accounts and their report was unqualified and also contained a material uncertainty relating to going concern and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

At 31 December 2019, the Group had a cash balance of £1.12 million and the Company had a cash balance of £0.98 million. Subsequent to year end, the Company has raised £2.0 million (before expenses) cumulatively through a series of 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.

Management has implemented logistical and organisational changes to underpin the Group's resilience to the impact felt by the COVID-19 pandemic, with the key focus being protecting all personnel, minimising the impact on critical work streams and ensuring business continuity. The effect on the economy may impact the Group in varying ways, which could lead to a direct bearing on the Group's ability to generate future cash flows for working capital purposes. The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons, the generation of sufficient operating cash flows remain a risk. Management is closely monitoring commercial and technical aspects of the Group's operations to mitigate risk and believes the Group will have access to sufficient working capital to continue operations for the foreseeable future.

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.

Merger relief under s612 of the Companies Act 2006 removes the requirement to credit the share premium account and where the conditions are met, the relief must be applied. However, it allows the investment to be accounted for at the nominal value of the shares issued or the fair value of the consideration. Where the investment is to be recorded at fair value, then the credit will be to the merger relief reserve.

The conditions to qualify for merger relief are:

- the consideration for shares in another company includes issued shares;
- on completion of the transaction, the company issuing the shares will have secured at least a 90% equity holding in the other company.

Merger relief was required to be applied in acquisition of Fennoscandian Resources, in which the Company obtained 100% of the share capital of Fennoscandian for shares issued by the Company.

New standards, amendments and interpretations

As of 1 January 2019, the Company adopted IFRS 16 Leases, Amendments to IFRS 2 – classification and measurement of share-based payments transactions, Annual improvements to IFRS Standards 2015-2017 cycle and IFRIC 23 Uncertainty over income tax treatments.

IFRS 16 Adoption

On 1 January 2019, the Group adopted the provisions of IFRS 16 – Leases using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019 where material.

Accordingly, the comparative information presented for 2018 has not been restated. IFRS 16 has been applied to one new lease which was adopted during the financial year. In the Statement of Financial Position the right-of-use asset is recorded in non-current assets as part of property, plant and equipment and the lease liability is split between current liabilities for the portion due within 12 months and non-current liabilities for the remainder. To determine the split between principal and interest in the lease the incremental borrowing rate of the Group was applied. This method was adopted as the Group was not able to ascertain the implied interest rate in the lease. The Group has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term when applying IFRS 16 to leases previously classified as operating leases under IAS 17. Of the other IFRSs and IFRICs, none are expected to have a material effect on future Company Financial Information.

There are several standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020:

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment – Definition of Material)
- IFRS 3 *Business Combinations* (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform (IBOR) reform Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)

The Directors have assessed there to be no material impact of these new accounting standards on the Group financial statements.

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 (the "Concession") for Kallak North will not be awarded. Management maintains that its application for the Concession has satisfied the requirements of the Swedish Minerals Act and Environmental Code. In October 2015, the Mining Inspectorate recommended to the Swedish Government that the Concession be awarded.

In late 2019, the Company engaged Mannheimer Swartling to work with its existing lawyers Fröberg & Lundholm to prepare a concluding statement (the "Statement"). The Statement was sent to the Government on 8 November 2019. The Statement did not include any new facts in the Kallak case, as all necessary and relevant facts have already been established as part of the application process. Rather, the Statement summarises the circumstances relevant to a judicial review of whether the Company should be awarded the Concession for Kallak. The Statement concludes that the Company should be awarded the Concession.

It is management's judgement that it is appropriate to remain optimistic about the Government, the decision maker in the application process, awarding a Concession, and therefore Kallak has not been impaired.

Management's judgement is based on several factors: if the Government were to say 'no' they would have said 'no' before now; the Minister for Business, Industry and Innovation, Mr. Ibrahim Baylan is under pressure to take decisions from politicians in his own and other political parties; Sweden's reputation as a mining investment destination is being significantly damaged.

In addition, announcements made in October 2018 by LKAB the state iron ore company about its dwindling reserves at Kiruna, created a lot of interest about the importance of mining to Sweden, how it creates jobs and supports the economy, and the importance of iron ore. The industry association SveMin continues to lobby the Government to act, when it comes to the delays being experienced by mining companies applying for permits.

The Åtvidaberg licence is located in the Bergslagen area, southern Sweden. It was renewed during 2019 and now expires on 30 May 2022. Bergslagen is one of Europe's oldest mining districts and yielded a substantial portion of Sweden's mineral wealth in the 1800-1900s, with several large mines and hundreds of smaller mines producing copper, zinc, lead, gold, silver, and iron ore. Current operating mines in the area include Boliden's Garpenberg and Lundin Mining's Zinkgruvan. Most of southern 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. During the year, no fieldwork was undertaken, as the Company's exploration focus moved to Finland and Kosovo. However, the Company is now considering partners to continue with the next stage of work on the licence and this work is ongoing.

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 present situations for the Company's main assets, Kallak, Aitolampi, Mitrovica and Åtvidaberg, do not qualify as impairment indicators and therefore no impairment provisions are required for these assets (see note 3).

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 is the judgment exercised in assessing the control of the Vardar Group and in respect of the Parent Company the recoverability of the loans made to subsidiary undertakings.

The Company was assessed to have control on the 1 April 2019 as the Company was able to exercise power over Vardar through the appointment of Kurt Budge as Investor Director. The investment agreement conveyed substantive rights to the Investor Director and through the combination of the increased shareholding and these rights the Company was able to affect the overall returns of the investee.

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. A reasonable change in the probability weightings of 3% would result in further impairment of £552,193.

Basis of consolidation

(i) Subsidiaries and acquisitions

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and 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.

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.

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 profit / loss after tax and other comprehensive income/ loss are presented as the 'Share of results of Equity accounted investees' in the Group income statement and Group Statement of other comprehensive income respectively. 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 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.

Business combinations

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 aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in profit and loss.

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 include:

- 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. Once the decision for investment is taken, the assets will be assessed for impairment and to the extent that these are not impaired, will be classified as development assets. At the point that production commences these assets will be depreciated.

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.

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.

Office equipment	-	25 per cent on reducing balance
Motor Vehicles	-	20 per cent on reducing balance
Machinery and equipment	-	20 to 25 per cent on reducing balance

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

Leased assets

When entering into a contract the Group assesses whether or not a lease exists. A lease exists if a contract conveys a right to control the use of an identified asset under a period of time in exchange for consideration. Leases of low value items and short-term leases (leases of less than 12 months at the commencement date) are charged to the profit or loss on a straight-line basis over the lease term in administrative expenses.

The Group recognises right-of-use assets at cost and lease liabilities at the lease commencement date based on the present value of future lease payments. The right-of-use assets are amortised on a straight-line basis over the length of the lease term. The lease liabilities are recognised at amortised cost using the effective interest rate method. Discount rates used reflect the incremental borrowing rate specific to the lease.

Investments in subsidiaries

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.

Expected credit loss 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.

Financial liabilities

The Group's financial liabilities include trade and other payables. All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost, using the effective interest method.

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

Fair value

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. The fair value hierarchy prioritises the inputs to valuation techniques used to measure fair value. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments and other assets and liabilities for which the fair value was used:

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

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 substantively 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 recorded gross in the Group income statement. 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. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share at 31 December 2019 was based on the loss attributable to ordinary shareholders of £249,192 (2018: £1,373,936) and a weighted average number of Ordinary Shares outstanding during the year ended 31 December 2019 of 585,102,740 (2018: 554,716,045) calculated as follows:

	2019 £	2018 £
Loss attributable to ordinary shareholders	(249,192)	(1,373,936)

Weighted average number of ordinary shares

	2019 Number	2018 Number
Number of shares in issue at the beginning of the year	554,716,045	534,207,254
Effect of shares issued during year	30,386,695	20,508,791
Weighted average number of ordinary shares in issue for the year	585,102,740	554,716,045

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

3. INTANGIBLE ASSETS - Group

	Exploration Costs £
COST	
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
At 1 January 2019	8,285,547
Additions for the year	1,304,896
Additions arising from the step-up in interest in Vardar	1,203,685
Foreign exchange movements	(771,914)
Impairment	(10,720)
At 31 December 2019	10,011,494
NET BOOK VALUE	
At 31 December 2019	10,011,494
At 31 December 2018	8,285,547

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

	2019 £	2018 £
Kallak	6,675,124	7,079,806
Åtvidaberg	345,978	303,565
Ågåsjiegge	15,568	17,121
Sala	-	8,444
Pitkäjärvi	1,058,078	817,986
Joutsijärvi	19,095	25,002
Karhunmaki	24,078	13,685
Rääpysjärvi	39,905	19,938
Mervivaara	17,846	-

Polvela	31,316	-
Tammijärvi	24,278	-
Mitrovica	1,243,194	-
Viti	517,034	-
	10,011,494	8,285,547

Total Group exploration costs of £10,011,494 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 £91,231 was recorded against the projects for services provided by the Directors during the year (2018: £139,594).

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 the financial statements as at 31 December 2019 as an intangible exploration licence with a carrying value of £6,675,124. 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.

During 2019, the Fennoscandian team produced an upgraded MRE for the Aitolampi project in Finland, with a global Indicated and Inferred Mineral Resource of 26.7 Mt at 4.8 per cent TGC for 1,275,000 tonnes of contained graphite, reported in accordance with the JORC Code, 2012 edition.

Fennoscandian is pursuing a strategy of developing a 'resource footprint' of natural flake graphite prospects that can provide transparent 'security of supply' and enable Finland to achieve its ambition of self-sufficiency in battery manufacturing. The Company is also developing its knowledge in processing and manufacturing value-added graphite products, including anode material for lithium-ion batteries, in part supported financially by Business Finland.

The Åtvidaberg licence is located in the Bergslagen area, southern Sweden. It was renewed during 2019 and now expires on 30 May 2022. Bergslagen is one of Europe's oldest mining districts and yielded a substantial portion of Sweden's mineral wealth in the 1800-1900s, with several large mines and hundreds of smaller mines producing copper, zinc, lead, gold, silver, and iron ore. Current operating mines in the area include Boliden's Garpenberg and Lundin Mining's Zinkgruvan. Most of southern 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.

During the year, no fieldwork was undertaken, as the Company's exploration focus moved to Finland and Kosovo. However, the Company is now considering partners to continue with the next stage of work on the licence and this work is ongoing.

At Mitrovica, in northern Kosovo, located immediately to the west and northwest of the world class Stan Terg lead-zinc-silver mine, potential not only exists for the discovery of additional lead-zinc-silver deposits, but also for the discovery of high-level epithermal gold deposits and for copper-zinc deposits. Vardar believes the targets are all related to a potentially much larger porphyry style mineralised system, based on meticulous geological mapping of hydrothermal alteration and interpretation of trench, drilling and soil geochemical exploration data. To date, the work completed in Kosovo has yielded exciting results which warrant further investment.

In the year, an impairment provision of £10,720 (2018: £571,456) was made against costs incurred on Sala (2018: £8,444) 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.

4. RELATED PARTY DISCLOSURES

Transactions with subsidiaries

During the year, cash advances of £286,045 (2018: £259,192) were made to Jokkmokk Iron Mines AB and incurred costs of £131,948 that were paid on behalf by the Company (2018: £96,167). 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 £7,241,374 (2018: £8,352,577).

Beowulf Sweden AB received cash advances of £72,290 (2018: £88,221) and incurred costs of £5,057 (2018: £29,901) 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 £361,772 (2018: £361,657).

OY Fennoscandian AB received cash advances of £479,458 (2018: £457,103) and incurred costs of £31,296 (2018: £41,275) 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 £1,383,518 (2018: £1,199,107).

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 at entity level, but this is subsequently eliminated on consolidation.

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

Transactions with other related parties

Key management personnel include all Directors and those who have authority and responsibility for planning, directing and controlling the activities of the entity, the aggregate compensation paid to key management personnel of the Company is set out below,

	2019	2018
	£	£
Short-term employee benefits (including employers' national insurance contributions)	489,727	298,288
Post-retirement benefits	30,364	29,710

Share based payments	105,359	200,137
Share settled expense	10,417	-
Insurance	809	720
	636,676	528,855

Mr Blomqvist incurred a charge of £22,976 with respect of remaining unvested options (2018: £87,316). Mr Blomqvist is considered key management personnel in his role as Group's Exploration Manager.

On 31 October 2019, 166,667 fully paid new ordinary shares of £0.01 were issued to Kurt Budge, at a deemed price of 6.25p per share. The Share Issue is to compensate Kurt Budge for the lapse of 500,000 share options granted to Kurt Budge, exercisable at a price of 4p per share, as announced via RNS on 10 October 2014 .Kurt Budge was unable to exercise the Share Options due to being in a closed period in respect of the recent fundraising announced via RNS on the 24 October 2019.

5. EVENTS AFTER THE REPORTING DATE

In January 2020, an outbreak of a coronavirus, now classified as COVID-19, was detected in China's Hubei province. During the following months, COVID-19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. In order to stem the spread of the virus, Governments around the World are taking drastic steps which include compulsory closure of various businesses, shops and schools and are also heavily restricting of movement of people with lock down. There has been no impact of COVID-19 on the underlying operations at 31 December 2019, however due to the rapid development of COVID-19, the degree of uncertainty involved and the unprecedented nature of the challenges posed by the coronavirus situation, the Directors' are of the opinion that it is too soon to quantify what financial impact that the COVID-19 pandemic will be, but are monitoring the situation closely.

On 17 February 2020, Beowulf invested £50,000 in Vardar Minerals limited, increasing the Company's investment in Vardar from 41.5% to 42.2%.

On 25 March 2020, a made a further investment of £30,000, alongside a further £40,0000 investment by founder and existing shareholders. The additional investment maintains the Company's holding in Vardar Minerals limited at 42.2%. Funds will be used to continue exploration works in Kosovo, as permitted to do so under COVID-19 restrictions. All works will be carried out in accordance with Kosovan Government advice and Vardar's health, safety and emergency protocols.

On 14 July, an extension was granted on 9,000,000 share options held by Kurt Budge. The extension allowed the options that would have otherwise expired on the 17 July 2020 to be exercised up to the 17 July 2021.