**The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation ("MAR") (EU) No. 596/2014, as incorporated into UK law by the European Union (Withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.**

**26 May 2022**

**Beowulf Mining plc**

("Beowulf" or the "Company")

**Audited Financial Results for the year ended 31 December 2021**

Beowulf (AIM: BEM; Spotlight: BEO), the mineral exploration and development company, announces its audited financial results for the year ended 31 December 2021. 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 2021.

The Annual General Meeting ("AGM") of the Company will be held at the offices of One Advisory Limited, 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT on 22 June 2022 at 09.00 a.m. The Company encourages shareholders to submit their voting instructions in advance by proxy. This will ensure votes are registered in accordance with shareholders wishes regardless of any restrictions or disruptions around the AGM.

If any shareholder has a question they would like to pose to the Board, this should be submitted to the Chairman via the Company Secretary at: co-sec@oneadvisory.london by 9:00 a.m. on 15 June 2022 at the latest. As far as possible, the Board seeks to answer any questions received at the meeting, which will be available to view on the Company's website following the AGM.

The 2021 Annual Report, Notice of AGM and Form of Proxy will shortly be posted to those shareholders who have requested a copy and will be available on the Company's website today (https://beowulfmining.com/).

**Enquiries**


| | |
|---|---|
| **Beowulf Mining plc** | |
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**Cautionary Statement**

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

## CHAIRMAN'S STATMENT

Dear Shareholders

### *Introduction*

Following on from the Capital Raising in late 2020, the Beowulf team was keen to maintain momentum through 2021, despite the ongoing impact of COVID-19 restrictions.

The Company finished the year with strong prospects for 2022 across our three business areas; the future development of an anode materials plant in Vaasa, Finland; the restart of drilling in Kosovo; and a new Minister talking about making a decision on our Kallak application, which finally happened on 22 March 2022.

Sustainability, short and secure supply chains of primary raw materials, and, in this context, the need for mines to supply regional manufacturers and thereby meet society's needs are critical to achieving the transition to a Green Economy.

With Kallak, the Company believes it can demonstrate how mining can take place, in balance with the environment and stakeholder interests, for the benefit of wider society, and thereby validate Sweden's leadership in sustainable mining and responsible business practice.

The Company is focused on the role it plays in society and its contribution and is committed to working constructively - and in good faith - with all stakeholders and engaging in meaningful dialogue.

### *Kallak*

Beowulf has been listed in Sweden since 2008. At the year end, the Company was almost 75 per cent owned by Swedish shareholders trading on the Spotlight Exchange.

Much has changed since the first Exploration Licence was granted in 2006 and during the nearly nine years since the Company submitted its application for an Exploitation Concession in April 2013. In our daily lives, the Climate Emergency is an ever-present threat. In Norrbotten, fossil-free steel making is in the ascendency and there is increasing demand for high quality iron ore, such as Kallak's market-leading 71.5 per cent iron magnetite concentrate, in both innovative and traditional steel making processes in Sweden and Europe, to eliminate $CO_2$ emissions from steel production, increase energy efficiency, minimize waste and the impact of waste disposal.

During 2021, the Company responded to Government enquiries, continuing to demonstrate that its application for an Exploitation Concession for Kallak North was comprehensive. In December 2021, changes in the Swedish Government put renewed focus on the importance of primary raw material supply from mines as part of the Green Transition.

The Company's longstanding commitment to Kallak was finally recognised, when, on 22 March 2022, the Minister of Enterprise and Innovation announced the award of the Exploitation Concession for Kallak North. The Company's legal advisers have reviewed the Government's decision and the conditions attached to it and are satisfied that, with respect to the conditions, they include matters the Company would naturally expect to address in project development and the Environmental Court process.

Kallak is excellently positioned as a potential secure and sustainable supplier of high-quality iron ore to Sweden's fossil-free steel making sector for decades to come. In the Kallak area, 389 million tonnes of iron mineralisation have been estimated. When it comes to sustainable mining in the north of Sweden, mines can be powered by renewable electricity, with the goal being 'Net Zero' mining operations. There is a tremendous opportunity to create a fossil-free business ecosystem of companies and stakeholders, collaborating and delivering the greater good.

***Grafintec (formerly Fennoscandian Resources)***

Grafintec had an extremely busy 2021, advancing its collaboration with Epsilon Advanced Materials from a Memorandum of Understanding ("MoU") in March 2021, to the signing of a Joint Venture Head of Terms in December 2021, with plans to build anode materials production, project name GVA10/50, situated in the GigaVaasa Battery Ecosystem in the City of Vaasa, Finland. During the year, Kurt Budge CEO visited Epsilon Carbon in India in September 2021 to further strengthen the partnership.

In January 2022, further progress was made with the signing of an MoU with the City of Vaasa for the establishment of an anode materials production facility to be located in the GigaVaasa area, Plot 18, situated in proximity to Freyr Battery's proposed battery cell development.

In the middle of 2021, Grafintec was granted €791,000 by Business Finland, equivalent to 50 per cent of the 3-year €1.6 million budget for its 'Spheronisation and Purification of Natural Graphite for the European Lithium-Ion Battery Market' project.

Grafintec truly values the support of Business Finland, which has now been evident over several years, as the Company seeks to play a full role in the Finnish Battery Ecosytem, creating a sustainable value chain from high-quality natural flake graphite resources to anode material production, leveraging renewable power, targeting net zero $CO_2$ emissions across the supply chain.

In the context of GVA10/50, work continues on aspects of the Aitolampi Scoping Study, as it represents a potential mining asset offering supply chain security to Finnish anode materials production.

***Vardar Minerals ("Vardar")***

During 2021, the Company invested a further £300,000 with the expectation that licences were going to be renewed. As I write, Vardar has now secured both licence renewals and been awarded the promising Shala licence, and the Company has made further investments of £1.2 million to fund drilling and taking the Company's ownership of Vardar to approximately 59.5 per cent.

Drilling is underway and will cover both the Majdan Peak gold ("Au") prospect and Wolf Mountain zinc-lead-silver ("Zn-Pb-Ag") targets. A total programme of approximately 3,400 metres is planned.

The Majdan Peak prospect, located adjacent to the Stan Terg deposit, is defined by a blanket of advanced argillic alteration typical of high sulphidation epithermal systems. Rock and soil sampling programmes have identified widespread and significant Au anomalies (<11 grammes per tonne ("g/t") in rock samples and <0.36 g/t in soils). Results from 3D IP surveys have delineated prominent IP anomalies which are clearly associated with soil and rock anomalies at shallow depth. Associated resistivity results correlate well with mapped alteration, and likely model a resistive silica-rich cap. Importantly the IP suggests the best target is located at greater depth to the north of the soil anomalies below the modelled silica cap as would be expected in typical high-sulphidation Au deposits. The 2022 drill programme will focus on drilling a selection of the most compelling IP targets on this prospect.

At Wolf Mountain, in 2020, the area was covered by an extensive 3D Induced Polarisation ("IP") campaign which identified a series of exceptionally high IP anomalies located on distinct northwest trends. The anomaly trends are clearly visible in ultra-high resolution drone magnetics collected during the same campaign and link with neighbouring Stan Terg and Zijika deposits as well as being supported by significant soil and rock sample anomalies.

The 2022 drill programme will in part focus on testing these anomalies to determine if they represent important feeder structures to the widespread mineralisation identified across Wolf Mountain.

***Shareholder Base***

At 31 December 2021, there were 621,366,320 Swedish Depository Receipts representing 74.71 per cent of the issued share capital of the Company. The remaining issued share capital of the Company is held in the UK.

***Raising Finance***

Maintaining sufficient funding to sustain the business is a significant challenge for an exploration and development company in the natural resources sector. The Company raised no additional funds during the year, having completed a fully subscribed Capital Raising of approximately £7.4 million before expenses (approx. SEK 83 million) at the end of 2020.

The Board continues to adopt the going concern basis to the preparation of the financial statements. 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.

***2021 Financial Performance***

For the year, the consolidated loss increased from £1,294,691 in 2020 to £1,485,611. This increase was largely attributable to an increase in administration expenses.

Administration expenses increased in the year from £1,005,547 to £1,503,049, due mostly to an expense in relation to the net settlement of share options of £103,281, increased foreign currency translation losses of £298,442 (2020: £36,348), and increased consultancy fees of £107,032 (2020: £46,087) for strategic and corporate advisory.

Consolidated basic and diluted loss per share for the 12 months ended 31 December 2021 was 0.16 pence (2020: loss of 0.19 pence).

£3,336,134 in cash was held at the year-end (2020: £4,329,414).

The translation reserve losses attributable to the owners of the parent increased from £457,272 at 31 December 2020 to £1,216,985 at 31 December 2021. Much of the Company's exploration costs are in Swedish Krona which has worsened against the pound since 31 December 2020.

***Corporate***

The Company announced, on 8 July 2021, the issue and allotment of 3,535,412 new ordinary shares of 1 pence each in the Company to satisfy an exercise of share options held by Kurt Budge, CEO.

***Staff and Employees***

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

***Outlook***

Whether it be the ever-present Climate Emergency in our daily lives, the need for a Green Transition, or geopolitical tensions, we are in a crisis, where the convergence of global issues demands real action to secure primary raw materials to enable us to continue to live our lives in a safe, secure and better world. The Board believes that Russia’s aggression against Ukraine will not have an impact on the Company, directly or indirectly.

Metals are critical to achieving the Green Transition. As are transparent, secure, and sustainable supply chains.

Sustainability leadership is renewing the role of business in society and its unique ability to solve society’s problems and scale-up solutions. When it comes to the Climate Emergency, all of us are in this together, we each need to do things differently, to play our part and not leave it to others to fix the problem.

Kallak is excellently positioned as a potential secure and sustainable supplier of high-quality iron ore to Sweden's growing fossil-free steel making sector for decades to come and we are excited to finally take the project on to its next stage of development.

The Company's overall objective is to have Kallak in production in 3-4 years, developing the mine alone or with a strategic partner. It seems that authorities and courts dealing with permits are responding to material issues, such as the Climate Emergency and the Green Transition, when considering downstream industrial projects. If Kallak were to be treated equally, and even as a priority case, given the drive for security of supply and self-sufficiency of primary raw materials in Sweden and Europe, then the Company will be doing all it can to make 3-4 years achievable.

We acknowledge the traditional owners of the lands at Kallak, past elders, present and emerging leaders, and now that the Concession decision has been made, we look forward to re-engaging with them and together building a framework for ongoing good-faith dialogue.

Grafintec is creating a sustainable value chain in Finland from high-quality natural flake graphite resources to anode material production, leveraging renewable power, targeting net zero $CO_2$ emissions across the supply chain, with the GVA10/50 project taking the Company to another level.

Vardar's projects are ideally located, as Europe needs shorter supply chains to reduce the carbon footprint of metals it consumes, for electric vehicles and green infrastructure, and we are excited to find out what this year's drilling can bring.

The Company has an attractive portfolio of business areas and we have big ambitions. We will respond to challenges of what it takes to be a responsible mining company. The Company will remain focused on its role in society, its contribution and its commitment to working constructively - and in good faith - with all stakeholders and engaging in meaningful dialogue.

The Company wants to be recognised for living its values of Respect, Partnership and Responsibility. Our recent ESG work has identified Sustainable Development Goals which the Company will be focusing on, and our plans take into consideration our future compliance with The Equator Principles. The Company has recently published its ESG Policy which can be viewed on the Company's website following the link: https://beowulfmining.com/about-us/esg-policy/.

Sven Otto Littorin
Non-Executive Chairman
25 May 2022

## REVIEW OF OPERATIONS AND ACTIVITIES

### SWEDEN

***Permits***

Beowulf, via its subsidiaries, currently holds six exploration permits in Sweden, and one Exploitation Concession, as set out in the table below:

| Name | Licence no. | Area (hectares) | Valid from | Valid to |
|---|---|---|---|---|
| Åtvidaberg nr 1[2] | 2016:51 | 12,533 | 30/05/16 | 30/05/2023 |
| Kallak nr 1[1 3] | 2006:197 | 500 | 28/06/06 | 28/06/2022 |
| Parkijaure nr 6[1] | 2019:81 | 999 | 10/10/19 | 10/10/2022 |
| Parkijaure nr 2[1] | 2008:20 | 285 | 18/01/08 | 18/01/2023 |
| Parkijaure nr 7[1] | 2021:47 | 2,212 | 18/01/08 | 18/01/2023 |
| Ågåsjiegge nr 3[1] | 2021:73 | 2,771 | 27/10/21 | 27/10/2024 |

*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. On 22 March 2022, the Minister of Enterprise and Innovation, announced the award of the Concession for Kallak nr 1; attached to the decision were 12 conditions for the Company to comply with. The Company's legal advisers have reviewed the Government's decision and the conditions attached to it and are satisfied that, with respect to the conditions, they include matters the Company would naturally expect to address in project development and the Environmental Court process.*

***Kallak Introduction***

The Company's most advanced project is the Kallak iron ore deposit located approximately 40 kilometres ("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.

Kallak is benefitted by excellent local infrastructure with all-weather gravel roads passing through the project and forestry tracks allowing for easy access throughout the licence. A major hydroelectric power station, with associated electric power-lines, is located only a few kilometres to the southeast. The nearest railway, the Inlandsbanan, passes approximately 40 km to the east. The Inlandsbanan meets the Malmbanan railway at Gällivare, which provides routes to the Atlantic harbour at Narvik in Norway or to the Bothnian Sea harbour at Luleå in Sweden.

Kallak is excellently positioned as a potential secure and sustainable supplier of high-quality iron ore to Sweden's growing fossil-free steel making sector for decades to come. In the Kallak area, 389 million tonnes of iron mineralisation have been estimated and when it comes to sustainable mining in the north of Sweden, mines can be powered by renewable electricity, with the goal being 'Net Zero' mining operations.

***Kallak Resource***

Kallak was discovered by The Swedish Geological Survey ("SGU") in the 1940s. The first exploration licence for Kallak was awarded by the Mining Inspectorate of Sweden in 2006. Drilling was conducted at Kallak North and South between 2010-2014, a total of 131 holes and 27,895 metres ("m").

On 25 May 2021, the Company published a 'Mineral Resource Estimate and Exploration Target Upgrade', prepared by Baker Geological Services ("BGS"). For Kallak North, a Measured and Indicated Resource of 111 Mt grading 28 per cent iron content was defined. With an additional Inferred Resource of 25 Mt grading 28.3 per cent iron.

For Kallak North and South combined, BGS derived a Measured and Indicated Mineral Resource of 132 Mt grading 27.8 per cent iron and an Inferred Mineral Resource of 39 Mt grading 27.1 per cent iron. In addition to the figures above, exploration targets were reported for Kallak South and the Company's Parkijaure licences.

BGS prepared a Technical Report which serves as an independent report prepared by the Competent Person ("CP") as defined by the Pan-European Reserves and Resources Reporting Committee ("PERC") Standard for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. PERC sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves in Europe. PERC is a member of CRIRSCO, the Committee for Mineral Reserves International Reporting Standards, and the PERC Reporting Standard is fully aligned with the CRIRSCO Reporting Template.

Below is a table showing the Mineral Resource Statement for the Kallak Project at a 0% Fe cut-off grade:

| Deposit | Classification | Million Tonnes | Density (g/cm$^3$) | Fe (%) | FeO (%) | $SiO_2$ (%) | $Al_2O_3$ (%) | P (%) | S (%) |
|---|---|---|---|---|---|---|---|---|---|
| Kallak North | Measured | 16 | 3.5 | 33.6 | 10.5 | 43.4 | 2.9 | 0.04 | 0.002 |
| | Indicated | 95 | 3.3 | 27.0 | 7.1 | 49.8 | 4.5 | 0.03 | 0.002 |
| | **Sub-Total** | **111** | **3.3** | **28.0** | **7.6** | **48.9** | **4.3** | **0.03** | **0.002** |
| | Inferred | 25 | 3.4 | 28.3 | 7.8 | 48.1 | 4.2 | 0.04 | 0.002 |
| Kallak South North | Measured | | | | | | | | |
| | Indicated | 21 | 3.3 | 26.9 | 7.2 | 49.3 | 4.9 | 0.04 | 0.003 |
| | **Sub-Total** | **21** | **3.3** | **26.9** | **7.2** | **49.3** | **4.9** | **0.04** | **0.003** |
| | Inferred | 6 | 3.2 | 23.4 | 6.5 | 50.1 | 6.6 | 0.05 | 0.004 |
| Kallak South South | Measured | | | | | | | | |
| | Indicated | | | | | | | | |
| | **Sub-Total** | | | | | | | | |
| | Inferred | 8 | 3.3 | 26.1 | 12.0 | 50.1 | 5.2 | 0.05 | 0.009 |
| Total | Measured | 16 | 3.5 | 33.6 | 10.5 | 43.4 | 2.9 | 0.04 | 0.002 |
| | Indicated | 116 | 3.3 | 27.0 | 7.1 | 49.7 | 4.6 | 0.03 | 0.002 |
| | **Sub-Total** | **132** | **3.3** | **27.8** | **7.5** | **48.9** | **4.4** | **0.03** | **0.002** |
| | Inferred | 39 | 3.3 | 27.1 | 8.5 | 48.8 | 4.8 | 0.04 | 0.004 |

*Notes:*
*(1) Mineral Resources, which are not Mineral Reserves, have no demonstrated economic viability.*
*(2) The effective date of the Mineral Resource is 9 May 2021.*
*(3) The Open Pit Mineral Resource Estimate was constrained within lithological and grade-based solids and within an optimised pit shell defined by the following assumptions; base case metal price of USD130 / tonne for a 65% Fe concentrate; Fe recovery of 71% at Kallak North, 86% at Kallak South North and 94% at Kallak South South; Fe concentrate grades of 68% at Kallak North, 70% at Kallak South North and 69% at Kallak South South; Processing costs of USD6.8 / t wet; Selling cost of USD21.0 / t wet concentrate; Mining cost of Ore of USD3.3 / t, mining cost of waste of USD3.0 / t and an incremental mining cost per 10 m bench of USD0.05 / t; Wall angles of 30° within the overburden and 47.5° in the fresh rock.*
*(4) Mineral Resources have been classified according to the PERC Standards 2017, by Howard Baker (FAusIMM(CP)), an independent Competent Person as defined in the PERC Standard 2017.*

In September 2020, the Company published the findings of an investigation by Dr. Arvidson MSc Mining/Mineral Processing, PhD Mineral Processing (equivalent), Royal Institute of Technology, Stockholm, as Qualified Person, into the market potential of future products from Kallak, based on the results of laboratory and pilot plant testwork conducted to date, the highlights of which can be summarised as follows:

- Testwork on Kallak ore has produced an exceptionally high-grade magnetite concentrate at 71.5 per cent iron content with minimal detrimental components;

- This would make Kallak the market leading high-grade product among known current and planned future producers; and
- The next best magnetite product is LKAB's (the state-owned Swedish iron ore company), which produces magnetite fines ("MAF") with a target specification of 70.7 per cent iron and is regarded as unique, until now, due to its exceptionally high iron content.

***2021 Update***

This year saw the Company continue to press the Swedish Government to decide on Beowulf's application for an Exploitation Concession for Kallak.

In April, Beowulf announced that a letter had been sent from the Chairman to Sweden's then Minister of Enterprise and Innovation, Mr. Ibrahim Baylan, concerning the status of its Kallak application. The Company received a brief administrative response.

On 8 June 2021, via the Swedish Government, the Company received a copy of a letter written by UNESCO, dated 2 June 2021, with its comments on Beowulf's application.

Comments from UNESCO suggested that:

- the Swedish Government seek a revised and extended In-Depth Assessment in assessing the impact of the proposed development [of the Kallak Iron Ore Project] on a World Heritage Property [Laponia] prior to any decision being taken to approve the mining exploitation;
- that the role of the Sami Parliament is relevant to the assessment of the impact of the proposed development on the World Heritage property; and
- that the Swedish Government should also consider how the practice of reindeer husbandry outside the property and directly related to reindeer husbandry within the property will be protected.

On 14 June 2021, the CEO wrote to Minister Baylan regarding the UNESCO letter. Selected extracts from the letter are provided below:

*'On 8 June 2021, Beowulf Mining was notified by the Finansinspektionen, Sweden's financial supervisory authority, whose role is to promote stability and efficiency in Sweden's financial system as well as to ensure sustainability and an effective consumer protection, of UNESCO's letter regarding our Kallak Iron Ore Project ("Kallak") dated 2 June 2021.*

*Finansinspektionen wrote that UNESCO's letter had been in the hands of members of the Swedish public (including elected Sami officials) for several days, with associated posts on social media.*

*At the time, Beowulf had not received a copy of UNESCO's letter, but as the information was already in the public domain, with no explanation of its significance the market reacted strongly, left to draw its own conclusions.'*

Beowulf also announced that further to the UNESCO letter dated 2 June 2021 and the CEO's letter to Minister Baylan dated 14 June 2021, on 18 June 2021 the Ministry of Enterprise and Innovation (the "Ministry") invited the Company to submit any comments regarding the UNESCO letter to the Ministry by 6 September 2021. Beowulf submitted comments to the Ministry regarding the UNESCO letter which, in summary, included:

- The Company's application is comprehensive for this stage of permitting, and the assessment of it, by relevant authorities, is complete;
- There are no direct effects of Kallak on the Laponian Area ("Laponia");
- The potential indirect effects are limited and will be dealt with later in the permitting process, of which ICOMOS (International Council on Monuments and Sites) is seemingly unaware;
- The fact that operating mines are situated closer to Laponia than Kallak proves that mining does exist without harming Laponia's Outstanding Universal Values;
- The fact that UNESCO has not, at any time, indicated the requirement for a 'buffer zone' around the boundary of Laponia proves that a 'buffer zone' has not been deemed necessary;
- The fact that the Company has already committed to take precautionary measures that will minimise the impact on reindeer husbandry and commits to fully compensate Sami villages; and

- The possibility for the Government to ascertain that this commitment becomes a precondition for the granting of the Exploitation Concession.

In July, Beowulf announced that it had awarded Carci Mining Consultant's ("Carci") a contract to develop an open pit design and mining schedule based on the upgraded MRE for Kallak North. Carci completed its study on Kallak North in October and presented a production case of approximately 2.7 Mt per annum of concentrate, based on the Kallak North resource only and modelled over an initial 15-year period.

Carci's production rate is one scenario; given the forecast demand for high quality iron ore being created by projects such as HYBRIT and H2 Green Steel in Norrbotten, options for higher production rates will be considered.

On 2 December 2021, the CEO wrote a letter to Sweden's new Minister of Enterprise and Innovation, Mr. Karl-Petter Thorwaldsson, concerning the status of Beowulf's Kallak application following the Minister's immediate attention and positive public statements. Beowulf pressed for the Minister to give timely consideration and arrive at a decision on Kallak so that the Company can commence with playing its part in Sweden's sustainable mining future.

On 21 December 2021, Beowulf provided comments to the Ministry regarding a letter, dated 10 December 2021, written on behalf of Jåhkågasska and Sirges samebyar ("Sami villages") and addressed to Bergsstaten. Highlights as follows:

*"The conditions for granting processing concessions have not changed from April 2013 when the application was submitted. The ore proofing requirement under Chapter 4 Section 2 of the Minerals Act has been fulfilled.*

*In a letter, the Sami National Association points to an analysis commissioned by JIMAB. This analysis shows one scenario for how mining operations can be conducted. Other initial studies conducted by the Company also indicate that there are approximately 389 million tonnes of iron mineralisation in the area, which shows that there are also good future conditions for mining in addition to the current application.*

*The iron ore in the current deposit is a purity that, compared to other iron ore, provides the best conditions for low environmental impact and low climate footprint throughout the production chain until finished steel. SGU has stated in the decision on the designation of national interest that the deposit is important from a material supply point of view and important for the mining industry from a national perspective."*

***2022 Update***

On 11 February 2022, the Company announced that it had provided a final statement to the Government in respect of its application. The Company directed the Government to previous correspondence and submitted investigation documentation, which demonstrate that the conditions for granting an Exploitation Concession according to Chapter 4 Section 2 of the Minerals Act are fulfilled.

On 22 March 2022, Minister Thorwaldsson announced the award of the Concession for Kallak; attached to the decision were 12 conditions for the Company to comply with. The Company's legal advisers have reviewed the Government's decision and the conditions attached to it and are satisfied that, with respect to the conditions, they include matters the Company would naturally expect to address in project development and the Environmental Court process.

The award of the Concession is a long-awaited milestone on the development timeline. Beowulf's ambition is to build the most sustainable mine possible. The Company believes that there is no better country than Sweden in which to make this vision a reality, where mining can take place in balance with the environment and stakeholder interests for the benefit of wider society.

Following our guiding principles, Beowulf seeks to build mutually respectful relations and productive partnerships with Jokkmokks Kommun, local entrepreneurs, landowners and reindeer herders. The Beowulf team is looking forward to establishing our proposed 'Task Force' with the municipality, local agencies and enterprises, to help build local capacities and to maximise local economic opportunities during Kallak's development, construction and when the mine is in operation.

## FINLAND

### *Grafintec*

Grafintec, previously Fennoscandian Resources, is developing a resource footprint of natural flake graphite and anode materials production capability, offering sustainable and secure supply to Europe's rapidly expanding lithium-ion battery market. Grafintec seeks to contribute to Finland's ambitions of achieving battery manufacturing self-sufficiency, focusing on both natural flake graphite production and a Circular Economy/recycling strategy to produce high-value graphite products, focusing on anode materials for lithium-ion batteries.

Aitolampi remains Grafintec's most advanced graphite project, and the Company has invested approximately £1.5 million in exploration, mineral resource development, metallurgical testwork and the assessment of market applications for graphite, including lithium-ion battery applications.

In 2021, the Company made significant progress through its collaboration with Epsilon Advanced Materials, signing a Heads of Terms ("HoT") for a Joint Venture ("JV") with EAMPL, for the establishment of an anode materials production facility in Finland and then, in January 2022, an Memorandum of Understanding ("MoU") with the City of Vaasa for the establishment of an anode materials production facility to be located in the GigaVaasa area, Plot 18, situated in proximity to Freyr Battery's proposed battery cell development .

### *Finnish Exploration Permits*

Grafintec has a rolling programme of exploration permit applications and renewals.

Tukes (the permitting authority) processes the Company's exploration permit applications, which if deemed satisfactory, are published as a 'Hearing' for one month, during which time appeals can be submitted.

With the prevalence of 'not in my backyard' or NIMBYism, the right of appeal is often exercised, and an Administrative Court takes over the case.

In the case of Rääpysjärvi 1, Tukes granted an Exploration Permit on 25 April 2019. On 27 April 2020, the Administrative Court of Eastern Finland rejected an appeal, a further appeal was then made to the Supreme Administrative Court of Finland. The permit eventually gained legal force on 21 June 2021.

| Permit Name | Licence no. | Area (hectares) | Notes |
|---|---|---|---|
| Pitkäjärvi 1 | ML2016:0040 | 407 | Exploration permit granted by TUKES 27.4.2021. Decision appealed. On 3.3.22, the Administrative Court dismissed all the appellants' claims, both the ones concerning the substance matter and also as to the litigation costs. The extension permit decision issued by TUKES thus remains unchanged and is now enforceable unless the Supreme Administrative Court would handle the case based on a leave to appeal by the appellants, and the Supreme Administrative Court would explicitly decide to cancel the enforceability, which is not likely. |
| Rääpysjärvi 1 | ML2017:0104 | 716 | Exploration permit granted. The permit gained legal force 21.6.2021 and is valid to 20.6.2025. |
| Karhunmäki 1 | ML2019:0113 | 889 | Exploration permit granted by TUKES 29.9.2021. The decision has been appealed to the Vaasa Administrative Court by Lapua Municipality and MiningWatch Finland ry. |
| Merivaara 1 | ML2020:0059 | 957 | Exploration permit application submitted 1.12.2020. |
| Luopioinen 1 | ML2022:0004 | 218 | Application submitted 28.1.2022. Previous applicant: GTK. |

**Aitolampi (Pitkäjärvi 1 Exploration Permit) – Graphite**

***Introduction***

The Aitolampi graphite project sits within the Pitkäjärvi 1 licence and is located in eastern Finland, approximately 40 km southwest of the well-established mining town of Outokumpu, and an eastern extension of known old graphite workings from when graphite prospecting was undertaken many years ago. Infrastructure in the area is excellent, with road access and good availability of high voltage power.

Discovered in 2016, the licence covers an area 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.

The resource contains graphite of almost perfect crystallinity, and high proportion of fine and medium flake, which is an important prerequisite for high tech applications, such as lithium-ion batteries. Purification results indicate that concentrates meet the purity specification of 99.95 per cent C(t) for lithium-ion batteries.

***Mineral Resource Estimate ("MRE")***

In 2019, Grafintec, then Fennoscandian, delivered an upgraded MRE for Aitolampi, with 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 Total Graphitic Carbon ("TGC") containing 887,000 tonnes of contained graphite.

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

In total, an Indicated and Inferred Mineral Resource of 26.7 Mt at 4.8 per cent TGC for 1,275,000 tonnes of contained graphite. All material is contained within two graphite mineralised zones, the eastern and western 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 tonnes of contained graphite, reporting above a five per cent TGC cut-off, based on the grade-tonnage curve for the resource.

The Mineral Resource was estimated by CSA Global of Australia in accordance with the JORC Code, 2012 Edition. See table below:

| Zone | Classification | Mt | TGC % | S % | Density (t/m$^3$) | Contained graphite (kt) |
|---|---|---|---|---|---|---|
| Western lens | Indicated | 9.2 | 5.1 | 5.0 | 2.80 | 468 |
| | Inferred | 8.0 | 5.2 | 4.7 | 2.80 | 419 |
| | **Indicated + Inferred** | **17.2** | **5.2** | **4.8** | **2.80** | **887** |
| Eastern lens | Indicated | 1.8 | 4.1 | 4.4 | 2.82 | 74 |
| | Inferred | 7.7 | 4.1 | 4.5 | 2.82 | 314 |
| | **Indicated + Inferred** | **9.5** | **4.1** | **4.5** | **2.82** | **388** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **TOTAL** | **Indicated + Inferred** | **26.7** | **4.8** | **4.7** | **2.81** | **1,275** |

***2021 Summary***

In March, Grafintec signed a MoU with Epsilon Advanced Materials. The MoU was intended to enable Grafintec to build its downstream capability, collaborating with a strong and innovative technology/processing partner, and for Epsilon Advanced Materials to firmly establish itself in Finland, as a market-entry point for supplying anode materials into Europe.

A Scoping Study contract for the Aitolampi graphite project was awarded to AFRY Finland Oy later in March. The purpose of the Scoping Study was to verify the robustness of the work completed by Grafintec, and to provide a roadmap for the next project development stage, most likely a Pre-feasibility Study. The output of the Scoping Study will be used by Grafintec to better explain the Aitolampi project to the local community and other important stakeholders.

In June, Grafintec was granted €791,000 by Business Finland. The grant funding is equivalent to 50 per cent of the 3-year €1.6 million budget for Grafintec's 'Spheronisation and Purification of Natural Graphite for the European Lithium-Ion Battery Market' project. The remainder of the project's budget will be funded by Beowulf.

This work is part of the BATCircle2.0 (Finland-based Circular Ecosystem of Battery Metals) consortium which has been granted €10.8 million by Business Finland as part of a total funding budget of €19.3 million. BATCircle2.0 is a key project in Business Finland`s Smart Mobility and Batteries from Finland programmes.

Finland has high-quality natural flake graphite resources and the opportunity exists to create a sustainable value chain for anode material markets in Finland and Europe. Currently, China is the dominant producer of spheronised graphite, utilising chemical purification and using hazardous hydrofluoric acid.

The objectives of Grafintec's project are to develop a chemical free technological solution, utilising renewable energy, to spheronise and purify graphite within a Finnish industrial ecosystem, for use in the manufacture of lithium-ion battery anodes.

The project has three main objectives, which are to:

- Validate a process to support progress to a Bankable Feasibility Study for construction of a commercial scale unit within three to five years.
- Secure and protect any arising intellectual property.
- Deliver a detailed strategic marketing and commercialisation plan.

On 6 December 2021, Grafintec signed Heads of Terms ("HoT") for a Joint Venture ("JV") with Epsilon Advanced Materials ("EAMPL"), for the establishment of an anode materials production facility to be located in Finland. Grafintec will own 49 per cent of the JV, with Epsilon Advanced Materials owning 51 per cent.

The proposed plant will supply battery/cell manufacturing companies in Europe. The plant will be built in two phases: Phase 1 "GVA10" with a production capacity of 10,000 tonnes per annum and Phase 2 "GVA50" adding a further 40,000 tonnes per annum. The funding from Business Finland will be used by Grafintec to develop a Bankable Feasibility Study for the plant, including strategic marketing and a commercialisation plan based on a comparable plant being developed in India.

The project will work towards creating a sustainable value chain in Finland from high-quality natural flake graphite resources to anode material production, leveraging renewable power, targeting net zero $CO_2$ emissions across the supply chain.

In the context of GVA10/50, work continues on aspects of the Aitolampi Scoping Study, as it represents a potential mining asset offering supply chain security to Finnish anode materials production.

***2022 Update***

We were pleased to start 2022 with the announcement that Grafintec and Epsilon Advanced Materials had signed a MoU with the City of Vaasa for the establishment of an anode materials production facility to be located in the GigaVaasa area, Plot 18, situated in proximity to Freyr Battery's proposed battery cell development.

The MoU gives the JV partners six months exclusivity to Plot 18, with an option to extend by a further six months, to develop GVA10, which will have a production capacity of 10,000 tonnes per annum of high-quality anode materials, as well as conduct technical and environmental studies, and initiate permitting discussions with Finnish authorities.

Under the JV, Grafintec and Epsilon Advanced Materials will work together on building GVA10 with the ambition of creating a sustainable value chain in anode materials production, leveraging renewable power, targeting net zero $CO_2$ emissions across the supply chain, benefiting from the significant support of Business Finland and collaboration within the Finnish Battery Cluster.

**KOSOVO**

***Vardar Minerals Limited***

Vardar provides Beowulf with investment exposure to the highly prospective Tethyan Belt. In February and August 2021, the Company invested £200,000 and £100,000 respectively, to fund preparatory works in advance of its planned drilling campaign. The Company invested a further £1.2 million in March 2022 and at the date of sign-off of this report, the Company owns approximately 59.5 per cent of Vardar.

Vardar was unable to drill in 2021, as it awaited approval of its licence renewal applications. It has, since March 2022, secured both licence renewals and been awarded a permit for the promising Shala licence, which covers 87 square kilometres, extends to the north and northeast of the Mitrovica Project, and includes several areas with significant alteration associated with Oligo-Miocene magmatics along with associated gossans and evidence of historical artisanal workings.

Beowulf’s investments and increasing ownership in Vardar are testament to the Company’s confidence in the progress being made by the Vardar team, exploration results and the potential shown for a mineral deposit(s) discovery at Mitrovica and Viti.

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 the targets at Mitrovica, which occur along a seven kilometres 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 and geophysical exploration data.

At Viti, stratigraphic holes 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 Permits***

Vardar has a rolling programme of exploration permit applications and renewals.

As original permits were awarded around the same time, all renewals were due around the same time. Vardar’s renewal applications coincided a changeover in personnel on the board of The Independent Commission for Mines and Minerals (“ICMM”), the permitting authority in Kosovo. The selection of a new board was delayed, firstly, by COVID related disruptions, and secondly, by Kosovo's parliamentary elections which took place in February 2021 and concluded in December 2021.

In March 2022, Vardar finally secured both licence renewals and was awarded a permit for the Shala licence.

| License No. | Term | Project | Date issued | Expiry Date | Area ($km^2$) |
|---|---|---|---|---|---|
| 2879 | 2nd | Mitrovica | 2022-03-11 | 2024-01-27 | 27.1 |

| | | | | | |
|---|---|---|---|---|---|
| 2878 | 2nd | Viti N | 2022-03-22 | 2024-01-27 | 35.5 |
| 2912 | 2nd | Viti SE | 2022-03-11 | 2024-01-27 | 44.1 |
| 2935 | 1st | Shala | 2022-03-11 | 2025-02-25 | 87.5 |

***Exploration Overview***

The 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 mineral deposit discoveries.

***Mitrovica***

The Mitrovica licence is located immediately to the west and north west of the world class Stan Terg former lead-zinc-silver mine, which dates back to the 1930s; with current reserves of 29 Mt of ore at 3.45 per cent lead, 2.30 per cent zinc, and 80 g/t silver (ITT/UNMIK 2001 report), together with the past production of approximately 34 Mt of ore, the deposit represents an important source of metals in the south eastern part of Europe (Source: Strmić Palinkaš S., Palinkaš L.A et al, 2013. Metallogenic Model of the Trepča Pb-Zn-Ag Skarn Deposit, Kosovo: Evidence from Fluid Inclusions, Rare Earth Elements, and Stable Isotope Data. Economic Geology, 108, 135-162).

The licence is showing its potential for a range of porphyry related mineralisation types, including the Majdan Peak high-sulphidation epithermal gold target, the Wolf Mountain low-sulphidation lead-zinc-silver target and the Mitrovica South base and precious metal target in the southern part of the licence area. Vardar believes all the targets are related to a potentially much larger porphyry style mineralised system.

***Wolf Mountain***

The Wolf Mountain target forms a prominent outcropping feature, with strike length of more than four kilometres and width ranging from almost 20 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, and mainly within 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.

Vardar has reported highly anomalous Induced Polarisation (“IP”) chargeability zones in the area, considered high priority targets for drill testing, defined beneath areas of laterally extensive lead-zinc gossans and hydrothermal alteration.

The IP anomalies are located below, often straddling, the contact between younger Oligocene volcanoclastic rocks and ultramafic basement, in agreement with mapped and drill tested mineralisation, adding further support for a source of the observed mineralisation.

Importantly, anomalies follow established regional structural trends suggesting they may be representative of high-grade lead-zinc-silver feeder structures, often a characteristic of the deposit type. Resistivity results correlate very well with geological mapping, drilling and trenching, delineating the lateral and vertical extent of the low resistivity volcanoclastic units over the higher resistivity ultramafic basement. In 2020, the Company announced that an exceptional high chargeability anomaly had been identified to the east of the main Wolf Mountain prospect, correlating with anomalous soil samples (up to 1.0 per cent zinc and 0.5 per cent lead) and rock samples from gossans (including 3.5 per cent zinc, 1.8 per cent lead, 93 g/t silver).

The chargeable source follows a prominent northwest trending structure which connects to the Zijaca deposit (non-JORC compliant 5.2 Mt containing 2.83 per cent zinc, 2.83 per cent lead and 16 g/t silver) located just two kilometres to the southeast and it remains open ended to the northwest. Results to date suggest that the Wolf Mountain prospect covers a much larger area than previously considered.

***Majdan Peak***

Majdan Peak is situated in the central portion of the Mitrovica licence area. Results to date have identified the main Majdan Peak gold target and a second target to the south, Majdan Peak South.

In June 2020, the Company reported results from soil sampling which highlighted epithermal gold potential. An extensive gold anomaly was identified over an area approximately 1400 m x 700 m, with individual soil samples returning up to 0.36 g/t gold. The scale and size of the anomaly, together with coincidental multi-element anomalies and extensive hydrothermal alteration, are comparable to significant high-sulphidation epithermal gold deposits within the region. The gold anomaly correlates well with anomalous arsenic, copper, lead, mercury, strontium and antimony and geological mapping has shown the presence of advanced argillic alteration.

Vardar then conducted a grab sampling programme, collecting 96 samples from outcrop and subcrop, 42 of which assayed in excess of 0.1 g/t gold. The anomalous results from this correlate well with gold in soils and alteration intensity and again confirmed the significant scale of the Majdan Peak gold anomaly, which remains open to the east.

Sample results over 1 g/t gold include:

- 7.2 g/t; 4.6 g/t; 2.8 g/t; 2.0 g/t; 1.5 g/t; 1.3 g/t; 1.3 g/t; and 1.1 g/t.

In addition to the primary gold target at Majdan Peak, a new multi-element anomaly delineated to the south of the main peak correlating well with anomalous rock grab samples, including samples with up to 0.79 g/t gold. Galena (lead sulphide) veins are also apparent in some of the outcropping gossans.

In late 2020, the Company announced results from an IP and resistivity survey, where highly anomalous chargeability targets were mapped for both Majdan Peak and Majdan Peak South. These chargeability targets correlated well with anomalous rock and soil samples, mapped alteration and zones of demagnetisation identified by a high-resolution drone magnetic survey. The IP anomalies demonstrate depth extent and suggest that the mapped surficial gold mineralisation is related to a potentially large underlying source which is over 700 m in strike length with significant width and thickness.

The zones of high resistivity correlate well with mapped silicification and advanced argillic alteration which appear to overlay the main IP chargeability target, as would be expected in a typical high-sulphidation gold deposit. Shallow IP anomalies follow structural trends mapped in the magnetic data suggesting a structural control to the distribution of mineralisation which may link up to the carbonate replacement lead-zinc ore bodies of the neighbouring Stan Terg deposit.

***Mitrovica South***

A lead-zinc-copper-gold target has been identified in the southern part of the licence, particularly significant given its proximity, approximately four kilometres, to the Stan Terg mine.

The Vardar team has mapped zinc mineralisation associated with trachyte dykes and soil sampling results, identifying distinctive zinc, copper, lead, silver, and gold anomalies extending laterally from known mineralisation, suggest that the mineralised system may be larger than initially indicated by geological mapping.

***Shala***

In March 2022, the approval of a new exploration licence, Shala, was announced. The application covers an area of 87 square kilometres, extends to the north and northeast of the Mitrovica Project, and includes several areas with significant alteration associated with Oligo-Miocene magmatics along with associated gossans and evidence of historical artisanal workings. The licence encompasses the extension of a distinct northwest trending zone of lead-zinc-silver mineralisation from the Stan Terg deposit through the Wolf Mountain target.

*Viti*

The Viti project is located in south-eastern Kosovo and encompasses 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 2019, two stratigraphic holes, totalling 439 metres, were drilled to test for alteration type and potential associated mineralisation in the gossanous zone, and identified highly altered trachyte porphyry dykes with associated copper and gold mineralisation, with down the hole intersections of 1 m at 0.5 g/t and 10 m at 0.12 g/t.

In 2020, the Company reported results from detailed 3D IP and resistivity surveys undertaken over the Metal Creek prospect, which forms part of the Viti project. High chargeability anomalies associated with an extensive north-northwest trending zone of alteration and anomalous multi-element soil sample and rock grab sample results were delineated. The newly defined high chargeability anomalies sit near gold and copper mineralisation, associated with altered porphyritic trachyte dykes, intersected by previous stratigraphic drilling. These anomalies could represent higher grade mineralised zones.

***2022 Outlook***

In March 2022, Beowulf invested a further £1.2 million in Vardar to fund drilling. The investment increases the Company's ownership in Vardar from 51.4 per cent to 59.5 per cent approximately.

Drilling has started and will cover both Wolf Mountain zinc-lead-silver ("Zn-Pb-Ag") targets, and Majdan Peak gold ("Au") prospect. A total programme of approximately 3,400m is planned.

The Majdan Peak prospect, located adjacent to the Stan Terg deposit, is defined by a blanket of advanced argillic alteration typical of high sulphidation epithermal systems. Rock and soil sampling programmes have identified widespread and significant Au anomalies (<11 g/t in rock samples and <0.36 g/t in soils). Results from 3D IP surveys have delineated prominent IP anomalies which are clearly associated with soil and rock anomalies at shallow depth. Associated resistivity results correlate well with mapped alteration, and likely model a resistive silica-rich cap. Importantly the IP suggests the best target is located at greater depth to the north of the soil anomalies below the modelled silica cap as would be expected in typical high-sulphidation Au deposits. The 2022 drill programme will focus on drilling a selection of the most compelling IP targets on this prospect.

Previous drilling and trenching at Wolf Mountain, completed in 2019, focussed on testing the depth extension and lateral continuity of mineralisation associated with widespread gossanous hydrothermal breccias. While results were able to prove the lateral continuity of mineralisation with several sub-economic intersections, further work was required to target potential higher-grade feeder structures which could produce economic results.

In 2020, the area was covered with extensive 3D IP campaign which identified a series of exceptionally high IP anomalies located on distinct northwest trends. The anomaly trends are clearly visible in ultra-high resolution drone magnetics collected during the same campaign and link with neighbouring Stan Terg and Zijika deposits as well as being supported by significant soil and rock sample anomalies.

The 2022 drill programme will in part focus on testing these anomalies to determine if they represent important feeder structures to the widespread mineralisation identified across Wolf Mountain.

**ESG**

Beowulf is a strong supporter of the Sustainable Development Goals ("SDGs"). The Company has identified which SDGs to focus on and is incorporating them into project planning, to best ensure their implementation in the Company's areas of influence, while being proactive with respect to the Company's future compliance with The Equator Principles.

In addition, the Company has adopted the following Disclosure Topics listed by the Sustainability Accounting Standards Board for the Metals and Mining sector (https://www.sasb.org/standards/) as material to the Company's stakeholders:

- Energy Management including Green House Gas Emissions;
- Water Management;
- Biodiversity Impacts;
- Rights of Indigenous Peoples;
- Community Relations; and
- Business Ethics and Transparency.

As currently Beowulf has no active mining operations, these Disclosure Topics will be integrated into the Company's policies, corporate strategy, project development plans and management systems.

As the Company moves forward with its ESG agenda, it will be transparent in its communications, the progress it is making, and sustainability results.

The Company has recently published its ESG Policy which can be viewed on the Company's website following the link: https://beowulfmining.com/about-us/esg-policy/.

## REMUNERATION REPORT

The Directors have chosen to voluntarily present an unaudited remuneration report although it 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 and its terms of reference can be found on the Group's website: https://beowulfmining.com

### Executive Directors' terms of engagement

Mr Budge is the sole Executive Director and Chief Executive Officer. His annual salary is £180,000. 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 £33,000 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 Littorin was appointed as Non-Executive Director on 10 November 2020. Under Mr Littorin's letter of appointment, he is paid a fee in Swedish Krona of 450,000 per annum. Mr Littorin has a notice period of one month 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 2021 and 31 December 2020, was as follows:

| Name | Position | Salary & Fees[1] | Benefits[2] | Pension[3] | 2021 Total | 2020 Total |
|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ |

| | | | | | | |
|---|---|---|---|---|---|---|
| Mr K R Budge | Chief Executive Officer | 172,500 | 877 | 13,000 | 186,377 | 163,874 |
| Mr C Davies | Non-Executive Director | 33,000 | - | - | 33,000 | 31,000 |
| Mr G Färm | Non-Executive Chairman | - | - | - | - | 25,193 |
| Mr SO Littorin | Non-Executive Director | 38,041 | - | - | 38,041 | 6,654 |
| Total | | 243,541 | 877 | 13,000 | 257,418 | 226,721 |

Notes:
(1) Does not include expenses reimbursed to the Directors.
(2) Personal life insurance policy.
(3) 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 2021 in the issued share capital of the Company were as follows:

| **ORDINARY SHARES** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Mr K R Budge | 5,957,997 | 3,322,585 |
| Mr C Davies | 88,800 | 88,800 |

As at 31 December 2021, all options have vested.

| **ORDINARY SHARES UNDER OPTION** | **NUMBER** | **EXERCISE PRICE** | **EXPIRY DATE** |
|---|---|---|---|
| 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 |

As at 31 December 2020, 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 2021 |
| 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**

Sven Otto Littorin
Non-Executive Chairman
25 May 2022

**CONSOLIDATED INCOME STATEMENT**
**FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Note | 2021<br>£ | 2020<br>£ |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Administrative expenses | | (1,503,049) | (1,005,547) |
| Impairment of exploration costs | | - | (98,799) |
| Impairment of property, plant and equipment | | (48,966) | - |
| **OPERATING LOSS** | | (1,552,015) | (1,104,346) |
| Finance costs | 3 | (256) | (203,576) |
| Finance income | 3 | 71 | 594 |
| Grant income | | 66,589 | 12,637 |
| **LOSS BEFORE TAX** | | (1,485,611) | (1,294,691) |
| Tax expense | 5 | - | - |
| **LOSS FOR THE YEAR** | | (1,485,611) | (1,294,691) |
| Loss attributable to: | | | |
| Owners of the parent | | (1,351,179) | (1,128,512) |
| Non-controlling interests | 14 | (134,432) | (166,179) |
| | | (1,485,611) | (1,294,691) |
| Loss per share attributable to the ordinary equity holder of the parent: | | | |
| Basic and diluted (pence) | 6 | (0.16) | (0.19) |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Note | 2021<br>£ | 2020<br>£ |
|---|---|---|---|
| **LOSS FOR THE YEAR** | | (1,485,611) | (1,294,691) |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Exchange losses arising on translation of foreign operations | | (794,368) | 854,020 |
| | | (794,368) | 854,020 |

| | | | |
|---|---|---|---|
| **TOTAL COMPREHENSIVE LOSS** | | (2,279,979) | (440,671) |
| | | | |
| Total comprehensive loss attributable to: | | | |
| Owners of the parent | | (2,110,892) | (294,716) |
| Non-controlling interests | 14 | (169,087) | (145,955) |
| | | (2,279,979) | (440,671) |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2021**

| | Note | 2021<br>£ | 2020<br>£ |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | 7 | 11,235,656 | 11,371,916 |
| Property, plant and equipment | 8 | 133,428 | 145,094 |
| Loans and other financial assets | 10 | 5,247 | 5,468 |
| Right-of-use asset | 11 | 7,401 | 1,937 |
| | | 11,381,732 | 11,524,415 |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | 12 | 183,139 | 1,566,848 |
| Cash and cash equivalents | 13 | 3,336,134 | 4,329,414 |
| | | 3,519,273 | 5,896,262 |
| **TOTAL ASSETS** | | 14,901,005 | 17,420,677 |
| **EQUITY** | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 15 | 8,317,105 | 8,281,751 |
| Share premium | 17 | 24,689,311 | 24,684,737 |
| Capital contribution reserve | 17 | 46,451 | 46,451 |
| Share based payment reserve | 17 | 668,482 | 732,185 |
| Merger reserve | 17 | 137,700 | 137,700 |
| Translation reserve | 17 | (1,216,985) | (457,272) |
| Accumulated losses | 17 | (18,470,674) | (17,083,185) |
| | | 14,171,390 | 16,342,367 |
| Non-controlling interests | 14 | 325,039 | 394,113 |
| **TOTAL EQUITY** | | 14,496,429 | 16,736,480 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 18 | 357,236 | 538,772 |
| Grant Income | 19 | 39,849 | 143,399 |

| | | | |
|---|---|---|---|
| Lease liability | 20 | 7,491 | 2,026 |
| **TOTAL LIABILITIES** | | 404,576 | 684,197 |
| **TOTAL EQUITY AND LIABILITIES** | | 14,901,005 | 17,420,677 |

The financial statements were approved and authorised for issue by the Board of Directors on [•] 2022 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 2021

| | Note | Share capital £ | Share premium £ | Merger reserve £ | Capital contribution reserve £ | Share based payments reserve £ | Translation reserve £ | Accumulated losses £ | Totals £ | Non – controlling interest £ | Totals £ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2020** | | 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 |
| Loss for the year | | - | - | - | - | - | - | (1,128,512) | (1,128,512) | (166,179) | (1,294,691) |
| Foreign exchange translation | | - | - | - | - | - | 833,796 | - | 833,796 | 20,224 | 854,020 |
| Total comprehensive income | | - | - | - | - | - | 833,796 | (1,128,512) | (294,716) | (145,955) | (440,671) |
| **Transactions with owners** | | | | | | | | | | | |
| Issue of share capital | | 2,259,305 | 5,165,060 | - | - | - | - | - | 7,424,365 | - | 7,424,365 |
| Cost of issue | | - | (1,304,332) | - | - | - | - | - | (1,304,332) | - | (1,304,332) |
| Issues of shares | | - | - | - | - | - | - | (173,512) | (173,512) | 213,513 | 40,001 |
| **At 31 December 2020** | | 8,281,751 | 24,684,737 | 137,700 | 46,451 | 732,185 | (457,272) | (17,083,185) | 16,342,367 | 394,113 | 16,736,480 |
| Loss for the year | | - | - | - | - | - | - | (1,351,179) | (1,351,179) | (134,432) | (1,485,611) |
| Foreign exchange translation | | - | - | - | - | - | (759,713) | - | (759,713) | (34,655) | (794,368) |
| Total comprehensive income | | - | - | - | - | - | (759,713) | (1,351,179) | (2,110,892) | (169,087) | (2,279,979) |
| **Transactions with owners** | | | | | | | | | | | |
| Issue of share capital | 15 | 35,354 | 23,334 | - | - | - | - | - | 58,688 | - | 58,688 |
| Cost of issue | 15 | - | (18,760) | - | - | - | - | - | (18,760) | - | (18,760) |
| Step up interest in subsidiary | 9 | - | - | - | - | - | - | (100,013) | (100,013) | 100,013 | - |
| Transfer of reserve on option exercised | | - | - | - | - | (63,703) | - | 63,703 | - | - | - |
| **At 31 December 2021** | | 8,317,105 | 24,689,311 | 137,700 | 46,451 | 668,482 | (1,216,985) | (18,470,674) | 14,171,390 | 325,039 | 14,496,429 |

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Note | 2021 £ | 2020 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before income tax | | (1,485,611) | (1,294,691) |
| Depreciation of property, plant and equipment | 4 | 36,790 | 35,608 |
| Equity-settled share-based transactions | | 23,334 | - |
| Impairment of exploration costs | 4 | - | 98,799 |
| Impairment of property, plant and equipment | 8 | 48,966 | - |
| Finance income | 3 | (71) | (594) |
| Finance cost | 3 | 256 | 203,576 |
| Grant income | | (66,589) | (12,637) |
| Shares in lieu | | - | 2,806 |
| Gain on sale of property, plant and equipment | | (17,414) | - |
| Amortisation of right-of-use asset | | 5,630 | 5,777 |
| Unrealised foreign exchange losses/(gains) | | 292,452 | (12,590) |
| | | (1,162,257) | (973,946) |
| Increase in trade and other receivables | | (12,796) | (2,203) |
| (Decrease)/increase in trade and other payables | | (174,732) | 97,623 |
| Net cash used in operating activities | | (1,349,785) | (878,526) |
| **Cash flows from investing activities** | | | |
| Purchase of intangible assets | 7 | (735,847) | (622,501) |
| Purchase of property, plant and equipment | 8 | (86,219) | (89,436) |
| Proceeds from sale of property, plant and equipment | | 24,806 | - |
| Grant receipt | | 24,031 | 25,796 |
| Interest received | | 71 | 594 |
| Net cash used in investing activities | | (773,158) | (685,547) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares in prior year | | 1,392,081 | - |
| Proceeds from issue of shares | 15 | 35,354 | 4,941,065 |
| Payment of share issue costs | 15 | (18,760) | (1,113,348) |
| Lease principal | 20 | (5,594) | (5,840) |
| Lease interest paid | 20 | (256) | (255) |
| Proceeds from borrowings | 21 | - | 932,309 |
| Interest paid on loan and borrowings | 21 | - | (93,935) |
| Investment by minority interest | 9 | - | 40,000 |
| Net cash from financing activities | | 1,402,825 | 4,699,996 |
| **(Decrease)/increase in cash and cash equivalents** | | (720,119) | 3,135,923 |
| Cash and cash equivalents at beginning of year | | 4,329,414 | 1,124,062 |
| Effect of foreign exchange rate changes | | (273,161) | 69,429 |
| **Cash and cash equivalents at end of year** | | 3,336,134 | 4,329,414 |

## 1. ACCOUNTING POLICIES

### Nature of operations

Beowulf Mining plc (the "Company") is domiciled in England. The Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is engaged in the acquisition, exploration and evaluation of natural resources assets and has not yet generated revenues.

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

### Going concern

At 31 December 2021, the Group had a cash balance of £3.34 million and the Company had a cash balance of £3.08 million.

Management have prepared cash flow forecasts which indicate that although there is no immediate funding requirement, the Group will need to raise further funds in the next 12 months for corporate overheads and to advance its key projects and investments.

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

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

### Basis of preparation

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. The policies have been consistently applied to both the parent Company and Group. The financial statements are presented in GB Pounds Sterling rounded to the. 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 (now Grafintec), in which the Company obtained 100% of the share capital of Fennoscandian for shares issued by the Company. Further details of this acquisition are outlined in note 9.

### New standards, amendments and interpretations

*Standards and interpretations adopted during the year*

Information on new standards, amendments and interpretations that are relevant to the Group's annual report and accounts is provided below:

- Interest Rate Benchmark Reform (IBOR) reform Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16).

These standards have no material impact on the Group.

*Standards, amendments and interpretations that are not yet effective*

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 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

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.

*Exploitation Concession for Kallak North*

A principal source of risk and judgement is that the Exploitation Concession (the "Concession") for Kallak North will not be awarded. At the year end, management maintained 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.

The Company's application for the Concession remained with the Government through 2020, and as such, Swedish authorities other than the Government were not actively engaged in the permitting process.

The Constitutional Committee ("KU"), which has been reviewing the Swedish Government's handling of the Company's application for an Exploitation Concession for Kallak North met 26 November 2020 and disclosed in a statement that no viable administrative measures were implemented by the Government for almost three years, resulting in an unacceptable delay.

A month prior to the KU's statement, the Government consulted with United Nations Educational, Scientific and Cultural Organization UNESCO on the Company's application. While the KU's statement will have no bearing on the final decision, the Company believes that once comments are received back from UNESCO a decision will be 'forthcoming', language used by the Minister in September 2019. The Company has been in communication with UNESCO regarding its review of Kallak.

Since the KU statement last November, political parties outside of Government are taking a greater interest in the case and, with the support of our advisers, we continue to inform and educate on the facts about Kallak and dispel the perceptions that exist. 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: Kallak is ideally situated as a secure and sustainable supply of high-quality iron ore to the growing fossil-free steel making sector powered by renewables in Sweden; it can produce a market leading concentrate of 71.5 per cent iron content; 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. Managements judgement that the asset is not impaired at the year end as a result of a concession being denied is further reinforced by the exploitation concession being awarded subsequent to year end.

*Åtvidaberg licence*

The Åtvidaberg licence is located in the Bergslagen area, southern Sweden. It was renewed during 2019 and now expires on 30 May 2023. Due to COVID-19, the exploration permit is likely to be awarded an additional year to the existing term. The Mining Inspectorate is yet to complete updating its registers and will directly inform each permit holder of the change that applies to their respective permits. As such the extension year, which should extend the term of these licence to 2023, has not been added to the licence 'Valid To' date shown in the Annual Report.

**Significant accounting judgements, estimates and assumptions (continued)**

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, due to COVID-19 restrictions and as the Company's exploration focus moved to Kosovo. However, the Company is now in discussions with potential partners to continue with the next stage of work on the licence. At the date of this report the Company will have two years remaining on the term of the licence.

*Mitrovica and Viti licences*

Another source of risk and judgement is that the renewal applications for exploration licences at Mitrovica and Viti have been accepted but are yet to receive final approval.

As original permits were awarded around the same time, all renewals have become due around the same time. Vardar's renewal applications have also coincided with a changeover in personnel on the board of The Independent Commission for Mines and Minerals ("ICMM"), the permitting authority in Kosovo. The ratification of a new board has been delayed because of parliamentary elections, which took place in February 2021. It is hoped that the new board will soon be confirmed.

Management considers that in each case licence conditions have been met and applications or renewals have been accepted by receiving authorities. Management have included this in the principal risks and estimates due to material nature of these licences.

The Board has considered the impairment indicators as outlined in the Company's accounting policies and having done so is of the opinion that no impairment provisions are required for Company's main assets, Kallak, Aitolampi, Mitrovica, Viti and Åtvidaberg (see note 7).

The other key areas of judgement and sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year 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. This judgement has continued to be applied consistently throughout the year ended 31 December 2021.

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 £624,464 (2020: £573,813).

**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) 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 |
| Computer 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, cash and cash equivalents and loans and other financial assets 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 and loans and borrowings. 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.

Loans and borrowings with settlement terms that that fail the fixed for fixed criterion will be treated as a containing an embedded derivative liability, where this is recognised the loan value will be allocated between the derivative value and the loan residual which will be carried amortised cost. Loans and borrowings are derecognised when the obligation is extinguished.

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.

## 3. FINANCE INCOME AND COSTS

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Finance income: | | |
| Deposit account interest | 71 | 594 |
| | 71 | 594 |
| Finance costs: | | |
| Interest on lease liabilities | 256 | 255 |
| Interest on loans and borrowings | - | 203,321 |
| | 256 | 203,576 |

## 6. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share at 31 December 2021 was based on the loss attributable to ordinary shareholders of £1,351,179 (2020: £1,128,512) and a weighted average number of Ordinary Shares outstanding during the year ended 31 December 2021 of 829,879,971 (2020: 607,815,562) calculated as follows:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Loss attributable to ordinary shareholders | (1,351,179) | (1,128,512) |

**Weighted average number of ordinary shares**

| | 2021<br>Number | 2020<br>Number |
|---|---|---|
| Number of shares in issue at the beginning of the year | 607,815,562 | 585,102,740 |
| Effect of shares issued during year | 222,064,409 | 20,712,822 |
| Weighted average number of ordinary shares in issue for the year | 829,879,971 | 607,815,562 |

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

## 7. INTANGIBLE ASSETS - Group

| | Exploration Costs<br>£ |
|---|---|
| **COST** | |
| At 1 January 2020 | 10,011,256 |
| Additions for the year | 612,062 |
| Foreign exchange movements | 847,397 |
| Impairment | (98,799) |
| At 31 December 2020 | 11,371,916 |
| | |
| At 1 January 2021 | 11,371,916 |
| Additions for the year | 682,367 |
| Foreign exchange movements | (818,627) |
| At 31 December 2021 | 11,235,656 |
| | |
| **NET BOOK VALUE** | |
| At 31 December 2021 | 11,235,656 |
| At 31 December 2020 | 11,371,916 |

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

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Kallak | 7,210,380 | 7,533,388 |
| Åtvidaberg | 363,131 | 393,303 |
| Ågåsjiegge | 6,482 | - |
| Pitkäjärvi | 1,457,826 | 1,333,114 |
| Karhunmäki | 51,622 | 41,017 |
| Rääpysjärvi | 73,859 | 47,053 |
| Merivaara | 36,096 | 36,965 |
| Mitrovica | 1,376,598 | 1,387,030 |
| Viti | 659,662 | 600,046 |
| | 11,235,656 | 11,371,916 |

Total Group exploration costs of £11,235,656 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 £121,226 was recorded against the projects for services provided by the Directors during the year (2020: £68,508).

In Sweden, much has changed since the first Exploration Licence was granted at Kallak in 2006 and during the nearly nine years since the Company submitted its application for an Exploitation Concession in April 2013. In our daily lives, the Climate Emergency is an ever-present threat. In Norrbotten fossil-free steel making is in the ascendency and there is increasing demand for high quality iron ore, such as Kallak's market-leading 71.5 per cent iron magnetite concentrate, in both innovative and traditional steel making processes in Sweden and Europe, eliminate $CO_2$ emissions from steel production, increase energy efficiency, minimize waste and the impact of waste disposal.

During 2021, the Company responded to Government enquiries, continuing to demonstrate that its application for an Exploitation Concession for Kallak North was comprehensive. In December 2021, changes in the Swedish Government put renewed focus on the importance of primary raw material supply from mines as part of the Green Transition.

The Company's longstanding commitment to Kallak was finally recognised when on 22 March 2022, the Minister of Enterprise and Innovation, announced the award of the Exploitation Concession; attached to the decision were 12 conditions for the Company to comply with. The Company's legal advisers have reviewed the Government's decision and the conditions attached to it and are satisfied that, with respect to the conditions, they include matters the Company would naturally expect to address in project development and the Environmental Court process.

Kallak is excellently positioned as a potential secure and sustainable supplier of high-quality iron ore to Sweden's fossil-free steel making sector for decades to come. In the Kallak area, 389 million tonnes of iron mineralisation have been estimated. When it comes to sustainable mining in the north of Sweden, mines can effectively be plugged into the grid, be powered by renewable electricity, with the potential to also use hydrogen produced from renewables to power mobile equipment. It is a tremendous opportunity to create a fossil-free business ecosystem of companies and other stakeholders collaborating and delivering the greater good.

The Company is now looking at the future development of Kallak and therefore Kallak has not been impaired.

The Åtvidaberg licence is located in the Bergslagen area, southern Sweden. Due to COVID-19 disruptions, the exploration permit has been awarded an additional year to its previous existing term. As such with the extension year now granted, the permit term has been extended to 30 May 2023.

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, due to COVID-19 restrictions and as the Company's exploration focus moved to Kosovo. However, the Company is now in discussions with potential partners to continue with the next stage of work on the licence. At the date of this report the Company will have approximately one year remaining on the term of the licence.

In Finland, a Scoping Study was initiated for the Aitolampi graphite project during the year, which, in the context of the anode materials production project GVA10/50, has been extended, as it represents a potential mining asset offering supply chain security to Finnish anode materials production. This was further advanced through the Company signing a Heads of Terms ("HoT") for a Joint Venture ("JV") with Epsilon Advanced Materials, for the establishment of an anode materials production facility in Finland

In Kosovo, Vardar has now secured both licence renewals and been awarded the promising Shala licence, and the Company has made further investments to fund drilling and taking the Company's ownership of Vardar to approximately 59.5 per cent.

Drilling is underway and will cover both Wolf Mountain zinc-lead-silver ("Zn-Pb-Ag") targets, and Majdan Peak gold ("Au") prospect. A total programme of approximately 3,400 metres is planned.

The Board has considered the impairment indicators as outlined in the Company's accounting policies and having done so is of the opinion that no impairment provisions are required for Company's main assets, Kallak, Aitolampi, Mitrovica, Viti and Åtvidaberg.

## 12. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Other receivables | 122,701 | 1,428,491 | - | 1,392,081 |
| VAT | 37,195 | 123,638 | 17,942 | 69,955 |
| Prepayments and accrued income | 23,243 | 14,719 | 23,243 | 14,719 |
| | 183,139 | 1,566,848 | 41,185 | 1,476,755 |

Included in other receivables is a deposit of £16,810 held by Finnish regulatory authorities (2020: £17,854).

Included in other receivables of both the Group and the Company in the prior year is a balance of £1,392,081 for funds due to be received for shares issued, these funds were received in the year and are shown separately in statement of cash flows for the current year.

## 13. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Bank accounts | 3,336,134 | 4,329,414 | 3,075,741 | 4,241,426 |
| | 3,336,134 | 4,329,414 | 3,075,741 | 4,241,426 |

## 14.NON-CONTROLLING INTERESTS

The Group has material non-controlling interests arising from its subsidiaries Wayland Copper Limited and Vardar Minerals Limited. These non-controlling interests can be summarised as follows;

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Balance at 1 January | 394,113 | 326,555 |
| Total comprehensive loss allocated to NCI | (169,087) | (145,955) |
| Effect of step acquisitions | 100,013 | 213,513 |
| **Total** | 325,039 | 394,113 |

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Wayland Copper Limited | (162,484) | (161,677) |
| Vardar Minerals Limited | 487,523 | 555,790 |
| **Total** | 325,039 | 394,113 |

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

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

| | 2021 £ | 2020 £ |
|---|---|---|
| Administrative expenses | (1,212) | (1,471) |
| Loss after tax | (1,212) | (1,471) |
| | | |
| Loss allocated to NCI | (422) | (512) |
| Other comprehensive income allocated to NCI | (396) | 126 |
| Total comprehensive loss allocated to NCI | (818) | (386) |
| | | |
| Current assets | 17,498 | 4,391 |
| Current liabilities | (485,102) | (469,644) |
| Net liabilities | (467,604) | (465,253) |
| | | |
| Non-controlling interest | (162,484) | (161,677) |

Vardar Minerals Limited, a 49.4% per cent owned subsidiary of the Company that has material non-controlling interests ("NCI").

Summarised financial information reflecting 100 per cent of the Vardar Minerals relevant figures is set out below:

| | 2021 £ | 2020 £ |
|---|---|---|
| Administrative expenses | 248,093 | 284,281 |
| Loss after tax | 248,093 | 284,281 |
| | | |
| Loss allocated to NCI | (134,011) | (165,668) |
| Other comprehensive income allocated to NCI | (34,259) | 20,099 |
| Total comprehensive loss allocated to NCI | (168,270) | (145,569) |
| | | |
| Current assets | 55,793 | 101,029 |
| Non-Current assets | 1,098,746 | 1,047,809 |
| Current liabilities | (160,940) | (134,829) |
| Net assets | 993,599 | 1,014,009 |
| | | |
| Non-controlling interest | 487,523 | 555,790 |

## 15. SHARE CAPITAL

| | 2021 Number | 2021 £ | 2020 Number | 2020 £ |
|---|---|---|---|---|
| Allotted, called up and fully paid | | | | |
| At 1 January | 828,175,224 | 8,281,751 | 602,244,672 | 6,022,446 |
| Issued for cash | 3,535,412 | 35,354 | 225,841,752 | 2,258,417 |
| Issued for fees | - | - | 88,800 | 888 |

| | | | | |
|---|---|---|---|---|
| At 31 December | 831,710,636 | 8,317,105 | 828,175,224 | 8,281,751 |

All issues are for cash unless otherwise stated.

| | Number | Share Capital £ | Share Premium £ | Total £ |
|---|---|---|---|---|
| At 1 January 2021 | 828,175,224 | 8,281,751 | 24,684,737 | 32,966,488 |
| 8 July - Issue of new shares | 3,535,412 | 35,354 | 4,574[1] | 39,928 |
| | - | - | - | - |
| At 31 December 2021 | 831,710,636 | 8,317,105 | 24,689,311 | 33,006,416 |

[1]Includes issue costs of £18,760.

| | Number | Share Capital £ | Share Premium £ | Total £ |
|---|---|---|---|---|
| At 1 January 2020 | 602,244,672 | 6,022,446 | 20,824,009 | 26,846,455 |
| 21 December - Issue of new shares | 225,841,752 | 2,258,417 | 3,858,810[1] | 6,117,227 |
| 21 December – Issue of fee shares | 88,800 | 888 | 1,918 | 2,806 |
| At 31 December 2020 | 828,175,224 | 8,281,751 | 24,684,737 | 32,966,488 |

[1]Includes issue costs of £1,304,322.

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

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

*Shares issued in 2021*

On 8 July 2021, the company announced the issue of 3,535,412 new ordinary shares at £0.01 each, in settlement of 9,000,000 options held by Kurt Budge with an exercise price of £0.0166.

*Shares issued in 2020*

On 21 December 2020, the Company announced the completion of a rights issue in Sweden, open offer and subscription to issue a combined 197,599,345 ordinary shares of £0.01 to raise £6,500,000 before expenses. As part of this offering, director fees outstanding to Chris Davies of £2,806 were settled in shares.

On 21 December 2020, the Company announced a fully subscribed placing to 28,331,207 ordinary shares at £0.01 raising £900,000 before expenses.

**18. TRADE AND OTHER PAYABLES**

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Current: | | | | |
| Trade payables | 263,062 | 406,503 | 62,215 | 175,855 |
| Social security and other taxes | 11,976 | 13,197 | 8,693 | 8,994 |
| Other payables | 17,114 | 15,149 | 3,600 | 100 |
| Accruals | 65,084 | 103,923 | 39,983 | 95,913 |
| | 357,236 | 538,772 | 114,491 | 280,862 |

Included in other trade and other payables of both the Group and the Company is a balance of £Nil due be to paid for issue costs relating to share issues (2020: £190,984). This amount should be considered as a reconciling item to the working capital movements included the operating line of the statement of cash flows for the prior year, as this amount decreases the cash issue costs displayed in the cashflow statement rather than presenting as a movement in working capital.

## 21. BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Opening balance | - | - | - | - |
| Funds advanced | - | 932,309 | - | 932,309 |
| Finance costs | - | 203,321 | - | 203,321 |
| Effect of FX | - | 20,802 | - | 20,802 |
| Funds repaid | - | (1,156,432) | - | (1,156,432) |
| | - | - | - | - |

On 13 August 2020, the Company secured a Bridging loan from Nordic investors of SEK 12 million (approximately £1.0 million). The Loan has a fixed interest rate of 1.5 percent per stated 30-day period during the duration. Accrued interest is non-compounding. The Loan had a commitment fee of 5 per cent and a Maturity Date of 15 January 2021.

Beowulf had the option to repay the Loan and accrued interest at any time prior to the Maturity Date. If the Loan and accrued interest was not repaid by 15 February 2021, at the latest, the Creditors had the right to convert the Loan and accrued interest into Swedish Depository Receipts ("SDR") at a price per SDR calculated with a 10 per cent discount on the volume weighted average price of the SDR during the preceding 5 trading days to the conversion decision.

The Loan was accounted for using an amortised cost using an effective rate of interest. The conversion feature contained within the loan is considered an embedded derivative and was not assessed to be significant given the available inputs. The Loan was fully repaid on 17 December 20, following successful capital raisings (see note 22).

## 22. CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

**Group**

| | *Leases* | *Borrowings* | *Total* |
|---|---|---|---|
| | £ | £ | £ |
| Opening balance 1 January 2021 | 2,026 | - | 2,026 |

| | Leases | Borrowings | Total |
|---|---|---|---|
| **Cash movements** | | | |
| Lease additions | 10,852 | - | 10,852 |
| Lease payments | (5,896) | - | (5,896) |
| Total | 6,982 | - | 6,982 |
| | | | |
| **Non-cash movements** | | | |
| Finance cost | 302 | - | 302 |
| Effect of FX | 207 | - | 207 |
| Closing balance 31 December 2021 | 7,491 | - | 7,491 |

**Group**

| | *Leases* | *Borrowings* | *Total* |
|---|---|---|---|
| | £ | £ | £ |
| Opening balance 1 January 2020 | 7,472 | - | 7,472 |
| | | | |
| **Cash movements** | | | |
| Drawdown of borrowings | - | 932,309 | 932,309 |
| Interest paid | - | (93,935) | (93,935) |
| Repayment of loan principal | - | (1,062,497) | (1,062,497) |
| Lease payments | (6,095) | - | (6,095) |
| Total | 1,377 | (224,123) | (222,746) |
| | | | |
| **Non-cash movements** | | | |
| Finance cost | 255 | 203,321 | 203,576 |
| Effect of FX | 394 | 20,802 | 21,196 |
| Closing balance 31 December 2020 | 2,026 | - | 2,026 |

In the prior year consolidated and company cashflow statements, the cash repayment of the bridging loan of £1,062,497 has been offset against the gross proceeds from the issue of shares, this is due to the proceeds from the issue of shares being received net of the debt repayment.

## 25. RELATED PARTY DISCLOSURES

### Transactions with subsidiaries

During the year, cash advances of £356,613 (2020: £170,257) were made to Jokkmokk Iron Mines AB and net settled costs of £12,310 with the Company (2020: incurred costs of £68,130). 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 £7,692,987 (2020: £7,407,215).

Beowulf Sweden AB received cash advances of £Nil (2020: £Nil) and incurred costs paid on behalf of the Company of 2,338 (2020: net settled costs of £2,512). 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 £360,887 (2020: £358,947).

Grafintec Oy received cash advances of £678,845 (2020: £206,513) and net settled costs of £17,883 (2020: incurred costs of £19,936) with 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 £2,122,991 (2020: £1,572,369).

In accordance with its service agreement, Grafintec 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 21.

**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.

| | 2021 £ | 2020 £ |
|---|---|---|
| Short-term employee benefits (including employers' national insurance contributions) | 482,895 | 435,353 |
| Bonus | - | 4,608 |
| Post-retirement benefits | 27,749 | 26,710 |
| Share settled expense | 103,281 | - |
| Insurance | 877 | 874 |
| | 614,802 | 467,545 |

Share settled expenses relate to a net settlement of share options by Kurt Budge resulting in a gain of £103,281.

## 26. EVENTS AFTER THE REPORTING DATE

On 11 January 2022, the Company announced that its wholly owned Finnish subsidiary Grafintec Oy and Epsilon Advanced Materials Private Limited ("Epsilon Advanced Materials"), have signed a Memorandum of Understanding ("MoU") with the City of Vaasa for the establishment of an anode materials production facility to be located in the GigaVaasa area, Plot 18, situated in proximity to Freyr Battery's proposed battery cell development.

On 1 March 2022, the Company announced that it has invested a further £200,000 in Vardar Minerals Ltd. The investment increases the Company's ownership in Vardar from 49.4 per cent to approximately 51.4 per cent, a majority shareholding.

On 22 March 2022, the mineral exploration and development company, is pleased to announce that its 100 per cent owned Jokkmokk Iron Mines AB has been awarded an Exploitation Concession for the Kallak North Iron Ore Project.

On 30 March 2022, the Company has invested £1,000,000 in Vardar Minerals Ltd to fund drilling. The investment increases the Company's ownership in Vardar from 51.4 per cent to 59.5 per cent approximately. The rig has arrived on the Mitrovica licence and drilling is expected to start on Wolf Mountain zinc-lead-silver ("Zn-Pb-Ag") targets, before attention is turned to the Majdan Peak gold ("Au") prospect. A total programme of approximately 3,400 metres is planned.