Beowulf Mining plc

GROUP OF COMPANIES

Annual Report and Consolidated Financial Statements 2014

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Contents

Company Profile

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

The Company's principal project is the Kallak North iron ore deposit located about 40 kilometres ("km") west of the Jokkmokk municipality centre in the Norrbotten County in Northern Sweden. Local infrastructure around the project is excellent, with all-weather gravel roads passing through the project area, and all parts easily reached by well used forestry tracks. A major hydroelectric power station with associated electric power-lines is located only a few kilometres to the south east. The nearest railway (the 'Inland Railway Line') passes approximately 40km to the east. This railway line is connected at Gällivare with the 'Ore Railway Line', used by Luossavaara-Kiirunavaara ("LKAB") for delivery of their iron ore material to the Atlantic harbour at Narvik (Norway) or to the Botnian Sea harbour at Luleå (Sweden).

Other portfolio assets include the Ballek Joint Venture project in the Norrbotten County in Northern Sweden where the Company has a JORC Code compliant Inferred Resource for the Lulepotten copper-gold deposit of 5.4 million tonnes ("Mt"), grading 0.8 per cent copper and 0.3 grammes per tonne ("g/t") gold; the Nautijaure licence with potential for iron oxide copper gold ("IOCG"); the Grundträsk gold project; and the Munka molybdenum project.

Company Strategy

Beowulf's strategy is to build a sustainable Scandinavian based mining company, which creates shareholder value, while remaining opportunistic for mergers and acquisitions; preserving the Company's low sovereign risk profile and rewarding its investors in London and Stockholm.

The development of Kallak North is at a point now where the Company is considering the introduction of a strategic partner and associated investment; a partner who understands the value of Kallak North as a high quality producing asset within 5 years, supplying high grade concentrate over 69 per cent iron content with very low levels of phosphorous and sulphur, lending itself to pelletization and consumption in Direct Reduction Iron ("DRI") facilities in Europe and the Middle East.

In addition to Kallak North, Beowulf is focusing its efforts on the potential of its wider exploration portfolio, which offers commodity diversification in copper, gold and molybdenum.

The leadership team is also looking beyond the Company for value creation opportunities in Finland, Norway and Sweden.

Chairman's Statement

I am pleased to be able to present my first Chairman's Statement to shareholders and stakeholders of the Company. I joined the Company in September 2014 together with Kurt Budge, as a Non-Executive Director. Since then Kurt has taken over the role of Chief Executive Officer and I have taken on the role of Non-Executive Chairman. I would also like to take this opportunity to thank the directors of the Company ("Directors") who left during the year for their contribution to the development of the Company.

With the change in leadership, Beowulf has re-established itself, strengthened its financial controls and governance procedures, re-focused the Company's strategy and aligned its interests with those of its shareholders. The management team is working hard to strengthen relationships with key stakeholders, encapsulating the Company's new approach in the following three mission statements:

"Showing respect to all our stakeholders"
"Visar respekt för alla intressenter"

"Becoming a local partner"
"Vill samverka lokalt"

"Delivering responsible development"
"Står för ansvarsfull utveckling"

Iron ore market

2014 will be remembered for the severity and speed of commodity price falls - particularly iron ore - that very quickly rendered higher-cost producers vulnerable. The 62 per cent iron CFR China benchmark price nearly halved in 2014, and in the first quarter of 2015 the price has continued to fall. The fall in the benchmark price is due to a combination of factors, including weakening demand especially from China, and significant growth in output from the big producers. Nonetheless, we are encouraged by the 7 per cent recovery in the benchmark pricing since its recent low in April 2015.

Beowulf is not seeking to compete in the seaborne iron ore trade into China. Kallak North should be a high quality producing asset within 5 years, supplying high grade concentrate over 69 per cent iron with very low levels of phosphorous and sulphur, lending itself to pelletization and consumption in Direct Reduction Iron ("DRI") facilities in Europe and the Middle East at premium prices. As a comparison, the 65 per cent iron pellet price has been on average $40 per tonne ("t") higher than the 62 per cent iron price in 2014.

AIM[1]

Equity proceeds of approximately £245 million ("M") were raised by AIM's junior miners in 2014 – an increase of 80 per cent on 2013, but from a very low base, and some 82 per cent short of 2007's peak. Only £5M of the 2014 total was raised from new issues, with IPOs remaining firmly off the agenda. The dominance of the mining sector on AIM has lessened, with mining shares ending the year with just a third of their value when compared with the prior year. Despite these difficulties the Company undertook a fundraising in August/September 2014 to raise gross £1.74M and in March 2015 raised a further gross £350,000.

Kallak Iron Ore Project ("Kallak")

Excellent progress has been made during the year at Kallak. The known orebodies now cover an area approximately 3,700 metres ("m") in length and 350m in width. In December we reported an upgraded resource for Kallak North and a maiden resource for Kallak South – a 34 per cent increase in indicated resource to 118.5Mt at 27.5 per cent iron from 88.3Mt at 27.7 per cent iron in the 2013 resource statement.

[1] EY Mining Eye Q4 2014; London Stock Exchange Statistics

We also reported a total inferred resource of 33.8Mt at 26.2 per cent iron, and an exploration target of 90-100Mt at 22-30 per cent iron representing potential ore below the pit shells and in the gap between drilling defined Kallak South mineralized zones. The exploration target together with the drilling completed to date gives us confidence that there is substantially more iron ore at Kallak than previously defined.

However, rather than continue to drill, we are focusing our efforts on obtaining the Exploitation Concession for Kallak North. In February 2015 the Chief Mining Inspectorate found that the prerequisites for an Exploitation Concession had been fulfilled, but left the Government to make a decision regarding Chapters 3 and 4 of the Environmental Code.

Before the Mining Inspectorate's decision and further to the County Administrative Boards ("CAB's") response in October 2014, the Company took the opportunity to make a further written submission to the Mining Inspectorate on issues identified by CAB regarding transport. In that submission, the Company stated that it will not be proposing transport routes that pass in a north/north-easterly direction through the Jelka-Rimakåbbå Natura 2000 area, ensuring that future transport routes will not lead to a significant impact on reindeer husbandry.

With regard to reindeer husbandry, the Company proposed precautionary and protective measures which resulted from analysis undertaken as part of its environmental impact assessment; these measures will be developed further in consultation with concerned Sami villages as part of the Company's application for an Environmental Permit. The Company also intends to establish a framework for compensatory measures and economic compensation in the event that there are residual consequences for neighbouring communities. It is the Company's firm belief that having put in place systems to manage its future operations, and frameworks to address residual consequences, that mining and reindeer husbandry can coexist.

The Company continues to engage with key stakeholders at the local and county levels, focus on strengthening relationships and addressing all outstanding concerns. The north of Sweden is seeking ways to stimulate economic growth, create jobs and slowdown population decline and a mine at Kallak North is seen as part of the solution for achieving those goals. It is the Company's belief that the Exploitation Concession application satisfies all the requirements of the Swedish regulations and that there should be no obstacle for an early and positive decision by the Swedish Government in favour of granting the Exploitation Concession for Kallak North.

Other projects in the portfolio

The management team has spent time reviewing the Company's other projects, including the Ballek Joint Venture located in Norrbotten County in northern Sweden, where the Company has a JORC Code compliant Inferred Resource for the Lulepotten copper-gold deposit of 5.4Mt, grading 0.8 per cent copper and 0.3g/t gold; the Nautijaure licence with potential for iron oxide copper gold ("IOCG"); the Grundträsk gold project; and the Munka molybdenum project.

The 2015 exploration programme will involve reassessing the significant historical data that exists on each of the projects, supplemented with fieldwork, before finalising plans for further drilling. The Board of the Company ("Board") has received approaches to joint venture on assets within the portfolio, and will continue to review the attractiveness of each proposal when received.

Corporate

The Company undertook a fundraising in August/September 2014 to raise gross proceeds of £1.74M. This included a capital raise of £1M from Lanstead Capital L.P. ("Lanstead"), the Company's largest shareholder, which involved investing £0.85M in equity rate swap agreements. The amount receivable under these agreements was linked to the Company's share price performance. Unfortunately, due to the fall in the share price, exacerbated by difficult market conditions for mining and exploration companies, the expected settlements fell significantly. The Directors mutually agreed with Lanstead to accelerate all outstanding settlements in consideration of a final settlement of £150,000. The Directors consulted with Cantor Fitzgerald Europe, the Company's nominated adviser, who agreed that the terms of the accelerated settlement were fair and reasonable insofar as shareholders were concerned.

The Company also gave shareholders the opportunity to subscribe for new shares through an open offer in the September fundraising and I want to take this opportunity to thank all those who participated.

The loss for the year is £3.1M (2013: loss of £2.2M) with a basic loss per share of 1.00p (2013: loss of 0.91p). The increase in the loss over 2013 is due primarily to losses on the derivative financial assets. Approximately £0.2M in cash was held at the year end, before receipt in early January 2015 of £150,000 from the Accelerated Settlement of the Equity Swap Agreements and the completion of the March 2015 fundraising which raised gross £350,000.

The Company appointed Liam O'Donoghue as Company Secretary on 8 May 2015. Liam is a qualified corporate lawyer and director of the AIM specialist advisory and administration firm, CMS Advisory Group Limited.

The Board and Executive have sought to align themselves with shareholder interests, by setting basic pay and fees at market levels, thereafter seeking to conserve cash by electing to salary sacrifice a third of compensation, which will be converted into shares. The salary sacrifice has continued since October 2014, but due to close periods the Directors have been unable to convert this into shares. The Board will continue to ensure that the Directors and executives are appropriately incentivised and that their interests remain aligned to those of the Company's shareholders.

Outlook

While the short term fundamentals for commodities look challenging and the economic outlook remains uncertain, the management team of Beowulf is still focused on creating value for shareholders, by first seeking an early and positive decision by the Swedish Government on the application for an Exploitation Concession for Kallak North, and secondly by attracting the right partner for Kallak by demonstrating the quality of the orebody and its market potential as a high grade premium concentrate.

I would like to thank our employees, consultants, contractors, advisers, shareholders and other stakeholders for their valued support during the year.

Bevan Metcalf
Non-Executive Chairman
29 May 2015

Review of Operations and Activities

Introduction

Sweden continues to be a prominent mining jurisdiction and the largest iron ore (mostly magnetite) producer in the EU. It provides modern, efficient and well-established infrastructure, excellent power accessibility and affordability, a highly skilled mining and exploration workforce, extremely low sovereign risk and a very strong mining culture. Almost all current iron ore production is located in the Norrbotten County of northern Sweden at the Kiruna and Malmberget deep underground mines owned by the state owned company, LKAB.

Beowulf has been active in northern Sweden for more than 10 years, focusing its activities on areas with high exploration potential for iron, copper, gold and molybdenum in the Norrbotten and Västerbotten counties. The Kallak project in the Norrbotten County has been the principal focus of the Group's exploration and development work in recent years.

The application for exploration permits and exploitation concessions are governed by the Swedish Minerals Act (1991:45) (the "Act"), which was subject to amendments in 1993, 1998 and

1999. The Act accords that an exploration permit is granted for an initial period of three years from the date of issue and can be subsequently extended for up to a further three years by way of annual extensions. The period of validity of the permit can be further extended by up to four years on special grounds and, on exceptional grounds, a further maximum of five years. The longest possible period of validity for any one permit is therefore fifteen years, after which an application for an exploitation concession must be made. After each three year period the permit fee cost per hectare is increased. An exploitation concession is granted for a period of twenty-five years and can be extended by ten years at a time without application if regular exploitation is in progress when the period of validity expires.

Current exploration permits

Beowulf, via its subsidiaries, currently holds 13 exploration permits, together with one registered application for an exploitation concession (Kallak North), all in northern Sweden, as set out in the table below:

Permit Name/Mineral(s)	Permit ID	Area (km²)	Date Valid From	Date Valid Until
Arjeplog Region:				
Ballek nr2 (Copper-Gold)*	2005:69	5.57	Lodged 31/03/2015	Awaiting grant of licence
Ballek nr6 (Copper-Gold)*	2015:143	3.15	23/03/2015	23/03/2018
Munka nr10 (Molybdenum)^	2009:178	8.00	03/11/2009	03/11/2015
Jokkmokk Region:				
Parkijaure nr3 (Iron)**	2011:135	4.17	11/08/2011	11/08/2017
Parkijaure nr2 (Iron)**	2008:20	2.85	18/01/2008	18/01/2016
Kallak nr1 (Iron)**µ	2006:197	5.00	28/06/2006	28/06/2016
Kallak nr2 (Iron)**	2011:97	22.19	22/06/2011	22/06/2017
Kallak nr3 (Iron)**	2012:100	5.56	09/08/2012	09/08/2015
Parkijaure nr4 (Copper)**+	2012:59	7.59	04/05/2012	Awaiting grant of licence
Parkijaure nr5 (Iron)**	2013:36	12.97	04/03/2013	04/03/2016
Nautijaur nr1 (IOCG)**+	2012:57	8.80	04/05/2012	Awaiting grant of licence
Ågåsjiegge nr2 (Iron)**+	2014:10	11.14	24/02/2014	24/02/2017
Malå Mining District:				
Grundträsk nr6 (Gold)^	2010:161	15.53	04/11/2010	04/11/2016
TOTAL:		**112.52**		

Notes:
* the Ballek permits are held by Wayland Sweden AB which is a wholly owned subsidiary of Wayland Copper Limited ("Wayland Copper"). Beowulf has a 65.25 per cent ownership interest in Wayland Copper, which is a subsidiary of Beowulf, and is the operator of the Ballek project.
**held by the Company's wholly owned subsidiary, Jokkmokk Iron Mines AB ("JIMAB").
+ area recently reduced.
^ held by the Company's wholly owned subsidiary, Norrbotten Mining AB ("Norrbotten Mining").
µ an application for an exploitation concession was originally lodged on 25 April 2013 (Mines Inspector Official Diary nr 559/2013) and an updated, revised and expanded application was submitted in April 2014. The Chief Mining Inspectorate has found that the prerequisites for an Exploitation Concession are fulfilled, but leaves the Government to make a decision regarding Chapters 3 and 4 of the Environmental Code.

An overview of Beowulf's principal projects and exploration activities is provided below.

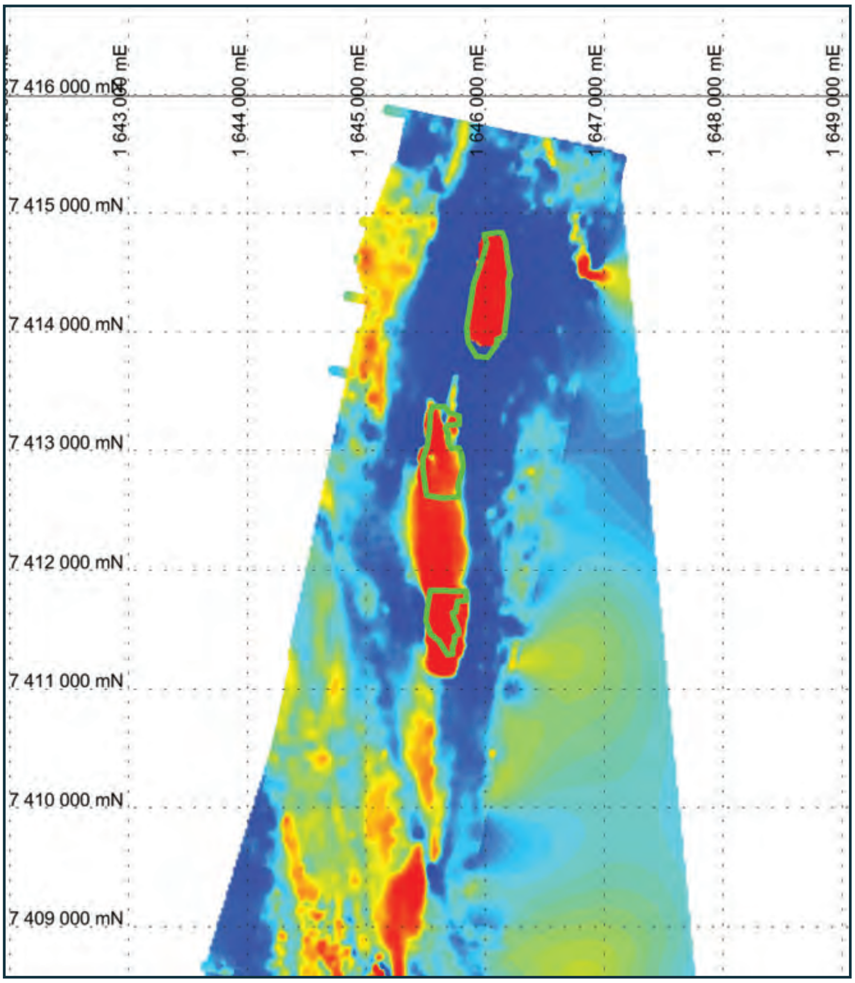
Kallak Iron Ore Project

Introduction

Kallak is located in the Jokkmokk municipality north of the Arctic Circle, approximately 40km west of Jokkmokk city centre and 80km south west of the major iron ore mining centre of Malmberget in the Norrbotten County in northern Sweden. LKAB's Kiruna iron ore mine, the world's second largest underground mine, is located approximately 120km to the north east.

Iron mineralization was first discovered in the Kallak area by the Swedish Geological Survey ("SGU") in 1947/48. Between 1968 and 1970, detailed ground geophysical surveys were carried out by the SGU over the entire area of interest including closely grid spaced magnetic, gravimetric and electromagnetic measurements. Some limited diamond drilling was also carried out. Two iron ore deposits were discovered, separated by only a few hundred metres in distance. Located in the same geological structures, the deposits may well be connected at depth and have been defined by the Company as the Kallak North and Kallak South deposits, respectively. Data from these surveys has now been compiled and interpreted. A composite of the magnetic field, resulting from these ground surveys and airborne surveys is shown in Figure 1.

Figure 1: Magnetic field anomaly map for the Kallak area. Composite from airborne and ground surveys. The outlines of Kallak North and South marked with green.



Kallak is located within the Svecofennian shield, consisting of metamorphic, sedimentary and volcanic rocks that are commonly between 1900 and 1870 million years old.

The area around Kallak and the villages of Björkholmen and Randijaur is dominated by mafic to intermediary volcanites and metavolcanites as well as gabbro, diorite, diabase, ultramafic rocks and their metamorphic equivalents. The bedrock of the area is thus dominantly mafic. Only smaller areas with felsic rocks are found in the north east, north west and south west. These areas consist of granites, syenites and their metamorphic equivalents, pegmatites and other felsic to intermediary rocks.

The deposits are outcropping and consist of so called "quartz banded magnetite iron ore type", comprised of fine grained banded magnetite and minor hematite, interlayered with quartz, feldspar and some hornblende. The dominant host rock is a grey, altered volcanite. The deposits occur in a north-south oriented syncline of altered sediments and felsic volcanic rocks of early Proterozoic age within granitic gneisses. The deposits are up to 300m wide at surface outcrop and located on topographically high ground. The northern deposit has a confirmed length extension of more than one kilometre and the southern deposit has a total length of more than two kilometres. Drilling has confirmed, in single drillholes, mineralised vertical depth extensions to more than 300m at both deposits. The mineralised structures at both Kallak North and Kallak South are almost vertically dipping, generally covered by only shallow (<2m) glacial overburden and, as such, are highly amenable to potential open pit mining. Some sections of the central part of Kallak South have, however, been found to be covered by more extensive glacial overburden covering the outcropping mineralised structures.

With one new licence area registered in February 2014, Ågåsjiegge nr2, the project now covers a total area of approximately 80km2, comprising nine separate licences (Kallak nr1, Kallak nr2, Kallak nr3, Parkijaure nr2, Parkijaure nr3, Parkijaure nr4, Parkijaure nr5, Nautijaur nr1 and Ågåsjiegge nr2).

Figure 2: Current exploration licenses (blue line) and the outcropping area of Kallak North and Kallak South (red line).

Area description and accessibility

Kallak comprises forested, low hilly ground close to a main paved road between Kvikkjokk and Jokkmokk.

The principal land use is forestry, with the majority of the ground area being owned by a large local forestry company. Regional vegetation is generally comprised of mature pine, birch and spruce trees. The ground elevation varies between 300m and 450m above sea level in an area of undulating forested or logged ground forming a peninsula surrounded by Lake Parkijaure. The highest point is the Råvvåive hill at 481m located in the south east part of the project area.

Local infrastructure is excellent, with all-weather gravel roads passing through the project area and all parts easily reached by well used forestry tracks. A major hydroelectric power station with associated electric power-lines is located only a few kilometres to the south east. There are no settlements within the project area, with the closest villages being Björkholmen, approximately two kilometres to the north west, and Randijaur approximately three kilometres to the east. The nearest railway (the 'Inland Railway Line') passes approximately 40km to the east. This railway line is connected at Gällivare with the 'Ore Railway Line', which is used by LKAB for delivery of their ore material to the Atlantic harbour at Narvik (Norway) or to the Botnian Sea harbour at Luleå (Sweden).

Kallak North and South drilling operations in 2014

Kallak South

A total of 5,051m of drilling was completed in the 2014 winter campaign, covering 16 holes all inclined at 45 or 60 degrees and directed towards the west. Iron mineralization was encountered in most holes. High grades and thicknesses of iron mineralization were encountered at depth in drillhole KS 14016. This hole returned an average grade of 52.87 per cent iron over an intersection of 36.35m, including a 16.68m section of 55.65 per cent iron. This high grade section is centrally located within an 89.32m long section of 42.09 per cent iron between 300.08m and 390.40m along the drillcore or vertically approximately 245m below surface. The iron mineralization is mostly comprised of massive hematite.

Drillhole KS 14016, which was the last hole drilled in the 2014 Kallak South campaign, was collared at the most easterly position on the drill tested east west profile. From iron mineralization encountered earlier in other holes further west in this profile, it is clear that the mineralization remains open to the south east and at depth.

The results of KS 14016 are by far the most interesting of the received assays with the highest grades of iron over the longest intersections encountered in all of the Kallak drilling campaigns. Further to the north of drillhole KS 14016, iron mineralization was also noted in drillholes KAL 13055 and KAL 13056. This gives a 350m drill confirmed extension of mineralization in north to south strike length, with dip towards the south and south east. The full extension towards the south and south east remains open at depth.

The results of drillholes KS 14009, KS 14011 and KS 14013 indicated that these holes have been drilled somewhat east of the main ore zone. It may also be possible that this mineralization does not continue at depth and therefore further sections of mineralization were not encountered.

In the southern part of the Kallak South deposit the focus has been to extend the iron mineralization to the north from KAL 10054 where it was confirmed over significant width during the 2010 drilling campaign. Assays received from the 2014 drill campaign show that the iron mineralization, although weak, is intersected 200m north in KS 14012 and a further 100m north in KS 14008 and KS 14014. Thus, the iron mineralization at KAL 10054 is extending to KS 14014, with a confirmed length in north south direction of more than 300m, remaining open both to north and south and at depth.

The results confirm that there is a close correlation between the extension of the iron mineralization at Kallak South as obtained by drilling, and the results of detailed ground geophysical, gravimetric and magnetic exploration. These pronounced geophysical anomalies extend on surface more than 2,000m and as defined by drill intersections are more than 200m in width.

Figure 3: Dry (top) and wet (bottom) pictures taken of the logged drill core box before shipment to ALS Piteå for cutting and sample preparation for assay.

Kallak North

A total of 3,156.3m of drilling was completed in the 2014 campaign for Kallak North, comprised of 10 drillholes mainly targeted on the southern and central part of the deposit. The assay results from KAL 14004 and KAL 14007, both collared in the central part of the Kallak North deposit, were very encouraging with significantly long intercepts of iron mineralization encountered in both holes, with similarities in grades and mineral character to earlier reported holes.

Drillhole KAL 14004, inclined at 60 degrees, returned an intersection of 232.61m with an iron average grade of 26.36 per cent iron, between 146.54m and 379.15m. Some longer parts of this section displayed grades of more than 35 per cent iron. Likewise drillhole KAL 14007, which was inclined at 60 degrees, also showed a remarkably long intersection of 298.36m, starting almost at bedrock surface and extending to 309.36m, with an average grade of 26.35 per cent iron. A 10.4m section of this hole ran at a higher grade of 41.18 per cent iron. This hole delivered the longest intersection of iron mineralization so far received of all drillholes at the Kallak North deposit since drilling commenced in 2010.

JORC Compliant Resource Statement for Kallak North and South deposits

GeoVista AB was commissioned in October 2014 to provide an independent, updated resource statement for Kallak North, as well as a maiden resource for Kallak South. The mineral resource for Kallak North had previously been reported in March 2013, by GeoVista AB.

The mineral resource estimate for Kallak North and South is based on drilling conducted between 2010-2014, a total of 27,895m drilled, including 131 drillholes. A significantly lower price of $90/t 62 per cent iron, as compared to $150/t 62 per cent iron in the 2013 resource statement was used, with the potential for eventual open pit extraction being tested through open pit optimization using Whittle software.

The resource statement provided an increase of 34 per cent in indicated resource to 118.5Mt at 27.5 per cent iron from 88.3Mt at 27.7 per cent iron in the 2013 resource statement. A total inferred resource of 33.8Mt at 26.2 per cent iron, and an exploration target of 90-100Mt at 22-30 per cent iron representing potential ore below the pit shells and in the gap between drilling defined Kallak South mineralized zones was also reported.

Kallak, as defined by drilling, is approximately 3,700m in length and 350m in width. Kallak North remains open to the north and at depth, and Kallak South remains open both to north and south and at depth.

Kallak Resource Statement

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

Notes:

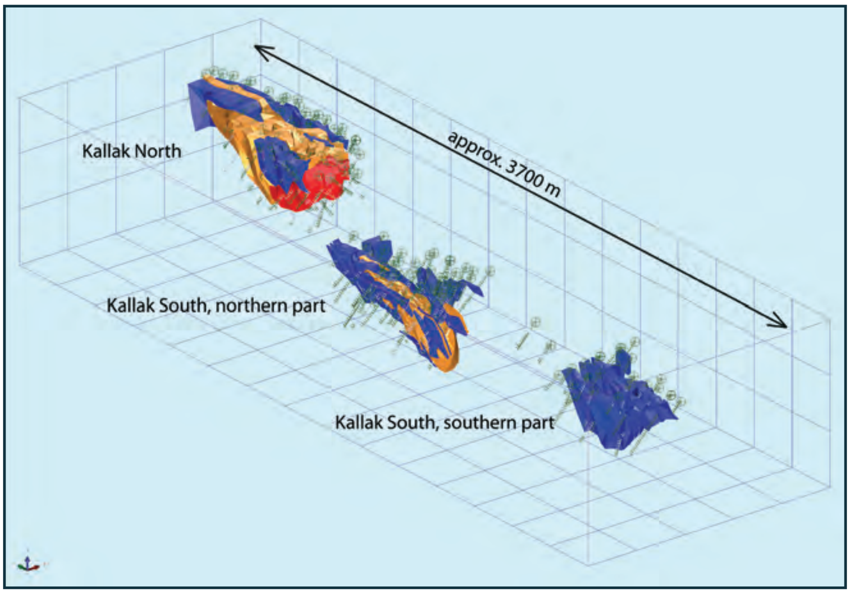
1. The effective date of the Mineral Resource Estimate is 28 November 2014.
2. Resources have been classified as Indicated or Inferred, following the guidelines of the JORC Code, 2012 edition.
3. Cut-off grade of 15 per cent iron has been used.
4. Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.

For Kallak North, a total of 14 mineralized lenses (domains) have been interpreted and modeled, delineating principally the distribution of magnetite versus hematite.

For the northern part of Kallak South, a total of 17 domains have been modelled, and for the southern part of Kallak South, a total of 9 domains are interpreted.

An overview of the interpreted mineralization is shown in Figure 4.

Figure 4: Isometric view of Kallak North and South. Background grid 250m. Red = Hematite dominated, Blue = Magnetite dominated with >95 per cent magnetite, Brown = Magnetite dominated with 5-10 per cent hematite.



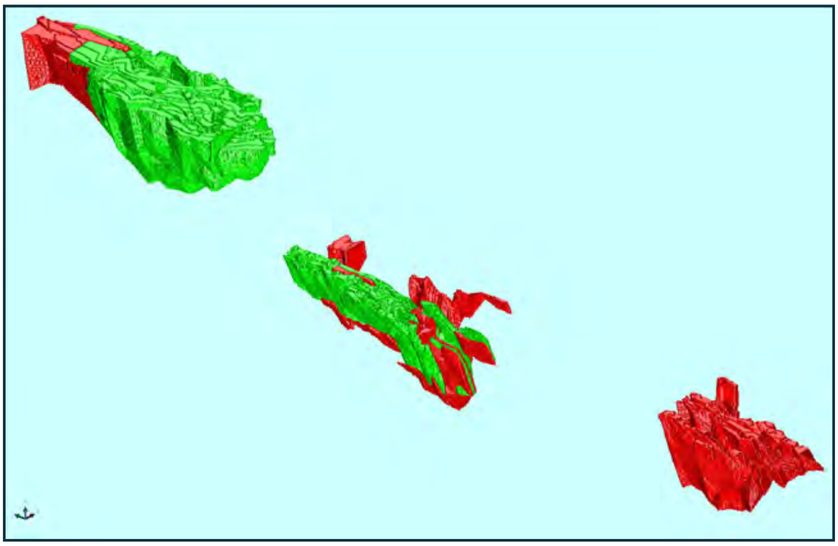
The mineralized area at Kallak North is approximately 1,100m long and at its widest part, in the center, approximately 350m wide. The deepest drillhole intercept is 350m below surface in the central part of the mineralization. In the southern and northern parts the intercepts are shallower, at 150-200m below surface. However, in the northern part there are no barren holes below the intercepts and so the mineralization is open at depth.

Exploration of Kallak South has been divided in two parts, the northern and southern ends, respectively. In the northern part, the mineralization is approximately 750m long and is up to 350m in width. The deepest drillhole intercept is 350m below surface. In the southern part, the mineralization is approximately 500m long and is up to 300m in width. The deepest drillhole intercept is 200m-250m below surface.

Approximately 800m in between the southern and northern parts of Kallak South has not been investigated by systematic drilling. However, as can be seen in Figure 1, the magnetic anomalous area is of equal or even bigger extension to that defined by drilling. The exploration potential is therefore considered high in this area and included within an exploration target reported with the resource statement made in November 2014.

Further to the south of Kallak, within other exploration permits controlled by JIMAB, there are further known magnetite occurrences, but the current level of investigation does not permit the estimation of additional mineral resource.

Figure 5: Mineral resource classification. Green = Indicated, Red = Inferred.



Metallurgical test work on Kallak North material

Metallurgical bench scale tests, including Davis Tube Recovery (DTR) tests were completed in 2010 by MINPRO AB ("MINPRO") of Strassa, Sweden (www.minpro.se) on ore grade material from drillholes on the Kallak North deposit. The tests were directed towards the production of a high grade magnetite pellet feed product. Traditional treatment of the ore material by fine grinding and wet magnetic separation resulted in a clean magnetite pellet feed product containing 68.0 per cent iron corresponding to a recovery of 85.1 per cent. The head grade ore material contained 39.8 per cent iron, 33.1 per cent silica (SiO_2), 0.57 per cent manganese (MnO), 0.09 per cent phosphorous (P_2O_5), 0.10 per cent titanium (TiO_2) and 0.007 per cent sulphur. Further testing by MINPRO, using flotation techniques combined with wet magnetic separation, resulted in a final, high grade pellet feed product containing 70.4 per cent iron with low levels of contaminants such as phosphorous, manganese, sulphur and titanium.

In 2012, JIMAB commissioned MINPRO to perform further DTR tests, as well as bench scale grinding and magnetic separation, on composite samples extracted from six separate sections across the Kallak North deposit guided by advice from Micon. The main scope of the test work was to establish a variability pattern in the mineral processing versus standardised test work, with the results obtained used to plan for JIMAB's test mining and sampling programme in 2013 and the subsequent mineral processing tests, laboratory and pilot scale, conducted in early 2014.

The 2012 DTR tests, grinding to liberation and using wet low intensity magnetic separation techniques ("WLIMS") produced high grade concentrate 68.9-70.3 per cent iron suitable for pelletization.

Pilot scale test work on Kallak North material

In late 2013, approximately 500t of ore from the test mining sampling programme completed on a defined area of the Kallak North deposit in summer 2013 was transported to a test facility in Outokumpu City, owned by GTK. The main portion of the material was a general composite bulk sample, representing all of the test mined sections at Kallak North in proportion to their respective occurrence.

GTK's initial report in respect of its test work was received in Q1 2014. Approximately 60 tonnes of the general composite bulk sample was tested during a two-week pilot campaign, primarily focusing on establishing recovery and product quality parameters for the magnetite content. Average iron content for the submitted sample was 29.5 per cent. The proportion of magnetite to hematite in the sample was established to be approximately 3.4:1.

The magnetite beneficiation circuit was conventional and straightforward, consisting of rod milling with rougher-scavenger cobbing LIMS ("Low Intensity Magnetic Separation") pre-concentration, followed by ball mill re-grinding together with six cleaner LIMS stages to achieve the final magnetite product. The grade and recovery levels were excellent. The amount of dry magnetite concentrate produced for downstream test work was approximately 2.7 tonnes, grading at 69.4 per cent iron at a magnetite recovery of approximately 95 per cent. Average silica content in the final product was 4.2 per cent and the levels of sulphur and phosphorous were insignificant, being below 0.01 per cent. The end product fineness was 80 per cent passing 25 microns.

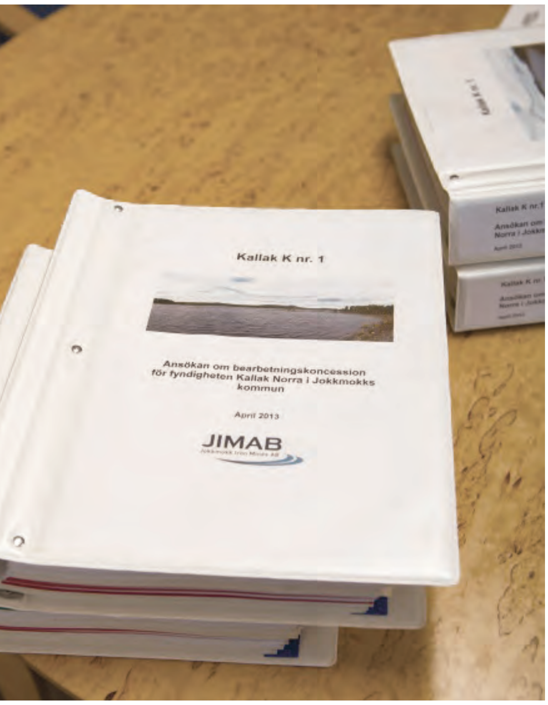
The secondary objective, to produce a concentrate of the hematite content, was successful in respect of the quality aspect. A sample of 0.36t of dry hematite iron concentrate was produced, at an average grade of 66.6 per cent iron, containing 3.3 per cent silica, 0.03 per cent phosphorous and less than 0.02 per cent sulphur. The fineness was 80 per cent passing 175 microns. Several different flow sheet options were tested in order to maximise the hematite recovery, without fully reaching optimised levels. The best beneficiation result was achieved using a combination of spiral separators, supported by SLon HGIMS ("High-Gradient Intensity Magnetic Separator"), recovery remained at below 30 per cent. The short test work programme did not enable optimisation of the hematite beneficiation section. Process mineralogy studies proved that the hematite losses were mostly occurring in the very fine particle sizes.

In April 2015, bench scale test work has been resumed at GTK to identify opportunities to produce a "super" high grade concentrate lending itself to pelletization and consumption in DRI facilities in Europe and the Middle East, and commanding a significant price premium; the work will also generate critical design data for pre-feasibility studies.

Application for an Exploitation Concession for Kallak North

In April 2013, JIMAB a subsidiary of Beowulf submitted an application to the Swedish Mining Inspectorate for an Exploitation Concession for Kallak North located in the Kallak nr1 permit area. Further to the Swedish Mining Inspectorate's consultation process, in late November 2013 CAB raised a number of queries and additional information requests on certain aspects of the Environmental Impact Assessment ("EIA") component of JIMAB's application. In April 2014, an updated and enhanced application dealing with CAB's queries was submitted.

In a letter to the Chief Mining Inspector, dated 1 October 2014, CAB expressed the belief that the effects of the possible transport routes, from the future mine through areas used for reindeer husbandry could be detrimental and that the Exploitation Concession should therefore not be granted by the Mining Inspectorate at this time.



In February 2015, the Chief Mining Inspector found that the prerequisites for an Exploitation Concession had been fulfilled, but left the Government to make a decision regarding Chapters 3 and 4 of the Environmental Code.

The Mining Inspectorate stated in their findings that:

- The Exploitation Concession which has been applied for covers an area which is deemed suitable in light of the discovery, purpose, and other circumstances;
- The Company has shown that a discovery of iron has been found, and is likely to be commercially viable;
- In the Chief Mining Inspector's opinion, the environmental impact study, with the supplements which have been made, meets the requirements set forth in Chapter 6 of the Environmental Code; and
- In the view of the Chief Mining Inspector, as CAB has not developed their arguments sufficiently regarding the scope of the encroachment on reindeer herding which will be caused by the concession area, the Chief Mining Inspector has decided to refer the issue to the Government.

Before the Mining Inspectorate's decision and further to CAB's response in October 2014 to the Company's application, the Company took the opportunity to make a further written submission to the Mining Inspectorate on issues identified by CAB regarding transport. In that submission the Company stated that it will not be proposing transport routes that pass in a north/north-easterly direction through the Jelka-Rimakåbbå Natura 2000 area, ensuring that future transport routes will not lead to a significant impact on reindeer husbandry as feared by the CAB.

Specifically to reindeer husbandry, the Company proposed precautionary and protective measures which resulted from analysis undertaken as part of its environmental impact assessment; these measures will be developed further in consultation with concerned Sami villages as part of the Company's application for an Environmental Permit. The Company also intends to establish a framework for compensatory measures and economic compensation in the event there are residual consequences for neighbouring communities. It is the Company's view that having put in place systems to manage its future operations, and frameworks to address residual consequences, that mining and reindeer husbandry can coexist.

The Company continues to engage with key stakeholders at the local and county levels, focus on strengthening relationships and addressing all outstanding concerns. The north of Sweden is seeking ways to stimulate economic growth, create jobs and slowdown population decline and a mine at Kallak North is seen as part of the solution for achieving those goals. It is the Company's belief that the Exploitation Concession application satisfies all the requirements of the Swedish regulations and there should be no obstacle for an early and positive decision by the Swedish Government in favour of granting the concession for Kallak North.

Other Projects

Ballek Copper-Gold Project

The Ballek project, where Beowulf acts as operator is in the Arjeplog municipality in northern Sweden. The Group increased its interest from 50 per cent to 65.25 per cent in Wayland Copper Limited ("Wayland"), in accordance with the terms of a joint venture agreement with Energy Ventures Limited. Energy Ventures chose not to pro-rata fund in the most recent exploration campaign. The Company took control of the project during the year and Wayland became a subsidiary on 1 October 2014.

The project area contains the Lulepotten deposit on which a maiden independent JORC Code compliant Inferred Resource estimate was compiled and reported in September 2008 of 5.4Mt, grading at 0.8 per cent copper and 0.3g/t gold, representing a total of 43,000t of contained copper metal and 52,000 ounces of contained gold at a cut-off value of 0.3 per cent for copper.

The latest drill programme commenced in December 2013 and a total of 2,039m of drilling across eight holes was completed by April 2014. The programme was sole funded by the Company. Five drillholes all located within one of the selected targets showed abundant mostly fracture type copper mineralization present in quartz veins at relatively shallow levels with assays ranging up to 3.70 per cent copper over a 1m section and 0.5 per cent copper over a 13.2m section. The copper mineralization identified at this target is located on the Lulepotten trend less than 3km to the north east directly along strike and with similar geological structures as those of the Lulepotten deposit.

The focus for Ballek in 2015 is on expanding the defined resource, initially through reassessing the significant geophysical work that has been undertaken to date, before embarking on further drilling.

Grundträsk Gold Project

The Grundträsk Project, focused solely on gold, is located in the Skellefte Mining District of northern Sweden. There is little outcrop and the land is currently used for forestry. There is good infrastructure in place, with the area being served by a network of forest roads, including the paved main road from Skellefte to Malå, which passes through the licence area. Water and electricity supplies are both available locally. Grundträsk has potential for a shallow depth gold resource, with gold bearing sulphide mineralization starting at depths of less than 12m, suggesting that any deposit will most likely be amenable to open pit mining.

Exploration results to date indicate the presence of sigmoidal gold bearing structures in a mineralised corridor over a strike length of 800m. Historic drilling from 20 holes has returned gold grades of up to 5.2m at 4.28g/t, 4.62m at 2.8g/t, 5.7m at 2.53g/t and 16.9m at 1.86g/t.

The focus in 2015 is a desktop review of historic data and fieldwork. The Company will also consider the potential for joint venturing.

Munka Molybdenum Project

The Munka molybdenum deposit is located in the municipality of Arjeplog approximately 40km north west of the Ballek project area. The deposit has been confirmed from historic drilling to extend over 800m in length, with parallel mineralised lenses of varying width in excess of 20m. Between 1973 and 1977, a total of 67 holes were drilled by the SGU for approximately 10,000m. Based on the results of this historic drilling, the SGU estimated a resource, up to 100m depth, to be 1.7Mt grading at 0.156 per cent molybdenum. This historic estimate does not comply with current JORC Code or 43-101 international standards. At the estimated tonnage, the Munka deposit represents the largest molybdenum deposit in Sweden. Recent finds of high grade glacial boulders of unknown, non-drill tested, bedrock sources indicate that the deposit may be significantly larger.

In 2015, a desktop review will be undertaken together with fieldwork prior to the licence renewal in November 2015.

Nautijaure IOCG Project

Nautijaure lies directly north and adjacent to Kallak. Based on regional geological and geophysical evidence, Nautijaur shows exploration potential for sulphides; the hypothesis being that in a large IOCG system, at the time of forming from worldwide references, there are a number of different metals (iron, sulphide metals, rare earths etc.) entering the sea water/floor in volcanic fluids, which deposit themselves at the interface. We have defined the large volumes of iron present at Kallak, and there could be associated metal deposits in close proximity. Fieldwork during 2014 season identified several copper sulphide rich boulders.

Ågåsjiegge Iron Ore Project

Ågåsjiegge lies in close proximity to the north east of Kallak, and shows exploration potential to host the same geological structures for iron mineralization as those seen at Kallak. The SGU has a historic resource estimate of 74-75Mt of magnetite, grade 30 per cent iron and almost free of impurities. Historic logs on two holes show mineralization in hole 72601 (west position) from depth at 16m, and in the 72602 hole (east position) from depth at 8.5m. Logging files show mostly classification QFA_MIF, Quartz-Feldspar-Amphibole_Magnetite iron formation, and QF_MIF, intersected with pegmatite, PEG. The holes are 202.5m and 214m in length respectively.

Board of Directors

Bevan Metcalf

BMS ACA (NZ) - Non-Executive Chairman, Age 57

Mr Metcalf served as the Chief Financial Officer of Afferro Mining Inc. ("Afferro") from January 2008, initially in a part time capacity, but becoming full time in November 2011. He left Afferro in December 2013 following the sale of the company. He joined African Eagle Resources plc in July 2004 and served as Part-time Finance Director from November 2004 to November 2011 and its Company Secretary from March 2005 to November 2011. He left African Eagle to take up a full time position with Afferro. He has 30+ years of financial management experience with international companies, such as ICI, SmithKline Beecham and Orion Corporation. He was granted ACA membership of the Institute of Chartered Accountants of New Zealand in 1986. Mr. Metcalf graduated with a Bachelor of Management Studies degree from Waikato University in New Zealand. Mr Metcalf was appointed a Non-Executive Director of Beowulf on 22 September 2014, became Senior Non-Executive Director on 1 December and Non-Executive Chairman on 8 May 2015.

Kurt Budge

MBA MEng ARSM - Chief Executive Officer, Age 45

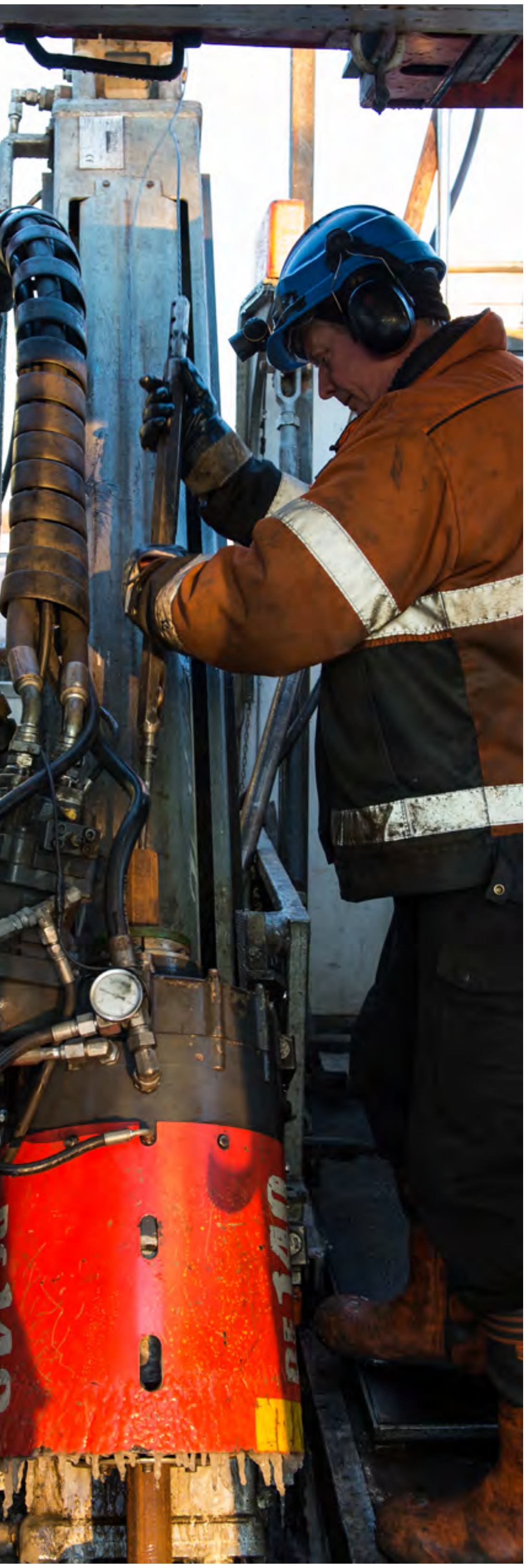
Mr Budge holds an M.Eng (Hons) in Mining Engineering from The Royal School of Mines, Imperial College London and an MBA from London Business School. His career in the mining sector spans over 20 years. Most recently he has been an independent advisor to junior mining companies on acquisitions and project development. Prior to this he was General Manager Business Development for African Minerals Limited, where he developed options for growing the company's iron ore production and identified M&A opportunities. Prior to African Minerals he worked as a mining analyst in investment research, and before that was Vice President of Pala Investments AG ("Pala"), a mining focused private equity firm based in Switzerland. Before joining Pala, he spent five years as a Business Development Executive in Rio Tinto's Business Evaluation Department, where he was engaged in M&A, divestments and evaluated capital project investments. During the earlier part of his career he held several senior operations and planning roles in the UK coal industry with RJB Mining (now UK Coal plc) and worked as a Venture Capital Executive with Schroder Ventures. Mr Budge was appointed a Non-Executive Director of Beowulf on 22 September 2014 and became Chief Executive Officer on 24 October 2014.

Dr Jan-Ola Larsson

Fil. Kand PhD DIC – Chief Operating Officer, Age 73

Dr Larsson holds a geology degree (Fil. Kand) from Uppsala University and a PhD in geochemistry from Imperial College London. He has over 40 years of varied exploration experience in base metals and diamonds in the Republic of Ireland, Canada, Brazil, Angola, Finland and Sweden. Previously he held positions including Head of Geochemistry at Geological Survey of Sweden, Head Geochemist of LKAB Exploration Company, Stockholm and Barringer Research Ltd., Toronto and Exploration Manager for Tetron Mineracao S/A, Cuiaba, Brazil and North Star Diamonds AB, Stockholm. He has been a director with Beowulf Mining plc since the start of the Company in 2002.

Strategic Report



The Directors present their strategic report for the year ended 31 December 2014.

Principal Activity

The principal activities of the Group in the year under review were exploration and development for iron, copper and gold in Sweden. The Group is controlled, financed and administered within the United Kingdom which remains the principal place of business.

Review Of The Business

The results of the Group for the year are set out in the consolidated income statement and show a loss after taxation attributable to the owners of the parent for the year of £3,060,482 (2013: £2,186,514 loss). A comprehensive review of the business is given under the Chairman's Statement and Review of Operations and Activities.

Principal Risks And Uncertainties

The principal risks and uncertainties faced by the Group are as follows:

- the ability to raise sufficient funds to continue with its principal activities.
- long-term adverse changes in commodity prices could affect the viability of exploration and extraction projects.
- the operations of the Group are in a foreign jurisdiction where there may be a number of associated risks over which it will have no control. These may include economic, social or political instability or change, taxation, rates of exchange, exchange controls and exploration licensing.
- licences may be subject to conditions which, if not satisfied, may lead to the revocation of the licences.
- the exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which undergo exploration are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities of minerals disclosed will be available to extract. With all mining operations there is uncertainty and hence risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions.

ON BEHALF OF THE BOARD:

Mr B Metcalf
Director
29 May 2015

Report of the Directors

Directors

The Directors who served during the year under review were:

Mr B Metcalf	Appointed 22 September 2014
Mr K R Budge	Appointed 22 September 2014
Dr Jan-Ola Larsson	
Mr C Sinclair-Poulton	Resigned 27 November 2014
Mr F Boman	Resigned 14 October 2014
Mr A C R Scutt	Resigned 22 September 2014
Mr E Taylor	Resigned 22 September 2014

Dividends

No dividends will be distributed for the year ended 31 December 2014 (2013: £nil).

Going Concern

In common with many exploration companies, the Company raises funds for its operations in discrete tranches, as and when required. The Group does not incur commitments or liabilities which cannot reasonably be met from available funds. While the Company has been successful in the past in raising funds, there is no assurance that it will continue to raise funds in the future. However, the Directors are confident that they will secure additional funding to meet corporate overheads and exploration-related costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

Substantial Shareholdings

The Directors are aware of the following who were interested, directly or indirectly, in 3 per cent or more of the Group's ordinary shares on 28 May 2015:

Shareholders	Shares	%
Lanstead Capital LP	78,415,251	20.94
TD Direct Investing Nominees (Europe) Limited	32,449,355	8.67
Barclayshare Nominees Limited	21,601,171	5.77
HSDL Nominees Limited	17,524,035	4.68
SVS (Nominees) Limited	16,505,843	4.41
HSBC Client Holdings Nominee (UK) Limited	15,005,378	4.01
Sunvest Corporation Limited	11,250,000	3.00

AUTHORITY TO ISSUE SHARES

Each year at the AGM the Directors seek authority to allot shares. The authority, when granted, lasts until the next AGM (unless renewed, varied or revoked by the Company prior to or on such date). Subsequent to last year's AGM held on 11 July 2014, a General Meeting was held on 22 September 2014. At that Meeting shareholders gave authority for the Directors to allot equity securities for cash up to an aggregate nominal value of £530,991.

SIGNIFICANT AGREEMENTS

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

EVENTS AFTER THE REPORTING PERIOD

Information relating to events since the end of the year is given in note 25 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management policies and objectives for capital management are provided within note 22.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

Website Publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. The Company has a new website which went live on 31 March 2015.

www.beowulfmining.com

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITOR

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

ANNUAL GENERAL MEETING

The Group's Annual General Meeting will be held at 10.30 a.m. (BST) on 29 June 2015 and full details of the proposed resolutions at that meeting will be posted to shareholders and will appear on the Company's website.

ON BEHALF OF THE BOARD:

Mr B Metcalf
Director
29 May 2015

Remuneration Report

Executive Directors' terms of engagement

There are two Executive Directors of the Company. Mr Budge was appointed Chief Executive Officer, on 24 October 2014 and Dr Larsson is the Chief Operating Officer and has been with the Company for more than ten years.

Mr Budge is on an annual salary of £120,000 which is currently benchmarked in the lowest quartile for AIM companies of similar market capitalization and in the pre-revenue category. Mr Budge has a notice period of 12 months.

Dr Larsson receives annual fees of SEK 991,200 (equivalent to £81,480 at the year-end exchange rate). These fees are invoiced through his business, Geoexperten and are subject to VAT, which is reclaimable by the Company.

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 will be covered under a separate consultancy agreement.

Under Mr Metcalf's letter of appointment he is paid a fee of £35,000 per annum. Mr Metcalf has a consultancy agreement with the Company for financial and administrative advice and guidance as the Company does not yet have a Finance Director. Mr Metcalf has a one month notice period under his letter of appointment.

Remuneration in equity rather than cash

The current Board agreed to forgo one third of their salary and fees (after tax and national insurance for UK resident Directors) for equity in the Company. This will be reviewed on a quarterly basis and is dependent on the financial resources of the Company. Shares have not been acquired to-date as the Company is in a close period. Up to the end of December 2014 the amount set aside for shares is approximately £14,000.

Reconstruction, merger, takeover and change of control

At the 16 December 2014 Board Meeting it was agreed a change of control clause would be included in the Director's contracts. In the event of a reconstruction, merger, takeover, acquisition, change of control of the Company, whereby a Directors agreement is terminated or they are asked to resign without being offered a similar position in the existing Company or any new company on terms and conditions no less favourable than the terms of this agreement, then they will be paid a prescribed fee equivalent to either:

(i) two times their annual entitlement to salary, fees and bonus if they hold, at the least, two years tenure as a Director; or

(ii) their annual entitlement to salary, fees and bonus if they hold less than two years tenure as a Director.

Compensation for loss of office

In line with their letters of appointment no compensation was paid to Mr Boman when he resigned as an Executive Director on 14 October 2014 nor to Mr Taylor and Mr Scutt who resigned as Non-Executive Directors of the Company on 22 September 2014.

Compensation was paid to Mr Sinclair-Poulton under a settlement agreement, when he stepped down from the Board on 27 November 2014. The compensation was significantly less than what Mr Sinclair-Poulton was entitled to under his consultancy and service agreements. The sum of £30,000 was paid under his service agreement in two equal instalments of £15,000 in December 2014 and January 2015. Under his consultancy agreement a payment of £20,000 is contingent on the Company's cumulative fundraising since his departure from the Company reaching £500,000 (£350,000 has been raised to-date).

Aggregate Directors' Remuneration

The remuneration paid to the Directors in accordance with their agreements, during the years ended 31 December 2014 and 31 December 2013 was as follows:

	Executive/ Non-Executive	Salary & Fees[1] £	Termination Payments £	Share- based Payments[2] £	2014 Total £	2013 Total £
Mr B Metcalf	Non-Executive	21,579	-	779	22,358	-
Mr K R Budge	Executive	30,102	-	779	30,881	-
Dr Jan-Ola Larsson[3]	Executive	87,817	-	-	87,817	108,990
Mr C Sinclair-Poulton[4]	Executive	152,713	30,000	-	182,713	174,996
Mr F Boman[5]	Executive	111,418	-	-	111,418	153,162
Mr A C R Scutt[6]	Non-Executive	20,378	-	-	20,378	28,000
Mr E Taylor[7]	Non-Executive	30,000	-	-	30,000	40,000

Notes:

1. Does not include expenses reimbursed to the Directors.
2. In relation to options granted in 2014.
3. Fees of £87,817 for Dr Larsson were paid through Geoexperten a business owned by Dr Larsson.
4. Fees of £125,113 for Mr Sinclair-Poulton were paid through Merchant Adventurers Company Limited. Mr Sinclair-Poulton resigned from the Company and as a Director on 27 November 2014.
5. Fees of £111,418 for Mr Boman were paid through FHB AB, a Swedish company of which Mr Boman is a director and shareholder. Mr Boman resigned from the Company and as a Director on 14 October 2014.
6. Mr Scutt resigned from the Company and as a Non-Executive Director on 22 September 2014.
7. Fees of £30,000 for Mr Taylor were paid through Tearne Foulsham Limited of which Mr Taylor is a director and shareholder of this company. Mr Taylor resigned as a Non-Executive Director on 22 September 2014.

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

The Group does not operate a pension scheme and has not paid any contributions to any pension scheme for Directors or employees.

The beneficial and other interests of the Directors holding office on 31 December 2014 in the issued share capital of the Company were as follows:

Ordinary Shares	31 December 2014	31December 2013
Mr B Metcalf	333,333	-
Mr K R Budge	333,333	-
Dr Jan-Ola Larsson	650,000	650,000

Mr Metcalf and Mr Budge were each awarded 500,000 options on 9 October 2014. These options have a vesting period of one year.

Ordinary Shares Under Option	Number	Exercise Price	Expiry Date
Mr B Metcalf	500,000	4 pence	9 October 2019
Mr K R Budge	500,000	4 pence	9 October 2019
Dr Jan-Ola Larsson	700,000	30 pence	7 December 2016

Corporate Governance Report

Corporate Governance and Board composition

The Board acknowledges the importance of the guidelines set out in the UK Corporate Governance Code and the Quoted Companies Alliance (QCA) published Corporate Governance Guidelines and complies with these so far as is appropriate having regard to the size and nature of the Company.

Corporate governance is a key value driver for investors and an important determinant of investment decision-making. For this reason, minority shareholders must be able to rely on appropriate corporate governance structures, risk management systems and Board processes to safeguard their interests and ultimately enhance shareholder value.

Some basic safeguards that help reduce investment risk include confidence that the board and management will:

(1) release timely and reliable information about the Company, so as to allow shareholders to react to changing circumstances;

(2) deliver on the stated strategy and performance targets;

(3) take decisions in the interests of all investors – in other words, without favouring insiders and controlling shareholders;

(4) ensure that share holdings will not be significantly and unexpectedly diluted through non-pre-emptive issues; and

(5) guard against shareholder value being destroyed through significant transactions or material related-party transactions that investors have not had a chance to evaluate and approve.

Clearly, corporate governance alone will not make an investment attractive if the business model itself is not convincing. But all other things being positive, particularly the business acumen and experience of the management team, investor attention will turn to the calibre, expertise and integrity of the Non-Executive Directors, and therefore their ability to oversee, challenge and advise the management in order both to drive value creation and to protect the interests of shareholders at all times.

Audit Committee

The overall purpose of the Audit Committee is:

(1) To ensure that the Company's management has designed and implemented an effective system of internal financial controls;

(2) To review and report on the integrity of the consolidated financial statements of the Company and related financial information; and

(3) To review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks. The Audit Committee meets at least four times a year.

As the Company currently only has one Non-Executive Director the duties of the Committee are discharged by the Board.

Remuneration Committee

The Remuneration Committee's role is to assist the Board of Directors to discharge its responsibilities in relation to remuneration of the Company's Executive Directors, Non-Executive Directors and senior executives including share and benefit plans and make recommendations as and when it considers it appropriate. The Remuneration Committee meets as and when required.

As the Company currently only has one Non-Executive Director the duties of the Committee are discharged by the Board in consultation with the nominated adviser.

Nominations Committee

The Board has not established a Nominations Committee as the Board considers that a separately established committee is not yet necessary as its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential Directors before any appointment is made and adheres to the principle of establishing a Board comprising Directors with a blend of skills, experience and attributes appropriate to the Group and its business. The main criterion for the appointment of Directors is an ability to add value to the Group and its business. All Directors appointed by the Board are subject to election by shareholders at the next Annual General Meeting of the Company following their appointment. The Board will review the need for a Nominations Committee as the Company evolves and one will be established if and when considered appropriate.

Share Dealing

The Group has adopted a code which establishes rules governing dealings by the Directors of the Company, certain employees and persons connected with them. The Directors will comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance. The purpose of the dealing restrictions is to ensure that Directors, persons connected with them and certain employees do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of results.

Anti-Bribery Policy

The Company has in place appropriate guidance, training and implementation of procedures to ensure with the UK Bribery Act. The Company is committed to the highest standards of personal and professional ethical behaviour. This must be reflected in every aspect of the way in which we operate. We take a zero-tolerance approach to bribery and corruption and we are committed to act professionally, fairly and with integrity in all our business dealings. Any breach of this policy will be regarded as a serious matter by the Company and is likely to result in disciplinary action and potentially the involvement of the police.

Whistleblower Policy

In order to discourage illegal activity and unethical business conduct in the Company, the Board has developed a Whistleblower Policy. It is the responsibility of all Directors, officers and employees (including contract employees and consultants), to comply with the law and the Company's policies, and to report any wrongdoing or violations or suspected violations, including those relating to accounting, internal accounting controls, questionable accounting or auditing matters, securities law, the laws and regulations of any jurisdiction in which the Company operates, in accordance with its Whistleblower Policy.

Relations with Shareholders

The Board recognises that it is accountable to shareholders for the performance and activities of the Group. Beowulf communicates with its shareholders principally through its website at www.beowulfmining.com and the interim and Annual Reports. Shareholders can also sign up to receive news releases directly from the Group by email. Annual General Meetings of the Company give the Directors the opportunity to report to shareholders on current and proposed operations and enable shareholders to express their views on the Group's business activities.

Independent Auditor's Report

We have audited the financial statements of Beowulf Mining plc for the year ended 31 December 2014 which comprise the consolidated income statement, the consolidated statement and other comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – Going concern

In forming our opinion, which is not modified, we have considered the adequacy of disclosures made in Note 1 to the financial statements concerning the Group and Company's ability to continue as a going concern. The Group has identified a requirement to raise additional funds before the end of 2015 to meet corporate overheads and exploration-related costs. The Board has a reasonable expectation that the required, new funds will be secured from existing or potential investors. However, these conditions, along with the other matters explained in Note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Stuart Barnsdall
(senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
29 May 2015

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

Consolidated Income Statement

	Note	2014 £	2013 as restated £
CONTINUING OPERATIONS			
Administrative expenses		(1,032,355)	(1,115,988)
OPERATING LOSS		(1,032,355)	(1,115,988)
Share of post-tax losses of equity accounted joint venture		(2,552)	(4,559)
Finance costs	3	(2,032,835)	(1,109,028)
Finance income	3	6,397	43,061
LOSS BEFORE INCOME TAX	4	(3,061,345)	(2,186,514)
Income tax expense	5	-	-
LOSS FOR THE YEAR		(3,061,345)	(2,186,514)
Loss attributable to:			
Owners of the parent		(3,060,482)	(2,186,514)
Non-controlling interests		(863)	-
		(3,061,345)	(2,186,514)
Loss per share attributable to the ordinary equity holder of the parent:			
Basic and diluted (pence)	7	(1.00)	(0.91)

The notes form part of these financial statements

Consolidated Statement Of Other Comprehensive Income

	2014 £	2013 as restated £
LOSS FOR THE YEAR	(3,061,345)	(2,186,514)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Revaluation of listed investments	986	(5,785)
	986	(5,785)
Item that may be reclassified subsequently to profit or loss:		
Exchange losses arising on translation of foreign operations	(758,807)	(134,984)
Share of other comprehensive income of equity accounted joint venture	(8,021)	-
	(766,828)	(134,984)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	(765,842)	(140,769)
TOTAL COMPREHENSIVE INCOME	(3,827,187)	(2,327,283)
Total comprehensive income attributable to:		
Owners of the parent	(3,819,849)	(2,327,283)
Non-controlling interests	(7,338)	-
	(3,827,187)	(2,327,283)

The notes form part of these financial statements

Consolidated Statement of Financial Position

	Note	2014	2013 as restated	1 January 2013 as restated
		£	£	£
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	9	6,538,752	4,948,978	3,101,402
Property, plant and equipment	10	42,394	1,990	769
Investment in equity accounted				
Joint ventures	11	-	206,935	211,494
Investments	11	20,550	19,564	25,349
Loans and other financial assets	12	53,262	258,339	306,722
Derivative financial assets	14	-	635,603	-
		6,654,958	6,071,409	3,645,736
CURRENT ASSETS				
Trade and other receivables	13	42,445	261,612	150,695
Derivative financial assets	14	150,000	1,010,007	-
Cash and cash equivalents	15	186,889	1,983,616	3,697,771
		379,334	3,255,235	3,848,466
TOTAL ASSETS		7,034,292	9,326,644	7,494,202
EQUITY				
SHAREHOLDERS' EQUITY				
Share capital	18	3,452,598	2,828,273	2,104,273
Share premium	20	15,009,812	14,078,466	10,858,905
Revaluation reserve	20	(9,450)	(10,436)	(4,651)
Capital contribution reserve	20	46,451	46,451	46,451
Share option reserve	20	69,318	67,760	67,760
Translation reserve	20	(927,835)	(167,482)	(32,498)
Accumulated losses	20	(11,025,834)	(7,965,352)	(5,778,838)
		6,615,060	8,877,680	7,261,402
Non-controlling interests	16	129,134	-	-
TOTAL EQUITY		6,744,194	8,877,680	7,261,402
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	21	290,098	448,964	232,800
TOTAL LIABILITIES		290,098	448,964	232,800
TOTAL EQUITY AND LIABILITIES		7,034,292	9,326,644	7,494,202

The financial statements were approved and authorised for issue by the Board of Directors on 29 May 2015 and were signed on its behalf by:

Mr B Metcalf - Director
Company Number 02330496

 The notes form part of these financial statements

Company Statement of Financial Position

	Note	2014 £	2013 as restated £	1 January 2013 as restated £
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	10	1,493	1,990	769
Investments	11	255,254	254,268	260,053
Loans and other financial assets	12	7,486,994	5,654,029	3,839,063
Derivative financial assets	14	-	635,603	-
		7,743,741	6,545,890	4,099,885
CURRENT ASSETS				
Trade and other receivables	13	39,012	107,733	101,393
Derivative financial assets	14	150,000	1,010,007	-
Cash and cash equivalents	15	165,398	1,725,171	3,340,218
		354,410	2,842,911	3,441,611
TOTAL ASSETS		8,098,151	9,388,801	7,541,496
EQUITY				
SHAREHOLDERS' EQUITY				
Share capital	18	3,452,598	2,828,273	2,104,273
Share premium	20	15,009,812	14,078,466	10,858,905
Revaluation reserve	20	(35,114)	(36,100)	(30,315)
Capital contribution reserve	20	46,451	46,451	46,451
Share option reserve	20	69,318	67,760	67,760
Accumulated losses	20	(10,622,412)	(7,646,354)	(5,566,059)
TOTAL EQUITY		7,920,653	9,338,496	7,481,015
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	21	177,498	50,305	60,481
TOTAL LIABILITIES		177,498	50,305	60,481
TOTAL EQUITY AND LIABILITIES		8,098,151	9,388,801	7,541,496

These financial statements were approved and authorised for issue by the Board of Directors on 29 May 2015 and were signed on its behalf by:

Mr B Metcalf - Director
Company Number 02330496

Beowulf Mining plc Annual Report 2014

Consolidated Statement of Changes in Equity

	Share capital £	Share premium £	Revaluation reserve £	Capital contribution reserve £	Share option reserve £	Translation reserve £	Accumulated losses £	Total £	Non-controlling interest £	Total equity £
Balance at 1 January 2013 as restated	2,104,273	10,858,905	(4,651)	46,451	67,760	(32,498)	(5,778,838)	7,261,402	-	7,261,402
Loss for the year	-	-	-	-	-	-	(2,186,514)	(2,186,514)	-	(2,186,514)
Foreign exchange translation	-	-	-	-	-	(134,984)	-	(134,984)	-	(134,984)
Revaluation of listed investments	-	-	(5,785)	-	-	-	-	(5,785)	-	(5,785)
Total comprehensive income	-	-	(5,785)	-	-	(134,984)	(2,186,514)	(2,327,283)	-	(2,327,283)
Transactions with owners										
Issue of share capital	724,000	3,801,000	-	-	-	-	-	4,525,000	-	4,525,000
Costs associated with the issue of new shares	-	(581,439)	-	-	-	-	-	(581,439)	-	(581,439)
Balance at 31 December 2013 as restated	2,828,273	14,078,466	(10,436)	46,451	67,760	(167,482)	(7,965,352)	8,877,680	-	8,877,680
Loss for the year	-	-	-	-	-	-	(3,060,482)	(3,060,482)	(863)	(3,061,345)
Foreign exchange translation	-	-	-	-	-	(760,353)	-	(760,353)	(6,475)	(766,828)
Revaluation of listed investments	-	-	986	-	-	-	-	986	-	986
Total comprehensive income	-	-	986	-	-	(760,353)	(3,060,482)	(3,819,849)	(7,338)	(3,827,187)
Transactions with owners										
Issue of share capital	624,325	1,248,650	-	-	-	-	-	1,872,975	-	1,872,975
Costs associated with the issue of new shares	-	(317,304)	-	-	-	-	-	(317,304)	-	(317,304)
Equity-settled share-based payment transactions	-	-	-	-	1,558	-	-	1,558	-	1,558
Acquisition of subsidiary	-	-	-	-	-	-	-	-	136,472	136,472
Balance at 31 December 2014	3,452,598	15,009,812	(9,450)	46,451	69,318	(927,835)	(11,025,834)	6,615,060	129,134	6,744,194

The notes form part of these financial statements

Beowulf Mining plc Annual Report 2014

Company Statement of Changes in Equity

	Share capital £	Share premium £	Revaluation reserve £	Capital contribution reserve £	Share option reserve £	Accumulated losses £	Total equity £
Balance at 1 January 2013 as restated	2,104,273	10,858,905	(30,315)	46,451	67,760	(5,566,059)	7,481,015
Loss for year	-	-	-	-	-	(2,080,295)	(2,080,295)
Revaluation of listed investments	-	-	(5,785)	-	-	-	(5,785)
Total comprehensive income	-	-	(5,785)	-	-	(2,080,295)	(2,086,080)
Transactions with owners							
Issue of share capital	724,000	3,801,000	-	-	-	-	4,525,000
Costs associated with the issue of new shares	-	(581,439)	-	-	-	-	(581,439)
Balance at 31 December 2013 as restated	2,828,273	14,078,466	(36,100)	46,451	67,760	(7,646,354)	9,338,496
Loss for year	-	-	-	-	-	(2,976,058)	(2,976,058)
Revaluation of listed investments	-	-	986	-	-	-	986
Total comprehensive income	-	-	986	-	-	(2,976,058)	(2,975,072)
Transactions with owners							
Issue of share capital	624,325	1,248,650	-	-	-	-	1,872,975
Costs associated with the issue of new shares	-	(317,304)	-	-	-	-	(317,304)
Equity-settled share-based payment transactions	-	-	-	-	1,558	-	1,558
Balance at 31 December 2014	3,452,598	15,009,812	(35,114)	46,451	69,318	(10,622,412)	7,920,653

The notes form part of these financial statements

Consolidated Statement of Cash Flows

	2014 £	2013 as restated £
Cash flows from operating activities		
Loss before income tax	(3,061,345)	(2,186,514)
Depreciation charges	8,227	664
Equity-settled share-based transactions	1,558	-
Impairment of exploration costs	3,187	-
Impairment of related party loan	-	184,558
Share of post-tax losses of equity accounted joint venture	2,552	4,559
Gain on asset acquisition arising on reclassifying joint venture as a subsidiary	(59,891)	-
Finance costs	2,032,835	1,109,028
Finance income	(6,397)	(43,061)
	(1,079,274)	(930,766)
Decrease/(increase) in trade and other receivables	200,747	(141,351)
(Decrease)/increase in trade and other payables	(242,953)	103,684
Net cash used in operating activities	(1,121,480)	(968,433)
Cash flows from investing activities		
Purchase of intangible assets	(1,375,121)	(1,867,054)
Purchase of property, plant and equipment	(48,631)	(1,885)
Purchase of investments	-	(57,023)
Sale of investments	49,205	-
Funding of joint venture	(294,639)	(29,966)
Acquisition of subsidiary cash	1,168	-
Interest received	6,397	23,611
Net cash used in investing activities	(1,661,621)	(1,932,317)
Cash flows from financing activities		
Proceeds from issue of shares	887,975	800,000
Payment of share issue costs	(182,304)	(56,439)
Settlement of derivative financial asset	312,775	445,362
Net cash from financing activities	1,018,446	1,188,923
Decrease in cash and cash equivalents	(1,764,655)	(1,711,827)
Cash and cash equivalents at beginning of year	1,983,616	3,697,771
Effect of foreign exchange rate changes	(32,072)	(2,328)
Cash and cash equivalents at end of year	186,889	1,983,616

The notes form part of these financial statements

Company Statement of Cash Flows

	2014	2013 as restated
	£	£
Cash flows from operating activities		
Loss before income tax	(2,976,058)	(2,080,295)
Depreciation charges	497	664
Equity-settled share-based transactions	1,558	-
Impairment of related party loan	-	184,558
Finance costs	2,032,835	1,109,028
Finance income	(6,031)	(42,188)
	(947,199)	(828,233)
Decrease/(increase) in trade and other receivables	68,721	(36,448)
Increase/(decrease) in trade and other payables	127,193	(10,176)
Net cash used in operating activities	(751,285)	(874,857)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(1,885)
Loans to subsidiaries	(1,525,253)	(1,920,000)
Funding of joint venture	(307,712)	(29,966)
Interest received	6,031	22,738
Net cash used in investing activities	(1,826,934)	(1,929,113)
Cash flows from financing activities		
Proceeds from issue of shares	887,975	800,000
Payment of share issue costs	(182,304)	(56,439)
Settlement of derivative financial asset	312,775	445,362
Net cash from financing activities	1,018,446	1,188,923
Decrease in cash and cash equivalents	(1,559,773)	(1,615,047)
Cash and cash equivalents at beginning of year	1,725,171	3,340,218
Cash and cash equivalents at end of year	165,398	1,725,171

The notes form part of these financial statements

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

Nature of operations

Beowulf Mining plc (the "Company") is a company registered in England and Wales. The address of the Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT.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

The Group is engaged in the acquisition, exploration and evaluation of natural resources assets and has not yet generated revenues. During the year the Company incurred a loss of £3,061,345.

In common with many exploration companies, the group raises finance for its working capital, acquisition, exploration and evaluation activities in discrete tranches and further funding will be required before the end of 2015. Based on current discussions the Directors have a reasonable expectation that the required, new funds will be secured from existing or potential investors. On this basis the Directors have therefore concluded it is appropriate to prepare the financial statements on a going concern basis. However, whilst the Directors are confident that they are taking all the necessary steps to ensure that the required finance will be available, there can be no certainty that this will be the case. 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 therefore 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 may be necessary should the Company be unsuccessful in raising the required finance.

Basis of preparation

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

New standards and interpretations applied

In preparing these financial statements the Company has reviewed all new standards and interpretations.

New standards, interpretations and amendments effective from 1 January 2014

The Group adopted all relevant new standards, interpretations and amendments effective from 1 January 2014. One new standard adopted had an impact on the financial statements. The nature and effect of the new standard and amendment adopted by the Group is detailed below. No other standards, interpretations or amendments had an effect on the financial statements for the year ended 31 December 2014.

IFRS 11 – Joint arrangements

During the year ended 31 December 2014, the Group adopted IFRS 11 'Joint Arrangements' which was effective for periods beginning on 1 January 2014. The Directors have considered the factors specified within IFRS 11 and classified the interest in the jointly controlled entity, Wayland Copper Limited as a joint venture. Under the requirements of IFRS 11, joint ventures are accounted for using the equity accounting method. Joint ventures are initially recognised at cost and subsequently adjusted for the Group's share of the profit or loss and other comprehensive income in the joint venture.

The accounting policy adopted prior to the implementation of IFRS 11 followed the requirements of IAS 31 'Financial reporting of Interests in Joint Ventures' under which the Group had accounted for the interest in the jointly controlled entity using the proportional consolidation method.

Notes to the consolidated financial statements

The Group has retrospectively restated the 2013 figures to reflect this change in accounting policy.

New standards, interpretations and amendments issued not yet effective

The Group has not adopted any standards, interpretations and amendments issued, but which are not yet effective, in advance of their effective date. None of those issued are expected to have a material effect on the Group's future financial statements.

Significant accounting judgements, estimates and assumptions

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of any impairment of intangible assets, the estimation of share-based payment costs, treatment of Wayland Copper Limited and its copper-gold project and valuation of derivative financial assets. In respect of these items:

(i) The Group determines whether there are any indicators of impairment of intangible assets on an annual basis.

(ii) The estimation of share-based payment costs requires the selection of an appropriate model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest.

(iii) The Company has placed shares with Lanstead Capital L.P. and at the same time entered into equity swap and interest rate swap agreements in respect of the subscriptions for which consideration will be received monthly over 12 and 24 month periods as disclosed in the notes to these financial statements. The amount receivable each month is dependent on the Company's share price performance. The Directors have made assumptions in the financial statements about funds receivable at the year end. However, there is significant uncertainty underlying these assumptions due to the unpredictable nature of the Company's share price.

(iv) During the year Beowulf Mining plc sole-funded exploration work undertaken on the Ballek copper-gold project through the joint venture entity Wayland Copper Limited and its subsidiary Wayland Sweden AB. In the view of the Directors, Beowulf Mining plc has the ability to control the joint venture entity and has therefore consolidated the results of the joint venture entity within the results of the Group from 1 October 2014.

Basis of consolidation

(i) Subsidiaries and acquisitions

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

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

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.

Notes to the consolidated financial statements

(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.

Intangible assets - 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.

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 technical and administrative overheads.

Exploration and evaluation activity includes:

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

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

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

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.

Plant and machinery - 25% on reducing balance

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

Notes to the consolidated financial statements

Investments

Investments in listed companies are stated at fair value. The revaluation adjustment is taken to the revaluation reserve and any impairments are shown in the income statement for the year.

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised at cost less any provision for impairment.

Fixed asset investments in subsidiary undertakings and joint venture interests are stated at cost less provision for any impairment in value.

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are recorded at their nominal amount less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Bad debts are written off when identified.

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.

Trade payables

Trade payables are stated at amortised cost using the effective interest method.

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.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss comprise derivative financial instruments. Subsequent to initial recognition financial assets at fair value through profit or loss are stated at fair value. Movements in fair values are recognised in profit or loss, unless they relate to derivatives designated and effective as hedging instruments, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. The Group does not currently have any such hedging instruments.

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.

Notes to the consolidated financial statements

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

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

Foreign currencies

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

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

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items is 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.

Notes to the consolidated financial statements

2. EMPLOYEES AND DIRECTORS

	2014 £	2013 £
Wages and salaries	99,659	86,000
Social security costs	10,361	9,744
	110,020	95,744

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

	Number	Number
Directors	5	5

Wages and salaries excludes amounts paid to third parties in respect of director's services during the year which amounted to £354,348 (2013: £419,148). Including these amounts, the Directors' fees are as follows:

	2014 £	2013 £
Salaries and fees	454,007	505,148
Compensation to director for the loss of office	30,000	-
Equity-settled share-based payments	1,558	-
	485,565	505,148

The remuneration of the highest paid director during the year was £182,713 (2013: £174,996). No contributions were made by the Company to money purchase pension schemes.

During the year, no Directors were entitled to accrue retirement benefits under money purchase pension schemes.

3. FINANCE INCOME AND COSTS

	2014 £	2013 £
Finance Income:		
Deposit account interest	6,397	23,611
Other interest	-	19,450
	6,397	43,061
Finance Costs:		
Fair value loss on derivative financial assets	2,032,835	1,109,028

Notes to the consolidated financial statements

4. LOSS BEFORE TAX AND AUDITORS REMUNERATION

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

	2014 £	2013 £
Depreciation - owned assets (note 10)	8,227	664
Foreign exchange differences	14,941	(3,707)
Impairment of exploration costs (note 9)	3,187	-
Impairment of convertible loan (note 12)	-	135,000
Impairment of accrued interest receivable	-	49,558
Fair value loss on derivative financial assets (note 14)	2,032,835	1,109,028

b. Auditor's remuneration

	2014 £	2013 £
Fees payable to the Group's auditor for the audit of the consolidated financial statements (2013: Price Bailey LLP)	21,250	18,670
Fees payable to the Group auditor for other services:		
- audit of subsidiaries pursuant to legislation	3,750	3,335
	25,000	22,005

During the year ended 31 December 2014 the Group changed its auditor.
The amount shown as a comparative for 2013 was paid to the Group's former auditor, Price Bailey LLP.

5. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 or for the year ended 31 December 2013.

Factors affecting the tax expense

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

	2014 £	2013 £
Loss on ordinary activities before income tax	(3,061,345)	(2,186,514)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	(658,189)	(508,365)
Effects of:		
Potential tax losses carried forward on tax adjusted loss for the year	627,524	452,281
Provision against convertible loan	-	31,388
Losses of overseas subsidiaries	30,665	23,636
Loss arising in joint venture	-	1,060
	-	-

Notes to the consolidated financial statements

The main rate of UK corporation tax changed from 24% to 23% on 1 April 2013 and from 23% to 21% on 1 April 2014 giving an effective rate for the year of 21.50% (2013: 23.25%).

The Group has estimated UK losses of £8,861,064 (2013: £5,882,694) and foreign losses of £437,225 (2013: £297,084) available to carry forward against future trading profits. The value of unrecognised deferred tax assets in respect of the UK losses amounts to £1,905,059 (2013: £1,367,595). The Directors believe that it would not be prudent to recognise such tax assets before such time as the Group generates taxable income.

6. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £2,976,058 (2013: £2,080,295 loss).

7. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share at 31 December 2014 was based on the loss attributable to ordinary shareholders of £3,060,482 (2013: £2,186,514) and a weighted average number of Ordinary Shares outstanding during the period ended 31 December 2014 of 304,755,824 (2013: 241,137,381) calculated as follows:

Loss attributable to ordinary shareholders

	2014 £	2013 as restated £
Loss attributable to ordinary shareholders	3,060,482	2,186,514

Weighted average number of ordinary shares

	2014 Number	2013 Number
Number of shares in issue at beginning of year	282,827,365	210,427,365
Effect of shares issued during year	21,928,459	30,710,016
Weighted average number of ordinary shares in issue for the year	304,755,824	241,137,381

There is no difference between the basic and diluted loss per share.

8. PRIOR YEAR ADJUSTMENT

During the year the interpretation of IFRS 11 Joint Arrangements has been reviewed and amended. Previously, joint arrangements were accounted for using proportional consolidation but under the new interpretation joint arrangements are accounted for using equity accounting. The effect of the new interpretation is presentational affecting the consolidated income statement and consolidated statement of financial position. The amendment is shown as a prior year adjustment within these financial statements.

Notes to the consolidated financial statements

Extracts of the financial statements of Wayland Copper Limited and its subsidiary Wayland Sweden AB previously used for the proportional consolidation within these consolidated statements are as follows:

STATEMENT OF PROFIT OR LOSS	2013 £	2012 £
CONTINUING OPERATIONS		
Administrative expenses	(9,118)	(23,830)
OPERATING LOSS	(9,118)	(23,830)
Finance costs	-	-
Finance income	-	-
LOSS BEFORE INCOME TAX	(9,118)	(23,830)
Income tax expense	-	-
LOSS FOR THE YEAR	(9,118)	(23,830)

STATEMENT OF FINANCIAL POSITION

	2013 £	1 January 2013 £
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	576,324	548,333
TOTAL ASSETS	576,324	548,333
EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	100	100
Share premium	449,900	449,900
Translation reserve	(4)	-
Accumulated losses	(36,129)	(27,011)
TOTAL EQUITY	413,867	422,989
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	162,457	125,344
TOTAL LIABILITIES	162,457	125,344
TOTAL EQUITY AND LIABILITIES	576,324	548,333

Under proportional consolidation, 50% of these figures were previously consolidated within the Group financial statements.

In 2012 a full provision was made in the Revaluation Reserve in respect of a £95,000 investment in Agricola Resources Plc following its de-listing from the PLUS market. A prior year adjustment has been made to transfer this impairment in value of the investment from Revaluation Reserve to Accumulated Losses to reflect the permanent diminution of value following the de-listing.

Notes to the consolidated financial statements

9. INTANGIBLE ASSETS - Group

	Exploration costs £
COST	
At 1 January 2013 as restated	3,101,402
Additions for the year	1,867,054
Foreign exchange movements	(19,478)
At 31 December 2013 as restated	4,948,978
At 1 January 2014 as restated	4,948,978
Additions for the year	1,375,499
Acquisition of subsidiary (note 16)	838,216
Impairments recognised	(3,187)
Foreign exchange movements	(620,754)
At 31 December 2014	6,538,752
NET BOOK VALUE	
At 31 December 2014	6,538,752
At 31 December 2013	4,948,978
At 1 January 2013	3,101,402

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

	2014 £	2013 £
Kallak	5,416,587	4,610,704
Grundtrask	285,543	325,762
Majves	-	2,875
Munka	6,836	7,804
Norrbotten	-	763
Ballek	829,786	1,070
	6,538,752	4,948,978

Total Group exploration costs of £6,538,752 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 and take it through to development. If insufficient funds are raised then some of the assets may require impairment.

During the year an impairment provision of £3,187 (2013: £nil) was made against costs incurred on Majves and Norrbotten on the basis that no further exploration would be carried out on those sites. The impairment is charged as an expense and included within the consolidated income statement.

Notes to the consolidated financial statements

10. PROPERTY, PLANT AND EQUIPMENT

	Group £	Company £
COST		
At 1 January 2013	3,636	3,636
Additions	1,885	1,885
At 31 December 2013	5,521	5,521
At 1 January 2014	5,521	5,521
Additions	48,631	-
At 31 December 2014	54,152	5,521
DEPRECIATION		
At 1 January 2013	2,867	2,867
Charge for year	664	664
At 31 December 2013	3,531	3,531
At 1 January 2014	3,531	3,531
Charge for year	8,227	497
At 31 December 2014	11,758	4,028
NET BOOK VALUE		
At 31 December 2014	42,394	1,493
At 31 December 2013	1,990	1,990
At 1 January 2013	769	769

Notes to the consolidated financial statements

11. INVESTMENTS - Group

	Interest in joint venture as restated £	Listed investments £	Total £
COST OR VALUATION			
At 1 January 2013	211,494	25,349	236,843
Share of post-tax losses of equity accounted joint venture	(4,559)	-	(4,559)
Revaluation of listed investment	-	(5,785)	(5,785)
At 31 December 2013	206,935	19,564	226,499
At 1 January 2014	206,935	19,564	226,499
Share of post-tax losses of equity accounted joint venture	(2,552)	-	(2,552)
Revaluation of listed investment	-	986	986
Exchange differences	(8,021)	-	(8,021)
Reclassification as subsidiary	(196,362)	-	(196,362)
At 31 December 2014	-	20,550	20,550

Interest in joint venture

The Group's share of joint ventures is as follows:

	2014 £	2013 as restated £
Non-current assets	-	288,163
Current assets	-	66,045
Share of gross assets	-	354,208
Share of non-current liabilities	-	-
Share of current liabilities	-	(147,273)
Share of net assets	-	206,935
Administrative expenses	-	(4,559)
Loss before income tax	-	(4,559)
Loss for the year	-	(4,559)

During the year ended 31 December 2014 the Company sole funded exploration work in the joint venture. In line with the joint venture arrangement, the Company's interest in Wayland Copper Limited was adjusted such that the Company took control. Further details are provided in note 17.

Notes to the consolidated financial statements

11. INVESTMENTS - Company

	Shares in group undertakings £	Interest in joint venture £	Listed investments £	Totals £
COST OR VALUATION				
At 1 January 2013	9,704	225,000	25,349	260,053
Revaluation of listed investments	-	-	(5,785)	(5,785)
At 31 December 2013	9,704	225,000	19,564	254,268
At 1 January 2014	9,704	225,000	19,564	254,268
Revaluation of listed investment	-	-	986	986
Reclassification as subsidiary	225,000	(225,000)	-	-
At 31 December 2014	234,704	-	20,550	255,254

The Group consists of the following subsidiary undertakings:

Name	Incorporated	Activity	2014 % holding	2013 % holding
Iron of Sweden Limited	UK	Dormant	100%	100%
Jokkmokk Iron Mines AB	Sweden	Mineral exploration	100%	100%
Norrbotten Mining AB	Sweden	Mineral exploration	100%	100%
Wayland Copper Limited	UK	Holding company	65.25%	50%
Wayland Sweden AB	Sweden	Mineral exploration	(1)(2)65.25%	-

(1) indirectly held

(2) effective interest

Details on the non-controlling interest in subsidiaries is given in note 16.

Other investments

The Group and the Company have an investment in the mining company Agricola Resources Plc ("Agricola"). Agricola's shares were withdrawn from PLUS markets on 1 November 2012 to ensure that its shareholders were properly protected whilst the company reviews its operations and future plans. Because of the current uncertainty over the future of Agricola, the Directors have re-valued the investment to £nil (2013: £nil).

Notes to the consolidated financial statements

12. LOANS AND OTHER FINANCIAL ASSETS - Group

	Loans to Joint ventures £	Other loans £	Financial assets £	Totals £
At 1 January 2013	111,785	135,000	59,937	306,722
Advances made in the year	29,966	-		29,966
Additions in the year	-	-	57,023	57,023
Impairment of loan	-	(135,000)	-	(135,000)
Foreign exchange movements	-	-	(372)	(372)
At 31 December 2013	141,751	-	116,588	258,339
At 1 January 2014	141,751	-	116,588	258,339
Advances made in the year	307,712	-	-	307,712
Disposals in the year	-	-	(49,205)	(49,205)
Reclassification as intra-group loan following acquisition	(449,463)	-	-	(449,463)
Foreign exchange movements	-	-	(14,121)	(14,121)
At 31 December 2014	-	-	53,262	53,262

Beowulf Mining plc has loaned £20,000 to Agricola Resources Plc under terms set out in a convertible loan note, whereby the loan accrues interest at 3 per cent above the Bank of England Base Rate.

Beowulf Mining plc has also loaned £250,000 to Agricola Resources Plc under terms set out in convertible loan notes, whereby the loan accrues interest at 7 per cent above the Bank of England Base Rate and is convertible into ordinary shares of Agricola at par until 30 June 2017.

The convertible loan notes are repayable on 30 June 2017 or, at Beowulf's option, immediately upon a fundraising of more than £400,000 being completed by Agricola, or any time thereafter. At Agricola's option, the convertible loan notes were redeemable early without penalty on 30 June 2012 or at six monthly intervals thereafter. Beowulf is entitled at its sole discretion to convert all or part of the £250,000 loan into new ordinary shares in Agricola at a conversion price of 1 pence per ordinary share at any time. The notes are transferable subject to certain limited restrictions.

In addition, Beowulf was granted warrants to subscribe for up to 21,000,000 additional new ordinary shares in Agricola at an exercise price of 1 pence per new Agricola ordinary share at any time prior to 30 June 2014. These options were fair valued at the date of grant using a Black-Scholes model and have now expired unexercised.

Following Agricola de-listing from the PLUS markets on 1 November 2012, the Directors consider the recovery of the above loans to be in doubt and a full impairment provision has been made in previous years against the loans of £270,000 and accrued interest of £49,558. No provision has been made for interest accrued during the year (2013: £19,450).

During the year loans of £307,712 (2013: £29,996) were made to the Wayland Copper Limited Group to fund further exploration. At the balance sheet date the total loans made to the Wayland Copper Limited Group amounted to £449,463 (2013: £141,751). On 1 October 2014 the Group's interest in Wayland Copper Limited changed from that of a joint venture to a subsidiary undertaking and the loans have been reclassified accordingly. Further details are provided in note 17.

Notes to the consolidated financial statements

12. LOANS AND OTHER FINANCIAL ASSETS - Company

	Loans to group undertakings £	Loans to joint ventures £	Other loans £	Financial assets £	Totals £
At 1 January 2013	3,589,494	111,785	135,000	2,784	3,839,063
Advances made in the year	1,920,000	29,966	-	-	1,949,966
Impairment of loans	-	-	(135,000)	-	(135,000)
At 31 December 2013	5,509,494	141,751	-	2,784	5,654,029
At 1 January 2014	5,509,494	141,751	-	2,784	5,654,029
Advances made in the year	1,525,253	307,712	-	-	1,832,965
Reclassification as intra-group loan following acquisition	449,463	(449,463)	-	-	-
At 31 December 2014	7,484,210	-	-	2,784	7,486,994

Further details of the transactions in the year are shown within related parties disclosure note 23.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 £	2013 as restated £	2014 £	2013 £
Current:				
Other receivables	992	124,338	-	35,500
VAT	17,846	123,130	15,405	58,089
Prepayments and accrued income	23,607	14,144	23,607	14,144
	42,445	261,612	39,012	107,733

14. DERIVATIVE FINANCIAL ASSETS

In July 2013, as part of a two stage subscription to raise, in aggregate, £4.125m (before expenses) from certain new shareholders, the Company issued 28,694,000 new ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") at a price of 6.25p per share to Lanstead Capital L.P. ("Lanstead") for £1,793,375. The Company simultaneously entered into an equity swap with Lanstead for 75 per cent of these shares with a reference price of 8.3333p per share (the "Reference Price"). The equity swap is for a 24 month period. All 28,694,000 Ordinary Shares were allotted with full rights on the date of the transaction.

In August 2013, following the receipt of shareholders' approval at a duly convened general meeting, the Company issued a further 35,306,000 new Ordinary Shares at a price of 6.25p per share to Lanstead for £2,206,625. The Company entered into a further equity swap on the same basis and with the same Reference Price as that outlined above. All 35,306,000 shares were allotted with full rights on the date of the transaction.

Notes to the consolidated financial statements

Accordingly, pursuant to the above arrangements, of the aggregate subscription proceeds of £4m received from Lanstead, £3.2m (80 per cent) was invested by the Company in the equity swap agreements with the remaining £0.8m (20 per cent) available for general working capital purposes.

To the extent that the Company's share price was greater or lower than the Reference Price at each swap settlement, the Company received greater or lower consideration calculated on a pro-rata basis. The valuation for each settlement was determined to be the volume weighted average share price for the preceding 5 trading days up to the relevant settlement date.

As the amount of the effective consideration receivable by the Company from Lanstead under the swap agreements was variable subject to the movement in the Company's share price and settled in the future, the receivable is treated for accounting purposes as a derivative financial asset and has been designated at fair value through profit or loss.

The Company also issued, in aggregate, a further 6,400,000 Ordinary Shares to Lanstead as a value payment in connection with the equity swap agreements.

The fair value of the derivative financial assets entered into in 2013 as at 31 December 2014 has been determined by reference to the Company's then prevailing share price and has been estimated as follows:

	Share price	Notional number of shares outstanding	Fair value £
Value recognised on inception (notional)	8.3333p	48,000,000	3,200,000
Consideration received to 31 December 2013		(8,896,690)	(445,362)
Loss on revaluation of derivative financial asset at 31 December 2013			(1,109,028)
Value of derivative financial asset at 31 December 2013	5.8750p	39,103,310	1,645,610
Consideration received in the year		(10,000,000)	(298,608)
Loss on revaluation of derivative financial asset recognised in the year			(1,402,754)
Value of derivative financial asset at 31 December 2014	1.4750p	29,103,310	(55,752)

Notes to the consolidated financial statements

The settlements scheduled for June 2014 under the equity swap agreements were not completed, and the Company and Lanstead have mutually agreed to defer all further settlements until the completion of a new 12 month equity swap agreement entered into in August 2014.

In August 2014, as part of a two stage subscription to raise, in aggregate, £1.738m (before expenses) from certain new shareholders, the Company issued 17,924,000 Ordinary Shares at a price of 3p per share to Lanstead with a value of £537,720. The Company simultaneously entered into an equity swap price mechanism with Lanstead for 75 per cent of these shares with a reference price of 4p per share. All 17,924,000 Ordinary Shares were allotted with full rights on the date of the transaction.

In September 2014, following the receipt of shareholders' approval at a duly convened general meeting, the Company issued a further 15,409,333 Ordinary Shares at a price of 3p per share to Lanstead with a value of £462,280. The Company entered into an equity swap price mechanism on the same basis as in August 2014. All 15,409,333 shares were allotted with full rights on the date of the transaction.

Accordingly, pursuant to the above arrangements, of the aggregate subscription proceeds of £1m received from Lanstead, £850,000 (85 per cent) was invested by the Company in the equity swap agreements with the remaining £150,000 (15 per cent) available for general working capital purposes.

The Company also issued, in aggregate, a further 4,500,000 Ordinary Shares to Lanstead as a value payment in connection with the equity swap agreements.

The fair value of the derivative financial assets entered into in 2014 as at 31 December 2014 has been determined by reference to the Company's then prevailing share price and has been estimated as follows:

	Share price	Notional number of shares outstanding	Fair value £
Value recognised on inception (notional)	4.0000p	25,000,000	850,000
Consideration received in the year		(1,120,250)	(14,167)
Loss on revaluation of derivative financial asset recognised in the year			(626,884)
Value of derivative financial asset at 31 December 2014	1.4750p	23,879,750	208,949

On 7 January 2015, it was mutually agreed to accelerate all settlements under the Equity Swap Agreements between Lanstead and the Company for an amount of £150,000 which equated to the approximate total fair value of the derivative financial asset at 31 December 2014 as shown in the table below:

Fair value of derivative financial assets	£
Derivative financial asset issued 2013	(55,752)
Derivative financial asset issued 2014	208,948
Value of derivative financial asset at 31 December 2014	153,196

Notes to the consolidated financial statements

The fair value loss on derivative financial assets shown in the Consolidated Income Statement for the year amounted to £2,032,835 (2013: £1,109,028). The carrying value of the derivative financial assets at 31 December 2014 in the Statement of Financial Position is £150,000 (2013: £1,645,610).

	2014 £	2013 £
Due within one year	150,000	1,010,007
Due after more than one year	-	635,603
	150,000	1,645,610

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Cash in hand	-	250	-	250
Bank deposit account	146,106	1,713,101	146,106	1,713,101
Bank accounts	40,783	270,265	19,292	11,820
	186,889	1,983,616	165,398	1,725,171

16. NON-CONTROLLING INTERESTS

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

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

For the period ended 31 December 2014	£
Administrative expenses	(2,485)
Profit after tax	(2,485)
Profit/(loss) allocated to NCI	(864)
Other comprehensive income allocated to NCI	(6,475)
Total comprehensive income allocated to NCI	(7,339)

As at 31 December 2014	£
Non-current assets	829,786
Current assets	2,067
Current liabilities	(460,245)
Net assets	371,608

Notes to the consolidated financial statements

17. ACQUISITIONS

During the year ended 31 December 2014, Beowulf Mining plc sole funded exploration work undertaken on the Ballek copper-gold project through the joint venture entity, Wayland Copper Limited and its subsidiary, Wayland Sweden AB.

Under the terms of the joint venture agreement, following this contribution to the joint venture, Beowulf Mining plc had the right to change the composition of the Board from the point that the funding was made and also took over the role of operator for the project. The controlling interest held by each of the joint venture partners has been adjusted to represent their effective contributions. As a result, Beowulf Mining plc increased its effective control in the joint venture, Wayland Copper Limited, to 65.25% from 1 October 2014.

In the view of the Directors, Beowulf Mining plc has the ability to control the joint venture entity and has therefore consolidated the results of the joint venture entity within the results of the Group from 1 October 2014. The acquisition of Wayland Copper Limited has been treated within the financial statements as an asset acquisition and not as a business combination under IFRS 3 Business Combinations (“IFRS 3”).

At 1 October 2014, the assets and liabilities of Wayland Copper Limited and its subsidiary Wayland Sweden AB were:

	£
Non-current assets	838,216
Current assets	1,865
Current liabilities	(447,356)
Net assets	392,725

18. SHARE CAPITAL

	2014		2013	
	Number	£	Number	£
Allotted, called up and fully paid				
At 1 January	282,827,365	2,828,273	210,427,365	2,104,273
Issued during the year	62,432,484	624,325	72,400,000	724,000
At 31 December	345,259,849	3,452,598	282,827,365	2,828,273

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 2014

In August 2014 the Company raised £1,600,000 before fees and expenses by way of a subscription of 53,333,333 new Ordinary Shares of 1p each at a premium of 2p per share. £850,000 of the proceeds was satisfied by the issue of derivative financial instruments with the balance of £750,000 being issued for cash.

In August 2014 the Company issued 4,500,000 new Ordinary Shares of 1p each allotted as fully paid at a premium of 2p per share, in settlement of fees in respect of the above subscription.

In September 2014 the Company raised £137,974 before fees and expenses by way of a subscription of 4,599,151 new Ordinary Shares of 1p each allotted as fully paid for cash at a premium of 2p per share.

Notes to the consolidated financial statements

Shares issued in 2013

In July and August 2013, the Company raised £4,000,000 before fees and expenses by way of a subscription of 64,000,000 new Ordinary Shares of 1p each at a premium of 5.25p per share. £3,200,000 of the consideration was satisfied by the issue of derivative financial instruments with the balance of £800,000 being issued for cash.

In July and August 2013, the Company issued 6,400,000 new Ordinary Shares of 1p each allotted as fully paid at a premium of 5.25p per share, in settlement of fees in respect of the above subscription.

In August 2013, the Company issued 2,000,000 new Ordinary Shares of 1p each allotted as fully paid for cash at a premium of 5.25p per share.

19. SHARE-BASED PAYMENTS

The Group has a share option scheme for employees that entitles the holders to purchase shares in the Company with the options exercisable at the price determined at the date of grant. The terms and conditions of the grants are as follows; all options are to be settled by the issue of shares, with the 2014 options having a 12 month vesting period before they can be exercised.

The number and weighted average exercise prices of share options are as follows:

	2014		2013	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 January	27.2531p	4,054,222	27.2531p	4,054,222
Granted during the year	4.0000p	1,000,000	-	-
Outstanding at 31 December	22.6523p	5,054,222	27.2531p	4,054,222
Exercisable at 31 December	27,2531p	4,054,222	27,2531p	4,054,222

During the year 1,000,000 (2013: nil) options were granted to acquire ordinary shares at an exercise price of 4p per share. The options expire after five years and have a vesting period of one year. The options outstanding at 31 December 2014 have an exercise price in the range of 4p to 45p (2013: 7p to 45p) and a weighted average remaining contractual life of 2.374 years (2013: 2.781 years).

The fair value of services received during the year in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model, with the following inputs:

Fair value at grant date	0.677p
Share price	2.45p
Exercise price	4.00p
Expected volatility	48.01%
Option life	5 years
Risk-free interest rate	0.46%

The expected volatility was determined by reviewing the actual volatility of the Company's share price since its listing on AIM to the date of granting the option. In calculating the fair value, consideration was given to the market trends at the grant date of the option.

There is an expense of £1,558 (2013: £nil) for the year in respect of equity-settled share-based payment transactions.

Notes to the consolidated financial statements

20. RESERVES

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

Share capital	The share capital comprises the issued ordinary shares of the Company at par.
Share premium	The share premium comprises the excess value recognised from the issue of ordinary shares at par.
Revaluation reserve	Gains/losses arising on the revaluation of the Group's listed investments.
Capital contribution reserve	The capital contribution reserve represents historic non-cash contributions to the Company from equity holders.
Share scheme reserve	Cumulative fair value of options charged to the consolidated income statement net of transfers to the profit or loss reserve on exercised and cancelled/lapsed options.
Translation reserve	Cumulative gains and losses on translating the net assets of overseas operations to the presentation currency.
Accumulated losses	Accumulated losses comprise the Group's cumulative accounting profits and losses since inception.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013 as restated	2014	2013
	£	£	£	£
Current:				
Trade payables	173,686	285,992	96,123	16,990
Amounts owed to participating interests re Ballek Joint Venture	9,658	-	-	-
Social security and other taxes	11,608	1,903	7,716	1,809
Other payables	40,594	855	29,642	955
Accruals and deferred income	54,552	160,214	44,017	30,551
	290,098	448,964	177,498	50,305

Notes to the consolidated financial statements

22. FINANCIAL INSTRUMENTS

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

The Group and Company's derivative financial assets relate to equity swap and interest rate swap agreements entered into in respect of share subscriptions for which the consideration is receivable over 12 and 24 months.

The Group and Company hold the following financial instruments:

At 31 December 2014	Group			Company		
	Fair value through profit or loss	Held at amortised cost	Total	Fair value through profit or loss	Held at amortised cost	Total
	£	£	£	£	£	£
Financial assets						
Cash and cash equivalents	-	186,889	186,889	-	165,398	165,398
Trade and other receivables	-	174,599	174,559	-	23,607	23,607
Loans to group undertakings	-	-	-	-	7,484,210	7,484,210
Derivative financial assets	150,000	-	150,000	150,000	-	150,000
Other financial assets	-	53,262	53,262	-	2,784	2,784
	150,000	414,750	564,750	150,000	7,675,999	7,825,999
Financial liabilities						
Trade and other payables	-	278,490	278,490	-	169,782	169,782

At 31 December 2013	Group			Company		
	Fair value through profit or loss	Held at amortised cost	Total	Fair value through profit or loss	Held at amortised cost	Total
	£	£	£	£	£	£
Financial assets						
Cash and cash equivalents	-	1,983,616	1,983,616	-	1,725,171	1,725,171
Trade and other receivables	-	138,482	138,482	-	49,644	49,644
Loans to group undertakings	-	-	-	-	5,509,494	5,509,494
Loans to joint ventures	-	-	-	-	141,751	141,751
Derivative financial assets	1,645,610	-	1,645,610	1,645,610	-	1,645,610
Other financial assets	-	116,588	116,588	-	2,784	2,784
	1,645,610	2,238,686	3,884,296	1,645,610	7,428,844	9,074,454
Financial liabilities						
Trade and other payables	-	447,061	447,061	-	48,496	48,496

Notes to the consolidated financial statements

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

a) Market Risk

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

i) Foreign Exchange Risk

The Group operates internationally and is exposed to currency risk arising on cash and cash equivalents, receivables and payables denominated in a currency other than the respective functional currencies of the Group entities, which are primarily Swedish Kroner and Sterling.

The Group's and Company's net exposure to foreign currency risk at the reporting date is as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Net foreign currency financial assets/(liabilities)				
Swedish Kroner	(72,634)	(296,405)	917	15,042
Total net exposure	(72,634)	(296,405)	917	15,042

Sensitivity analysis

A 10 per cent strengthening of sterling against the Swedish Kroner at 31 December 2014 would have increased/(decreased) equity and profit or loss by the amounts shown below:

Group	Profit or loss		Equity	
	2014	2013	2014	2013
	£	£	£	£
Swedish Kroner	7,263	29,641	7,263	29,641

Company	Profit or loss		Equity	
	2014	2013	2014	2013
	£	£	£	£
Swedish Kroner	(92)	(1,504)	(92)	(1,504)

A 10 per cent weakening of sterling against the Swedish Kroner at 31 December 2014 would have an equal but opposite effect on the amounts shown above.

ii) Commodity Price Risk

The principal activity of the Group is the exploration for iron, copper and gold in Sweden, and the principal market risk facing the Group is an adverse movement in the price of such commodities. Any long term adverse movement in the commodity prices would affect the commercial viability of the Group's various projects.

Notes to the consolidated financial statements

iii) Interest Rate Risk

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

b) Credit Risk

The Group's principal financial assets are the cash and cash equivalents, derivative financial assets, loans and receivables, as recognised in the statement of financial position, and which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group and Company policy for managing its exposure to credit risk with cash and cash equivalents is to only deposit surplus cash with financial institutions that hold acceptable credit ratings.

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. Details of bad debts and amounts written off are provided in Note 12.

	2014 £	2013 £
Jokkmokk Iron Mines AB	6,699,971	5,174,718
Norrbotten Mining AB	334,776	334,776
Wayland Copper Limited and its subsidiary Wayland Sweden AB	449,463	-[(1)]
	7,484,210	5,509,494

[(1)] Loans of £141,751 were made prior to Wayland Copper Limited becoming a subsidiary

c) Liquidity Risk

To date the Group and Company have relied on shareholder funding to finance its operations. As the Group and Company have finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure and cash resources. In addition, the Group and Company do not have any borrowings and only have trade and other payables with a maturity of less than one year.

d) Classes of Financial Instruments

The Group measures the fair value of its financial assets and liabilities in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements

Level 2 fair value measurement of derivative financial assets at 31 December 2014:

	2014 £	2013 £
At 1 January 2014	1,645,610	-
Value recognised on inception (notional)	850,000	3,200,000
Consideration received	(312,775)	(445,362)
Loss on revaluation of derivative financial asset	(2,032,835)	(1,109,028)
	150,000	1,645,610

As the consideration is variable depending upon the Company's share price, the derivative financial asset is revalued through the income statement with reference to the Company's closing share price. The valuation methodology and inputs are described in note 16.

Capital Management

The Company's capital consists wholly of ordinary shares. The Board's policy is to preserve a strong capital base in order to maintain investor, creditor and market confidence and to safeguard the future development of the business, whilst balancing these objectives with the efficient use of capital.

23. RELATED PARTY DISCLOSURES

Transactions with subsidiaries

During the year, cash advances of £1,525,253 (2013: £1,920,000) were made to Jokkmokk Iron Mines AB. 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 £6,699,971 (2013: £5,174,718).

The Company has previously transacted with Norrbotten Mining AB creating an interest fee inter-group loan which has no terms for repayment. At the year end the inter-group loan amounted to £334,776 (2013: £334,776).

During the year, cash advances of £307,712 (2013: £29,996) were made to Wayland Copper Group, formerly a joint venture entity but becoming a subsidiary on 1 October 2014. 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 £449,463 (2013: £141,751).

Transactions with other related parties

During the year, the Company was charged fees and expenses amounting to £41,719 (2013: £41,155) by Tearne Foulsham Limited, a company of which Mr E Taylor is a director and shareholder. Expenses of £579 (2013: £330) were outstanding at the year end.

During the year, the Company was charged fees and expenses of £97,396 (2013: £108,990) by Geoexperten in respect of the director's services of Dr Jan-Ola Larsson. Fees of £4,746 (2013: nil) were outstanding at the year end.

During the year, the Company was charged fees and expenses of £127,212 (2013: £119,421) by Merchant Adventurers Company Limited, a company of which Mr C Sinclair-Poulton is a director and shareholder, in respect of the director's services of Mr C Sinclair-Poulton. Fees of £7,283 (2013: nil) were outstanding at the year end.

During the year, the Company was charged consultancy fees of £112,334 (2013: £153,162) to FHB AB, a Swedish company of which Mr Fred Boman is a director and shareholder. Fees of £6,165 (2013: £12,167) were outstanding at the year end.

Notes to the consolidated financial statements

Beowulf Mining plc holds Convertible loan notes of £20,000 and £250,000 issued by Agricola Resources plc accruing interest at 3 per cent and 7 per cent above Bank of England Base Rate respectively. Following Agricola de-listing from the PLUS markets on 1 November 2012, the Directors consider the recovery of the above loans to be in doubt and a full impairment provision has been made in previous years against the loans of £270,000 and accrued interest of £49,558. No provision has been made for interest accrued during the year (2013: £19,450).

Key management personnel compensation

The key management personnel of the Company during the year were the Directors. The aggregate compensation paid to key management personnel of the Company is set out below:

	2014	2013 as restated
	£	£
Short-term employee benefits (including employers' national insurance contributions)	464,368	514,892
Termination benefits	30,000	-
Share-based payment expense	1,558	-
	495,926	514,892

In addition, aggregate consideration paid to third parties in respect of director's services during the year was £354,348 (2013: £419,148). In respect of the termination benefits, £15,000 was paid during the year and the balance of £15,000 is included in other payables and has been paid since the year end.

24. CONTINGENT LIABILTIES

Under the terms of the Settlement agreement entered into with Clive Sinclair-Poulton, a former director of the Company, and Merchant Adventurers Company Limited, the Company is required to pay a consultancy termination fee of £20,000 contingent on the Company's cumulative fundraising since his departure from the Company reaching £500,000. To date £350,000 has been raised by the Company.

25. EVENTS AFTER THE REPORTING DATE

On 7 January 2015, it was mutually agreed to accelerate all settlements under the Equity Swap Agreements between Lanstead and the Company for an amount of £150,000 which equated to the approximate total fair value of the derivative financial asset at 31 December 2014 as described in note 14.

On 10 March 2015 the company undertook a placing of 29,166,666 new ordinary shares of 1 pence each at a placing price of 1.2 pence per share, raising £350,000 before expenses.

Beowulf Mining plc

GROUP OF COMPANIES

www.beowulfmining.com