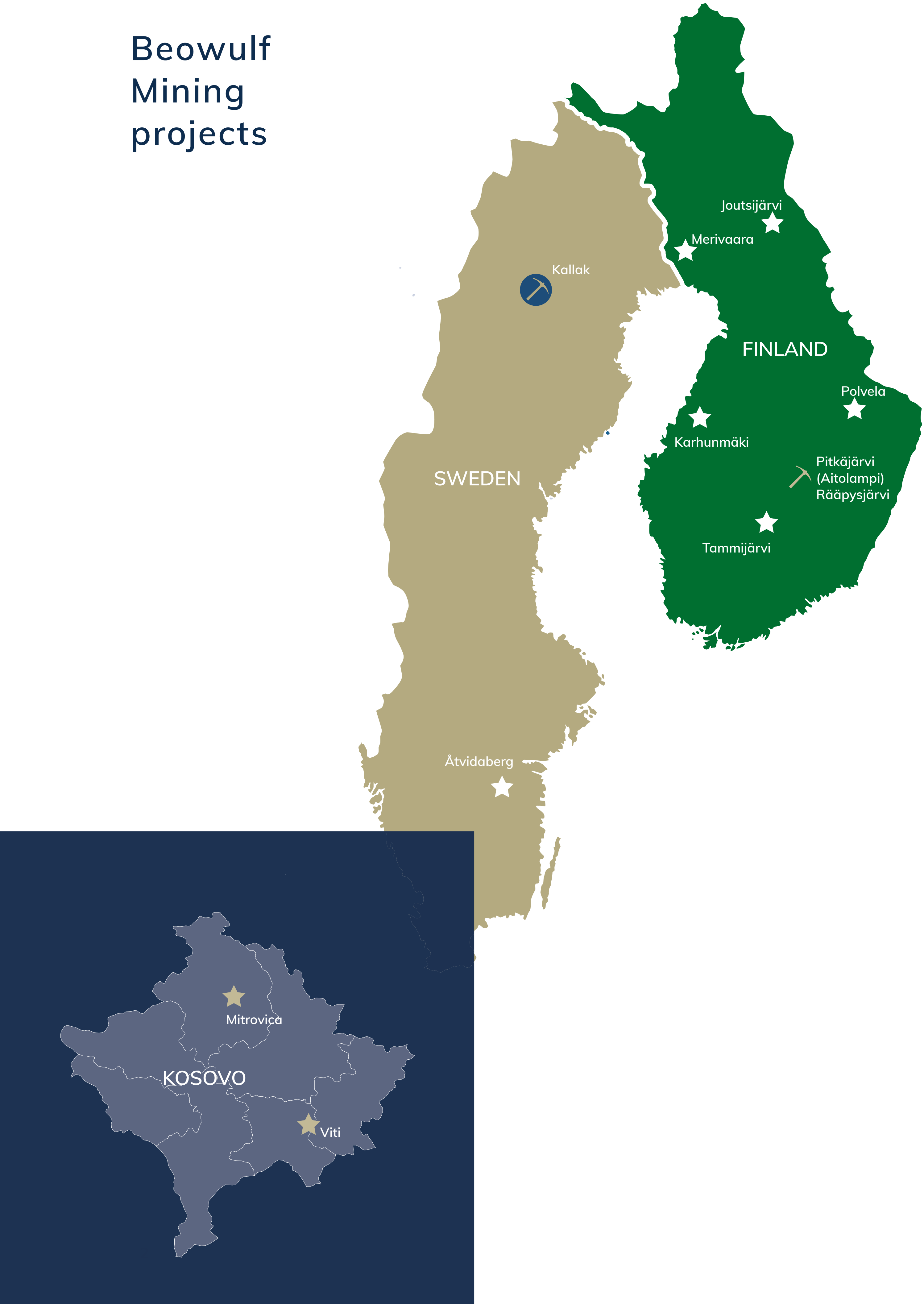
Annual Report 2019

BEOWULF MINING plc

Beowulf Mining projects



Contents

Company Profile

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

The Company has a portfolio of assets in Kosovo, Finland and Sweden, all at different stages of development. Beowulf's strategy is to build a sustainable and innovative mining company which creates shareholder value by developing mining assets, delivering production and generating cashflow, and, in doing so, meet society's ongoing need for minerals and metals.

PORTFOLIO OF ASSETS IN

KOSOVO | **FINLAND** | **SWEDEN**

42.2% stake in Vardar Minerals Ltd

RESOURCES

Aitolampi
(Graphite)

Kallak
(Iron Ore)

EXPLORATION PERMITS

Mitrovica
(Pb, Zn, Cu, Ag, Au)

Viti
(Cu, Au, Li)

Rääpysjärvi
(Graphite)

Åtvidaberg
(Pb, Zn, Cu, Ag)

At the signing date of this report the Company has a 42.2 per cent interest in Vardar Minerals Ltd ("Vardar"). Vardar is a UK registered exploration company with a focus on the mineral endowed Balkan region and is one of the first companies to be awarded exploration licences in Kosovo. In 2019, the Company obtained control of Vardar and, as such, the Vardar Group is now consolidated into the Company and subject to the same financial controls and scrutiny.

Vardar has two exploration licences located on the Tethyan Belt, a major orogenic metallogenic province for gold and base metals which extends from the Alps (Carpathians/Balkans) to Turkey, Iran and Indochina, and contains several world class discoveries. The Tethyan Belt of south-east Europe can be regarded as Europe's chief copper-gold (lead-zinc-silver) province. Vardar's Mitrovica and Viti licences are highly prospective for base and precious metals, with early indications suggesting the potential for porphyry style mineralisation.

Through its 100 per cent owned subsidiary Oy Fennoscandian Resources AB ("Fennoscandian"), the Company has a portfolio of graphite exploration prospects in Finland. During 2019, the Fennoscandian team produced an upgraded Mineral Resource Estimate ("MRE") for the Aitolampi project, with a global Indicated and Inferred Mineral Resource of 26.7 million tonnes ("Mt") at 4.8 per cent Total Graphitic Carbon ("TGC") for 1,275,000 tonnes of contained graphite, reported in accordance with the JORC Code, 2012 edition.

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

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

The first exploration licence for Kallak was awarded by the Mining Inspectorate of Sweden in 2006. A MRE for Kallak North and South, based on drilling conducted between 2010-2014, a total of 131 holes and 27,895 metres was finalised on 28 November 2014. Following the guidelines of the JORC Code, 2012 edition, an Indicated Resource of 118.5 Mt at 27.5 per cent iron content ("Fe") and Inferred Resource of 33.8 Mt at 26.2 per cent Fe was defined. Also, there is an additional exploration target of 90-100 Mt at 22-30 per cent Fe.

Testwork on Kallak ore has shown that a 'super' high grade magnetite concentrate can be produced, yielding over 71 per cent iron content, with low levels of deleterious elements, including phosphorous and sulphur, lending itself to pelletisation and consumption in Direct Reduction Iron ("DRI") facilities in Europe and the Middle East, and attracting a potential price premium.

In April 2013, the Company applied for an Exploitation Concession for Kallak North (the "Concession") and in October 2015, the Mining Inspectorate recommended to the Swedish Government that the Concession be awarded. The Company is still waiting on the Swedish Government to take a decision.

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

The Company's approach is to develop mining projects working in partnership with local communities and key stakeholders, and is encapsulated in the following mission statements:

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

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

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

Company Strategy

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

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

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

The investment of Vardar is one such example. Vardar adds exploration capability in the highly prospective Tethyan Belt which has seen both significant discoveries and M&A activity.

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

Beowulf is focused on gaining an Exploitation Concession for Kallak North, and thereafter completing a Scoping Study on the project. The Company considers the introduction of a strategic partner/investor, who understands the value of Kallak as a high-quality iron ore asset, as an important step which could expedite Kallak's development towards a production start within four to five years. This does not preclude the Company from continuing to de-risk and add value to Kallak in the meantime.

Chairman's Statement

Introduction

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

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

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

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

Vardar Minerals ("Vardar")

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

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

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

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

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

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

Fennoscandian Resources ("Fennoscandian")

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

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

FENNOSCANDIAN
RESOURCES

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

January 2019

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

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

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

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

April 2019

In April 2019, I wrote to Minister Baylan, Minister for Business, Industry, and Innovation for The Government of Sweden regarding the Kallak application. I reminded the Minister that since the Company first submitted its application in 2013, the case has been sent back and forth between Swedish authorities, and still the Government, finds itself unable to award an Exploitation Concession for one of Europe's largest drill defined iron ore deposits, a potential global resource of 250 million tonnes.

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

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

May 2019

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

July 2019

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

1. Scoping Study - completion within 12 months of the Concession being awarded - and in parallel develop a roadmap for environmental permitting.

2. Formation of a ‘Development Taskforce’ with Jokkmokks Kommun and other key partners with an interest in Kallak, such that the development of Kallak and the opportunity to regenerate Jokkmokk can be fully coordinated.

3. To advance discussions with the Sami reindeer herding communities, to listen to their concerns, find solutions together to problems that might exist, working towards reaching mutually beneficial agreements that ensure Sami reindeer herding, livelihoods and culture are protected, and that Sami communities benefit from the development of a mine at Kallak.

September 2019

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

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

November 2019

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

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

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

December 2019

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

February 2020

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

May 2020

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

June 2020

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

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

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

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

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

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

Shareholder Base

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

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

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

Raising Finance

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

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

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

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

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

2019 Financial Performance

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

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

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

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

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

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

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

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

Corporate

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

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

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

Staff and Employees

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

Outlook

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

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

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

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

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

Göran Färm
Non-Executive Chairman
28 July 2020

Review of Operations and Activities

Vardar Minerals Limited ("Vardar")

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

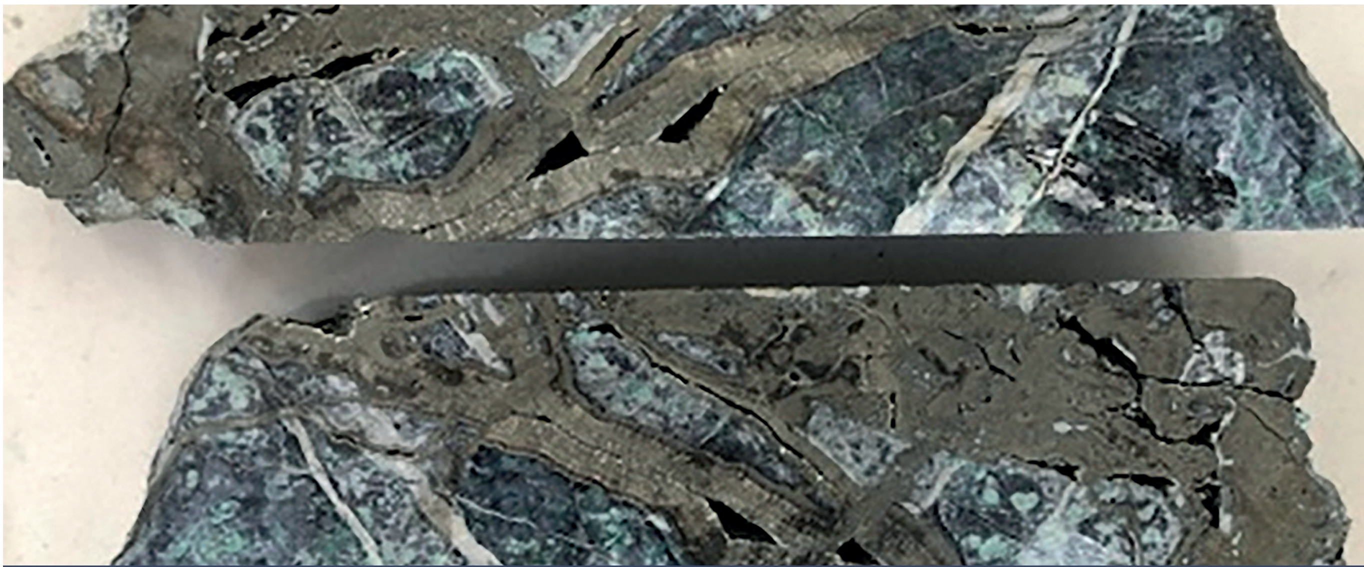
Porphyry deposits are exceptionally large, low grade, polymetallic systems, that typically contain copper along with other metals, such as gold, silver, zinc, and lead. Examples in the region include the Kiseljak deposit in Serbia (Inferred Resource: 459 million tonnes at 0.22 per cent copper, 0.2 grammes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

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

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

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

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



Exploration Overview

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

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

The lack of modern-day exploration in the Balkans presents a real opportunity for new discoveries.

Mitrovica

The Mitrovica project is situated in northern Kosovo, covers 55 square kilometres ("km2"), and lies immediately to the west and northwest of the Stan Terg lead-zinc-silver mine which dates back to the 1930s (historical production records: 34 Mt at 3.45 per cent lead, 2.30 per cent zinc and 80 g/t silver).

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

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

Wolf Mountain

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

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

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

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

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

Trenching highlights include:

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

Drilling highlights include:

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

Mitrovica South

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

- Mitrovica South exhibits potential for a large mineralised system - soil sampling results have identified distinctive zinc, copper, lead, silver, and gold anomalies in the southern part of the license, extending laterally from known mineralisation, suggesting that the system may be larger than indicated by initial geological mapping.
- Majdan Peak Gold target - anomalous gold and silver assays have been returned for the eastern margin of the license, corresponding with previously mapped advanced argillic alteration, identified historic gold workings/pits and anomalous rock chip samples (up to 7.2 g/t gold).
- Majdan Peak Lower Slopes - displays elevated copper, zinc and silver in soil results possibly correlating with structurally controlled mineralisation.

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

Viti

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

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

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

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

Post-Year End

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

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

Finnish Exploration Permits

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

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

Permit Name	Permit ID	Area (km²)	Valid from	Valid until
Approved Exploration Permits				
Pitkäjärvi 1	2016:0040	10.00	07/12/2016	10/01/2021
Rääpysjärvi 1	2017:0104	7.16	25/04/2019	See note (1)
Applied for Exploration Permits				
Joutsjärvi 1	2017:0122	5.79	Applied for 16/10/2017	
Karhunmäki 1	2019:0113	10.00	Applied for 31/12/2019	

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

Aitolampi

(Pitkäjärvi 1 Exploration Permit) - Graphite

Introduction

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

2019 Summary

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

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

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

Highlights of the upgraded MRE are as follows:

- An 81 per cent increase in contained graphite (compared to the 2018 MRE) for the higher-grade western zone with an Indicated and Inferred Mineral Resource of 17.2 Mt at 5.2 per cent TGC containing 887,000 t of contained graphite.
- An unchanged Indicated and Inferred Mineral Resource of 9.5 Mt at 4.1 per cent TGC for 388,000 t of contained graphite for the eastern lens.
- Updated global Indicated and Inferred Mineral Resource of 26.7 Mt at 4.8 per cent Total Graphitic Carbon TGC for 1,275,000 t of contained graphite. All material is contained within eastern and western graphite mineralised lenses, interpreted above a nominal three per cent TGC cut-off grade.
- An augmented global Indicated and Inferred Mineral Resource of 11.1 Mt at 5.7 per cent TGC for 630,000 t of contained graphite, reporting above a five per cent TGC cut-off, based on the grade-tonnage curve for the resource.

Other Developments

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

Business Finland has been granted Euros 10 million funding for a project titled "BATCircle - the development of a Finland-based Circular Ecosystem of Battery Metals". BATCircle is part of the European Union ("EU") Strategic Energy Technology Programme, where Finland, under the leadership of Aalto University and Outotec, will coordinate research into battery recycling. The national BATCircle consortium includes a total of 22 companies, four universities, two research institutes and two cities.

Permits

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

Permit Name /Minerals	Permit ID	Area (km^2)	Valid from	Valid until
Åtvidaberg nr1 (Pb,Zn,Cu, Ag)[2]	2016:51	125.32	30/05/2016	30/05/2019
Ågåsjiegge nr2 (Fe)[1,4]	2014:10	11.14	24/02/2014	24/02/2020
Kallak nr1 (Fe)[1,3]	2006:197	5.00	28/06/2006	28/06/2021
Parkijaure nr2 (Fe)[1]	2008:20	2.85	18/01/2008	18/01/2023
Parkijaure nr6 (Fe)[1]	2019:81	2.85	10/10/2019	10/10/2022

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

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

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

(4) Renewal application submitted.

Introduction

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

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

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

Kallak Resource

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

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

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

Notes:

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

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

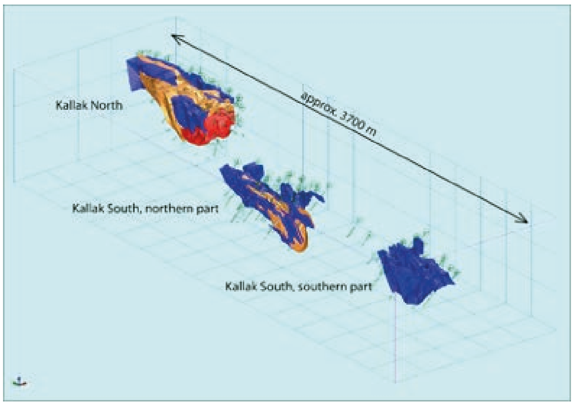
(3) Cut-off grade of 15 per cent Fe has been used.

(4) Mineral Resource, which is not Mineral Reserves, has no demonstrated economic viability.

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

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

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



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

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

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

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

2019 Update

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

In late January, Kurt Budge CEO delivered a presentation titled 'Sustainability in the heart - partnership, the lifecycle of mining projects, balancing the interest of stakeholders' at the Future Mine and Mineral Conference in Stockholm. The CEO spoke of the damage Kallak and other mining cases are having on Sweden's reputation as a destination for mining investors. On a more positive note, the CEO presented Beowulf's approach to sustainable mining and outlined how the Company can play its part in ensuring that Sweden continues to lead in this area, by developing a modern and sustainable mining operation at Kallak in partnership with the community in Jokkmokk.

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

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

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

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

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

1. **Scoping Study - completion within 12 months of the Concession being awarded - and in parallel develop a roadmap for environmental permitting.**

2. **Formation of a 'Development Taskforce' with Jokkmokks Kommun and other key partners with an interest in Kallak, such that the development of Kallak and the opportunity to regenerate Jokkmokk can be fully coordinated.**

3. **To advance discussions with the Sami reindeer herding communities, to listen to their concerns, find solutions together to problems that might exist, working towards reaching mutually beneficial agreements that ensure Sami reindeer herding, livelihoods and culture are protected, and that Sami communities benefit from the development of a mine at Kallak.**

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

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

Exploring Iron Ore Potential at Parkijaure

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

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

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

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

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

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

Communications with the Swedish Government

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

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

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

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

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

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

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

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

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

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

Post-Year end

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

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

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

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

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

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

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

Board of Directors

Göran Färm - Non-Executive Chairman

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

Göran, born in 1949, was an elected Member of European Parliament ("MEP") from 1999 to 2004 and, then again, from 2007 to 2014. Göran was also Deputy Mayor of Norrköping during the 1990s.

Göran has experience in industrial policy as a former Head of the Swedish Trade Union Confederation's unit for economic policy and investigation, as head of business issues in the City of Norrköping and as former MEP of the Committee of Industry, Research, and Energy of the European Parliament.

Göran has extensive experience in communications as a former journalist, Director of Information at Riksbyggen, and as a public affairs advisor.

In 2015, Göran was elected as Chairman of Kommuninvest, a public development bank owned by Swedish municipalities, cities, and regions.

Kurt Budge - Chief Executive Officer
MBA MEng ARSM

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

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

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

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

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

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

Mr Davies joined the board of Beowulf as a Non-Executive Director in April 2016. Chris, who is a Fellow of the Australasian Institute of Mining and Metallurgy, is an exploration/economic geologist with more than 30 years' experience in the mining industry. He has substantial knowledge of graphite and base metals, a particular skill set which will be complimentary to Beowulf's existing team. He was Manager for the exploration and development of a graphite deposit in Tanzania and has been involved with due diligence studies on graphite deposits in East Africa and Sri Lanka.

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

Senior Management

Liam O'Donoghue - Company Secretary

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

Rasmus Blomqvist - Exploration Manager

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

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

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

Mr Blomqvist is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). The Directors present their strategic report for the year ended 31 December 2019.

Strategic Report

Principal Activity

The principal activities of the Group are the exploration and development for iron ore, graphite and other prospective minerals in the Nordic Region and Kosovo. A detailed review of the mining activities can be found under Review of Operations and Activities. The Group is registered in and controlled from the United Kingdom.

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 £249,192 (2018: Loss of £1,373,936). A comprehensive review of the business is given under the Chairman's Statement and Review of Operations and Activities.

Principal Risks And Uncertainties

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

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

Description	**Revocation of licences**
Risk	Licences are subject to conditions which, if not satisfied, may lead to the revocation of the licence
Risk rating pre-mitigation	MEDIUM
Mitigating action	The Company diligently manages its licences to ensure full compliance. A monthly status report is generated for monitoring purposes and action.
Risk rating post-mitigation	LOW

Description	**Non-operator of subsidiary**
Risk	Lack of control and oversight on entity spend
Risk rating pre-mitigation	LOW
Mitigating action	Budgets are provided by the entity on request. Funds invested are designated for specific project use. Company CEO holds position as a director.
Risk rating post-mitigation	LOW

Description	**Unable to raise sufficient funds**
Risk	Unable to raise sufficient funds to invest in project portfolio and cover corporate costs
Risk rating pre-mitigation	MEDIUM
Mitigating action	Effectively communicate to the market. Raise capital in a timely manner, as record of accomplishment shows. Ensure forecasting is accurate, and expenditure controls are in place to optimise cash resources.
Risk rating post-mitigation	MEDIUM

Description	**Long term adverse changes in Commodity prices**
Risk	Prices for iron ore, graphite, and other commodities may affect the viability of the Company's projects
Risk rating pre-mitigation	MEDIUM
Mitigating action	The Company identifies and invests in high quality projects that are attractive to the market. The Company will manage capital and operating expenditures to maximise shareholder returns. In the Nordic region, COVID-19 has not had a material effect on the mining sector, with mines continuing to operate. In Kosovo, Vardar has continued with exploration activities. The economic slowdown caused by the pandemic is anticipated to reverse, once COVID-19 is brought under control. In June 2020, benchmark iron ore prices rose to over $100/tonne.
Risk rating post-mitigation	MEDIUM

Description	**Not discovering an economic mineral deposit**
Risk	Very few projects go through to be developed into mines
Risk rating pre-mitigation	HIGH
Mitigating action	Early studies and testwork give confidence that the Company is allocating capital appropriately. In Kallak and Aitolampi we have potential quality resources, benefitted by excellent local infrastructure, and established low-risk mining countries.
Risk rating post-mitigation	MEDIUM TO LOW

Performance Measurement

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

Financial:

i. Administration Expenses

Overheads are managed versus budget and forecast on a monthly basis. The Company has a history of tightly managing its expenses. The underlying group overhead expenses increased in the year to £1,024,386 (2018: £794,851), the increase was largely attributable to the inclusion of £248,836 losses of Vardar being consolidated for the first time.

ii. Cash position

Cash is vital for an exploration company and it must be managed accordingly. Monthly, the Company, analyses the expenditure of each subsidiary. It also manages monthly cash flow for the Group versus budget and forecast. The financial strategy is to ensure that the Company at a minimum has sufficient funds to undertake it's committed expenditure and meet its financial obligations. The Group demonstrates a commitment to financial stability as shown by a year-end cash position of £1.12 million (2018: £1.53 million).

iii. Exploration expenditure by project

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

Non-financial:

iv. Licence renewal compliance

It is important from a risk management perspective that the Company monitors the expiry dates of its exploration permits. This is managed internally for its Finnish graphite permits while, in Sweden, the Company uses an external service provider to report on the status of its permits and assist with renewal applications, and in Kosovo, works closely with Vardar management to ensure that licences are maintained in good standing.

S172 Statement

The Board of Beowulf is aware that the decisions we make may affect the lives of many people. The Board makes a conscious effort to try and understand the interests of our stakeholders, and to reflect them in the choices we make in creating long-term sustainable success for the business.

The Board views engagement with our shareholders and wider stakeholder groups as essential work. We are aware that we need to listen to each stakeholder group, so that we can understand specific interests, and foster effective and mutually beneficial relationships. By understanding our stakeholders, we can build their needs into the decisions we take.

Throughout this Annual Report, we provide examples of how we:

- Consider the likely consequences of long-term decisions;
- Foster relationships with stakeholders;
- Understand our impact on our local community and the environment; and
- Demonstrate the importance of behaving responsibly.

This section serves as our section 172 statement and should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement. Section 172 of the Companies Act 2006 requires Directors to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in s172. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

The following table acts as our s172(1) statement by setting out the key stakeholder groups, their interests and how Beowulf has engaged with them over the reporting period. However, given the importance of stakeholder focus, long-term strategy and reputation, these themes are also discussed throughout this Annual Report.

Stakeholder	Their interests	How we engage
Investors	• Business sustainability • High standard of governance • Comprehensive review of financial performance of the business • Success of the business • Ethical behaviour • Awareness of long-term strategy and direction • Improving market perception of the business • Delivering long term value to shareholders	• Interim and Annual Report • Investor Relations section on the Company website • RNS announcements • Trading updates • Option to receive news releases directly from Beowulf by email • Shareholder circulars • AGM • Stock exchange announcements • Press releases • Board encourages open dialogue with the Company's investors • Key contact on the Board for shareholder liaison
Regulatory bodies	• Compliance with regulations • Worker pay and conditions • Health and Safety • Brand reputation • Waste and environment • Insurance • Environmental protection	• Company website • Stock exchange announcements • Annual Report • Direct contact with regulators • Compliance updates at Board Meetings • Consistent risk review • Ongoing communication with the Swedish Government • Engagement with the Mining Inspectorate of Sweden • Monthly KPI's on licence renewal compliance
Environment	• Sustainability • Energy usage • Recycling • Waste Management	• Oversight of corporate responsibility plans • Adhere to Local Minerals Acts and Environmental Codes
Community	• Community outreach • Human Rights • Sustainability	• Participation in the OECD's 'Linking the Indigenous Sami People with Regional Development in Sweden' project • Engagement with the Sami reindeer herder representatives • Communication with Sametinget members • Meeting with key community representatives • Partnering with the communities in which we operate - sharing plans/ideas for discussion
Contractors	• Terms and conditions of contract • Health and safety • Human rights and modern slavery	• Anti-Bribery Policy • Whistle-blower Policy

ON BEHALF OF THE BOARD:

Mr K Budge, Director
28 July 2020

Report of the Directors

Directors

Since 1 January 2019, the following Directors have held office:

Mr K R Budge
Mr C Davies
Mr G Färm

Dividends

No dividends will be distributed for the year ended 31 December 2019 (2018: Nil).

Going Concern

At 31 December 2019, the Group had a cash balance of £1.12 million (2018: £1.53 million)

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

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

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

Management is closely monitoring commercial and technical aspects of the Group's operations to mitigate risk and believes the Group will have access to sufficient working capital to continue operations for the foreseeable future.

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

Directors' and Officers' Indemnity Insurance

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the period and remain in force at the date of this report. Further details of these agreements can be found in the Remuneration Report on page 37.

Significant Shareholdings

The Directors are aware of the following interests, directly or indirectly, in three per cent or more of the Group's ordinary shares on 31 December 2019:

Shareholders	Shares	%
Interactive Investor Services Nominees Limited - A/C SMKTNOMS	30,164,253	5.00
HSDL (Nominees) Limited	22,972,532	3.81
Hargreaves Lansdown (Nominees) Limited	20,329,020	3.38
Interactive Investor Services Nominees Limited - A/C SMKTISAS	19,588,043	3.25

Authority to Issue Shares

Each year at the AGM the Directors seek authority to allot shares. The authority, when granted, lasts until the next AGM (unless renewed, varied or revoked by the Company prior to, or on, such date). At the AGM held on 29 June 2019, shareholders gave authority for the Directors to allot equity securities for cash up to an aggregate nominal value of £1,471,598 (2018: £1,340,768).

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 24 to the financial statements.

Financial Risk Management Objectives and Policies

Financial risk management policies and objectives for capital management are provided within Note 21 to the financial statements.

Future Developments Within the Business

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

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

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

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

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

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

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

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

Website Publication

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

Directors' Responsibilities Statement

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

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

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

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

Statement as to Disclosure of Information to Auditors

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

Auditor

BDO LLP 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 Notice of Meeting including details of the proposed resolutions will be posted to shareholders in due course and will appear on the Company's website.

ON BEHALF OF THE BOARD:

Mr K Budge
Director
28 July 2020

Remuneration Report

The Directors have chosen to voluntarily present an unaudited remuneration report although is not required by the Companies Act 2006. Details of the Remuneration Committee's composition and responsibilities are set out in the Corporate Governance Report on page 39 and its terms of reference can be found on the Group's website: beowulfmining.com

Executive Directors' terms of engagement

Mr Budge is the sole Executive Director and Chief Executive Officer. His annual salary was increased from £138,000 to £150,000 on 1 January 2019. Mr Budge has a notice period of 12 months.

Non-Executive Directors' terms of engagement

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

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

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

Indemnity Agreements

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

Aggregate Directors' Remuneration

The remuneration paid to the Directors in accordance with their agreements, during the years ended 31 December 2019 and 31 December 2018, was as follows:

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

Notes:

(1) Does not include expenses reimbursed to the Directors.

(2) In relation to options granted in year ended 31 December 2019 and 31 December 2017

(3) In relation to shares awarded 31 October 2019 in lieu of option exercise (refer note 23).

(4) Personal life insurance policy

(5) Employer contributions to personal pension.

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

The beneficial and other interests of the Directors holding office on 31 December 2019 in the issued share capital of the Company were as follows:

Ordinary Shares	31 December 2019	31 December 2018
Mr K R Budge	2,416,426	2,249,759

As 31 December 2019, all options have vested.

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

ON BEHALF OF THE REMUNERATION COMMITTEE

Göran Färm
Non-Executive Chairman
28 July 2020

Corporate Governance Report

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

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

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

Strategy, Risk Management and Responsibility

A description of the Company's business model and strategy can be found on page 4, and the key challenges in their execution can be found on pages 29 to 30.

The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of the Company's principal risks. The Audit Committee (see page 41) has delegated responsibility for the oversight of the Company's risk management and internal controls and procedures and for determining the adequacy and efficiency of internal control and risk management systems. The Board continuously monitors and upgrades its internal control procedures and risk management mechanisms and conducts an annual review, when it assesses both for effectiveness. This process enables the Board to determine if the risk exposure has changed during the year and these disclosures are included on pages 29 to 30.

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

Directors

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

Chris Davies holds no Ordinary Shares and holds 5,000,000 options over Ordinary Shares. Chris Davies has a consultancy agreement in place with the Company. Neither Chris Davies nor the other Directors believe his options are significant in assessing his independence.

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

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

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

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

Attendance by Directors	Board (5 meetings held)	Audit (1 meeting held)
Mr K R Budge	5	1
Mr C Davies	5	1
Mr G Färm	5	1

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

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

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

Advisers

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

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

Neither the Board nor its Committees have sought external advice on a significant matter.

Culture

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

A large part of the Company's activities is centred upon an open and respectful dialogue with shareholders, contractors, regulators and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

In addition, the Company makes a point of meeting with local communities including local tribes and adjacent landowners.

Audit Committee

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

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

Remuneration Committee

The Remuneration Committee comprises Chris Davies and Göran Färm, who chairs the committee, and meets as required. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of shareholders and the performance of the Company. A Remuneration Committee Report is included on page 37.

Independent Auditor's Report

Opinion

We have audited the financial statements of Beowulf Mining Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the notes to the financial statements including a summary of significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 to the financial statement which explains that the Group and the Parent Company's ability to continue as a going concern is dependent on the ability to raise further funds in the next twelve months to enable the Group and Parent Company to meet its working capital requirements and project commitments. As stated in note 1, these events or conditions indicate that a material uncertainty exists which may cast significant doubt over the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We considered going concern to be a Key Audit Matter based on our assessment of the risk and the effect on our audit. We performed the following work in response to this Key Audit Matter:

- We critically assessed Management's financial forecasts and the underlying key assumptions, including operating and capital expenditure. In doing so, we considered factors such as commitments under licenses and whether the forecast operating expenditure is reasonable in light of historic spend.
- We reviewed the mathematical accuracy of the going concern model prepared by Management and the underlying calculations used within it.

- We made enquiries of Management as to the future financing options and ability to raise funding in the near future and considered these in light of Management's previous ability to secure financing for the Group.
- We evaluated Management's assessment of the potential impact of Covid-19, including their assessment of risks and uncertainties associated with the impact of the pandemic on the Group's ability to raise finance to fund its operations. In performing our evaluation, we formed our own view of the impact of the pandemic on the Group based on our understanding of the business and the exploration industry and compared it to management's assessment to determine the reasonableness thereof.
- We evaluated the adequacy of disclosure made in the financial statements in respect of going concern.

Key audit matters

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

Key Audit Matter	Carrying value of exploration assets (notes 1 & 7)

The Group's exploration assets are a material balance on the Group's balance sheet, totalling £10m as at 31 December 2019 (2018: £8.3m). Of this balance, £6.7m (2018: £7.1m) relates to the Kallak North project, for which the application for the exploitation concession is currently being reviewed by the Swedish Government.

As explained in note 1 of the financial statements the assessment of whether there are indicators of impairment in relation to the exploration assets requires the exercise of significant judgement by Management and the Directors.

Given the significance of the carrying value of exploration assets and in particular the delays in the grant of the exploitation concession for the Kallak North project, the assessment of whether there are indicators of impairment for exploration assets represented a key area of focus for our audit.

In the current year an impairment provision of £10,720, was made against the Sala asset on the basis of no further exploration work would be performed on this project.

The Directors have concluded that there were no other indicators of impairment, which would result in a further impairment of the exploration assets being required. Refer to note 1 for further details regarding their assessment.

How we addressed the key audit matter	We have reviewed Managements' assessment of whether there were any other indicators of impairment.

Our work in connection with the indicators of impairment included the following:

- We challenged Management's assessment and consideration of the evidence to support the grant of the exploitation concession for the Kallak North project by the government in light of the decision by the Swedish Authorities not to support the grant of the concession. This included review of correspondence with various Swedish Authorities and an assessment of their views and conclusions, review of their points raised during the application process and Management's response and actions thereof and a critical assessment of Management's views on the Swedish Authorities decision to not support the award of the concession.
- We reviewed RNS announcements, Board minutes, press releases and held a number of discussions with Management and have not identified any other information or factors which may indicate potential triggers for impairment.
- In identifying and assessing indicators of impairment for all licences held we assessed the validity of licences by obtaining confirmation from licensing authorities. We also assessed planned expenditure on each project, in light of the actual outcomes of previously planned expenditure, and Management's intention to continue exploration work on each licence area.
- We evaluated the adequacy and appropriateness of the disclosures provided within the financial statements.

Key observations:

Based on the work undertaken, we consider Management's assessment and the Directors' conclusions that there are no indicators of impairment which would result in an impairment of the exploration assets being required to be reasonable.

Key Audit Matter	Accounting treatment and consolidation of Vardar Minerals Limited (notes 1 & 9)

On 1 April 2019 the Group announced the acquisition of Vardar Minerals Limited ("Vardar"), an entity in which the Group held a non-controlling interest. A further £500,000 investment was made on 1 April 2019 to increase the Group's shareholding from 14.5% to 31.3% at which point in time Management considered control to have been obtained. Post 1 April 2019 the Group made further investments totalling £465,000 in Vardar during the remainder of the reporting year.

As explained in note 1 of the financial statements the acquisition of Vardar was treated as a business combination under IFRS 3. The accounting treatment of a business combination is considered to be judgemental and complex, especially given the acquisition was achieved in steps therefore this represented a key area of focus for our audit.

The acquisition resulted in a fair value gain of £563,431 recognised in the income statement and intangible assets additions of £1,203,685.

Management determined the fair value of Vardar at acquisition date and accounted for this under IFRS 3. They also accounted for all subsequent events post acquisition through equity and consolidated Vardar from the date control was obtained, being 1 April 2019. Refer to notes 1 & 9 for further details regarding the accounting for the acquisition and consolidation of Vardar.

How we addressed the key audit matter	We reviewed the accounting treatment and consolidation of Vardar and ensured that it was reflected appropriately in the financial statements and was not materially misstated.

Our work in connection with the above included the following:

- We reviewed Management's assessment of the accounting treatment of the transaction as a step up acquisition in line with IFRS 3.
- We obtained the sale and purchase agreement and relevant documentation, determined the nature of the investment and evaluated the extent of the Group's control over Vardar. The key focus of our assessment was the Group's role as Investor Director on the Board of Vardar, a role which provides for a casting vote.
- We assessed the appropriateness of the fair value gain recognised on the step up at acquisition. As part of our audit work in this regard we assessed the fair value attributed to Vardar by Management at acquisition date, considered whether the underlying methodology used was reasonable and determined whether we considered it to be materially misstated. We reviewed publically available information on the assets held by Vardar, internal technical reporting on the assets, the timeline of studies undertaken on the assets and the net assets of the Vardar Group at each step up date.
- We undertook a full scope audit of Vardar to ensure that opening balances, income statement and statement of financial position were not materially misstated.
- We evaluated the adequacy and appropriateness of the disclosures provided within the financial statements.

Key observations:

Based on the work undertaken, we consider the accounting treatment and consolidation of Vardar to be materially correct.

Our application of materiality

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

Materiality for the financial statements as a whole was set at £171,000 (2018: £150,000) using a benchmark of total assets excluding intercompany balances. We considered this to be the most significant determinant of the Group's financial performance used by shareholders, as the Group is engaged in exploration activities and the principal focus of the users is likely to be the Group's gross assets excluding intercompany balances. The percentage and benchmark for calculating materiality has remained consistent with the prior year.

Each significant component of the Group, excluding the Parent Company, had an individual materiality set at a level lower than Group. This materiality was set between the range of £55,000 and £110,000.

The Parent Company materiality was set at £132,000 (2018: £100,000) based on 1.5% of total assets and reduced to 75% of Group materiality.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceed materiality. Performance materiality was set at 75% (2018: 75%) of the above materiality levels. These materiality levels were used to determine the financial statement areas that were included within the scope of our audit work and the extent of sample sizes during the audit.

We agreed at the planning stage with the Audit Committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £3,200 (2018: £7,500). We also agreed to report differences below these thresholds that, in our view, warranted report on qualitative grounds.

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

An overview of the scope of our audit

Our Group audit scope focussed on the Group's principal operating locations and legal structure. The Group has operating entities in the UK, Sweden, Finland and it further invested in entities in Kosovo during the year. Alongside the audit of the Group, we assessed there to be three significant components in the current year being the Parent Company, Beowulf Mining Plc, with operations in the UK, Jokkmokk Iron Mines AB with operations in Sweden and Vardar Minerals Limited with operations in Kosovo.

The Group, Parent Company and Vardar Minerals Limited were subject to a full scope audit by BDO LLP, in the UK.

A full scope audit for Group reporting purposes was performed by a non-BDO network firm on the significant component in Sweden, Jokkmokk Iron Mines AB. We reviewed the audit files of the component auditor on site in Sweden and discussed the findings with the component auditor.

Specific procedures were completed by a non-BDO network firm in Finland on Oy Fennoscandian Resources AB, which holds the material Finnish assets. We reviewed the audit testing performed in respect of Oy Fennoscandian Resources AB and discussed the findings with the component auditor.

We provided Group reporting instructions, which included detailed instructions for the testing of significant areas, to each of the component auditors. In addition, as the Group auditor we also performed additional audit procedures over the significant risk areas of the components. The remaining non-significant components of the Group were subject to analytical review procedures performed by BDO LLP

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, within the Report of the Directors' set out on page 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

Anne Sayers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
28 July
2020

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

Consolidated Income Statement

	Note	2019 £	2018 £
CONTINUING OPERATIONS			
Administrative expenses		(904,666)	(598,391)
Impairment of exploration costs		(10,720)	(571,456)
Share based payment expense		(119,720)	(196,460)
Share of loss in associates		-	(19,880)
Gain on step acquisition	9	563,431	-
OPERATING LOSS		(471,675)	(1,386,187)
Finance costs	3	(410)	-
Finance income	3	6,298	11,603
Grant income		37,080	-
LOSS BEFORE INCOME TAX		(428,707)	(1,374,584)
Income tax expense	5	-	-
LOSS FOR THE YEAR		(428,707)	(1,374,584)
Loss attributable to:			
Owners of the parent		(267,000)	(1,373,936)
Non-controlling interests		(161,707)	(648)
		(428,707)	(1,374,584)
Loss per share attributable to the ordinary equity holder of the parent:			
Basic and diluted (pence)		(0.04)	(0.25)

The notes on pages 60 to 95 form part of these financial statements

Consolidated Statement Of Comprehensive Income

	Note	2019 £	2018 £
LOSS FOR THE YEAR		(428,707)	(1,374,584)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses arising on translation of foreign operations		(794,299)	(123,265)
		(794,299)	(123,265)
TOTAL COMPREHENSIVE LOSS		(1,223,006)	(1,497,849)
Total comprehensive loss attributable to:			
Owners of the parent		(1,037,811)	(1,497,133)
Non-controlling interests	14	(185,195)	(716)
		(1,223,006)	(1,497,849)

The notes on pages 60 to 95 form part of these financial statements

Consolidated Statement of Financial Position

	Note	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	10,011,494	8,285,547
Property, plant and equipment	8	86,998	16,083
Investment in associate	9	-	230,120
Loans and other financial assets	10	5,212	5,462
Right-of-use asset	11	7,324	-
		10,111,028	8,537,212
CURRENT ASSETS			
Trade and other receivables	12	167,261	62,956
Cash and cash equivalents	13	1,124,062	1,533,232
		1,291,323	1,596,188
TOTAL ASSETS		11,402,351	10,133,400
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	15	6,022,446	5,663,072
Share premium	17	20,824,009	19,266,271
Capital contribution reserve	17	46,451	46,451
Share based payment reserve	17	732,185	612,465
Merger reserve	17	137,700	137,700
Translation reserve	17	(1,291,068)	(520,257)
Accumulated losses	17	(15,781,161)	(15,311,933)
		10,690,562	9,893,769
Non-controlling interests	14	326,555	(160,587)
TOTAL EQUITY		11,017,117	9,733,182
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	242,885	208,013
Grant Income	19	134,877	192,205
Lease liability		7,472	-
TOTAL LIABILITIES		385,234	400,218
TOTAL EQUITY AND LIABILITIES		11,402,351	10,133,400

The financial statements were approved and authorised for issue by the Board of Directors on 28 July 2020 and were signed on its behalf by: Mr K Budge - Director Company Number 02330496

The notes on pages 60 to 95 form part of these financial statements

Company Statement of Financial Position

	Note	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Investments	9	1,697,988	732,988
Loans and other financial assets	10	8,989,451	8,222,217
		10,687,439	8,955,205
CURRENT ASSETS			
Trade and other receivables	12	23,260	24,401
Cash and cash equivalents	13	978,514	1,470,087
		1,001,774	1,494,488
TOTAL ASSETS		11,689,213	10,449,693
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	15	6,022,446	5,663,072
Share premium	17	20,824,009	19,266,271
Capital contribution reserve	17	46,451	46,451
Share based payment reserve	17	732,185	612,465
Merger reserve	17	137,700	137,700
Accumulated losses	17	(16,298,859)	(15,535,429)
TOTAL EQUITY		11,463,932	10,190,530
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	90,404	66,958
Deferred income	19	134,877	192,205
TOTAL LIABILITIES		225,281	259,163
TOTAL EQUITY AND LIABILITIES		11,689,213	10,449,693

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 £763,430 (2018: Loss £771,039).

These financial statements were approved and authorised for issue by the Board of Directors on 28 July 2020 and were signed on its behalf by:
Mr K Budge - Director
Company Number 02330496

The notes on pages 60 to 95 form part of these financial statements

Consolidated Statement of Changes in Equity

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

The notes on pages 60 to 95 form part of these financial statements

Company Statement of Changes in Equity

	Note	Share capital	Share premium	Merger reserve	Capital contribution reserve	Share based payments	Accumulated losses	Totals
		£	£	£	£	£	£	£
AT 1 JANUARY 2018		5,342,072	18,141,271	137,700	46,451	575,078	(14,906,137)	9,336,435
Loss for the year		-	-	-	-	-	(771,042)	(771,042)
Total comprehensive income		-	-	-	-	-	(771,042)	(771,042)
TRANSACTIONS WITH OWNERS								
Issue of share capital	15	300,000	1,200,000	-	-	-	-	1,500,000
Cost of issue	15	-	(75,000)	-	-	-	-	(75,000)
Share based payment expense	16	-	-	-	-	196,460	-	196,460
Issue of shares		21,000	-	-	-	(159,073)	141,750	3,677
AT 31 DECEMBER 2018		5,663,072	19,266,271	137,700	46,451	612,465	(15,535,429)	10,190,530
Loss for the year		-	-	-	-	-	(763,430)	(763,430)
Total comprehensive income							(763,430)	(763,430)
TRANSACTIONS WITH OWNERS								
Issue of share capital	15	357,707	1,642,293	-	-	-	-	2,000,000
Cost of issue	15	-	(93,305)	-	-	-	-	(93,305)
Share based payment expense	16	1,667	8,750	-	-	119,720	-	130,137
AT 31 DECEMBER 2019		6,022,446	20,824,009	137,700	46,451	732,185	(16,298,859)	11,463,932

The notes on pages 60 to 95 form part of these financial statements

Consolidated Statement of Cash Flows

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(428,707)	(1,374,584)
Depreciation charges	4	20,971	14,696
Share based payment expense		130,137	196,460
Impairment of exploration costs	4	10,720	571,456
Finance income	3	(6,298)	(11,603)
Finance cost	3	410	-
Grant income		(37,080)	-
Gain on step acquisition		(563,431)	-
Amortisation of right -of -use asset		4,615	-
Share of loss in associate		-	19,880
		(868,663)	(583,695)
(Increase) / decrease in trade and other receivables		(106,009)	2,603
Decrease / (increase) in trade and other payables		14,930	(72,740)
Net cash used in operating activities		(959,742)	(653,832)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	7	(1,304,896)	(778,495)
Purchase of property, plant and equipment	8	(77,615)	(2,515)
Sale of investments	9	7	13
Acquisition of subsidiary / associate	9	(500,000)	(250,000)
Cash acquired with subsidiary		530,031	-
Grant receipt		-	192,205
Interest received		6,298	11,603
Net cash used in investing activities		(1,346,175)	(827,189)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	15	2,000,000	1,500,000
Payment of share issue costs	15	(93,305)	(75,000)
Lease principal and interest paid		(4,877)	-
Net cash from financing activities		1,901,818	1,425,000
DECREASE IN CASH AND CASH EQUIVALENTS		(404,099)	(56,021)
Cash and cash equivalents at beginning of year		1,533,232	1,589,897
Effect of foreign exchange rate changes		(5,071)	(644)
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,124,062	1,533,232

The notes on pages 60 to 95 form part of these financial statements

Company Statement of Cash Flows

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(763,430)	(771,042)
Expected credit losses	10	158,005	161,856
Share based payment expense		130,137	196,460
Finance income	3	(6,298)	(11,603)
Grant income	21	(1,425)	-
		(483,011)	(424,329)
Decrease in trade and other receivables		1,141	15,700
Decrease in trade and other payables		23,443	135,883
Net cash used in operating activities		(458,427)	(272,746)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to subsidiaries		(981,139)	(952,091)
Acquisition of associate / subsidiary	9	(500,000)	(250,000)
Interest received		6,298	11,603
Net cash used in investing activities		(1,939,841)	(1,190,488)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	15	2,000,000	1,500,000
Payment of share issue costs	15	(93,305)	(75,000)
Financing of subsidiary	9	(465,000)	-
Net cash from financing activities		1,906,695	1,425,000
DECREASE IN CASH AND CASH EQUIVALENTS		(491,573)	(38,234)
Cash and cash equivalents at beginning of year		1,470,087	1,508,321
CASH AND CASH EQUIVALENTS AT END OF YEAR		978,514	1,470,087

The notes on pages 60 to 95 form part of these financial statements

Notes to the Consolidated Financial Statements

1. ACCOUNTING POLICIES

Nature of operations

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

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

Going concern

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

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

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

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

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

Basis of preparation

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

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

The conditions to qualify for merger relief are:

• the consideration for shares in another company includes issued shares;

• on completion of the transaction, the company issuing the shares will have secured at least a 90% equity holding in the other company.

Merger relief was required to be applied in acquisition of Fennoscandian Resources, in which the Company obtained 100% of the share capital of Fennoscandian for shares issued by the Company. Further details of this acquisition are outlined in note 9.

New standards, amendments and interpretations

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

IFRS 16 Adoption

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

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

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

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

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

Significant accounting judgements, estimates and assumptions

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

The principal source of risk and judgement is that the Exploitation Concession (the “Concession”) for Kallak North will not be awarded. Management maintains that its application for the Concession has satisfied the requirements of the Swedish Minerals Act and Environmental Code. In October 2015, the Mining Inspectorate recommended to the Swedish Government that the Concession be awarded.

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

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

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

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

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

The board has considered the impairment indicators as outlined in the Company’s accounting policies and having done so is of the opinion that the present situations for the Company’s main assets, Kallak, Aitolampi, Mitrovica and Åtvidaberg, do not qualify as impairment indicators and therefore no impairment provisions are required for these assets (see note 7).

The other key areas of judgement and sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year is the judgment exercised in assessing the control of the Vardar Group and in respect of the Parent Company the recoverability of the loans made to subsidiary undertakings.

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

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

Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary licences to be awarded, the Company's ability to raise finance, and ability to sell the project. A reasonable change in the probability weightings of 3% would result in further impairment of £552,193.

Basis of consolidation

(i) Subsidiaries and acquisitions

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

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

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

(ii) Equity accounted investees

Associates

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

Equity method of accounting – Associates

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

(iii) Transactions eliminated on consolidation

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

Business combinations

On acquisition, the assets, liabilities, and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in profit and loss.

Intangible assets – deferred exploration costs

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

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

Exploration and evaluation activity include:

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

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

Deferred exploration costs are carried at historical cost less any impairment losses recognised. When a project is deemed to no longer have commercially viable prospects to the Group, deferred exploration costs in respect of that project are deemed to be impaired and written off to the statement of comprehensive income. Once the decision for investment is taken, the assets will be assessed for impairment and to the extent that these are not impaired, will be classified as development assets. At the point that production commences these assets will be depreciated.

Impairment

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

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

(i) unexpected geological occurrences that render the resource uneconomic;

(ii) title to the asset is compromised;

(iii) variations in mineral prices that render the project uneconomic;

(iv) substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned; and

(v) the period for which the Group has the right to explore has expired and is not expected to be renewed.

Property, plant and equipment

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

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

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

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

Leased assets

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

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

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Notes to the Consolidated Financial Statements

Cash and cash equivalents

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

Financial assets

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

Amortised cost

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

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

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

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

Financial liabilities

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

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

Fair value

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

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

Equity instruments

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

Taxation

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

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

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

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

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

Foreign currencies

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

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

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

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

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

Share-based payment transactions

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

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

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

Government grant

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

2. EMPLOYEES AND DIRECTORS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	464,889	352,816	225,270	189,435
Bonus	2,193	3,903	-	-
Social security costs	70,152	29,111	24,547	20,149
Other benefits	19,180	18,843	13,809	13,720
	556,414	404,673	263,626	223,304

Directors' remuneration is as follows:

	2019	2018
	£	£
Directors emoluments, including salary and fees	255,155	203,155
Shares settled expenses	10,417	-
Social security costs	24,547	20,149
Share-based payments	76,403	109,144
	366,522	332,448

Further details pertaining to Directors remuneration can be found in the Directors' Remuneration Report on page 37.

The remuneration of the highest paid Director who served during the year was £151,000 (2018: £130,667)

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

	2019 Group Number	2018 Group Number	2019 Company Number	2018 Company Number
Directors	3	3	3	3
Employees	5	3	-	-

Notes to the Consolidated Financial Statements

3. FINANCE INCOME AND COSTS

	2019	2018
	£	£
Finance income:		
Deposit account interest	6,298	11,603
	6,298	11,603
Finance costs:		
Interest on lease liabilities	410	-
	410	-

4. LOSS BEFORE TAX AND AUDITOR'S REMUNERATION

a. The loss before tax is stated after charging:

	2019	2018
	£	£
Depreciation (note 8)	20,971	14,696
Amortisation of right-of-use assets (note 11)	4,615	-
Foreign exchange differences	2,015	2,088
Impairment of exploration costs (note 7)	10,720	571,456

b. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Group's auditor for the audit of the consolidated financial statements	36,025	28,970
Fees payable to the Group auditor for other services:		
- audit of subsidiaries pursuant to legislation	6,000	5,000
- review of quarterly financial statements	2,135	2,076
- tax compliance services	5,300	5,300
	49,460	41,346

5. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2019 or for the year ended 31 December 2018.

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:

	2019	2018
	£	£
Loss on ordinary activities before income tax	(428,707)	(1,374,584)
Tax thereon at a UK corporation tax rate		
of 19% (2018 – 19%)	(81,454)	(261,171)
Effects of:		
Expenses not deductible for tax purposes	25,400	145,903
Non-assessable fair value gain	(107,052)	-
Tax losses not recognised	108,710	80,841
Share of loss of associates	-	3,777
Losses of overseas subsidiaries to be carried forward	54,396	30,650
	-	-

The main rate of UK corporation tax during the year ended 31 December 2019 was 19.00 per cent (2018: 19 per cent). The Group has estimated UK losses of £11,584,097 (2018: £10,632,410) and foreign losses of £2,913,896 (2018: £1,522,939) available to carry forward against future trading profits. The value of unrecognised deferred tax assets in respect of the UK losses amounts to £2,200,978 (2018: £2,020,157). The Directors believe that due to the uncertainty over when the tax losses will be utilised it is appropriate not to recognise a deferred tax asset at this time.

6. BASIC AND DILUTED LOSS PER SHARE

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

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

Weighted average number of ordinary shares

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

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

7. INTANGIBLE ASSETS - Group

	Exploration Costs £
COST	
At 1 January 2018	8,191,232
Additions for the year	782,437
Foreign exchange movements	(116,666)
Impairment	(571,456)
At 31 December 2018	8,285,547
At 1 January 2019	8,285,547
Additions for the year	1,304,896
Additions arising from the step-up in interest in Vardar	1,203,685
Foreign exchange movements	(771,914)
Impairment	(10,720)
At 31 December 2019	10,011,494
NET BOOK VALUE	
At 31 December 2019	10,011,494
At 31 December 2018	8,285,547

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

	2019 £	2018 £
Kallak	6,675,124	7,079,806
Åtvidaberg	345,978	303,565
Ågåsjiegge	15,568	17,121
Sala	-	8,444
Pitkäjärvi	1,058,078	817,986
Joutsijärvi	19,095	25,002
Karhunmaki	24,078	13,685
Rääpysjärvi	39,905	19,938
Mervivaara	17,846	-
Polvela	31,316	-
Tammijärvi	24,278	-
Mitrovica	1,243,194	-
Viti	517,034	-
	10,011,494	8,285,547

Notes to the Consolidated Financial Statements

Total Group exploration costs of £10,011,494 are currently carried at cost in the financial statements. The Group will need to raise funds and/or bring in joint venture partners to further advance exploration and development work. An amount of £91,231 was recorded against the projects for services provided by the Directors during the year (2018: £139,594).

Accounting estimates and judgements are continually evaluated and are based on a number of factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

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

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

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

Kallak is included in the financial statements as at 31 December 2019 as an intangible exploration licence with a carrying value of £6,675,124. Management are required to consider whether there are events or changes in circumstances that indicate that the carrying value of this asset may not be recoverable. Management have considered the status of the application for the Exploitation Concession and in their judgement, they believe it is appropriate to be optimistic about the chances of being awarded the Exploitation Concession and thus have not impaired the project.

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

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

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

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

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

In the year, an impairment provision of £10,720 (2018: £571,456) was made against costs incurred on Sala (2018: £8,444) on the basis that no further exploration would be carried out on those projects. In respect of the other license areas, no impairment indicators have been identified. The impairment is charged as an expense and included within the consolidated income statement.

Notes to the Consolidated Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Office Equipment	Motor Vehicles	Machinery & equipment	Total
	£	£	£	£
COST				
At 1 January 2018	6,383	47,711	26,500	80,594
Additions	-	-	2,515	2,515
Foreign exchange movements	-	(287)	(380)	(667)
At 31 December 2018	6,383	47,424	28,635	82,442
DEPRECIATION				
At 1 January 2018	6,383	26,236	19,395	52,014
Charge for year	-	9,026	5,670	14,696
Foreign exchange movements	-	(221)	(130)	(351)
At 31 December 2018	6,383	35,041	24,935	66,359

GROUP

	Office Equipment	Motor Vehicles	Machinery & equipment	Total
	£	£	£	£
COST				
At 1 January 2019	6,383	47,424	28,635	82,442
Additions	941	33,873	42,801	77,615
Foreign exchange movements	-	(3,590)	(2,431)	(6,021)
Step acquisition of subsidiary	-	13,300	1,689	14,989
At 31 December 2019	7,324	91,007	70,694	169,025
DEPRECIATION				
At 1 January 2019	6,383	35,041	24,935	66,359
Charge for year	-	8,014	12,957	20,971
Foreign exchange movements	-	(2,964)	(2,339)	(5,303)
At 31 December 2019	6,383	40,091	35,553	82,027
NET BOOK VALUE				
At 31 December 2019	941	50,916	35,141	86,998
At 31 December 2018	-	12,383	3,700	16,083

PARENT	Office Equipment £
COST	
At 1 January 2018	6,383
Additions	-
At 31 December 2018	6,383
DEPRECIATION	
At 1 January 2018	6,383
Charge for year	-
At 31 December 2018	6,383

PARENT	Office Equipment £
COST	
At 1 January 2019	6,383
Additions	-
At 31 December 2019	6,383
DEPRECIATION	
At 1 January 2019	6,383
Charge for year	-
At 31 December 2019	6,383
NET BOOK VALUE	
At 31 December 2019	-
At 31 December 2018	-

Notes to the Consolidated Financial Statements

9. INVESTMENTS

	Group Shares in associates	Shares in subsidiaries	Company Shares in associates	Total
	£	£	£	£
COST				
At 1 January 2018	-	479,311	-	479,311
Acquisitions	250,000	3,677	250,000	253,677
Shares of loss of associates	(19,880)	-	-	-
At 31 December 2018	230,120	482,988	250,000	732,988
At 1 January 2019	230,120	482,988	250,000	732,988
Change in control of associate	(230,120)	250,000	(250,000)	-
Acquisitions	-	965,000	-	965,000
At 31 December 2019	-	1,697,988	-	1,697,988

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

Further investments in the share capital of subsidiaries of Vardar constitute additions during the year of £965,000 to increase the Company's shareholding in Vardar from 14.1% to 41.5%. The share capital of Vardar was reclassified to share capital of subsidiaries following control being obtained on 1 April 2019. The basis for control was assessed on the on the Group's ability to exercise power over Vardar through combination of the increased investment in Vardar and the appointment of the CEO as Investor Director, which conveyed substantive rights to direct the actions of Vardar that would ultimately affect the returns of the investee.

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

The first tranche of 2.1 million ordinary shares was issued on the anniversary of 24 months from the date of the acquisition, in accordance and Mr Blomqvist having worked for the Company as a full-time employee during that period. The second tranche of shares will be issued on completion of a bankable feasibility study on one of the graphite projects in the portfolio.

The total number of ordinary shares that may be issued, if all performance milestones are achieved, is 6.75 million ordinary shares. Beowulf will issue up to a further 2.1 million additional consideration shares in the form of a share-based payment transaction to the former owner, Rasmus Blomqvist. The share-based payments fall within the scope of IFRS 2 and are fair valued at the grant date based on the estimated number of shares that will vest. The fair value has been prepared using a Black-Scholes pricing model including a share price of 6.4 pence, option life of two years, volatility of 49.79 per cent and a risk-free rate of 0.698 per cent.

There was no consideration recognised in the financial statements for the year ended 31 December 2019, (2018: £484,441). No further share based payment charge for the consideration shares was capitalised to intangibles in the year ended 31 December 2019. (2018: £3,677).

Step up interest in Vardar Minerals

On 1 April 2019, following an increase in the Company's shareholding from 14.00% to 31.3% in Vardar the Company obtained control and consolidated Vardar and its companies into the Group. Vardar was previously accounted for as an associate on an equity accounting basis. The Group has fair valued the holding at the date of the change of control resulting in a cumulative fair value gain of £563,431. Further increases in the Company's holding in Vardar have been recognised as an increase to accumulated losses of £202,228.

The investment in Vardar gives the Company exposure to a portfolio of exploration licences situated in the European Tertiary calc-alkaline Tethys Arc most notable for its lead-zinc-silver mining districts, as well as recent porphyry related copper and gold discoveries. Further investments were made during the year ended 31 December 2019.

- On 15 April 2019, a further investment of £250,000 was made to increase the Company's shareholding in Vardar from 31.3% to 37.6%.

- On 14 October 2019, a further investment of £115,000 was made to increase the Company's shareholding in Vardar from 37.6% to 40.1%.

- On 6 November 2019, a further investment of £100,000 was made to increase the Company's shareholding in Vardar from 40.1% to 41.5%.

The note below shows the effect of the step transaction at the date of change of control of 1 April 2019.

	Carrying value	**Fair value adjustments**	**Total**
	£	**£**	**£**
Cash and cash equivalents	530,031	-	530,031
Property plant & equipment	14,989	-	14,989
Other receivables	14,669	-	14,669
Intangibles - Exploration costs	124,607	1,078,846	1,203,453
Net Identifiable assets acquired	684,296	1,078,846	1,763,142
Consideration – Cash			500,000
Fair value gain on investment			565,157
Non-controlling interests			470,111
Carry value of investment at change of control			227,874
			1,763,142

The fair value adjustment recognised at the date of change of control was representative of the fair value of the Mitrovica and Viti assets obtained. Management consider that it is these assets which will drive the future economic returns from the Group's investment in Vardar. The unrecorded potential value of the resources at Mitrovica and Viti represents the gain on the acquisition of the control of the Vardar Group.

If the entity had been a fully consolidated from 1 January 2019 it would have contributed an overall loss of £262,483 to the consolidated loss of the Group.

The entity incurred no acquisition costs relating to the step up of its interest in Vardar.

Name	Incorporated	Activity	2019 % holding	2018 % holding
Oy Fennoscandian Resources AB	Finland	Mineral exploration	100%	100%
Jokkmokk Iron Mines AB	Sweden	Mineral exploration	100%	100%
Beowulf Mining Sweden AB	Sweden	Mineral exploration	100%	100%
Wayland Copper Limited	UK	Holding company	65.25%	65.25%
Wayland Sweden AB	Sweden	Mineral exploration	(1)(2)65.25%	(1)(2)65.25%
Vardar Minerals Ltd	UK	Mineral Exploration	41.5%	14%
Vardar Geoscience BVI Ltd	British Virgin Islands	Holding company	(1)(2)41.5%	14%
Vardar Geoscience Kosovo Ltd	Kosovo	Mineral exploration	(1)(2)39.4%	(1)(2)13%
Vardar Minerals Europe 1 EOOD	Bulgaria	Mineral exploration	(1)(2)41.5%	(1)(2)14%
Vardar Minerals Europe 2 EOOD	Bulgaria	Mineral exploration	(1)(2)41.5%	(1)(2)14%
Vardar Minerals Europe 3 EOOD	Bulgaria	Mineral exploration	(1)(2)41.5%	(1)(2)14%

(1) Indirectly held

(2) Effective interest

The Group consists of the following subsidiary undertakings:

Name	Registered office
Oy Fennoscandian Resources AB	Plåtslagarevägen 35 A 1, 20320 Turku, Finland
Jokkmokk Iron Mines AB	Storgatan 36, 921 31, Lycksele, Sweden
Beowulf Mining Sweden AB	Storgatan 36, 921 31, Lycksele, Sweden
Wayland Copper Limited	201 Temple Chambers, 3-7 Temple Avenue, London
Wayland Sweden AB	Storgatan 36, 921 31, Lycksele, Sweden
Vardar Minerals Limited	35-39 Maddox Street, London, England
Vardar Geoscience BVI Ltd	Trident Chambers, P.O. Box 146, Wickhams Cay 1 Road Town, British Virgin Islands
Vardar Geoscience Kosovo L.L.C	Rifat Berisha 23/10, Pristina, Republic of Kosovo
Vardar Minerals Europe 1 EOOD	Sofia 1606, Krasno selo district, 30-32 Gen.E.I.Totleben Blvd, Fl 2
Vardar Minerals Europe 2 EOOD	Sofia 1606, Krasno selo district, 30-32 Gen.E.I.Totleben Blvd, Fl 2
Vardar Minerals Europe 3 EOOD	Sofia 1606, Krasno selo district, 30-32 Gen.E.I.Totleben Blvd, Fl 2

Details on the non-controlling interest in subsidiaries is given in note 14.

10. LOANS AND OTHER FINANCIAL ASSETS

GROUP

	Financial fixed assets £
At 1 January 2018	5,530
Foreign exchange movements	(55)
Disposals	(13)
At 31 December 2018	5,462
At 1 January 2019	5,462
Foreign exchange movements	(243)
Disposals	(7)
At 31 December 2019	5,212

COMPANY

	Loans to group undertakings £	Financial assets £	Total £
At 1 January 2018	7,429,198	2,784	7,431,982
Advances made in the year	952,091	-	952,091
ECLs in year	(161,856)	-	(161,856)
At 31 December 2018	8,219,433	2,784	8,222,217
At 1 January 2019	8,219,433	2,784	8,222,217
Advances made in the year	925,239	-	925,239
ECLs in year	(158,005)	-	(158,005)
At 31 December 2019	8,986,667	2,784	8,989,451

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

Notes to the Consolidated Financial Statements

11. RIGHT OF USE ASSETS

	Buildings
Cost	
At 1 January 2019	-
Additions	7,324
At 31 December 2019	7,324
Amortisation	
At 1 January 2019	-
Charge	4,615
At 31 December 2019	4,615
Net book value	
At 31 December 2019	**2,709**

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Other receivables	94,653	29,437	-	-
VAT	60,819	20,210	11,471	11,092
Prepayments and accrued income	11,789	13,309	11,789	13,309
	167,261	62,956	23,260	24,401

Included in other receivables is a deposit of £16,927 held by Finnish regulatory authorities (2018: £18,027).

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank accounts	1,124,062	1,533,232	978,514	1,470,087
	1,124,062	1,533,232	978,514	1,470,087

14. NON-CONTROLLING INTERESTS

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

	2019 £	2018 £
Wayland Copper Limited	(161,291)	(160,587)
Vardar Minerals Limited	487,846	-
Total	326,555	(160,587)

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

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

	2019 £	2018 £
Administrative expenses	(1,537)	(1,863)
Loss after tax	(1,537)	(1,863)
Loss allocated to NCI	(534)	(648)
Other comprehensive income allocated to NCI	(169)	68
Total comprehensive loss allocated to NCI	(703)	(580)
Current assets	5,385	6,599
Current liabilities	(469,531)	(468,718)
Net liabilities	(464,146)	(462,119)
NCI at 34.75 per cent	(161,291)	(160,587)

Vardar Minerals Limited, a 41.5% per cent owned subsidiary of the Company that has material non-controlling interests ("NCI").

Notes to the Consolidated Financial Statements

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

	2019 £
Administrative expenses	(256,867)
Loss after tax	(184,492)
Loss allocated to NCI	(161,173)
Other comprehensive income allocated to NCI	(23,319)
Total comprehensive loss allocated to NCI	(184,492)
Current assets	118,289
Non-Current assets	746,097
Current liabilities	(30,462)
Net Assets	833,924
NCI at 58.5% per cent	487,846

15. SHARE CAPITAL

	2019 Number	2019 £	2018 Number	2018 £
Allotted, called up and fully paid				
At 1 January	566,307,254	5,663,072	534,207,254	5,342,072
Issued for cash	35,937,418	359,374	30,000,000	300,000
Issued for acquisition of subsidiary	-	-	2,100,000	21,000
At 31 December	602,244,672	6,022,446	566,307,254	5,663,072

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

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

Shares issued in 2019

On 1 April 2019, the Company announced a subscription for 13,636,364 new ordinary shares of £0.01 each to raise £750,000 before expenses.

On 16 April 2019, the Company announced a subscription for 8,695,652 new ordinary shares of £0.01 each to raise £500,000 before expenses.

The Company announced, on 24 October 2019, a subscription for 9,090,909 new ordinary shares of £0.01 each to raise £500,000.

The Company announced, on 8 November 2019, a subscription for 4,347,826 new ordinary shares of £0.01 each to raise £250,000.

Shares issued in 2018

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

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

16. SHARE-BASED PAYMENTS

During the year ended 31 December 2019, 9,250,000 options were granted (2018: Nil). The options outstanding as at 31 December 2019 have an exercise price in the range of 1.66 pence to 12.00 pence (2018: 1.66 pence to 12.00 pence) and a weighted average remaining contractual life of 2 years, 98 days (2018: 2 years).

The share-based payments expense for the options for the year ended 31 December 2019 was £119,720 (2018: £196,460).

The fair value of share options granted and outstanding were measured using the Black-Scholes model, with the following inputs:

	2019	2017	2015
Fair value at grant date	1.15p	8.73p	0.708p
Share price	5.65p	14.28p	1.25p
Exercise price	7.35p	12.00p	1.66p
Expected volatility	51.89%	70.00%	170.90%
Option life	5 years	5 years	5 years
Risk free interest rate	0.718%	0.25%	1.58%

The options issued will be settled in the equity of the Company when exercised and have a vesting period of one year from date of grant.

Reconciliation of options in issue	Number 2019	Weighted average exercise price (£'s) 2019	Number 2018	Weighted average exercise price (£'s) 2018
Outstanding at 1 January	14,000,000	0.051	14,000,000	0.051
Lapsed during the year	(500,000)	0.040	-	-
Granted during the year	9,250,000	0.074	-	-
Outstanding at 31 December	22,750,000	0.074	14,000,000	0.051
Exercisable at 31 December	22,750,000	0.060	11,750,000	0.037

No warrants were granted during the year (2018: Nil).

17. RESERVES

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

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

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current:				
Trade payables	151,332	122,892	19,593	11,997
Social security and other taxes	11,623	8,968	8,648	6,457
Other payables	10,619	9,761	100	1,758
Accruals	69,311	66,392	62,063	46,746
	242,885	208,013	90,404	66,958

19. DEFERRED INCOME

	2019	2018
	£	£
Grants	**134,877**	**192,205**

The grant held as deferred income represents the first tranche receipt of €215,619 (£192,205) received on the 30 July 2018 in accordance with the Company's participation of Project Pacific, a component of the European Union's Horizon 2020 program. The funds held are to be utilised in further exploration work, training of staff and travel costs. The grant period will end on the 31 May 2021 at which point any excess of funding over expenses submitted will required to be refunded. In the year ended 31 December 2019, The Group released £20,379 (2018: Nil) of the liability directly against intangible asset additions and recognised £37,080 as income (2018: Nil).

Also, in the year ended 31 December 2019, Fennoscandian has received funds from Business Finland of £109,687 (2018: £10,233). The funds were paid in accordance with the Groups participation in Project Green minerals, which specified a Grant up to a total of €161,000 and had a grant period from 1 January 2018 to 31 December 2019.The amounts incurred are sought for reimbursement following the expenses being incurred, as a result no liability has been recorded in the financial statements for unallocated funds. The amounts outlined above have been netted against intangible asset additions.

In addition, Fennoscandian is also participating in project titled "BATCircle - the development of a Finland-based Circular Ecosystem of Battery Metals". BATCircle is part of the European Union ("EU") Strategic Energy Technology Programme. The project is being administered by Business Finland and a 50 per cent contribution to a budget of Euros 224,900. The funds will be used for graphite purification and spheroidization test work, and the further assessment of Fennoscandian's graphite for battery applications. The funding is released by the administrator as incurred and the action runs from the 1 January 2019 to 31 January 2020. In the year to 31 December 2019, £13,916 has been netted against intangible asset additions.

Notes to the Consolidated Financial Statements

20. LEASE LIABILITY

NATURE OF LEASING ACTIVITIES

Vardar Geoscience leases buildings located in Str. Highway Prishtina Mitrovice Village Shupkove No.2, Kosovo.

	31 Dec 2019 No.
Number of active leases	1

LEASE LIABILITY AT YEAR END	31 Dec 2019 £
NON-CURRENT	
Lease liability	1,914
	1,914
CURRENT	
Lease liability	5,558
	5,558
TOTAL LEASE LIABILITY	7,472

ANALYSIS OF LEASE LIABILITY

	Lease liability £
At 1 January 2019	-
Additions	12,144
Interest expense	410
Lease payments	(4,875)
Foreign exchange movements	(207)
At 31 December 2019	7,472

ANALYSIS OF GROSS VALUE OF LEASE LIABILITIES

Maturity of the lease liabilities is analysed as follows:

	31 Dec 2019 £
Within 1 year	-
Later than 1 year and less than 5 years	7,472
After 5 years	-
At 31 December 2019	7,472

The total cash outflow for leases in 2019 was £4,875.

21. FINANCIAL INSTRUMENTS

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

The Group and Company hold the following financial instruments:

At 31 December 2019	Group Held at amortised cost	Group Total	Company Held at amortised cost	Company Total
	£	£	£	£
FINANCIAL ASSETS				
Cash and cash equivalents	1,124,062	1,124,062	978,514	978,514
Trade and other receivables	94,653	94,653	-	-
Loans to group undertakings	-	-	8,986,667	8,986,667
Other financial assets	5,212	5,212	2,784	2,784
	1,223,927	1,223,927	9,967,965	9,967,965
FINANCIAL LIABILITIES				
Trade and other payables	231,262	231,262	81,756	81,756
Lease liability	7,472	7,472	-	-
	238,734	238,734	81,756	81,756

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

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

a) Market risk

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

i) Foreign exchange risk

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

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Net foreign currency financial (liabilities)/assets:				
Swedish Krona	14,007	10,355	4,861	9,450
Euro	24,036	107,160	(104,723)	126,838
Total net exposure	38,043	117,515	(98,862)	136,288

Sensitivity analysis

A 10 per cent strengthening of sterling against the Group's primary currencies at 31 December 2019 would have increased/(decreased) equity and profit or loss by the amounts shown below:

GROUP

	Profit or Loss		Equity	
	2019 £	2018 £	2019 £	2018 £
Swedish Krona	(1,401)	(1,035)	(1,401)	(1,035)
Euro	(22,404)	(10,716)	(22,404)	(10,716)
Total	(23,805)	(11,751)	(23,805)	(11,751)

COMPANY

	Profit or Loss		Equity	
	2019 £	2018 £	2019 £	2018 £
Swedish Krona	(486)	(945)	(486)	(945)
Euro	10,472	(11,966)	10,472	(11,966)
Total	9,986	(12,911)	9,986	(12,911)

A 10 per cent weakening of sterling against the Group's primary currencies at 31 December 2019 would have an equal but opposite effect on the amounts shown above.

ii) Interest rate risk

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

b) Credit risk

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

The Company has made unsecured interest-free loans to its subsidiaries. Although they are repayable on demand, they are unlikely to be repaid until the projects becomes successful and the subsidiaries start to generate revenues. An assessment of the expected credit loss arising on intercompany loans is detailed in note 10.

The amounts used by the subsidiaries are as follows:

	2019	**2018**
	£	**£**
Jokkmokk Iron Mines AB	7,241,375	8,349,344
Beowulf Sweden AB	361,773	361,657
Wayland Copper Ltd	-	-
Oy Fennoscandian Resources AB	1,383,519	1,191,931
Gross	8,986,667	9,902,932

Reconciliation of provisions against receivables arising from lifetime ECLs

	31 December 2018	**Current year movement**	**31 December 2019**
	£	**£**	**£**
ECLs	1,683,499	158,005	1,841,504
Total provision arising from ECLs	1,683,499	158,005	1,841,504

The Directors have also assessed the cash flow scenarios of the above considerations. Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary licences to be awarded, the Company's ability to raise finance, and ability to sell the project. The ECL to the 31 December 2019 represents the 12 month expected credit loss, as underlying credit risk of the intercompany loans has not changed since initial recognition. A reasonable change in the probability weightings of 3% would result in further impairment of £552,193.

i) Commodity price risk

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

c) Liquidity risk

To date the Group and Company have relied on shareholder funding to finance operations. As the Group and Company have finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure and cash resources. In addition, the Group and Company do not have any material borrowings and primarily have trade and other payables with a maturity of less than one year, the only exception being the lease liability per note 20. The rationale for the preparation of the accounts on a going concern basis is detailed in the Report of the Directors.

d) Capital management

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

NET DEBT

GROUP	**2019**	**2018**
	£	**£**
Cash and cash equivalents	1,124,062	1,533,232
Trade payables	(242,885)	(208,014)
Grant income	(134,877)	(192,205)
Net cash	746,300	1,133,013
Total equity	11,219,345	9,733,182
Net cash to equity ratio	6.65%	11.64%

22. SEGMENT REPORTING

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

2019	**Sweden**	**Finland**	**Kosovo**	**UK**	**Total**
	£	**£**	**£**	**£**	**£**
Licence and Exploration	7,036,672	1,214,595	1,578,300	181,897	10,011,494
Other non-current assets	2,711	9,700	75,689	11,434	99,534
Current assets	46,339	124,145	48,346	1,072,493	1,291,323
Liabilities	(28,453)	(86,702)	(29,979)	(240,100)	(385,234)
Finance Income	-	-	-	6,298	6,298
Finance Costs	-	-	-	(410)	(410)
Impairment	-	10,720	-	-	10,720
Expenses	(110,224)	(55,221)	(167,513)	(702,148)	(1,035,106)
Loss for the year	(109,538)	(20,252)	395,918	(694,835)	(428,707)
Total comprehensive loss	(795,503)	(89,186)	405,782	(744,099)	(1,223,006)

2018					
Licence and Exploration	7,408,275	877,272	-	-	8,285,547
Other non-current assets	4,986	13,775	-	2,784	21,545
Current assets	51,536	49,334	-	1,495,318	1,596,188
Liabilities	(50,530)	(76,188)	-	(273,500)	(400,218)
Expenses	(124,908)	(607,862)	(19,880)	(633,537)	(1,386,187)
Impairment	-	571,456	-	-	571,456
Loss for the year	(124,908)	(607,862)	(19,880)	(621,934)	(1,374,584)
Total comprehensive loss	(258,997)	(597,040)	(19,880)	(621,934)	(1,497,851)

Notes to the Consolidated Financial Statements

23. RELATED PARTY DISCLOSURES

Transactions with subsidiaries

During the year, cash advances of £286,045 (2018: £259,192) were made to Jokkmokk Iron Mines AB and incurred costs of £131,948 that were paid on behalf by the Company (2018: £96,167). The advances are held on an interest free inter-group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £7,241,374 (2018: £8,352,577).

Beowulf Sweden AB received cash advances of £72,290 (2018: £88,221) and incurred costs of £5,057 (2018: £29,901) that were paid on behalf by the Company. The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £361,772 (2018: £361,657).

OY Fennoscandian AB received cash advances of £479,458 (2018: £457,103) and incurred costs of £31,296 (2018: £41,275) that were paid on behalf by the Company. The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £1,383,518 (2018: £1,199,107).

In accordance with its service agreement, Fennoscandian charges Beowulf Mining plc for time incurred by its staff on exploration projects held by other entities in the Group. In turn Beowulf Mining plc recharges the other entities involved.

In addition, Beowulf Mining plc charges entities in the Group for time and expenses spent by Directors on providing services. An arm's length margin has been included at entity level, but this is subsequently eliminated on consolidation.

The Company has made unsecured interest-free loans to its subsidiaries. Although they are repayable on demand, they are unlikely to be repaid until the projects becomes successful and the subsidiaries start to generate revenues. An assessment of the expected credit loss arising on intercompany loans is detailed in note 21.

Transactions with other related parties

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

	2019 £	2018 £
Short-term employee benefits (including employers' national insurance contributions)	489,727	298,288
Post-retirement benefits	30,364	29,710
Share based payments	105,359	200,137
Share settled expense	10,417	-
Insurance	809	720
	636,676	528,855

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

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

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

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

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

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

Company Information

Directors

Mr K R Budge
Mr Christopher Davies
Mr G Färm Davies

Secretary

Mr L O'Donoghue

Registered Number & Office

Incorporated in England
and Wales
02330496 (England & Wales)
Beowulf Mining plc
201 Temple Chambers
3-7 Temple Avenue
London EC4Y 0DT

Finnish Office

Oy Fennoscandian Resources AB
Akademigatan 1,
20500 Åbo
Finland

Swedish Registered Address

All subsidiary companies
Storgatan 36,
921 31 LYCKSELE
Sweden

Registrars

Neville Registrars Ltd
Neville House,18 Laurel Lane
Halesowen
West Midlands
B63 3DA

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Nominated Adviser & Broker

SP Angel
Prince Frederick House
35-39 Maddox Street
London
W1S 2PP

Swedish Custodian Bank

Skandinaviska Enskilda
Banken AB
ST M7
106 40 Stockholm
Sweden

UK Bank

The Royal Bank of Scotland
Piccadilly Circus Branch
48 Haymarket
London
SW1Y 4SE

Public Relations UK

Blytheweigh Communications
Limited
4-5 Castle Court
London
EC3V 9DL

Website

www.beowulfmining.com

Solicitors

BHW Solicitors
1 Smith Way
Grove Park
Enderby
Leicestershire
LE19 1SX

BEOWULF MINING plc

www.beowulfmining.com