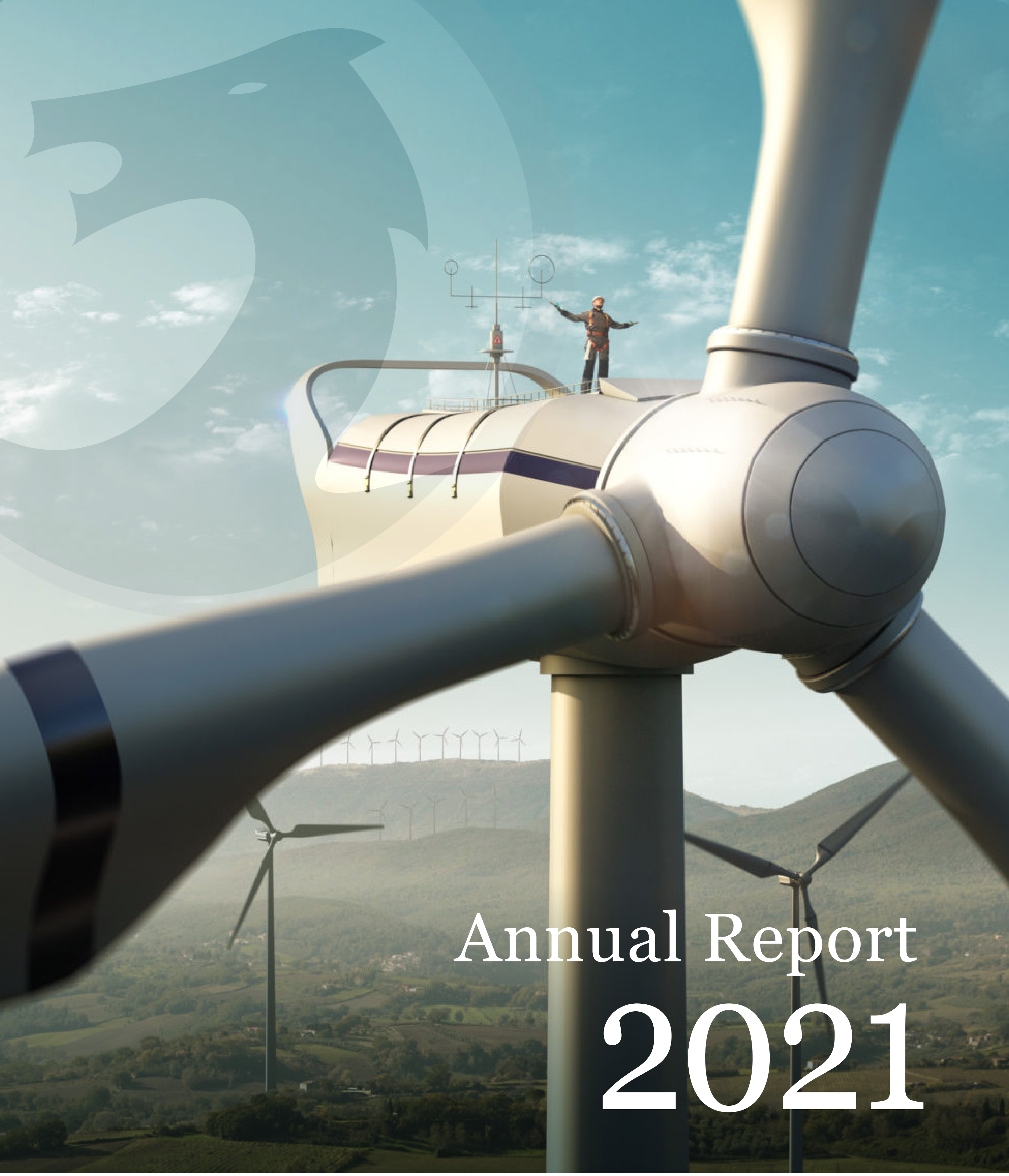


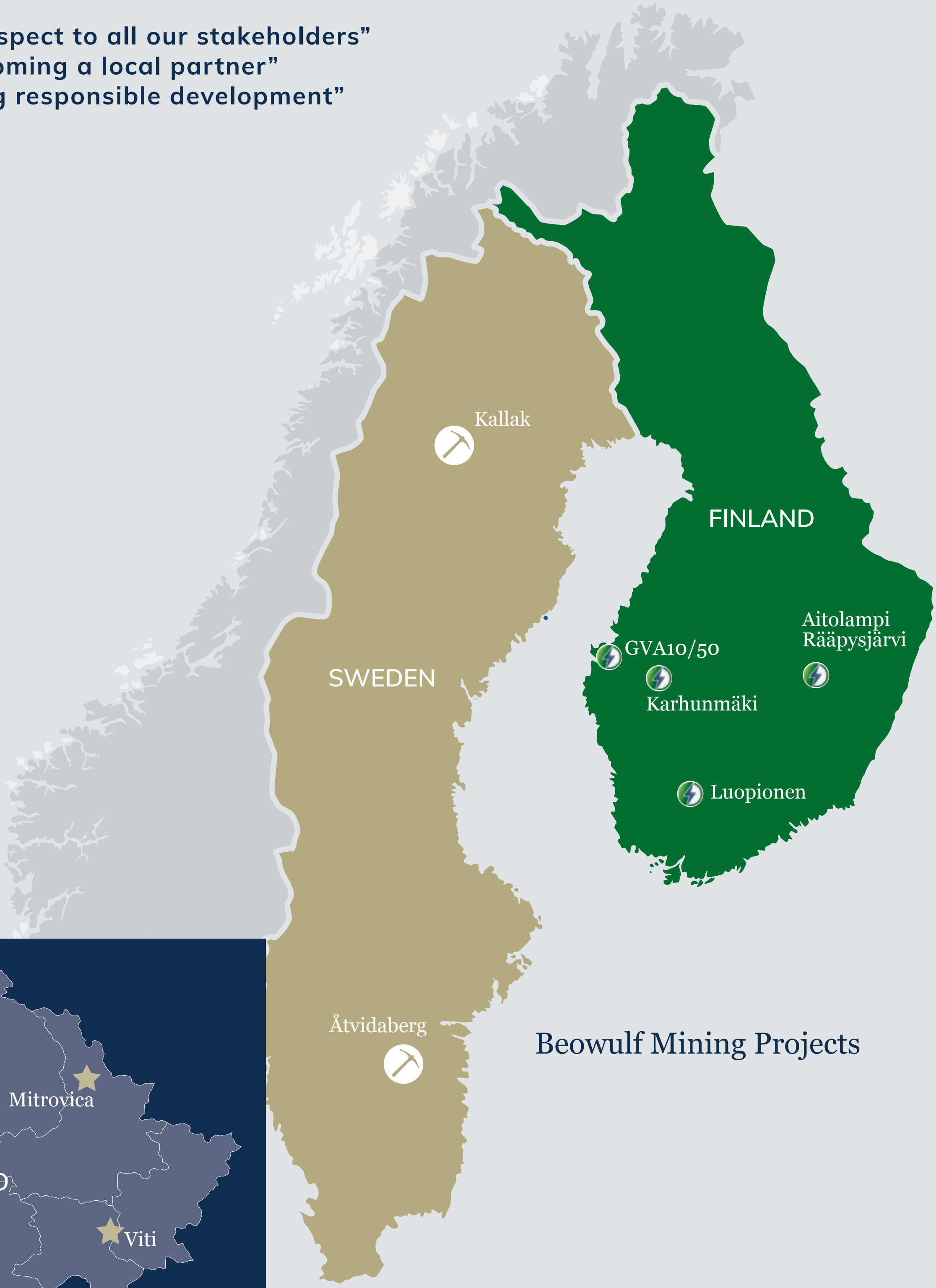
Annual Report 2021

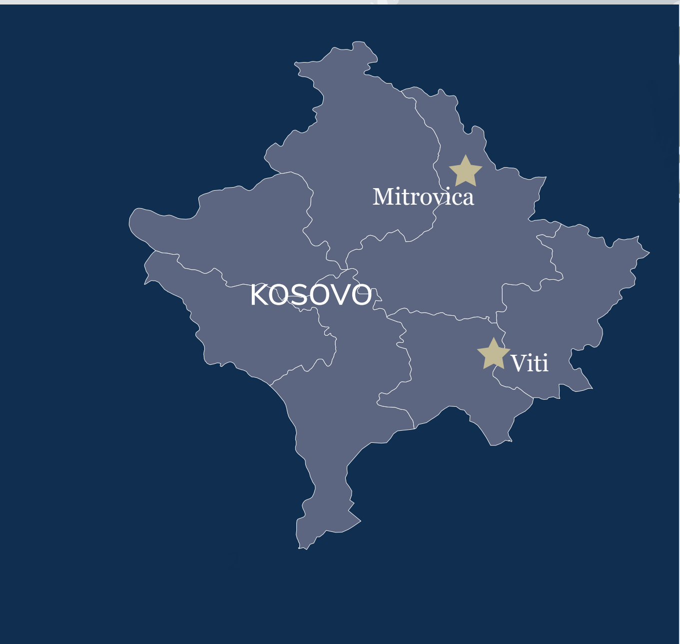
BEOWULF MINING plc

“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”





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's asset portfolio is diversified by commodity, geography and the development stage of its various projects and features metals in demand.

The Company's most advanced project is the Kallak iron ore deposit located approximately 40 kilometres ("km") west of Jokkmokk in the County of Norrbotten, Northern Sweden, 80 km southwest of the major iron ore mining centre of Malmberget, and approximately 120 km to the southwest of LKAB's Kiruna iron ore mine. Kallak is excellently positioned as a potential secure and sustainable supplier of high-quality iron ore to Sweden's growing fossil-free steel making sector for decades to come. In the Kallak area, 389 million tonnes ("Mt") of iron mineralisation have been estimated.

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

The first exploration licence for Kallak was awarded by the Mining Inspectorate of Sweden in 2006. Drilling was conducted between 2010-2014, a total of 131 holes and 27,895 metres ("m").

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

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

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

- Testwork on Kallak ore has produced an exceptionally high-grade magnetite concentrate at 71.5 per cent iron content with minimal detrimental components;
- This would make Kallak the market-leading high-grade product among known current and planned future producers; and
- The next best magnetite product is LKAB's (the state-owned Swedish iron ore company), which produces magnetite fines ("MAF") with a target specification of 70.7 per cent iron and is regarded as unique, until now, due to its exceptionally high iron content.

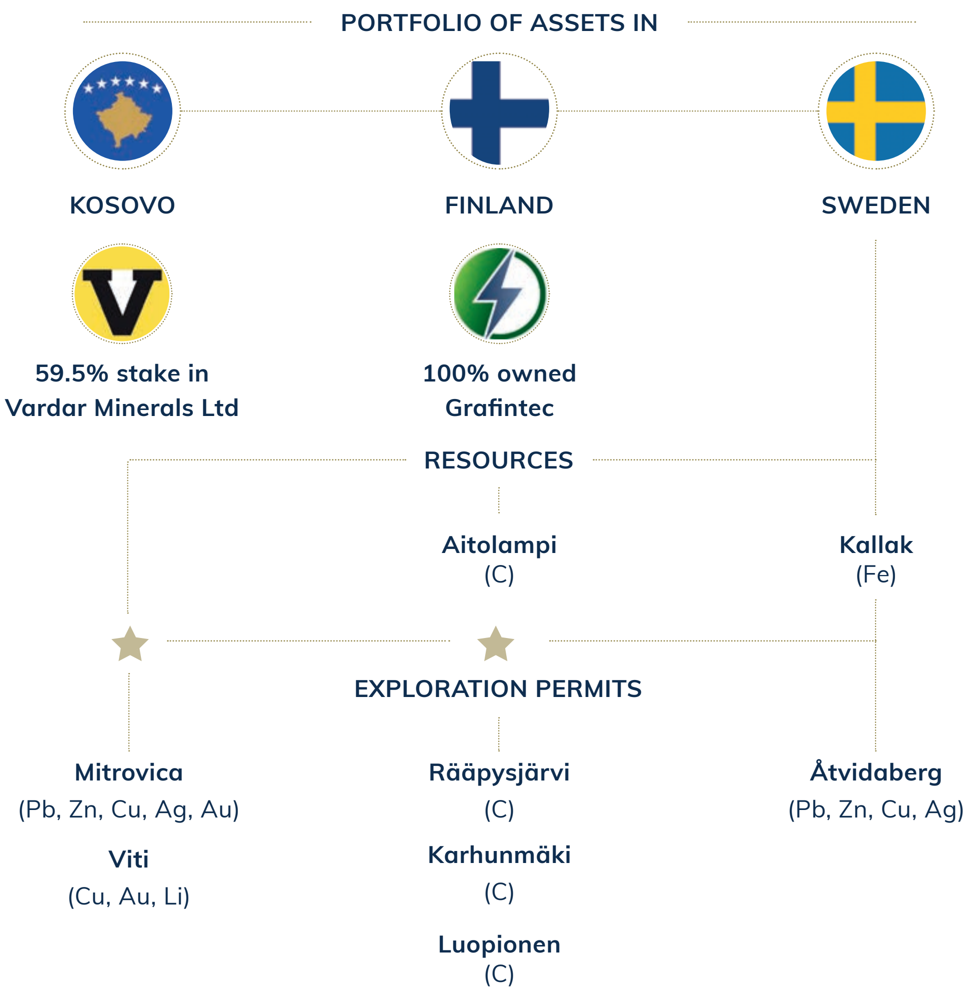
In southern Sweden, the Company has its Åtvidaberg nr 1 ("Åtvidaberg") exploration licence, which is prospective for polymetallic discoveries, mainly copper and zinc.

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

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

In 2021, the Company made significant progress through its collaboration with Epsilon Advanced Materials Limited ("EAMPL") and is enhancing its position within the Finnish battery ecosystem. On 6 December 2021, Grafintec signed Heads of Terms ("HoT") for a Joint Venture ("JV") with EAMPL, for the establishment of an anode materials production facility. Grafintec will own 49 per cent of the JV, with Epsilon owning 51 per cent. The project will work towards creating a sustainable value chain in Finland from high-quality natural flake graphite resources to anode material production, leveraging renewable power, targeting net zero CO_2 emissions across the supply chain.

In Kosovo, Beowulf is invested in exploration for base and precious metals. At the signing date of this report the Company has a 59.5 per cent interest in Vardar Minerals Ltd ("Vardar") and Vardar is drilling on the Mitrovica licence. Vardar is focused on exploration in the Tethyan Belt, a major orogenic metallogenic province for gold and base metals. At Mitrovica, Vardar is delivering exciting results and has defined several exploration targets, including lead, zinc, silver, copper, and gold. It also has the Viti licence which is showing potential for copper-gold porphyry mineralisation. With Beowulf's support, Vardar is focused on making a discovery. Vardar's projects are ideally located, as Europe needs shorter supply chains to reduce the carbon footprint of metals it consumes, for electric vehicles and green infrastructure.



Company’s Purpose

The Company’s purpose is to be a responsible and innovative company that creates value for our shareholders, wider society, and the environment, through sustainably producing critical raw materials, which includes iron ore, graphite, and base metals, needed for the transition to a Green Economy and to address the Climate Emergency. The Company’s asset portfolio is diversified by commodity, geography and the development stage of its various projects.

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

“Visar respekt fôr alla intressenter”
“Vill samverka lokalt”
“Står fôr ansvarsfull utveckling”

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

“Kunnioittaa kaikkia sidosryhmiä”
“Toimia yhteistyössä paikallisten kanssa”
“Vastuullisuus”

Chairman's Statement

Dear Shareholders

Introduction

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

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

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

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

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

IRON ORE

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

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

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

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

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


GRAPHITE

Grafintec

(formerly Fennoscandian Resources)

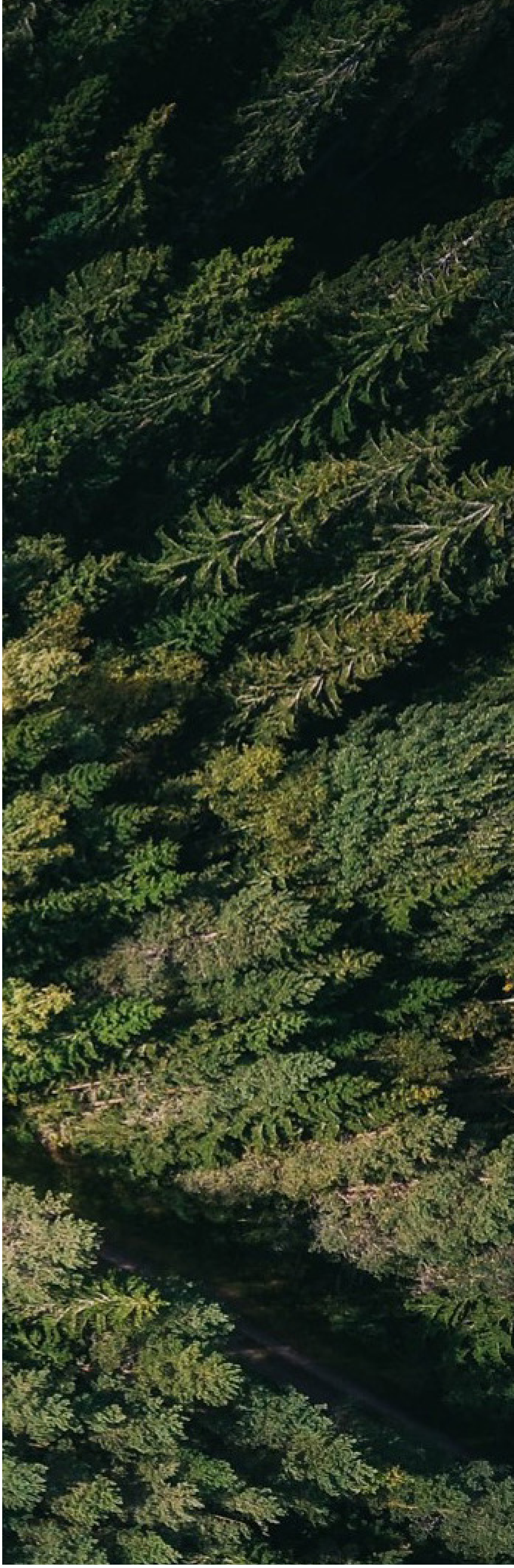
Grafintec had an extremely busy 2021, advancing its collaboration with Epsilon Advanced Materials from a Memorandum of Understanding ("MoU") in March 2021, to the signing of a Joint Venture Head of Terms in December 2021, with plans to build an anode materials production facility, project name GVA10/50,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

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

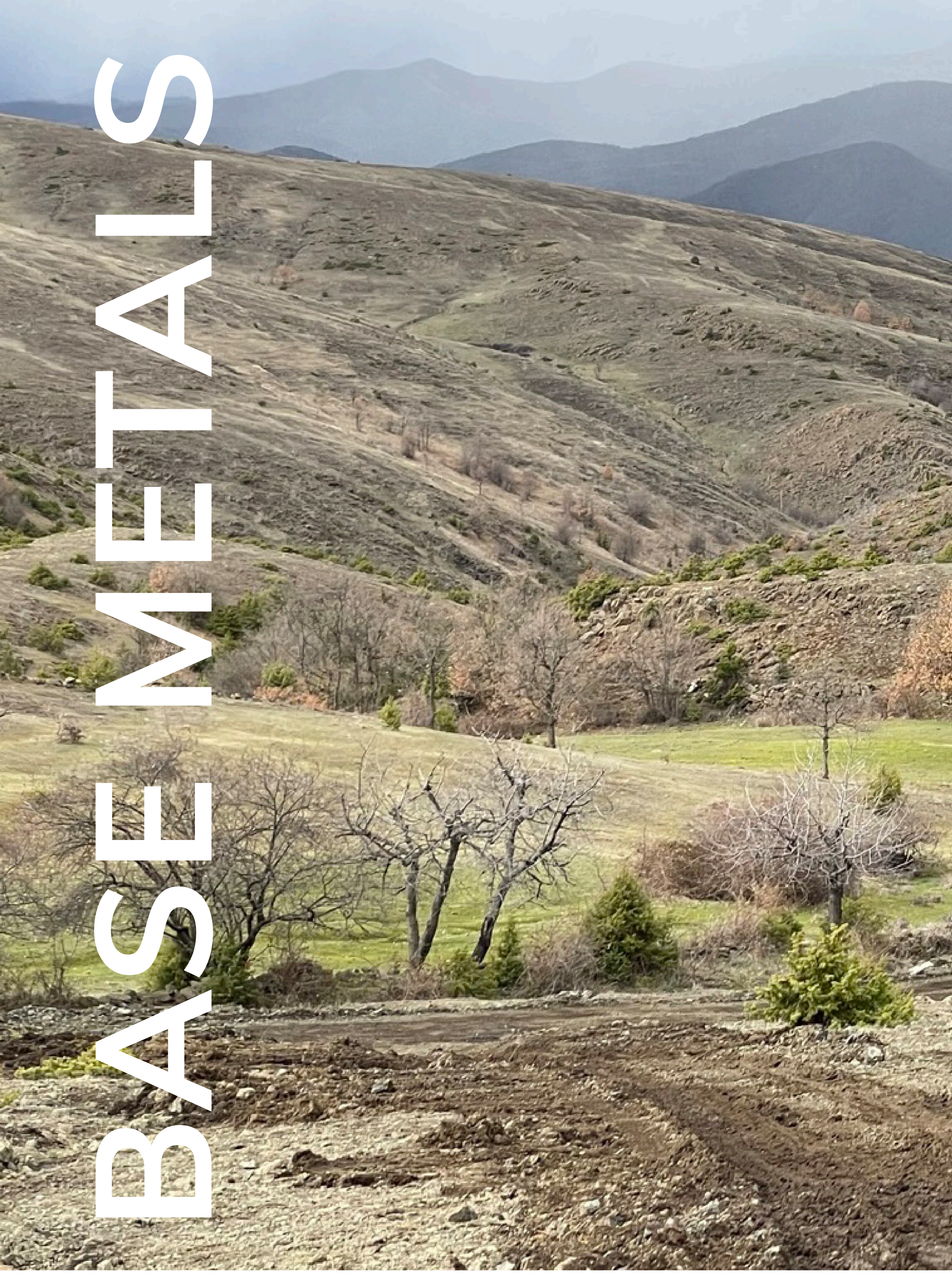
In the middle of 2021, Grafintec was granted €791,000 by Business Finland, equivalent to 50 per cent of the three-year €1.6 million budget for its 'Spheronisation and Purification of Natural Graphite for the European Lithium-Ion Battery Market' project.

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

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



BASE METALS



Vardar Minerals ("Vardar")

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

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

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

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

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

Shareholder Base

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

Raising Finance

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

The Board continues to adopt the going concern basis to the preparation of the financial statements. The Group is dependent on further equity fundraising to operate as a going concern for at least 12 months from the date of approval of the financial statements. Although the Group has had past success in fundraising and continues to attract interest from investors, making the Board confident that such fundraising will be available to provide the required capital, there can be no guarantee that such fundraising will be available and as such this constitutes a material uncertainty over going concern.

2021 Financial Performance

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

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

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

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

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

Corporate

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

Staff and Employees

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

Outlook

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

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

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

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

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

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

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

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

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

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

Sven Otto Littorin
Non-Executive Chairman
25 May 2022

Review of Operations and Activities

SWEDEN

Permits

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

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

Notes:

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

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

(3) An application for the Exploitation Concession was lodged on 25 April 2013 (Mines Inspector Official Diary nr 559/2013) and an updated, revised and expanded application was submitted in April 2014. On 21 September 2016, the Company submitted a letter to the Mining Inspectorate of Sweden, revising its application boundary to encompass both the Concession Area, delineated by the Kallak North orebody, and the activities necessary to support a modern and sustainable mining operation. On 22 March 2022, the Minister of Enterprise and Innovation, announced the award of the Concession for Kallak nr 1; attached to the decision were 12 conditions for the Company to comply with. The Company's legal advisers have reviewed the Government's decision and the conditions attached to it and are satisfied that, with respect to the conditions, they include matters the Company would naturally expect to address in project development and the Environmental Court process.

Kallak Introduction

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

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

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

Kallak Resource

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

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

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

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

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

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

Notes:

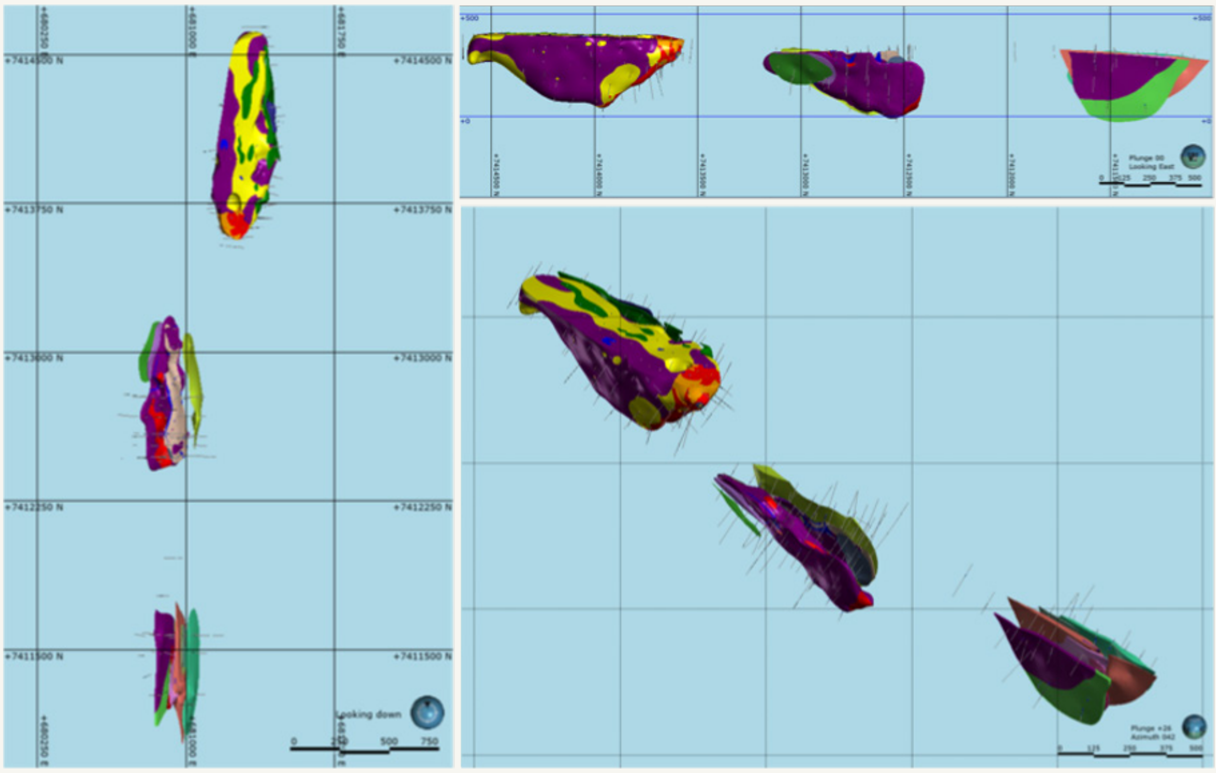
(1) Mineral Resources, which are not Mineral Reserves, have no demonstrated economic viability.

(2) The effective date of the Mineral Resource is 9 May 2021.

(3) The Open Pit Mineral Resource Estimate was constrained within lithological and grade-based solids and within an optimised pit shell defined by the following assumptions; base case metal price of USD130 / tonne for a 65% Fe concentrate; Fe recovery of 71% at Kallak North, 86% at Kallak South North and 94% at Kallak South South; Fe concentrate grades of 68% at Kallak North, 70% at Kallak South North and 69% at Kallak South South; Processing costs of USD6.8 / t wet; Selling cost of USD21.0 / t wet concentrate; Mining cost of Ore of USD3.3 / t, mining cost of waste of USD3.0 / t and an incremental mining cost per 10 m bench of USD0.05 / t; Wall angles of 30° within the overburden and 47.5° in the fresh rock.

(4) Mineral Resources have been classified according to the PERC Standards 2017, by Howard Baker (FAusIMM(CP)), an independent Competent Person as defined in the PERC Standard 2017.

An overview of the interpreted mineralisation is shown in the diagram below, a) left - plan view, b) top right - looking east, c) bottom right – oblique view, looking northeast. Coloured by domain (Source: BGS)



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

- Testwork on Kallak ore has produced an exceptionally high-grade magnetite concentrate at 71.5 per cent iron content with minimal detrimental components;
- This would make Kallak the market-leading high-grade product among known current and planned future producers; and
- The next best magnetite product is LKAB's (the state-owned Swedish iron ore company), which produces magnetite fines ("MAF") with a target specification of 70.7 per cent iron and is regarded as unique, until now, due to its exceptionally high iron content.

2021 Update

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

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

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

Comments from UNESCO suggested that:

- The Swedish Government seek a revised and extended In-Depth Assessment in assessing the impact of the proposed development [of the Kallak Iron Ore Project] on a World Heritage Property [Laponia] prior to any decision being taken to approve the mining exploitation;

- That the role of the Sami Parliament is relevant to the assessment of the impact of the proposed development on the World Heritage property; and
- That the Swedish Government should also consider how the practice of reindeer husbandry outside the property and directly related to reindeer husbandry within the property will be protected.

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

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

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

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

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

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

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

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

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

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

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

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

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

2022 Update

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

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

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

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

GRAFINTEC

Grafintec

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

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

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

Finnish Exploration Permits

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

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

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

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

Permit Name	Licence no.	Area (hectares)	Notes
Pitkäjärvi 1	ML2016:0040	407	Exploration permit granted by TUKES 27.4.2021. Decision appealed. On 3.3.22, the Administrative Court dismissed all the appellants' claims, both the ones concerning the substance matter and also as to the litigation costs. The extension permit decision issued by TUKES thus remains unchanged and is now enforceable unless the Supreme Administrative Court would handle the case based on a leave to appeal by the appellants, and the Supreme Administrative Court would explicitly decide to cancel the enforceability, which is not likely.
Rääpysjärvi 1	ML2017:0104	716	Exploration permit granted. The permit gained legal force 21.6.2021 and is valid to 20.6.2025.
Karhunmäki 1	ML2019:0113	889	Exploration permit granted by TUKES 29.9.2021. The decision has been appealed to the Vaasa Administrative Court by Lapua Municipality and MiningWatch Finland ry.
Merivaara 1	ML2020:0059	957	Exploration permit application submitted 1 Dec 2020.
Luopioinen 1	ML2022:0004	218	Application submitted 28.1.2022. Previous applicant: GTK.

Aitolampi (Pitkäjärvi 1 Exploration Permit) – Graphite

Introduction

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

Discovered in 2016, the licence covers an area of graphitic schists on a fold limb, coincidental with an extensive electro-magnetic ("EM") anomaly. Many of the EM zones are obscured by glacial till, but graphite observations in road cuttings and outcrops are also associated with abundant EM anomalies.

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

Mineral Resource Estimate ("MRE")

In 2019, Grafintec, then Fennoscandian, delivered an upgraded MRE for Aitolampi, with an 81 per cent increase in contained graphite (compared to the 2018 MRE) for the higher-grade western zone with an Indicated and Inferred Mineral Resource of 17.2 Mt at 5.2 per cent Total Graphitic Carbon ("TGC") containing 887,000 tonnes of contained graphite.

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

In total, an Indicated and Inferred Mineral Resource of 26.7 Mt at 4.8 per cent TGC for 1,275,000 tonnes of contained graphite. All material is contained within two graphite mineralised zones, the eastern and western lenses, interpreted above a nominal three per cent TGC cut-off grade.

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

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

Zone	Classification	Mt	TGC %	S %	Density (t/m^3)	Contained graphite (kt)
Western lens	Indicated	9.2	5.1	5.0	2.80	468
	Inferred	8.0	5.2	4.7	2.80	419
	Indicated + Inferred	17.2	5.2	4.8	2.80	887
Eastern lens	Indicated	1.8	4.1	4.4	2.82	74
	Inferred	7.7	4.1	4.5	2.82	314
	Indicated + Inferred	9.5	4.1	4.5	2.82	388
TOTAL	Indicated + Inferred	26.7	4.8	4.7	2.81	1,275

2021 Summary

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

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

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

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

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

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

The project has three main objectives, which are to:

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

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

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

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

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

2022 Update

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

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

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

Vardar Minerals Limited

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

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

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

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

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

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

Exploration Permits

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

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

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

License No.	Term	Project	Date issued	Expiry Date	Area (km^2)
2879	2nd	Mitrovica	2022-03-11	2024-01-27	27.1
2878	2nd	Viti N	2022-03-22	2024-01-27	35.5
2912	2nd	Viti SE	2022-03-11	2024-01-27	44.1
2935	1st	Shala	2022-03-11	2025-02-25	87.5

Exploration Overview

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

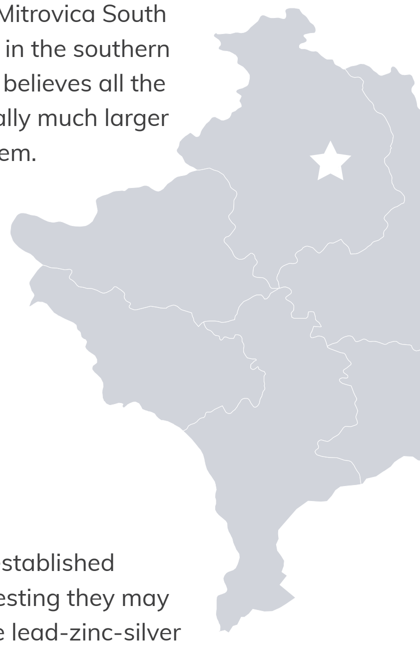
The Tethyan Belt of south-east Europe can be regarded as Europe's chief copper-gold (lead-zinc-silver) province. Mitrovica and Viti occur within calc-alkaline magmatic arc(s) which developed during the closure of the Neotethys Ocean, primarily targeting epithermal gold, lead-zinc-silver replacement deposits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

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

Mitrovica

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

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



Wolf Mountain

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

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

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

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

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

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

Majdan Peak

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

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

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

Sample results over 1 g/t gold include: 7.2 g/t; 4.6 g/t; 2.8 g/t; 2.0 g/t; 1.5 g/t; 1.3 g/t; 1.3 g/t; and 1.1 g/t.

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

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

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

Mitrovica South

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

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

Shala

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

Viti

The Viti project is located in south-eastern Kosovo and encompasses an interpreted circular intrusive, indicated by regional airborne magnetic data. There is evidence of intense alteration typically associated with porphyry systems, with several copper occurrences and stream sample anomalies in proximity to, and within the project area.

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

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

2022 Outlook

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

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

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

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

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

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

ESG

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

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

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

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

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

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

Board of Directors

Sven Otto Littorin - Non-Executive Chairman

Mr Littorin is a former politician and Sweden's Minister for Employment from 2006 to 2010. Since leaving government, he co-founded his own real estate development company and has held a number of advisory positions across Europe, North America and the Middle East.

His most recent positions include serving as a member of the Advisory Board of Gravitas in Austria, a Partner with The Labyrinth Public Affairs in Sweden, and an Advisor to the Human Resources Development Fund in Saudi Arabia.

Mr Littorin holds a BSc in Economics and Business from Lund University.

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 almost 30 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, MSc DIC

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

Rasmus Blomqvist - Exploration Manager

Mr. Blomqvist, the founder of Grafintec (formerly 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 Grafintec, 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").

Company Secretary

One Advisory

ONE Advisory Limited is an AIM specialist advisory and administration firm, responsible for ensuring that Board procedures are followed and that the Company applies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman to maintain excellent standards of corporate governance.

Strategic Report

The Directors present their strategic report for the year ended 31 December 2021.

Principal Activity

The principal activities of the Group are the exploration and development for iron ore, graphite, base and precious metals 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 £1,351,188 (2020: Loss of £1,128,512). 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	Political Risk
Risk	The Company could be exposed to macro-political risk or sovereign risk.
Risk rating pre-mitigation	MEDIUM
Mitigating action	The Company actively monitors developments on the geopolitical stage, and where appropriate engages advisers and the British Embassy to support its in-country operation. It is not foreseeable that recent events in Ukraine will negatively impact the Company's business. In addition, when it comes to the Nordics, they are seen to be low-risk countries by investors. With Kosovo, it is seeking EU accession and its institutions are well supported by the EU and the UK.
Risk rating post-mitigation	LOW

Description	**Climate Emergency**
Risk	The Company's activities could be negatively impacted by adverse climate events.
Risk rating pre-mitigation	MEDIUM
Mitigating action	The Company operates in relatively hospitable environments and so adverse climate events are difficult to foresee. Conversely, the Company's eventual products will be used in the Green Transition in part addressing the Climate Emergency.
Risk rating post-mitigation	LOW

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	In all cases the Company diligently manages its licences to ensure full compliance. A monthly status report is generated for monitoring purposes and action. In Finland, NIMBY opposition to mining development is generating appeal/court induced delays into permitting processes. In all cases the Company continues to satisfy Tukes' application requirements and permits/renewals are being received.
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	The Company has a controlling interest in all subsidiaries, Director representation on boards and approves budgets. All subsidiaries are consolidated in the Group's financial statements and the necessary controls and oversight are in place.
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	Raise capital in a timely manner, as evidenced by current management's track record. Ensure forecasting is accurate, and expenditure controls are in place to optimise cash resources. The £7.4 million Capital Raising completed in December 2020 has significantly increased the Company's cash resources and profile in the Nordic markets, where 80 per cent of funds were raised.
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. When it comes to iron ore and graphite, these commodities will be needed for the Green Transition.
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. With Kallak and Grafintec the Company has quality assets, benefitted by excellent infrastructure, including access to renewable power, and positioned in proximity to European markets in need of primary raw material supply to achieve a Green Transition.
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 £1,503,049 (2020: £1,005,547), the increase was largely attributable to an expense in relation to the net settlement of share options of £103,281, increased foreign currency translation losses of £298,442 (2020: £36,348), and increased consultancy fees of £107,032 (2020: £46,087) for strategic and corporate advisory.

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. A key objective of the Company during the prior year was to complete a successful capital raising in Sweden which was achieved through the rights issue. The Group demonstrates a commitment to financial stability as shown by a year-end cash position of £3.34 million (2020: £4.33 million), which the Board considers sufficient for funding activities. The current management team has a consistent track record of raising capital in a timely manner.

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. At the date of signing of this report, the overall status for all licences is good.

Section 172 Companies Act Statement

In compliance with section 172 of the UK Companies Act, the Board of Directors of the Company (the Board) makes the following statement in relation to the year ended 31 December 2021 (s172 Statement):

Engagement with our shareholders and wider stakeholder groups plays an essential role throughout our business. We recognise the importance of open and transparent communication with each of our stakeholder groups, so that we can understand their specific interests, and foster effective and mutually beneficial relationships. We understand that each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships. We seek to maximise the benefits to host communities in which we operate, while minimising negative impacts to effectively manage issues of concern. The Board makes a conscious effort to understand the principal issues that matter to each stakeholder group and any conflicting interests. Our understanding of stakeholders is then factored into boardroom discussions, regarding the potential long-term impacts of our strategic decisions on each group, and how we might best address their needs and concerns. Acting in good faith and fairly with different interest groups, is what the Directors consider most likely to promote the long-term success of the Company.

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

- Consider the likely consequences of long-term strategic decisions;
- Foster relationships with stakeholders;
- Understand our impact on local communities and the environment; and
- Demonstrate the importance of behaving responsibly towards our stakeholders as a Company.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom by the CEO's attention to stakeholder matters or issues and through his direct engagement with stakeholders. 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.

Due to COVID-19, overall investment and activity levels were at a lower level during the year, so investment decisions requiring detailed examination of stakeholder interests were limited.

During the year, the CEO and Chairman maintained regular contact with Swedish stakeholders, either directly or through the Company's Public Affairs advisers. The Company remains committed to working constructively - and in good faith - with all stakeholders and engaging in meaningful dialogue.

Vardar continues to proactively engage with local communities, stakeholders and the Kosovan authorities, even though exploration activities cause limited negative impact on society and the environment.

In December 2021, the Company's wholly owned Finnish subsidiary, Grafintec Oy, signed Heads of Terms for a Joint Venture (JV) with Epsilon Advanced Materials Private Limited (EAMPL), a subsidiary of Epsilon Carbon Private Limited, for the establishment of an anode materials production facility to be located in Finland. A key objective of the JV is to bring the supply chain closer to the Company's European customers, leading to enhanced service levels and enabling the Company to play a key role in assisting with the development of a sustainable battery cluster in country.

An example of the Company developing its understanding of wider stakeholder interests and its place in society is the 'Big Picture' study for Kallak ("the Study" or "the Kallak Study") produced by Copenhagen Economics in 2017. The Study built on the work carried out by the Company and others, including the 2015 independent socio-economic study initiated by Jokkmokks Kommun, completed by consultants Ramböll, which in its findings concluded that a mining development at Kallak would create direct and indirect jobs, increase tax revenues and slow down population decline, and the 2010 study by the Economics Unit of Luleå University of Technology, 'Mining Investment and Regional Development: A Scenario-based Assessment for Northern Sweden'.

Copenhagen Economics had previously reviewed the attractiveness of the Swedish mining sector on a number of parameters, including licensing and regulation, commissioned by the Swedish Agency for Growth Policy Analysis, part of the Government of Sweden.

The Study demonstrated that the economic effect of Kallak is 'not just about a mine'. A mining project would economically transform Jokkmokk and support other major capital expenditure and economic activity in the region. The Study continues to form a basis for discussions about Kallak's place in the ecosystem which continues to evolve, as renewable power in Norrbotten is leveraged for the benefit of fossil-free steel production.

The Company has contributed to the OECD's work over several years and this continues to inform our decision making on the development path for Kallak, engagement and benefits sharing with stakeholders as project studies are advanced and financial returns are better understood.

In 2019, the Company participated in the OECD's Rural Policy Review 'Linking the Indigenous Sami People with Regional Development in Sweden' and has used this as a basis for discussions with politicians in Norrbotten who have a vested interest in bringing investment to the region. The Company has also contacted groups such as Invest in Norrbotten, Luleå Näringsliv and Luleå Chamber of Commerce, with whom the Company has maintained contact over recent years, and who also seek to attract investment to the region.

The CEO has previously 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 doesn't 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.

Shareholders have the opportunity to discuss issues with the Board and provide feedback at any time. Further information is available on the Company's website https://beowulfmining.com/.

The table below 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	• Sustainability • ESG performance • Ethical behaviour • Company reputation • Comprehensive review of financial performance of the business over the long-term • Awareness of long-term strategy and direction	• Transparency in all communications • Interim and Annual Report • Company website (Investor Relations) • RNS announcements • Option to receive RNSs directly • Shareholder circulars • AGM • Investor meetings & access to the CEO
Government and regulatory bodies	• Compliance with regulations • Employee pay, conditions and welfare • Health and Safety • Company reputation • Environmental impact • Insurance	• Company website • RNS announcements • Interim and Annual Report • Direct contact with regulators • Compliance updates at Board Meetings • Regular risk review • Ongoing communication with the Swedish Government • Engagement with the Mining Inspectorate of Sweden • Monthly KPIs on licence conditions compliance

Stakeholder	Their interests	How we engage
Environment	• Sustainability • Biodiversity, energy, water and waste management • Climate change	• Transparency in ESG performance • Oversight of corporate responsibility plans • Demonstrate compliance with laws and regulations
Community	• Sustainability • Community engagement • Human Rights	• ESG performance • 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 • Whistleblowing Policy

This section serves as our s172 Statement and should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement contained within this Annual Report.

ON BEHALF OF THE BOARD:

Mr K Budge, Director
25 May 2022

Report of the Directors

The Directors present their report, together with the audited financial statements of the Group, for the year ended 31 December 2021.

Directors

Since 1 January 2021, the following Directors have held office:

Mr K R Budge
Mr C Davies
Mr S O Littorin

Dividends

No dividends will be distributed for the year ended 31 December 2021 (2020: Nil).

Going Concern

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

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

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

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

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 43.

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 as at 31 December 2021:

Shareholders	Shares	%
HSBC Global Custody Nominee (Uk) Limited	621,366,320	74.71
Interactive Investor Services Nominees Limited – A/C SMKTNOMS	26,630,895	3.20

Authority to Issue Shares

Each year at the Company's Annual General Meeting (AGM) the Directors seek authority to allot ordinary shares. The authority, when granted, lasts until the conclusion of the next AGM (unless renewed, varied or revoked by the Company prior to, or on, such date). At the AGM held on 18 June 2021, the Directors were granted authority to allot ordinary shares generally up to an aggregate nominal value of £5,521,168, and authority to allot ordinary shares for cash on a non-pre-emptive basis up to an aggregate nominal value of £5,521,168 (2020: £4,000,000).

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 26 to the financial statements.

Financial Risk Management Objectives and Policies

Financial risk management policies and objectives for capital management are provided within Note 23 to the financial statements.

Future Developments Within the Business

With Kallak, since the award of the Exploitation Concession, the Company is now preparing a detailed plan for project development and environmental permitting. The work to complete a Scoping Study and quickly move to Pre-feasibility is underway. The Company will look to secure options that can de-risk project execution, while meeting environmental and social goals, balancing cost and benefit.

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

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

Grafintec's collaboration with Epsilon Advanced Materials Limited is enhancing its position within the Finnish battery ecosystem and the Heads of Terms for a Joint Venture with EAMPL, for the establishment of an anode materials production facility, creates a sustainable value chain in Finland from high-quality natural flake graphite resources to anode material production, leveraging renewable power, targeting net zero CO_2 emission across the supply chain.

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 latest investments and drilling in Kosovo are focused on making a discovery. Vardar aims to complete drilling by the middle of 2022, with assay results following thereafter, which will inform next steps. A strategic review of Beowulf's investment will then be conducted to assess the optimum development path for Vardar's projects.

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, directors' 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 UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. 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 applied in accordance with the provisions of the Companies Act 2006, 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
25 May 2022

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 and its terms of reference can be found on the Group's website:
https://beowulfmining.com

Executive Directors' terms of engagement

Mr Budge is the sole Executive Director and Chief Executive Officer. His annual salary is £180,000. Mr Budge has a notice period of 12 months.

Non-Executive Directors' terms of engagement

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

Mr Davies annual fee is £33,000 per annum. Mr Davies has a consultancy agreement with the Company for the provision of exploration advice over and above his Non-Executive duties. Mr Davies has a one month notice period under his letter of appointment.

Mr Littorin was appointed as Non-Executive Director on 10 November 2020. Under Mr Littorin's letter of appointment, he is paid a fee in Swedish Krona of 450,000 per annum. Mr Littorin has a notice period of one month under his letter of appointment.

Indemnity Agreements

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

Aggregate Directors' Remuneration

The remuneration paid to the Directors in accordance with their agreements, during the years ended 31 December 2021 and 31 December 2020, was as follows:

Name	Position	Salary & Fees[1] £	Benefits[2] £	Pension[3] £	2021 Total £	2020 Total £
Mr K R Budge	Chief Executive Officer	172,500	877	13,000	186,377	163,874
Mr C Davies	Non-Executive Director	33,000	-	-	33,000	31,000
Mr G Färm	Non-Executive Chairman	-	-	-	-	25,193
Mr SO Littorin	Non-Executive Director	38,041	-	-	38,041	6,654
Total		**243,541**	**877**	**13,000**	**257,418**	**226,721**

Notes:

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

(2) Personal life insurance policy.

(3) Employer contributions to personal pension.

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

The beneficial and other interests of the Directors holding office on 31 December 2021 in the issued share capital of the Company were as follows:

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

As at 31 December 2021, all options have vested.

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

As at 31 December 2020, all options have vested.

ORDINARY SHARES UNDER OPTION	NUMBER	EXERCISE PRICE	EXPIRY DATE
Mr K R Budge	9,000,000	1.66 pence	17 July 2021
Mr K R Budge	3,500,000	7.35 pence	14 January 2024
Mr C Davies	2,500,000	12 pence	26 January 2022
Mr C Davies	2,500,000	7.35 pence	14 January 2024

ON BEHALF OF THE REMUNERATION COMMITTEE

Sven Otto Littorin
Non-Executive Chairman
25 May 2022

Corporate Governance Report

It is the responsibility of the 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 and 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. Further details of the Company's compliance with the QCA code can be found in the Corporate Governance section of the Company's website: **https://beowulfmining.com/wp-content/uploads/2022/05/Beowulf-QCA-Code-Chairs-Statement-2022.pdf**

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 5, and the key challenges in their execution can be found on pages 32 to 34.

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 38) 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 32 to 34.

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, Sven Otto Littorin, the CEO, Kurt Budge, and the other Independent Non-Executive Director, Chris Davies. The size and composition of the Board is matched to the complexity of the business and its strategy.

For the year under review Chris Davies held 88,800 Ordinary Shares and held 5,000,000 options over Ordinary Shares. Chris Davies entered into a consultancy agreement with the Company in 2017. The agreement compensates Chris Davies for the support that he gives, beyond his role as an Independent Non-Executive Director, where the Company is undertaking M&A due diligence and where a review of exploration activities is required. In Board meetings, Chris Davies frequently challenges the CEO on issues arising and proposed courses of action and maintains an independent perspective. The level of compensation Chris Davies received under the consultancy agreement for the period under review is not material. Neither Chris Davies nor the other Directors believe his options or consultancy agreement 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 Company's website.

Both the Independent Non-Executive Chairman, Sven Otto Littorin, and the other Independent Non-Executive Director, Chris Davies, dedicate approximately between two to four days per month to the Group's business.

The Board is satisfied that each of the Directors are able to allocate sufficient time to the Group to discharge their responsibilities effectively. The Board met formally on eight scheduled occasions during the year and all Board meetings were attended by all Directors. The Board and its sub-committees receive appropriate and timely information prior to each meeting. Any specific actions arising from such meetings are agreed by the Board or relevant sub-committee and then followed up accordingly. There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs.

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 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 compliance in relation to disclosures required on the Company's website under 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 during the year under review.

Culture

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

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 in turn affect the performance of the Company. The Directors are also aware that the tone and culture set by the Board will greatly affect all aspects of the Company. 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. The Company seeks to provide effective communication through Interim and Annual Reports, along with Regulatory News Service announcements and trading updates on the Company's website. Shareholders can also sign up to receive news releases directly from Beowulf by email. In normal circumstances Beowulf also maintains a dialogue with shareholders through formal meetings such as the AGM, which provides an opportunity to meet, listen and present to shareholders. The 2021 AGM was held as a closed meeting due to COVID-19 restrictions in place at the time, and a Q&A facility was put in place to enable shareholders to ask questions and engage with the Board remotely.

The Company is open to receiving feedback from key stakeholders, and will take action where appropriate. They key contact for shareholder liaison is the CEO, Kurt Budge. Information on the Investor Relations section of the Company's website is kept updated and contains details of relevant developments, presentations and other key information.

The Company has implemented, inter alia, the following policies to help ensure appropriate values and behaviours:

- an Anti-Bribery and Corruption Policy;
- a Whistleblowing Policy;
- a Social Media Policy;
- a Securities Dealing Policy; and
- an Inside Information and Delayed Disclosure Policy.

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.

The Company has close ongoing relationships with a broad range of its stakeholders such as local tribes and adjacent landowners and provides them with the opportunity to raise issues and provide feedback to the Company. The Company works closely with the communities in which it operates, sharing its plans and ideas for the projects being developed, and listening to any concerns and addressing any issues raised. Beowulf remains firmly committed to the responsible development of a modern, sustainable and innovative mining operation in partnership with the local community.

Audit Committee

The Audit Committee comprises Chris Davies and Sven Otto Littorin, 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. The Audit Committee meet as and when required, 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 Committee's Terms of Reference are available to view on the Company's website.

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 a separate Committee Report.

Remuneration Committee

The Remuneration Committee comprises Chris Davies and Sven Otto Littorin, who chairs the Committee. The Committee met twice during the year under review. 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 43. The Committee's Terms of Reference are available to view on the Company's website.

Independent Auditor's Report

Opinion on the financial statements

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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards 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.

We have audited the financial statements of Beowulf Mining Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement 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 their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Material uncertainty related to going concern

We draw your attention to note 1 of the financial statements, which explains that the Parent Company's and Group's ability to continue as a going concern is dependent on raising further funds in order to support the working capital needs of the Group. There are currently no agreements in place and there is no certainty that the funds will be raised within the appropriate timeframe. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Parent Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining, challenging and assessing the Group and Parent Company's base case cash flow forecasts and underlying assumptions which have been approved by the Board by reviewing historic forecasts against actuals in order to assess the ability of Management to forecast accurately.
- Reviewing licence agreements to confirm that committed expenditure is appropriately included in forecasts.
- Obtaining, reviewing and challenging the Directors' reverse stress testing analysis to determine the point at which liquidity breaks and considered whether such scenarios, including significant increases in supplier costs and exploration expenditures were reasonably possible given the level of financing obtained during the year, the potential impacts of COVID-19 and the present level of uncertainty. This included considering the Group's and Parent Company's experience of the pandemic to date and the extent and likelihood of any future events required to break liquidity.
- Comparing the Group's actual results for the year ended 31 December 2021 to the planned budget for 2021 to assess the quality of the Directors budgetary process.
- Performing retrospective analysis on the planned capital expenditure and forecast operating and exploration cash expenditure included in the prior year going concern assessment, to 2021 actuals.
- Reviewing and assessing funding assumptions in the going concern model. We agreed a sample of recent share issuances to underlying source documentation such as bank receipts and share certificates.
- Reviewing and considering the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation in order to conclude on whether the disclosure reflects our understanding of the business, gained during the course of the audit.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage[1]	83% (2020: 64%) of Group loss before tax 41% (2020: 48%) of Group total assets		
Key audit matters		2021	2020
	Carrying value of exploration asset	✓	✓
Materiality	*Group financial statements as a whole* £220,000 (2020: £180,000) based on 1.5% (2020: 1.5%) of total assets. *Parent company standalone financial statements* £165,000 (2020: £135,000) capped at 75% of Group materiality (2020: capped at 75% of Group materiality).		

(1) These are areas which have been subject to a full scope audit by the group engagement team

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We determined that there were three significant components, and all of these were subject to a full scope audit (one in Sweden, one in Kosovo and the Parent Company).

The audit of the Swedish significant component was performed in Sweden by a local audit firm. The audit of the Kosovan significant component, the Parent Company and the Group consolidation were performed in the United Kingdom by the Group audit team. The Group audit team performed additional procedures in respect of certain of the significant risk areas that represented Key Audit Matters in addition to procedures performed by the Swedish component auditor.

The remaining components of the Group were considered non-significant and these components were principally subject to analytical review procedures or substantive testing performed on areas such as the exploration and evaluation assets performed by the Group audit team.

Our involvement with component auditors

For the work performed by the Swedish component auditor, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our work on and interactions with the Swedish component auditors included the following:

- Providing detailed Group reporting instructions to the Swedish component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be a Key Audit Matter, as detailed above). The instructions also set out the information to be reported by the Swedish component auditor to the Group audit team.
- Being active, as the Group audit team, in the direction of the audits performed by the component auditor for Group reporting purposes, along with the consideration of findings and determination of conclusions drawn.
- Reviewing the Swedish component auditor's work papers remotely.
- Performing additional work on the area considered to be a key audit matter at Group level.

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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that 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. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Carrying value of exploration assets (Please refer to Note 7)
	The Group's total exploration assets at 31 December 2021 were £11.2 million (2020: £11.4 million). This class of asset is the most significant to the statement of financial position. Management have assessed exploration & evaluation assets for impairment triggers under IFRS 6 'Exploration for and Evaluation of Mineral Resources' and concluded that no triggers existed at the year-end. As the exploration assets are a material non-current asset balance and there is significant judgement required in assessing for potential triggers for impairment this is considered to be an audit risk.
	How the scope of our audit addressed the key audit matter
	Our work in connection with the indicators of impairment assessment included the following: • Performing a review of Management's assessment of impairment triggers for exploration assets under IFRS 6. • Verifying a sample of capitalised costs to source documentation such as invoice or supplier contracts and assessing the nature of the costs capitalised under the accounting policy to evaluate whether they met the capitalisation criteria under IFRS 6 and evidence intention to spend on the assets. • Holding discussions with Management and reviewing relevant correspondence with the Swedish licencing authorities around the status of the Kallak exploitation concession award. • For the other licences reviewing correspondence with the Finnish, Kosovan and Swedish licencing authorities to determine whether there are any indications that licences have not been kept in good standing during the period under review and therefore whether there is a risk of the licences not being renewed. • Reviewing disclosures made by management in the financial statements, as required by IFRS 6, and annual report in respect of the uncertainties relating to the award of the Kallak concession.

Key observations:

Based on the work performed we did not identify any impairment triggers which would lead to the Directors performing a full carrying value assessment under the requirements of the accounting standards.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021	**2020**	**2021**	**2020**
Materiality	£220,000	£180,000	£165,000	£135,000
Basis for determining materiality	1.5% of total assets		Restricted to 75% of Group materiality	
Rationale for the benchmark applied	Total Assets was determined as an appropriate basis as the principal focus of the Group, remains fundamentally focussed on exploration activities in Sweden, Finland and Kosovo and as such total assets are considered to be the most significant determinant of the Group's performance considered by users of the financial statements.		Restricted at 75% (2020: 75%) of Group materiality given the assessment of the components' aggregation risk.	
Performance materiality	£165,000	£135,000	£124,000	£101,000
Basis for determining performance materiality	Performance materiality was set at 75% of the above materiality level reflecting our understanding gained from previous years' audits and considering the level of adjustments arising in the prior year audit.		Performance materiality was set at 75% of the above materiality level reflecting our understanding gained from previous years' audits and considering the level of adjustments arising in the prior year audit.	

Component materiality

We set materiality for each component of the Group in the range from £110,000 to £116,000 (2020: £35,000 to £110,000) dependent on the size and our assessment of the risk of material misstatement of that component (based on either 75% of Group materiality or 1.5% of total component assets) (2020: based on either 75% of Group materiality or 1.5% of total component assets). In the audit of each component, we further applied performance materiality levels of 75% (2020: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated and to sufficiently address aggregation risk.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £4,400 (2020: £3,600). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. In the light of the knowledge and understanding of the Group and 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.
Matters on which we are required to report by exception	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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to the Group being UK law and regulations. We considered the associated mining, environmental and taxation laws and regulations of Sweden to be the most relevant to the audit given the Geographical areas of focus of the Group.

We assessed compliance with these laws and regulations through:

- Discussion with the Management in order to obtain an understanding of compliance throughout the reporting period;
- Testing the financial statement disclosures to supporting documentation;
- Making enquiries of Management and those charged with governance as to whether there was any correspondence from regulators in so far as the correspondence related to the audit risks identified;
- Reviewing correspondence relating to the status of the Kallak licence application; and
- Requesting that the Swedish component auditor involved tax specialists from their local to evaluate the component's compliance with relevant local tax legislation considered of most significance to the Group's operations.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered areas of the financial statements subject to elevated potential fraud risks, such as a risk of management override of control or bias in judgements taken in the course of the preparation of the financial statements.

Our procedures included:

- In addressing the risk of management override of controls, performing targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, for example unusual journal entries to exploration assets and cash.
- Critically assessing areas of the financial statements which include judgment and estimates, as set out in note 1 to the financial statements and in the key audit matters noted above.
- Testing consolidation entries to assess their validity.
- Communicating relevant laws and regulations and fraud risks identified by the group audit team to the entire team, including the component auditors (through the group instructions).

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.
25 May 2022

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

Consolidated Income Statement

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

The notes on pages 66 to 104 form part of these financial statements

Consolidated Statement of Comprehensive Income

	Note	2021 £	2020 £
LOSS FOR THE YEAR		(1,485,611)	(1,294,691)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses arising on translation of foreign operations		(794,368)	854,020
		(794,368)	854,020
TOTAL COMPREHENSIVE LOSS		(2,279,979)	(440,671)
Total comprehensive loss attributable to:			
Owners of the parent		(2,110,892)	(294,716)
Non-controlling interests	14	(169,087)	(145,955)
		(2,279,979)	(440,671)

The notes on pages 66 to 104 form part of these financial statements

Consolidated Statement of Financial Position

	Note	2021 £	2020 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	11,235,656	11,371,916
Property, plant and equipment	8	133,428	145,094
Loans and other financial assets	10	5,247	5,468
Right-of-use asset	11	7,401	1,937
		11,381,732	11,524,415
CURRENT ASSETS			
Trade and other receivables	12	183,139	1,566,848
Cash and cash equivalents	13	3,336,134	4,329,414
		3,519,273	5,896,262
TOTAL ASSETS		14,901,005	17,420,677
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	15	8,317,105	8,281,751
Share premium	17	24,689,311	24,684,737
Capital contribution reserve	17	46,451	46,451
Share based payment reserve	17	668,482	732,185
Merger reserve	17	137,700	137,700
Translation reserve	17	(1,216,985)	(457,272)
Accumulated losses	17	(18,470,674)	(17,083,185)
		14,171,390	16,342,367
Non-controlling interests	14	325,039	394,113
TOTAL EQUITY		14,496,429	16,736,480
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	357,236	538,772
Grant Income	19	39,849	143,399
Lease liability	20	7,491	2,026
TOTAL LIABILITIES		404,576	684,197
TOTAL EQUITY AND LIABILITIES		14,901,005	17,420,677

The financial statements were approved and authorised for issue by the Board of Directors on 25 May 2022 and were signed on its behalf by:
Mr K Budge - Director
Company Number 02330496

The notes on pages 66 to 104 form part of these financial statements

Company Statement of Financial Position

	Note	2021 £	2020 £
ASSETS			
NON-CURRENT ASSETS			
Investments	9	2,377,988	2,077,988
Loans and other financial assets	10	10,179,650	9,341,315
Office Equipment		1,112	1,483
		12,558,750	11,420,786
CURRENT ASSETS			
Trade and other receivables	12	41,185	1,476,755
Cash and cash equivalents	13	3,075,741	4,241,426
		3,116,926	5,718,181
TOTAL ASSETS		15,675,676	17,138,967
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	15	8,317,105	8,281,751
Share premium	17	24,689,311	24,684,737
Capital contribution reserve	17	46,451	46,451
Share based payment reserve	17	668,482	732,185
Merger reserve	17	137,700	137,700
Accumulated losses	17	(18,337,713)	(17,168,118)
TOTAL EQUITY		15,521,336	16,714,706
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	114,491	280,862
Grant income	19	39,849	143,399
TOTAL LIABILITIES		154,340	424,261
TOTAL EQUITY AND LIABILITIES		15,675,676	17,138,967

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 £1,233,298 (2020: loss £869,259).

These financial statements were approved and authorised for issue by the Board of Directors on 25 May 2022 and were signed on its behalf by:

Mr K Budge - Director

Company Number 02330496

The notes on pages 66 to 104 form part of these financial statements

Consolidated Statement of Changes in Equity

	Note	Share capital £	Share premium £	Merger reserve £	Capital contribution reserve £
AT 1 JANUARY 2020		6,022,446	20,824,009	137,700	46,451
Loss for the year		-	-	-	-
Foreign exchange translation		-	-	-	-
Total comprehensive income		-	-	-	-
Transactions with owners					
Issue of share capital		2,259,305	5,165,060	-	-
Cost of issue		-	(1,304,332)	-	-
Issues of shares		-	-	-	-
At 31 December 2020		8,281,751	24,684,737	137,700	46,451
Loss for the year		-	-	-	-
Foreign exchange translation		-	-	-	-
Total comprehensive income		-	-	-	-
Transactions with owners					
Issue of share capital	15	35,354	23,334	-	-
Cost of issue	15	-	(18,760)	-	-
Step up interest in subsidiary	9	-	-	-	-
Transfer of reserve on option exercised		-	-	-	-
At 31 December 2021		8,317,105	24,689,311	137,700	46,451

The notes on pages 66 to 104 form part of these financial statements

Share based payments reserve £	Translation reserve £	Accumulated losses £	Totals £	Non-controlling interest £	Totals £
732,185	(1,291,068)	(15,781,161)	10,690,562	326,555	11,017,117
-	-	(1,128,512)	(1,128,512)	(166,179)	(1,294,691)
-	833,796	-	833,796	20,224	854,020
-	833,796	(1,128,512)	(294,716)	(145,955)	(440,671)
-	-	-	7,424,365	-	7,424,365
-	-	-	(1,304,332)	-	(1,304,332)
-	-	(173,512)	(173,512)	213,513	40,001
732,185	(457,272)	(17,083,185)	16,342,367	394,113	16,736,480
-	-	(1,351,179)	(1,351,179)	(134,432)	(1,485,611)
-	(759,713)	-	(759,713)	(34,655)	(794,368)
-	(759,713)	(1,351,179)	(2,110,892)	(169,087)	(2,279,979)
-	-	-	58,688	-	58,688
-	-	-	(18,760)	-	(18,760)
-	-	(100,013)	(100,013)	100,013	-
(63,703)	-	63,703	-	-	-
668,482	(1,216,985)	(18,470,674)	14,171,390	325,039	14,496,429

Company Statement of Changes in Equity

	Note	Share capital	Share premium
		£	£
AT 1 JANUARY 2020		6,022,446	20,824,009
Loss for the year		-	-
Total comprehensive income		-	-
Transactions with owners			
Issue of share capital	15	2,259,305	5,165,060
Cost of issue	15	-	(1,304,332)
At 31 December 2020		8,281,751	24,684,737
Loss for the year		-	-
Total comprehensive income		-	-
Transactions with owners			
Issue of share capital	15	35,354	23,334
Cost of issue	15	-	(18,760)
Transfer of reserve on option exercised		-	-
At 31 December 2021		8,317,105	24,689,311

The notes on pages 66 to 104 form part of these financial statements

	Merger reserve	Capital contribution reserve	Share based payment reserve	Accumulated losses	Totals
	£	£	£	£	£
	137,700	46,451	732,185	(16,298,859)	11,463,932
	-	-	-	(869,259)	(869,259)
	-	-	-	(869,259)	(869,259)
	-	-	-	-	7,424,365
	-	-	-	-	(1,304,332)
	137,700	46,451	732,185	(17,168,118)	16,714,706
	-	-	-	(1,233,298)	(1,233,298)
	-	-	-	(1,233,298)	(1,233,298)
	-	-	-	-	58,688
	-	-	-	-	(18,760)
	-	-	(63,703)	63,703	-
	137,700	46,451	668.482	(18,337,713)	15,521,336

Consolidated Statement of Cash Flows

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

The notes on pages 66 to 104 form part of these financial statements

Company Statement of Cash Flows

	Note	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(1,233,298)	(869,259)
Expected credit losses	10	187,340	72,069
Equity-settled share-based transactions		23,334	-
Depreciation of property, plant and equipment		371	-
Shares in lieu		-	2,806
Finance income	3	(71)	(594)
Finance cost		-	203,321
Unrealised foreign exchange losses/(gains)		293,304	(16,865)
		(729,020)	(608,522)
Decrease/(increase) in trade and other receivables		43,490	(61,415)
Decrease in trade and other payables		(166,371)	(524)
Net cash used in operating activities		(851,901)	(670,461)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to subsidiaries		(1,122,845)	(448,151)
Interest received		71	594
Grant receipt		-	25,796
Financing of subsidiary		(300,000)	(380,000)
Purchase of property, plant and equipment		-	(1,483)
Net cash used in investing activities		(1,422,774)	(803,244)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares in prior year		1,392,081	-
Proceeds from issue of shares	15	35,354	4,941,065
Payment of share issue costs		(18,760)	(1,113,348)
Proceeds from borrowings		-	932,309
Interest paid		-	(93,935)
Net cash from financing activities		1,408,675	4,666,091
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(866,000)	3,192,386
Cash and cash equivalents at beginning of year		4,421,426	978,514
Effect of foreign exchange rate changes		(299,685)	70,526
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,075,741	4,241,426

The notes on pages 66 to 104 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 2021, the Group had a cash balance of £3.34 million and the Company had a cash balance of £3.08 million.

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

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

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. The policies have been consistently applied to both the parent Company and Group. The financial statements are presented in GB Pounds Sterling rounded to the. They are prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets and liabilities has been applied.

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

The conditions to qualify for merger relief are:

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

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

New standards, amendments and interpretations

Standards and interpretations adopted during the year

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

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

These standards have no material impact on the Group.

Standards, amendments and interpretations that are not yet effective

There are several standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2022:

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

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

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

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

Notes to the Consolidated Financial Statements

Significant accounting judgements, estimates and assumptions

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

Exploitation Concession for Kallak North

A principal source of risk and judgement is that the Exploitation Concession (the "Concession") for Kallak North will not be awarded. At the year end, management maintained that its application for the Concession has satisfied the requirements of the Swedish Minerals Act and Environmental Code. In October 2015, the Mining Inspectorate recommended to the Swedish Government that the Concession be awarded.

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

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

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

Since the KU statement last November, political parties outside of Government are taking a greater interest in the case and, with the support of our advisers, we continue to inform and educate on the facts about Kallak and dispel the perceptions that exist. It is management's judgement that it is appropriate to remain optimistic about the Government, the decision maker in the application process, awarding a Concession, and therefore Kallak has not been impaired.

Management's judgement is based on several factors: Kallak is ideally situated as a secure and sustainable supply of high-quality iron ore to the growing fossil-free steel making sector powered by renewables in Sweden; it can produce a market leading concentrate of 71.5 per cent iron content; if the Government were to say 'no' they would have said 'no' before now; the Minister for Business, Industry and Innovation, Mr. Ibrahim Baylan is under pressure to take decisions from politicians in his own and other political parties; Sweden's reputation as a mining investment destination is being significantly damaged. Managements judgement that the asset is not impaired at the year end as a result of a concession being denied is further reinforced by the exploitation concession being awarded subsequent to year end.

Åtvidaberg licence

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

Bergslagen is one of Europe's oldest mining districts and yielded a substantial portion of Sweden's mineral wealth in the 1800-1900s, with several large mines and hundreds of smaller mines producing copper, zinc, lead, gold, silver, and iron ore. Current operating mines in the area include Boliden's Garpenberg and Lundin Mining's Zinkgruvan. Most of southern Bergslagen has seen little modern exploration, yet it hosts Bersbo, one of Sweden's largest early copper mines, and Zinkgruvan, Sweden's most important zinc mine. During the year, no fieldwork was undertaken, due to COVID-19 restrictions and as the Company's exploration focus moved to Kosovo. However, the Company is now in discussions with potential partners to continue with the next stage of work on the licence. At the date of this report the Company will have two years remaining on the term of the licence.

Mitrovica and Viti licences

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

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

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

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

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

The Company was assessed to have control on the 1 April 2019 as the Company was able to exercise power over Vardar through the appointment of Kurt Budge as Investor Director. The investment agreement conveyed substantive rights to the Investor Director and through the combination of the increased shareholding and these rights the Company was able to affect the overall returns of the investee. This judgement has continued to be applied consistently throughout the year ended 31 December 2021.

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

Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary licences to be awarded, the Company's ability to raise finance, and ability to sell the project. A reasonable change in the probability weightings of 3% would result in further impairment of £624,464 (2020: £573,813).

Basis of consolidation

(i) Subsidiaries and acquisitions

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

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

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

(ii) Transactions eliminated on consolidation

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

Business combinations

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

Intangible assets – deferred exploration costs

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

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

Exploration and evaluation activity include:

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

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

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

Impairment

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

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

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

(ii) title to the asset is compromised;

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

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

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

Property, plant and equipment

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

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

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

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

Leased assets

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

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

Notes to the Consolidated Financial Statements

Investments in subsidiaries

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

Cash and cash equivalents

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

Financial assets

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

Amortised cost

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

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

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

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

Financial liabilities

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

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

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

Fair value

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

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

Equity instruments

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

Taxation

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

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

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

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

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

Notes to the Consolidated Financial Statements

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	
	2021	2020	2021	2020
	£	£	£	£
Wages and salaries	437,990	443,288	243,541	212,848
Bonus	-	8,725	-	-
Social security costs	98,783	72,964	60,764	25,617
Other benefits	16,211	16,110	13,877	13,874
	552,984	541,087	318,182	252,339

Directors' remuneration is as follows:

	2021	2020
	£	£
Directors emoluments, including salary and fees	257,418	226,721
Shares settled expenses	103,281	-
Social security costs	60,764	25,617
	421,463	252,338

Further details pertaining to Directors remuneration can be found in the Directors' remuneration report on page 43.

The remuneration of the highest paid Director who served during the year was £275,781 which consisted of base salary of £172,500 (2020: £150,000) and a gain from the net settlement of options of £103,281 (2020: £Nil).

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

	2021	2020	2021	2020
	Group	Group	Company	Company
	Number	Number	Number	Number
Directors	3	3	3	3
Employees	7	7	2	-

Notes to the Consolidated Financial Statements

3. FINANCE INCOME AND COSTS

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

4. LOSS BEFORE TAX AND AUDITOR'S REMUNERATION

a. The loss before tax is stated after charging:

	2021	2020
	£	£
Depreciation of property, plant and equipment (note 8)	36,790	35,608
Amortisation of right-of-use asset (note 11)	5,630	5,777
Foreign exchange differences	298,442	37,962
Impairment of property, plant and equipment (note 8)	48,966	-
Impairment of exploration costs (note 7)	-	98,799

b. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the Group's auditor for the audit of the consolidated financial statements	41,457	36,162
Fees payable to the Group auditor for other services:		
- audit of subsidiaries pursuant to legislation	6,000	6,000
- review of quarterly financial statements	2,153	2,153
- tax compliance services	6,232	5,300
	55,842	49,615

5. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2021 or for the year ended 31 December 2020.

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:

	2021	2020
	£	£
Loss on ordinary activities before income tax	(1,485,611)	(1,294,691)
Tax thereon at a UK corporation tax rate		
of 19% (2020: 19%)	(282,266)	(245,992)
Effects of:		
Tax losses not recognised	236,039	170,386
Losses of overseas subsidiaries to be carried forward	46,227	75,606
	-	-

The main rate of UK corporation tax during the year ended 31 December 2021 was 19 per cent (2020: 19 per cent). The Group has estimated UK losses of £13,723,180 (2020: £12,480,867) and foreign losses of £4,452,690 (2020: £4,130,263) available to carry forward against future trading profits. The value of unrecognised deferred tax assets in respect of the UK losses amounts to £3,430,795 (2020: £3,120,217) and foreign losses of £785,196 (2020: £779,586). 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 2021 was based on the loss attributable to ordinary shareholders of £1,351,179 (2020: £1,128,512) and a weighted average number of Ordinary Shares outstanding during the year ended 31 December 2021 of 829,879,971 (2020: 607,815,562) calculated as follows:

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

Weighted average number of ordinary shares

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

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

7. INTANGIBLE ASSETS - Group

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

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

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

Total Group exploration costs of £11,235,656 are currently carried at cost in the financial statements. The Group will need to raise funds and/or bring in joint venture partners to further advance exploration and development work. An amount of £121,226 was recorded against the projects for services provided by the Directors during the year (2020: £68,508).

Notes to the Consolidated Financial Statements

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

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

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

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

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

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

Bergslagen is one of Europe's oldest mining districts and yielded a substantial portion of Sweden's mineral wealth in the 1800-1900s, with several large mines and hundreds of smaller mines producing copper, zinc, lead, gold, silver, and iron ore. Current operating mines in the area include Boliden's Garpenberg and Lundin Mining's Zinkgruvan. Most of southern Bergslagen has seen little modern exploration, yet it hosts Bersbo, one of Sweden's largest early copper mines, and Zinkgruvan, Sweden's most important zinc mine. During the year, no fieldwork was undertaken, due to COVID-19 restrictions and as the Company's exploration focus moved to Kosovo. However, the Company is now in discussions with potential partners to continue with the next stage of work on the licence. At the date of this report the Company will have approximately one year remaining on the term of the licence.

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

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

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

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

Notes to the Consolidated Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Office Equipment £	Motor Vehicles £	Machinery & Equipment £	Computer Equipment £	Total £
COST					
At 1 January 2020	7,324	91,007	70,694	-	169,025
Additions	1,525	4,911	81,501	1,499	89,436
Disposals	(6,383)	-	-	-	(6,383)
Foreign exchange movements	145	6,291	4,271	-	10,707
At 31 December 2020	2,611	102,209	156,466	1,499	262,785
DEPRECIATION					
At 1 January 2020	6,383	40,129	35,515	-	82,027
Charge for year	1,115	14,592	19,882	16	35,606
Disposals	(6,383)	-	-	-	(6,383)
Foreign exchange movements	4	3,549	2,889	-	6,442
At 31 December 2020	1,119	58,270	58,286	16	117,691

GROUP

	Office Equipment £	Motor Vehicles £	Machinery & Equipment £	Computer Equipment £	Total £
COST					
At 1 January 2021	2,611	102,209	156,466	1,499	262,785
Additions	363	63,262	22,594	-	86,220
Disposals	-	(11,720)	(1,422)	-	(13,142)
Impairment	-	-	(74,681)	-	(74,681)
Foreign exchange movements	-	(7,206)	(4,127)	-	(11,333)
At 31 December 2021	2,975	146,545	98,830	1,499	249,849
DEPRECIATION					
At 1 January 2021	1,119	58,270	58,286	16	117,691
Charge for year	668	16,932	18,820	371	36,791
Disposals	-	(5,266)	(484)	-	(5,750)
Impairment	-	-	(25,715)	-	(25,715)
Foreign exchange movements	-	(4,125)	(2,471)	-	(6,596)
At 31 December 2021	1,787	65,811	48,436	-	116,421
NET BOOK VALUE					
At 31 December 2021	1,118	80,734	50,394	1,112	133,428
At 31 December 2020	1,492	43,939	98,180	1,483	145,094

PARENT

	Office Equipment £	Computer Equipment £	Total £
COST			
At 1 January 2020	6,838	-	6,838
Additions	-	1,499	1,499
Disposals	(6,838)	-	(6,838)
At 31 December 2020	-	1,499	1,499
DEPRECIATION			
At 1 January 2020	6,838	-	6,838
Charge for year	-	16	16
Disposals	(6,838)	-	(6,838)
At 31 December 2020	-	16	16

PARENT

	Office Equipment £	Computer Equipment £	Total £
COST			
At 1 January 2021	-	1,499	1,499
Additions	-	-	-
Disposals	-	-	-
At 31 December 2021	-	1,499	1,499
DEPRECIATION			
At 1 January 2021	-	16	16
Charge for year	-	371	371
Disposals	-	-	-
At 31 December 2021	-	387	387
NET BOOK VALUE			
At 31 December 2021	-	1,112	1,112
At 31 December 2020	-	1,483	1,483

9. INVESTMENTS

	Company Shares in subsidiaries
COST	**£**
At 1 January 2020	1,697,988
Acquisitions	380,000
At 31 December 2020	2,077,988
At 1 January 2021	2,077,988
Acquisitions	300,000
At 31 December 2021	2,377,988

Further investments in the share capital of subsidiaries of Vardar constitute additions during the year of £300,000 (2020: £380,000) to increase the Company's shareholding in Vardar from 46.1% to 49.4%. 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 (now Grafintec), 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 2021, (2020: £Nil). No further share based payment charge for the consideration shares was capitalised to intangibles in the year ended 31 December 2021 (2020: £Nil).

Step up interest in Vardar Minerals

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 2021,

- On 8 February 2021, a further investment of £200,000 was made to increase the Company's shareholding in Vardar from 46.1 per cent to 48.4 per cent.
- On 2 August 2021, a further investment of £100,000 as made to increase the Company's shareholding in Vardar from 48.4 per cent to 49.4 per cent.

Further investments in Vardar have been recognised as an increase to accumulated losses of £100,013 (2020: £173,512).

The Group consists of the following subsidiary undertakings:

Name	Incorporated	Activity	2021 % holding	2020 % holding
Grafintec Oy	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	49.4%	46.1%
Vardar Geoscience BVI Ltd	British Virgin Islands	Holding company	(1)(2)49.4%	(1)(2)46.1%
Vardar Geoscience Kosovo L.L.C	Kosovo	Mineral exploration	(1)(2)49.4%	(1)(2)41.4%
Vardar Exploration Kosovo L.L.C	Kosovo	Mineral exploration	(1)(2)49.4%	-
Vardar Minerals Europe 1 EOOD^	Bulgaria	Mineral exploration	-	(1)(2)46.1%
Vardar Minerals Europe 2 EOOD^	Bulgaria	Mineral exploration	-	(1)(2)46.1%
Vardar Minerals Europe 3 EOOD^	Bulgaria	Mineral exploration	-	(1)(2)46.1%

(1) Indirectly held

(2) Effective interest

^ These entities were struck off in the year.

The registered offices of the subsidiary undertakings as are follows:

Name	Registered office
Grafintec Oy	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 Exploration Kosovo L.L.C	Rifat Berisha 23/10, Pristina, Republic of Kosovo

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 2020	5,212
Foreign exchange movements	256
Disposals	-
At 31 December 2020	5,468
At 1 January 2021	5,468
Foreign exchange movements	(221)
Disposals	-
At 31 December 2021	5,247

COMPANY

	Loans to group undertakings £	Financial assets £	Total £
At 1 January 2020	8,986,667	2,784	8,989,451
Advances made in the year	423,933	-	423,933
ECLs in year	(72,069)	-	(72,069)
At 31 December 2020	9,338,531	2,784	9,341,315
At 1 January 2021	9,338,531	2,784	9,341,315
Advances made in the year	1,025,675	-	1,025,675
ECLs in year	(187,340)	-	(187,340)
At 31 December 2021	10,176,866	2,784	10,179,650

Reconciliation of provisions against receivables arising from lifetime ECLs

	31 December 2020 £	*Current year movement £*	*31 December 2021 £*
ECLs	*1,913,573*	*187,340*	*2,100,913*
Total provision arising from ECLs	*1,913,573*	*187,640*	*2,100,913*

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 2021 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 £624,464 (2020: £573,813).

Further details of the transactions in the year are shown within related parties disclosure note 25.

Notes to the Consolidated Financial Statements

11. RIGHT OF USE ASSETS

	Group 2021 £ Buildings	Group 2020 £ Buildings
COST		
At 1 January	12,562	11,903
Additions	10,852	-
Disposals	(11,822)	-
Foreign exchange movements	(490)	659
At 31 December	11,102	12,562
AMORTISATION		
At 1 January	10,625	4,579
Charge	5,631	5,777
Disposals	(11,822)	-
Foreign exchange movements	(733)	269
At 31 December	3,701	10,625
Net book value		
At 31 December	7,401	1,937

12. TRADE AND OTHER RECEIVABLES

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

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

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

13. CASH AND CASH EQUIVALENTS

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

14. NON-CONTROLLING INTERESTS

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

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

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

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

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

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

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

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

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

15. SHARE CAPITAL

	2021 Number	2021 £	2020 Number	2020 £
Allotted, called up and fully paid				
At 1 January	828,175,224	8,281,751	602,244,672	6,022,446
Issued for cash	3,535,412	35,354	225,841,752	2,258,417
Issued for fees	-	-	88,800	888
At 31 December	831,710,636	8,317,105	828,175,224	8,281,751

All issues are for cash unless otherwise stated.

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

[1]Includes issue costs of £18,760.

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

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

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

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

Shares issued in 2021

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

Shares issued in 2020

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

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

16. SHARE-BASED PAYMENTS

During the year ended 31 December 2021, no options were granted (2020: Nil). The options outstanding as at 31 December 2021 have an exercise price in the range of 7.35 pence to 12.00 pence (2020: 1.66 pence to 12.00 pence) and a weighted average remaining contractual life of 1 year, 144 days (2020: 1 year, 242 days).

The share-based payments expense for the options for the year ended 31 December 2021 was £Nil (2020: £Nil).

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

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

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 2021	Weighted average exercise price (£'s) 2021	Number 2020	Weighted average exercise price (£'s) 2020
Outstanding at 1 January	22,750,000	0.060	22,750,000	0.060
Exercised during the year	(9,000,000)	0.017	-	-
Outstanding at 31 December	13,750,000	0.089	22,750,000	0.060
Exercisable at 31 December	13,750,000	0.089	22,750,000	0.060

No warrants were granted during the year (2020: 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	
	2021	**2020**	**2021**	**2020**
	£	**£**	**£**	**£**
Current:				
Trade payables	263,062	406,503	62,215	175,855
Social security and other taxes	11,976	13,197	8,693	8,994
Other payables	17,114	15,149	3,600	100
Accruals	65,084	103,923	39,983	95,913
	357,236	538,772	114,491	280,862

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

19. DEFERRED INCOME

	2021	2020
	£	£
Grants	**39,849**	**143,399**

The grant held as deferred income represents the first tranche receipt of €215,619 (£192,205) received on the 30 July 2018, and additional advances of €28,750 (£25,796) made during the year ended 31 December 2020 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 was initially contracted to end on the 31 May 2021 at which point any excess of funding over expenses submitted will required to be refunded, due to COVID-19 pandemic this deadline was extended to the 30 November 2021. In the year ended 31 December 2021, The Group released £61,729 (2020: £11,444) of the liability directly against intangible asset additions and recognised £42,558 as income (2020: £12,637).

Also, in the year ended 31 December 2020, Grafintec received funds from Business Finland of £15,350. 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 an initial grant period from 1 January 2018 to 31 December 2019, this was extended to 30 April 2020 due to the COVID-19 pandemic. 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 amount outlined above was netted against intangible asset additions.

In addition, Grafintec 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 €791,000 for Phase 2 (Phase 1 €224,900). The funds will be used for graphite purification and spheroidization test work, and the further assessment of Grafintec's graphite for battery applications. The funding is released by the administrator as incurred with Phase 1 running from 1 January 2019 to 31 January 2020 and Phase 2 running from 1 January 2021 to 31 December 2023. In the year to 31 December 2021, £24,031 has been recognised as grant income (2020: netted against intangible asset additions).

20. LEASE LIABILITY

NATURE OF LEASING ACTIVITIES

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

	31 Dec 2021 No.	31 Dec 2020 No.
Number of active leases	1	1

LEASE LIABILITY AT YEAR END

	31 Dec 2021 £	31 Dec 2020 £
CURRENT		
Lease liability	7,491	2,026
TOTAL LEASE LIABILITY	7,491	2,026

ANALYSIS OF LEASE LIABILITY

	Lease liability £
At 1 January 2021	2,026
Additions	10,852
Interest expense	302
Lease payments	(5,896)
Foreign exchange movements	207
At 31 December 2021	7,491

	Lease liability £
At 1 January 2020	7,472
Additions	-
Interest expense	256
Lease payments	(6,095)
Foreign exchange movements	393
At 31 December 2020	2,026

ANALYSIS OF GROSS VALUE OF LEASE LIABILITIES

Maturity of the lease liabilities is analysed as follows:

	31 Dec 2021 £
Within 1 year	7,491
Later than 1 year and less than 5 years	-
After 5 years	-
At 31 December 2021	7,491

The total cash outflow for leases in 2021 was £5,850 (2020: £6,095).

21. BORROWINGS

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

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

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

The Loan was accounted for using an amortised cost using an effective rate of interest. The conversion feature contained within the loan is considered an embedded derivative and was not assessed to be significant given the available inputs. The Loan was fully repaid on 17 December 2020, following successful capital raisings (see note 22).

22. CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

GROUP

	Leases	Borrowings	Total
	£	£	£
Opening balance 1 January 2021	2,026	-	2,026
CASH MOVEMENTS			
Lease additions	10,852	-	10,852
Lease payments	(5,896)	-	(5,896)
Total	6,982	-	6,982
NON-CASH MOVEMENTS			
Finance cost	302	-	302
Effect of FX	207	-	207
Closing balance 31 December 2021	7,491	-	7,491

GROUP

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

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

23. FINANCIAL INSTRUMENTS

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

The Group and Company hold the following financial instruments:

	Group		Company	
At 31 December 2021	Held at amortised cost £	Total £	Held at amortised cost £	Total £
FINANCIAL ASSETS				
Cash and cash equivalents	3,336,134	3,336,134	3,075,741	3,075,741
Trade and other receivables	122,701	122,701	-	-
Loans to group undertakings	-	-	10,176,866	10,176,866
Other financial assets	5,247	5,247	2,784	2,784
	3,464,082	3,464,082	13,255,391	13,255,391
FINANCIAL LIABILITIES				
Trade and other payables	345,263	345,263	145,647	145,647
Lease liability	7,491	7,491	-	-
	352,754	352,754	145,647	145,647

	Group		Company	
At 31 December 2020	Held at amortised cost £	Total £	Held at amortised cost £	Total £
FINANCIAL ASSETS				
Cash and cash equivalents	4,329,414	4,329,414	4,241,426	4,241,426
Trade and other receivables	1,428,491	1,428,491	1,392,081	1,392,081
Loans to group undertakings	-	-	9,338,531	9,338,531
Other financial assets	5,468	5,468	2,784	2,784
	5,763,373	5,763,373	14,974,822	14,974,822
FINANCIAL LIABILITIES				
Trade and other payables	525,577	525,577	415,270	415,270
Lease liability	2,026	2,026	-	-
	527,603	527,603	415,270	415,270

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	
	2021	2020	2021	2020
	£	£	£	£
Net foreign currency financial (liabilities)/assets:				
Swedish Krona	2,693,547	4,173,822	2,695,521	4,181,711
Euro	251,115	49,019	4,528	38,196
Total net exposure	2,944,662	4,222,841	2,700,049	4,219,907

Sensitivity analysis

A 10 per cent strengthening of sterling against the Group's primary currencies at 31 December 2021 would have increased/(decreased) equity and profit or loss by the amounts shown below:

GROUP

	Profit or Loss		Equity	
	2021	2020	2021	2020
	£	£	£	£
Swedish Krona	(269,355)	417,382)	(269,355)	(417,382)
Euro	(25,112)	(4,902)	(25,112)	(4,902)
Total	(294,467)	(422,284)	(294,467)	(422,284)

COMPANY

	Profit or Loss		Equity	
	2021	2020	2021	2020
	£	£	£	£
Swedish Krona	(269,552)	(418,171)	(269,552)	(418,171)
Euro	(453)	(3,820)	(453)	(3,820)
Total	(270,005)	(421,991)	(270,005)	(421,991)

A 10 per cent weakening of sterling against the Group's primary currencies at 31 December 2021 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.

Notes to the Consolidated Financial Statements

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. The Group's interest-bearing financial liabilities in the prior year were the bridging loan finance entered into and repaid during the prior year; these were at a fixed rate of interest. There were no interest-bearing financial liabilities in the current year.

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:

	2021	2020
	£	£
Jokkmokk Iron Mines AB	7,692,987	7,407,215
Beowulf Sweden AB	360,887	358,947
Grafintec Oy	2,122,991	1,572,369
Gross	10,176,865	9,338,531

Reconciliation of provisions against receivables arising from lifetime ECLs

	31 December 2020	Current year movement	31 December 2021
	£	£	£
ECLs	1,913,573	187,340	2,100,913
Total provision arising from ECLs	1,913,573	187,340	2,100,913

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 2021 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 £624,464 (2020: £573,813).

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.

GROUP

NET WORKING CAPITAL	**2021**	**2020**
	£	**£**
Cash and cash equivalents	3,336,134	4,329,414
Trade payables	(263,062)	(538,771)
Grant income	(39,849)	(143,399)
Net cash	3,033,223	3,647,244
Total equity	14,496,429	16,736,480
Net cash to equity ratio	20.92%	21.79%

24. 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.

2021	Sweden £	Finland £	Kosovo £	UK £	Total £
Licence and Exploration	7,579,995	1,619,400	2,036,261	-	11,235,656
Other non-current assets	2,748	(1,898)	139,624	5,602	146,076
Current assets	32,381	314,701	21,535	3,149,931	3,518,548
Liabilities	(34,254)	(41,967)	(63,014)	(264,591)	(403,826)
Finance Income	-	-	-	(71)	(71)
Finance Costs	-	-	256	-	256
Impairment	-	-	-	48,966	48,966
Expenses	38,561	202,369	51,761	1,259,555	1,552,246
Loss for the year	13,756	160,585	51,761	1,259,484	1,485,586
Total comprehensive loss	679,827	222,750	117,894	1,259,483	2,279,954

2020					
Licence and Exploration	7,927,185	1,457,655	1,906,001	81,075	11,371,916
Other non-current assets	2,995	5,659	70,317	73,528	152,499
Current assets	34,383	41,917	71,687	5,748,275	5,896,262
Liabilities	(42,172)	(68,595)	(53,274)	(520,155)	(684,196)
Finance Income	-	-	-	594	594
Finance Costs	-	-	(255)	(203,321)	(203,576)
Impairment	18,879	79,920	-	-	98,799
Expenses	(69,891)	(146,460)	(180,660)	(910,911)	(1,307,922)
Loss for the year	(66,320)	(137,394)	(180,660)	(910,317)	(1,294,691)
Total comprehensive loss	679,410	(63,324)	(193,935)	(862,822)	(440,671)

25. RELATED PARTY DISCLOSURES

Transactions with subsidiaries

During the year, cash advances of £356,613 (2020: £170,257) were made to Jokkmokk Iron Mines AB and net settled costs of £12,310 with the Company (2020: incurred costs of £68,130). The advances are held on an interest free inter-group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £7,692,987 (2020: £7,407,215).

Beowulf Sweden AB received cash advances of £Nil (2020: £Nil) and incurred costs paid on behalf of the Company of 2,338 (2020: net settled costs of £2,512). The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £360,887 (2020: £358,947).

Grafintec Oy received cash advances of £678,845 (2020: £206,513) and net settled costs of £17,883 (2020: incurred costs of £19,936) with the Company. The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £2,122,991 (2020: £1,572,369).

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

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

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

Transactions with other related parties

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

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

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

Notes to the Consolidated Financial Statements

26. EVENTS AFTER THE REPORTING DATE

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

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

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

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

Company Information

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