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

17 May 2021

Beowulf Mining plc

("Beowulf" or the "Company")

Audited Financial Results for the year ended 31 December 2020

Beowulf (AIM: BEM; Spotlight: BEO), the mineral exploration and development company, announces its audited financial results for the year ended 31 December 2020. The Chairman's statement, review of operations and activities, and financial information have been extracted from the Company's Annual Report for the year ended 31 December 2020.

The Annual General Meeting of the Company will be held at the offices of One Advisory Limited, 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT on 18 June 2021 at 11.00 a.m. Subject to any change in government restrictions arising from the Covid-19 pandemic, we would at present advise against shareholder attendance. The Board strongly encourages shareholders to submit their votes in advance by proxy.

The 2020 Annual Report, Notice of AGM and Form of Proxy will be posted to those shareholders who have requested a copy and will be available on the Company's website today (https://beowulfmining.com/).

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Cautionary Statement

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

CHAIRMAN'S STATMENT

Dear Shareholders

Beowulf closed 2020 with a fully subscribed Capital Raising. The Company achieved its target of SEK 83 million, with strong support from Nordic investors who provided approximately 80 per cent the total funds.

Despite exploration activity being limited during the year, Vardar made excellent progress in Kosovo, with geophysics results delivering a plethora of exploration targets.

Fennoscandian has widened its focus to a broader/Circular Economy strategy, to add to its developing resource/production base of natural flake graphite in Finland.

Progress with Kallak was limited, as the Government's attention was rightly diverted to the pandemic. The big news was the criticism of the Government's handling of the Kallak application by the Constitutional Committee ("KU"), which was slightly preceded in late October, with the Government deciding to consult UNESCO on the Company's application. A response is still awaited from UNESCO.

Vardar Minerals ("Vardar")

Vardar gives Beowulf strategic investment exposure to the highly prospective Tethyan Belt. During 2020, the Company invested a further £380,000 funding geophysics programmes at Mitrovica and Viti, taking the Company's ownership to approximately 46.1 per cent at year end.

In February 2021, the Company invested an additional £200,000 to fund preparatory works in advance of drilling this year. Post year end, the Company owns approximately 48.4 per cent of Vardar.

In Summer 2020, assay results were announced from soil and grab samples across Majdan Peak at Mitrovica. An extensive gold in soil anomaly was defined embracing an area approximately 1400 m x 700 m, correlating with mapped hydrothermal alteration. Furthermore, a new lead-zinc-copper-gold target was identified to the south of Majdan Peak; of significance given its proximity to the Stan Terg mine.

Towards the end of the year, the Company published a sequence of announcements with results from Induced Polarisation ("IP") - resistivity ground surveys, coupled with 'state-of-the-art' high-resolution airborne magnetic drone surveys for lead-zinc targets at Wolf Mountain and gold at Majdan Peak in Mitrovica, and copper-gold at Viti. The results of the IP surveys were extremely positive which defined numerous targets for drill testing.

At Wolf Mountain, IP chargeability zones were defined beneath areas of laterally extensive lead-zinc gossans and hydrothermal alteration. Established regional structural trends suggests they may be representative of high-grade lead-zinc-silver feeder structures.

At Majdan Peak, highly anomalous IP chargeability targets were defined beneath an area of mapped hydrothermal alteration correlating with the significant gold in soils anomaly. Importantly, the IP anomalies demonstrate depth extent suggesting that the mapped surficial gold mineralisation is related to a potentially large underlying source.

At Viti, chargeability anomalies associated with an extensive north-northwest trending zone of alteration and anomalous multi-element soil sample and rock grab sample results were defined, situated near to gold and copper mineralisation, associated with altered porphyritic trachyte dykes, intersected by stratigraphic drilling in 2019.

With these results, the correlation of the IP anomalies with anomalous metals in soils and mapped alteration, the potential grows for discovering lead-zinc and gold deposits and defining much larger mineralised systems at both Mitrovica and Viti. There is no shortage of high priority targets for drill testing in 2021.

Fennoscandian Resources ("Fennoscandian")

Fennoscandian is developing a resource and production base of graphite that can provide security of supply and contribute to Finland's ambitions of achieving self-sufficiency in lithium-ion battery manufacturing, focusing on both natural flake graphite production and a Circular Economy/recycling strategy to produce high-value graphite products.

Since Fennoscandian was acquired in January 2016, Beowulf has invested over €2.2 million in graphite exploration, resource development, metallurgical testwork and the assessment of market applications for graphite from Aitolampi, including lithium-ion battery applications.

Fennoscandian has recently signed a Memorandum of Understanding ("MoU") with Epsilon Advance Materials Limited ("EAMPL"). The MoU enables Fennoscandian to build its downstream capability, collaborating with a strong and innovative technology/processing partner, and for EAMPL to firmly establish itself in Finland, as a market-entry point for supplying pre-cursor anode material into Europe. The MoU addresses the development of a strategic processing hub for both natural flake and recycled graphite to be located in Finland.

In addition, a Scoping Study contract for the Aitolampi graphite project has been awarded to AFRY Finland Oy. The purpose of the Scoping Study is to verify the robustness of the work completed by Fennoscandian, and to provide a roadmap for the next project development stage, most likely a Pre-feasibility Study. The output of the Scoping Study will enable Fennoscandian to share information on the Aitolampi project and communicate with the local community and other important stakeholders.

Kallak

2020 was another frustrating year, with no evidence of any progress being made with the Company's Kallak application. Beowulf continued to engage with the Swedish Government, but COVID-19 diverted its attention to fighting the pandemic.

The Constitutional Committee ("KU"), which has been reviewing the Government's handling of the Kallak application met 26 November 2020 and made the following statement (translation):

"*KU has examined the application for a processing concession for Kallak. In the Government case, no visible administrative measures were implemented for almost three years. This means a delay that is not acceptable, according to KU.*

"It also appears that the applicant has on several occasions asked the Ministry of Trade and Industry for a meeting. The Ministry has then stated that this is not possible because the issue concerns a forthcoming Government decision and is a matter under consideration.

"KU notes that the Ministry management's statement does not seem to be in line with what the Prime Minister has stated. The Government Offices thus seem to lack a common approach to the possibility for parties in administrative matters to have a meeting with the responsible ministry."

A month prior to the KU's statement, the Government consulted with 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.

Drilling planned for 2020 as part of the European Union ("EU") funded PACIFIC Project ("PACIFIC") was delayed until this year. The work programme will determine if a 3D seismic model can be constructed, using the established seismic characteristics of the Kallak deposit, and whether the 3D model can be used to identify additional iron ore mineralisation for the Exploration Target at Kallak South and further south, following the magnetic signature of mineralisation which extends into the Company's Parkijaure nr 6 exploration licence.

There is clear potential for the mine life at Kallak to be much greater than the 14 -years included in the Kallak North application. As can be seen with LKAB's operations at Kiruna, which have lasted over a century, new resources are typically identified after a mine is opened which support further investment and jobs over decades. Mines in the north of Sweden operate in this way and are very much part of the fabric of society.

Shareholder Base

At 31 December 2020, there were 592,321,687 Swedish Depository Receipts representing 71.52 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 announced, on 13 August 2020, that it had secured bridge loan financing in Sweden of SEK 12 million (approximately £1.0 million) from Nordic investors. Since 2014, this has been the only divergence from equity capital markets fundraising. The bridging loan demonstrated the availability of alternative financing to the Company and good support from a group of Nordic investors, who went on to underwrite the SDR offer and buy shares via a Private Placement/Directed Issue in last year's Capital Raising.

The Company announced details of the Capital Raising, on 6 November 2020 and that it would conduct an Open Offer of up to 225,841,752 new Ordinary Shares to Qualifying Shareholders at 3.16 pence per Share (the "Offer Price") on a pre-emptive basis to raise up to approximately £7.3 million (gross) (the "Open Offer").

On 21 December 2020, the Company closed a fully subscribed Capital Raising of approximately £7.4 million before expenses (approx. SEK 83 million).

The Board continues to adopt the going concern basis to the preparation of the financial statements. The going concern assumption has been assessed by the Directors in light of the impact of COVID-19, taking into consideration the current financial position, ability to carry out its operations for the year and raise new funds. The Directors are confident that there is no immediate need for funding following the success of the Capital Raising.

2020 Financial Performance

For the year, the consolidated loss increased from £428,707 in 2019 to £1,294,691. This increase was attributable to three main factors:

1. As a subsidiary, no fair value gain on investments in Vardar was accounted for, as compared to a prior year fair value gain of £563,431.
2. In relation to the Bridging Loan, there was a finance charge of £203,321; and
3. A higher impairment charge on Ågåsjiegge, Joutsijärvi, Polvela and Tammijärvi (£98,799) compared to the impairment charge in the prior year on Sala (£10,270).

Administration expenses increased in the year from £904,667 to £1,005,547, due mostly to more corporate time being devoted to the Capital Raising and less time being spent on projects. This resulted in a lower level of underlying exploration cost being capitalised.

Consolidated basic and diluted loss per share for the 12 months ended 31 December 2020 was 0.19 pence (2019: loss of 0.04 pence).

£4,329,414 in cash was held at the year-end (2019: £1,124,062).

At 31 December 2020 trade and other receivables of the Group included an amount of £1,392,081 relating to proceeds received in early January 2021 from issues of shares before the year end (2019: £nil).

The translation reserve losses attributable to the owners of the parent decreased from £1,291,068 at 31 December 2019 to £457,813 at 31 December 2020. Much of the Company's exploration costs are in Swedish Krona which has strengthened against the pound since 31 December 2019.

Corporate

On 10 November 2020, the Company announced that Göran Färm was stepping down from the Board and as Non-Executive Chairman, and I joined Beowulf as a Non-Executive Chairman and a Director of the Company.

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.

ESG

Beowulf is a strong supporter of the Sustainable Development Goals ("SDGs") and is currently reviewing how the Company can best proactively support their implementation in our regions of operation

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

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

As at this time 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.

Outlook

We are at a tipping point where global issues are converging to drive demand for primary raw materials. Metals are critical to achieving the transition to a Green Economy to address the Climate Emergency; transparent, secure, and sustainable supply chains need to be established; and Governments are considering how to power economic growth in a post-pandemic recovery.

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.

Beowulf's purpose 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.

Vardar is developing prospects that could deliver new metal supply to Europe.

Fennoscandian is well-positioned in the Finnish battery ecosystem as a potential future supplier of anode material for lithium-ion batteries.

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. Kallak can produce a market leading concentrate of 71.5 per cent iron content.

We have started this year financially strong, with a renewed sense of purpose. We have an attractive portfolio of projects to explore and develop and we have big ambitions. The Climate Emergency has our attention and is focusing our minds on what we need to do. It very much feels like it is Beowulf's time to step-up, respond to challenges facing all of us and make a positive difference. It will be an exciting year for the Company.

Sven Otto Littorin
Non-Executive Chairman
14 May 2021

REVIEW OF OPERATIONS AND ACTIVITIES

KOSOVO

Vardar Minerals Limited

Vardar provides Beowulf with investment exposure to the highly prospective Tethyan Belt. During 2020, the Company invested £380,000, funding geophysics programmes at Mitrovica and Viti. More recently, in February 2021, the Company invested a further £200,000 to fund preparatory works in advance of drilling this year. At the date of sign-off of this report, the Company owns approximately 48.4 per cent of Vardar.

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.

Kosovan Exploration Permits

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

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.

Name	Licence no.	Area (hectares)	Notes
Mitrovica (2231)	2231	2,713.51	Renewal application accepted, awaiting final approval by ICMM board.
Mitrovica (2541)	2541	130.20	Renewal application accepted, awaiting final approval by ICMM board.
Viti North (2230)	2230	3,546.74	Renewal application accepted, awaiting final approval by ICMM board.
Viti West (2345)	2345	5,207.78	Renewal application accepted, awaiting final approval by ICMM board.
Viti SE (2344)	2344	8,829.91	Renewal application accepted, awaiting final approval by ICMM board.

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 million tonnes ("Mt") of ore at 3.45 per cent Pb, 2.30 per cent Zn, and 80 g/t Ag (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 4 km 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.

In October, the Company reported highly anomalous IP chargeability zones, considered high priority targets for drill testing, defined beneath areas of laterally extensive Pb-Zn 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 Pb-Zn-Ag 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 December, 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 Zn and 0.5 per cent Pb and rock samples from gossans (including 3.5 per cent Zn, 1.8 per cent Pb, 93 g/t silver Ag.

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 Zn, 2.83 per cent Pb and 16 g/t Ag) 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.

Referring back to 2019, a total of 278.5 m of trenching and 1,609 m of drilling were completed at Wolf Mountain. Drilling and trenching results confirmed extensive lead-zinc-silver mineralisation over an area of 800 m in length and 400 m in width.

Trenching highlights include:

- Trench WM-T01: 18 g/t silver, 2.01 per cent lead and 3.17 per cent zinc over 12.5 m, within a longer 51 m in length cross-section returning 11 g/t silver, 1.43 per cent lead and 1.87 per cent zinc;
- Trench WM-T02: 14 g/t silver, 3.6 per cent lead and 0.64 per cent zinc over 8 m.

Drilling highlights include:

- Drillhole WM004: 8 g/t silver, 1.27 per cent lead and 0.91 per cent zinc over 6.6 m (estimated true thickness); and

Drillhole WM007: 16 g/t silver, 2.69 per cent lead and 0.4 per cent zinc over 4.3 m (estimated true thickness).

Results to date suggest that the Wolf Mountain prospect consists of several structurally controlled targets, often occurring along geological contacts in the basement rocks and covering a 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, 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.

In July, Beowulf reported results from a grab sampling programme. 96 samples were collected 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 correlates 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 November, 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 new lead-zinc-copper-gold target has been identified in the southern part of the licence, particularly significant given its proximity, approximately 4 km, 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.

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 the south-east of the project area, reconnaissance mapping has identified several zones of intense argillic alteration, hydrothermal breccias and iron oxide stockworks.

In In 2019, two stratigraphic holes, totalling 439 m, 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.

During the year, 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 and Vardar is now planning to drill two short holes to test chargeability 'hot spots'.

Post-Year End

Beowulf announced on 8 February 2021, that the Company had invested £200,000 to fund preparatory works, building access roads and drilling platforms, across the Mitrovica licence, lead-zinc targets at Wolf Mountain and gold targets at Majdan Peak. It is hoped that drilling can commence in the third quarter of 2021. The investment increased the Company's ownership in Vardar from 46.1 per cent to 48.4 per cent approximately.

FINLAND

Fennoscandian

Fennoscandian is pursuing a strategy to develop a resource and production base of graphite that can provide security of supply and 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. The Company is also developing its knowledge in processing and manufacturing value-added graphite products, including anode material for lithium-ion batteries.

Since Fennoscandian was acquired by Beowulf in January 2016, the Company has invested approximately €2.2 million in graphite exploration, resource development, metallurgical testwork and the assessment of market applications for graphite supplied from its Aitolampi project, including lithium-ion battery applications.

Finnish Exploration Permits

Fennoscandian 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 a permit on 25 April 2019. On 27 April 2020, the Administrative Court of Eastern Finland rejected an appeal, but a further appeal has been made to the Supreme Administrative Court of Finland. The case continues.

Permit Name	Licence no.	Area (hectares)	Notes
Karhunmäki 1	ML2019:0113	964.99	Exploration permit application submitted 31 Dec 2019. Hearing published 31 March 2021. Deadline for appeals 3 May 2021.
Merivaara 1	ML2020:0059	957.20	Exploration permit application submitted 1 Dec 2020.
Pitkäjärvi 1	ML2016:0040	407.45	Exploration permit granted and appealed.
Rääpysjärvi 1	ML2017:0104	716.25	Exploration permit granted. Ongoing appeals process.

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.

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.

Mineral Resource Estimate:

In 2019, Fennoscandian delivered an upgraded Mineral Resource Estimate ("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 t 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 t 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 following the guidelines of 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**

2020 Summary

During the year, test work on a composite sample for Karhunmäki, a new graphite prospect, was found by Fennoscandian to produce a concentrate grade of 96.4 per cent TGC, with 51.3 per cent large/jumbo flakes (+180 micron). The Company has applied for an Exploration Permit for the project.

Fennoscandian continued to assess the results of spheroidization and battery tests on its Aitolampi graphite.

Fennoscandian also joined, as a consortium member, the Business Finland funded BATTrace project, which aims to improve traceability along the battery raw materials value chain using mineralogical/geochemical fingerprinting, to validate responsible and sustainable sourcing of cobalt, nickel, lithium, and graphite.

2021 Update

In March 2021, Fennoscandian signed a Memorandum of Understanding ("MoU") with Epsilon Advance Materials Limited ("EAMPL"). The MoU enables Fennoscandian to build its downstream capability, collaborating with a strong and innovative technology/processing partner, and for EAMPL to firmly establish itself in Finland, as a market-entry point for supplying pre-cursor anode material into Europe.

A Scoping Study contract for the Aitolampi graphite project has also been awarded to AFRY Finland Oy. The purpose of the Scoping Study is to verify the robustness of the work completed by Fennoscandian, and to provide a roadmap for the next project development stage, most likely a Pre-feasibility Study. The output of the Scoping Study will enable Fennoscandian to better explain the Aitolampi project to the local community and other important stakeholders.

SWEDEN

Permits

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

Name	Licence no.	Area (hectares)	Valid from	Valid to	Notes

Åtvidaberg nr 1[2,4]	2016:51	12533	30/05/16	30/05/2022	-
Kallak nr 1[1]	2006:197	500	28/06/06	28/06/2022	Kallak iron ore project
Parkijaure nr 6[1,4]	2019:81	999	10/10/19	10/10/2022	Exploration ground to the south of Kallak
Parkijaure nr 2[1]	2008:20	285	18/01/08	18/01/2024	Kallak iron ore project

Notes:

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

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

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

(4) Due to COVID-19, valid exploration permits have been awarded an additional year to their 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 licences to 2023, has not been added to the licence 'Valid To' dates shown above.

Introduction

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

The Company is currently going through the process of obtaining an Exploitation Concession for Kallak North (the "Exploitation Concession").

On 17 September 2020, the Company published the market leading potential of Kallak's magnetite concentrate following an assessment by Dr. Arvidson MSc Mining/Mineral Processing, PhD Mineral Processing (equivalent), Royal Institute of Technology, Stockholm, as Qualified Person.

Kallak is excellently positioned as a secure and sustainable future supplier of high-quality iron ore powered by renewables to Sweden's growing fossil-free steel making sector.

The deposit 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 south east. 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 Resource

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

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

Project	Category	Tonnage Mt	Fe %	P %	S %
Kallak North	Indicated	105.9	27.9	0.035	0.001
	Inferred	17.0	28.1	0.037	0.001

Kallak South	Indicated	12.5	24.3	0.041	0.003
	Inferred	16.8	24.3	0.044	0.005
Global	Indicated	118.5	27.5	0.036	0.001
	Inferred	33.8	26.2	0.040	0.003

Notes:

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

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

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

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

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

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

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

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

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

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

2020 Update

Throughout 2020, Beowulf continued to push for a decision from with the Swedish Government on its application for an Exploitation Concession, while demonstrating its approach to developing an innovative, modern, and sustainable mining operation at Kallak. The Company continued to work with the Mayor in Jokkmokk, Norrbotten Regional Council Members and Norrbotten Members of Parliament to lobby the Government.

In May, the Company announced that it had awarded a drilling contract for Kallak to Kati Oy for up to 1,650 m diamond drilling, targeting additional potential iron ore mineralisation at Kallak South. The work programme, now postponed until later in 2021, will determine if a 3D seismic model can be constructed, using the established seismic characteristics of the Kallak deposit, and whether the 3D model can be used to help define additional iron ore resource. If successful, the set-up could then be applied to the Exploration Target at Kallak South and further south, following the magnetic signature of mineralisation which extends into the Company's Parkijaure nr 6 exploration licence.

There is clear potential for the mine life at Kallak to be much greater than the 14 -years included in the Kallak North application. As can be seen with LKAB's operations at Kiruna, which have lasted over a century, new resources are typically identified after a mine is opened.

The work is being undertaken as part of the EU funded PACIFIC Project ("PACIFIC"). The aim of PACIFIC is to develop a new low-cost and environmentally friendly tool for exploring for sub-surface mineral deposits. The programme will test a multi-array method in parallel with drilling at Kallak South, with noise from drilling providing a passive seismic source

On 17 September 2020, the Company published the market leading potential of Kallak's magnetite concentrate following an assessment by Dr. Arvidson as Qualified Person, 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;
- 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; and
- Kallak magnetite concentrate would reduce the carbon footprint of traditional steel manufacturing, improve energy efficiency in any downstream process and reduce waste. Magnetite has inherent energy content, which ultimately results in lower energy demand for steel manufacturing when compared to current common practice.

Globally, the feedstock for steelmaking is 80 per cent. hematite and 20 per cent. magnetite. The demand for high-quality feedstock and therefore magnetite should increase as producers look to protect the environment by improving energy efficiency, minimising waste and the impact of waste disposal.

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 in November and made the following statement (translation):

"KU has examined the application for a processing concession for Kallak. In the Government case, no visible administrative measures were implemented for almost three years. This means a delay that is not acceptable, according to KU.

It also appears that the applicant has on several occasions asked the Ministry of Trade and Industry for a meeting. The Ministry has then stated that this is not possible because the issue concerns a forthcoming Government decision and is a matter under consideration.

KU notes that the Ministry management's statement does not seem to be in line with what the Prime Minister has stated. The Government Offices thus seem to lack a common approach to the possibility for parties in administrative matters to have a meeting with the responsible ministry."

A month prior to the KU's statement, the Government consulted with 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.

2021 Outlook

It remains the Directors' view that the Company's application for an Exploitation Concession fully meets the requirements of the prescribed process, and that it has done so since the Mining Inspectorate recommended to the Government, in October 2015, that the Concession be awarded.

In Sweden, the acknowledged direction of travel is that more mining is needed to produce the metals to facilitate the transition to a Green Economy and the electrification of society to address the Climate Emergency. It would seem illogical to consider that given this context the Concession, which has been in development for almost 15 years since the first exploration permit was awarded, is not granted, despite the inordinate time the Company has had to wait for a decision.

The Directors believe that the award of the Exploitation Concession would result in a re-rating of the Company's value and prospects by investors. The 'big picture' for Kallak is that a mine could be in production within four to five years.

If the Swedish Government approves the Exploitation Concession, and with funding from the Capital Raising, the Company's immediate plan is to complete a scoping study within 12 months, and in parallel a plan for a Pre-feasibility Study and initiate environmental permitting.

While the Company waits for a decision on the Exploitation Concession, exploration work can continue under valid work plans, with drilling at Kallak South later this year. Work is continuing on firmly establishing the resource upside and the potential for a much longer life mining operation, beyond the 14 years included in the Kallak North application, which can support a sustainable mining operation over decades, and secure supply of high-quality iron ore to the growing fossil-free steelmaking industry.

In addition, the Company is continuing to work with consultants on assessing new processing innovations, which will remove the necessity for flotation and enable the Kallak design to move away from a wet tailings storage towards dry-stacking, thereby reducing the environmental footprint of a future operation.

Finally, the Company has embarked on advancing social studies, specifically aimed at advancing discussions on formal agreements with key stakeholders including the Jokkmokk municipality and the Sami reindeer herders. The Company considers this work as critical to maximising the benefits that Kallak will generate for all stakeholders. These specific studies and work programmes, are beneficial to optimising the environmental and social aspects of the Kallak project, reducing its impacts and maximising its benefits.

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: beowulfmining.com

Executive Directors' terms of engagement

Mr Budge is the sole Executive Director and Chief Executive Officer. His annual salary is £150,000. 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 £31,000 per annum. Mr Davies has a consultancy agreement with the Company for the provision of exploration advice over and above his Non-Executive duties. Mr Davies has a one month notice period under his letter of appointment.

Mr Färm was appointed as Non-Executive Chairman on 30 October 2017. Under Mr Färm's letter of appointment, he was paid an equivalent fee in Swedish Krona of £33,975 per annum. Mr Färm had a one month notice period under his letter of appointment. Mr Färm resigned on 10 November 2020.

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 2020 and 31 December 2019, was as follows:

Name	Position	Salary & Fees[1]	Benefits[2]	Pension[3]	2020 Total	2019 Total
		£	£	£	£	£
Mr K R Budge	Chief Executive Officer	150,000	874	13,000	163,874	215,434
Mr C Davies	Non-Executive Director	31,000	-	-	31,000	76,954
Mr G Färm	Non-Executive Chairman	25,193	-	-	25,193	49,956
Mr Sven Littorin	Non-Executive Director	6,654	-	-	6,654	-
Total		212,847	874	13,000	226,721	341,975

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 2020 in the issued share capital of the Company were as follows:

ORDINARY SHARES	**31 December 2020**	**31 December 2019**
Mr K R Budge	3,322,585	2,416,426
Chris Davies	88,800	-

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

As at 31 December 2019, all options have vested.

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

ON BEHALF OF THE REMUNERATION COMMITTEE

Sven Otto Littorin
Non-Executive Chairman
14 May 2021

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
CONTINUING OPERATIONS			
Administrative expenses		(1,005,547)	(904,666)
Impairment of exploration costs		(98,799)	(10,720)
Share based payment expense		-	(119,720)
Gain on step acquisition		-	563,431
OPERATING LOSS		(1,104,346)	(471,675)
Finance costs	2	(203,576)	(410)
Finance income	2	594	6,298
Grant income		12,637	37,080
LOSS BEFORE TAX		(1,294,691)	(428,707)
Tax expense		-	-
LOSS FOR THE YEAR		(1,294,691)	(428,707)
Loss attributable to:			
Owners of the parent		(1,128,512)	(267,000)
Non-controlling interests	7	(166,179)	(161,707)
		(1,294,691)	(428,707)
Loss per share attributable to the ordinary equity holder of the parent:			
Basic and diluted (pence)	3	(0.19)	(0.04)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
LOSS FOR THE YEAR		(1,294,691)	(428,707)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses arising on translation of foreign operations		854,020	(794,299)
		854,020	(794,299)
TOTAL COMPREHENSIVE LOSS		(440,671)	(1,223,006)
Total comprehensive loss attributable to:			
Owners of the parent		(294,716)	(1,037,811)
Non-controlling interests	7	(145,955)	(185,195)
		(440,671)	(1,223,006)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4	11,371,916	10,011,494
Property, plant and equipment		145,094	86,998
Loans and other financial assets		5,468	5,212
Right-of-use asset		1,937	7,324
		11,524,415	10,111,028
CURRENT ASSETS			
Trade and other receivables	5	1,566,848	167,261
Cash and cash equivalents	6	4,329,414	1,124,062
		5,896,262	1,291,323
TOTAL ASSETS		17,420,677	11,402,351
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	8	8,281,751	6,022,446
Share premium	8	24,684,737	20,824,009
Capital contribution reserve		46,451	46,451
Share based payment reserve		732,185	732,185
Merger reserve		137,700	137,700

Translation reserve		(457,272)	(1,291,068)
Accumulated losses		(17,083,185)	(15,781,161)
		16,342,367	10,690,562
Non-controlling interests	7	394,113	326,555
TOTAL EQUITY		16,736,480	11,017,117
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	538,772	242,885
Grant Income		143,399	134,877
Lease liability		2,026	7,472
TOTAL LIABILITIES		684,197	385,234
TOTAL EQUITY AND LIABILITIES		17,420,677	11,402,351

The financial statements were approved and authorised for issue by the Board of Directors on 14 May 2021 and were signed on its behalf by:

Mr K Budge - Director
Company Number 02330496

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital £	Share premium £	Merger reserve £	Capital contribution reserve £	Share based payments reserve £	Translation reserve £	Accumulated losses £	Totals £	Non – controlling interest £	Totals £
At 1 January 2019		5,663,072	19,266,271	137,700	46,451	612,465	(520,257)	(15,311,933)	9,893,769	(160,587)	9,733,182
Loss for the year		-	-	-	-	-	-	(267,000)	(267,000)	(161,707)	(428,707)
Foreign exchange translation		-	-	-	-	-	(770,811)	-	(770,811)	(23,488)	(794,299)
Total comprehensive income		-	-	-	-	-	(770,811)	(267,000)	(1,037,811)	(185,195)	(1,223,006)
Transactions with owners											
Issue of share capital		357,707	1,642,293	-	-	-	-	-	2,000,000	-	2,000,000
Cost of issue		-	(93,305)	-	-	-	-	-	(93,305)	-	(93,305)
Share based payment expense		1,667	8,750	-	-	119,720	-	-	130,137	-	130,137
Issues of shares		-	-	-	-	-	-	(202,228)	(202,228)	672,337	470,109
At 31 December 2019		6,022,446	20,824,009	137,700	46,451	732,185	(1,291,068)	(15,781,161)	10,690,562	326,555	11,017,117
Loss for the year		-	-	-	-	-	-	(1,128,512)	(1,128,512)	(166,179)	(1,294,691)
Foreign exchange translation		-	-	-	-	-	833,796	-	833,796	20,224	854,020
Total comprehensive income		-	-	-	-	-	833,796	(1,128,512)	(294,716)	(145,955)	(440,671)
Transactions with owners											
Issue of share capital	8	2,259,305	5,165,060	-	-	-	-	-	7,424,365	-	7,424,365
Cost of issue	8	-	(1,304,332)	-	-	-	-	-	(1,304,332)	-	(1,304,332)
Issue of shares		-	-	-	-	-	-	(173,512)	(173,512)	213,513	40,001
At 31 December 2020		8,281,751	24,684,737	137,700	46,451	732,185	(457,272)	(17,083,185)	16,342,367	394,113	16,736,480

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

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss before income tax		(1,294,691)	(428,707)
Depreciation charges		35,608	20,971
Share based payment expense		-	119,720
Impairment of exploration costs		98,799	10,720
Finance income	2	(594)	(6,298)
Finance cost	2	203,576	410
Grant income		(12,637)	(37,080)
Shares in Lieu		2,806	10,417
Gain on step acquisition		-	(563,431)
Amortisation of right -of -use asset		5,777	4,615
Unrealised foreign exchange (gains) / losses		(12,590)	2,121
		(973,946)	(866,542)
(Increase) in trade and other receivables		(2,203)	(106,009)
Increase in trade and other payables		97,623	14,930
Net cash used in operating activities		(878,526)	(957,621)
Cash flows from investing activities			
Purchase of intangible assets	4	(622,501)	(1,304,896)
Purchase of property, plant and equipment		(89,436)	(77,615)
Sale of investments		-	7
Acquisition of subsidiary / associate		-	(500,000)
Cash acquired with subsidiary		-	530,031
Grant receipt		25,796	-
Interest received		594	6,298
Net cash used in investing activities		(685,547)	(1,346,175)
Cash flows from financing activities			
Proceeds from issue of shares	8	3,827,717	1,906,695
Lease principal		(5,840)	(4,467)
Lease interest paid		(255)	(410)
Proceeds from borrowings	11	932,309	-
Interest paid on loan and borrowings	11	(93,935)	-
Investment by minority interest		40,000	-
Net cash from financing activities		4,699,996	1,901,818
Increase / (Decrease) in cash and cash equivalents		3,135,923	(401,978)
Cash and cash equivalents at beginning of year		1,124,062	1,533,232
Effect of foreign exchange rate changes		69,429	(7,192)
Cash and cash equivalents at end of year		4,329,414	1,124,062

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 2020, the Group had a cash balance of £4.33 million and the Company had a cash balance of £4.24 million.

The Company announced, on 13 August 2020, that it had secured bridge loan financing in Sweden of SEK 12 million (approximately £1.0 million) from Nordic investors. Since 2014, this has been the only divergence from equity capital markets fundraising. The bridging loan demonstrated the availability of alternative financing to the Company and good support from a group of Nordic investors, who went on to underwrite the SDR offer and buy shares via a Private Placement/Directed Issue in the Capital Raising.

On 21 December 2020, the Company closed a fully subscribed Capital Raising of approximately £7.4 million before expenses (approx. SEK 83 million).

Management have prepared cash flow forecasts confident that they are taking all necessary steps to ensure that the Group has the required cash to pursue it strategic objectives, an assertion supported by the significant equity finance raised prior to year end. They have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006 (“IAS”) and with those parts of the UK Companies Act 2006 applicable to companies reporting under IAS. The policies have been consistently applied to both the parent Company and Group. The financial statements are presented in GB Pounds Sterling. They are prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets and liabilities has been applied.

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

The conditions to qualify for merger relief are:

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

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

Prior year restatement

The Company has amended certain prior year comparatives to correctly present amounts in the Company financial statements for the year ended 31 December 2020. The Company determined that a correction of an error was required related to financing of subsidiary amounts totalling £465,000 presented as cash outflows from financing activities, specifically to present these amounts as cash flows from investing activities in the Company statement of cash flows. The cash outflows related to additional investments made in subsidiaries which, in accordance with IAS 7 must be classified as investing activities in the company cash flow statement and not financing as would be the case in the group cash flow statement. As this is a material error, the company is required to correct it retrospectively. This amendment had no other impact on the consolidated and Company financial statements for the year ended 31 December 2020.

New standards, amendments and interpretations

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

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

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

Significant accounting judgements, estimates and assumptions

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

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

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.

The Åtvidaberg licence is located in the Bergslagen area, southern Sweden. It was renewed during 2019 and now expires on 30 May 2022. 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.

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 4).

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

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

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

Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary licences to be awarded, the Company's ability to raise finance, and ability to sell the project. A reasonable change in the probability weightings of 3% would result in further impairment of £573,813 (2019 :£552,193).

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

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.

(ii) Equity accounted investees

Associates

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

Equity method of accounting – Associates

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

(iii) Transactions eliminated on consolidation

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

Business combinations

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

Intangible assets – deferred exploration costs

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

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

Exploration and evaluation activity include:

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

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

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

Impairment

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

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

(i) unexpected geological occurrences that render the resource uneconomic;
(ii) title to the asset is compromised;
(iii) variations in mineral prices that render the project uneconomic;
(iv) substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned; and
(v) the period for which the Group has the right to explore has expired and is not expected to be renewed.

Property, plant and equipment

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

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

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

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

Leased assets

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

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

Investments in subsidiaries

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

Cash and cash equivalents

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

Financial assets

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

Amortised cost

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

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

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

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

Financial liabilities

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

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

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

Fair value

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

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

Equity instruments

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

Taxation

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

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

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

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

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

Foreign currencies

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

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

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

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

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

Share-based payment transactions

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

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

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

Government grant

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

2. FINANCE INCOME AND COSTS

	2020	2019
	£	£
Finance income:		
Deposit account interest	594	6,298
	594	6,298
Finance costs:		
Interest on lease liabilities	255	410
Interest on loans and borrowings	203,321	-
	203,576	410

3. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share at 31 December 2020 was based on the loss attributable to ordinary shareholders of £1,128,512 (2019: £267,000) and a weighted average number of Ordinary Shares outstanding during the year ended 31 December 2020 of 607,815,562 (2019: 585,102,740) calculated as follows:

	2020 £	2019 £
Loss attributable to ordinary shareholders	(1,128,512)	(267,000)

Weighted average number of ordinary shares

	2020 Number	2019 Number
Number of shares in issue at the beginning of the year	585,102,740	554,716,045
Effect of shares issued during year	20,712,822	30,386,695
Weighted average number of ordinary shares in issue for the year	607,815,562	585,102,740

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

4. **INTANGIBLE ASSETS - Group**

	Exploration Costs £
COST	
At 1 January 2019	8,285,547
Additions for the year	1,304,896
Additions arising from the step-up in interest in Vardar	1,203,685
Foreign exchange movements	(771,914)
Impairment	(10,720)
At 31 December 2019	10,011,494
At 1 January 2020	10,011,494
Additions for the year	612,062
Foreign exchange movements	847,159
Impairment	(98,799)
At 31 December 2020	11,371,916
NET BOOK VALUE	
At 31 December 2020	11,371,916
At 31 December 2019	10,011,494

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

	2020 £	2019 £
Kallak	7,533,388	6,675,124

Åtvidaberg	393,303	345,978
Ågåsjiegge	-	15,568
Pitkäjärvi	1,333,114	1,058,078
Joutsijärvi	-	19,095
Karhunmaki	41,017	24,078
Rääpysjärvi	47,053	39,905
Mervivaara	36,965	17,846
Polvela	-	31,316
Tammijärvi	-	24,278
Mitrovica	1,387,030	1,243,194
Viti	600,046	517,034
	11,371,916	10,011,494

Total Group exploration costs of £11,371,916 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 £68,508 was recorded against the projects for services provided by the Directors during the year (2019: £91,231).

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.

The Åtvidaberg licence is located in the Bergslagen area, southern Sweden. It was renewed during 2019 and now expires on 30 May 2022. 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.

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

In the year, an impairment provision of £98,799 was recognised for project costs capitalised for projects at Ågåsjiegge, Joutsijärvi, Polvela and Tammijärvi (31 December 2019: Sala £10,270) on the basis that no further exploration would be carried out on those projects. In respect of the other license areas, no impairment indicators have been identified. The impairment is charged as an expense and included within the consolidated income statement.

5. TRADE AND OTHER RECEIVABLES

	2020 £	2019 £
Other receivables	1,428,491	94,653
VAT	123,638	60,819
Prepayments and accrued income	14,719	11,789
	1,566,848	167,261

Included in other receivables is a deposit of £17,854 held by Finnish regulatory authorities (2019: £16,927).

Included in other receivables of both the Group is a balance of £1,392,081 funds due to be received for shares issued (2019: £nil). This amount should be considered as a reconciling item to the working capital movements included the operating line of the statement of cashflows, as this amount has been offset against the gross cash proceeds received from the issue of shares.

6. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Bank accounts	4,329,414	1,124,062
	4,329,414	1,124,062

7. 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;

	2020	2019
	£	£
Balance at 1 January	326,555	(160,587)
Total comprehensive loss allocated to NCI	(145,955)	(185,195)
Effect of step acquisitions	213,513	672,337
Total	394,113	326,555

	2020	2019
	£	£
Wayland Copper Limited	(161,677)	(161,291)
Vardar Minerals Limited	555,790	487,846
Total	394,113	326,555

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:

	2020	2019
	£	£
Administrative expenses	(1,471)	(1,537)
Loss after tax	(1,471)	(1,537)
Loss allocated to NCI	(512)	(534)
Other comprehensive income allocated to NCI	126	(169)
Total comprehensive loss allocated to NCI	(386)	(703)
Current assets	4,391	5,385
Current liabilities	(469,644)	(469,531)
Net liabilities	(465,253)	(464,146)
Non-Controlling Interest	(161,677)	(161,291)

Vardar Minerals Limited, a 46.1% 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:

	2020	2019
	£	£
Administrative expenses	284,281	(248,836)
Loss after tax	284,281	(248,836)
Loss allocated to NCI	(165,668)	(161,173)
Other comprehensive income allocated to NCI	20,099	(23,319)
Total comprehensive loss allocated to NCI	(145,569)	(184,492)
Current assets	101,029	118,289
Non-Current assets	1,047,809	746,097
Current liabilities	(134,829)	(30,462)

Net Assets	1,014,009	833,924
Non-Controlling Interest	555,790	487,846

8. SHARE CAPITAL

	2020 Number	2020 £	2019 Number	2019 £
Allotted, called up and fully paid				
At 1 January	602,244,672	6,022,446	566,307,254	5,663,072
Issued for cash	225,841,752	2,258,417	35,770,751	357,707
Issued for fees	88,800	888	166,667	1,667
At 31 December	828,175,224	8,281,751	602,244,672	6,022,446

All issues are for cash unless otherwise stated.

	Number	Share Capital £	Share Premium £	Total £
At 1 January 2019	566,307,254	5,663,072	19,266,271	24,929,343
1 April - Issue of new shares[1]	13,636,364	136,363	575,917	712,281
16 April – Issue of new shares[2]	8,695,652	86,957	387,817	474,774
13 October - Issue of fee shares	166,667	1,667	8,750	10,417
24 October - Issue of new shares[3]	9,090,909	90,909	383,911	474,820
13 November - Issue of new shares[4]	4,347,826	43,478	201,342	244,820
At 31 December 2019	602,244,672	6,022,446	20,824,009	26,846,455

[1]Includes issue costs of £37,719
[2]Includes issue costs of £25,226
3Includes issue costs of £25,180
[4]Includes issue costs of £5,180

	Number	Share Capital £	Share Premium £	Total £
At 1 January 2019	602,244,672	6,022,446	20,824,009	26,846,455
21 December - Issue of new shares[1]	225,841,752	2,258,417	3,858,810	6,117,227
21 December – Issue of fee shares	88,800	888	1,918	2,806
At 31 December 2019	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 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 (2019:nil) 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.

Shares issued in 2019

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

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

The Company announced, on 13 October 2019, that as a part of compensation for 500,000 options at 4p forgone Kurt Budge was to be issued was issued 166,667 new ordinary shares with a commensurate value of approximately £10,417 being the equivalent to the economic value of the lapsed options.

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

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

9. TRADE AND OTHER PAYABLES

	2020	2019
	£	£
Current:		
Trade payables	406,503	151,332
Social security and other taxes	13,197	11,623
Other payables	15,149	10,619
Accruals	103,923	69,311
	538,772	242,885

Included in other trade and other payables of both the Group is a balance of £190,984 due be to paid for issue costs relating to share issues (2019: £nil). This amount should be considered as a reconciling item to the working capital movements included the operating line of the statement of cashflows, as this amount decreases the cash issue costs displayed in the cashflow statement rather than presenting as a movement in working capital.

10. BORROWINGS

	2020	2019
	£	£

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

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

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

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

11. CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	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

	Leases £	*Total* £
Opening balance 1 January 2019	-	-
Cash movements		
Drawdown of borrowings		
Interest paid		
Repayment of loan principal		

	Leases	Total
Lease payments	(4,465)	(4,465)
Total	(4,465)	(4,465)
Non-cash movements		
Recognition of right of use lease liabilities	12,144	12,144
Effect of FX	(207)	(207)
Closing balance 31 December 2019	7,472	7,472

In the 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.

12. RELATED PARTY DISCLOSURES

Transactions with subsidiaries

During the year, cash advances of £170,257 (2019: £286,045) were made to Jokkmokk Iron Mines AB and incurred costs of £68,130 that were paid on behalf by the Company (2019: £131,948). 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 £7,407,215 (2019: £7,241,374).

Beowulf Sweden AB received cash advances of £nil (2019: £72,290) and settled had net settled costs with the Company of (£2,512) (2019: £5,057). 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 £358,947 (2019: £361,772).

OY Fennoscandian AB received cash advances of £206,513 (2019: £479,458) and incurred costs of £19,936 (2019: £31,296) that were paid on behalf by the Company. The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £1,572,369 (2019: £1,383,518).

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

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

The Company has made unsecured interest-free loans to its subsidiaries. Although they are repayable on demand, they are unlikely to be repaid until the projects becomes successful and the subsidiaries start to generate revenues.

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,

	2020	2019
	£	£

Short-term employee benefits (including employers' national insurance contributions)	435,353	489,727
Bonus	4,608	-
Post-retirement benefits	26,710	30,364
Share based payments	-	105,359
Share settled expense	-	10,417
Insurance	874	809
	467,545	636,676

Mr Blomqvist incurred a charge of £nil with respect of remaining unvested options (2019: £22,976). Mr Blomqvist is considered key management personnel in his role as the Group's Exploration Manager.

Key management personnel commitments and shareholdings

On 6 November 2020, included in the Company's announcement regarding a partially secured capital raising, certain of the Directors and Rasmus Blomqvist agreed to subscribe for Open Offer Shares and Additional Subscription Shares. The Company received pre-subscription commitments totalling approximately £87,000 regarding the Open Offer and Additional Subscription from certain members of the Directors and Rasmus Blomqvist, as below:

Name	Number and type of New Ordinary Shares	Number of Ordinary Shares at the end of the period
Kurt Budge	Open Offer Shares 906,159	3,322,585
Christopher Davies	Additional Subscription Shares 88,800	88,800
Rasmus Blomquist	Open Offer Shares 1,743,750	6,393,750

13. EVENTS AFTER THE REPORTING DATE

On 8 February 2021, Beowulf invested £200,000 in Vardar Minerals limited, increasing the Company's investment in Vardar from 46.1% to 48.4%.

On 12 March 2021, Fennoscandian has recently signed a Memorandum of Understanding ("MoU") with Epsilon Advance Materials Limited ("EAMPL"). The MoU enables Fennoscandian to build its downstream capability, collaborating with a strong and innovative technology/processing partner, and for EAMPL to firmly establish itself in Finland, as a market-entry point for supplying pre-cursor anode material into Europe. The MoU addresses the development of a strategic processing hub for both natural flake and recycled graphite to be located in Finland.