

2 March 2015

Beowulf Mining plc
("Beowulf" or the "Company")

**Unaudited Financial Results for year ending 31 December 2014 and
Management Update**

Beowulf (AIM: BEM; Aktietorget: BEO), the mineral exploration and development company focused on the Kallak iron ore project in northern Sweden and its Swedish exploration portfolio, announces its unaudited financial results for the year ended 31 December 2014 (see Appendix 1) and provides a management update for the last three months.

Operational Highlights

Resource Upgrade

- The Company announced an upgrade to the resource for Kallak North and a maiden resource on Kallak South on 4 December 2014. Total indicated resource increased by 34 per cent to 118.5 million tonnes at 27.5 per cent iron from 88.3 million tonnes at 27.7 per cent iron in the 2013 resource statement, with an additional total inferred resource of 33.8Mt at 26.2 per cent iron and an exploration target of 90-100Mt at 22-30 per cent iron.
- The exploration target represents potential ore, specifically in the gap between the northern and southern ends of Kallak South, and below the pit shells modelled for the resource statement. The Kallak North orebody remains open at depth and to the north.
- While external observers were expecting higher maiden resource tonnages for Kallak South, it is worth pointing out that the 2014 drilling programme for Kallak South focused on defining the ends of the orebody. The geophysical magnetic signature of mineralization, evidence of the presence of magnetite, extends through the gap giving confidence for an exploration target, but insufficient drilling precludes any additional resource classification.
- The 2014 resource statement for Kallak was based on a significantly lower price of \$90/tonne 62 per cent iron, as compared to \$150/tonne 62 per cent iron in the 2013 resource statement. On announcement, some external observers made a direct comparison to the prevailing spot price for iron ore, which has continued to languish since then. The price used in the 2014 resource statement reflects our long term outlook for iron ore, when the full effect of increased production capacity, which has flooded the market at a time when demand has slowed, has been flushed out.
- The spot price is for a 62 per cent iron product, when testwork conducted on Kallak North ore yields a high grade concentrate of over 69 per cent iron, with a recovery of 95 per cent for magnetite, showing very low levels of phosphorous and sulphur. This higher grade and quality product lends itself to pelletization and consumption in Direct Reduction Iron ("DRI") facilities in Europe and the Middle East, and a price premium.

Exploitation Concession

- The Company received notification on 13 February 2015 that the Mining Inspectorate of Sweden had referred the decision regarding the Exploitation Concession for Kallak North to the Swedish Government.

- The Chief Mining Inspectorate has found that the prerequisites for an Exploitation Concession have been fulfilled, but has left the Government to make a decision regarding Chapters 3 and 4 of the Environmental Code.
- The Company anticipates a decision by the Swedish Government will be made in 2015, the timing of which does not affect the Company's 2015 programme of work for Kallak.
- Work will continue on perfecting the geological block model, underpinning mine planning and production scheduling, processing flowsheet design and final product options. These workstreams will support the Company's stated ambition to seek a strategic partner for Kallak.

Exploration Portfolio

- The Company has continued to review its wider exploration portfolio and identify priorities for 2015.
- The Company's ownership in Wayland Copper Limited, the joint venture with Energy Ventures Limited, has now increased to 65.25% and from 1 October 2014 it will be treated as a subsidiary for consolidation purposes. The focus for Ballek this year is on expanding the defined resource, initially reassessing the significant geophysical work that has been undertaken to date, before embarking on further drilling.
- Desktop studies and fieldwork will also be undertaken on the Company's gold interests at Grundträsk and molybdenum interests at Munka.
- The Company continues with its screening of Fennoscandia to identify complementary value creation opportunities, while preserving our low sovereign risk profile and attractive commodity mix.

Corporate Highlights

Unaudited Financial Results for the Year Ended 31 December 2014

- Loss before and after taxation of £3.1m (2013: £2.2m) and basic loss per share of 1.07p (2013: loss of 0.91p). The increase in the loss over last year is due primarily to losses on the derivative financial assets.
- Approximately £0.2m in cash held at the year end, before receipt in early January 2015 of funds from the Accelerated Settlement of the Equity Swap Agreements.

Audit

- BDO LLP has been appointed the Company's auditor. BDO LLP has extensive experience of working with AIM natural resources companies in exploration and development.

Website

- The Company's new website will be launched by the end of March 2015.

Board/Executive

- The Company announced on 1 December 2014 that Clive Sinclair-Poulton had stepped down from the Board.
- The new Board and Executive team remains reduced in number to optimize the use of cash resources on projects and value creation. The Board continues to voluntarily elect

to take one third of their salary in equity rather than cash, aligning themselves with shareholders. To the end of February 2015 this is expected to amount to approximately £25,000 for which ordinary shares will be issued outside of a close period (as defined by the AIM Rules for Companies and in compliance with the Company's Share Dealing Code).

- The CEO's salary is benchmarked to the lowest quartile for AIM companies of similar market capitalization and in the pre-revenue category.
- The new Board visited Stockholm at the beginning of February 2015 to hold introductory meetings with representatives of AktieTorget, the Company's custodian SEB and several corporate financiers. The trip demonstrated the value of the Company's listing in Sweden and the untapped potential that greater interaction with our Swedish investors and the wider investment community offers. At 31 December 2014 Swedish investors held 47,985,114 SDRs (2013: 39,726,010), representing approximately 13.9 per cent of the Company's issued share capital.
- The CEO made a series of presentations to London based mining analysts and investors in January 2015, and was able to provide an update on the significant progress made. This activity will continue in the months ahead, to keep our investors on AIM in touch with developments in the Company.

Lanstead Capital L.P. ("Lanstead")

- The Company announced on 7 January 2015 that it had mutually agreed to accelerate all settlements under the Equity Swap Agreements between Lanstead and the Company (the "Accelerated Settlement").
- Under the terms of the Accelerated Settlement, the Company received a final settlement of £150,000 from Lanstead. No further financial obligations exist between the parties.
- Lanstead offered the Company financial support and flexibility, but poor share price performance prior to the appointment of the new management team meant that the expected amounts receivable under the Equity Swap Agreements had fallen significantly; the Accelerated Settlement was therefore mutually agreed with Lanstead.

Kurt Budge, Chief Executive Officer of Beowulf, commented:

"The last three months have seen further significant change within the Company, and more recently the much anticipated decision on the Exploitation Concession for Kallak North, which remains a key value driver for us.

"The decision by the Mining Inspectorate of Sweden on Kallak North was a welcome step forward, and a great deal of effort will be expended in the coming weeks and months as we work with our advisory team in Sweden to gain an early and positive decision from the Swedish Government.

"We reaffirm our commitment to working with all our stakeholders as we seek to develop and permit Kallak North. We will be addressing outstanding matters in order to satisfy the Swedish Government that our application has met the requirements of the Swedish regulations, and that our proposed development plan for Kallak North is a responsible one.

"I hope the fundamental change in leadership at Beowulf and the progress that has been made evident in this RNS and the Third Quarter Update (28 November 2014) is reassuring

our stakeholders of the positive direction in which Beowulf is heading and the momentum being built.”

Enquiries:

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Competent Person Review

Dr. Jan-Ola Larsson (Fil. Kand, PhD, DIC), has reviewed and approved the technical information contained within this announcement in his capacity as a qualified person, as required under the AIM rules. Dr. Larsson is Chief Operating Officer of the Company and has over 40 years relevant experience within the natural resources sector.

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 forecasts.

About Us

The Kallak North iron ore deposit is located about 40km west of the Jokkmokk municipality centre in the Norrbotten County in Northern Sweden.

Local infrastructure is excellent with all-weather gravel roads passing through the project area and all parts are easily reached by well used forestry tracks. A major hydroelectric power station with associated electric power-lines is located only a few kilometres to the south east. The nearest railway (the 'Inland Railway Line') passes approximately 40km to the east. This railway line is connected at Gällivare with the 'Ore Railway Line', which is used by LKAB for delivery of their iron ore material to the Atlantic harbour at Narvik (Norway) or to the Botnian Sea harbour at Luleå (Sweden).

The total Kallak project area is approximately 243km² in size, and includes the Parkijaure licence granted in 2010 and the Ågåsjegge nr2 licence granted in 2014.

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

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

	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

The Ballek Joint Venture project comprises two exploration permits over a total area of 18.3km², located in the Norrbotten County in Northern Sweden. In September 2008 Beowulf reported a maiden JORC Code compliant Inferred Resource estimate for the Lulepotten copper-gold deposit of 5.4Mt, grading 0.8% Cu and 0.3g/t Au.

Other attractive portfolio assets include the Nautijaure licence with potential for IOCG, Grundträsk gold project and the Munka licence area, which covers approximately 800 hectares and hosts Sweden's largest, drill confirmed deposit of molybdenum.

APPENDIX 1: Unaudited Financial Results

CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2014

	2014 (Unaudited) £	2013 (Restated) £
Continuing operations		
Revenue	-	-
Administrative expenses	<u>(1,085,448)</u>	<u>(1,115,988)</u>
Operating loss	(1,085,448)	(1,115,988)
Fair value loss on derivative financial assets	(2,032,835)	(1,109,028)
Share of post-tax losses of equity accounted joint venture	(3,317)	(3,794)
Finance income	<u>6,394</u>	<u>43,061</u>
Loss before tax	(3,115,206)	(2,185,749)
Tax	<u>-</u>	<u>-</u>
Loss for the year	<u>(3,115,206)</u>	<u>(2,185,749)</u>
Loss attributable to:		
Owners of the parent	(3,114,520)	(2,185,749)
Non-controlling interests	<u>(686)</u>	<u>-</u>
	<u>(3,115,206)</u>	<u>(2,185,749)</u>
Loss per share expressed in pence per share:		
- Basic and diluted	<u>(1.07)</u>	<u>(0.91)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

	2014 (Unaudited) £	2013 (Restated) £
Loss for the year	(3,115,206)	(2,185,749)
Other comprehensive income		
Revaluation of listed investments	986	(5,785)
Exchange translation difference	<u>(740,176)</u>	<u>(134,984)</u>
Other comprehensive income for the year, net of tax	<u>(739,190)</u>	<u>(140,769)</u>
Total comprehensive income for the year	<u>(3,854,396)</u>	<u>(2,326,518)</u>
Total comprehensive income attributable to:		
Owners of the parent	(3,848,684)	(2,326,518)
Non-controlling interests	<u>(5,712)</u>	<u>-</u>
	<u><u>(3,854,396)</u></u>	<u><u>(2,326,518)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	2014 (Unaudited) £	2013 (Restated) £
ASSETS		
Non-current assets		
Intangible assets	6,538,751	4,948,978
Property, plant and equipment	42,394	1,990
Investment in joint ventures	-	207,700
Investments	20,550	19,564
Derivative financial assets	-	635,603
Loans and other financial assets	53,262	258,339
	<hr/>	<hr/>
	6,654,957	6,072,174
Current assets		
Trade and other receivables	42,345	261,612
Derivative financial assets	150,000	1,010,007
Cash and cash equivalents	186,889	1,983,616
	<hr/>	<hr/>
	379,234	3,255,235
Total assets	<hr/> <hr/>	<hr/> <hr/>
	7,034,191	9,327,409
EQUITY		
Shareholders' equity		
Called up share capital	3,452,598	2,828,273
Share premium account	15,009,812	14,078,466
Revaluation reserve	(104,450)	(105,436)
Capital contribution reserve	46,451	46,451
Share scheme reserve	69,318	67,760
Translation reserve	(907,658)	(167,482)
Retained earnings	(10,967,493)	(7,869,587)
	<hr/>	<hr/>
	6,598,578	8,878,445
Non-controlling interests	156,579	-
Total equity	<hr/> <hr/>	<hr/> <hr/>
	6,755,157	8,878,445
LIABILITIES		
Current liabilities		
Trade and other payables	279,034	448,964
Total liabilities	<hr/>	<hr/>
	279,034	448,964
TOTAL EQUITY AND LIABILITIES	<hr/> <hr/>	<hr/> <hr/>
	7,034,191	9,327,409

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Called up share capital £	Retained earnings £	Share premium £	Share scheme reserve £	Capital contribution reserve £
Balance at 1 January 2013	2,104,273	(5,683,838)	10,858,905	67,760	46,451
Changes in equity					
Issue of share capital	724,000	-	3,801,000	-	-
Cost of issue	-	-	(581,439)	-	-
Total comprehensive income	-	(2,185,749)	-	-	-
Balance at 31 December 2013	<u>2,828,273</u>	<u>(7,869,587)</u>	<u>14,078,466</u>	<u>67,760</u>	<u>46,451</u>
Changes in equity					
Issue of share capital	624,325	-	1,248,650	-	-
Cost of issue	-	-	(317,304)	-	-
Re-classify joint venture entity as a subsidiary	-	17,300	-	-	-
Equity-settled share based payment transaction	-	-	-	1,558	-
Total comprehensive income	-	(3,115,206)	-	-	-
Balance at 31 December 2014	<u>3,452,598</u>	<u>(10,967,493)</u>	<u>15,009,812</u>	<u>69,318</u>	<u>46,451</u>

	Revaluation reserve £	Translation reserve £	Total £	Non- controlling interest £	Total equity £
Balance at 1 January 2013	(99,651)	(32,498)	7,261,402	-	7,261,402
Changes in equity					
Issue of share capital	-	-	4,525,000	-	4,525,000
Cost of issue	-	-	(581,439)	-	(581,439)
Total comprehensive income	(5,785)	(134,984)	(2,326,518)	-	(2,326,518)
Balance at 31 December 2013	<u>(105,436)</u>	<u>(167,482)</u>	<u>8,878,445</u>	<u>-</u>	<u>8,878,445</u>
Changes in equity					
Issue of share capital	-	-	1,872,975	-	1,872,975
Cost of issue	-	-	(317,304)	-	(317,304)
Re-classify joint venture entity as a subsidiary	-	-	17,300	-	17,300
Equity-settled share-based payment transaction	-	-	1,558	-	1,558
Total comprehensive income	986	(740,176)	(3,854,396)	156,579	(3,697,817)
Balance at 31 December 2014	<u>(104,450)</u>	<u>(907,658)</u>	<u>6,598,578</u>	<u>156,579</u>	<u>6,755,157</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	2014 (Unaudited) £	2013 (Restated) £
Cash flows from operating activities		
Cash generated from operations	(963,518)	(968,433)
Net cash outflow from operating activities	(963,518)	(968,433)
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,546,831)	(1,867,054)
Purchase of tangible fixed assets	(48,631)	(1,885)
Purchase/(sale) of fixed asset investment	62,954	(57,023)
Funding of joint venture	(294,639)	(29,966)
Acquisition of subsidiary cash	1,168	-
Interest received	6,394	23,611
Net cash used in investing activities	(1,819,585)	(1,932,317)
Cash flows from financing activities		
Share issue	887,975	1,325,000
Cost of share issue	(182,304)	(581,439)
Settlement of derivative financial assets	312,775	445,362
Net cash from financing activities	1,018,446	1,188,923
Decrease in cash and cash equivalents	(1,764,657)	(1,711,827)
Effect of exchange rate changes on cash and cash equivalents at beginning of year	(32,070)	(2,328)
Cash and cash equivalents at beginning of year	1,983,616	3,691,771
Cash and cash equivalents at end of year	186,889	1,983,616

NOTES TO THE FINANCIAL INFORMATION

For the year ended 31 December 2014

1. Basis of preparation and accounting policies

The financial information contained in this results announcement does not constitute the Company's statutory financial statements for the years ended 31 December 2014 or 31 December 2013. The financial information for the year ended 31 December 2013 is derived from the statutory financial statements for that year which have been approved by the board of directors and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified.

The financial information for the year ended 31 December 2014 is unaudited and has been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") including IFRS 6 'Exploration for and Evaluation of Mineral Resources', as adopted by the European Union. Statutory audited financial statements for that year will be finalised on the basis of the financial information presented by the directors in this results announcement and will be delivered to the Registrar of Companies and filed at Companies House following the Company's forthcoming annual general meeting.

The principal accounting policies used in preparing the results announcement are those that the Company will apply in its financial statements for the year ended 31 December 2014 and, save for the adoption of IFRS 11 'Joint Arrangements', are unchanged from those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2013.

2. Prior year adjustment – change in accounting policy

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

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

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

3. Acquisition of Wayland Copper Limited

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

Under the terms of the joint venture agreement, following this contribution to the joint venture, Beowulf Mining plc had the right to change the composition of the Board from the point that the funding was made and also took over the role of operator for the project. The controlling interest held by each of the joint venture partners has been adjusted to represent

their effective contributions. As a result, Beowulf Mining plc increased its effective control in the joint venture, Wayland Copper Limited, to 65.25% from 1 October 2014.

In the view of the Directors, Beowulf Mining plc has the ability to control the joint venture entity and has therefore consolidated the results of the joint venture entity within the results of the Group from 1 October 2014.

4. Loss per share

The basic and diluted loss per share have been calculated using the loss attributable to the owners of the parent for the 12 months ended 31 December 2014 of £3,114,520 (2013: £2,185,749). The basic loss per share was calculated using a weighted average number of shares in issue of 291,106,117 (2013: 241,137,381).

5. Called up share capital

	2014 (Unaudited) £	2013 (Restated) £
Allotted, called up and fully paid		
345,259,849 (2013: 282,827,365) ordinary shares of 1p each	<u>3,452,598</u>	<u>2,828,273</u>

The number of shares in issue is reconciled as follows:

	2014 (Unaudited) No.	2013 (Restated) No.
At 1 January 2014	282,827,365	210,427,365
Issued during the year	<u>62,432,484</u>	<u>72,400,000</u>
At 31 December 2014	<u>345,259,849</u>	<u>282,827,365</u>

6. Reconciliation of loss before tax to cash outflow from operations

	2014 (Unaudited) £	2013 (Restated) £
Loss before tax	(3,115,206)	(2,185,749)
Depreciation charges	8,227	664
Impairment of exploration costs	3,187	-
Impairment of related party loan and interest	-	184,558
Equity-settled share-based payment transactions	1,558	
Fair value loss on derivative financial assets	2,032,835	1,109,028
Share of post-tax losses of equity accounted joint venture	3,317	3,794
Finance income	(6,394)	(43,061)
	<u>(1,072,476)</u>	<u>(930,766)</u>
Decrease/(increase) in trade and other receivables	201,388	(141,352)
(Decrease)/increase in trade and other payables	<u>(92,430)</u>	<u>103,685</u>
Net cash outflow from operations	<u>(963,518)</u>	<u>(968,433)</u>

7. Derivative financial asset

In July 2013, as part of a two stage subscription to raise, in aggregate, £4.125m (before expenses) from certain new shareholders, the Company issued 28,694,000 new ordinary

shares of 1p each in the capital of the Company (“Ordinary Shares”) at a price of 6.25p per share to Lanstead Capital L.P. (“Lanstead”) with a notional value of £1,793,375. The Company simultaneously entered into an equity swap price mechanism with Lanstead for a notional 75 per cent. of these shares with a notional reference price of 8.3333p per share (the “Reference Price”). All 28,694,000 Ordinary Shares were allotted with full rights on the date of the transaction.

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

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

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

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

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

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

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

The settlements scheduled for June 2014 under the equity swap agreements were not completed, and the company and Lanstead mutually agreed to defer all further settlements until the completion of a new 12 month equity swap agreement as follows:

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

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

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

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

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

	Share price	Notional Number of shares outstanding	Fair value £
Value recognized on inception (notional)	4.0000p	25,000,000	850,000
Consideration received in period		(1,120,250)	(38,088)
Loss on revaluation of derivative financial asset			<u>(602,964)</u>
Value of derivative financial asset at 31 December 2014	1.4750p	<u>23,879,750</u>	<u>208,948</u>

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

Fair value of Derivative Financial Assets

Derivative Financial Asset issued in 2013

£

(55,752)

Derivative Financial Asset issued in 2014	208,948
Value of derivative financial asset at 31 December 2014	<u>153,196</u>

8. Availability of Annual Report and Financial Statements

Copies of the Company's full Annual Report and Financial Statements are expected to be posted to shareholders in due course and, once posted, will also be made available to download from the Company's website at www.beowulfmining.net.

The Annual Report and Financial Statements will also be made available for inspection at the Company's registered office during normal business hours on any weekday. Beowulf Mining plc is registered in England and Wales with registered number 02330496.

**** Ends ****