BEOWULF MINING PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Company Number 02330496

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COMPANY PROFILE

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

Beowulf is a mineral exploration and development company focused on becoming a European supplier of minerals required for the Green Transition.

The Company's most advanced project is the Kallak Iron Ore Project (the "KIOP" or "Kallak") located approximately 40 kilometres ("km") west of Jokkmokk in the County of Norrbotten, Northern Sweden, 80 km southwest of the major iron ore mining centre of Malmberget, and approximately 120 km to the southwest of LKAB's Kiruna iron ore mine. Preliminary metallurgical test-work suggests that Kallak has the potential to produce a market-leading high-grade iron concentrate that is expected to be highly sought after to support the decarbonisation of the steel industry in Europe and further afield.

On 22 March 2022, the Company's wholly-owned subsidiary, Jokkmokk Iron Mines AB ("Jokkmokk Iron"), was awarded an Exploitation Concession for the Kallak North deposit ("Kallak North"). This permit provides exclusive mining rights in the defined areas for a period of 25 years. Kallak North has an estimated Mineral Resource of 111 million tonnes (Mt) in the Measured and Indicated category, with an average grade of 28 per cent iron content and a further 25 Mt in the Inferred category, with an average grade of 28 per cent iron content. In the Kallak area, the Company has additional defined Mineral Resources and exploration targets which could support a longer life mining operation beyond Kallak North. On 24 January 2023, Beowulf released a Scoping Study from Kallak North demonstrating the preliminary technical and economic viability of Kallak. The Scoping Study envisaged an open pit mining operation producing an average of 2.5 Mt per year of concentrate with an average grade of 69 per cent iron content over an initial 14 year mine life. A Preliminary Feasibility Study ("PFS") for Kallak was initiated on 24 October 2023. Environmental baseline studies were progressed through the year in preparation for the Environmental Impact Assessment ("EIA") and subsequent Environmental Permit application.

Beowulf's 100 per cent owned subsidiary Grafintec Oy ("Grafintec") is focused on developing a graphite anode material processing plant ("GAMP") in the GigaVaasa industrial hub in west Finland. In July 2023, the Company announced robust economics from a PFS on a Coating plant, the third and final stage in the production of anode material. The PFS delivered robust base case economics with an after-tax net present value of US$242 million. Following the introduction by China of controls on the export of graphite products in December 2023, the Company announced a fast-track development strategy with the objective of building the full three stage processing plant from the outset, and the initiation of an enhanced PFS incorporating the spheronisation and purification steps to the final coating phase. The Company continues to receive support from Business Finland, the Finnish governmental organisation for innovation funding and investments and is also well supported by the municipalities of Korsholm and Vaasa where GigaVaasa is located.

Grafintec also holds a number of exploration properties including Aitolampi, which is one of Europe's largest flake graphite resources, with a Mineral Resource Estimate of 26.7 Mt at 4.8 per cent total graphic carbon ("TGC") for 1,275,000 tonnes of contained graphite. Additionally, the Rääpysjärvi exploration permit, which is located 8 km from Aitolampi, is early stage but appears to have a similar potential scale as Aitolampi and also has significant high-grade potential based on surface sampling.

In Kosovo, Beowulf is focused on exploration for base metals and precious metals. At the end of 2023, Beowulf owned a 61.1 per cent interest in Vardar Minerals Ltd ("Vardar"). During 2023, Vardar's exploration programme consisted of geological mapping, surface sampling and drone magnetic surveys over its extensive exploration programme. On 4 March 2024, the Company announced that it had reached agreement with the minority holders of Vardar to consolidate 100 per cent of Vardar and its subsidiaries through the issue of new Beowulf shares.

COMPANY PROFILE (continued)

Company's Purpose

The Company's purpose is to be a responsible and innovative resource company that creates value for our shareholders, local stakeholders, 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.

The Company's approach is to work in partnership with local communities and stakeholders.

CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to introduce the Annual Report for 2023, the first full year of my tenure as Chairman of Beowulf.

The year has been a transformational one for the Company, and not without its challenges. In particular, we have seen a number of management changes, however, I am confident that we are now in a stronger position than we were at the beginning of 2023, and I remain excited about the future prospects for the Company.

After nine years as Chief Executive Officer of Beowulf, Kurt Budge announced on 3 May 2023 that he was stepping down from the Company. Kurt played a pivotal role in the Company's development, in particular achieving the successful delivery of the Exploitation Concession for Kallak North. Following this we were fortunate to attract Ed Bowie to join Beowulf, taking over as CEO on 7 August 2023. Ed has extensive technical, corporate and financial experience and his involvement and new perspectives brought an immediate positive impact to the Company's portfolio of assets.

We further strengthened the Board with the appointment of Mikael Schauman as Non-Executive Director, on 10 July 2023. Mikael has over 40 years of experience in base metals with senior management roles with major mining companies including as Senior Vice President Commercial of Lundin Mining Corporation. Mikael's insights and experience are proving invaluable to the Company.

The Kallak project is now on a much firmer footing. We have initiated a properly scoped PFS and put together an industry leading group of consultants to manage the range of technical and environmental disciplines. The environmental studies are continuing in preparation for the EIA and future application for the environmental permit. Additionally, we have attracted an excellent Project Director, Dmytro Siergieiev, to take over the leadership of the project and Jokkmokk Iron following the resignation of Ulla Sandborgh as the subsidiary's CEO.

In Finland, under the leadership of Rasmus Blomqvist, we delivered an excellent PFS on the Coating plant but, in the fast-moving market and against the backdrop of export controls introduced by China, have modified our plans and initiated the PFS on the full anode material plant. Test-work and the EIA studies are ongoing and remain on track for completion in 2024.

Vardar has continued to develop and refine exploration targets in Kosovo, although we significantly reduced the expenditure from previous years, focusing on low-cost mapping, sampling and drone-magnetics to better refine targets prior to drilling. Further, following the end of 2023, we reached an agreement to consolidate 100 per cent through in an all-share transaction. This not only gives Beowulf full control of Vardar, but also tidies up the subsidiary holdings and provides greater optionality to drive the business forward.

Beowulf remains deeply committed to developing sustainable operations that benefit our local communities. We strive to engage with our stakeholders and have made significant efforts to improve our transparency, accountability, and accessibility. In Jokkmokk we have opened an office in the town centre, where Ed and I have made numerous trips and had regular meetings with local politicians and business leaders. The appointment of Dmytro, who will be spending significant time in Jokkmokk, further reinforces our determination to become a trusted partner.

In March 2023, we completed a rights issue of Swedish Depository Receipts and PrimaryBid retail offer and placing to certain UK investors. The total gross amount raised was £6.4 million (SEK 80.8 million). The net funds raised after repayment of the loan (£2.04 million) and transaction costs (£0.64 million) were £3.72 million.

On 3 April 2024 we announced the completion of the capital raise with a total of £4.3 million (SEK 56.3 million) gross raised to fund the development of the Company's assets through their next key valuation milestones. We have a clear strategy for each asset and have built a team capable of delivering.

I would like to thank our shareholders and stakeholders for their continuing support.

J Röstin
Non-Executive Chairman

REVIEW OF OPERATIONS AND ACTIVITIES

Sweden

Permits

Beowulf, via its subsidiaries, held six exploration permits in Sweden, and one Exploitation Concession, at the end of 2023, as set out in the table below:

Exploration Permit Name	Licence no.	Area (hectares)	Valid from	Valid to
Kallak nr 101[1]	2023:165	397	26/10/2023	26/10/2026
Parkijaure nr 2[1]	2008:20	285	18/01/2008	18/01/2025
Parkijaure nr 6[1]	2019:81	999	10/10/2019	10/10/2024
Parkijaure nr 7[1]	2021:47	2,212	16/06/2021	16/06/2024
Åtvidaberg nr 1[2]	2016:51	12,533	30/05/2016	30/05/2024

Exploitation Concession Name	Licence no.	Area (hectares)	Valid from	Valid to
Kallak K nr 1[1 3]	BK-2022:1	103	22/03/2013	22/03/2047

Notes:
(1) Held by the Company's wholly owned subsidiary, Jokkmokk Iron Mines AB ("JIMAB").
(2) Held by the Company's wholly owned subsidiary, Beowulf Mining Sweden AB.
(3) An application for the Exploitation Concession was lodged on 25 April 2013 (Mines Inspector Official Diary nr 559/2013) and an updated, revised and expanded application was submitted in April 2014. On 21 September 2016, the Company submitted a letter to the Mining Inspectorate of Sweden, revising its application boundary to encompass both the Concession Area, delineated by the Kallak North orebody, and the activities necessary to support a modern and sustainable mining operation. On 22 March 2022, the Minister of Enterprise and Innovation, announced the award of the Concession for Kallak nr 1.

Kallak Introduction

The Company's most advanced project is the Kallak 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.

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

Kallak is well positioned as a potential secure and sustainable supplier of market-leading high-grade iron concentrate to Europe's decarbonising steel sector and fossil-free steel making projects in the Nordic region.

Kallak Resource

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

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

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

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

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

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

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

Notes:
(1) Mineral Resources, which are not Mineral Reserves, have no demonstrated economic viability.
(2) The effective date of the Mineral Resource is 9 May 2021.
(3) The Open Pit Mineral Resource Estimate was constrained within lithological and grade-based solids and within an optimised pit shell defined by the following assumptions; base case metal price of USD130 / tonne for a 65% Fe concentrate; Fe recovery of 71% at Kallak North, 86% at Kallak South North and 94% at Kallak South South; Fe concentrate grades of 68% at Kallak North, 70% at Kallak South North and 69% at Kallak South South; Processing costs of USD6.8 / t wet; Selling cost of USD21.0 / t wet concentrate; Mining cost of Ore of USD3.3 / t, mining cost of waste of USD3.0 / t and an incremental mining cost per 10 m bench of USD0.05 / t; Wall angles of 30° within the overburden and 47.5° in the fresh rock.
(4) Mineral Resources have been classified according to the PERC Standards 2017, by Howard Baker (FAusIMM(CP)), an independent Competent Person as defined in the PERC Standard 2017.
(5) FeO refers to the iron oxide, magnetite (Fe_3O_4 or $FeO.Fe_2O_3$) and not haematite (Fe_2O_3), SiO_2 refers to silica, the chemically resistant dioxide of silicon, Al_2O_3 refers to alumina, an oxide of aluminium, p refers to phosphorous and S refers to sulphur.

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

BGS reported an Exploration Target in an untested gap between Kallak South North and Kallak South South, of between 25 Mt and 75 Mt grading between 20 per cent iron to 30 per cent iron. In addition, an Exploration Target of between 45 Mt and 135 Mt grading between 20 per cent iron to 30 per cent iron at has been reported at Parkijaure. The potential quantity and grade are conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

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

- Test-work 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 the KIOP the market leading high-grade product among known current and planned future producers; and
- The next best magnetite product is LKAB's (the state-owned Swedish iron ore company), which produces magnetite fines ("MAF") with a target specification of 70.7 per cent iron and is regarded as unique, until now, due to its exceptionally high iron content.

On 22 March 2022, the Swedish Government awarded an Exploitation Concession for Kallak North; attached to the decision were 12 conditions for the Company to comply with. The Company's legal advisers reviewed the Government's decision and the conditions attached to it and, with respect to the conditions, were satisfied that these were matters the Company would naturally expect to address during project development and the Environmental Court process. The award of the Concession was a long-awaited milestone on the development timeline, and now the Company can focus its attention on project development and applying for the Environmental Permit.

An application was subsequently filed with the Supreme Administrative Court by two Sami villages, Jåhkågasska tjiellde and Sirges, and Naturskyddsföreningen, the associations for the protection of the environment, at municipality, county and country level, for a judicial review of the Government's awarding of the Exploitation Concession. They argued that the Government did not have the right to make the decision in question, with reference to the fact that it would be contrary to legal rules in support of nature conservation and the national interest of reindeer husbandry. They argued that the government's decision had no legal basis and that the Court should therefore declare the decision invalid.

2023 Update

On 24 January 2023, Beowulf announced the positive economic results of the Kallak North Scoping Study, forming part of the larger KIOP, prepared by independent consulting firm SRK Consulting (UK) Ltd. The Scoping Study presents a 'Base Case' solely focused on the Kallak North deposit, incorporating a MRE with effective date of 9 May 2021 and an economic assessment for a mining operation producing up to 2.7 Mt per annum of high-grade iron concentrate over a production life of 14 years. The scoping study economic highlights include a Net Present Value at a discount rate of 8 per cent (NPV_8) of US$177 million, Internal Rate of Return of 14.5 per cent and a Payback Period of approximately 4.5 years from commencement of construction activity. The 'Base Case' assumes two-thirds of Kallak production is sold to the Blast furnace market and one-third is sold to the Direct Reduction market, consistent over the 14 years production life.

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

Prior to the initiation of the PFS for Kallak, a strategic review was completed to properly consider the results of the Scoping Study, identify any shortfalls and ensure the scope of the PFS was appropriate and would deliver a robust study. The PFS was subsequently initiated on 24 October 2023 following the appointment of lead consultant SLR Consulting and is expected to be concluded during the third quarter of 2024. Environmental baseline studies, including cultural heritage surveys, nature values and biodiversity assessment, sound and vibration monitoring, were progressed through the year in preparation for the EIA and subsequent Environmental Impact application.

An oral hearing was held by the Supreme Administrative Court in September 2023, following which the applicant (the lawyer representing the Sami villages) filed a further submission and to which the Court invited the Government to respond. The submission primarily related to environmental impacts, a number of which are subject to the ongoing environmental baseline studies and will form part of the Environmental Impact Assessment and subsequent Environmental Permit application.

2024 Update

On 18 January 2024 the Government provided the Supreme Administrative Court with a formal response to the applicant’s previous submission. In a comprehensive response the Government endorsed the original decision to award the Exploitation Concession. The Government further emphasised its support for the project stating that the Kallak Project is of national interest. The Company understands that the Court will consider the Government's submission alongside that of the applicant and is expected to reach a decision during the first half of 2024.

Technical and environmental workstreams continued to progress with the objective of concluding the PFS and EIA in the third quarter and submitting the Environmental Permit application before the end of the year.

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

Finland

Permits

Beowulf, via its wholly-owned subsidiary, Grafintec, held five exploration permits in Finland at the end of 2023, as set out in the table below:

Exploration Permit Name	Licence no.	Area (hectares)	Notes
Pitkäjärvi 1	ML2016:0040-02	407	27.4.2021: Extension permit granted by TUKES which remained valid until 26.4.2024. A further extension to the licence was applied for on 15.3.2024 and remains subject to review and approval by TUKES.
Rääpysjärvi 1	ML2017:0104	716	Exploration permit granted. The permit gained legal force 21.6.2021 and is valid to 20.6.2025.
Karhunmäki 1	ML2019:0113	889	Granted by TUKES 29.9.2021. The decision has been appealed to the Vaasa Administrative Court by Lapua municipality and MiningWatch Finland ry.
Luopioinen 1	ML2022:0004	218	Exploration permit application submitted 28.1.2022 and remains subject to review and approval by TUKES. The permit has therefore not gained legal force yet.
Emas 1	VA2022:0077	2,565	Approved reservation granted by TUKES 17.1.2023. Legally valid from 23.2.2023 if not appealed. Application for exploration permit submitted 31.05.2023.

Grafintec's exploration programme is targeted at securing long-term sustainably produced primary raw material supply to support a Finnish graphite anode value chain. The Company has a rolling programme of exploration permit and claim reservation applications and exploration permit renewals. TUKES (the permitting authority) processes the Company's applications, which if deemed satisfactory, are published as a 'Hearing' for one month, during which time appeals can be submitted.

Aitolampi (Pitkäjärvi 1 Exploration Permit) – Graphite

Introduction

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

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

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

Mineral Resource Estimate

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

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

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

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

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

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

Zone	Classification	Million Tonnes	TGC %	S %	Density (t/m^3)	Contained graphite (kt)
Western lens	Indicated	9.2	5.1	5	2.8	468
	Inferred	8	5.2	4.7	2.8	419
	Indicated + Inferred	**17.2**	**5.2**	**4.8**	**2.8**	**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	**11**	**4.9**	**4.9**	**2.8**	**542**
	Inferred	**15.7**	**4.7**	**4.6**	**2.8**	**733**
	Indicated + Inferred	**26.7**	**4.8**	**4.7**	**2.81**	**1,275**

2023 Update

Grafintec announced, on 9 January 2023, that it had awarded a PFS contract to engineering consultant, RB Plant, to assess the technical, economic, statutory, regulatory and commercial options for a natural flake graphite anode material plant in Finland. The study focused on the Coating stage of the anode material processing and was aligned with the objectives of the funding received from Business Finland as part of the BATCircle2.0 consortium, Business Finland's Circular Ecosystem of Battery Metals project and a component of the Business Finland Smart Mobility and Batteries programme.

The results of the PFS were announced on 20 July 2023, envisaging importing Spherical Purified Graphite ("SPG") and producing an initial 20,000 tonne per annum of Coated Spherical Graphite ("CSPG"), for sale to anode manufacturers. The economics of the study were extremely positive with an after-tax NPV8 of US$242 million, an Internal Rate of Return of 39 per cent, and a Payback Period of 2.4 years.

The development plan for GAMP, announced on 26 September 2023, considered a three-phase development with the initial phase focused on the final processing stage in the production of graphite anode materials, namely the Coating stage. The plan for Phase 1 envisaged the import of spherical graphite from third parties, coating this material to produce 20,000 tonnes of anode material per year of Coated Spherical Graphite for sale to anode manufacturers. Phase 2 of the development plan was to incorporate the full process comprising three stages into the plant. Graphite concentrate would be imported from third parties and this would then be Spheronised, Purified and Coated, producing 20,000 tonnes per year of CSPG. Phase 3 of the original plan envisaged an expansion of production to 60,000 tonnes per year of product.

The Company signed an agreement with the municipality of Korsholm to secure a new site at the GigaVaasa industrial hub (Plot 1, Block 3017) to establish a GAMP in February, renewed the agreement for a further six months in June 2023 and again in February 2024 and anticipates entering into a long-term agreement during the second half of 2024. Grafintec continues to work closely with the municipalities of Vaasa and Korsholm and other agencies and local stakeholders.

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

With the introduction of export controls by China on 1 December 2023, the Company updated its strategy, adopting a fast-track development of the full GAMP. Independent consultant Dorfner Anzaplan GmbH ("Anzaplan"), who were already undertaking test-work on behalf of the Company, were appointed as lead consultant to update and enhance the Coating stage PFS and complete a PFS for the full process route, namely Spheronisation, Purification and Coating as described below.

The Company has a Memorandum of Understanding ("MoU") with Dominik Georg Luh Technografit GmbH ("Technografit"), establishing the basis for a commercial partnership for procuring sustainably produced natural flake graphite concentrate for Grafintec's planned GAMP. The MoU was signed with Technografit in May 2022 and sets the heads of terms for incorporating a formal sales agreement between Grafintec and Technografit. This follows the Company's strategy to develop its downstream anode capabilities initially but to expand its resource footprint and ultimately develop its own projects to provide feed for the GAMP.

Work in preparation for the EIA was initiated with the appointment of Afry and is anticipated to conclude in 2024.

2024 Update

On 17 January 2024, the Company announced an updated strategy for GAMP to build the three-stage processing plant at the outset comprising Spheronisation, Purification and Coating effectively bypassing the previous Phase 1. Graphite concentrate feed will initially be sourced from third-party mines and the Company has letters of intent for this supply. The GAMP will then process this material and produce 20,000 tonnes of CSPG per year for sale to anode manufacturers for the battery industry. A future expansion to 60,000 tonnes per year of CSPG is then planned.

The changes in Grafintec's development strategy will extend the time for the ongoing EIA process and PFS to include the Spheronisation and Purification process stages.

Kosovo

Vardar Minerals Limited ("Vardar")

Beowulf's investment in Vardar gives the Company exposure to base metals and precious metals exploration in the highly prospective Tethyan Belt.

Vardar has a rolling programme of exploration permit applications and renewals, see table below:

Licence Number	Term[1]	Licence	Valid From	Valid To	Area (km^2)
2879	2nd	Mitrovica	11.03.2022	27.01.2024	27.1
3318[2]	*1st*	*Mitrovica Pending*	*22.02.202*	*2027*	*27.1*
2878	2nd	Viti N	22.03.2022	27.01.2024	35.5
3319[2]	*1st*	*Viti N Pending*	*22.02.2024*	*2027*	*29.7*
2912	2nd	Viti E	11.03.2022	27.01.2024	44.1
3317[2]	*1st*	*Viti E Pending*	*22.02.2024*	*2027*	*38.8*
2935	1st	Shala	11.03.2022	25.02.2025	87.5
3122	1st	Shala East	06.09.2022	17.08.2025	78.8
3123	1st	Shala West	22.10.2022	11.10.2025	36.2
3054[3]	2nd	Zvecan	27.06.2022	14.05.2024	0.64

[1] *Refers to whether the licence has been renewed e.g. 2nd means licence has been renewed after its 1st term.*
[2] *Refers to licences that are currently under application. See explanation below.*
[3] *At the time of writing an application for the renewal of the licence had been prepared for submission prior to expiry.*

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

The original Mitrovica, Viti North and Viti East licences expired on 24 January 2024 in accordance with their terms. Following dialogue with the Independent Commission for Mines and Minerals ("ICMM") in Kosovo, applications for new licences were submitted and formal conformation of receipt was provided by the ICMM on 22 February 2024. Exploration licence applications are reviewed by the ICMM in Kosovo and ultimately granted by the Board of ICMM. The Government disbanded the Board of ICMM in October 2023 thus the licence applications remain pending until the new Board is appointed. With the licence applications formally lodged with ICMM, no other party may apply for licences over the same area. The Company is confident that the licences will be granted by ICMM in due course and will update the market accordingly. As these applications are for new licences, they will be valid for an initial three-year period from the date of granting after which they may be extended twice, for two-year periods with a reduction in the land holding of 50 per cent on each occasion.

Exploration Overview

Vardar's exploration permits are located in Kosovo, 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 a number of world class discoveries.

The Tethyan Belt of south-east Europe can be regarded as Europe's chief copper-gold (lead-zinc-silver) province. Kosovo has seen very limited exploration since the 1980s. The Mitrovica, Shala and Viti licences occur within calc-alkaline magmatic arc(s) which developed during the closure of the Neotethys Ocean, and are prospective for epithermal gold, lead-zinc-silver replacement deposits and porphyry related copper-gold mineralisation.

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 reported reserves of 29 Mt of ore at 3.45 per cent lead, 2.30 per cent zinc, and 80 grammes per tonne ("g/t") silver (ITT/UNMIK 2001 report), together with the past production of approximately 34 Mt of ore, the deposit represents an important source of metals in the south eastern part of Europe (Source: Strmić Palinkaš S., Palinkaš L.A et al, 2013. Metallogenic Model of the Trepča Pb-Zn-Ag Skarn Deposit, Kosovo: Evidence from Fluid Inclusions, Rare Earth Elements, and Stable Isotope Data. Economic Geology, 108, 135-162). The licence has potential to host a range of porphyry related mineralisation types.

Shala

During 2022, three Shala exploration licences were approved, extending to the north and northeast of the Mitrovica licence, its polymetallic epithermal system and associated lead-zinc-silver and gold-silver-copper mineralisation. The new areas are situated in the prospective Vardar lead-zinc-silver belt along trend from historical mining districts.

The new licences include prospective carbonate host rocks along with Oligocene magmatic rocks which provide the heat and metal source in the surrounding lead-zinc ore districts; alteration and gossan outcrops have been noted in early reconnaissance mapping further demonstrating the potential for lead-zinc-silver mineralisation in both of the licences.

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

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

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

Zvecan

The Zvecan licence is a small extension licence east of the main Mitrovica project and was created by changes in municipality boundaries.

2023 Update

Beowulf invested £250,000 in January 2023 taking its interest from 59.5 per cent to 61.1 per cent.

The focus of activity in 2023 was on low-cost exploration including mapping, sampling and drone magnetic surveys to identify and refine exploration targets.

Field work was focused on the Shala licences. The Shala Central licence is 87 km2 in area and it is situated to the north and is contiguous with the Company's Mitrovica licence package. The licence was awarded in 2021 with limited reconnaissance work completed during 2022 prior to the current exploration programme. Initial activity focused on the eastern portion of the licence with further work carried out in the north. This initial work consisted of mapping and rock-chip and grab sampling. The geology of the Shala Central licence is dominated by the Jurassic and Cretaceous ophiolite sequence with mafic, ultramafic and serpentinite-listwanite units identified. Locally, Oligo-Miocene volcanoclastic and intrusive bodies are observed. Silicification, argillic and advanced argillic alteration was extensively observed and mapped. Major north west-south east striking faults are mapped bisecting the licence and appear to off-set alteration and mineralisation. Extensive outcrop occurs across the eastern portion of the licence enabling historic regional scale mapping to be corroborated and enhanced.

In total, 2,444 field observation points have been recorded and 516 outcrop and float samples collected and analysed using the Company's handheld XRF device. Of particular note is the significant gossanous outcrop identified during the mapping, indicative of potential significant sulphide mineralisation and containing elevated metal values. The mapping was followed up with systematic soil sampling, initially on a 200 m by 50 m grid with further infill sampling on 50 m by 50 m. Samples were prepared and analysed with a handheld XRF device by Vardar geologists and, as with the rock-chip and float samples, standard QAQC procedures were followed including the use of blanks, standards, and duplicates. The geochemical data shows a highly anomalous zone, offset from a major structural fault lying to the south and trending north west-south east. This fault appears to be a significant controlling structure with no magnetic signature and alteration to its south. The geochemical anomaly also wraps around an intrusive body, identified both from mapping and geophysics.

Supplementing the geochemical data, the Vardar team also flew a close spaced drone magnetic survey over the eastern portion of the Shala Central tenement. The survey was broken into 18 blocks each 700 m by 700 m in area with lines flown on 25 m spacing and at 50 m above ground level for a total of 27 km per block. Additionally, tie lines were flown on 250 m spacing to ensure data from each line and block could be linked appropriately with its neighbours. In total, 489 km were flown covering approximately 25 per cent of the total Shala Central licence area. The magnetic data highlighted a number of interesting features, including a circular magnetic high in the centre of the survey, postulated to be an intrusive body around which the geochemical anomalies appear to wrap, and which has important implications as a heat source and potential mechanism for concentrating metals.

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

Furthermore, a strongly magnetic feature, sub-parallel to the north west-south east fault, is coincident with the geochemical anomaly highlighted above.

The Vardar team, supported by experienced external consultants, also completed a preliminary mapping and sampling survey in the Shala East licence focusing on three high priority target areas. Porphyry style mineralisation and anomalous base metal content was identified with the Company's pXRF. Further soil and rock chip samples were sent to independent laboratory, ALS Life Sciences (ALS) with results received in early 2024. Target 1 in the north of the Shala East licence returned assay results including 3.21 g/t gold, 3.84 g/t gold and 73.8 g/t silver over a 1 km-by-1 km area. Further south in Target 2, grab samples assayed up to 5.5 per cent zinc and 5.4 per cent lead with anomalous silver grades. The southernmost Target 3 returned results including 117 g/t silver. Further results are expected and will be incorporated with the Company's soil geochemical results and mapping.

Sampling of spring water was completed on the Viti North licence. Results, again received from ALS in early 2024, from one of the samples returned highly anomalous lithium grades of 1,260 microgrammes per litre ("µg/l") and boron grades of 10,500 µg/l. The sample was collected from a spring located in the centre of the Viti North licence, an area that is believed to be a basinal margin structure with lacustrine sediments that have the potential to host lithium-boron mineralisation, which is the geological setting of Rio Tinto's lithium-boron Jadar deposit in Serbia. Further spring water sampling will be undertaken in the area and a gravity survey will be considered to better define the basin margin.

2024 Update

On 4 March 2024, Beowulf announced that agreement had been reached with the minority holders of Vardar to acquire their shares and move from the 61.1% to 100% ownership in an all-share transaction. The transaction was concluded on 9 March 2024 with the 52,326,761 Beowulf shares to the Vardar minority holders. The new Beowulf shares remain subject to a 12-month lock-in agreement.

The consolidation provides Beowulf with full control and flexibility to drive the development of Vardar including reviewing acquisition, divestment, joint venture and strategic investment opportunities. In connection with the transaction, Ismet Krasniqi, Vardar's local partner in Kosovo, was appointed to the Board of Vardar and continue to support the company's development.

ESG

The Company's overall purpose is to be a responsible and innovative company that creates value for its shareholders, local stakeholders, the wider society and the environment, through sustainably producing critical raw materials needed for the global Green Transition.

The Company wants to be recognised for living its values of Respect, Partnership and Responsibility. In its recent ESG work it has identified, as material to the Company's activities, the following the UN's Sustainable Development Goals and relevant actions under each goal which the Company will contribute to:

- Goal 7: Affordable and Clean Energy
  - Target 7.2 - By 2030, increase substantially the share of renewable energy in the global energy mix

- Goal 8: Decent work and economic growth
  - Target 8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
  - Target 8.4 - Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
  - Target 8.5 - By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

- Goal 9: Industry, innovation and infrastructure
  - Target 9.1 - Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
  - Target 9.4 - By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

- Goal 12: Responsible production and consumption
  - Target 12.2 - By 2030, achieve the sustainable management and efficient use of natural resources
  - Target 12.5 - By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
  - Target 12.6 - Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

- Goal 13: Climate Action
  - Target 13.2 - Integrate climate change measures into national policies, strategies and planning

- Goal 15: Life on Land
  - Target 15.1: Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.
  - Target 15.2: Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
  - Target 15.4: By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.
  - Target 15.5: Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species.
  - Target 15.6: Promote fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources, as internationally agreed.

When it comes to the development of the Company's projects and with Kallak as the frontrunner, the above goals and our future compliance with The Equator Principles are being factored into our thinking, design, engineering, and planning of our operations and management systems.

The Company's ESG Policy is available on the website following the link: https://beowulfmining.com/about-us/esg-policy/

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Ed Bowie – Chief Executive Officer ("CEO")

Mr Bowie was appointed as CEO on 7 August 2023. He has over 20 years' experience in the natural resources sector having worked in corporate, advisory and fund management roles and across a broad range of commodities and jurisdictions.

Ed began his career as an exploration geologist for SAMAX Gold in Tanzania and was involved in the discovery of the Kukuluma and Matandani orebodies that led to SAMAX's acquisition by Ashanti Goldfields in 1998. On returning to the UK, he worked in equity research and investment banking before launching the London-listed Altus Resource Capital fund in 2009. Ed managed the fund until the end of 2014 out-performing the FTSE Gold Mines and S&P/ TSX Global Gold Mining indices over the period. In 2015 Ed joined AIM-listed Amara Mining plc in a corporate development role, establishing and running the process that led to the company's acquisition by Perseus Mining in 2016. More recently Ed has supported AIM- and TSX- listed Brazilian gold miner, Serabi Gold plc, in a corporate development capacity.

Ed is the Non-Executive Chairman of AIM-listed Cora Gold Ltd, the Mali focused gold development company and a member of the investment committee of The Impact Facility, an impact investment vehicle focused on artisanal and small-scale gold mining in East Africa. He holds an MA in Earth Sciences from Oxford University having been awarded a scholarship and an MSc in Mineral Deposit Evaluation achieving distinction and having been awarded a scholarship from Imperial College, London.

Johan Röstin – Non-Executive Chairman

Mr Röstin was appointed to the Beowulf Mining Board on 7 November 2022. On 3 May 2023 Johan assumed the role of Interim CEO and Executive Chairman following the resignation of Kurt Budge, former CEO, until Ed Bowie was appointed on 7 August 2023.

Johan spent three years as CEO of ferry operator ForSea between 2017-2020, and before that was CEO of Copenhagen Malmo Port AB, 2009-2017. He has significant experience in infrastructure, logistics, capital investments and permitting processes, and has held Board, executive and senior management positions during his career.

In his role at ForSea, Mr Röstin led the company to create a new brand, a stronger organisation and set the company on its sustainability journey.

Christopher Davies - Non-Executive Director

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

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

Chris holds a BSc Hons Geology from Aberystwyth University in Wales, and an MSc DIC Mineral Exploration from Imperial College, London. He is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusImm)

BOARD OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Mikael Schauman – Non-Executive Director

Mr Schauman joined the board of Beowulf on 7 July 2023. Mikael, a Swedish national, has been involved in base metals for the past 40 years. Mikael is versed in the field of mining, management of mining companies as well as the commercialisation of the products.

Mikael Schauman holds a BSc in Finance from Stockholm School of Economics. He started his career at Boliden and subsequently spent 18 years at various commodity trading companies. For the past 16 years he served in the senior management of Lundin Mining Corporation as VP and SVP Commercial. In this role he had sole responsibility for the company’s commercial organisation and world-wide sales. Mikael, at the same time, actively contributed to increasing growth within Lundin Mining, for example via the acquisitions and mergers made over the years. In the role of senior manager, he has also contributed to developing the groups sustainability work.

Senior management

Rasmus Blomqvist – Managing Director Grafintec

Mr. Blomqvist, the founder of Grafintec (formerly Fennoscandian Resources), joined the Company in January 2016. Mr. Blomqvist has been working in exploration and mining geology for over 11 years and holds an MSc in Geology and Mineralogy from Åbo Akademi University, Turku Finland.

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

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

Mr Blomqvist is a member of the Australasian Institute of Mining and Metallurgy (“AusIMM”).

Company secretary

One Advisory

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

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2023.

Principal activity

The principal activities of the Group are the exploration and development for iron ore, graphite, base and precious metals in the Nordic Region and Kosovo. A detailed review of the mining activities can be found under Review of Operations and Activities on pages 5 to 15. The Group is registered in and controlled from the United Kingdom.

Review of the business

The results of the Group for the year are set out in the consolidated income statement and show a loss after taxation attributable to the owners of the parent for the year of £2,863,959 (2022: loss of £1,948,459). A comprehensive review of the business is given under the Chairman's Statement on page 4 and Review of Operations and Activities on pages 5 to 15.

Principal risks and uncertainties

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

Description	Risk	Risk rating pre-mitigation	Mitigating action	Risk rating post-mitigation
Political Risk	The Company could be exposed to macro-political risk or sovereign risk.	MEDIUM	The Company actively monitors developments on the geopolitical stage, and where appropriate engages advisers and the British Embassy to support its in-country operations. It is not foreseeable that events in Ukraine will negatively impact the Company's business. China has a dominant position in many commodity markets and can, as evidenced by the export controls imposed on graphite in December 2023, impact trade and pricing of certain commodities. While this may cause market uncertainty, the Company's portfolio of assets, focusing on supplying the European market with raw materials, is aligned with the EU's Critical Raw Materials Act and should ultimately be a beneficiary of the desire to improve supply chain security for domestic markets. The Nordics are seen to be low-risk countries by investors. As Kosovo is seeking EU accession its institutions are well supported by the EU and the UK.	LOW

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Climate Emergency	The Company's activities could be negatively impacted by adverse climate events.	MEDIUM	The Company operates in relatively hospitable environments and its activities are unlikely to be directly impacted by adverse climate events. Further the Company, particularly on the more advanced Kallak and GAMP projects, monitors weather and climate conditions and will therefore be able to react and adapt its activities.	LOW
European Climate Law	EU countries must cut greenhouse gas emissions by at least 55 per cent by 2030, compared to 1990 levels, and to become climate-neutral by 2050. There is a risk that electrical vehicles and machines are not available.	LOW	Mining operations will have Net Zero Emissions by using electrical vehicles and fossil free electricity.	LOW
Non-operator of subsidiary	Lack of control and oversight on entity spend	LOW	The Company has a controlling interest in all subsidiaries, Director representation on boards and approves budgets. All subsidiaries are consolidated in the Group's financial statements and the necessary controls and oversight are in place. On 9 April 2024, the Company completed the consolidation of 100 per cent interest in Vardar, which will provide the Company with full strategic and operational control.	LOW

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Unable to raise sufficient funds	Unable to raise sufficient funds to invest in project portfolio and cover corporate costs	MEDIUM	Raise capital in a timely manner, as evidenced by current management's track record. Ensure forecasting is accurate, and expenditure controls are in place to optimise cash resources. The £4.3m capital raise completed in April 2024, increases the Company's cash resources.	MEDIUM
Long term adverse changes in commodity prices	Prices for iron ore, graphite, and other commodities may affect the viability of the Company's projects	MEDIUM	The Company identifies and invests in high quality projects that are attractive to the market. The Company will manage capital and operating expenditures to maximise shareholder returns. When it comes to iron ore and graphite, these commodities will be needed for the Green Transition.	MEDIUM
Not discovering an economic mineral deposit	Very few projects go through to be developed into mines	HIGH	Early studies and testwork give confidence that the Company is allocating capital appropriately. With Kallak Iron Ore Project and Grafintec we have quality assets, benefitted by excellent infrastructure, including access to renewable power, and positioned in proximity to European markets in need of primary raw material supply to achieve a Green Transition.	MEDIUM TO LOW

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Revocation of licences	Licence awards can be appealed and subject to conditions which, if not satisfied, may lead to the revocation of the licence. With respect to the Kallak North Exploitation Concession, the Government's decision to grant the Exploitation Concession is subject to a review by the Supreme Administrative Court following an application by the Swedish Society for Nature Conservation, the Sirges Sami and the Jåhkågasska Sami. They argue that the government was not entitled to make the decision in question, on the grounds that it would be contrary to legal rules in support of mainly nature conservation and the national interest of reindeer husbandry. They argue that the Government's decision lacks support in the legal order and that the Supreme Administrative Court should therefore declare the decision invalid. There is a risk that the Supreme Administrative Court will find that the Government has made the decision in violation of the law and therefore annul it. In such a case, the Government may reconsider the issue, but such a procedure risks delaying the start of mining production at Kallak North. There is also a risk that the Government will not take a new decision on the processing concession, which could prevent or at least delay the start of mining production. There is also a risk that the Government will attach additional conditions to a new decision, which may affect or delay the start of mining production at the KIOP.	MEDIUM	In all cases the Company diligently manages its licences to ensure full compliance. A monthly status report is generated for monitoring purposes and action. In both Sweden and Finland, opposition to mining development is generating appeal/court induced delays into permitting processes. In all cases the Company continues to satisfy application requirements and permits/renewals are being received.	LOW

STRATEGIC REPORT (continued)

Performance measurement

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

Financial:

i. ***Administration expenses***

Overheads are managed versus budget and forecast on a monthly basis. The Company has a history of tightly managing its expenses. The underlying group overhead expenses were higher than the previous year at £2,501,263 (2022: £1,806,582), the increase in administrative expenses was due to the following: share-based payment expenses of £387,668 (2022: £240,537); professional fees of £696,247 (2022: £433,157), primarily due to non-recurring advisor fees in relation to the group directorship changes within the year; foreign currency loss of £150,224 (2022: £36,321), primarily due to revaluation of foreign currency denominated bank accounts; salary costs of £483,221 (2022: £317,717), primarily due to group directorship changes in the year; and audit and accountancy fees of £122,174 (2022: £86,240). The Company recognised an expected credit loss of £1,001,537 (2022: £5,336), which was higher than the previous year due to the impairment of Ågåsjiegge and Åtvidaberg and a reassessment of expected recoverability of the loans to subsidiaries.

ii. ***Cash position***

The Company analyses the expenditure of each subsidiary on a monthly basis. It also manages monthly cash flow for the Group versus budget and forecast. The financial strategy is to ensure that the Company at a minimum has sufficient funds to undertake its committed expenditure and meet its financial obligations.

With the initiation of the PFS and EIA work streams at both Kallak and GAMP, the key objective of the Company was to ensure capital was available to fund this activity and maintain the tight timelines. The Group demonstrates a commitment to financial stability as shown by a year-end cash position of £0.91 million (2022: £1.78 million), and following the completion of the SDR Rights Issue and UK Retail Offer in March 2024, raising a total of £4.3 million, the Company has sufficient funding for project development activities and general working capital. The current management team has a consistent track record of raising capital in a timely manner.

iii. ***Exploration expenditure by project***

The Company controls its exploration and development spend by project versus budget and in relation to its available cash resources. If the results of exploration do not meet expectations, then budgeted activities are re-evaluated or even cancelled. Evaluation of early-stage projects is approached in a cost-effective way. The Group determines whether there are any indicators of impairment of its exploration assets on an annual basis. This approach is best evidenced through the oversight at a board level and reporting level of operations where the Company is not the operator decision to impair several an early-stage project in the current year, in order to preserve resources. The Company has identified that the projects held at Ågåsjiegge and Åtvidaberg do not justify continued investments, and as such has recorded a charge for their carrying value of £350,158 in the year.

Non-financial:

iv. ***Licence renewal compliance***

It is important from a risk management perspective that the Company monitors the expiry dates of its exploration permits. This is managed internally for its Finnish graphite permits while, in Sweden, the Company uses an external service provider to report on the status of its permits and assist with renewal applications, and in Kosovo, works closely with Vardar management and the local team to ensure that licences are maintained in good standing. At the date of signing of this report, while some licence applications remaining pending and with the ongoing Supreme Administrative appeal of the Kallak Exploitation Concession, the overall status for all licences is good.

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement

In compliance with section 172 of the UK Companies Act, the Board of Directors of the Company (the Board) makes the following statement in relation to the year ended 31 December 2023 (s172 Statement):

Engagement with our shareholders and wider stakeholder groups plays an essential role throughout our business. We recognise the importance of open and transparent communication with each of our stakeholder groups, so that we can understand their specific interests, and foster effective and mutually beneficial relationships. We understand that each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships. We seek to maximise the benefits to host communities in which we operate, while minimising negative impacts to effectively manage issues of concern.

The Board makes a conscious effort to understand the principal issues that matter to each stakeholder group and any conflicting interests. Our understanding of stakeholders is then factored into boardroom discussions, regarding the potential long-term impacts of our strategic decisions on each group, and how we might best address their needs and concerns.

Acting in good faith and fairly with different interest groups, is what the Directors consider most likely to promote the long-term success of the Company, while:

- Considering the likely consequences of long-term strategic decisions;
- Understanding the impacts of our activities on local communities and the environment;
- Being respectful and behaving responsibly towards our stakeholders; and
- Seeking to engage on acceptable terms and to build good relationships with stakeholders.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom by the Director’s direct engagement with senior operations management on matters in need of attention. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making. The Company remains committed to working constructively - and in good faith - with all stakeholders and engaging in meaningful dialogue.

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

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

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

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

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

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

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

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

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

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

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

Stakeholder	Their interests	How we engage
Investors	Sustainability ESG performance Ethical behaviour Company reputation Comprehensive review of financial performance of the business over the long-term Awareness of long-term strategy and direction	Transparency in all communications Quarterly and Annual Report Company website (Investor Relations) RNS announcements Option to receive RNS announcements directly Shareholder circulars AGM Investor meetings & access to the Executive
Government and regulatory bodies	Compliance with regulations Employee pay, conditions and welfare Health and Safety Company reputation Environmental impact Insurance	Company website RNS announcements Quarterly and Annual Report Direct contact with regulators Compliance updates at Board Meetings Regular risk review Ongoing communication with the Swedish Government Engagement with the Mining Inspectorate of Sweden Monthly KPIs on licence conditions compliance
Environmental agencies and interest groups	Sustainability Biodiversity, energy, water and waste management Climate change	Transparency in ESG performance Oversight of corporate responsibility plans Demonstrate compliance with laws and regulations
Community	Sustainability Community engagement Human Rights	ESG performance Participation in the OECD's 'Linking the Indigenous Sami People with Regional Development in Sweden' project Engagement with the Sami reindeer herder representatives Communication with Sametinget members Meeting with key community representatives Partnering with the communities in which we operate – sharing plans/ideas for discussion Local presence within communities in which we operate including opening an office in the town of Jokkmokk

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

Stakeholder	Their interests	How we engage
Employees and contractors	Terms and conditions of contract Health and safety Human rights and modern slavery	Anti-Bribery Policy Whistleblowing Policy

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

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Group for the benefit of shareholders, whilst having due regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006, being:

(a) the likely consequences of any decision in the long term;
(b) the interests of employees;
(c) the need to foster the business relationships with suppliers, customers and others;
(d) the impact of the Group's operations on the community and the environment;
(e) the desirability of maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly between all shareholders.

This statement describes how the Directors have regard for s172 Matters.

The Company Secretary sets out the s172 Matters in all Board meeting packs to ensure these are front of mind, and the Directors are reminded of their duty under s172(1) at the start of each Board meeting. Consideration of the broader s172 matters forms an integral part of Board discussion; the Directors as a matter of course have regard to the need to maintain a reputation for high standards of business conduct, the need to act fairly between shareholders, and the long-term consequences of their decisions. Stakeholder considerations on the whole will be brought to the Board's attention through reports and presentations given during the Board meetings. These considerations are referenced in meeting papers as relevant, and discussions recorded in the meeting minutes.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder's voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. We are aware that each stakeholder group requires a tailored engagement approach in order to foster effective and mutually beneficial relationships. The Board determined its key stakeholders on the basis of each group's potential to a) be impacted by the Company's activities, and/or b) have an impact on the Company's activities.

The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making.

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

Set out below are those stakeholders that the Board has identified as being key, alongside details of how the Board engages with each key stakeholder group. As a result of these processes, the Directors have the necessary oversight of the Group's engagement with stakeholders to enable them to discharge their duty under s172(1) in the course of their decision making. Moreover, the Board has concluded that the Company's methods of engagement for each key stakeholder group are proportionate and effective. The Company's key stakeholders and methods of engagement will be kept under review and reported on each year in the Company's Annual Report.

Stakeholder	Why is this stakeholder group important for the Company's long term success?	How the Board engages with this stakeholder group
Shareholders	Our shareholders expect us to operate efficiently and cost effectively to maximise long-term value creation. Ultimately, the Company operates for the long-term benefit of its shareholders.	• Regular updates from Executive and non-executive directors, as well as from advisers and investment banks who have the relationships with certain of the underlying shareholders and meetings with investors. • The AGM, investor roadshows and other conferences represent further opportunities for direct shareholder engagement with the Board. • Keeping shareholders up to date with the Company's activities through our Annual Report, Company's website, stock exchange announcements, press releases and regular reports and analyses for investors and shareholders.
Employees	Our employees play a central role in delivering the Group's long-term strategy and in delivering the standards of service our customers expect.	• The Board constantly seek opportunities to engage with the wider workforce directly, either through site visits to the various projects or employee attendance at Board meetings. • The Company provides ongoing training and development opportunities to certain employees and have taken appropriate steps for having policies relating to Modern Slavery and whistleblowing to discourage unethical business conduct, thus ensuring its employees are protected.
Government and regulators	Compliance with all applicable legal and regulatory obligations is key to our long-term success.	We will ensure our demonstrable compliance with established national and international environmental social governance and ethical standards. Establish good relations with responsible authorities and always seek dialogue with them to fulfil our obligations.

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

Our communities and the environment	We have an important role to play as a custodian of exploration and mining land and in supporting the communities in which we operate, and ensuring that our long-term growth is sustainable and minimises our environmental footprint.	• The Board takes its ESG responsibilities seriously and receives periodic reports on our broader ESG activities. We appreciate that societal expectations on corporates to tackle climate change continue to change, and we will continue to look at new and innovative ways of reducing our carbon footprint. • We will implement an ESG management framework to govern the whole life cycle of the mine development – from initial conceptual and feasibility studies, through operation, to progressive closure and restoration. • We will require our supply chain to meet our ESG standards as part of our sustainable and responsible procurement and codes of conduct. • The Company is completing Environmental Impact Assessments at Kallak and GAMP, both of which include measuring baseline environmental data so that future impacts of the Company's activity can be measured and mitigated. As part of this process, we consult with local communities to ensure we are transparent with our development plans and to build a collaborative approach to growing our businesses. • As part of this ongoing consultation process, we arrange meetings with the Sami villages in the Kallak area on at least a quarterly basis to appraise them of our activity and future plans.

On behalf of the board:

Mr E Bowie
Chief Executive Officer
17 May 2024

DIRECTORS' REPORT

The Directors present their report, together with the audited financial statements of the Group and Company, for the year ended 31 December 2023.

Directors

Since 1 January 2023, the following Directors have held office:

Mr K R Budge (Resigned 3 May 2023)
Mr C Davies
Mr J Röstin (Interim CEO between 3 May and 7 August 2023)
Mr M Schauman (Appointed 7 July 2023)
Mr E Bowie (Appointed 7 August 2023)

Dividends

No dividends will be distributed for the year ended 31 December 2023 (2022: Nil).

Going concern

As at 31 December 2023, the Group had a cash balance of £0.91 million (2022: £1.78 million) and the Company had a cash balance of £0.79 million (2022: 1.67 million).

As disclosed in Note 28, on 16 February 2024, in conjunction with the Company's right issue, the Company entered into a short-term bridging loan of SEK 10 million (approx. £724k) with the underwriters of the rights issue to ensure that the Company has sufficient financial resources to continue advancing its projects ahead of the right issue being finalised. The bridging loan accrues interest of 1.5% per 30-day period and is repayable on 31 May 2024. The bridging loan was repaid early in April 2024 using part of the proceeds from the capital raise on the right issue, noted below.

On 3 April 2024 the Company announced the completion of the capital raise with a total of £4.3 million (SEK 56.3 million) gross raised to fund the development of the Company's assets through their next key valuation milestones. The net funds raised after the loan repayment and share issue transaction costs are £3.0 million (see note 28).

Therefore, at the date of this report, based on management prepared cashflow forecasts, the Directors are confident that the Group and Company has raised sufficient capital to fund the Group's key projects and investments for the period to June 2025 but note that further funds will be required within a few months post this date to allow the Group and Company to realise its assets and discharge its liabilities in the normal course of business. There are currently no agreements in place and there is no certainty that the funds will be raised within the appropriate timeframe. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's and the Company's ability to continue as going concerns and therefore, the Group and the Parent Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The Directors will continue to explore funding opportunities at both asset and corporate levels. The Directors have a reasonable expectation that funding will be forthcoming based on their past experience and therefore believe that the going concern basis of preparation is deemed appropriate and as such the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result if the Group and the Company were unable to continue as going concerns.

Directors' and officers' indemnity insurance

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the period and remain in force at the date of this report. Further details of these agreements can be found in the remuneration report on page 32.

DIRECTORS' REPORT (continued)

Significant shareholdings

The Directors are aware of the following interests, directly or indirectly, in three per cent or more of the Group's ordinary shares as at 31 December 2023:

Shareholders	Shares	%
HSBC Global Custody Nominee (UK) Limited	922,337,110	79.71

The Directors were aware of the following interests, directly or indirectly, in three per cent or more of the Group's ordinary shares as at 31 December 2022:

Shareholders	Shares	%
HSBC Global Custody Nominee (Uk) Limited	633,477,309	76.17

Authority to issue shares

Each year at the Company's Annual General Meeting (AGM) the Directors seek authority to allot ordinary shares.

The authority, when granted, lasts until the conclusion of the next AGM (unless renewed, varied or revoked by the Company prior to, or on, such date). At the AGM held on 29 June 2023, the Directors were granted authority to allot ordinary shares generally up to an aggregate nominal value of £7,714,583, and authority to allot ordinary shares for cash on a non-pre-emptive basis up to an aggregate nominal value of £1,157,187 (2022: £5,544,738).

Significant agreements

The Companies Act 2006 requires the Company to disclose any significant agreements which take effect, alter or terminate upon a change of control of the Company. Under the Service Agreement between the Company and Ed Bowie, in the event of a change of control, Mr Bowie is eligible for up to two years annual salary.

Other than the above, the Company is not aware of, or party to, any such agreement.

Events after the reporting period

Information relating to events since the end of the year is given in Note 27 to the financial statements.

Financial risk management objectives and policies

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

DIRECTORS' REPORT (continued)

Future developments within the business

Since the award of the Exploitation Concession for Kallak North, the Company is focused on project development, environmental permitting, de-risking the project and increasing value, while delivering on environmental and social goals, balancing cost and benefit.

The Company's overall objective is to have Kallak in production, developing the mine alone or in partnership. The present Government of Sweden has promised to shorten and simplify the processes for environmental permits to secure the pace of the Climate Emergency and the Green transition. The Company will be doing all it can to make the ambitious timeline achievable.

Grafintec's strategy remains to build an anode value chain in Finland. The Company's exploration programme is targeted at securing long-term sustainably produced primary raw material supply to feed downstream processing. Grafintec aims to complete the PFS and EIA for the GAMP in 2024 and the full feasibility study and environmental permitting in 2025 which would allow construction to take place during 2026 and production from 2027.

The Company's investment in Vardar provides diversification, in geography and commodity exposure, to highly prospective exploration opportunities in the Tethyan Belt. The consolidation of 100 per cent of Vardar in 2024 will provide the Company with full control and increased optionality to consider value accretive ways to grow Vardar including through acquisitions, divestments or joint ventures. The Company's investment priorities across its portfolio remain subject to funding being available.

Website publication

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

DIRECTORS' REPORT (continued)

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK adopted International Accounting Standards ("IFRS"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM and the rules of the Spotlight Stock Market in Sweden.
In preparing these financial statements, the Directors are required to:

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

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

Statement as to disclosure of information to auditors

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

Auditor

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Group's forthcoming Annual General Meeting

Annual general meeting

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

On behalf of the board:

Mr E Bowie
Chief Executive Officer
17 May 2024

DIRECTORS' REMUNERATION REPORT

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

Executive Directors' terms of engagement

Mr Budge was the first Executive Director and Chief Executive Officer during the reporting period. His annual salary was £210,000 (2022: £180,000). Mr Budge stepped down as CEO on 3 May 2023.

Mr Röstin assumed the role of Executive Chairman and interim CEO effective 3 May 2023 at the time of Mr Budge's resignation. Mr Röstin was remunerated under his consultancy agreement during this time. Mr Röstin stepped down as interim CEO 7 August 2023.

Ed Bowie assumed the role of Chief Executive Officer on 7 August 2023. His annual salary was £210,000.

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 Röstin annual fee is 500,000 SEK per annum (approx. £38,000) (2022: £Nil). Mr Röstin has a consultancy agreement with the Company for the provision of advice over and above his Non-Executive duties. In 2023, he was paid £144,711 (2022: £Nil) under this agreement. Mr Röstin has a one month notice period under his letter of appointment.

Mr Davies annual fee is £36,000 per annum (2022: £36,000). Mr Davies has a consultancy agreement with the Company for the provision of exploration advice over and above his Non-Executive duties. In 2023, he was paid £20,750 (2022: £3,000) under this agreement. Mr Davies has a one month notice period under his letter of appointment.

The additional consultancy fees during the reporting period for both Mr Rostin and Mr Davies related to the period of time between the departure of Kurt Budge and the appointment of the new CEO, Ed Bowie as they had to assume executive responsibilities. Following the appointment of the new CEO these fees have reduced considerably.

Mr Schauman was appointed as Non-Executive Director on 7 July 2023. Under Mr Schauman's letter of appointment, he is paid a fee of £33,000 per annum. Mr Schauman 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.

DIRECTORS' REMUNERATION REPORT (continued)

Aggregate Directors' Remuneration

The remuneration paid to the Directors in accordance with their agreements are outlined per the years below:

31 December 2023

Name	Position	Salary & Fees[1]	Loss of office[4]	Benefits[2]	Pension[3]	Share-based payments	2023 Total
		£	£	£	£	£	£
Mr E C Bowie	Chief Executive Officer	84,457	-	-	4,375	-	88,832
Mr C Davies	Non-Executive Director	56,750	-	-	-	31,122	87,872
Mr J Rostin	Non-Executive Director	182,539	-	-	-	-	182,539
Mr K R Budge[4]	Chief Executive Officer	87,510	210,000	526	10,500	290,412	598,948
Mr Mikael Schauman	Non-Executive Director	16,500	-	-	-	-	16,500
Total		427,756	210,000	526	14,875	321,534	974,691

31 December 2022

Name	Position	Salary & Fees[1]	Benefits[2]	Pension[3]	Share-based payments	2022 Total
		£	£	£	£	£
Mr K R Budge	Chief Executive Officer	210,000	887	5,667	158,817	375,371
Mr C Davies	Non-Executive Director	39,000	-	-	14,528	53,528
Mr J Rostin	Non-Executive Director	25,328	-	-	-	25,328
Mr SO Littorin	Non-Executive Director	34,215	-	-	-	34,215
Total		308,543	887	5,667	173,345	488,442

Notes:
(1) Does not include expenses reimbursed to the Directors.
(2) Personal life insurance policy
(3) Employer contributions to personal pension.
(4) Kurt Budge resigned as CEO effective 3 May 2023. The payment for loss of office represents the payment of his notice period of 12 months.

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 2023 in the issued share capital of the Company were as follows:

Ordinary shares	**31 December 2023**	**31 December 2022**
Mr C Davies	185,887	88,800

DIRECTORS' REMUNERATION REPORT (continued)

As at 31 December 2023, 37,250,000 options have vested.

Ordinary shares under option	**Number**	**Exercise price**	**Expiry date**
Mr K R Budge	3,500,000	7.35 pence	14 January 2024
Mr K R Budge	9,500,000	5.25 pence	27 September 2032
Mr K R Budge	2,500,000	1 pence	27 September 2032
Mr K R Budge[1]	12,250,000	2.06 pence	27 July 2028
Mr C Davies	2,500,000	7.35 pence	14 January 2024
Mr C Davies	2,000,000	5.25 pence	27 September 2032

[1]Kurt Budge was granted options as part of the settlement amount agreed following his resignation on 3 May 2023.

As at 31 December 2022, 8,500,000 options have vested.

Ordinary shares under option	**Number**	**Exercise price**	**Expiry date**
Mr K R Budge	3,500,000	7.35 pence	14 January 2024
Mr K R Budge	9,500,000	5.25 pence	27 September 2032
Mr K R Budge	2,500,000	1 pence	27 September 2032
Mr C Davies	2,500,000	7.35 pence	14 January 2024
Mr C Davies	2,000,000	5.25 pence	27 September 2032

On behalf of the remuneration committee

Chris Davies
Non-Executive Director
17 May 2024

CORPORATE GOVERNANCE STATEMENT

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

The Company formally adopted the Quoted Companies Alliance Corporate Governance ("QCA Code") in September 2018. This report follows the QCA Code guidelines and explains how we have applied the guidance. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company. The Board recognises that the Company does not fully comply with the 10 principles and general provisions of the QCA Code but does use it as a benchmark in assessing its corporate governance standards. Areas of non-compliance are disclosed in the text below. Further details of the Company's compliance with the QCA code can be found in the Corporate Governance section of the Company's website: https://beowulfmining.com/wp-content/uploads/2024/02/BEM-QCA-Code-Chairs-Statement-Feb24.pdf

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

Strategy, Risk Management and Responsibility

A description of the Company's business model and strategy can be found on page 3, and the key challenges in their execution can be found on pages 18 to 21.

The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of the Company's principal risks. The Audit Committee (see page 41) has delegated responsibility for the oversight of the Company's risk management and internal controls and procedures and for determining the adequacy and efficiency of internal control and risk management systems. The Board monitors its internal control procedures and risk management mechanisms and conducts an annual review, when it assesses both for effectiveness. This process enables the Board to determine if the risk exposure has changed during the year and these disclosures are included on pages 18 to 20.

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

Directors

The Board comprises the Non-Executive Chairman, Johan Röstin, Chief Executive Officer, Ed Bowie and Independent Non-Executive Directors, Chris Davies and Mikael Schauman. The Board considers that the current size and composition of the Board is aligned to the QCA principles is appropriate for the complexity of the business and its strategy.

For the year under review Chris Davies held 188,887 Ordinary Shares (2022: 88,800) and held 4,500,000 options (2022: 4,500,000 options) over Ordinary Shares. Chris Davies entered into a consultancy agreement with the Company in 2017. The agreement compensates Chris Davies for the support that he gives, beyond his role as an Independent Non-Executive Director, where the Company is undertaking M&A due diligence and where a review of exploration activities is required. In Board meetings, Chris Davies frequently challenges the CEO on issues arising and proposed courses of action and maintains an independent perspective. The level of compensation Chris Davies received under the consultancy agreement for the period under review is not material. Neither Chris Davies nor the other Directors believe his options or consultancy agreement are significant in assessing his independence.

CORPORATE GOVERNANCE STATEMENT (continued)

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

During the reporting period as Independent Non-Executive Chairman, Johan Röstin, and the other Independent Non-Executive Directors, Chris Davies and Mikael Schauman, dedicated approximately between two to four days per month to the Group's business. The Board is satisfied that each of the Directors are able to allocate sufficient time to the Group to discharge their responsibilities effectively. The Board met formally on seven scheduled occasions and fifteen unscheduled occasions during the year and all with the exception of two of the unscheduled occasions the Board meetings were attended by all Directors. The Board and its sub-committees receive appropriate and timely information prior to each meeting. Any specific actions arising from such meetings are agreed by the Board or relevant sub-committee and then followed up accordingly. There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs.

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

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

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

Advisers

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

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

Neither the Board nor its Committees have sought external advice on a significant matter during the year under review.

Culture

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

CORPORATE GOVERNANCE STATEMENT (continued)

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will in turn affect the performance of the Company. The Directors are also aware that the tone and culture set by the Board will greatly affect all aspects of the Company. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Company seeks to provide effective communication through Interim and Annual Reports, along with Regulatory News Service announcements and trading updates on the Company's website, www.beowulfmining.com. Shareholders can also sign up to receive news releases directly from Beowulf by email. In normal circumstances Beowulf also maintains a dialogue with shareholders through formal meetings such as the AGM, which provides an opportunity to meet, listen and present to shareholders.

The Company is open to receiving feedback from key stakeholders and will take action where appropriate. The key contact for shareholder liaison at the time of writing is Ed Bowie. Information on the Investor Relations section of the Group's website (www.beowulfmining.com) is kept updated and contains details of relevant developments, presentations and other key information.

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

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

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

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

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

Audit Committee

The Audit Committee was reconstituted in August 2023 following Director appointments and comprises Johan Röstin and Mikael Schauman, who chairs the Committee. The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditor and reviewing audit reports relating to the accounts. The Audit Committee meet as and when required, at appropriate times in the reporting and audit cycle. The Audit Committee is required to report formally to the Board on its proceedings after each meeting on all matters for which it has responsibility. The Committee's Terms of Reference are available to view on the Company's website at www.beowulfmining.com.

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

CORPORATE GOVERNANCE STATEMENT (continued)

Remuneration Committee

The Remuneration Committee was reconstituted in August 2023 following Director appointments and comprises Johan Röstin and Chris Davies, who chairs the Committee. The Committee met once during the year under review. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of shareholders and the performance of the Company.

A Remuneration Committee Report is included on pages 32 to 34. The Committee's Terms of Reference are available to view on the Company's website at www.beowulfmining.com.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEOWULF MINING PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Beowulf Mining Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and the notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements which indicates that the Group and the Parent Company will require further funds within a few months post June 2025. There are currently no agreements in place and there is no certainty that the funds will be raised within the appropriate timeframe. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above, we considered going concern to be a Key Audit Matter. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the Key Audit Matter included the following:

- Obtaining, challenging and assessing the Group and the Parent Company's cash flow forecasts and underlying assumptions which have been approved by the Board and reviewing the Group's actual results for the year ended 31 December 2023 against the planned budget for 2024 to assess whether an appropriate level of costs has been incorporated into the cash flow forecast.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEOWULF MINING PLC (continued)

- Reviewing licence agreements to confirm that committed expenditure is appropriately included in forecasts.
- Performing reverse stress test on the cash flow forecast to determine the point at which liquidity breaks and considering whether such scenarios, including significant increases in supplier costs and exploration expenditures were reasonably possible given the level of financing obtained during the year.
- Reviewing and assessing the application of post year end funding in the going concern model. We agreed a sample of recent share issuances to underlying source documentation such as bank receipts and share certificates.
- Reviewing and considering the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation in order to conclude on whether the disclosure reflects our understanding of the business, gained during the course of the audit.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Overview

Coverage	100% (2022:100%) of Group loss before tax 100% (2022: 100%) of Group total assets		
Key audit matters		2023	2022
	Carrying value of exploration assets	✓	✓
	Going concern	✓	✓
Materiality	Group financial statements as a whole £240,000 (2022: £230,000) based on 1.5% (2022: 1.5%) of total assets		

An overview of the scope of our audit

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

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

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

The remaining components of the Group were considered non-significant, and these components were principally subject to analytical review procedures. Specific audit procedures were performed on the Finnish non-significant component by a local Finnish audit firm. The Group audit team performed additional procedures in respect of certain significant risk areas that represented Key Audit Matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEOWULF MINING PLC (continued)

Our involvement with component auditors

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

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

Key audit matters

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

In addition to the matter described in the Material Uncertainty related to going concern section above, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Carrying value of exploration assets (Please refer to Notes 1 and 8)	The Group's total exploration assets as at 31 December 2023 is £14.80 million (2022: £13.00 million). This class of asset is the most significant to the consolidated statement of financial position. Management have assessed exploration & evaluation assets for impairment triggers under IFRS 6 'Exploration for and Evaluation of Mineral Resources' and concluded that no triggers existed at the year-end. As the exploration assets are a material non-current asset balance and due to the significant judgement required in assessing for indicators of impairment, this was considered to be a key audit matter.	Our work in connection with the indicators of impairment assessment included the following: • Performing a review of Management's impairment indicator assessment and considering whether there are any indicators of impairment in line with criteria set out under IFRS 6. As part of this we considered results of exploration work performed in the year, future planned expenditure as well as publicly available information. • Holding discussions with Management and reviewing relevant correspondence with the Finnish, Kosovan and Swedish licencing authorities to determine whether there are any indications that licences have not been kept in good standing during the period under review and therefore whether there is a risk of the licences not being renewed. **Key observations:** Based on the work performed we found management's judgement to be reasonable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEOWULF MINING PLC (continued)

Our application of materiality

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

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

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

	Group financial statements		**Parent company financial statements**	
	2023	2022	2023	2022
Materiality	£240,000	£230,000	£180,000	£172,500
Basis for determining materiality	1.5% of total assets		Restricted to 75% of Group materiality	
Rationale for the benchmark applied	Total Assets was determined as an appropriate basis as the principal focus of the Group remains fundamentally focussed on exploration activities in Sweden, Finland and Kosovo and as such total assets are considered to be the most significant determinant of the Group's performance considered by users of the financial statements.		The component materiality used is lower than the materiality that we would otherwise have determined using a benchmark of 1.5% (2022: 1.5%) of the Parent company's total assets. Materiality was therefore restricted to 75% (2022: 75%) Group materiality.	
Performance materiality	£180,000	£173,000	£135,000	£129,000
Basis for determining performance materiality	75% of materiality		75% of materiality	
Rationale for the percentage applied for performance materiality	Performance materiality was set at 75% of the above materiality level reflecting our understanding gained from previous years' audits and considering the level of adjustments arising in the prior year audit.		Performance materiality was set at 75% of the above materiality level reflecting our understanding gained from previous years' audits and considering the level of adjustments arising in the prior year audit.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each component of the Group apart from the Parent Company whose materiality is set out above, in the range from £130,000 to £175,000 (2022: £110,000 to £161,000) dependent on the size and our assessment of the risk of material misstatement of that component (based on either 73% of Group materiality or 1.5% of component's total assets) (2022: based on either 75% of Group materiality or 1.5% of component's total assets). In the audit of each component, we further applied performance materiality levels of 75% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated and to sufficiently address aggregation risk.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEOWULF MINING PLC (continued)

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £5,000 (2022: £4,600). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEOWULF MINING PLC (continued)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance.
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Making enquiries of Management and those charged with governance as to whether there was any correspondence from regulators in so far as the correspondence related to the audit risks identified;

we also considered the significant laws and regulations to be the applicable accounting framework, UK law and regulations, the AIM Listing Rules and the associated mining, environmental and taxation laws and regulations of Sweden, Kosovo and Finland.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, licensing and environmental regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEOWULF MINING PLC (continued)

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;
- Testing the financial statement disclosures to supporting documentation; and
- Requesting that the Swedish component auditor involved tax specialists from their local team to evaluate the component's compliance with relevant local tax legislation considered of most significance to the Group's operations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, being the Audit Committee, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team members as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation.
- Addressing the risk of management override of controls, performing targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, for example unusual journal entries made directly to exploration assets and cash.
- Critically assessing areas of the financial statements which include judgment and estimates, as set out in note 1 to the financial statements and in the key audit matter noted above.
- Testing consolidation entries to assess their validity.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEOWULF MINING PLC (continued)

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

Use of our report

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

Anne Sayers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
17 May 2024

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

CONSOLIDATED INCOME STATEMENT

	Note	2023 £	2022 £
Continuing operations			
Administrative expenses		(2,501,263)	(1,806,582)
Impairment of exploration assets	8	(350,158)	(36,988)
Operating loss		(2,851,421)	(1,843,570)
Gain on disposal of investment		-	21,951
Finance costs	3	(197,724)	(304,806)
Finance income	3	7,923	176
Grant income	6	96,750	84,797
Recovery of impairment on listed investment		6,563	-
Loss before tax		(2,937,909)	(2,041,452)
Tax expense	5	-	-
Loss for the year		(2,937,909)	(2,041,452)
Loss attributable to:			
Owners of the parent		(2,863,959)	(1,948,459)
Non-controlling interests	15	(73,950)	(92,993)
		(2,937,909)	(2,041,452)
Loss per share attributable to the ordinary equity holder of the parent:			
Basic and diluted (pence)	7	(0.26)	(0.23)

The notes on pages 56 to 91 form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2023 £	2022 £
Loss for the year		(2,937,909)	(2,041,452)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses arising on translation of foreign operations		(196,950)	(32,945)
		(196,950)	(32,945)
Total comprehensive loss		(3,134,859)	(2,074,397)
Total comprehensive loss attributable to:			
Owners of the parent		(3,032,416)	(2,020,889)
Non-controlling interests	15	(102,443)	(53,508)
		(3,134,859)	(2,074,397)

The notes on pages 56 to 91 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company Number 02330496	Note	2023	2022
		£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	14,873,326	13,002,465
Property, plant and equipment	9	87,755	129,715
Investments	10	6,563	-
Loans and other financial assets	11	5,209	5,181
Right-of-use asset	12	63,158	19,279
		15,036,011	13,156,640
CURRENT ASSETS			
Trade and other receivables	13	152,004	220,427
Cash and cash equivalents	14	905,555	1,776,556
		1,057,559	1,996,983
TOTAL ASSETS		16,093,570	15,153,623
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	16	11,571,875	8,317,106
Share premium	18	27,141,444	24,689,311
Capital contribution reserve	18	46,451	46,451
Share based payment reserve	18	903,766	516,098
Merger reserve	18	137,700	137,700
Translation reserve	18	(1,457,872)	(1,289,415)
Accumulated losses	18	(23,235,514)	(20,323,414)
		15,107,850	12,093,837
Non-controlling interests	15	514,430	568,732
TOTAL EQUITY		15,622,280	12,662,569
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	433,662	625,730
Lease liability	20	22,575	10,840
Borrowings	21	-	1,845,947
		456,237	2,482,517
NON-CURRENT LIABILITIES			
Lease liability	20	15,053	8,537
		15,053	8,537
TOTAL LIABILITIES		471,290	2,491,054
TOTAL EQUITY AND LIABILITIES		16,093,570	15,153,623

The financial statements were approved and authorised for issue by the Board of Directors on 17 May 2024 and were signed on its behalf by:

Mr Ed Bowie – Director

The notes on pages 56 to 91 form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

Company Number 02330496	Note	2023	2022
		£	£
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	964	834
Investments	10	3,967,878	3,645,181
Loans and other financial assets	11	12,839,865	11,084,289
		16,808,707	14,730,304
CURRENT ASSETS			
Trade and other receivables	13	49,155	53,284
Cash and cash equivalents	14	794,909	1,667,840
		844,064	1,721,124
TOTAL ASSETS		17,652,771	16,451,428
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	16	11,571,875	8,317,106
Share premium	18	27,141,444	24,689,311
Capital contribution reserve	18	46,451	46,451
Share based payment reserve	18	903,766	516,098
Merger reserve	18	137,700	137,700
Accumulated losses	18	(22,276,683)	(19,317,455)
TOTAL EQUITY		17,524,553	14,389,211
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	128,218	216,270
Borrowings	21	-	1,845,947
TOTAL LIABILITIES		128,218	2,062,217
TOTAL EQUITY AND LIABILITIES		17,652,771	16,451,428

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £2,959,228 (2022: loss of £1,372,662).

These financial statements were approved and authorised for issue by the Board of Directors on 17 May 2024 and were signed on its behalf by:

Mr Ed Bowie – Director

The notes on pages 56 to 91 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £	Share premium £	Merger reserve £	Capital contribution reserve £	Share based payment reserve £	Translation reserve £	Accumulated losses £	Totals £	Non – controlling interests £	Total equity £
At 1 January 2022		8,317,106	24,689,311	137,700	46,451	668,482	(1,216,985)	(18,470,675)	14,171,390	325,039	14,496,429
Loss for the year		-	-	-	-	-	-	(1,948,459)	(1,948,459)	(92,993)	(2,041,452)
Foreign exchange translation		-	-	-	-	-	(72,430)	-	(72,430)	39,485	(32,945)
Total comprehensive income		-	-	-	-	-	(72,430)	(1,948,459)	(2,020,889)	(53,508)	(2,074,397)
Transactions with owners											
Equity-settled share-based payment transactions	17	-	-	-	-	240,537	-	-	240,537	-	240,537
Step up interest in subsidiary	10	-	-	-	-	-	-	(297,201)	(297,201)	297,201	-
Transfer of reserve on option exercised		-	-	-	-	(392,921)	-	392,921	-	-	-
At 31 December 2022		8,317,106	24,689,311	137,700	46,451	516,098	(1,289,415)	(20,323,414)	12,093,837	568,732	12,662,569
Loss for the year		-	-	-	-	-	-	(2,863,959)	(2,863,959)	(73,950)	(2,937,909)
Foreign exchange translation		-	-	-	-	-	(168,457)	-	(168,457)	(28,493)	(196,950)
Total comprehensive income		-	-	-	-	-	(168,457)	(2,863,959)	(3,032,416)	(102,443)	(3,134,859)
Transactions with owners											
Issue of share capital		3,254,769	3,654,829	-	-	-	-	-	6,909,598	-	6,909,598
Cost of issue		-	(1,202,696)	-	-	-	-	-	(1,202,696)	-	(1,202,696)
Equity-settled share-based payment transactions	17	-	-	-	-	387,668	-	-	387,668	-	387,668
Step up interest in subsidiary	10	-	-	-	-	-	-	(48,141)	(48,141)	48,141	-
At 31 December 2023		11,571,875	27,141,444	137,700	46,451	903,766	(1,457,872)	(23,235,514)	15,107,850	514,430	15,622,280

The notes on pages 56 to 91 form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £	Share premium £	Merger reserve £	Capital contribution reserve £	Share based payment reserve £	Accumulated losses £	Total equity £
At 1 January 2022		8,317,106	24,689,311	137,700	46,451	668,482	(18,337,714)	15,521,336
Loss for the year		-	-	-	-	-	(1,372,662)	(1,372,662)
Total comprehensive income		-	-	-	-	-	(1,372,662)	(1,372,662)
Transactions with owners								
Equity-settled share-based payment transactions	17	-	-	-	-	240,537	-	240,537
Transfer of reserve on option lapsed		-	-	-	-	(392,921)	392,921	-
At 31 December 2022		8,317,106	24,689,311	137,700	46,451	516,098	(19,317,455)	14,389,211
Loss for the year		-	-	-	-	-	(2,959,228)	(2,959,228)
Total comprehensive income		-	-	-	-	-	(2,959,228)	(2,959,228)
Transactions with owners								
Issue of share capital		3,254,769	3,654,829	-	-	-	-	6,909,598
Cost of issue		-	(1,202,696)					(1,202,696)
Equity-settled share-based payment transactions	17	-	-	-	-	387,668	-	387,668
At 31 December 2023		11,571,875	27,141,444	137,700	46,451	903,766	(22,276,683)	17,524,553

The notes on pages 56 to 91 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss before income tax		(2,937,909)	(2,041,452)
Depreciation of property, plant and equipment	4	43,276	45,133
Equity-settled share-based transactions		387,668	240,537
Impairment of exploration costs	4	350,158	36,988
Loss on disposal of property, plant and equipment	9	643	-
Gain on disposal of right of use assets		(58)	-
Finance income	3	(7,923)	(176)
Finance cost	3	197,724	304,806
Grant income	6	(96,750)	(84,797)
Gain on sale of investment		-	(21,951)
Amortisation of right-of-use assets	12	29,478	6,384
Unrealised foreign exchange losses		86,637	55,337
Recovery of impairment on listed investment		(6,563)	-
		(1,953,619)	(1,459,191)
Decrease/(increase) in trade and other receivables		61,395	(36,535)
Decrease in trade and other payables		(277,400)	(43,827)
Net cash used in operating activities		(2,169,624)	(1,539,553)
Cash flows from investing activities			
Purchase of intangible assets	8	(2,308,473)	(1,536,674)
Purchase of property, plant and equipment	9	(7,052)	(34,397)
Payments for improvements of right of use assets		(33,121)	-
Disposal of investments	4	-	21,951
Grant receipt	6	96,750	84,797
Grant repaid		-	(39,849)
Interest received	3	7,923	176
Net cash used in investing activities		(2,243,973)	(1,503,996)
Cash flows from financing activities			
Proceeds from issue of shares		4,373,056	-
Payment of share issue costs	16	(704,587)	-
Lease principal	20	(21,228)	(6,347)
Lease interest paid	20	(2,420)	(264)
Proceeds from borrowings, net of issue costs	21	-	1,554,381
Interest paid		-	(10)
Net cash from financing activities		3,644,821	1,547,760
Decrease in cash and cash equivalents		(768,776)	(1,495,789)
Cash and cash equivalents at beginning of year		1,776,556	3,336,134
Effect of foreign exchange rate changes		(102,225)	(63,789)
Cash and cash equivalents at end of year		905,555	1,776,556

The notes on pages 56 to 91 form part of these financial statements

COMPANY STATEMENT OF CASH FLOWS

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss before income tax		(2,959,228)	(1,372,662)
Expected credit losses	11	1,001,537	5,336
Equity-settled share-based transactions		321,534	173,344
Depreciation of property, plant and equipment		233	278
Loss on disposal of property, plant and equipment		643	-
Finance income	3	(7,655)	(170)
Finance cost		195,304	304,529
Gain on disposal of investment		-	(21,951)
Unrealised foreign exchange losses		86,637	55,337
Recovery of impairment on listed investment		(6,563)	-
		(1,367,558)	(855,959)
Decrease/(increase) in trade and other receivables		4,129	(12,099)
(Decrease)/increase in trade and other payables		(88,052)	101,779
Net cash used in operating activities		(1,451,481)	(766,279)
Cash flows from investing activities			
Loans to subsidiaries	11	(2,757,113)	(909,975)
Interest received	3	7,655	170
Financing of subsidiary	10	(250,000)	(1,200,000)
Grant repaid	20	-	(39,849)
Purchase of property, plant and equipment		(1,006)	-
Disposal of investments	4	-	21,951
Net cash used in investing activities		(3,000,464)	(2,127,703)
Cash flows from financing activities			
Proceeds from issue of shares		4,373,056	-
Payment of share issue costs	16	(704,587)	-
Proceeds from borrowings	21	-	1,554,381
Net cash from financing activities		3,668,469	1,554,381
Decrease in cash and cash equivalents		(783,476)	(1,339,601)
Cash and cash equivalents at beginning of year		1,667,840	3,075,741
Effect of foreign exchange rate changes		(89,455)	(68,300)
Cash and cash equivalents at end of year		794,909	1,667,840

The notes on pages 56 to 91 form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Material accounting policy information

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

As at 31 December 2023, the Group had a cash balance of £0.91 million (2022: £1.78 million) and the Company had a cash balance of £0.79 million (2022: 1.67 million).

As disclosed in Note 28, on 16 February 2024, in conjunction with the Company’s right issue, the Company entered into a short-term bridging loan of SEK 10 million (approx. £724k) with the underwriters of the rights issue to ensure that the Company has sufficient financial resources to continue advancing its projects ahead of the right issue being finalised. The bridging loan accrues interest of 1.5% per 30-day period and is repayable on 31 May 2024. The bridging loan was repaid early in April 2024 using part of the proceeds from the capital raise on the right issue, noted below.

On 3 April 2024 the Company announced the completion of the capital raise with a total of £4.3 million (SEK 56.3 million) gross raised to fund the development of the Company’s assets through their next key valuation milestones. The net funds raised after the loan repayment and share issue transaction costs are £3.0 million (see note 28).

Therefore, at the date of this report, based on management prepared cashflow forecasts, the Directors are confident that the Group and Company has raised sufficient capital to fund the Group’s key projects and investments for the period to June 2025 but note that further funds will be required within a few months post this date to allow the Group and Company to realise its assets and discharge its liabilities in the normal course of business. There are currently no agreements in place and there is no certainty that the funds will be raised within the appropriate timeframe. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group’s and the Company’s ability to continue as going concerns and therefore, the Group and the Parent Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The Directors will continue to explore funding opportunities at both asset and corporate levels. The Directors have a reasonable expectation that funding will be forthcoming based on their past experience and therefore believe that the going concern basis of preparation is deemed appropriate and as such the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result if the Group and the Company were unable to continue as going concerns.

Basis of preparation

The consolidated and individual Company financial statements have been prepared in accordance with UK adopted international accounting standards. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Material accounting policy information (continued)

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 Grafintec, in which the Company obtained 100% of the share capital of Grafintec for shares issued by the Company. Further details of this acquisition are outlined in note 10.

New standards, amendments and interpretations

Standards and interpretations adopted during the year

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

- IFRS 17 Insurance Contracts
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12
- Disclosure of Accounting Policies – amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – amendments to IAS 8

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new standards and amendments and they did not have a material impact.

Standards, amendments and interpretations that are not yet effective

There are a number of 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 following amendments are effective for the period beginning 1 January 2024:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

Significant accounting judgements, estimates and assumptions

Beowulf Mining Plc is currently assessing the impact of these new accounting standards and amendments.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for income and expenses during the year and the amounts reported for assets and liabilities at the balance sheet date. However, the nature of estimation means that the actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the revision is made.

Control of Vardar Group

Judgement is 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 is assessed to have control by virtue of its shareholding in Vardar Minerals Limited, which was 61.1% at 31 December 2023 (2022: 59.5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Material accounting policy information (continued)

Significant accounting judgements, estimates and assumptions (continued)

Exploration costs capitalisation

The Group has to apply judgement in determining whether exploration and evaluation expenditure should be capitalised within intangible assets as exploration costs or expensed. The Group has a policy of capitalising all costs which relate directly to exploration costs (as set out above). Management apply judgement in determining if Directors' remuneration costs are directly attributable to a specific exploration area (project) and should be capitalised or expensed as incurred. The total value of exploration costs capitalised as at each of the reporting dates is set out in Note 8.

Exploration assets

The Pitkäjärvi licence was renewed in 2021 and expires on 26 April 2024, a further extension was applied for on 15 March 2024 and remains subject to approval.

The licences for Mitrovica and Viti expired on 27 January 2024. New licence applications were submitted, and confirmation of receipt was provided on 22 February 2024, which remain subject to approval. With the licence applications formally lodged with ICMM, no other party may apply for licences over the same area.

Management considers that in each case licence conditions have been met and are confident applications or renewals will be accepted by receiving authorities.

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

The licence for Åtvidaberg is not expected to be renewed when it expires in 2024 and therefore has been fully impaired in the year (see note 8).

Sources of estimation and uncertainty

Valuation of share-based payments

Accounting for some equity-settled share-based payment awards required the use of valuation models to estimate the future share price performance of the Company. These models require the Directors to make assumptions regarding the share price volatility, risk free rate and expected life of awards in order to determine the fair values of the awards at grant date (see note 17).

Expected credit losses

The 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 both the downside scenarios of failure and fire-sale of 3% would result in further impairment of £789,297 (2022: £626,927).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Material accounting policy information (continued)

Basis of consolidation

(i) Subsidiaries and acquisitions

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

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

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

(ii) Transactions eliminated on consolidation

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

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 activities 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.

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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Material accounting policy information (continued)

Intangible assets – capitalised development costs

Development costs that are directly attributable to the GAMP project are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available, and;
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of intangible assets include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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 exploration costs 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Material accounting policy information (continued)

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 its financial assets at amortised cost and at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition.

Amortised cost

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

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through 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 on 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Material accounting policy information (continued)

Fair value through profit or loss

The Group’s financial assets held at fair value through profit or loss comprise equity investments held. These are carried in the statement of financial position at fair value (refer to fair value hierarchy below). Subsequent to initial recognition, changes in fair value are recognised in the statement of comprehensive income.

Financial liabilities

The Group’s financial liabilities include trade and other payables 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.

Borrowings include convertible debt with settlement terms that fail the fixed for fixed criterion and are treated as containing an embedded derivative liability, where this is recognised the loan value is allocated between the derivative value and the loan residual which is carried at amortised cost. 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.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

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.

The Group's ordinary shares are classified as equity instruments.

Taxation

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Material accounting policy information (continued)

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 grants

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Employees and directors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Wages and salaries	1,156,604	794,969	637,755	308,543
Social security costs	182,611	138,192	56,454	45,632
Other benefits	20,832	10,691	15,401	6,554
	1,360,047	943,852	709,610	360,729

Directors' remuneration is as follows:

	2023	2022
	£	£
Directors' emoluments, including salary and fees	443,157	315,097
Payments for loss of office	210,000	-
Shared-based payments	321,534	173,345
	974,691	488,442

Further details pertaining to Directors' remuneration can be found in the Directors' remuneration report on page 33.

The remuneration of the highest paid Director who served during the year was Kurt Budge which consisted of base salary of £210,000 (2022: £210,000).

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

	Group	Group	Company	Company
	2023	2022	2023	2022
	Number	Number	Number	Number
Directors	3	3	3	3
Employees	12	10	-	-

3. Finance income and costs

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Finance income:				
Deposit account interest	7,923	176	7,655	170
	7,923	176	7,655	170
Finance costs:				
Interest on lease liabilities	2,420	267	-	-
Interest on loans and borrowings	195,304	304,529	195,304	304,529
Other interest paid	-	10	-	-
	197,724	304,806	195,304	304,529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Loss before tax and auditor's remuneration

a. The loss before tax is stated after charging:

	2023 £	2022 £
Depreciation of property, plant and equipment (note 9)	43,276	45,133
Amortisation of right-of-use asset (note 12)	29,478	6,353
Share-based payment expense	387,668	240,537
Foreign exchange differences	58,035	68,302
Loss on disposal of property, plant and equipment (note 9)	643	-
Gain on disposal of right of use assets (note 12)	(58)	-
Gain on disposal of investment[1]	-	21,951
Recovery of impairment on listed investments[2]	6,653	-
Impairment of exploration costs (note 8)	350,158	36,988

[1]Gain on disposal of investment relates to shares held in Sunvest Corporation Limited, which were previously impaired in full.
[2]Recovery of impairment on listed investments related to shares held in Marula Mining Plc, which were previously impaired in full.

b. Auditor's remuneration

	2023 £	2022 £
Fees payable to the Group's auditor for the audit of the consolidated financial statements	103,290	57,005
Fees payable to the Group auditor for other services:		
- audit of subsidiaries pursuant to legislation	-	6,000
- review of quarterly financial statements	3,240	3,208
- tax compliance services	-	11,826
	106,530	78,039

5. Income tax

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2023 or for the year ended 31 December 2022.

Factors affecting the tax expense

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

	2023 £	2022 £
Loss on ordinary activities before income tax	(2,937,909)	(2,041,452)
Tax thereon at a UK corporation tax rate of 23.5% (2022: 19%)	(690,409)	(387,876)
Effects of:		
Non-deductible expenditure	75,615	32,936
Tax losses not recognised	390,715	241,390
Losses of overseas subsidiaries to be carried forward	224,079	113,550
	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Income tax (continued)

The main rate of UK corporation tax for the year ended 31 December 2023 and up to 1 April 2023 was 19 per cent. From 1 April 2023, the main rate of UK corporation tax increased to 25 per cent, resulting in an effective tax rate of 23.5% for the year ended 31 December 2023. The Group has estimated UK losses of £16,656,271 (2022: £14,993,653) and foreign losses of £5,780,656 (2022: £4,659,376) available to carry forward against future trading profits. The value of unrecognised deferred tax assets in respect of the UK losses amounts to £4,164,068 (2022: £3,748,413) and foreign losses of £1,041,936 (2022: £804,730). The Directors believe that due to the uncertainty over when the tax losses will be utilised it is appropriate not to recognise a deferred tax asset at this time.

6. Grant income

	2023 £	2022 £
Business Finland	96,750	84,797
	96,750	84,797

Grafintec is participating in project titled "BATCircle – the development of a Finland-based Circular Ecosystem of Battery Metals". BATCircle is part of the European Union ("EU") Strategic Energy Technology Programme. The project is being administered by Business Finland and a 50 per cent contribution to a budget of €791,000 (approximately £700,000) for Phase 2 and €224,900 (approximately £200,000) Phase 1. The funds will be used for graphite purification and spheroidization test work, and the further assessment of Grafintec's graphite for battery applications. The funding is released by the administrator as incurred with Phase 1 running from 1 January 2019 to 31 January 2020 and Phase 2 running from 1 January 2021 to 31 December 2023. In the year to 31 December 2023, £96,750 has been recognised as grant income (2022: £84,797).

7. Basic and diluted loss per share

The calculation of basic and diluted loss per share at 31 December 2023 was based on the loss attributable to ordinary shareholders of £2,863,959 (2022: £1,948,459) and a weighted average number of Ordinary Shares outstanding during the year ended 31 December 2023 of 1,084,958,359 (2022: 831,710,636) calculated as follows:

	2023 £	2022 £
Loss attributable to ordinary shareholders	(2,863,959)	(1,948,459)

Weighted average number of ordinary shares

	2023 Number	2022 Number
Number of shares in issue at the beginning of the year	831,710,636	831,710,636
Effect of shares issued during year	253,247,723	-
Weighted average number of ordinary shares in issue for the year	1,084,958,359	831,710,636

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

Following the year end, the Company issued 52,326,758 new Ordinary shares as consideration for the consolidation of ownership of Vardar Minerals Limited. The calculation of loss per share has not been adjusted as the issue of shares does not affect the amount of capital used to produce profit or loss for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Intangible assets – Group

	Exploration costs £	Other intangible assets £	Total £
COST			
At 1 January 2022	11,235,656	-	11,235,656
Additions for the year – cash	1,536,674	-	1,536,674
Additions for the year – non-cash	314,272	-	314,272
Foreign exchange movements	(47,149)	-	(47,149)
Impairment	(36,988)	-	(36,988)
At 31 December 2022	13,002,465	-	13,002,465
At 1 January 2023	13,002,465	-	13,002,465
Additions for the year – cash	2,232,694	75,779	2,308,473
Additions for the year – non-cash	98,208	-	98,208
Foreign exchange movements	(185,376)	(286)	(185,662)
Impairment	(350,158)	-	(350,158)
At 31 December 2023	14,797,833	75,493	14,873,326
NET BOOK VALUE			
At 31 December 2023	14,797,833	75,493	14,873,326
At 31 December 2022	13,002,465	-	13,002,465

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

	2023 £	2022 £
Kallak	9,481,130	7,666,563
Åtvidaberg	-	358,694
Ågåsjiegge	-	7,718
Pitkäjärvi	1,667,854	1,641,836
Karhunmaki	55,935	56,089
Rääpysjärvi	174,060	148,430
Mitrovica	2,527,239	2,430,150
Viti	680,331	687,065
Emas	41,693	1,663
Luopioinen	4,812	4,257
Shala	164,779	-
	14,797,833	13,002,465

Total Group exploration costs of £14,797,833 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 £183,034 was recorded against the projects for services provided by the Directors during the year (2022: £262,684).

In Sweden, on 24 January 2023, the Company announced the positive economic results of the Kallak North Scoping Study. Management have considered that there is no current risk associated with Kallak and thus have not impaired the project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Intangible assets – Group (continued)

In Finland, the development of downstream capabilities is a key part of Grafintec's strategy. During the year, the Company announced the results of a PFS, envisaging importing Spherical Purified Graphite (“SPG”) and producing an initial 20,000 tonne per annum of Coated Spherical Graphite (“CSPG”), for sale to anode manufacturers. The economics of the study were extremely positive with an after-tax NPV8 of US$242 million, an Internal Rate of Return of 39 per cent, and a Payback Period of 2.4 years.

To support a sustainable graphite anode value chain in Finland, Grafintec is focused on expanding its resource footprint and increasing its raw materials' inventory, primary and recycled, feeding downstream processing, leveraging renewable power, targeting net zero CO2 emissions across the supply chain.

The Company's most advanced natural flake graphite project, Aitolampi, has an Indicated and Inferred Mineral Resource of 26.7 Mt at 4.8 per cent TGC for 1,275,000 tonnes of contained graphite. In addition to Aitolampi, the Company has other graphite exploration prospects, including Rääpysjärvi for which positive exploration results were announced during the prior year.

In Kosovo, Vardar has three exploration licence areas, Mitrovica, Viti and Shala. Significant progress continues to be made in Kosovo. The Company has also made further investments to fund drilling and taking the Company’s ownership of Vardar to approximately 61.1 per cent.

The focus of activity in 2023 was on low-cost exploration including mapping, sampling and drone magnetic surveys to identify and refine exploration targets.

In the year, an impairment provision of £350,158 was recognised for project costs capitalised for projects at Ågåsjiegge and Åtvidaberg (2022: £36,988 in project Merivaara) on the basis that licence at Ågåsjiegge was relinquished early and the licence at Åtvidaberg will not be renewed. In respect of the other licence areas, no impairment indicators have been identified. The impairment is charged as an expense and included within the consolidated income statement.

Other intangible assets capitalised are development costs incurred following the feasibility of GAMP project. This development has attained a stage that it satisfies the requirements of IAS 38 to be recognised as intangible asset in that it has the potential to completed and used, provide future economic benefits, its costs can be measured reliably and there is the intention and ability to complete. The development costs will be held at cost less impairment until the completion of the GAMP project at which stage they will be transferred to the value of the Plant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Property, plant and equipment

Group

	Office equipment	Motor vehicles	Machinery & equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2022	2,975	146,545	98,830	1,499	249,849
Additions	-	2,730	31,667	-	34,397
Foreign exchange movements	(21)	(579)	3,349	-	2,749
At 31 December 2022	2,954	148,696	133,846	1,499	286,995
Depreciation					
At 1 January 2022	1,787	65,811	48,436	387	116,421
Charge for year	1,006	19,796	24,053	278	45,133
Foreign exchange movements	36	(6,018)	1,708	-	(4,274)
At 31 December 2022	2,829	79,589	74,197	665	157,280

Group

	Office equipment	Motor vehicles	Machinery & equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2023	2,953	148,696	133,846	1,499	286,994
Additions	-	-	6,046	1,006	7,052
Disposals	-	-	-	(1,499)	(1,499)
Reclassification	1,806	(7,330)	5,524	-	-
Foreign exchange movements	(126)	(6,151)	(5,255)	-	(11,532)
At 31 December 2023	4,633	135,215	140,161	1,006	281,015
Depreciation					
At 1 January 2023	2,829	79,589	74,197	665	157,280
Charge for year	741	19,416	22,886	233	43,276
Disposals	-	-	-	(856)	(856)
Foreign exchange movements	(102)	(3,586)	(2,752)	-	(6,440)
At 31 December 2023	3,468	95,419	94,331	42	193,260
Net book value					
At 31 December 2023	1,165	39,796	45,830	964	87,755
At 31 December 2022	125	69,107	59,649	834	129,715

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Property, plant and equipment (continued)

Company

	Computer equipment £	Total £
Cost		
At 1 January 2022	1,499	1,499
At 31 December 2022	1,499	1,499
Depreciation		
At 1 January 2022	387	387
Charge for year	278	278
At 31 December 2022	665	665

Company

	Computer equipment £	Total £
Cost		
At 1 January 2023	1,499	1,499
Additions	1,006	1,006
Disposals	(1,499)	(1,499)
At 31 December 2023	1,006	1,006
Depreciation		
At 1 January 2023	665	665
Charge for year	233	233
Disposals	(856)	(856)
At 31 December 2023	42	42
Net book value		
At 31 December 2023	964	964
At 31 December 2022	834	834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Investments

	Group and Company listed investments £	Company Shares in subsidiaries £
Cost		
At 1 January 2022	-	2,377,988
Acquisitions	-	1,267,193
At 31 December 2022	-	3,645,181
At 1 January 2023	-	3,645,181
Acquisitions	-	322,697
Recovery of impairment	6,563	-
At 31 December 2023	6,563	3,967,878

Listed investments

The listed investment includes equity investment in Marula Mining Plc which is recognised at fair value.

Shares in subsidiaries

Further investments in the share capital of subsidiaries of Vardar constitute additions during the year of £250,000 (2022: £1,200,000) to increase the Company's shareholding in Vardar from 59.5% to 61.1%. The share capital of Vardar was reclassified to share capital of subsidiaries following control being obtained on 1 April 2019. The basis for control was assessed on the on the Group's ability to exercise power over Vardar through combination of the increased investment in Vardar and the appointment of the CEO as Investor Director, which conveyed substantive rights to direct the actions of Vardar that would ultimately affect the returns of the investee.

The additional investment during the year includes a share-based payment expense of £66,134 in relation to share options granted to employees of the Company's subsidiaries Grafintec and JIMAB.

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

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

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

There was nil consideration recognised in the financial statements for the year ended 31 December 2023, (2022: £Nil). No further share-based payment expense for the consideration shares was capitalised to intangibles in the year ended 31 December 2023 (2022: £Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Investments (continued)

The remaining investment in subsidiaries includes the share capital of the Company's directly owned subsidiaries, listed below.

Step up interest in Vardar Minerals

The investment in Vardar gives the Company exposure to a portfolio of exploration licences situated in the European Tertiary calc-alkaline Tethys Arc most notable for its lead-zinc-silver mining districts, as well as recent porphyry related copper and gold discoveries. On 12 March 2023, a further investment of £250,000 was made to increase the Company's shareholding in Vardar from 59.5% to 61.1%.

Further investment in Vardar was recognised as an increase to accumulated losses of £48,141 (2022: £297,201).

The Group consists of the following subsidiary undertakings:

			2023	2022
Name	Incorporated	Activity	% holding	% holding
Grafintec Oy	Finland	Mineral exploration	100%	100%
Jokkmokk Iron Mines AB	Sweden	Mineral exploration	100%	100%
Beowulf Mining Sweden AB	Sweden	Mineral exploration	100%	100%
Wayland Copper Limited	UK	Holding company	65.25%	65.25%
Wayland Sweden AB	Sweden	Mineral exploration	(1)(2)65.25%	(1)(2)65.25%
Vardar Minerals Ltd	UK	Mineral exploration	61.1%	59.5%
UAV Geophysics (UK) Ltd	UK	Dormant	(1)(2) 61.1%	(1)(2)59.5%
Vardar Geoscience BVI Ltd	British Virgin Islands	Holding company	(1)(2) 61.1%	(1)(2)59.5%
Vardar Geoscience Kosovo L.L.C	Kosovo	Mineral exploration	(1)(2) 61.1%	(1)(2)59.5%
Vardar Exploration Kosovo L.L.C	Kosovo	Mineral exploration	(1)(2) 61.1%	(1)(2)59.5%

(1) Indirectly held
(2) Effective interest

The registered offices of the subsidiary undertakings as are follows:

Name	Registered office
Grafintec Oy	Plåtslagarevägen 35 A 1, 20320 Turku, Finland
Jokkmokk Iron Mines AB	Storgatan 36, 921 31, Lycksele, Sweden
Beowulf Mining Sweden AB	Storgatan 36, 921 31, Lycksele, Sweden
Wayland Copper Limited	201 Temple Chambers, 3-7 Temple Avenue, London
Wayland Sweden AB	Storgatan 36, 921 31, Lycksele, Sweden
Vardar Minerals Limited	35-39 Maddox Street, London, England
UAV Geophysics (UK) Ltd	Stapeley House, London Road, Nantwich, United Kingdom
Vardar Geoscience BVI Ltd	Trident Chambers, P.O. Box 146, Wickhams Cay 1 Road Town, British Virgin Islands
Vardar Geoscience Kosovo L.L.C	Rifat Berisha 23/10, Pristina, Republic of Kosovo
Vardar Exploration Kosovo L.L.C	Rifat Berisha 23/10, Pristina, Republic of Kosovo

Details on the non-controlling interest in subsidiaries is given in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Loans and other financial assets

Group

	Financial fixed assets £
At 1 January 2022	5,247
Foreign exchange movements	(66)
At 31 December 2022	5,181
At 1 January 2023	5,181
Foreign exchange movements	28
At 31 December 2023	5,209

Company

	Loans to group undertakings £	Financial assets £	Total £
At 1 January 2022	10,176,866	2,784	10,179,650
Advances made in the year	909,975	-	909,975
ECLs in year	(5,336)	-	(5,336)
At 31 December 2022	11,081,505	2,784	11,084,289
At 1 January 2023	11,081,505	2,784	11,084,289
Advances made in the year	2,757,113	-	2,757,113
ECLs in year	(1,001,537)	-	(1,001,537)
At 31 December 2023	12,837,081	2,784	12,839,865

Reconciliation of provisions against receivables arising from lifetime ECLs

	31 December 2022 £	Current year movement £	31 December 2023 £
ECLs	2,106,249	1,001,537	3,107,786
Total provision arising from ECLs	2,106,249	1,001,537	3,107,786

The Directors have also assessed the cash flow scenarios of the above considerations. Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary licences to be awarded, the Company's ability to raise finance, and ability to sell the project. The expected credit loss is calculated based on the Fire-Sale and Failure outcomes, being the outcomes with an expected value of less than the carrying value of loans. The expected credit loss increased due to the impairment of Ågåsjiegge and Åtvidaberg in the year and a reassessment of expected recoverability of the loans to the subsidiaries. A reasonable change in the probability weightings of 3% to failure and fire-sale would result in further impairment of £789,297 (2022: £626,927)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Right of use assets

Group	Buildings 2023 £	Buildings 2022 £
Cost		
At 1 January	29,774	11,100
Additions	77,924	17,506
Disposals	(11,493)	-
Foreign exchange movements	(2,305)	1,169
At 31 December	93,900	29,775
Amortisation		
At 1 January	10,496	3,701
Charge	29,478	6,353
Disposals	(9,577)	-
Foreign exchange movements	345	442
At 31 December	30,742	10,496
Net book value		
At 31 December	63,158	19,279

13. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Other receivables	88,180	78,148	-	-
VAT	51,315	121,284	37,515	32,289
Prepayments and accrued income	12,509	20,995	11,640	20,995
	152,004	220,427	49,155	53,284

Included in other receivables is a deposit of £17,724 held by Finnish regulatory authorities (2022: £17,724).

14. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank accounts	905,555	1,776,556	794,909	1,667,840
	905,555	1,776,556	794,909	1,667,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. 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;

	2023	2022
	£	£
Balance at 1 January	568,732	325,039
Total comprehensive loss allocated to NCI	(102,443)	(53,508)
Effect of step acquisitions	48,141	297,201
Total	514,430	568,732

	2023	2022
	£	£
Wayland Copper Limited	(164,573)	(163,666)
Vardar Minerals Limited	679,003	732,398
Total	514,430	568,732

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:

	2023	2022
	£	£
Administrative expenses	(2,315)	(2,931)
Loss after tax	(2,315)	(2,931)
Loss allocated to NCI	(805)	(1,019)
Other comprehensive loss allocated to NCI	(102)	(155)
Total comprehensive loss allocated to NCI	(907)	(1,174)
Current assets	12,973	15,298
Current liabilities	(486,563)	(486,280)
Net liabilities	(473,590)	(470,982)
Net cash outflow	-	(725)
Non-controlling interest	(164,573)	(163,666)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Non-controlling interests (continued)

Vardar Minerals Limited, a 61.1% 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:

	2023 £	2022 £
Administrative expenses	(112,400)	(199,197)
Loss after tax	(112,400)	(199,197)
Loss allocated to NCI	(73,145)	(91,974)
Other comprehensive income allocated to NCI	(28,391)	39,640
Total comprehensive loss allocated to NCI	(101,536)	(52,334)
Current assets	20,195	109,099
Non-current assets	2,388,133	2,186,253
Current liabilities	(142,686)	(214,294)
Net assets	2,265,642	2,081,058
Net cash (outflow)/inflow	(51,783)	34,043
Non-controlling interest	679,003	732,398

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Share capital

	Number	Share capital £	Share premium £	Total £
At 1 January 2023	831,710,636	8,317,106	24,689,311	33,006,417
Issue of new shares	325,476,827	3,254,769	2,452,133[1]	5,706,902
At 31 December 2023	1,157,187,463	11,571,875	27,141,444	38,713,319

	Number	Share capital £	Share premium £	Total £
At 1 January 2022	831,710,636	8,317, 106	24,689,311	33,006,417
At 31 December 2022	831,710,636	8,317, 106	24,689,311	33,006,417

All issues are for cash unless otherwise stated.

[1]Includes issue costs of £1,202,696 of which £704,587 was paid in cash and £498,109 in ordinary shares of the company.

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.

There were 325,476,827 shares issued in 2023. There were no shares issued in 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Share-based payments

During the year ended 31 December 2023, 12,250,000 options were granted (2022: 23,250,000). The options outstanding as at 31 December 2023 have an exercise price in the range of 1.00 pence to 7.35 pence (2022: 1.00 pence to 7.35 pence) and a weighted average remaining contractual life of 5 years, 294 days (2022: 7 years, 98 days).

The share-based payments expense for the options for the year ended 31 December 2023 was £387,668 (2022: £240,537).

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

	2023	2022	2022	2019
Fair value at grant date	0.52p	3.59p	3.59p	1.15p
Share price	1.68p	4.00p	4.00p	5.65p
Exercise price	2.06p	1.00p	1.00p	7.35p
Expected volatility	55.2%	100.0%	100.0%	51.89%
Expected option life	2.5 years	6 years	6 years	2 years
Contractual option life	5 years	10 years	10 years	10 years
Risk free interest rate	4.800%	4.520%	4.520%	0.718%

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

Reconciliation of options in issue	Number 2023	Weighted average exercise price(£'s) 2023	Number 2022	Weighted average exercise price(£'s) 2022
Outstanding at 1 January	32,500,000	0.055	13,750,000	0.089
Granted during the year	12,250,000	0.021	23,250,000	0.048
Lapsed during the year	-	-	(4,500,000)	0.120
Outstanding at 31 December	44,750,000	0.046	32,500,000	0.055
Exercisable at 31 December	37,250,000	0.042	11,750,000	0.060

No warrants were granted during the year (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Reserves

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

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

19. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Current:				
Trade payables	307,909	448,045	43,511	148,567
Social security and other taxes	14,631	34,493	13,224	22,771
Other payables	29,900	24,834	851	2,142
Accruals	81,222	118,358	70,632	42,790
	433,662	625,730	128,218	216,270

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Lease liability

Nature of leasing activities

Vardar Geoscience leases buildings located in Str. Highway Prishtina Mitrovice Village Shupkove No.2, Kosovo. Jokkmokk Mining leases office premises located in 962 31 Jokkmokk, Sweden.

	2023	2022
	No.	No.
Number of active leases	2	1

Lease liability at year end

Group	2023	2022
	£	£
Current		
Lease liability	22,575	10,840
Non-current		
Lease liability	15,053	8,537
Total lease liability	37,628	19,377

Analysis of lease liability

Group	Buildings
	£
At 1 January 2022	7,491
Additions	17,506
Interest expense	264
Lease payments	(6,611)
Foreign exchange movements	727
At 31 December 2022	19,377
Additions	43,126
Interest expense	2,420
Lease payments	(23,648)
Lease disposals	(1,974)
Foreign exchange movements	(1,673)
At 31 December 2023	37,628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Lease liability (continued)

Analysis of gross value of lease liabilities

Maturity of the lease liabilities is analysed as follows:

	2023
	£
Within 1 year	22,575
Later than 1 year and less than 5 years	15,053
After 5 years	-
At 31 December 2023	37,628

The total cash outflow for leases in 2023 was £25,637 (2022: £6,611).

21. Borrowings

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Opening balance	1,845,947	-	1,845,947	-
Funds advanced, net of commission and transaction costs	-	1,554,381	-	1,554,381
Finance costs	195,304	304,529	195,304	304,529
Effect of FX	(2,818)	(12,963)	(2,818)	(12,963)
Funds repaid	(2,038,433)	-	(2,038,433)	-
	-	1,845,947	-	1,845,947

On 3 July 2022, the Company secured a bridging loan from Nordic investors of SEK 22 million, gross of commission and transaction costs (approximately: £1.76 million). The loan had a fixed interest rate of 1.5 percent per stated 30-day period during the duration. Accrued interest was compounding. The loan had a commitment fee of 5 per cent and a maturity date of 28 February 2023.

The loan and accrued interest were repayable at any time prior to the maturity date. If the loan and accrued interest was not repaid by maturity date, at the latest, the creditors had the right to offset a minimum of SEK 1 million at a time of the loan and accrued interest into SDRs at a price per SDR calculated with a 15 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.

During the year, it became apparent that due to the timing of the receipt of the funds from the rights issue the Company would not be in a position to pay back the bridging loan facility at its maturity. The outcome of this is that the holder of the loan enforced the penalty interest for entering another 30-day period, which was circa 1 million SEK. The loan principal and interest totalling £2.04m was repaid via a deduction to the gross proceeds from the Rights Issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Changes in liabilities from financing activities

Group	Leases £	Borrowings £	Total £
Opening balance 1 January 2023	19,377	1,845,947	1,865,324
Cash movements			
Lease payments	(23,648)	-	(23,648)
Total	(4,271)	1,845,947	1,841,676
Non-cash movements			
Lease additions	43,126	-	43,126
Lease disposals	(1,974)	-	(1,974)
Finance cost	2,420	195,304	197,724
Funds repaid	-	(2,038,433)	(2,038,433)
Effect of FX	(1,673)	(2,818)	(4,491)
Closing balance 31 December 2023	37,628	-	37,628

Group	Leases £	Borrowings £	Total £
Opening balance 1 January 2022	7,491	-	7,491
Cash movements			
Borrowings advances	-	1,554,381	1,554,381
Lease payments	(6,611)	-	(6,611)
Total	880	1,554,381	1,555,261
Non-cash movements			
Lease additions	17,506	-	17,506
Finance cost	264	304,529	304,793
Effect of FX	727	(12,963)	(12,236)
Closing balance 31 December 2022	19,377	1,845,947	1,865,324

Company	Borrowings £	Total £
Opening balance 1 January 2023	1,845,947	1,845,947
Non-cash movements		
Funds repaid	(2,038,433)	(2,038,433)
Finance cost	195,304	195,304
Effect of FX	(2,818)	(2,818)
Closing balance 31 December 2023	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Changes in liabilities from financing activities (continued)

Company	Borrowings £	Total £
Opening balance 1 January 2022	-	-
Cash movements		
Borrowings advances	1,554,381	1,554,381
Total	1,554,381	1,554,381
Non-cash movements		
Finance cost	304,529	304,529
Effect of FX	(12,963)	(12,963)
Closing balance 31 December 2022	1,845,947	1,845,947

23. Financial instruments

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

The Group and Company hold the following financial instruments:

		Group	
At 31 December 2023	Held at amortised cost £	Fair value through profit and loss £	Total £
Financial assets			
Cash and cash equivalents	905,555	-	905,555
Trade and other receivables	90,965	-	90,965
Other financial assets	5,209	6,563	11,772
	1,001,729	6,563	1,008,292
Financial liabilities			
Trade and other payables	420,808	-	420,808
Lease liability	37,628	-	37,628
	458,436	-	458,436

		Company	
At 31 December 2023	Held at amortised cost £	Fair value through profit and loss £	Total £
Financial assets			
Cash and cash equivalents	794,909	-	794,909
Loans to group undertakings	12,837,080	-	12,837,080
Other financial assets	2,784	6,563	9,347
	13,634,773	6,563	13,641,336
Financial liabilities			
Trade and other payables	116,743	-	116,743
At 31 December 2023	116,743	-	116,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Financial instruments (continued)

	Group		Company	
At 31 December 2022	Held at amortised cost	Total	Held at amortised cost	Total
	£	£	£	£
Financial assets				
Cash and cash equivalents	1,776,556	1,776,556	1,667,840	1,667,840
Trade and other receivables	78,148	78,148	-	-
Loans to group undertakings	-	-	11,081,505	11,081,505
Other financial assets	5,181	5,181	2,784	2,784
	1,859,885	1,859,885	12,752,129	12,752,129
Financial liabilities				
Trade and other payables	591,237	591,237	195,328	195,328
Borrowings	1,845,947	1,845,947	1,845,947	1,845,947
Lease liability	19,377	19,377	-	-
	2,456,561	2,456,561	2,041,275	2,041,275

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

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

a) Market risk

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

i) Foreign exchange risk

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Net foreign currency financial assets:				
Swedish Krona	427,207	1,560,383	484,839	1,655,334
Euro	(25,804)	(32,396)	(2,960)	(2,906)
Total net exposure	401,403	1,527,987	481,879	1,652,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Financial instruments (continued)

Sensitivity analysis

A 10 per cent strengthening of sterling against the Group's primary currencies at 31 December 2023 would have decreased equity and profit or loss by the amounts shown below:

Group

	Profit or loss		Equity	
	2023	2022	2023	2022
	£	£	£	£
Swedish Krona	(42,721)	(156,038)	(42,721)	(156,038)
Euro	2,580	3,240	2,580	3,240
Total	(40,141)	(152,798)	(40,141)	(152,798)

Company

	Profit or loss		Equity	
	2023	2022	2023	2022
	£	£	£	£
Swedish Krona	(48,484)	(165,533)	(48,484)	(165,533)
Euro	296	291	296	291
Total	(48,188)	(165,242)	(48,188)	(165,242)

A 10 per cent weakening of sterling against the Group's primary currencies at 31 December 2023 would have an equal but opposite effect on the amounts shown above.

ii) Interest rate risk

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

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. The Group's interest-bearing financial liability in the year is the bridging loan finance entered into in the prior year and repaid in the current year; this was at a fixed rate of interest. The interest-bearing financial liability in the prior year was the bridging loan finance, which was at a fixed rate of interest.

b) Credit risk

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

The Company has made unsecured interest-free loans to its subsidiaries. Although they are repayable on demand, they are unlikely to be repaid until the projects are successful and the subsidiaries start to generate revenues. An assessment of the expected credit loss arising on intercompany loans is detailed in note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Financial instruments (continued)

The amounts used by the subsidiaries are as follows:

	2023 £	2022 £
Jokkmokk Iron Mines AB	10,105,806	8,407,039
Beowulf Mining Sweden AB	-	368,306
Grafintec Oy	2,656,618	2,304,786
Total	12,762,424	11,080,131

Reconciliation of provisions against receivables arising from lifetime ECLs

	1 January 2023 £	Movement in the year £	31 December 2023 £
ECLs	2,106,249	1,001,537	3,107,786
Total provision arising from ECLs	2,106,249	1,001,537	3,107,786

	1 January 2022 £	Movement in the year £	31 December 2022 £
ECLs	2,100,913	5,336	2,106,249
Total provision arising from ECLs	2,100,913	5,336	2,106,249

The Directors have also assessed the cash flow scenarios of the above considerations. Estimations were made regarding the credit risk of the counterparty and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by management included 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 £789,297 (2022: £626,927).

i) Commodity price risk

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

c) Liquidity risk

To date the Group and Company have relied on shareholder funding and loan funding to finance operations. As the Group and Company have finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure and cash resources. The Group and Company have minimal exposure to liquidity risk as trade and other payables all have a maturity of less than one year, the only exception being the lease liability per note 21. The rationale for the preparation of the accounts on a going concern basis is detailed in the Report of the Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Financial instruments (continued)

The undiscounted contractual maturities of the Group's financial liabilities are set out below:

31 December 2023	Less than 3 months £	Between 3 and 12 months £	Between 1 and 2 years £
Trade and other payables	433,662	-	-
Borrowings	-	-	-
Lease liabilities	6,282	17,940	15,597
	439,944	17,940	15,597

31 December 2022	Less than 3 months £	Between 3 and 12 months £	Between 1 and 2 years £
Trade and other payables	625,730	-	-
Borrowings	1,845,947	-	-
Lease liabilities	3,912	7,685	8,773
	2,475,589	7,685	8,773

d) Capital management

The Groups capital structure consists of issued capital and reserves, accumulated losses and non-controlling interest.

The Board's policy is to preserve a strong capital base in order to maintain investor, creditor and market confidence and to safeguard the future development of the business, whilst balancing these objectives with the efficient use of capital. The Group and Company's net debt ratio for the year ended 31 December 2023 was below what the Board would consider to be sustainable, furthermore, this ratio should be considered an outlier as it arose due to the timing of the fundraising completed. This is further discussed in Note 21.

The Group does not have any externally imposed capital requirements.

Group

Net working capital	2023 £	2022 £
Cash and cash equivalents	905,555	1,776,556
Trade and other payables	(433,662)	(625,730)
Lease liabilities	(37,628)	-
Borrowings	-	(1,845,947)
Net cash/(debt)	434,265	(695,121)
Total equity	15,622,280	12,662,569
Net cash/(debt) to equity ratio	2.78%	(5.49%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Financial instruments (continued)

Company

Net working capital	2023 £	2022 £
Cash and cash equivalents	794,909	1,667,840
Trade and other payables	(128,218)	(216,270)
Borrowings	-	(1,845,947)
Net cash/(debt)	666,691	(394,377)
Total equity	17,524,553	14,389,211
Net cash/(debt) to equity ratio	3.80%	(2.74%)

24. Segment reporting

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

2023	Sweden £	Finland £	Kosovo £	UK £	Total £
Intangible assets	9,481,130	1,944,354	3,372,349	-	14,797,833
Other non-current assets	57,747	-	93,721	11,217	162,685
Current assets	72,699	132,412	6,218	846,230	1,057,559
Liabilities	(159,504)	(39,950)	(114,247)	(157,589)	(471,290)
Finance income	(268)	-	-	(7,655)	(7,923)
Finance costs	1,686	-	734	195,304	197,724
Grant income	-	(96,750)	-	-	(96,750)
Gain on disposal of investment	-	-	-	(6,563)	(6,563)
Intangible asset additions	1,898,312	208,876	299,493	-	2,406,681
Impairment	350,158	-	-	-	350,158
Expenses[1]	549,084	404,362	85,707	2,009,992	3,049,145
Loss for the year	548,816	307,612	85,707	1,995,774	2,937,909
Total comprehensive loss	660,187	345,386	133,511	1,995,775	3,134,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Segment reporting (continued)

2022	Sweden	Finland	Kosovo	UK	Total
	£	£	£	£	£
Intangible assets	8,032,977	1,852,274	3,117,214	-	13,002,465
Other non-current assets	2,674	-	146,752	4,749	154,175
Current assets	83,341	88,542	72,381	1,752,719	1,996,983
Liabilities	(178,095)	(29,339)	(166,475)	(2,117,145)	(2,491,054)
Finance income	(6)	-	-	(170)	(176)
Finance costs	10	-	267	304,529	304,806
Grant income	-	(84,797)	-	-	(84,797)
Gain on disposal of investment	-	-	-	(21,951)	(21,951)
Intangible asset additions	684,396	175,269	991,281	-	1,850,946
Impairment	-	36,988	-	-	36,988
	160,268	379,748	157,829	1,450,531	2,148,376
Loss for the year	160,262	294,951	157,829	1,428,410	2,041,452
Total comprehensive loss	386,566	196,831	62,591	1,428,409	2,074,397

[1]Expenses include administrative expenses, impairment and finance costs.

25. Related party disclosures

Transactions with subsidiaries

During the year, cash advances of £2,153,998 (2022: £524,614) were made to Jokkmokk Iron Mines AB and net settled costs of £33,643 with the Company (2022: net settled costs £194,754). 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 £12,179,315 (2022: £9,991,673).

Beowulf Mining Sweden AB received cash advances of £31,879 (2022: £7,320) and expenses paid on behalf of £22,318 (2022: net settled costs of £118). 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 £790,632 (2022: £781,071).

Grafintec Oy received cash advances of £430,213 (2022: £180,287) and net settled costs of £30,918 (2022: net settled costs of £1,507) with the Company. The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £3,202,436 (2022: £2,741,305).

Vardar received cash advances of £68,572 (2022: £nil) and net settled costs of £1,374 (2022: net settled costs of £nil) with the Company. The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £100,155 (2022: £nil).

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

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

The Company has made unsecured interest-free loans to its subsidiaries. Although they are repayable on demand, they are unlikely to be repaid until the projects becomes successful and the subsidiaries start to generate revenues. An assessment of the expected credit loss arising on intercompany loans is detailed in note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Related party disclosures (continued)

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 below.

	2023	2022
	£	£
Short-term employee benefits (including employers' national insurance contributions)	847,791	711,962
Loss of office	210,000	-
Post-retirement benefits	67,288	44,764
Share-based payments	321,534	173,345
Insurance	526	887
	1,447,139	930,958

Loss of office comprises a settlement amount in relation to Kurt Budge's resignation, which was agreed on 21 July 2023. It represents the remainder of the notice period due to Mr Budge as he was continued to be paid until the date the agreement was reached.

26. Capital commitments

As an exploration and development company, the Company has a portfolio of exploration projects held through subsidiary companies relevant to the local operations of the business. All of the Company's business interests carry financial commitments to remain in good standing which are funded directly by the Company.

All the subsidiary companies require timely submission of regulatory filings, financial accounts and tax submissions. All exploration projects are held under exploration licences and permits, against which during the year renewals are expected to be processed with associated renewal fees attaching.

27. Contingent liabilities

At 31 December 2023, the Company has a possible obligation to pay up to two years annual salary (£420,000) to Ed Bowie in the event of a change in control.

28. Events after the reporting date

On 16 February 2024, the Company announced its intention to conduct a preferential rights issue of SDRs in Sweden and a UK retail offer of ordinary shares and partially secured capital raise up to approximately SEK 100 million (approximately £7.5million). The rights issue is underwritten to maximum value of SEK 50 million, subject to customary adjustments.

On 16 February 2024, in conjunction with the rights issue, the Company has entered into a short-term loan agreement with the Underwriters to provide SEK 10 million to ensure the Company has sufficient financial resources to continue advancing its projects over the coming weeks. The loan carries an interest charge of 1.5 per cent per month and has a commitment fee of 5 per cent. If the loan and accrued interest is not repaid by maturity date, at the latest, the creditors have the right to offset a minimum of SEK 1 million at a time of the loan and accrued interest into SDRs at a price per SDR calculated with a 15 per cent discount on the volume weighted average price of the SDR during the preceding 5 trading days to the conversion decision. In case of default, the loan will accrue additional default interest of 2.5 per cent per month.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Events after the reporting date (continued)

On 3 April 2024 the Company announced the completion of the capital raise with a total of £4.3 million (SEK 56.3 million) gross raised to fund the development of the Company's assets through their next key valuation milestones. The net funds raised after the loan repayment and share issue transaction costs are £3.0 million.

On 9 April 2024, the Company announced the completion of consolidation of 100 per cent ownership of Vardar Minerals Ltd from the currently held 61.1 per cent interest through the issue of 52,326,761 Ordinary share in the Company. The new shares are subject to a 12-month lock-in agreement from the 8 April 2024 and will be issued at the same time as shares issued in connection with the proposed capital raise.

On 14 May 2024 there were 1,574,658,777 Swedish Depository Receipts representing 81.07% per cent of the issued share capital of the Company. The remaining issued share capital of the Company is held in the UK.

COMPANY INFORMATION

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Mr C Davies
Mr J Röstin
Mr M Schauman

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