BEOWULF MINING PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Company Number 02330496

CONTENTS

COMPANY PROFILE

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

Beowulf's ambition is to become a trusted European supplier of metals needed for the Green Transition. The Company has an attractive strategic position, and is developing production assets, in magnetite iron ore and natural flake graphite, in stable jurisdictions and proximity to growing downstream markets, the decarbonising steel industry and the lithium-ion battery manufacturing sector.

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

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

On 22 March 2022, the Company was awarded an Exploitation Concession for Kallak North. This permit provides exclusive mining rights in the defined areas for a period of 25 years. The Kallak North deposit has an estimated Mineral Resource of 111 million tonnes, Measured and Indicated, 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.

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

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

- Testwork on Kallak ore has produced an exceptionally high-grade magnetite concentrate at 71.5 per cent iron content with minimal detrimental components;
- This would make Kallak the market leading high-grade product among known current and planned future producers.

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

Beowulf's 100 per cent owned subsidiary Grafintec is recognised in Finland as one of the main companies in the anode space and continues to be supported by Business Finland, the Finnish governmental organisation for innovation funding and investments.

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 reported a Mineral Resource Estimate at Aitolampi of 26.7 Mt at 4.8 per cent total graphic carbon ("TGC") for 1,275,000 tonnes of contained graphite and is exploring at the nearby Rääpysjärvi exploration permit.

Grafintec has signed a Memorandum of Understanding ("MoU") with Qingdao Hensen Graphite Ltd. ("Hensen"), including an agreed framework and key terms, by which both companies can collaborate on downstream anode materials development.

In Kosovo, Beowulf is invested in exploration for base metals and precious metals. At the signing date of this report the Company has a 61.1 per cent interest in Vardar Minerals Ltd ("Vardar"). Vardar is focused on exploration in the Tethyan Belt, a major orogenic metallogenic province for gold and base metals.

During 2022, Vardar's exploration drilling programme led to the definition of a Polymetallic Epithermal System at Majdan Peak in the Mitrovica licence, with potential to host gold and silver-lead-zinc-copper mineralisation. . In addition, geological mapping at the nearby Red Lead prospect, identified marble units along with gossans, trachyte bodies and carbonate alteration, highlighting potential for carbonate-replacement style lead-zinc-silver mineralisation.

On 16 December 2022, the Company announced the addition of two new licences to Vardar's exploration profile, extending coverage of Mitrovica and Shala projects. The Viti licence is also showing potential for copper-gold porphyry mineralisation. With Beowulf's support, Vardar is focused on making a discovery. Vardar's projects are ideally located, as Europe needs shorter supply chains to reduce the carbon footprint of metals it consumes, for electric vehicles and green infrastructure.

COMPANY'S PURPOSE

The Company's purpose is to be a responsible and innovative company that creates value for our shareholders, wider society, and the environment, through sustainably producing critical raw materials, which includes iron ore, graphite, and base metals, needed for the transition to a Green Economy.

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

"Visar respekt fôr alla intressenter"

"Vill samverka lokalt"

"Står fôr ansvarsfull utveckling"

"Kunnioittaa kaikkia sidosryhmiä"

"Toimia yhteistyössä paikallisten kanssa"

"Vastuullisuus"

"Showing respect to all our stakeholders"

"Becoming a local partner"

"Delivering responsible development"

Dear Shareholders

Introduction

Beowulf has transformed itself in the last year, with the award of Exploitation Concession for the Kallak North Iron Ore Project and, post-period, positive economics results from the Kallak North 'Only' Base Case.

The preliminary economic assessment for Kallak North is only part of the bigger Kallak story, and we have many levers to increase value, which will be investigated as we proceed with Pre-feasibility. These include resource expansion, a longer life mining operation, increased production capacity, and higher proportion of high-grade concentrate sales to decarbonising steelmakers in the Nordics and Europe, of which there are many.

We built new partnerships in Finland, firstly collaborating with Hensen, an established graphite and anode materials company, and then, post period, signing a new site agreement with the municipality of Korsholm for establishing an anode materials production facility in the GigaVaasa area.

Grafintec continued its efforts to expand its natural flake graphite resource inventory, with promising exploration findings for the Rääpysjärvi prospect, which in the future, could potentially add to the Company's resources already defined at Aitolampi, offering sustainable and secure primary raw materials supply to a Finnish anode materials value chain.

In Kosovo, Vardar's exploration drilling defined a large polymetallic epithermal system at Madjan Peak in the Mitrovica licence, with potential to host economic concentrations of base and precious metals. Furthermore, fieldwork at the Red Lead Prospect, also in Mitrovica, highlighted the potential for discovery of lead-zinc carbonate hosted mineralisation. As the prospect is located just 2km east of the world-class Stan Terg lead-zinc deposit with similar geology, it is considered a priority target for follow up drilling.

During the year, we made significant process in our ESG work, policy development and in practice with our project development work. Beowulf and its subsidiaries are focused on the role they play in society and contribution and are committed to working constructively - and in good faith - with all stakeholders and engaging in meaningful dialogue.

Kallak

The Company's longstanding commitment to Kallak was finally recognised when, on 22 March 2022, the Company was awarded an Exploitation Concession for Kallak North. This permit provides exclusive mining rights in the defined areas for a period of 25 years.

The Kallak North deposit has an estimated Mineral Resource of 111 Mt, Measured and Indicated, 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.

Kallak is excellently 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 for decades to come.

During the year, the Company strengthened its leadership team in Sweden, with the appointment of Ulla Sandborgh as CEO of Jokkmokk Iron bringing extensive experience from trade and industry in Sweden and deep knowledge of environmental permitting, and initiated the Scoping Study for Kallak North.

On 24 January 2023, Beowulf announced positive economic results for Kallak North, forming part of the larger Kallak Iron Ore Project, from a Scoping Study prepared by independent consulting firm SRK Consulting (UK) Ltd. The study indicates a positive economic assessment for a mining operation producing up to 2.7 million tonnes per annum ("Mtpa") of high-grade iron concentrate over a production life of 14 years.

Grafintec Oy ("Grafintec")

Grafintec continued to focus on the creation of a Finnish anode materials value chain, with exploration for more natural flake graphite, contracting the Geological Survey of Finland ("GTK") to carry out an electromagnetic ("EM") survey over the Rääpysjärvi exploration permit. This yielded extensive EM anomalies, suggesting significant potential for a larger tonnage of high-grade graphite mineralisation than that defined at Aitolampi and for localised very high-grade mineralisation.

During the year, Grafintec entered into a MoU with GTK, providing Grafintec and GTK with a framework and platform to promote and foster cooperation in the fields of a circular economy, mineral processing and exploration of graphite as pertaining to anode materials for the lithium-ion battery market and other markets from different raw material sources.

During the year, Grafintec also entered into a new partnership with Hensen, a company that has been operating in the graphite industry for 37 years and has been producing graphite-based anode materials since 2003, as the Company continued to pursue its downstream ambitions.

Vardar Minerals ("Vardar")

During 2022, the Company invested a further £1.2 million (2021: £300,000) to fund drilling taking the Company's ownership of Vardar to approximately 59.5 per cent (2021: 49.4%). In 2023, Beowulf increased its ownership to 61.1 per cent.

From late summer onwards, the Company published a number of positive announcements, starting in August with the discovery of a large Polymetallic Epithermal System (copper, gold and lead-zinc) at Majdan Peak ("MP"), part of Mitrovica licence in Kosovo, with drilling results both supporting the potential for epithermal mineralisation of economic grades to be present and for comparisons to be drawn with the Chelopech copper-gold deposit in Bulgaria. This was soon followed up with new exploration targets at MP and then the identification, in December, of the Red Lead target, bearing striking similarities observed at the neighbouring world-class Stan Terg deposit, such as the same host rocks, trachyte heat source, hydrothermal breccias and hydrothermal alteration patterns.

Shareholder Base

At 31 December 2022, there were 632,863,876 (2021: 621,366,320) Swedish Depository Receipts representing 76.09 per cent (2021: 74.71 per cent) of the issued share capital of the Company. The remaining issued share capital of the Company is held in the UK.

Raising Finance

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

With the Kallak North Exploitation Concession awarded, and to fund work programmes, with the focus being on Kallak, on 4 July 2022, the Company announced bridging loan financing from a Nordic Institutional Investor of SEK 22 million (approximately £1.76 million) before expenses.

The Company announced on 20 December 2022 it had secured a preferential rights issue of Swedish Depository Receipts ("SDRs") in Sweden ("Rights Issue") and a PrimaryBid retail offer of ordinary shares in the UK ("PrimaryBid Offer") which included a placing to certain UK investors ("Placing"). As part of this the Company received underwriting commitments to the value of a maximum of SEK 60 million, or approximately 70 per cent of the intended Rights Issue.

On 28 February 2023, Beowulf announced the outcome of the Rights Issue and the PrimaryBid offer. The Rights Issue raised approximately SEK 62.8 million (approximately £5 million) and the PrimaryBid Offer raised approximately £0.8 million. In addition to the PrimaryBid Offer, the Placing raised approximately £0.4 million. Members of the Board and executive management also subscribed to an agreed amount of £181,000.

Following the year end, it became apparent that due to the timing of the receipt of the funds from the Rights Issue the Company was 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 (approximately £80,000). The loan principal and interest totalling £2.13m was repaid via a deduction to the gross proceeds from the Rights Issue.

The net funds raised after the loan repayment and share issue transaction costs were £3.72 million.

The Board continues to adopt the going concern basis to the preparation of the financial statements. The Group is dependent on further equity fundraising to operate as a going concern for at least twelve months from the date of approval of the financial statements, this conclusion has been reached following managements review of both cost and foreign exchange sensitivities and potential key hires required to advance projects. Although the Group has had past success in fundraising and continues to attract interest from investors, making the Board confident that such fundraising will be available to provide the required capital, there can be no guarantee that such fundraising will be available and as such this constitutes a material uncertainty over going concern.

2022 Financial Performance

For the year, the consolidated loss increased in the year before tax from £1,485,611 in 2021 to £2,041,452 in 2022. This increase is primarily due to finance costs in relation to the bridging loan of £304,529 (2021: £Nil) and share based payment expenses of £240,537 (2021: £Nil).

The underlying administration expenses of £1,806,582 were higher than the previous year of £1,503,049, due to share-based payment expenses of £240,537 (2021: £Nil).

Consolidated basic and diluted loss per share for the 12 months ended 31 December 2022 was 0.23 pence (2021: loss of 0.16 pence).

The Company received loan financing from a Nordic Institutional Investor of SEK 22 million, which generated £1,554,381 of net proceeds to fund working capital.

£1,776,556 in cash was held at the year-end (2021: £3,336,134).

Exploration assets increased to £13,002,465 at 31 December 2022 compared to £11,235,656 at 31 December 2021 primarily due to exploration activities in Mitrovica and Kallak.

The translation reserve losses attributable to the owners of the parent increased from £1,216,985 at 31 December 2021 to £1,289,415 at 31 December 2022. Much of the Company's exploration costs are in Swedish Krona which has weakened against the pound since 31 December 2021.

Corporate

Post period end on 3 May 2023, Kurt Budge, the Company's CEO, announced that he would step down from the Company to pursue other business interests. Kurt had been with the Beowulf for nine years and his presence was pivotal to the Company, especially in achieving the successful delivery of the Exploitation Concession for Kallak North. I should like to thank him for his many years of service and wish him all the best in his future endeavours.

The Company announced, on 8 July 2022, the implementation of a new Long-Term Incentive Plan ("LTIP") available to eligible employees, an important element of the Company's remuneration policies designed to retain and incentivise key employees. Moving forwards, the Company's remuneration policies will be developed on a systematic basis and matched to performance metrics, such as achieving important business milestones and ESG objectives.

Staff and Employees

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

ESG

The Company believes in living its values of Respect, Partnership and Responsibility. Over the last year, our ESG work has identified, as material to the Company's activities, specific Sustainable Development Goals which the Company will be focusing on as it develops its projects. These 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. In 2022, Beowulf published its ESG Policy which can be viewed on the Company's website following the link: https://beowulfmining.com/about-us/esg-policy/.

Outlook

Beowulf's ambition is to become a trusted European supplier of metals needed for the Green Transition. The Company has an attractive strategic position, developing production assets, in magnetite iron ore and natural flake graphite, in stable jurisdictions and proximity to growing downstream markets, the decarbonising steel industry and the lithium-ion battery manufacturing sector.

With Jokkmokk Iron and Grafintec, we have distinct businesses positioned to benefit from the Green Transition and the demand for sustainable and secure supply of primary raw materials. The status of our iron ore and natural flake graphite resources can only be enhanced, as geopolitical uncertainties remain, and Europe seeks to be sustainable and self-sufficient.

With the aim of bringing Kallak into production, and opportunities with Grafintec to get into anode materials production, we are currently reassessing our timelines for advancing our projects and look forward to a busy schedule ahead progressing them.

J Röstin
Executive Chairman/Interim Chief Executive Officer
2 June 2023

SWEDEN

Permits

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

Exploration Permit Name	**Licence no.**	**Area (hectares)**	**Valid from**	**Valid to**
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
Ågåsjiegge nr 3[1]	2021:73	2,771	27/10/2021	27/10/2024
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 kilometres ("km") west of Jokkmokk in the County of Norrbotten, Northern Sweden, 80 km southwest of the major iron ore mining centre of Malmberget, and approximately 120 km to the southwest of LKAB's Kiruna iron ore mine.

Kallak 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 excellently 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 for decades to come.

Kallak Resource

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

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

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

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

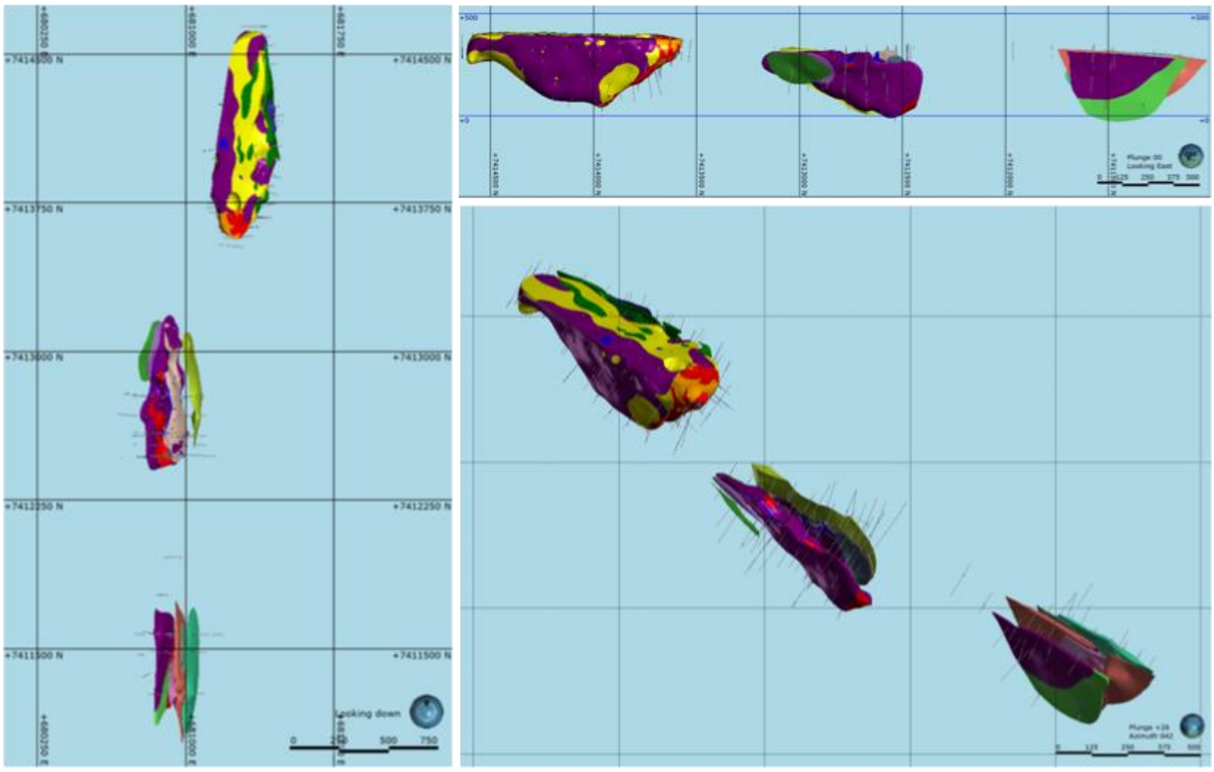
Below is a table showing the Mineral Resource Statement for the Kallak Project at a 0% Fe cut-off grade:

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

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

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

BGS reported an Exploration Target in an untested gap between and Kallak South North and Kallak South South, of between 25 Mt and 75 Mt grading between 20% Fe to 30% Fe. In addition, an Exploration Target of between 45 Mt and 135 Mt grading between 20% Fe to 30% Fe 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 testwork conducted to date, the highlights of which can be summarised as follows:

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

2022 Update

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.

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 Kallak North. The Company assesses the probability of the described risks occurring to be low.

The Company strengthened its leadership team in Sweden with the appointment of Ulla Sandborgh as CEO of Jokkmokk Iron, Beowulf's wholly owned Swedish subsidiary and the developer of the Kallak North. Before joining Jokkmokk Iron, Ulla held senior positions in private enterprise and public institutions, in sectors including infrastructure, electricity and water. Her most recent role was a Director General in the Ministry of Enterprise of The Government of Sweden, where she was responsible for issues affecting the limestone and cement industries and led the development of a strategy to promote the efficient and sustainable use of water. Ulla has extensive experience in managing permitting processes and, as part of this, engaging with stakeholders, to ensure interests are safeguarded, and benefits shared.

During the year, the Company contracted independent consulting firm SRK Consulting (UK) Ltd ("SRK") Company to prepare a Scoping Study for Kallak North and engaged Vulcan Technologies Pty Ltd ("VulcanTech"), an Australian company specialising in the modelling of iron and steel making processes, to complete a Marketing Study to consider traditional and non-traditional market opportunities that might be served by Kallak concentrates. Workstreams associated with the Environmental Permit continued, including updating investigations regarding nature values, water management and options for transporting production from the mine.

2023 Update

On 24 January 2023, Beowulf announced the positive economic results of the Kallak North Scoping Study, forming part of the larger Kallak Iron Ore Project, 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 Mineral Resource Estimate ("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 (NPV_8) of US$177 million, Internal Rate of Return of 14.5 per cent and a Payback Period of ~ 4.5 years from commencement of construction activity. The 'Base Case' assumes 67 per cent of Kallak production is sold to the Blast furnace market and 33 per cent is sold to the Direct Reduction market, consistent over the 14 years production life.

A Pre-feasibility Study (PFS) is due to commence in Q2 2023, and the offers for the work was sent to the Company by the 11 May 2023. The offers are evaluated and compared before the assignment is given to one or several bidding companies. The PFS is an important part of the Environmental Permit. The Permitting workstreams are continuing with all the necessary investigations that must be included in the application for an Environmental Permit that will be handed in to the court. Like background measuring of noise, dust, waterflows and inventory of nature values.

FINLAND

Grafintec

Grafintec is recognised in Finland as one of the main companies in the anode space and continues to be supported by Business Finland, the Finnish governmental organisation for innovation funding and investments.

Finnish Exploration Permits

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.

Exploration Permit Name	Licence no.	Area (hectares)	Notes
Pitkäjärvi 1	ML2016:0040-02	407	27.4.2021: Extension permit granted by TUKES. 3.3.2022: The Administrative Court dismissed all the appellants’ claims and the litigation costs. 11.4.2022: Appeal application to the Supreme Administrative Court by Puhtaan Saimaan puolesta ry, Kansalaisten kaivosvaltuuskunta ry and Vesiluonnon puolesta ry. 3.11.2022: The Supreme Administrative Court dismissed the NGO’s application for leave to appeal the exploration permit. **The permit is now legally valid until 26.4.2024.**
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. The permit has not gained legal force yet.

Aitolampi (Pitkäjärvi 1 Exploration Permit) – Graphite

Introduction

The Aitolampi graphite project sits within the Pitkäjärvi 1 licence and is located in eastern Finland, approximately 40 km southwest of the well-established mining town of Outokumpu, and an eastern extension of known old graphite workings from many years ago. Infrastructure in the area is excellent, with road access and good availability of high voltage power.
Discovered in 2016, the licence covers an area of graphitic schists on a fold limb, coincidental with an extensive 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 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.

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

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

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

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

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

2022 Update

Grafintec continued to focus on the creation of a Finnish anode materials value chain, with exploration for more natural flake graphite, contracting Geological Survey of Finland (“GTK”) to carry out an EM survey over the Rääpysjärvi exploration permit.

Grafintec entered into a Memorandum of Understanding (“MoU”) with GTK, providing Grafintec and GTK with a framework and platform to promote and foster cooperation in the fields of circular economy, mineral processing and exploration of graphite as pertaining to anode materials for the lithium-ion battery market and other markets from different raw material sources.

Grafintec also entered into a new partnership with Hensen, a company that has been operating in the graphite industry for 37 years and has been producing graphite-based anode materials since 2003. The MoU includes an agreed framework and key terms on which both companies are collaborating to establish an anode materials hub in Finland.

Along with the MoU signed with Hensen, Grafintec also signed a MoU with Dominik Georg Luh Technografit GmbH ("Technografit"), establishing the basis for a commercial partnership for procuring sustainably produced natural flake graphite for Grafintec's planned graphite anode materials plant. 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 expand its resource footprint while its projects are still in development, in order to develop downstream anode capabilities. Samples received from Technografit will be tested by Hensen and other possible technology partners and processed to anode material. Also, the Company has testwork programmes on recycled graphite containing waste to assess whether it can be processed to suitable feedstock for anode materials production.

In the final quarter of the year, the Company announced the results from the EM survey and assays for the Rääpysjärvi flake graphite prospect.

The EM survey indicated extensive EM anomalies, significant potential for a larger tonnage of high-grade graphite mineralisation than that defined at Aitolampi and for localised very high-grade mineralisation.

Highlights included:

- 13 highly conductive EM zones were identified, with isolated zones extending for up to 850m strike length and 250m width.
- Analysis of eight grab samples from outcrops in the area range from 0.52 to >50 per cent TGC. The sample assaying more than 50 per cent TGC (limit of the analysing methodology) was taken from a historic graphite quarry situated close to the north-western limit of one of the largest EM conductive zones.
- Six holes drilled in the 1980s have also been re-sampled and re-assayed for TGC. Two of the drill holes intersected significant graphite mineralisation:
  - TN/SM-2: 19.29m at 5.62 per cent TGC (from 177.11m); and
  - TN/SM-3: 9.84m at 6.70 per cent TGC (from 226.16m) and 35.55m at 4.98 per cent TGC (from 266.45m).
- Previous metallurgical testwork on a 10kg composite grab sample has produced a concentrate grade of 97.4 per cent TGC.
- The encouraging exploration data set indicates significant potential for natural flake graphite mineralisation suitable for graphite anodes across Rääpysjärvi.

Samples were taken from four trenches in different locations within the identified EM conductive Zone 1, with assays confirming the existence of significant flake graphite mineralisation grade and intersected width.

Flake graphite mineralisation was discovered in all four trenches sampled, including:

- RAA-TR1-22: 10.6 m at 4.33 per cent TGC and 3.8m at 5.77 per cent TGC;
- RAA-TR2-22: 9.96 per cent TGC from grab sample;
- RAA-TR3-22: 5.8m at 7.25 per cent TGC and 7.1 m at 7.43 per cent TGC; and
- RAA-TR4-22: 1.0m at 26.00 per cent TGC.

2023 Update

Grafintec announced, on 9 January 2023, that it had awarded a Pre-feasibility Study (“PFS”) contract to RB Plant to assess the technical, economic, statutory, regulatory and commercial options for a natural flake graphite micronisation, spheronisation, purification, and coating plant in Finland.

The study will investigate the Best Available Technology ("BAT") with consideration for environmental, operational and financial factors and performance, for transforming a high-grade natural flake graphite concentrate to graphite anode material suitable for the European lithium-ion battery market opportunities.

The PFS is a key component of Grafintec`s strategy to develop a Finnish value chain for anode materials production, aligned with the objectives of the funding received from Business Finland as part of the BATCircle2.0 (Finland-based Circular Ecosystem of Battery Metals) consortium. BATCircle2.0 is a key project in Business Finland's Smart Mobility and Batteries from Finland programmes.

At the start of February, the Company signed an agreement with the municipality of Korsholm to secure a new site at the GigaVaasa area (Plot 1, Block 3017) to establish a Graphite Anode Materials Plant (“GAMP”). Grafintec will work closely with the municipality of Korsholm and other important stakeholders and intends to apply for a long-term site reservation for Plot 1 within the second half of 2023.

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.

Exploration Permits

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	2022-03-11	2024-01-27	27.1
2878	2nd	Viti N	2022-03-22	2024-01-27	35.5
2912	2nd	Viti SE	2022-03-11	2024-01-27	44.1
2935	1st	Shala	2022-03-11	2025-02-25	87.5
3122	1st	Shala East	2022-09-06	2025-08-17	78.8
3123	1st	Shala West	2022-10-22	2025-10-11	36.2
3054	1st	Zvecan	2022-06-27	2024-05-14	6.4

[1] Refers to whether the licence has been renewed e.g. 2nd means licence has been renewed after its 1st term.

Exploration Overview

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

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

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

Mitrovica

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

Shala

During the year, 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 visits further demonstrating the potential for lead-zinc-silver mineralisation in both of the licences.

Viti

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

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

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

Zvecan

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

2022 Update

During 2022, the Company invested a further £1.2 million to fund drilling taking the Company's ownership of Vardar to approximately 59.5 per cent. At the signing date of this report, the Company has invested a further £250,000 and now owns a 61.1 per cent interest in Vardar.

Significant and positive exploration results were delivered by Vardar in 2022, which resulted in the identification of a high sulphidation Polymetallic Epithermal System at Majdan Peak ("MP"), part of the Mitrovica licence. Epithermal systems, which are formed at shallow levels in the earth's crust, are highly prospective for their gold and silver contents and can also contain lead, zinc and copper.

During the year, drilling focused on the MP target and the results both supported the potential for epithermal mineralisation of economic grades to be present and for comparisons to be drawn with the Chelopech copper-gold deposit in Bulgari. Numerous additional base and precious metal targets were also defined for future drilling.

The exploration programme consisted of 16 holes, totalling 3709.7 metres(m) of diamond drilling, including 3 holes (643.5 m) at MP South and 13 holes (3066.2 m) at MP North. All drillholes intersected abundant sulphides, intense alteration, and multiple generations of veining which are all factors indicative of a large polymetallic epithermal system. Significant gold-copper-silver, lead-zinc-silver and gold intersections include:

- Drillhole MP006: 10.8m at 0.48 grammes per tonne ("g/t") gold ("Au"), 0.1 per cent copper ("Cu") and 18 g/t silver ("Ag"), including 3.2m at 1.1 g/t Au, 0.2 per cent Cu and 50 g/t Ag;
- Drillhole MP006: 6.8m at 4.1 per cent lead ("Pb"), 0.6 per cent zinc ("Zn") and 15 g/t Ag; and
- Drillhole MP013: 16.1m at 0.21 g/t Au.

Following this, on 8 September 2022, the Company announced additional analysis of drilling and exploration activities in and around the Majdan Peak South ("MPS") area. This analysis generated additional exploration targets effectively increasing the significant district potential. The additional targets include Gold Ridge and Red Lead.

The main objective of exploration is to discover an economic deposit of base and precious metals, and recent drilling has shown this potential. Drilling at MPS intercepted several noteworthy precious metals intersections, including:

- Drillhole MP002: 8.8 m at 0.34 g/t Au, including 0.9m at 1.52 g/t Au and 20 g/t Ag; and
- Drillhole MP003: 36.4m at 19 g/t Ag, 0.5 per cent Pb and 0.2 per cent Zn, including:
  - 1.5m at 128 g/t Ag, 0.35 per cent Cu, 1.5 per cent Pb and 0.3 per cent Zn;
  - 1.1m at 71 g/t Ag, 0.1 per cent Cu, 0.7 per cent Pb and 0.3 per cent Zn;
  - 1.0m at 50 g/t Ag, 0.2 per cent Cu, 0.5 per cent Pb and 0.3 per cent Zn;
  - 4.8m at 44 g/t Ag and 0.7 per cent Pb; and
  - 1.1m at 46 g/t Ag, 2.7 per cent Pb and 0.6 per cent Zn.

On 14 December 2022, Beowulf released results from detailed geological mapping over the Red Lead target, located within the Mitrovica Licence, situated approximately 2km east of the world class Stan Terg lead-zinc deposit, which is still in production. The target is defined by a two kilometre East-Northeast trending lead-zinc-copper-gold in soil sample anomaly along with:

Mineralised trachyte bodies (with up to three per cent zinc from rock sampling);

- Prominent induced polarisation ("IP") anomalies indicative of potential sulphide metal sources; and
- Hydrothermal breccias and gossanous outcrops.

Detailed geological mapping undertaken in December identified marble units together with gossans, trachyte bodies and carbonate alteration, highlighting the potential for carbonate-replacement style lead-zinc-silver mineralisation. As this important target shares the same host rocks, and alteration as seen the neighbouring Stan Terg deposit, it is considered a highly prospective target for follow up drilling.

ESG

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

On 13 May 2022, regarding Community Initiatives, the Company announced that discussions were taking place with the responsible local agency in Jokkmokk about conducting surveys to map the current workforce and future workforce, school leavers and university students in the region, to determine what initiatives need to be started to ensure sufficient locally based skilled persons are available for work at the mine or in other businesses established by the economic stimulus created by the mine.

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 main Sustainable Development Goals and relevant actions under each goal which the Company will be focusing on:

- Goal 6: Ensure availability and sustainable management of water and sanitation for all
  - Target 6.1 - By 2030, achieve universal and equitable access to safe and affordable drinking water for all
  - Target 6.4 - By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

- 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

- 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

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 below:

https://beowulfmining.com/about-us/esg-policy/

BOARD OF DIRECTORS

Johan Röstin –Executive Chairman / Chief Executive Officer ("CEO")

Mr Röstin was appointed to the Beowulf Mining Board on 7 November 2022, following the announcement that outgoing Chairman Sven Otto Littorin would be stepping down. On 3 May 2022 Johan assumed the role of Interim CEO and hence Executive Chairman following the resignation of Kurt Budge, former CEO.

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)

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").

Ulla Sandborgh – Chief Executive Officer Jokkmokk Iron

Ms Sandborgh has held senior positions in private enterprise and public institutions, in sectors including infrastructure, electricity and water. Her most recent role was a Director General, Ministry of Enterprise, The Government of Sweden, where she was responsible for issues affecting the limestone and cement industries and accountable for the development of a strategy to promote the efficient and sustainable usage of water.

Ulla has extensive experience in managing permitting processes and, as part of this, engaging with stakeholders, ensuring interests are safeguarded and benefits shared.

Ulla has a degree in Civil Engineering from KTH Royal Institute of Technology and is an elected Member of the Royal Swedish Academy of Engineering Sciences.

COMPANY SECRETARY

One Advisory

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

The Directors present their strategic report for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS

The results of the Group for the year are set out in the consolidated income statement and show a loss after taxation attributable to the owners of the parent for the year of £1,948,459 (2021: loss of £1,351,179). A comprehensive review of the business is given under the Chairman's Statement and Review of Operations and Activities.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Description	**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 operation. It is not foreseeable that events in Ukraine will negatively impact the Company's business. In addition, when it comes to the Nordics, they are seen to be low-risk countries by investors. With Kosovo, it is seeking EU accession and its institutions are well supported by the EU and the UK.	LOW
Climate Emergency	The Company's activities could be negatively impacted by adverse climate events.	MEDIUM	The Company operates in relatively hospitable environments and so adverse climate events are difficult to foresee. Conversely, the Company's eventual products will be used in the Green Transition.	LOW

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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

European Climate Law	EU countries must cut greenhouse gas emissions by at least 55 % 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.	LOW
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.	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 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

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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

Revocation of licences	Licence awards can be appealed and subject to conditions which, if not satisfied, may lead to the revocation of the licence	MEDIUM	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 Kallak North. In all cases the Company diligently manages its licences to ensure full compliance. A monthly status report is generated for monitoring purposes and action. In Finland, NIMBY opposition to mining development is generating appeal/court induced delays into permitting processes. In all cases the Company continues to satisfy Tukes' application requirements and permits/renewals are being received.	LOW

PERFORMANCE MEASUREMENT

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

Financial:

i. ***Administration Expenses***

Overheads are managed versus budget and forecast on a monthly basis. The Company has a history of tightly managing its expenses. The underlying group overhead expenses were higher than the previous year at £1,806,582 (2021: £1,503,049) due to share-based payment expenses of £240,537 (2021: £Nil).

ii. ***Cash position***

Cash is vital for any company and it must be managed accordingly. Monthly, the Company, analyses the expenditure of each subsidiary. It also manages monthly cash flow for the Group versus budget and forecast. The financial strategy is to ensure that the Company at a minimum has sufficient funds to undertake it's committed expenditure and meet its financial obligations.

Post the award of the Kallak North Concession, a key objective of the Company was to ensure capital was available to inject pace into project development. The Group demonstrates a commitment to financial stability as shown by a year-end cash position of £1.78 million (2021: £3.34 million), with the announced SDR Rights Issue and UK Retail Offer in progress, necessary to provide 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 spend by project versus budget and in relation to its available cash resources. If the results of exploration do not meet expectations, then budgeted activities are re-evaluated or even cancelled. Evaluation of early-stage projects is approached in a cost-effective way. The Group determines whether there are any indicators of impairment of its exploration assets on an annual basis. This approach is best evidenced through the oversight at a board level and reporting level of operations where the Company is not the operator decision to impair several an early-stage project in the current year, in order to preserve resources.

Non-financial:

iv. ***Licence renewal compliance***

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

Section 172 Companies Act Statement

In compliance with section 172 of the UK Companies Act, the Board of Directors of the Company (the Board) makes the following statement in relation to the year ended 31 December 2022 (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 Kallak ("the Study" or "the Kallak Study") produced by Copenhagen Economics in 2017. The Study built on the work carried out by the Company and others, including the 2015 independent socio-economic study initiated by Jokkmokks Kommun, completed by consultants Ramböll, which in its findings concluded that a mining development at Kallak would create direct and indirect jobs, increase tax revenues and slow down population decline, and the 2010 study by the Economics Unit of Luleå University of Technology, 'Mining Investment and Regional Development: A Scenario-based Assessment for Northern Sweden'.

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

The Study demonstrated that the economic effect of Kallak is 'not just about a mine'. A mining project would economically transform Jokkmokk and support other major capital expenditure and economic activity in the region. The Study continues to form a basis for discussions about Kallak's place in the ecosystem which continues to evolve, as renewable power in Norrbotten is leveraged for the benefit of 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 Kallak, engagement and benefits sharing with stakeholders as project studies are advanced and financial returns are better understood.

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/.

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 Interim 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 Interim and Annual Report Direct contact with regulators Compliance updates at Board Meetings Regular risk review Ongoing communication with the Swedish Government Engagement with the Mining Inspectorate of Sweden Monthly KPIs on licence conditions compliance
Environment	Sustainability Biodiversity, energy, water and waste management Climate change	Transparency in ESG performance Oversight of corporate responsibility plans Demonstrate compliance with laws and regulations

Section 172 Companies Act Statement (continued)

Stakeholder	**Their interests**	**How we engage**
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
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.

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.
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. Require our supply chain to meet our ESG standards as part of our sustainable and responsible procurement and codes of conduct.

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.

ON BEHALF OF THE BOARD:

Mr J Röstin
Director
2 June 2023

The Directors present their report, together with the audited financial statements of the Group and Company, for the year ended 31 December 2022.

DIRECTORS

Since 1 January 2022, the following Directors have held office:

Mr K R Budge (Resigned 3 May 2023)
Mr C Davies
Mr J Röstin (Appointed 7 November 2022)
Mr S O Littorin (Resigned 7 November 2022)

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022 (2021: Nil).

GOING CONCERN

At 31 December 2022, the Group had a cash balance of £1.78 million and the Company had a cash balance of £1.67 million.

Management prepared cash flow forecasts which indicate that although there is no immediate funding requirement, the Group would need to raise further funds in the next 12 months for corporate overheads and to advance its key projects and investments. This conclusion has been reached following managements review of both cost and foreign exchange sensitivities and potential key hires required to advance projects.

On 20 December 2022, the Company secured a Rights Issue in Sweden and a PrimaryBid Offer and Placing in the UK As part of this the Company received underwriting commitments to the value of a maximum of SEK 60 million, or approximately 70 per cent of the intended Rights Issue. Therefore, at the year end, the Directors were confident that the Group would be able to raise sufficient capital to fund the Group's key projects and investments.

Since the year end, the Group have completed the Rights Issue raising SEK 62.8 million (approximately £5 million) before expenses and the PrimaryBid Offer and Placing raising an aggregate of £1.3 million before expenses. As a result, the underwriting commitments were not activated.

Following the year end, it became apparent that due to the timing of the receipt of the funds from the Rights Issue the Company will 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 £2.13m was repaid via a deduction to the gross proceeds from the Rights Issue.

The net funds raised after the loan repayment and share issue transaction costs are £3.72 million.

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

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

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

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

SIGNIFICANT SHAREHOLDINGS

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

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

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 2021:

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

AUTHORITY TO ISSUE SHARES

Each year at the Company's Annual General Meeting (AGM) the Directors seek authority to allot ordinary shares. The authority, when granted, lasts until the conclusion of the next AGM (unless renewed, varied or revoked by the Company prior to, or on, such date). At the AGM held on June 2022, the Directors were granted authority to allot ordinary shares generally up to an aggregate nominal value of £5,521,168, and authority to allot ordinary shares for cash on a non-pre-emptive basis up to an aggregate nominal value of £5,544,738 (2021: £5,521,168).

SIGNIFICANT AGREEMENTS

The Companies Act 2006 requires the Company to disclose any significant agreements which take effect, alter or terminate upon a change of control of the Company. The Company is not aware of, or party to, any such agreement.

EVENTS AFTER THE REPORTING PERIOD

Information relating to events since the end of the year is given in Note 28 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management policies and objectives for capital management are provided within Note 24 to the financial statements.

FUTURE DEVELOPMENTS WITHIN THE BUSINESS

With Kallak North, since the award of the Exploitation Concession, 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. The Company has reported a MRE at Aitolampi of 26.7 Mt at 4.8 per cent TGC for 1,275,000 tonnes of contained graphite and is exploring at the nearby Rääpysjärvi exploration permit. Grafintec has signed a MoU with Hensen, including an agreed framework and key terms, by which both companies can collaborate on downstream anode materials development.

The Company's investment in Vardar provides diversification, in geography and commodity exposure, to highly prospective exploration opportunities in the Tethyan Belt. Vardar achieved tremendous exploration success in 2022, which has created the opportunity to consider spinning-off Vardar. 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' 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 J Röstin
Director
2 June 2023

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 sole Executive Director and Chief Executive Officer during the reporting period. His annual salary was £210,000 (2021: £180,000). Post period, Mr Budge stepped down as CEO on 3 May 2023.

Post period, Mr Röstin assumed the role of Executive Chairman and interim CEO effective 3 May 2023 at the time of Mr Budge's resignation.

Non-Executive Directors' terms of engagement

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

Mr Davies annual fee is £36,000 per annum (2021: £33,000). Mr Davies has a consultancy agreement with the Company for the provision of exploration advice over and above his Non-Executive duties. Mr Davies has a one month notice period under his letter of appointment.

Mr Littorin resigned as Non-Executive Director and Mr Röstin was appointed as Non-Executive Director on 31 October 2022. Under Mr Röstin's letter of appointment, he is paid a fee in Swedish Krona of 500,000 per annum. Mr Rostin has a notice period of one month under his letter of appointment.

Indemnity Agreements

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

Aggregate Directors' Remuneration

The remuneration paid to the Directors in accordance with their agreements, during the years ended 31 December 2022 and 31 December 2021, was as follows:

Name	Position	Salary & Fees[1]	Benefits[2]	Pension[3]	Share-based payments	2022 Total	2021 Total
		£	£	£		£	£
Mr K R Budge[4]	Chief Executive Officer	210,000	887	5,667	158,817	375,371	186,377
Mr C Davies	Non-Executive Director	39,000	-	-	14,528	53,528	33,000
Mr J Rostin[5]	Non-Executive Director	25,328	-	-	-	25,328	-
Mr SO Littorin	Non-Executive Director	34,215	-	-	-	34,215	38,041
Total		308,543	887	5,667	173,345	488,442	257,418

Notes:
(1) Does not include expenses reimbursed to the Directors.
(2) Personal life insurance policy
(3) Employer contributions to personal pension.
(4) Post period, Kurt Budge resigned as CEO effective 3 May 2023
(5) Post period, Johan Röstin assumed the role of Executive Chairman / Interim CEO.

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 2022 in the issued share capital of the Company were as follows:

ORDINARY SHARES	**31 December 2022**	**31 December 2021**
Mr K R Budge	5,957,997	5,957,997
Mr C Davies	88,800	88,800

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

As at 31 December 2021, all options have vested.

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

ON BEHALF OF THE REMUNERATION COMMITTEE

Chris Davies
Non-Executive Director
2 June 2023

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

The Company formally adopted the Quoted Companies Alliance Corporate Governance ("QCA Code") in September 2018. This report follows the QCA Code guidelines and explains how we have applied the guidance. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company. The Board recognises that the Company does not fully comply with the 10 principles and general provisions of the QCA Code but does use it as a benchmark in assessing its corporate governance standards. Areas of non-compliance are disclosed in the text below. Further details of the Company's compliance with the QCA code can be found in the Corporate Governance section of the Company's website: https://beowulfmining.com/wp-content/uploads/2022/05/Beowulf-QCA-Code-Chairs-Statement-2022.pdf

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

Strategy, Risk Management and Responsibility

A description of the Company's business model and strategy can be found on page 4, and the key challenges in their execution can be found on pages 23 to 25.

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 23 to 25.

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 Executive Chairman and acting Chief Executive Officer, Johan Röstin, and Independent Non-Executive Director, Chris Davies. The Board recognises that the current size and composition of the Board is not aligned to the QCA principles. At the time of writing, a recruitment process is underway for a replacement CEO following the resignation of Kurt Budge on 3 May 2023 and for the appointment of an additional Non-Executive Director. The Board will ensure that its future size and composition is appropriate the complexity of the business and its strategy.

For the year under review Chris Davies held 88,800 Ordinary Shares (2021:88,800) and held 4,500,000 options (5,000,000 options) over Ordinary Shares. Chris Davies entered into a consultancy agreement with the Company in 2017. The agreement compensates Chris Davies for the support that he gives, beyond his role as an Independent Non-Executive Director, where the Company is undertaking M&A due diligence and where a review of exploration activities is required. In Board meetings, Chris Davies frequently challenges the CEO on issues arising and proposed courses of action and maintains an independent perspective. The level of compensation Chris Davies received under the consultancy agreement for the period under review is not material. Neither Chris Davies nor the other Directors believe his options or consultancy agreement are significant in assessing his independence.

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

During the reporting period as Independent Non-Executive Chairman, Johan Röstin, and the other Independent Non-Executive Director, Chris Davies, 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 eight scheduled occasions during the year and all Board meetings were attended by all Directors. The Board and its sub-committees receive appropriate and timely information prior to each meeting. Any specific actions arising from such meetings are agreed by the Board or relevant sub-committee and then followed up accordingly. There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs.

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

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

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

Advisers

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

The Company's Nomad is consulted on all 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.

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

Audit Committee

The Audit Committee comprises Chris Davies and Johan Rostin, 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.

Following the post period director changes the responsibilities of the Audit Committee will be discharged by the Board of Directors until such time as a further Director appointment is made.

Remuneration Committee

During the reporting period, the Remuneration Committee comprised Chris Davies and Johan Röstin, who chaired the Committee. The Committee met twice during the year under review. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of shareholders and the performance of the Company. In September 2022, Mr Davies attended a Remuneration Committee training course with Mercer.

A Remuneration Committee Report is included on pages 37 to 38. The Committee's Terms of Reference are available to view on the Company's website at www.beowulfmining.com.

Following the post period director changes the responsibilities of the Remuneration Committee will be discharged by the Board of Directors until such time as a further Director appointment is made.

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 2022 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 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which explains that the Group and the Parent Company's ability to continue as a going concern is dependent on raising further funds for corporate overheads and to advance its key projects and investments. 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 and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the conditions and uncertainties disclosed in note 1, 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 evaluating the following:

- Obtaining, challenging and assessing the Group and Parent Company's base case cash flow forecasts and underlying assumptions which have been approved by the Board and reviewing Group's actual results for the year ended 31 December 2022 to the planned budget for 2023 to assess whether an appropriate level of costs has been incorporated into the cash flow forecast.

- Reviewing licence agreements to confirm that committed expenditure is appropriately included in forecasts.

- Obtaining, reviewing and challenging the Directors' reverse stress testing analysis to determine the point at which liquidity breaks and considered whether such scenarios, including significant increases in supplier costs and exploration expenditures were reasonably possible given the level of financing obtained during the year.
- Reviewing and assessing use of post year end received 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% (2021: 100%) of Group loss before tax 100% (2021: 100%) of Group total assets		
Key audit matters		2022	2021
	Carrying value of exploration assets	✓	✓
	Going concern	✓	
Materiality	Group financial statements as a whole £230,000 (2021:£220,000) based on 1.5% (2021: 1.5%) of total assets Parent company standalone financial statements £172,500 (2021: £165,000) capped at 75% of Group materiality (2021: capped at 75% of Group materiality).		

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.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was 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 this matter.

In addition to the matter described in the Material Uncertainty related to going concern section, we have determined the matters 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 7)	The Group's total exploration assets at 31 December 2022 were £13.0 million (2020: £11.2 million). This class of asset is the most significant to the statement of financial position. Management have assessed exploration & evaluation assets for impairment triggers under IFRS 6 'Exploration for and Evaluation of Mineral Resources' and concluded that no triggers existed at the year-end. As the exploration assets are a material non-current asset balance and there is significant judgement required in assessing for potential triggers for impairment and in the related disclosures and hence this is 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 considered whether there are any indicators of impairment in line with criteria set out under IFRS 6. As part of this we considered results of recent 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 Swedish licencing authorities around the awarded Kallak north exploration concession.

		• For the other licences reviewing correspondence with the Finnish, Kosovan and Swedish licencing authorities to determine whether there are any indications that licences have not been kept in good standing during the period under review and therefore whether there is a risk of the licences not being renewed. • Reviewing disclosures made by management in the financial statements and annual report on the critical judgements around the carrying value of exploration assets.. **Key observations:** Based on the work performed we did not identify any impairment triggers which would lead to the Directors performing a full carrying value assessment under the requirements of the accounting standards.

Our application of materiality

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

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

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

	Group financial statements		**Parent company financial statements**	
	2022	2021	2022	2021
Materiality	£230,000	£220,000	£172,500	£165,000
Basis for determining materiality	1.5% of total assets		Restricted to 75% of Group materiality	
Rationale for the benchmark applied	Total Assets was determined as an appropriate basis as the principal focus of the Group, remains fundamentally focussed on exploration activities in Sweden, Finland and Kosovo and as such total assets are considered to be the		Restricted at 75% (2021: 75%) of Group materiality given the assessment of aggregation risk.	

	most significant determinant of the Group's performance considered by users of the financial statements.			
Performance materiality	£173,000	£165,000	£129,000	£124,000
Basis for determining performance materiality	Performance materiality was set at 75% of the above materiality level reflecting our understanding gained from previous years' audits and considering the level of adjustments arising in the prior year audit.		Performance materiality was set at 75% of the above materiality level reflecting our understanding gained from previous years' audits and considering the level of adjustments arising in the prior year audit.	

Component materiality

We set materiality for each component of the Group in the range from £110,000 to £161,000 (2021: £110,000 to £116,000) dependent on the size and our assessment of the risk of material misstatement of that component (based on either 75% of Group materiality or 1.5% of total component assets) (2021: based on either 75% of Group materiality or 1.5% of total component assets). In the audit of each component, we further applied performance materiality levels of 75% (2021: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated and to sufficiently address aggregation risk.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £4,600 (2021: £4,400). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

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.

Our procedures in respect of the above included:

- Review of minutes of meeting 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; and
- Testing the financial statement disclosures to supporting documentation; and
- Reviewing of the Kallak north exploration concession awarded on 22 March 2022 and
- Requesting that the Swedish component auditor involved tax specialists from their local to evaluate the component's compliance with relevant local tax legislation considered of most significance to the Group's operations.

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 also considered 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 meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team 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's 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 a defined risk criterion, 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 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.

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
2 June 2023

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

	Note	2022 £	2021 £
CONTINUING OPERATIONS			
Administrative expenses		(1,806,582)	(1,503,049)
Impairment of property, plant and equipment	9	-	(48,966)
Impairment of exploration assets	8	(36,988)	-
OPERATING LOSS		(1,843,570)	(1,552,015)
Gain on disposal of investment		21,951	-
Finance costs	3	(304,806)	(256)
Finance income	3	176	71
Grant income	6	84,797	66,589
LOSS BEFORE TAX		(2,041,452)	(1,485,611)
Tax expense	5	-	-
LOSS FOR THE YEAR		(2,041,452)	(1,485,611)
Loss attributable to:			
Owners of the parent		(1,948,459)	(1,351,179)
Non-controlling interests	15	(92,993)	(134,432)
		(2,041,452)	(1,485,611)
Loss per share attributable to the ordinary equity holder of the parent:			
Basic and diluted (pence)	7	(0.23)	(0.16)

The notes on pages 58 to 92 form part of these financial statements

	Note	2022 £	2021 £
LOSS FOR THE YEAR		(2,041,452)	(1,485,611)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses arising on translation of foreign operations		(32,945)	(794,368)
		(32,945)	(794,368)
TOTAL COMPREHENSIVE LOSS		(2,074,397)	(2,279,979)
Total comprehensive loss attributable to:			
Owners of the parent		(2,020,889)	(2,110,892)
Non-controlling interests	15	(53,508)	(169,087)
		(2,074,397)	(2,279,979)

The notes on pages 58 to 92 form part of these financial statements

	Note	2022	2021
		£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	13,002,465	11,235,656
Property, plant and equipment	9	129,715	133,428
Loans and other financial assets	11	5,181	5,247
Right-of-use asset	12	19,279	7,401
		13,156,640	11,381,732
CURRENT ASSETS			
Trade and other receivables	13	220,427	183,139
Cash and cash equivalents	14	1,776,556	3,336,134
		1,996,983	3,519,273
TOTAL ASSETS		15,153,623	14,901,005
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	16	8,317,106	8,317,106
Share premium	18	24,689,311	24,689,311
Capital contribution reserve	18	46,451	46,451
Share based payment reserve	18	516,098	668,482
Merger reserve	18	137,700	137,700
Translation reserve	18	(1,289,415)	(1,216,985)
Accumulated losses	18	(20,323,414)	(18,470,675)
		12,093,837	14,171,390
Non-controlling interests	15	568,732	325,039
TOTAL EQUITY		12,662,569	14,496,429
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	625,730	357,236
Deferred income	20	-	39,849
Lease liability	21	10,840	7,491
Borrowings	22	1,845,947	-
		2,482,517	404,576
NON-CURRENT LIABILITIES			
Lease liability		8,537	-
		8,537	-
TOTAL LIABILITIES		2,491,054	404,576
TOTAL EQUITY AND LIABILITIES		15,153,623	14,901,005

The financial statements were approved and authorised for issue by the Board of Directors on 2 June 2023 and were signed on its behalf by:

Mr J Rostin - Director
Company Number 02330496

The notes on pages 58 to 92 form part of these financial statements

	Note	2022	2021
		£	£
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	834	1,112
Investments	10	3,645,181	2,377,988
Loans and other financial assets	11	11,084,289	10,179,650
		14,730,304	12,558,750
CURRENT ASSETS			
Trade and other receivables	13	53,284	41,185
Cash and cash equivalents	14	1,667,840	3,075,741
		1,721,124	3,116,926
TOTAL ASSETS		16,451,428	15,675,676
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	16	8,317,106	8,317,106
Share premium	18	24,689,311	24,689,311
Capital contribution reserve	18	46,451	46,451
Share based payment reserve	18	516,098	668,482
Merger reserve	18	137,700	137,700
Accumulated losses	18	(19,317,455)	(18,337,714)
TOTAL EQUITY		14,389,211	15,521,336
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	216,270	114,491
Deferred income	20	-	39,849
Borrowings	22	1,845,947	-
TOTAL LIABILITIES		2,062,217	154,340
TOTAL EQUITY AND LIABILITIES		16,451,428	15,675,676

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £1,372,662 (2021: loss £1,233,298).

These financial statements were approved and authorised for issue by the Board of Directors on 2 June 2023 and were signed on its behalf by:

Mr J Rostin - Director
Company Number 02330496

The notes on pages 58 to 92 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital £	Share premium £	Merger reserve £	Capital contribution reserve £	Share based payments reserve £	Translation reserve £	Accumulated losses £	Totals £	Non – controlling interest £	Totals £
At 1 January 2021		8,281,752	24,684,737	137,700	46,451	732,185	(457,272)	(17,083,186)	16,342,367	394,113	16,736,480
Loss for the year		-	-	-	-	-	-	(1,351,179)	(1,351,179)	(134,432)	(1,485,611)
Foreign exchange translation		-	-	-	-	-	(759,713)	-	(759,713)	(34,655)	(794,368)
Total comprehensive income		-	-	-	-	-	(759,713)	(1,351,179)	(2,110,892)	(169,087)	(2,279,979)
Transactions with owners											
Issue of share capital	16	35,354	23,334	-	-	-	-	-	58,688	-	58,688
Cost of issue	16	-	(18,760)	-	-	-	-	-	(18,760)	-	(18,760)
Step up interest in subsidiary	10	-	-	-	-	-	-	(100,013)	(100,013)	100,013	-
Transfer of reserve on option exercised		-	-	-	-	(63,703)	-	63,703	-	-	-
At 31 December 2021		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 lapsed		-	-	-	-	(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

The notes on pages 58 to 92 form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital £	Share premium £	Merger reserve £	Capital contribution reserve £	Share based payment reserve £	Accumulated Losses £	Totals £
At 1 January 2021		8,281,752	24,684,737	137,700	46,451	732,185	(17,168,119)	16,714,706
Loss for the year		-	-	-	-	-	(1,233,298)	(1,233,298)
Total comprehensive income		-	-	-	-	-	(1,233,298)	(1,233,298)
Transactions with owners								
Issue of share capital	16	35,354	23,334	-	-	-	-	58,688
Cost of issue	16	-	(18,760)	-	-	-	-	(18,760)
Transfer pf reserve on option exercised		-	-	-	-	(63,703)	63,703	-
At 31 December 2021		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

The notes on pages 58 to 92 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss before income tax		(2,041,452)	(1,485,611)
Depreciation of property, plant and equipment	4	45,133	36,790
Equity-settled share-based transactions		240,537	23,334
Impairment of exploration costs	4	36,988	-
Impairment of property, plant and equipment	9	-	48,966
Finance income	3	(176)	(71)
Finance cost	3	304,806	256
Grant income	6	(84,797)	(66,589)
Gain on sale of property, plant and equipment		-	(17,414)
Gain on sale of investment		(21,951)	-
Amortisation of right-of-use assets	12	6,384	5,630
Unrealised foreign exchange losses		55,337	292,452
		(1,459,191)	(1,162,257)
Increase in trade and other receivables		(36,535)	(12,796)
Decrease in trade and other payables		(43,827)	(174,732)
Net cash used in operating activities		(1,539,553)	(1,349,785)
Cash flows from investing activities			
Purchase of intangible assets	8	(1,536,674)	(735,847)
Purchase of property, plant and equipment	9	(34,397)	(86,219)
Proceeds from sale of property, plant and equipment		-	24,806
Disposal of investments	4	21,951	-
Grant receipt		84,797	24,031
Grant repaid	20	(39,849)	-
Interest received	3	176	71
Net cash used in investing activities		(1,503,996)	(773,158)
Cash flows from financing activities			
Proceeds from issue of shares in prior year		-	1,392,081
Proceeds from issue of shares	16	-	35,354
Payment of share issue costs	16	-	(18,760)
Lease principal	21	(6,347)	(5,594)
Lease interest paid	21	(264)	(256)
Proceeds from borrowings, net of issue costs	22	1,554,381	-
Interest paid		(10)	-
Net cash from financing activities		1,547,760	1,402,825
Decrease in cash and cash equivalents		(1,495,789)	(720,118)
Cash and cash equivalents at beginning of year		3,336,134	4,329,414
Effect of foreign exchange rate changes		(63,789)	(273,162)
Cash and cash equivalents at end of year		1,776,556	3,336,134

The notes on pages 58 to 92 form part of these financial statements

BEOWULF MINING PLC
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss before income tax		(1,372,662)	(1,233,298)
Expected credit losses	11	5,336	187,340
Equity-settled share-based transactions		173,344	23,334
Depreciation of property, plant and equipment		278	371
Finance income	3	(170)	(71)
Finance cost		304,529	-
Gain on disposal of investment		(21,951)	-
Unrealised foreign exchange losses		55,337	293,304
		(855,959)	(729,020)
(Increase)/decrease in trade and other receivables		(12,099)	43,490
Increase/(decrease) in trade and other payables		101,779	(166,371)
Net cash used in operating activities		(766,279)	(851,901)
Cash flows from investing activities			
Loans to subsidiaries	11	(909,975)	(1,122,845)
Interest received	3	170	71
Financing of subsidiary	10	(1,200,000)	(300,000)
Grant repaid	20	(39,849)	-
Disposal of investments	4	21,951	-
Net cash used in investing activities		(2,127,703)	(1,422,774)
Cash flows from financing activities			
Proceeds from issue of shares in prior year		-	1,392,081
Proceeds from issue of shares	16	-	35,354
Payment of share issue costs		-	(18,760)
Proceeds from borrowings	22	1,554,381	-
Net cash from financing activities		1,554,381	1,408,675
Decrease in cash and cash equivalents		(1,339,601)	(866,000)
Cash and cash equivalents at beginning of year		3,075,741	4,421,426
Effect of foreign exchange rate changes		(68,300)	(299,685)
Cash and cash equivalents at end of year		1,667,840	3,075,741

The notes on pages 58 to 92 form part of these financial statements

1. ACCOUNTING POLICIES

Nature of operations

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

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

Going concern

At 31 December 2022, the Group had a cash balance of £1.78 million (2021: £3.34 million) and the Company had a cash balance of £1.67 million (2021: £3.08 million).

Management prepared cash flow forecasts which indicate that although there is no immediate short term funding requirement, the Group would need to raise further funds within a short period of the 12 months used in the going concern cashflow model for corporate overheads and to advance its key projects and investments. This conclusion has been reached following management's review of both cost and foreign exchange sensitivities and potential key hires required to advance projects. Management is confident the Group will have sufficient cash after taking into account a reasonable movement in these currencies.

On 20 December 2022, the Company secured a Rights Issue in Sweden and a PrimaryBid Offer and Placing in the UK As part of this the Company received underwriting commitments to the value of a maximum of SEK 60 million, or approximately 70 per cent of the intended Rights Issue. Therefore, at the year end, the Directors were confident that the Group would be able to raise sufficient capital to fund the Group's key projects and investments.

Since the year end, the Group have completed the Rights Issue raising SEK 62.8 million (approximately £5 million) before expenses and the PrimaryBid Offer and Placing raising an aggregate of £1.3 million before expenses. As a result, the underwriting commitments were not activated.

Following the year end, it became apparent that due to the timing of the receipt of the funds from the Rights Issue the Company will 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 £2.13m was repaid via a deduction to the gross proceeds from the Rights Issue.

The net funds raised after the loan repayment and share issue transaction costs are £3.72 million.

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

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

1. ACCOUNTING POLICIES (continued)

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.

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:

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

These standards have no material impact on the Group or Company.

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 2023:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023*
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies – effective 1 January 2023
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors –Definition of Accounting Estimates – effective 1 January 2023
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction - effective 1 January 2023

The following amendments are effective for the period beginning 1 January 2024:

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

1. ACCOUNTING POLICIES (continued)

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.

Critical judgements

Loan treatment

The loan agreement provides that in the event of default the lender the option to convert the outstanding principal and accumulated interest into shares in the Company at a discounted valuation. The Directors considered whether the definition of default is genuine or whether, in substance, it represents an option granted to the lender which can be exercised at any time. The Directors are satisfied that the default provisions are genuine and therefore there the loan does not contain an embedded derivative.

The bridging loan constitutes a financial liability as in the event of default the Company settles its loan obligation using its own equity instruments, which are variable depending on the loan balance and share price and therefore does not include an equity component.

Control of Vardar Group

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

The Company was assessed to have control on the 1 April 2019 as the Company was able to exercise power over Vardar through the appointment of Kurt Budge as Investor Director. The investment agreement conveyed substantive rights to the Investor Director and through the combination of the increased shareholding and these rights the Company was able to affect the overall returns of the investee. This judgement has continued to be applied consistently throughout the year ended 31 December 2022.

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 Board has considered the impairment indicators as outlined in the Company's accounting policies and having done so is of the opinion that no impairment provisions are required for Company's main assets, Kallak, Aitolampi, Mitrovica, Viti and Åtvidaberg (see note 8).

1. ACCOUNTING POLICIES (continued)

Significant accounting judgements, estimates and assumptions (continued)

Sources of estimation and uncertainty

Åtvidaberg licence

The Åtvidaberg licence is located in the Bergslagen area, southern Sweden. It was renewed during 2019 due to COVID-19, the exploration permit was awarded an additional year to the existing term and now expires on 30 May 2024.

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

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 £626,927 (2021: £624,464).

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.

1. ACCOUNTING POLICIES (continued)

Business combinations

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

Intangible assets – deferred exploration costs

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

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

Exploration and evaluation activity include:

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

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

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.

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.

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

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

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

Leased assets

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

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

Investments in subsidiaries

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

Cash and cash equivalents

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

Financial assets

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

Amortised cost

The Group's financial assets held at amortised cost comprise trade and other receivables, 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.

1. ACCOUNTING POLICIES (continued)

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

Financial liabilities

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

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

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

Fair value

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

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

Equity instruments

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

Taxation

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

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

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

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

1. ACCOUNTING POLICIES (continued)

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

Foreign currencies

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

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

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

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

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

Share-based payment transactions

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

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

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

Government grant

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

2. EMPLOYEES AND DIRECTORS

	2022	2021	2022	2021
	Group		Company	
	£	£	£	£
Wages and salaries	794,969	437,990	308,543	243,541
Social security costs	138,192	98,783	45,632	60,764
Other benefits	10,691	16,211	6,554	13,877
	943,852	552,984	360,729	318,182

Directors' remuneration is as follows:

	2022	2021
	£	£
Directors' emoluments, including salary and fees	315,097	257,418
Shared-based payments	173,345	-
Share settled expenses	-	103,281
	488,442	360,699

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

The remuneration of the highest paid Director who served during the year was £210,000 which consisted of base salary of £210,000 (2021: £172,500) and a gain from the net settlement of options of £Nil (2021: £103,281).

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

	2022 Group Number	2021 Group Number	2022 Company Number	2021 Company Number
Directors	3	3	3	3
Employees	10	7	2	2

3. FINANCE INCOME AND COSTS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Finance income:				
Deposit account interest	176	71	170	71
	176	71	170	71
Finance costs:				
Interest on lease liabilities	267	256	-	-
Interest on loans and borrowings	304,529	-	304,529	-
Other interest paid	10	-	-	-
	304,806	256	304,529	-

4. LOSS BEFORE TAX AND AUDITOR'S REMUNERATION

a. The loss before tax is stated after charging:

	2022	2021
	£	£
Depreciation of property, plant and equipment (note 9)	45,133	36,790
Amortisation of right-of-use asset (note 12)	6,353	5,631
Share-based payment expense	240,537	-
Foreign exchange differences	68,302	298,442
Gain on disposal of investment[1]	21,951	-
Impairment of property, plant and equipment (note 9)	-	48,966
Impairment of exploration costs (note 8)	36,988	-

[1]Gain on disposal of investment relates to shares held in Sunvest Corporation Limited, which were previously impaired in full.

b. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Group's auditor for the audit of the consolidated financial statements	57,005	41,457
Fees payable to the Group auditor for other services:		
- audit of subsidiaries pursuant to legislation	6,000	6,000
- review of quarterly financial statements	3,208	2,153
- tax compliance services	11,826	6,232
	78,039	55,842

5. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2022 or for the year ended 31 December 2021.

Factors affecting the tax expense

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

	2022	2021
	£	£
Loss on ordinary activities before income tax	(2,041,452)	(1,485,611)
Tax thereon at a UK corporation tax rate of 19% (2021: 19%)	(387,876)	(282,266)
Effects of:		
Non-deductible expenditure	32,936	-
Tax losses not recognised	241,390	236,039
Losses of overseas subsidiaries to be carried forward	113,550	46,227
	-	-

5. INCOME TAX (continued)

The main rate of UK corporation tax during the year ended 31 December 2022 was 19 per cent (2021: 19 per cent). The Group has estimated UK losses of £14,993,653 (2021: £13,723,180) and foreign losses of £4,659,376 (2021: £4,452,690) available to carry forward against future trading profits. The value of unrecognised deferred tax assets in respect of the UK losses amounts to £3,748,413 (2021: £3,430,795) and foreign losses of £804,730 (2021: £785,196). 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

	2022	2021
	£	£
Project Pacific	-	42,558
Business Finland	84,797	24,031
	84,797	66,589

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 2022, £84,797 has been recognised as grant income (2021: £24,031 netted against intangible asset additions).

In the prior year, the Company received grant income in relation to Project Pacific (see note 20).

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share at 31 December 2022 was based on the loss attributable to ordinary shareholders of £1,948,459 (2021: £1,351,179) and a weighted average number of Ordinary Shares outstanding during the year ended 31 December 2022 of 831,710,636 (2021: 829,879,971) calculated as follows:

	2022	2021
	£	£
Loss attributable to ordinary shareholders	(1,948,459)	(1,351,179)

Weighted average number of ordinary shares

	2022	2021
	Number	Number
Number of shares in issue at the beginning of the year	831,710,636	607,815,562
Effect of shares issued during year	-	222,064,409
Weighted average number of ordinary shares in issue for the year	831,710,636	829,879,971

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

8. INTANGIBLE ASSETS - Group

	Exploration Costs £
COST	
At 1 January 2021	11,371,916
Additions for the year	682,367
Foreign exchange movements	(818,627)
At 31 December 2021	11,235,656
At 1 January 2022	11,235,656
Additions for the year – cash	1,536,674
Additions for the year – non-cash	314,272
Foreign exchange movements	(47,149)
Impairment	(36,988)
At 31 December 2022	13,002,465
NET BOOK VALUE	
At 31 December 2022	13,002,465
At 31 December 2021	11,235,656

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

	2022 £	2021 £
Kallak	7,666,563	7,210,380
Åtvidaberg	358,694	363,131
Ågåsjiegge	7,718	6,482
Pitkäjärvi	1,641,836	1,457,826
Karhunmaki	56,089	51,622
Rääpysjärvi	148,430	73,859
Merivaara	-	36,096
Mitrovica	2,430,150	1,376,598
Viti	687,065	659,662
Emas	1,663	-
Luopioinen	4,257	-
	13,002,465	11,235,656

Total Group exploration costs of £13,002,465 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 £262,684 was recorded against the projects for services provided by the Directors during the year (2021: £121,226).

In Sweden, on 22 March 2022, the Swedish Government awarded an Exploitation Concession for Kallak North Iron Ore Project, then, in June 2022, the Company appointed Ulla Sandborgh as CEO of JIMAB, since starting, she has commenced the development of the Company's application for an Environmental Permit for Kallak North.

The Company anticipates the start of Kallak North Pre-feasibility work in Q2 2023.

8. INTANGIBLE ASSETS – Group (continued)

The Åtvidaberg licence is located in the Bergslagen area, southern Sweden.

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

During the year, no fieldwork was undertaken as the Company focused resources and expenditure on Grafintec and Vardar. The Company continues to evaluate partnering options for Åtvidaberg.

In Finland, the development of downstream capabilities is a key part of Grafintec's strategy and the Company continues to form partnerships with other companies to achieve this. On 26 September 2022, Beowulf announced that Grafintec had signed a Memorandum of Understanding with Qingdao Hensen Graphite Ltd, which includes an agreed framework and key terms on which both companies are collaborating with regards to establishing an anode materials hub in Finland.

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 Q4 2022.

In Kosovo, Vardar has two exploration licence areas, Mitrovica and Viti. 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 59.5 per cent.

In 2022, the focus was on drilling at the Mitrovica licence area and this resulted in the discovery of a large polymetallic epithermal deposit and new exploration targets for drilling.

In the year, an impairment provision of £36,988 was recognised for project costs capitalised for projects at Merivaara (2021: £Nil) on the basis that the licence was not 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.

9. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Office Equipment	Motor Vehicles	Machinery & Equipment	Computer Equipment	Total
	£	£	£	£	£
COST					
At 1 January 2021	2,611	102,209	156,466	1,499	262,785
Additions	364	63,262	22,594	-	86,220
Disposals	-	(11,720)	(1,422)	-	(13,142)
Impairment	-	-	(74,681)	-	(74,681)
Foreign exchange movements	-	(7,206)	(4,127)	-	(11,333)
At 31 December 2021	2,975	146,545	98,830	1,499	249,849
DEPRECIATION					
At 1 January 2021	1,119	58,270	58,286	16	117,691
Charge for year	668	16,932	18,820	371	36,791
Disposals	-	(5,266)	(484)	-	(5,750)
Impairment	-	-	(25,715)	-	(25,715)
Foreign exchange movements	-	(4,125)	(2,471)	-	(6,596)
At 31 December 2021	1,787	65,811	48,436	387	116,421

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
Impairment	-	-	-	-	-
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
NET BOOK VALUE					
At 31 December 2022	125	69,107	59,649	834	129,715
At 31 December 2021	1,188	80,734	50,394	1,112	133,428

9. PROPERTY, PLANT AND EQUIPMENT (continued)

PARENT

	Computer Equipment £	Total £
COST		
At 1 January 2021		
Additions	1,499	1,499
Disposals	-	-
At 31 December 2021	1,499	1,499
DEPRECIATION		
At 1 January 2021	16	16
Charge for year	371	371
At 31 December 2021	387	387

PARENT

	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
NET BOOK VALUE		
At 31 December 2022	834	834
At 31 December 2021	1,112	1,112

10. INVESTMENTS

	Company Shares in subsidiaries £
COST	
At 1 January 2021	2,077,988
Acquisitions	300,000
At 31 December 2021	2,377,988
At 1 January 2022	2,377,988
Acquisitions	1,267,193
At 31 December 2022	3,645,181

Further investments in the share capital of subsidiaries of Vardar constitute additions during the year of £1,200,000 (2021: £300,000) to increase the Company's shareholding in Vardar from 49.4% to 59.5%. The share capital of Vardar was reclassified to share capital of subsidiaries following control being obtained on 1 April 2019. The basis for control was assessed on the on the Group's ability to exercise power over Vardar through combination of the increased investment in Vardar and the appointment of the CEO as Investor Director, which conveyed substantive rights to direct the actions of Vardar that would ultimately affect the returns of the investee.

The additional investment during the year includes a share-based payment expense of £67,193 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 no consideration recognised in the financial statements for the year ended 31 December 2022, (2021: £Nil). No further share-based payment expense for the consideration shares was capitalised to intangibles in the year ended 31 December 2022 (2021: £Nil).

The remaining investment includes the share capital of the Company's directly owned subsidiaries, listed on page 75.

10. INVESTMENTS (continued)

Step up interest in Vardar Minerals

The investment in Vardar gives the Company exposure to a portfolio of exploration licences situated in the European Tertiary calc-alkaline Tethys Arc most notable for its lead-zinc-silver mining districts, as well as recent porphyry related copper and gold discoveries. Further investments were made during the year ended 31 December 2022,

- On 1 March 2022, a further investment of £200,000 was made to increase the Company's shareholding in Vardar from 49.4% to 51.4%.

- On 30 March 2022, a further investment of £1,000,000 as made to increase the Company's shareholding in Vardar from 51.4% to 59.5%.

Further investments in Vardar have been recognised as an increase to accumulated losses of £297,201 (2021: £100,013).

10. INVESTMENTS (continued)

The Group consists of the following subsidiary undertakings:

Name	Incorporated	Activity	2022 % holding	2021 % 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	59.5%	49.4%
Vardar Geoscience BVI Ltd	British Virgin Islands	Holding company	(1)(2)59.5%	(1)(2)49.4%
Vardar Geoscience Kosovo L.L.C	Kosovo	Mineral exploration	(1)(2)59.5%	(1)(2)49.4%
Vardar Exploration Kosovo L.L.C	Kosovo	Mineral exploration	(1)(2)59.5%	(1)(2)49.4%

(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
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.

11. LOANS AND OTHER FINANCIAL ASSETS

Group

	Financial fixed assets £
At 1 January 2021	5,468
Foreign exchange movements	(221)
At 31 December 2021	5,247
At 1 January 2022	5,247
Foreign exchange movements	(66)
At 31 December 2022	5,181

Company

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

Reconciliation of provisions against receivables arising from lifetime ECLs

	31 December 2021 £	*Current year movement £*	*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 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 award of the exploitation concession has increased the likelihood of a favourable outcome resulting in a significantly reduced provision for this year. A reasonable change in the probability weightings of 3% to failure and fire-sale would result in further impairment of £626,927 (2021: £624,464).

Further details of the transactions in the year are shown within related parties disclosure note 26.

12. RIGHT OF USE ASSETS

	Group 2022 £	Group 2021 £
	Buildings	Buildings
Cost		
At 1 January	11,100	12,562
Additions	17,506	10,852
Disposals	-	(11,822)
Foreign exchange movements	1,169	(490)
At 31 December	29,775	11,102
Amortisation		
At 1 January	3,701	10,625
Charge	6,353	5,631
Disposals	-	(11,822)
Foreign exchange movements	442	(733)
At 31 December	10,496	3,701
Net book value		
At 31 December	19,279	7,401

13. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2022 £	2021 £	2022 £	2021 £
Other receivables	78,148	122,701	-	-
VAT	121,284	37,195	32,289	17,942
Prepayments and accrued income	20,995	23,243	20,995	23,243
	220,427	183,139	53,284	41,185

Included in other receivables is a deposit of £17,724 held by Finnish regulatory authorities (2021: £16,810).

14. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2022 £	2021 £	2022 £	2021 £
Bank accounts	1,776,556	3,336,134	1,667,840	3,075,741
	1,776,556	3,336,134	1,667,840	3,075,741

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;

	2022	2021
	£	£
Balance at 1 January	325,039	394,113
Total comprehensive loss allocated to NCI	(53,508)	(169,087)
Effect of step acquisitions	297,201	100,013
Total	568,732	325,039

	2022	2021
	£	£
Wayland Copper Limited	(163,666)	(162,484)
Vardar Minerals Limited	732,398	487,523
Total	568,732	325,039

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:

	2022	2021
	£	£
Administrative expenses	(2,931)	(1,212)
Loss after tax	(2,931)	(1,212)
Loss allocated to NCI	(1,019)	(422)
Other comprehensive loss allocated to NCI	(155)	(396)
Total comprehensive loss allocated to NCI	(1,174)	(818)
Current assets	15,298	17,498
Current liabilities	(486,280)	(485,102)
Net liabilities	(470,982)	(467,604)
Net cash outflow	(725)	(25)
Non-controlling interest	(163,666)	(162,484)

15. NON-CONTROLLING INTERESTS (continued)

Vardar Minerals Limited, a 59.5% 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:

	2022 £	2021 £
Administrative expenses	(199,197)	(248,093)
Loss after tax	(199,197)	(248,093)
Loss allocated to NCI	(91,974)	(134,011)
Other comprehensive income/(loss) allocated to NCI	39,640	(34,259)
Total comprehensive loss allocated to NCI	(52,334)	(168,270)
Current assets	109,099	55,793
Non-Current assets	2,186,253	1,098,746
Current liabilities	(214,294)	(160,940)
Net assets	2,081,058	993,599
Net cash inflow/(outflow)	34,043	(24,984)
Non-controlling interest	732,398	487,523

16. SHARE CAPITAL

	2022 Number	2022 £	2021 Number	2021 £
Allotted, called up and fully paid				
At 1 January	831,710,636	8,317,106	828,175,224	8,281,752
Issued for cash	-	-	3,535,412	35,354
At 31 December	831,710,636	8,317,106	831,710,636	8,317,106

All issues are for cash unless otherwise stated.

	Number	Share Capital £	Share Premium £	Total £
At 1 January 2022	831,710,636	8,317,105	24,689,311	33,006,416
At 31 December 2022	831,710,636	8,317,105	24,689,311	33,006,416

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

[1]Includes issue costs of £18,760.

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 no shares issued in 2022.

Shares issued in 2021

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

17. SHARE-BASED PAYMENTS

During the year ended 31 December 2022, 23,250,000 options were granted (2021: Nil). The options outstanding as at 31 December 2022 have an exercise price in the range of 1.00 pence to 7.35 pence (2021: 7.35 pence to 12.00 pence) and a weighted average remaining contractual life of 7 years, 98 days (2021: 1 year, 144 days).

The share-based payments expense for the options for the year ended 31 December 2022 was £240,537 (2021: £Nil).

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

	2022	2022	2019
Fair value at grant date	3.12p	3.59p	1.15p
Share price	4.00p	4.00p	5.65p
Exercise price	5.25p	1.00p	7.35p
Expected volatility	100.0%	100.0%	51.89%
Option life	10 years	10 years	5 years
Risk free interest rate	4.480%	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 2022	Weighted average exercise price(£'s) 2022	Number 2021	Weighted average exercise price(£'s) 2021
Outstanding at 1 January	13,750,000	0.089	22,750,000	0.060
Granted during the year	23,250,000	0.048	-	-
Exercised during the year	-	-	(9,000,000)	0.017
Lapsed during the year	(4,500,000)	0.120	-	-
Outstanding at 31 December	32,500,000	0.055	13,750,000	0.089
Exercisable at 31 December	11,750,000	0.060	13,750,000	0.089

No warrants were granted during the year (2021: Nil).

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**	
	2022	2021	2022	2021
	£	£	£	£
Current:				
Trade payables	448,045	263,062	148,567	62,215
Social security and other taxes	34,493	11,976	22,771	8,693
Other payables	24,834	17,114	2,142	3,600
Accruals	118,358	65,084	42,790	39,983
	625,730	357,236	216,270	114,491

20. DEFERRED INCOME

	2022	2021
	£	£
Grants	-	39,849

The grant held as deferred income represents grant income received in accordance with the Company's participation of Project Pacific, a component of the European Union's Horizon 2020 program which ended in November 2021 and the remaining unused funds of £39,849 were repaid during the year ended 31 December 2022.

21. LEASE LIABILITY

Nature of leasing activities

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

	31 Dec 2022 No.	*31 Dec 2021 No*
Number of active leases	1	1

Lease liability at year end

	31 Dec 2022 £	*31 Dec 2021 £*
Current		
Lease liability	10,840	7,491
Non-current		
Lease liability	8,537	-
Total lease liability	19,377	7,491

Analysis of lease liability

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

	Lease liability £
At 1 January 2022	7,491
Additions	17,506
Interest expense	264
Lease payments	(6,611)
Foreign exchange movements	727
At 31 December 2022	19,377

21. LEASE LIABILITY (continued)

Analysis of gross value of lease liabilities

Maturity of the lease liabilities is analysed as follows:

	31 Dec 2022 *£*
Within 1 year	10,840
Later than 1 year and less than 5 years	8,537
After 5 years	-
At 31 December 2022	19,377

The total cash outflow for leases in 2022 was £6,611 (2021: £5,850).

22. BORROWINGS

	Group		**Company**	
	2022 £	2021 £	2022 £	2021 £
Opening balance	-	-	-	-
Funds advanced, net of commission and transaction costs	1,554,381	-	1,554,381	-
Finance costs	304,529	-	304,529	-
Effect of FX	(12,963)	-	(12,963)	-
	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 has a fixed interest rate of 1.5 percent per stated 30-day period during the duration. Accrued interest is compounding. The loan has a commitment fee of 5 per cent and a maturity date of 28 February 2023.

The loan and accrued interest is repayable at any time prior to the maturity date. 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.

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.

Following the year end, it became apparent that due to the timing of the receipt of the funds from the Rights Issue the Company will 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 £2.13m was repaid via a deduction to the gross proceeds from the Rights Issue subsequent to the year-end (refer note 28).

23. CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

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

Group

	Leases	*Borrowings*	*Total*
	£	£	£
Opening balance 1 January 2021	2,026	-	2,026
Cash movements			
Lease payments	(5,850)	-	(5,850)
Total	(3,824)	-	(3,824)
Non-cash movements			
Lease additions	10,852	-	10,852
Finance cost	256	-	256
Effect of FX	207	-	207
Closing balance 31 December 2021	7,491	-	7,491

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

The Company had no liabilities from financing activities in the prior year.

24. 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		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

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

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.

24. FINANCIAL INSTRUMENTS (continued)

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	
	2022	2021	2022	2021
	£	£	£	£
Net foreign currency financial (liabilities)/assets:				
Swedish Krona	1,560,383	2,693,547	1,655,334	2,695,521
Euro	(32,396)	251,115	(2,906)	4,528
Total net exposure	1,527,987	2,944,662	1,652,428	2,700,049

Sensitivity analysis

A 10 per cent strengthening of sterling against the Group's primary currencies at 31 December 2022 would have increased/(decreased) equity and profit or loss by the amounts shown below:

Group

	Profit or loss		Equity	
	2022	2021	2022	2021
	£	£	£	£
Swedish Krona	(156,038)	(269,355)	(156,038)	(269,355)
Euro	3,240	(25,112)	3,240	(25,112)
Total	(152,798)	(294,467)	(152,798)	(294,467)

Company

	Profit or loss		Equity	
	2022	2021	2022	2021
	£	£	£	£
Swedish Krona	(165,533)	(269,552)	(165,533)	(269,552)
Euro	291	(453)	291	(453)
Total	(165,242)	(270,005)	(165,242)	(270,005)

A 10 per cent weakening of sterling against the Group's primary currencies at 31 December 2022 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 year; this is at a fixed rate of interest. There were no interest-bearing financial liabilities in the prior year.

24. FINANCIAL INSTRUMENTS (continued)

b) Credit risk

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

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

The amounts used by the subsidiaries are as follows:

	2022 £	2021 £
Jokkmokk Iron Mines AB	8,407,039	7,692,987
Beowulf Sweden AB	368,306	360,887
Grafintec Oy	2,304,786	2,122,991
Gross	11,080,131	10,176,865

Reconciliation of provisions against receivables arising from lifetime ECLs

	31 December 2021 £	*Current year movement* £	*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 Production, Divestment, Fire-sale and Failure. These scenarios considered technical data, necessary licences to be awarded, the Company's ability to raise finance, and ability to sell the project. A reasonable change in the probability weightings of 3% would result in further impairment of £626,927 (2021: £624,464).

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 and in the case of borrowings through the presence of underwriting agreements. The Group and Company have exposure to liquidity risk as borrowings and 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.

25. FINANCIAL INSTRUMENTS (continued)

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

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

31 December 2021	Less than 3 months £	Between 3 and 12 months £	Between 1 and 2 years £
Trade and other payables	357,236	-	-
Deferred income	-	39,848	-
Lease liabilities	140	420	187
	357,376	40,268	187

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 2022 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 28.

The Group does not have any externally imposed capital requirements.

Group

Net working capital	2022 £	2021 £
Cash and cash equivalents	1,776,556	3,336,134
Trade and other payables	(625,730)	(263,062)
Borrowings	(1,845,947)	-
Grant income	-	(39,849)
Net (debt)/cash	(695,121)	3,033,223
Total equity	12,662,569	14,496,429
Net (debt)/cash to equity ratio	(5.49%)	20.92%

24. FINANCIAL INSTRUMENTS (continued)

Company

Net working capital	2022	2021
	£	£
Cash and cash equivalents	1,667,840	3,075,741
Trade and other payables	(216,270)	(62,215)
Borrowings	(1,845,947)	-
Grant income	-	(39,849)
Net (debt)/cash	(394,377)	2,973,677
Total equity	14,389,211	15,521,336
Net (debt)/cash to equity ratio	(2.74%)	19.16%

25. 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.

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)
Impairment	-	36,988	-	-	36,988
Expenses	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
2021					
Intangible assets	7,579,995	1,619,400	2,036,261	-	11,235,656
Other non-current assets	2,748	(1,898)	139,624	5,602	146,076
Current assets	32,381	314,701	21,535	3,149,931	3,518,548
Liabilities	(34,254)	(41,967)	(63,014)	(264,591)	(403,826)
Finance income	-	-	-	(71)	(71)
Finance costs	-	-	256	-	256
Impairment	-	-	-	48,966	48,966
Expenses	38,561	202,369	51,761	1,259,555	1,552,246
Loss for the year	13,756	160,585	51,761	1,259,484	1,485,586
Total comprehensive loss	679,827	222,750	117,894	1,259,483	2,279,954

26. RELATED PARTY DISCLOSURES

Transactions with subsidiaries

During the year, cash advances of £524,614 (2021: £356,613) were made to Jokkmokk Iron Mines AB and net settled costs of £194,754 with the Company (2021: incurred costs of £12,310). 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 £9,991,673 (2021: £9,272,305).

Beowulf Sweden AB received cash advances of £7,320 (2021: £Nil) and net settled costs of £118 (2021: net settled costs of £2,338). 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 £781,071 (2021: £773,633).

Grafintec Oy received cash advances of £180,287 (2021: £687,845) and net settled costs of £1,507 (2021: incurred costs of £17,883) with the Company. The advances are held on an interest free inter-Group loan which has no terms for repayment. At the year end the inter-Group loan amounted to £2,741,305 (2021: £2,559,511).

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.

Transactions with other related parties

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

	2022	2021
	£	£
Short-term employee benefits (including employers’ national insurance contributions)	711,962	482,895
Post-retirement benefits	44,764	27,749
Share-based payments	173,345	-
Share settled expense	-	103,281
Insurance	887	877
	930,958	614,802

27. 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.

28. EVENTS AFTER THE REPORTING DATE

On 12 January 2023, the Company announced further investment in Vardar Minerals Limited of £250,000. The investment increases the Company's ownership in Vardar from 59.5 per cent to 61.1 per cent approximately. This funding will be used to start preparations for the 2023 exploration programme.

On 28 February 2023, the Company announced the outcome of the Rights Issue and Primary Bid Offer. The Rights Issue raised approximately SEK 62.8 million (approximately £5 million) before expenses. The PrimaryBid Offer raised approximately £0.8 million before expenses. In addition to the PrimaryBid Offer, the Placing raised approximately £0.4 million. Members of the Board and executive management also subscribed to an agreed amount of £181,000.

Following the year end, it became apparent that due to the timing of the receipt of the funds from the Rights Issue the Company will 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 £2.13m was repaid via a deduction to the gross proceeds from the Rights Issue.

The net funds raised after the loan repayment and share issue transaction costs are £3.72 million.

On 30 May 2023 there were 907,945,973 Swedish Depository Receipts representing 79 per cent of the issued share capital of the Company. The remaining issued share capital of the Company is held in the UK.

On 3 May 2023, Mr Kurt Budge resigned as Chief Executive Officer ("CEO") and director of the Plc and its subsidiaries. Mr Johan Röstin assumed the role of Executive Chairman and acting CEO on the same date.

Company Information

Directors

Mr C Davies
Mr J Röstin

Secretary

ONE Advisory Limited

Registered Number & Office

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

Finnish Office

Grafintec Oy
Akademigatan 1,
20500 Åbo
Finland

Swedish Registered Address

All subsidiary companies
Storgatan 36,
921 31 LYCKSELE
Sweden

Registrars

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

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Nominated Adviser & Broker

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

Swedish Custodian Bank

Skandinaviska Enskilda
Banken AB
ST M7
106 40 Stockholm
Sweden

UK Bank

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

Public Relations UK

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

Solicitors

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

Website:
https://beowulfmining.com/